

5 September 2019

**UPDATE ON ALTERNATIVE CONDITIONAL PROPOSAL**

Following termination of the Scheme Implementation Agreement as announced to the market on 2 September 2019, Silver Chef Limited (**Silver Chef**) (ASX: SIV) has received a number of revised conditional proposals from Blue Stamp Company Pty Ltd (**BSC**) and has been in discussions and correspondence with BSC about those proposals.

The key changes to the previously announced proposal is an increase in the proposed entitlement offer from \$50m to \$60m, an increase in bank repayments from \$35m to \$45m and an increase in the BSC sub underwriting from \$25m to \$33m (being a total commitment from BSC of \$45m when taking into account its pro rata entitlement of \$12m). A copy of the revised proposal and BSC's latest correspondence is attached to this announcement (**Revised BSC Proposal**).

**Engagement with BSC**

Silver Chef is engaging with BSC to progress the proposed entitlement offer, including providing information in response to a request from BSC to undertake due diligence.

Silver Chef has also appointed Morgans to be the lead manager for the entitlement offer.

**Negotiation with financiers**

Silver Chef's banks have advised that they have appointed McGrathNicol to assess the prospects of the Revised BSC Proposal on their behalf.

As previously announced, Silver Chef has 30 days from 1 September 2019 to negotiate with its financiers to determine the effect that termination of the SIA will have on Silver Chef and its ability to comply with its obligations under the finance facilities.

Enquiries to:

Damien Guivarra  
Chief Executive Officer  
(07) 3335 3300

Graeme Fallet  
Chief Financial Officer  
(07) 3335 3300

**About Silver Chef**

Silver Chef was established in 1986 to help businesses fund their equipment needs through the Rent-Try-Buy® Solution. This keeps their options open and preserves their cash to grow their business.

Silver Chef Limited is an Australian Securities Exchange-listed company (ASX Code: SIV) focused on rentals of commercial equipment to small-to-medium enterprise. The Company has operations in Australia, New Zealand and Canada.

To: [sophie.mitchell@morgans.com.au](mailto:sophie.mitchell@morgans.com.au)

4 September 2019  
By email

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Dear Directors,

## **RE: SILVER CHEF LIMITED (ASX: SIV) – \$60M RECAPITALISATION PROPOSAL**

We refer to our most recent discussions and correspondence with Graeme Fallet (CFO), Andrew Kemp (Independent Non-Executive Director) and your legal and financial advisors earlier this morning.

Blue Stamp Company (“**BSC**”) remains aligned with the majority of Silver Chef Limited (ASX: SIV) shareholders in wanting the Company recapitalised to allow the cure of its debt defaults and ensure the group can be repositioned to turnaround its performance and in turn value creation.

We understand Silver Chef’s banking syndicate have now appointed McGrathNicol as their independent adviser to review the Company’s financial affairs, including any recapitalisation proposals.

### **A. \$60M RECAPITALISATION PROPOSAL**

Given the Company now has a limited window of time, before bank control is formally enforced, we believe an entitlement offer offered to all shareholders remains the most optimal path forward.

BSC propose that the Company undertake a fully underwritten, accelerated, renounceable, pro rata entitlement offer (“**AREO**”) to raise approximately \$60.0 million at \$0.31 per share, (being the SIV share price the day prior to the Next Capital transaction announcement of 3 July 2019) (“**\$60m Recapitalisation Proposal**”).

Details of the \$60m Recapitalisation Proposal are set out in the attached Term Sheet.

As we have discussed extensively, BSC is not prepared to provide Silver Chef with risk capital support of \$45 million, which may in turn allow external speculative investors to benefit at the expense of both BSC and the Company's existing shareholders.

The \$60m Recapitalisation Proposal, or variants thereof, has been well flagged to the market allowing ample time for investors not currently on the SIV register to invest in the Company and ensure their position as shareholders by the Record Date, and thereby their ability to participate.

We encourage entities associated with Allan English and all other SIV institutional shareholders to take up their rights and also assume sub-underwriting alongside BSC.

## **B. ASIC LETTER**

Subject to agreement on BSC's \$60m Recapitalisation Proposal, we view it as imperative that any requisite submissions to ASIC for the appointment of the nominee for ineligible shareholders under section 615 of the Corporations Act 2001 be fast-tracked. An adverse outcome here is likely to result in BSC's \$60m Recapitalisation Proposal being withdrawn. We further request that our lawyers at Norton Rose Fulbright are provided the opportunity to review any such submission prior to lodgement.

## **C. KEY CONDITIONS**

BSC's \$60m Recapitalisation Proposal is conditional on:

- a) Completion of accelerated due diligence;
- b) The SIV banks in the Syndicated Debt Facility and Securitisation Warehouse Facility endorsing the \$60m Recapitalisation Proposal and granting SIV an extended waiver to implement such;
- c) Reaching acceptable terms under an Underwriting Agreement / Sub-underwriting Agreement;
- d) No material adverse conditions;
- e) SIV Board approval; and
- f) Material third party consents or approvals, including Regulatory (if required).

## **D. BLUE STAMP COMPANY INVESTMENT MANDATE**

BSC's investment fund (the "**Trust**") is backed by Australian high net worth individuals and a large US based University Endowment Fund.

Following an extension of BSC's investment mandate with its cornerstone US investor, the Trust has in excess of \$50 million in 'dry powder' to deploy to investments like SIV. The deployment of capital is at the absolute discretion of BSC.

## **E. TIMETABLE**

Having reviewed the Company's proposed timetable, we believe that on the premise information is expedited and the parties work diligently to the desired target, an AREO launch date of Friday, 27 September 2019 is achievable.

**F. NEXT STEPS**

We would appreciate the Board's written endorsement to BSC's \$60m Recapitalisation Proposal. Once we have received a favourable response, we will look to execute an agreed non-disclosure agreement and promptly move things forward.

Please do not hesitate to contact our advisers or myself on +61 412 492 601.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Luke Trickett', with a stylized, cursive script.

**Luke Trickett**

Director – Blue Stamp Company

# \$60m Recapitalisation Proposal – Key Terms

<b>Offer Size</b>	▪ \$60.0 million
<b>Offer Price</b>	▪ \$0.31 per share
<b>Issuer</b>	▪ Silver Chef Limited (ASX:SIV)
<b>Offer Structure</b>	<ul style="list-style-type: none"> <li>▪ Accelerated Renounceable Entitlement Offer (<b>AREO</b>) (the “<b>Offer</b>”)</li> <li>▪ Rights not tradable or transferable</li> </ul>
<b>Use of Proceeds</b>	▪ \$45.0 million debt reduction, with balance of funding for: transaction costs and working capital / corporate purposes
<b>Lead Manager</b>	▪ Morgans to act as sole Lead Manager / Underwriter of Offer
<b>BSC Risk Participation</b>	▪ BSC will assume \$45.0 million risk participation upfront on agreed sub-underwriting terms with Lead Manager and Issuer
<b>Sub-underwriting</b>	<ul style="list-style-type: none"> <li>▪ The Lead Manager will seek additional upfront sub-underwriting support for \$15.0 million of the Offer from: <ul style="list-style-type: none"> <li>– Existing SIV institutional shareholders (on the Record Date), other than BSC</li> <li>– Outside institutional investors (participating as sub-underwriters of last resort)</li> </ul> </li> </ul>
<b>Institutional Offer</b>	▪ Lead Manager to launch accelerated Institutional Offer on [27] September 2019
<b>Institutional Bookbuild</b>	<ul style="list-style-type: none"> <li>▪ The Lead Manager will conduct a bookbuild (#1) at the conclusion of the Institutional Offer in relation to renounced rights not taken up by existing and ineligible institutional shareholders <ul style="list-style-type: none"> <li>– Existing institutional shareholders invited to participate, together with sub-underwriters (ex-BSC)</li> <li>– Allocation dependent on price/demand (&gt;Offer Price)</li> <li>– Residual short-fall shares to be allocated to the sub-underwriters (inc BSC) in accordance with their pro-rata commitments</li> </ul> </li> </ul>
<b>Retail Offer</b>	▪ [21] day Retail Offer to follow Institutional Offer; no ability to apply for additional new shares
<b>Retail Bookbuild</b>	<ul style="list-style-type: none"> <li>▪ The Lead Manager will conduct a bookbuild (#2) at the conclusion of the Retail Offer in relation to renounced rights not taken up by existing and ineligible retail shareholders <ul style="list-style-type: none"> <li>– Existing institutional shareholders invited to participate, together with sub-underwriters (ex-BSC)</li> <li>– Allocation dependent on price/demand (&gt;Offer Price)</li> <li>– Residual short-fall shares to be allocated to the sub-underwriters (inc BSC) in accordance with their pro-rata commitments</li> </ul> </li> </ul>
<b>Sub-Underwriting Fees</b>	▪ 2.5%, having regards to upfront risk participation