



ASX Announcement

24 February 2015

NOTICE OF MEETING - NOTEHOLDERS AND EXPLANATORY MEMORANDUM

Silver Chef Limited (Silver Chef) makes this announcement in accordance with the requirements of ASX listing rule 3.17.1. Silver Chef is seeking approval from the holders of the 8.50% Notes due 14 September 2018 (ISIN: AU3CB0199354) issued by Silver Chef on 14 September 2012 ("**Notes**") to amend certain Conditions of the Notes ("**Conditions**").

The proposed amendments are set out in the Notice of Meeting of Noteholders and Explanatory Memorandum attached to this announcement.

The proposed amendments are intended to provide Silver Chef with greater flexibility regarding the methods by which Silver Chef may arrange its senior secured debt arrangements.

Timetable

The proposed timetable for Noteholders is set out below.

Date	Action
17 February 2015	Record Date - the date on which a holder must be recorded as the holder of the Notes in order to be entitled to vote on the proposed resolutions to amend the Conditions of the Senior Notes.
24 February 2015	Despatch of Notice of Meeting and Explanatory Memorandum to Noteholders.
23 March 2015	Date by which the holders registered on the Record Date must advise Austraclear how to vote (by completing the 'Instructions to Sign' form contained in the notice of meeting).
26 March 2015	Date by which proxy forms must be received from Austraclear (before 10:00am).
27 March 2015	Proposed date of meeting of Noteholders. If a quorum is not reached, the meeting may be adjourned to another date not less than 7 days after the initial meeting.



Reasons for seeking proposed amendment

Silver Chef is seeking to amend the type of security interests that the Conditions allow to exist. As currently drafted, the Conditions allow Silver Chef to increase its existing secured debt with the current security granted but do not allow it to increase debt with an alternative financier or a syndicated or club bank arrangement where security is required. This is the case even where the new secured facility satisfies the prescribed interest cover ratio and secured debt to EBITDA ratio. This prevents Silver Chef from being able to seek the best possible terms from available financiers for the benefit of shareholders and Noteholders.

Silver Chef is of the view that the proposed amendments to the Conditions of the Notes are not prejudicial to the interests of Noteholders. In particular, all of the existing financial covenants (e.g. interest cover ratio and secured debt to EBITDA ratio) and other restrictions in the Conditions will continue to apply to the Notes, and Silver Chef will continue to be obliged to comply with such financial covenants and restrictions, if the amendments are approved.

Lodged by Don Mackenzie
Company Secretary
Silver Chef Limited
24 February 2015

For further information, please contact

Mr Doug McAlpine
Chief Financial Officer
(07) 3335 3300

About Silver Chef Limited (ASX Code: SIV)

Silver Chef Limited delivers equipment funding solutions that help small businesses reach their full potential. Through the Silver Chef brand it provides funding to businesses in the hospitality sector, and through the GoGetta brand provides equipment funding to small to medium sized businesses across a range of other industry sectors. Silver Chef has helped Australian small businesses create their own success stories for over 25 years. The company has delivered strong growth in profits for a number of years.



Notice of Meeting of Noteholders and Explanatory Memorandum

Australian dollar 8.5% Notes due 14 September 2018
(ISIN: AU3CB0199354) issued by Silver Chef Limited ACN 011 045 828

Date: 27 March 2015
Time: 10:00am (Brisbane time)
Place: McCullough Robertson Lawyers
Level 11, 66 Eagle Street
Brisbane, Queensland

Notice of Meeting of Noteholders and Explanatory Memorandum

Silver Chef Limited ACN 011 045 828

Notice of Meeting

Notice is given by the Issuer that a meeting of Noteholders is to be convened at 10:00am (Brisbane time) on 27 March 2015 at the offices of McCullough Robertson Lawyers, Level 11, 66 Eagle Street, Brisbane, Queensland, 4000.

Purpose of the meeting

The purpose of the meeting is to seek direction from Noteholders in respect of amendments to the Conditions of the Notes. The Explanatory Memorandum accompanying this Notice of Meeting provides further information about the amendments proposed and the Resolution.

What is this document?

This Notice of Meeting and Explanatory Memorandum has been prepared and is issued solely by Silver Chef Limited as the issuer of the Notes, to allow Noteholders to vote on the Resolution. The Directors are of the view that the proposed amendments to the Conditions of the Notes are not prejudicial to the interests of Noteholders. However, given the Resolution proposes amendments to the Conditions, the Trust Deed requires that it be passed as a Special Resolution. The Trustee does not accept any responsibility for this Notice of Meeting, the Explanatory Memorandum, or any other document associated with the amendments proposed herein.

Quorum

The quorum for the meeting to consider the Resolution is any one or more Noteholders present in person or by Proxy that alone or together hold (or in the case of Proxies, represent Noteholders who hold) Notes representing at least $66\frac{2}{3}\%$ of the outstanding principal amount of the Notes.

If the meeting is adjourned because of lack of quorum, any one or more Noteholders present in person or by Proxy that alone or together hold (or in the case of Proxies, represent Noteholders who hold) Notes representing at least 25% of the outstanding principal amount of the Notes can form a quorum at the adjourned meeting.

If an adjourned meeting is required because of lack of quorum, it will take place no earlier than 7 days, and no later than 42 days, after the proposed meeting of Noteholders on 27 March 2015. The issuer will give at least 5 days' notice of the adjourned meeting.

No investment advice

The information contained in this Notice of Meeting and Explanatory Memorandum does not constitute financial product advice, and has been prepared without reference to Noteholders' particular investment objectives, financial situation, taxation position, and needs. Neither the Issuer, nor the Trustee, is providing any taxation, legal or other advice regarding the proposed amendments. It is important that you read the Notice of Meeting and Explanatory Memorandum in its entirety before making any decision on how to vote on the Resolution contained within. If you are in any doubt, you should consult your professional adviser and make (and shall be taken to have made) your own independent investigation as to the suitability of the proposed amendments in your own particular circumstances. The Trustee does

not make any recommendation to the Noteholders as to how to vote in relation to the Resolutions, and recommends that Noteholders seek their own legal, financial, tax and other similar advice.

Questions

If you have any questions about your holding of Notes or this Notice of Meeting and Exploratory Memorandum, please consult your own professional adviser. Alternatively, please contact the following:

- if you wish to contact the Issuer for a further explanation of the Resolution contained in the Notice of Meeting, call Doug McAlpine, Chief Financial Officer of Silver Chef Limited, on +61 7 3335 3356;
- for questions regarding the voting process, email either of the following:
 - joanna.ly@bnymellon.com
 - angela.tran@bnymellon.com

Attendance by telephone link-up

If you would like to attend the meeting but are unable to do so in person, the Directors will arrange for a telephone link-up for you to attend by telephone. Please contact call Doug McAlpine, Chief Financial Officer of Silver Chef Limited, on +61 7 3335 3356 by 23 March 2015 for details of how to attend the meeting by telephone.

Date

This Notice of Meeting and Explanatory Memorandum is dated 24 February 2015.

Record Date 17 February 2015 The “Instructions to Sign” form must be received no later than 5:00pm (Sydney time) on 23 March 2015 to be valid.	Instructions to Austraclear Ltd to sign Only those Austraclear Participants in whose Austraclear Security Record the Notes appear immediately prior to System opening on 17 February 2015 (“Austraclear Holders”) will be entitled to instruct Austraclear Ltd (“Austraclear”) to vote on the Resolution contained in this Notice of Meeting. A person with a beneficial interest in the Notes must direct the Austraclear Holder in whose Security Record the Notes in respect of which you have that beneficial interest are recorded to complete the “Instructions to Sign” form. Action required by Austraclear Holders To instruct Austraclear to vote on the Resolution contained in this Notice of Meeting, Austraclear Holders must complete the “Instructions to Sign” form and return this “Instructions to Sign” form by fax or by email to the Trustee at the following details:
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	• Fax no: +61 2 9551 5009 • email: joanna.ly@bnymellon.com • email: angela.tran@bnymellon.com The “Instructions to Sign” form must be received no later than 5:00pm (Sydney time) on 23 March 2015 to be valid. An “Instructions to Sign” form is irrevocable once received, unless otherwise agreed by the Issuer. If you do not wish to instruct Austraclear to vote on the Resolution contained in the Notice of Meeting, no further action on your part is required. However, you should note that a resolution passed at a meeting called and held in accordance with the Meeting Provisions is binding on all Noteholders, whether or not they gave instructions to sign or voted in respect of the meeting. The Issuer will give notice (or procure that notice be given) to the Noteholders and the Trustee of the result of the voting on the Resolution within 14 days of the result being known. However, failure to do so does not invalidate the Resolution.
26 March 2015 Before 10:00am (Sydney time)	Austraclear to vote on the Resolution Austraclear is recorded in the Register as the sole Noteholder for the Notes. Consequently, only Austraclear will be entitled to vote on the Resolution. It is proposed that Austraclear will sign a Proxy Form appointing the chairman of the meeting to vote on the Resolution in accordance with the instructions of Austraclear Holders on whose behalf it holds the Notes. The Issuer will nominate the chairman of the meeting in advance of the meeting. The Resolution contained in this Notice of Meeting will be passed if the sole Noteholder acting on the instructions of Austraclear Holders votes a majority consisting of more than 75% of the votes cast in favour of the Resolution.

Resolution

The Issuer is providing this Notice of Meeting to Noteholders for Noteholders to consider and, if in favour, pass the following Resolution as a Special Resolution:

Resolution – amendment to the definition of “Permitted Security Interest” in Condition 1.2

“That, for the purposes of clause 15 of the Trust Deed, Condition 15 of the Conditions of the Notes and for all other purposes, Noteholders approve the following amendment of Condition 1.2 of the Conditions of the Notes and authorise the Issuer and the Trustee to do all things necessary or desirable to give effect to such amendment:

- (a) Paragraph (a) of the definition of ‘Permitted Security Interest’ in Condition 1.2 be deleted and replaced with the following:

‘(a) any Security Interests existing as at the Issue Date, provided that if the Issuer or a Guarantor renews, extends or refinances any Financial Indebtedness secured by those existing Security Interests, at the time of such renewal, extension or refinancing of the Financial Indebtedness, on a pro-forma basis, the ratio of the total of all Financial Indebtedness of the Group secured by a Security Interest at that time to EBITDA of the Group at that time is not more than 2.20:1;’

- (b) Paragraph (b) of the definition of ‘Permitted Security Interest’ in Condition 1.2 be deleted and replaced with the following:

‘(b) any Security Interests granted to:

(i) secure any Financial Indebtedness incurred by the Group on or after the Issue Date; and

(ii) without limiting subparagraph (i) above, renew, extend or refinance any Financial Indebtedness secured by existing Security Interests referred to in paragraph (a) above,

provided that, at the time of such incurrence of the Financial Indebtedness or such renewal, extension or refinancing of the Financial Indebtedness (as the case may be), on a pro-forma basis, the ratio of the total of all Financial Indebtedness of the Group secured by a Security Interest at that time to EBITDA of the Group at that time is not more than 2.20:1;”

Note: Further information about the Resolution is set out in the **attached** Explanatory Memorandum and Schedule 1 also sets out by way of illustration in redline mark-up the specific changes to the current Conditions of the Notes that will be made if the Resolution is passed.

Support for Approval of the Resolution

For the reasons set out in the Explanatory Memorandum, the Directors support the Resolution and recommend that you vote in favour of them. The Trustee does not make any recommendation to the Noteholders as to how to vote in relation to the Resolution, and recommends that Noteholders seek their own legal, financial, tax and other similar advice.

Instructions to Austraclear Ltd to sign

Only those Austraclear Participants in whose Austraclear Security Record the Notes appear immediately prior to System opening on 17 February 2015, 7 days before the date of this Notice – 24 February 2015

("Austraclear Holders") will be entitled to instruct Austraclear Ltd ("Austraclear") to vote in respect of the Resolution contained in this Notice of Meeting, which is proposed to be done by Austraclear signing a Proxy Form appointing the chairman of the meeting to vote on the Resolution.

A person with a beneficial interest in the Notes must direct the Austraclear Holder in whose Security Record the Notes in respect of which you have that beneficial interest are recorded to complete the "Instructions to Sign" form set out below.

Action required by Austraclear Holders

To instruct Austraclear to vote on the Resolution contained in this Notice of Meeting, Austraclear Holders must complete the "Instructions to Sign" form and return your "Instructions to Sign" form by fax or by email to the Trustee. The "Instructions to Sign" form must be received no later than 5:00pm (Sydney time) on 23 March 2015 to be valid.

The completed "Instructions to Sign" form is to be delivered by fax or by email to the Trustee at the following details, by no later than 5:00pm (Sydney time) on 23 March 2015:

- Fax no: +61 2 9551 5009
- email: joanna.ly@bnymellon.com
- email: angela.tran@bnymellon.com

Austraclear to sign

Austraclear is recorded in the Register as the sole Noteholder for the Notes. Consequently, only Austraclear will be entitled to vote on the Resolution. It is proposed that Austraclear will sign a Proxy Form appointing the chairman of the meeting to vote on the Resolution, in accordance with the instructions of Austraclear Holders on whose behalf it holds the Notes. The Issuer will nominate the chairman of the meeting in advance of the meeting.

The Resolution contained in this Notice of Meeting will be passed if the sole Noteholder acting on the instructions of Austraclear Holders votes a majority consisting of more than 75% of the votes cast in favour of the Resolution.

Queries

If you have any queries at all about the Resolution contained in the Notice of Meeting or anything else in this document, please contact the following:

- if you wish to contact the Issuer for a further explanation of the Resolution contained in the Notice of Meeting, call Doug McAlpine, Chief Financial Officer of Silver Chef Limited, on +61 7 3335 3356
- for questions regarding the voting process, email either of the following:
 - email: joanna.ly@bnymellon.com
 - email: angela.tran@bnymellon.com

Instructions to Sign

1 DETAILS OF AUSTRACLEAR HOLDER

Name:

Address:

2 DETAILS OF NOTES HELD BY AUSTRACLEAR HOLDER

	Aggregate principal amount of Notes held by the Austraclear Holder
A\$[xx] in aggregate amount outstanding 8.50% Notes due 14 September 2018 (with ISIN: AU3CB0199354)	A\$[xx]

3 DETAILS OF BENEFICIAL HOLDERS WHICH HAVE INSTRUCTED YOU AS THE AUSTRACLEAR HOLDER (This section is not mandatory and failure to complete this section does not invalidate these instructions to sign.)

Name:.....

Name:.....

Name:.....

4 DIRECTION TO SIGN

I direct Austraclear Ltd to vote in favour of the Resolution below, by signing and dating a Proxy Form in accordance with the following directions.

Resolution in respect of the Notes

The Noteholder resolves that with effect on and from 27 March 2015 (or on and from the date of any adjourned meeting if the meeting to be held on 27 March 2015 is adjourned), the Conditions of the Notes are amended as set out in the Notice of Meeting and Explanatory Memorandum, and the Resolution by Silver Chef Limited be agreed and approved.

Noteholder	Name of authorised representative	Outstanding principal amount of Notes to be voted for	Outstanding principal amount of Notes to be voted against	Outstanding principal amount of Notes abstained	Date of signing
Austraclear Ltd		A\$[xx]	A\$[xx]/Nil	A\$[xx]/Nil	

SIGNING PAGE

Signing Instructions:

Austraclear Holders are requested to:

- 1 select the appropriate execution clause from those set out below (or if the appropriate execution clause is not set out below, insert the appropriate execution clause);
- 2 sign and date it accordingly; and
- 3 deliver the completed "Instructions to Sign" form by fax or by email to the Trustee at the following details, by no later than 5:00pm (Sydney time) on 23 March 2015:
 - Fax no: +61 2 9551 5009
 - email: joanna.ly@bnymellon.com
 - email: angela.tran@bnymellon.com

Executed as a deed poll on 2015

(if the Austraclear Holder is signing as a corporation)

EXECUTED by

.....
[insert name of Austraclear Holder]

.....
Secretary/Director

.....
Name of Secretary/Director (block letters)

.....
Director

.....
Name of Director (block letters)

OR

(if the Austraclear Holder is signing by)
 power of attorney))
SIGNED by)

.....)
 Name of Attorney)
 as attorney for:)

.....)
[insert name of Austraclear Holder])
 pursuant to power of attorney in the)
 presence of:)

.....)
 Signature of witness)

.....)
 Name of witness (block letters))

OR

(if the Austraclear Holder is signing by)
 authorised representative)
SIGNED by)

.....)
 as Authorised Representative for)

.....)
[insert name of Austraclear Holder])
 in the presence of:)

.....)
 Signature of witness)

.....)
 Name of witness (block letters))

.....
 By executing these instructions to sign
 the attorney states that the attorney has
 received no notice of revocation of the
 power of attorney and has included a
 certified copy of the power of attorney
 with these instructions to sign.

.....
 By executing these instructions to sign
 the authorised representative states that
 the authorised representative has
 received no notice of revocation of their
 authority to sign.

OR

(if the Austraclear Holder is signing as)
an individual))

SIGNED by)

.....
Signature

.....)
[insert name of Austraclear Holder])
in the presence of:)

.....)
Signature of witness)

.....)
Name of witness (block letters))

OR INSERT OTHER BELOW

Certificate of Instructions to Sign received from Austraclear Holders

BNY Trust Company of Australia Limited as Trustee of the Silver Chef Note Trust constituted by the Trust Deed dated 5 September 2012 between Silver Chef Limited, GoGetta Equipment Funding Pty Ltd, Silver Chef Rentals Pty Ltd and BNY Trust Company of Australia Limited

Amendment of the Conditions of the 8.5% Notes due 14 September 2018 issued by Silver Chef Limited on 14 September 2012

To: **AUSTRACLEAR LTD (ABN 94 002 060 773) as the registered Noteholder of \$30,000,000.00 of the outstanding Notes**

We refer to the Notice of Meeting dated 24 February 2015 in respect of the proposed amendments to the Conditions of the Notes. Terms not defined in this certificate have the meanings given in the Notice of Meeting.

As at 5:00pm Sydney time on 23 March 2015 (together with those instructions received after this time and accepted by us) we had received completed instructions to sign in respect of the Resolution in the form set out in the Notice of Meeting in respect of Notes representing a A\$[*] portion of the principal amount of outstanding Notes from Austraclear Holders.

We confirm that those Austraclear Holders have instructed Austraclear Ltd to vote on the Resolution contained in the Notice of Meeting, by signing a Proxy Form, in the form set out in the Notice of Meeting, as follows:

Voted For	Voted Against
[*]	[*]

We **attach** a Proxy Form to be signed by Austraclear reflecting those instructions.

.....

Authorised signatory of BNY Trust Company of Australia Limited in its capacity as Trustee

Name (print):

Date: 23 March 2015

Proxy Form

(to be delivered by Austraclear to the Issuer at least 24 hours prior to the meeting)

Silver Chef Limited

Meeting of Noteholders

Australian dollar 8.5% Notes due 14 September 2018 (ISIN: AU3CB0199354)

To: Silver Chef Limited

Date: 26 March 2015

Austraclear Ltd, being the holder of the Notes issued by the Issuer, appoints the chairman of the meeting as our Proxy to vote on our behalf in accordance with the following instructions at the meeting of Noteholders issued by the Issuer to be held on or about 27 March 2015, and at any adjournment of that meeting.

We instruct our Proxy to vote in the following manner in respect of the Resolution proposed in the Notice of Meeting.

For: Aggregate principal amount of outstanding Notes of \$[xx]

Against: Aggregate principal amount of outstanding Notes of \$[xx]

Abstain: Aggregate principal amount of outstanding Notes of \$[xx]

Notes

- A Proxy may be appointed until 24 hours before the meeting but not after that time.
- The Proxy, and, if required by the Issuer, the power of attorney or other authority under which the Proxy Form is signed, or a copy of that power or authority certified in the manner that the Issuer requires, must also be provided to the Issuer, no later than 24 hours before the meeting at which the Proxy is to be used.

Capitalised terms

Capitalised terms used in this form and not otherwise defined have the meaning given to them in the Notice of Meeting and Explanatory Memorandum issued on 24 February 2015.

Executed by
Timothy Hogben as Attorney for Austraclear
Limited under Power of Attorney, dated 4 August
2010, in the presence of:

▲

Signature of witness

▲

Signature of Attorney

▲

Full name of witness (print)

▲

Full name of Attorney (print)

Glossary of terms

In this Notice of Meeting of Noteholders and Explanatory Memorandum, terms not otherwise defined have the following meaning. Terms not defined have the meaning given to them in the Austraclear Regulations.

Term	Definition
Austraclear Regulations	has the meaning given to that term in the Conditions.
Conditions of the Notes or Conditions	means the conditions of the Notes as set out in the Information Memorandum, as supplemented by the pricing supplement dated 12 September 2012 and references to a particular numbered Condition shall be construed accordingly.
Directors	means the directors of the Issuer from time to time.
Explanatory Memorandum	means the Explanatory Memorandum accompanying this Notice of Meeting of Noteholders and which forms part of this Notice of Meeting.
EBITDA	has the meaning given to that term in the Conditions.
FIIG	means FIIG Securities Limited ACN 085 661 632, the lead manager and initial subscriber for the Notes.
Guarantors	means each of GoGetta Equipment Funding Pty Ltd ACN 124 102 647 and Silver Chef Rentals Pty Ltd ACN 112 241 522.
Information Memorandum	means the information memorandum dated 10 September 2012 issued by the Issuer in connection with the issue of the Notes and all documents incorporated by reference into it, including the pricing supplement dated 12 September 2012.
Issuer	means Silver Chef Limited ACN 011 045 828.
Meeting Provisions	means the provisions relating to meetings of Noteholders as set out in Schedule 3 of the Trust Deed.
Noteholders	means the persons whose names are entered in the Register as the holders of the Notes.
Notes	means the 8.50% Notes due 14 September 2018 (with ISIN: AU3CB0199354) issued by the Issuer on 14 September 2012 which are constituted by, and owing under, the Trust Deed, the terms of which are contained in the Conditions.
Notice of Meeting	means the notice of meeting of Noteholders included in this document.
Proxy	means a person so appointed under a Proxy Form.
Proxy Form	means a notice in writing appointing a Proxy, in the form included in this document.
Register	has the meaning given to that term in the Conditions.
Resolution	means the resolution of Noteholders set out in this document.
Shareholders	means the holders of shares in the Issuer from time to time.
Special Resolution	has the meaning set out in the Trust Deed.

Trust Deed

means the note trust deed dated 10 September 2012 between the Issuer, the Guarantors and the Trustee.

Trustee

means BNY Trust Company of Australia Limited ACN 050 294 052.

Explanatory memorandum

This Explanatory Memorandum has been prepared solely by the Issuer to assist Noteholders in their consideration of the Resolution outlined in the Notice of Meeting. This Explanatory Memorandum should be read in conjunction with the Notice of Meeting. The Trustee does not accept any responsibility for this Explanatory Memorandum.

1 Background

- 1.1 The Issuer has \$30 million of Notes on issue as at the date of this Notice of Meeting.
- 1.2 The Issuer, for the reasons set out in this Explanatory Memorandum, seeks Noteholder approval by a Special Resolution which, if passed, will have the effect of amending the Conditions of the Notes. The proposed amendment is to amend the circumstances in which the Issuer is permitted to create and allow to subsist security interests.
- 1.3 The Directors are of the view that the proposed amendments to the Conditions of the Notes are not prejudicial to the interests of Noteholders. In particular, all of the existing financial covenants (e.g. interest cover ratio) and other restrictions in the Conditions will continue to apply to the Notes, and the Issuer will continue to be obliged to comply with such financial covenants and restrictions, if the amendments are made.
- 1.4 The specific proposed amendments are also illustrated in Schedule 1 to this Explanatory Memorandum which demonstrates in redline mark-up the amendments to the Conditions that will be effected if the Resolution is passed.
- 1.5 Under the Notice of Meeting, Noteholders are being asked to:
 - (a) approve the amendments to the Conditions as detailed in the Resolution; and
 - (b) authorise the Issuer and the Trustee to do all things necessary to amend the Conditions, such as by effecting the amendments through a supplemental deed.

2 Reasons for the Resolution

- 2.1 Under Condition 5.1, the Issuer is prohibited from creating or allowing to subsist any security interest over the whole or any part of its present or future assets or revenues unless the same security interest is also granted in favour of Noteholders. This restriction does not apply to a 'permitted security interest' (or a security interest that the Noteholders approve pursuant to the Meeting Provisions).
- 2.2 The 'permitted security interest' exception is only available in certain circumstances, including where the security interest:
 - (a) existed at the date of issue of the Notes;
 - (b) is created in connection with the refinancing of existing debt secured by existing security interests provided that, at the time the refinancing occurs, on a pro-forma basis, the total of all available secured debt to EBITDA is not more than 2.20:1; and
 - (c) is in respect of financial indebtedness of a principal amount that does not exceed in aggregate \$5 million.

- 2.3 Condition 5.2 contains a restriction against incurring or allowing to subsist any new financial indebtedness (secured or unsecured) unless, after giving pro-forma effect to the incurrence of such financial indebtedness and the application of the proceeds thereof, the interest cover ratio of the Issuer remains above 3.50:1.
- 2.4 The Issuer regularly considers various options in relation to its existing facilities. As currently drafted, Condition 5.1 would allow the Issuer to increase its existing secured debt with the current form of security granted but would not allow it to increase secured debt with an alternative financier or a syndicated or club bank arrangement where new security is required, even where the new secured facility satisfied the prescribed interest cover ratio and secured debt to EBITDA ratio. This means that the Issuer, while not prevented from increasing its secured debt, is prevented from being able to seek the best possible terms from available financiers for the benefit of the Issuer and Noteholders.
- 2.5 The Directors consider that this outcome was not commercially intended at the time the terms of the Notes were negotiated.
- 2.6 Under the proposed amendments, any secured debt would need to continue to satisfy the existing secured debt to EBITDA ratio (2.20:1) and the interest cover ratio (3.50:1), but would allow the Issuer to create or allow to subsist security interests in connection with incurring new financial indebtedness. This would give the Issuer greater flexibility in terms of assessing and implementing financing alternatives on the most attractive terms without adversely affecting the rights and interests of Noteholders.
- 2.7 The Issuer is therefore seeking to amend the definition of 'permitted security interest' used in Condition 5.1 to allow the Issuer to create or allow to subsist security interests granted in connection with incurring such new financial indebtedness.
- 2.8 Any new financial indebtedness incurred on or after the issue date of the Notes will continue to meet the financial covenant that, after giving pro-forma effect to the incurrence of such financial indebtedness and the application of the proceeds thereof, it will not result in the interest cover ratio of the Issuer being less than or equal to 3.50:1.
- 2.9 As an added protection for Noteholders, it is also proposed to amend paragraph (a) in the definition of 'permitted security interest' to state that where the Issuer wishes to renew, extend or refinance the available debt secured by existing security interests, that it can only do so where the Issuer will satisfy the secured debt to EBITDA ratio (2.20:1) when such renewal, extension or refinancing is made.

3 Procedure to amend Conditions

- 3.1 Under clause 15 of the Trust Deed, the Issuer is permitted to amend the Conditions in accordance with the Conditions and the Trust Deed. Condition 15 provides that a Condition may be varied by the Noteholders of a series in accordance with the Meetings Provisions (subject to certain exceptions where only the consent of the Trustee is required, e.g. amendments of a formal, minor or technical nature).
- 3.2 Schedule 3 of the Trust Deed contains the Meeting Provisions which set out the procedures for the convening of meetings of Noteholders and the passing of resolutions by them. In accordance with those Meeting Provisions, the Directors are seeking that the Resolution be passed as a Special Resolution. However, the Directors are of the view that the proposed amendments to the Conditions of the Notes are not prejudicial to the interests of Noteholders.
- 3.3 The Resolution contained in the Notice of Meeting will be passed if the Noteholders vote a majority consisting of more than 75% of the votes cast in favour of the Resolution. On a show of hands each Noteholder present in person and each person present as Proxy on behalf of a Noteholder who is not present has one vote. On a poll each Noteholder or Proxy present has

one vote in respect of each principal amount equal to the denomination of the Notes (which is A\$1,000) which are registered in that person's name or in respect of which that person is Proxy.

4 Recommendations

- 4.1 The Directors unanimously recommend Noteholders pass the Resolution outlined in the Notice of Meeting as a Special Resolution by voting in favour of and directing the Austraclear Holders to complete the "Instructions to Sign" forms accordingly which direct Austraclear to sign a Proxy Form voting favour of the Resolution.
- 4.2 Neither the Trustee nor any other person makes any recommendation to the Noteholders as to how they should vote on the Resolution.

Schedule 1

Illustration of proposed amendments to Conditions of the Notes

This Schedule sets out, by way of illustration only, the effects of the Resolution on the relevant Conditions of the Notes.

The proposed changes to Condition 1.2 are as follows:

1.2 Definitions

...

a **Permitted Security Interest** means:

- (a) any Security Interests existing as at the Issue Date, provided that if the Issuer or a Guarantor renews, extends or refinances any Financial Indebtedness secured by those existing Security Interests, at the time of such renewal, extension or refinancing of the Financial Indebtedness, on a pro-forma basis, the ratio of the total of all Financial Indebtedness of the Group secured by a Security Interest at that time to EBITDA of the Group at that time is not more than 2.20:1;

- (b) any Security Interests granted to in:

- (i) secure any Financial Indebtedness incurred by the Group on or after the Issue Date; and
- (ii) without limiting subparagraph (i) above, renew, extend or refinance any Financial Indebtedness ~~the refinancing of available amounts secured by existing Security Interests referred to in paragraph (a) above,~~

provided that, at the time of such incurrence of the Financial Indebtedness or such renewal, extension or refinancing of the Financial Indebtedness (as the case may be) the refinancing occurs, on a pro-forma basis, the ratio of the total of all Financial Indebtedness of the Group secured by a Security Interest at that time ~~available secured debt to EBITDA of the Group at that time~~ is not more than 2.20:1;

- (c) a Security Interest arising by operation of law;
- (d) any netting and set-off arrangements arising in the ordinary course of the Group's banking arrangements;
- (e) any Security Interest approved by the Noteholders pursuant to the Meeting Provisions;
- (f) any Security Interest provided for by one of the following transactions if the transaction does not secure payment or performance of an obligation:
 - (i) a transfer of an account or chattel paper;
 - (ii) a commercial consignment; or
 - (iii) a PPS Lease (as defined in the PPSA); and
- (g) any Security Interest in respect of Financial Indebtedness in a principal amount that does not exceed in aggregate A\$5,000,000;