

Vopak exercises its right to sell its equity stake in Bahamas terminal

Rotterdam, the Netherlands, 17 January 2011

Following the announcement on 20 December 2010 by First Reserve Corporation (FRC), Vopak's partner in Bahamas Oil Refining Company International Limited (BORCO, also operating as Vopak Terminal Bahamas), that FRC will sell its 80% equity stake in BORCO to the US-based pipeline and storage terminal operator Buckeye Partners, L.P. (Buckeye), Vopak has informed both parties that it will exercise its right to sell its 20% equity stake in BORCO on the same terms and conditions.

In April 2008 FRC, a US-based private investment firm in the energy industry, and Vopak acquired BORCO in Freeport, Bahamas for which a joint venture was established. Both partners have successfully redeveloped the former refinery into an independent oil storage terminal with a capacity of 3.4 million cubic meters. The equity participation of the BORCO joint venture was split 80%/20% between FRC and Vopak, respectively, whereby Vopak acted as operator.

In December 2010 a subsidiary of FRC entered into an agreement to sell its 80% equity stake in BORCO to a subsidiary of Buckeye for approximately USD 1.36 billion, including the proportionate debt in the joint venture. The purchase price, which is subject to further adjustment as provided in the agreement, is to be settled by cash, Buckeye Class B units and Buckeye LP units. By exercising its tag-along right, in line with the joint-venture agreement with FRC, Vopak will receive proceeds for its 20% equity stake being: approximately USD 168 million in cash and approximately USD 100 million in Buckeye units, consisting of 1,095,722 Buckeye Class B units and 620,861 Buckeye LP units. The actual number of units, but not the approximate aggregate value of the units, is subject to adjustment if closing does not occur before Buckeye's next limited partner distribution.

As part of the joint venture agreement, the terminal has been operated by Vopak from the start. Buckeye expressed its intention to take over the operating responsibilities of the terminal as from the end of the current operating agreement i.e. by the end of April 2013. This led to the decision by Vopak to divest its 20% equity stake, as Vopak's strategy aims for sufficient long-term control and standardized operational and commercial processes in all terminal operations of the Vopak global terminal network, supporting the business success of its customers. To ensure full continuity for the BORCO customers, Vopak will continue to operate the terminal and work closely with Buckeye to secure a proper transition and handover.

Provided the value of the Buckeye units will not decrease prior to the closing date of the transaction, the sale of Vopak's 20% equity stake in BORCO is expected to generate an after-tax profit over USD 150 million. The estimated after-tax profit includes, amongst others, the book profit on the sale of Vopak's 20% equity stake in BORCO and the incentive fees receivable resulting amongst others from the sale by FRC of its 80% equity stake in BORCO to Buckeye. It should be noted that the actual after-tax profit can only be determined on the closing date of the transaction. The actual future cash proceeds on the Buckeye Class B units and Buckeye LP units depend on the moment Vopak monetizes such units. The completion of the transaction is expected to occur in the coming weeks, subject to certain conditions to closing being satisfied, including government approvals in the Bahamas. The after-tax profit will be reported as an exceptional item in the Q1 2011 result upon completion of the transaction. The cash proceeds of the sale will be allocated to fund Vopak's global growth strategy.

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Profile BORCO, also operating as Vopak Terminal Bahamas

Located in Freeport, Bahamas, BORCO is an independent storage terminal with a capacity of 3.4 million cubic meters for the storage and handling of crude oil, fuel oil and clean petroleum products. In addition, the terminal offers blending, transshipment and bunkering services.

Profile Vopak

Vopak is the world's largest independent tank storage service provider, specializing in the storage and handling of bulk liquid chemicals, gasses and oil products. Vopak operates 80 terminals with a storage capacity of 28.7 million cubic meters in 31 countries. The terminals are strategically located for users along the major shipping routes. The majority of its customers are companies operating in the chemical and oil industries, for which Vopak stores a large variety of products destined for a wide range of industries.

For more information

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