

Recipe Unlimited Announces Implementation and Terms of \$125 Million Substantial Issuer Bid

VAUGHAN, ON, Aug. 14, 2019 /CNW/ - Recipe Unlimited Corporation (formerly Cara Operations) (TSX: RECP, "Recipe" or the "Company") announces today that its Board of Directors has authorized a substantial issuer bid (the "Offer") to purchase for cancellation a number of subordinate voting shares of the Company (the "Shares") for an aggregate purchase price not exceeding \$125 million. The Offer will expire at 5:00 p.m. (Toronto time) on September 20, 2019 (the "Expiry Date"), unless extended, varied or withdrawn by Recipe. The Offer will be funded by drawing on existing credit facilities.

Details of the Offer, including instructions for tendering shares, are included in the formal offer to purchase and issuer bid circular, letter of transmittal, notice of guaranteed delivery and other related documents (collectively, the "Offer Documents"). The Offer Documents are expected to be mailed to shareholders, filed with applicable Canadian securities regulatory authorities and made available without charge on SEDAR at www.sedar.com, as well as being posted on the Company's website at www.recipeunlimited.com promptly. Shareholders should carefully read the Offer Documents prior to making a decision with respect to the Offer.

Shareholders who wish to participate in the Offer will be able to do so through (i) auction tenders, which will allow shareholders who choose to participate in the Offer to individually select the price, within a range of not less than \$24.50 and not more than \$27.00 per Share (in increments of \$0.10 per Share), at which they are willing to sell their Shares, or (ii) purchase price tenders in which they will agree to have a specified number of Shares purchased at a purchase price to be determined pursuant to the auction (the "Purchase Price") and have their Shares considered as having been tendered at the minimum price of \$24.50 per Share for the purposes of determining the Purchase Price. Shareholders who validly deposit Shares or multiple voting shares of the Company ("Multiple Voting Shares") without specifying the method in which they are tendering such shares will be deemed to have made a purchase price tender. Upon expiry of the Offer, Recipe will determine the lowest Purchase Price (which will not be less than \$24.50 per Share and not more than \$27.00 per Share) that will allow it to purchase the maximum number of Shares properly tendered to the Offer, and not properly withdrawn, having an aggregate purchase price not exceeding \$125 million. All Shares purchased by the Company pursuant to the Offer (including Shares or Multiple Voting Shares tendered at prices below the Purchase Price) will be purchased at the same Purchase Price.

Holders of Multiple Voting Shares will be entitled to participate in the Offer. Multiple Voting Shares taken up by Recipe will be converted into Shares on a one-for-one basis immediately prior to take up. Only those Multiple Voting Shares proposed to be taken up by the Company will be converted into Shares on a one-for-one basis immediately prior to take up.

Recipe believes that the purchase of Shares is in the best interest of the Company and its shareholders and permits Recipe to return up to \$125 million of capital to shareholders who elect to tender their Shares. After giving effect to the Offer, Recipe will continue to have sufficient financial resources and working capital to conduct its ongoing business and operations and the Offer is not expected to preclude Recipe from pursuing its foreseeable business opportunities or the future growth of Recipe's business.

As of August 8, 2019, Recipe had 26,309,673 Shares and 34,396,284 Multiple Voting Shares issued and outstanding. If the Purchase Price is determined to be \$24.50 per Share (which is the minimum price per Share under the Offer), the maximum number of Shares that may be purchased by the Company is 5,102,040 Shares or approximately 8.4% of the total number of Shares issued and outstanding. If the Purchase Price is determined to be \$27.00 per Share (which is the maximum price per Share under the Offer), the maximum number of Shares that may be purchased by the Company is 4,629,629 Shares or approximately 7.6% of the total number of Shares issued and outstanding.

Fairfax Financial Holdings Limited and its affiliates ("Fairfax") beneficially own and control 7,224,180 Shares and 19,903,378 Multiple Voting Shares, representing approximately 57.0% of the total votes attached to all classes of our voting shares and approximately 27.5% of the Shares and approximately 57.9% of the Multiple Voting Shares. The Phelan family, through Cara Holdings Limited and its affiliates ("Cara Holdings"), owns 14,492,906 Multiple Voting Shares, representing approximately 40.9% of the total votes attached to all classes of our voting shares and approximately 42.1% of the Multiple Voting Shares.

Recipe has been advised that Fairfax will participate in the Offer but will not be lowering its equity position in the Company as Fairfax will be acquiring the same number of Multiple Voting Shares from Cara Holdings, thereby increasing its voting position and increasing its proportionate equity interest in the Company. Specifically, Fairfax intends to participate in the Offer by tendering 1,550,000 Shares and, following completion of the Offer, purchase from Cara Holdings at the Purchase Price such number of Multiple Voting Shares equal to the number of Shares tendered by Fairfax and taken-up by the Company in the Offer. Completion of Fairfax's acquisition of Multiple Voting Shares from Cara Holdings is conditional upon the completion of the Offer and will be effected at the Purchase Price under the Offer. Cara Holdings has also advised the Company that it intends to tender 375,000 Multiple Voting Shares to the Offer.

No director or officer of the Company has advised the Company that he or she intends to deposit Shares under the Offer. However, they may decide to deposit Shares to the Offer in the event that the circumstances or decisions of any such persons

change and, subject to applicable securities laws, such persons may sell their Shares through the facilities of the Toronto Stock Exchange (the "TSX") or otherwise during the period prior to the Expiry Date.

The Offer is not conditional upon any minimum number of Shares being properly deposited under the Offer. The Offer is, however, subject to other conditions and Recipe reserves the right, subject to applicable laws, to withdraw, extend or vary the Offer if, at any time prior to the payment of any Shares, certain events occur.

The closing price of the Shares on the TSX on August 13, 2019 (the last full trading day before the date of this press release) was \$25.05. During the six months ended August 13, 2019, the closing prices of the Shares on the TSX have ranged from a low of \$25.05 to a high of \$28.67 per Share.

Recipe was authorized by the TSX to purchase up to 1,822,329 Shares pursuant to a normal course issuer bid ("NCIB") that commenced on June 24, 2019 and expires on June 23, 2020. Recipe has purchased 637,212 Shares through this NCIB as at August 13, 2019. There will be no further purchases of Shares under this NCIB until after the Expiry Date or date of termination of the Offer.

Recipe has engaged Scotiabank to act as exclusive financial advisor for the Offer. Recipe has also engaged Computershare Investor Services to act as depositary for the Offer. Any questions or requests for information regarding the Offer may also be directed to the depositary.

This press release is for informational purposes only and does not constitute an offer to buy or the solicitation of an offer to sell Recipe's shares. The solicitation and the offer to buy the Shares will only be made pursuant to Offer Documents to be filed with the applicable securities regulators in Canada. The Offer will be optional for all shareholders, who will be free to choose whether to participate, how many Shares or Multiple Voting Shares to tender and, in the case of auction tenders, at what price to tender within the specified range. Any shareholder who does not deposit any Shares (or whose Shares are not repurchased under the Offer) will realize a proportionate increase in its percentage equity interest in Recipe, to the extent that Shares are purchased and cancelled under the Offer. The Offer will not be made to, nor will tenders be accepted from or on behalf of, holders of Shares in any jurisdiction in which the making or acceptance of offers to sell Shares would not be in compliance with the laws of that jurisdiction. Recipe's Board of Directors has approved the Offer. However, none of Recipe or its Board of Directors, or the depositary makes any recommendation to any shareholder as to whether to deposit or refrain from depositing Shares or Multiple Voting Shares under the Offer. Shareholders are urged to evaluate carefully all information in the Offer, consult their own financial, legal, investment and tax advisors and make their own decisions as to whether to deposit Shares or Multiple Voting Shares under the Offer, and, if so, how many shares to deposit.

Fairfax Early Warning Disclosure

If all 1,550,000 Shares to be tendered by Fairfax to the Offer are taken up and purchased by the Company, representing 5.9% of the outstanding Shares as of the date hereof, and a corresponding number of Multiple Voting Shares are acquired by Fairfax, which would represent 4.5% of the outstanding Multiple Voting Shares, Fairfax will beneficially own and control 21,453,378 Multiple Voting Shares, representing approximately 62.4% of the total outstanding Multiple Voting Shares, and 5,674,180 Shares, representing approximately 21.6% of the total outstanding Shares (before giving effect to the cancellation of any Shares or Multiple Voting Shares pursuant to the Offer).

Fairfax will acquire the Multiple Voting Shares from Cara Holdings pursuant to the private agreement exemption under section 4.2(1) of National Instrument 62-104 – *Take-over Bids and Issuer Bids* ("NI 62-104"). Pursuant to the exemption, the purchase price to be paid for the Multiple Voting Shares to be acquired following the Offer will be equal to the Purchase Price, which will not be greater than \$27.00, being less than 115% of the market price of the Shares (calculated in accordance with section 1.11 of NI 62-104) as of the date of the agreement between Fairfax and Cara Holdings. Fairfax is acquiring the Multiple Voting Shares for investment purposes. Fairfax continually reviews its investment alternatives and may purchase or sell securities of Recipe from time to time in accordance with applicable laws. In the future, Fairfax may discuss with management and/or the board of directors of Recipe any of the transactions listed in clauses (a) to (k) of item 5 of Form F1 of National Instrument 62-103 – *The Early Warning System and Related Take-over Bid and Insider Reporting Issues* and it may further purchase, hold, vote, trade, dispose or otherwise deal in the securities of Recipe, in such manner as it deems advisable to benefit from changes in market prices of Recipe securities, publicly disclosed changes in the operations of Recipe, its business strategy or prospects or from a material transaction of Recipe. An early warning report will be filed by Fairfax in accordance with applicable securities laws and will be available on SEDAR at www.sedar.com or may be obtained directly from Fairfax upon request at 416-367-4941 (Attention: John Varnell) or at Fairfax Financial Holdings Limited, 95 Wellington Street West, Suite 800, Toronto, Ontario M5J 2N7.

About Recipe

Founded in 1883, Recipe is Canada's oldest and largest full-service restaurant company. The Company franchises and/or operates some of the most recognized brands in the country including Swiss Chalet, Harvey's, St-Hubert, The Keg, Milestones, Montana's, Kelsey's, East Side Mario's, New York Fries, Prime Pubs, Bier Markt, Landing, Original Joe's, State & Main, Elephant & Castle, The Burger's Priest, The Pickle Barrel, Marigolds & Onions, and 1909 Taverne Moderne.

Recipe's iconic brands have established the organization as a nationally recognized franchisor of choice. As at June 30, 2019, Recipe had 24 brands and 1,384 restaurants, 85% of which are operated by franchisees and joint venture partners. Recipe's shares trade on the TSX under the ticker symbol RECP. More information about the Company is available at www.recipeunlimited.com.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS Certain statements in this press release about the Offer, including Recipe's intention to undertake a substantial issuer bid and the terms thereof (including the maximum dollar value of Shares that Recipe may purchase under the Offer, the timing for launch and completion of the Offer and the price range within which Recipe will repurchase shares under the Offer) and other statements that are not historical facts, constitute "forward-looking statements" within the meaning of applicable Canadian securities laws. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements. Forward-looking statements are based on estimates and assumptions made by Recipe in light of its experience and perception of historical trends, current conditions and expected future developments, as well as other factors that Recipe believes are appropriate and reasonable in the circumstances, but there can be no assurance that such estimates and assumptions will prove to be correct or that Recipe's expectations regarding this Offer or Recipe's actual results, level of activity, performance or achievements or future events or developments will be achieved.

Many factors could cause Recipe's expectations regarding this Offer or Recipe's actual results, level of activity, performance or achievements or future events or developments to differ materially from those expressed or implied by the forward-looking statements, including, without limitation, the following factors: potential volatility of the price of the Shares; uncertainty in the level of shareholder participation in the Offer; payment of dividends; significant ownership by Fairfax and Cara Holdings; future acquisitions or sales of shares by Fairfax and Cara Holdings; dilution; limited voting rights attached to the Shares; fluctuation of quarterly operating results; securities analysts' research or reports impacting the price of Shares; changes in the restaurant industry; competition with other franchisors; quality control and health concerns; food safety; security breaches of confidential guest information; public safety issues; damage to Recipe's reputation; availability and quality of raw materials; reliance on suppliers; growth of Recipe; franchisees; franchise fees and other revenue; franchisee relations; revenue reporting risks; opening new restaurants; potential inability to consummate acquisitions; integration of acquisitions and brand expansion; achieving expected synergies from acquisitions' retail licensing opportunities; seasonality and weather; regulations governing alcoholic beverages; laws concerning employees; dependence on key personnel; attracting and retaining quality employees; the disruption of Recipe's operations by unionization activities; reliance on information technology; intellectual property; lawsuits; regulation; and Recipe's insurance may not provide adequate levels of coverage. These factors and assumptions are not intended to represent a complete list of the factors and assumptions that could affect Recipe and/or Recipe's expectations regarding the Offer. These factors and assumptions, however, should be considered carefully.

Forward looking statements, by their very nature, involve inherent risks and uncertainties and are based on several assumptions, both general and specific. Recipe cautions that its assumptions may not materialize and that current economic conditions render such assumptions, although believed reasonable at the time they were made, subject to greater uncertainty. The forward-looking statements contained in this press release are expressly qualified by this cautionary statement. Further details and descriptions of factors that may affect the Offer are disclosed in the Offer and in Recipe's public filings with provincial or territorial securities regulatory authorities, which may be accessed on SEDAR's website at www.sedar.com.

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<https://recipeunlimited.investorroom.com/2019-08-14-Recipe-Unlimited-Announces-Implementation-and-Terms-of-125-Million-Substantial-Issuer-Bid>