

### **In-Principle Agreement to Sell Hospitality Business**

Silver Chef Limited (**Silver Chef or Company**) (ASX: SIV) advises that it has received a revised conditional proposal from the investors investing under the leadership of Next Capital Pty Ltd (**Next Capital**) to sell its hospitality business for \$18 million (the **Next Capital Proposal**), a copy of which is attached to this announcement.

Subject to entering into a binding transaction document, the Board of Silver Chef has reached in-principle agreement with Next Capital to proceed with, and intends to unanimously recommend shareholders vote in favour of, the Next Capital Proposal in the absence of a superior proposal and subject to satisfying the key conditions identified below.

Should the Next Capital Proposal complete, the Company would be left with the cash proceeds of \$18 million, plus the cash flows attributable to the GoGetta run-off business, offset by transaction costs, ongoing listing costs and wind down costs with no remaining liabilities on the Hospitality business.

The Company is expected to be debt free should the next Capital Proposal be completed.

The Next Capital Proposal has the support of Silver Chef's major shareholders, including entities associated with Allan English (approximately 23.0%) and Blue Stamp Company (19.99%), in the absence of a superior proposal.

Silver Chef has entered into an exclusivity deed with Next Capital until 1 December 2019 to progress the Next Capital Proposal.

Further details on the Next Capital Proposal are set out in the attached letter.

#### **Rationale**

Silver Chef remains in default of its banking obligations, with less than seven days to reach agreement with Westpac, CBA, ANZ and HSBC (the **Banking Syndicate**) on a large-scale debt restructure or face the risks of having to place the Company into administration.

Silver Chef has been diligently advancing the \$60 million recapitalisation of the Company on the terms agreed with Blue Stamp Company and announced to the ASX on 5 September 2019 and subsequent variations of that proposal.

However, the negotiations with Silver Chef's Banking Syndicate have failed to achieve a result that was acceptable to all shareholders. Consequently, the Board has determined not to proceed with Blue Stamp Company's \$60 million recapitalisation proposal.

In the circumstances, the Board and its major shareholders conceded that it was most desirable to endorse the Next Capital Proposal such that value could be derived for all shareholders. The Board intends to unanimously recommend that shareholders vote in favour of the Next Capital Proposal, in the absence of a superior proposal and subject to satisfying the key conditions identified below.

### **Key Conditions**

The Next Capital Proposal is conditional on the following:

- financier approvals, including extension of debt waivers to implement the Next Capital Proposal;
- Silver Chef and Next Capital entering into a formal transaction document in relation to the Next Capital Proposal; and
- approval by Silver Chef shareholders at a general meeting (>50% of votes cast on the resolution being in favour).

If the formal transaction documents are executed, additional information on the Next Capital Proposal will be contained in a notice of meeting to be circulated to shareholders. At this stage, there can be no assurances that the Next Capital Proposal will result in a binding transaction capable of being considered by shareholders.

### **Statement of Intentions**

Blue Stamp Company and the shareholder entities associated with Mr Allan English have separately advised that they intend to vote all shares held at the record date in favour of the Next Capital Proposal in the absence of a superior proposal. Blue Stamp Company has entered into a deed in favour of Silver Chef under which it undertakes to vote in favour of the Next Capital Proposal

### **Potential Use of Proceeds**

Pending completion of the Next Capital Proposal, the Board will evaluate the optimal means to distribute surplus capital to all of its shareholders. All shareholders will be entitled to distributions of such proceeds.

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.

22 September 2019

Sophie Mitchell  
Director  
Silver Chef Limited  
20 Pidgeon Close  
West End QLD 4101

Dear Sophie,

### **Next Capital's Revised Proposal to Acquire Silver Chef's Hospitality Business**

Further to our letter of 10 September 2019 ("**Prior Proposal**"), Next Capital Pty Limited ("**Next Capital**") on behalf of its managed funds and certain co-investors (together "**Bidder**") is pleased to submit this revised proposal ("**Proposal**") to Silver Chef Limited ("**Silver Chef**") to acquire the hospitality business of Silver Chef (the "**Hospitality Business**") by acquiring the operating subsidiaries of Silver Chef which we understand own (or will own) all of the assets comprising the Hospitality Business, and assuming responsibility for all debts and liabilities of the Hospitality Business ("**Proposed Transaction**"). This Proposal remains subject to agreeing binding documentation with Silver Chef and securing the unanimous recommendation of the Board of Silver Chef (including voting intention statements with respect to shares held by directors and their associated entities) and Silver Chef procuring Blue Stamp Company Pty Ltd's binding support for the Proposal. .

Our revised Proposal for the Hospitality Business includes an increased price of \$18 million. Key assumptions underpinning this valuation and the transaction structure are specified in Annexure A.

Next Capital sees its Proposal as in the best interest of all Silver Chef shareholders and believe that Silver Chef shareholders will support the Proposal if given the choice. We are also of the view that an Independent Expert would come to the same conclusion.

### **Exclusivity and Cost Underwrite**

Next Capital requires the documentation of this Proposal to be undertaken on an exclusive basis, with a customary "no shop, no talk" arrangement to be documented. This arrangement would apply to prevent a competing asset or business sale, share sale of any Silver Chef Group company, equity investment, equity raising or privatisation until the general meeting to approve the Proposed Transaction ("**General Meeting**"), currently forecast for 4 November 2019.

In light of the significant incurred and expected costs of Next Capital and the Bidder in relation to the terminated Scheme of Arrangement and this Proposal, this Proposal is also conditional on Silver Chef agreeing a cost underwrite for third party transaction costs associated with these transactions, capped at \$1.8m on certain events occurring. This includes in the event that the Proposal does not receive shareholder support at the Silver Chef General Meeting by 29 November 2019 (or such other date as may be agreed) or if Silver Chef does not comply with its obligations to negotiate promptly and in good faith with Bidder the terms of the sale and purchase agreement to effect the Proposed Transaction.

Draft documentation to effect these arrangements is provided in Annexure B.

## Timetable and Next Steps

Subject to your feedback, we envisage the following timetable for the Proposed Transaction:

Key Steps and Timeline	
Monday, 23 September 2019	Deadline for Silver Chef feedback on the Proposal
Thursday, 26 September 2019	Finalise and document key work streams: <ul style="list-style-type: none"> <li>• Amendments to the previously agreed debt arrangements</li> <li>• Transaction structuring and documentation</li> <li>• GoGetta servicing arrangements</li> <li>• Explanatory Statement and Independent Expert Report (if applicable)</li> </ul>
Friday, 27 September 2019	Target date for binding transaction documents to be signed and materials for the shareholders meeting lodged with the ASX
27 September – 4 October 2019	ASX review of Notice of General Meeting
Monday 7 October 2019	Dispatch of Notice of General Meeting
Monday 4 November 2019	General Meeting to approve the Proposed Transaction
November 2019	Target completion of the Proposed Transaction

We would expect Silver Chef's lenders to extend the waiver to facilitate the shareholder vote if they are supportive of the Proposal.

Please feel free to contact me at any time. We look forward to engaging with you on this Proposal.

Sincerely



Patrick Elliott  
Partner, Next Capital

## Annexure A – Key Assumptions

The following assumptions relating to the separation of the Hospitality Business underpin the Proposal.

To be acquired under the Proposal:

- All assets (including net rental assets) of the Hospitality Business purchased via the Hospitality Business Entities to be acquired by Bidder
- All external debts and liabilities of the Hospitality Business transfer with the Hospitality Business (excluding Facility B) with Silver Chef to be indemnified for such debts and liabilities
- All Silver Chef cash except as identified below
- All Hospitality Business staff who are (or will be) employed within the Hospitality Business
- All warehouse assets and liabilities
- Relevant Hospitality operating bank accounts
- Relevant Hospitality IP and IT licenses or sub-licenses
- All staff, excluding GoGetta staff

The existing parent company will retain the following, which will not be acquired under the Proposal

- All GoGetta assets and liabilities
- The GoGetta Facility B debt (\$13.1 million as at 31 July 2019)
- The GoGetta cash, which we understand was \$9.0 million as at 31 July 2019, plus net GoGetta cash flow from 1 August 2019 to Proposal completion
- Liability or economic diminution associated with any transaction costs incurred or paid on or after 10 September 2019 in respect of this transaction, the BSC proposal or the prior Next Scheme of arrangement
- Silver Chef will indemnify Bidder for any debts and liabilities that will be retained by Silver Chef (i.e. liabilities relating to the non-Hospitality Business).

The Proposed Transaction is to be effected by a pre completion reorganisation with Silver Chef Rentals Pty Limited acquiring 100% of the interests in the Hospitality Business entities and all relevant Hospitality Business assets, with Silver Chef Rentals Pty Limited being acquired by the Bidder. Prior to completion all intercompany loans or similar are to be settled.

The Proposal requires Silver Chef and the Bidder to ensure:

- Silver Chef lenders confirm support for the Proposal
- Agreement of transitional services arrangements as required for the separation of the Hospitality Business
- That the parties negotiate in good faith to negotiate and finalise a sale agreement on customary terms for a transaction of this nature and consistent with this Proposal, including representations and terms in the usual and ordinary course, except as otherwise specified in this proposal
- Completion of the transaction in November 2019
- Release of the ASIC deed of cross guarantee – Class Order 98/1418 in the ordinary course of the transaction
- Warranties from Silver Chef in relation to the sale will include warranties as to title, authority and capacity, together with warranties consistent with those warranties provided by Silver Chef in the Scheme Implementation Agreement.

The Bidder will enter a services agreement whereby hospitality staff assist in the operation of the non Hospitality Business assets and preparation of financial accounts and tax returns on a cost recovery basis (excluding indirect overheads, consistent with the agreed calculation of the GoGetta note value as previously documented).