

**2.00pm (QLD TIME) FRIDAY  
30 NOVEMBER 2012  
RFG HOUSE  
1 OLYMPIC CIRCUIT  
SOUTHPORT, QLD**



# **2012 NOTICE OF ANNUAL GENERAL MEETING**

**RETAIL FOOD GROUP LIMITED  
ACN 106 840 082**

# **NOTICE OF ANNUAL GENERAL MEETING**

## **RETAIL FOOD GROUP LIMITED**

### **ACN 106 840 082**

**DATE:** 30 NOVEMBER 2012  
**TIME:** 2.00pm (Qld time)  
**PLACE:** RFG HOUSE  
1 OLYMPIC CIRCUIT  
SOUTHPORT, QLD

**NOTICE** is given that the annual general meeting ('AGM') of Retail Food Group Limited ('the Company') will be held at 2.00pm (Queensland time) on Friday the 30<sup>th</sup> of November 2012 at RFG House, 1 Olympic Circuit, Southport, Queensland.

#### **Agenda Items:**

**1. Financial statements and reports:**

To receive and consider the financial statements of the Company, together with the directors' and auditors' reports, for the financial year ended 30 June 2012.

**2. Remuneration report (Resolution 1):**

To consider, and if in favour, pass the following resolution under section 250R(2) of the Corporations Act 2001 (Cth) ('Corporations Act'):

'That the remuneration report for the financial year ended 30 June 2012 be adopted by the Company'.

This resolution will be decided as if it were an ordinary resolution. However, under section 250R(3) of the Corporations Act, the vote on this resolution is advisory only and does not bind the directors or the Company.

The Company will disregard any votes cast on Resolution 1 by or on behalf of any member of the Company's key management personnel or their closely related parties. However, the Company need not disregard a vote if the person casting it does so as a proxy appointed in writing that:

- (a) specifies how the proxy is to vote on the resolution; or
- (b) is given in favour of the Chairman of the meeting and the appointment of the proxy expressly authorises the Chairman of the meeting to cast the vote in accordance with the stated voting intention,

provided the vote is not cast on behalf of a member of the Company's key management personnel or their closely related parties.

**3. Re-election of Directors (Resolutions 2 & 3):**

To consider, and if in favour, pass the following resolutions as ordinary resolutions:

'That, Mr Bruce Hancox, who retires by rotation in accordance with the Company's constitution and, being eligible, offers himself for re-election, is re-elected as a director of the Company'.

'That, Mr Colin Archer, who retires by rotation in accordance with the Company's Constitution and, being eligible, offers himself for re-election, is re-elected as a director of the Company'.

**4. Election of Directors (Resolutions 4 & 5):**

To consider, and if in favour, pass the following resolutions as ordinary resolutions:

‘That, Ms Jessica Buchanan, being appointed a non-executive director on 29 May 2012 and, being eligible, offers herself for election, is elected as a director of the Company’.

‘That, Mr Anthony Williams, being appointed a non-executive director on 29 May 2012 and, being eligible, offers himself for election, is elected as a director of the Company’.

**5. Approval of a Previous Issue of Ordinary Shares (Resolution 6):**

To consider, and if in favour, pass the following resolution as an ordinary resolution:

‘That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders approve and ratify the issue of 16,330,000 ordinary shares on 12 October 2012, issued pursuant to a placement in order to pay down debt and fund acquisitive activity’.

The company will disregard any votes cast on Resolution 6 by any person who participated in the issue of shares, and/or any associate of those persons. However, the company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or it is cast by a person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**6. Approval of Proposed Issue of Ordinary Shares (Resolution 7):**

To consider, and if in favour, pass the following resolution as an ordinary resolution:

‘That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, shareholders approve the issue of ordinary shares to a maximum value of \$3,000,000 (in addition to the shares, if any, issued pursuant to Resolution 8) as part consideration for the acquisition of the Crust Gourmet Pizza Bars franchise system’.

The company will disregard any votes cast on Resolution 7 by a person who may participate in the proposed issue, or a person who might obtain a benefit, except a benefit solely in the capacity of holder of ordinary shares if the resolution is passed and/or any associate of those persons. However, the company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions of the proxy holder or it is cast by the person chairing the meeting as a proxy for the person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**7. Approval of Proposed Issue of Ordinary Shares (Resolution 8):**

To consider, and if in favour, pass the following resolution as an ordinary resolution:

‘That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, shareholders approve the issue of ordinary shares to a maximum value of \$4,000,000 (in addition to the shares, if any issued pursuant to Resolution 7) as part consideration for the acquisition of the Crust Gourmet Pizza Bars franchise system’.

The company will disregard any votes cast on Resolution 8 by a person who may participate in the proposed issue, or a person who might obtain a benefit, except a benefit solely in the capacity of holder of ordinary shares if the resolution is passed and/or any associate of those persons. However, the company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions of the proxy holder or it is cast by the person chairing the meeting as a proxy for the person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

**8. Financial Assistance by Capers Entities to Company (Resolution 9):**

To consider, and if in favour, pass the following resolution as a special resolution:

‘That, in accordance with sections 260A and 260B(2) of the Corporations Act and for all other purposes, shareholder approval is given for each of the Capers Entities (each a wholly owned subsidiary of the Company) to give financial assistance to the Company in relation to the acquisition by the Company of shares in the Capers Entities, as described in the Explanatory Memorandum’.

Dated 26 October 2012.

By order of the Board



**Anthony Mark Connors**  
Company Secretary  
Retail Food Group Limited

**NOTES:**

1. Pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth), the Directors have determined that, for the purpose of the AGM, all shares in the Company shall be taken to be held by the persons who were registered as shareholders at 7.00pm (Sydney time) on the 28<sup>th</sup> of November 2012. Accordingly, those persons are entitled to attend and vote at the AGM.
2. Eligible members are encouraged to attend the AGM. If unable to attend, members may appoint a proxy to attend and vote for them. A proxy need not be a member of the Company.  
  
If members are entitled to cast two or more votes, they may nominate two persons to vote on their behalf at the AGM.  
  
If two proxies are appointed, each proxy may be appointed to represent a specified number or proportion of the member's votes. Fractions of votes will be disregarded. If no number or proportion is specified, each proxy may exercise half the member's votes.  
  
A proxy form and reply paid envelope have been included for members with this notice of AGM. Proxy voting instructions are provided on the proxy form.  
  
Members who wish to direct a proxy how to vote on a resolution must place a mark (ie a cross 'X') in the appropriate box on the proxy form.
3. Proxy forms must be completed and respectively returned by post, facsimile or delivery to the Company:
  - a) via PO Box 1549, Southport Qld 4215;
  - b) via (07) 5591 9021; or
  - c) at 1 Olympic Circuit, Southport Qld 4215;or its share registry, Computershare Investor Services Pty Limited:
  - a) via GPO Box 242, Melbourne Vic 3001;
  - b) via 1800 783 447 or + 61 3 9473 2555 (outside Australia) ; or
  - c) Intermediary Online Subscribers (Custodians/Nominees) may lodge their vote electronically by visiting [www.intermediaryonline.com](http://www.intermediaryonline.com)on or before 2.00pm (Qld time) on the 28<sup>th</sup> of November 2012.
4. Any revocations of proxies must be received (at the addresses or in the manner noted at Note 3 above) before commencement of the AGM, or at the registration desk at RFG House, 1 Olympic Circuit, Southport, Qld from 1.00pm to 2.00pm (Qld time) on the 30<sup>th</sup> of November 2012.
5. Any proxy form, or revocation thereof, received after the deadlines indicated above will be treated as invalid.
6. If a member has appointed an attorney to attend and vote at the meeting, or if a proxy form is signed by an attorney, the power of attorney (or a certified copy of it) must be received by the Company or its share registry (at the addresses or in the manner noted at Note 3 above) by 2.00pm (Qld time) on the 30<sup>th</sup> of November 2012.
7. If a corporate shareholder wishes to appoint a person to act as its representative at the meeting, that person must be provided with a letter or certificate authorising him or her as the company's representative (executed in accordance with the law and the company's constitution) or with a copy of the resolution appointing the representative, certified by a secretary or director of the company.
8. A proxy may decide whether to vote on any motion except where required by law or the Company's constitution to abstain in their capacity as proxy. If a proxy is directed to vote on an agenda item, he or she may vote only in accordance with the direction. If a proxy is not directed how to vote on an agenda item, he or she may vote as the proxy thinks fit.
9. If a member appoints the chairman of the meeting as the member's proxy and does not specify how the chairman is to vote on an item of business, the member expressly authorises the chairman to and the chairman will vote, as proxy for that member, in favour of that item (including Resolution 1). If the member wishes to appoint the chairman as proxy with a direction to vote against, or abstain from voting on an item (including Resolution 1), they should specify this on the proxy form.
10. Members entitled to vote at the AGM may submit written questions to the Company's auditor provided such questions are relevant to the content of the auditor's report or the conduct of the audit of the Company's annual financial report to be laid before the AGM. Written questions for the auditor must be submitted no later than the fifth (5<sup>th</sup>) business day before the 30<sup>th</sup> of November 2012.

**EXPLANATORY NOTES REGARDING AGENDA ITEMS:**

These explanatory notes have been prepared to assist shareholders with their consideration of the resolutions to be put to the AGM to be held on 30 November 2012. These explanatory notes should be read with, and form part of, the accompanying notice of AGM:

**1. FINANCIAL STATEMENTS & REPORTS:**

Section 317 of the Corporations Act requires that the Company's annual financial report, the Directors' report and auditors' report be laid before the AGM. Whilst shareholders may ask questions about the reports, there will be no formal resolution put to the meeting concerning these matters.

An electronic copy of the Company's annual report (incorporating the Company's financial reports together with the directors' and the auditors' reports) may be accessed via the following website address: [www.rfg.com.au](http://www.rfg.com.au). Alternatively, shareholders can contact the Company Secretary on 07 5591 3242 and request a copy be forwarded to them by mail.

**2. REMUNERATION REPORT (Resolution 1):**

The Corporations Act requires that the Company's remuneration report (forming part of the directors' report and contained in the Company's annual report) be put to vote by shareholders at the AGM.

The vote on the proposed resolution is advisory only and will not bind the directors or the Company.

Pursuant to the Corporations Act, the Company must disregard any votes cast on Resolution 1 by or on behalf of a member of the Company's key management personnel or directors, details of whose remuneration are included in the remuneration report, or a closely related party of such members ('prohibited persons'). The Company encourages all other shareholders to cast their votes in relation to Resolution 1. The Company need not disregard a vote if the person casting it does so as a proxy appointed in writing that specifies how the proxy is to vote on the resolution or if the proxy expressly authorises the Chairman to vote in accordance with the Chairman's stated voting intention, and the vote is not cast on behalf of a member who is a prohibited person.

Under the Corporations Act, if 25% or more of the votes cast are opposed to adoption of the Remuneration Report at two consecutive AGMs, shareholders will be required to vote at the second of those AGMs on a resolution (a 'spill resolution') that another meeting be held within 90 days at which time the entire board of directors, other than the managing director, must stand for re-election.

The Board believes the Company's remuneration policies and structures as outlined in the Remuneration Report are appropriate relative to the size of the Company, its business and strategic objectives and in relation to current and emerging market practices.

**3. RE-ELECTION OF DIRECTORS (Resolutions 2 & 3):**

Rule 16.1 of the Company's constitution requires that one third (or the nearest number thereto but not less than one third) of the directors, other than the managing director, must retire from office. Pursuant to Rule 16.2 of the Company's constitution, the director/s who must retire are those director/s who have been in office longest since last being elected.

Directors retiring by rotation are eligible for re-election under Rule 16.2 of the Company's constitution.

***Bruce Hancox:***

Mr Hancox is required by rotation to retire, however, offers himself for re-election.

Mr Hancox was appointed an independent director by the Board on the 14<sup>th</sup> of December 2007. That appointment was ratified at the Company's 2008 AGM. Mr Hancox was then re-elected at the Company's 2010 AGM following retirement by rotation.

Mr Hancox has a wealth of corporate management and governance experience having over 35 years' experience in corporate positions, manufacturing and retailing including with Lane Walker Rudkin Industries (New Zealand's leading clothing and fabric manufacturer) and A B Consolidated Limited (a biscuit and confectionary manufacturer).

Mr Hancox was also with Brierley Investments Limited for 19 years during which time the market capitalisation of that company increased from NZ\$28 million to NZ\$7 billion. Mr Hancox occupied the positions of general manager, group chief executive, and ultimately, chairman of the Brierley Investments Limited Board of Directors. He also served as a director of many of that company's subsidiary and associated Boards in Australia, New Zealand and the United States, exposing him to many industries and business sectors.

More recently, he has held directorships with a regional port company and national meat company and also acted as strategic advisor to various other companies.

Mr Hancox was elected Chairman of the Board of Directors of Retail Food Group Limited, together with Chairman of the Company's Remuneration and Nomination Committees, in September 2011. He is also a member of the Company's Audit & Risk Management Committee.

*The Board (with Mr Hancox abstaining) recommends that shareholders vote to re-elect Mr Hancox as a director at the Company's Annual General Meeting.*

**Mr Colin Archer:**

Mr Archer is required by rotation to retire, however, offers himself for re-election.

Mr Archer was appointed an independent director by the Board on the 12<sup>th</sup> of April 2006. That appointment was subsequently ratified at the Company's 2006 AGM. He was subsequently re-elected following retirement by rotation at the Company's 2008 and 2010 AGMs.

Mr Archer is the founding partner of Archer Gowland Chartered Accountants which has operated for over 25 years. He advises in the corporate services division, specialising in management and letting rights, property trusts, mergers and acquisitions and corporate governance.

Mr Archer holds a Bachelor of Economics, is a Chartered Accountant and a registered auditor and tax agent. He is a member of the Australian Institute of Company Directors and a fellow of the Community Title Institute of Queensland.

Mr Archer is the Chairman of the Company's Audit & Risk Management Committee and a member of RFG's Remuneration and Nomination Committees.

*The Board (with Mr Archer abstaining) recommends that shareholders vote to re-elect Mr Archer as a director at the Company's Annual General Meeting.*

**4. ELECTION OF DIRECTORS (Resolutions 4 & 5):**

Rule 13.2 of the Company's constitution states that a director appointed by the Board may hold office until the next AGM of the Company at which time he or she is then eligible for election but is not to be taken into account in determining the number of directors who are to retire by rotation at the meeting.

**Jessica Buchanan:**

Ms Buchanan was appointed an independent director by the Board on the 29<sup>th</sup> of May 2012. She is also a member of the Company's Remuneration and Nomination Committees.

Ms Buchanan has over 13 years experience in branding, marketing and advertising. Having commenced her career in the advertising industry working with multi-national agencies such as Wunderman, Young & Rubicam Mattingly and EHC Brann (UK), she managed campaigns for various blue chip companies including Ericsson, Tabcorp, Du Pont, Cadbury Schweppes, the Australian Defence Force, British Gas and BMW.

Having been recruited to the role of National Brand Director of the then fledgling Boost Juice Bars franchise system in 2003, Ms Buchanan successfully designed and executed programs which resulted in a dramatic increase in brand awareness, network revenue and outlet proliferation.

Since leaving Boost Juice Bars in late 2004, she founded successful strategic brand consultancy firm "Brands R People 2" which has advised over 20 retail franchise groups including Hairhouse Warehouse, Healthy Habits, Mr Rental, Education Works, Matchbox, Oriental Tea House and Banjo's Bakehouse Cafes where she also served as a non-executive director from 2009 to 2011.

In 2008 she was a winner of Anthill Magazine's "Under 30 Entrepreneur of the Year" and has been a past finalist of the Franchise Council of Australia's "Franchise Woman of the Year" award.

*The Board (with Ms Buchanan abstaining) recommends that shareholders vote to elect Ms Buchanan as a director at the Company's Annual General Meeting.*

**Anthony Williams:**

Mr Williams was appointed an independent director by the Board on the 29<sup>th</sup> of May 2012. He is also a member of the Company's Audit & Risk Management Committee.

Mr Williams first became involved in retail food in the early 1970s when he accepted an invitation to undertake Woolworths management training specialising in cafeteria services. Thereafter, for 15 years Mr Williams developed, owned and franchised numerous QSR chicken concepts in Western Australia and Queensland.

In the later part of the 1980s Mr Williams developed the then embryonic "BBs Coffee & Bake" franchise system. He subsequently became a founder of Retail Food Group (Australia) which was established to own and operate both the BBs and Donut King franchise systems.

Mr William's flair for the development of food concepts, entrepreneurial ability to identify and capitalise on retail opportunities and empathy for franchisees led to his appointment as Managing Director of RFG in 1992. Having stepped down from that role in 1999 for health reasons, Mr Williams maintained his involvement with the Company as a substantial shareholder and Chairman of the Board. His initial tenure with RFG ended in late 2003 when private equity acquired his interest in the Company. Mr Williams subsequently established a small gourmet pizza/coffee chain, "Pizz-a-cake".

*The Board (with Mr Williams abstaining) recommends that shareholders vote to elect Mr Williams at the Company's Annual General Meeting.*

## 5. ISSUE OF ORDINARY SHARES (Resolution 6):

ASX Listing Rule 7.1 provides that (subject to certain exceptions, none of which are relevant here) prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of securities at the commencement of that 12 month period.

Prior to the date of this notice of AGM, the Company issued 16,330,000 ordinary shares pursuant to a placement to raise funds for the purposes of paying down debt and funding acquisitive activity (including acquisition of the Crust Gourmet Pizza Bar franchise system).

Prior approval of the issue of the above shares was not necessary.

The allotment and issue of securities detailed in resolution 6 did not exceed the 15% threshold for the purpose of ASX Listing Rule 7.1. ASX Listing Rule 7.4 provides that where a Company subsequently approves an issue of securities, the issue will be treated as having been made with approval for the purpose of ASX Listing Rule 7.1, thereby replenishing the Company's 15% capacity and enabling it to issue further securities up to that limit.

Listing Rule 7.5 requires the notice of meeting at which shareholder ratification is sought under Listing Rule 7.4 to include certain information regarding the ordinary shares issued. This information is as follows:

Number of ordinary shares issued and allotted by the Company	16,330,000 ordinary shares
Issue price of the ordinary shares	\$2.85 per share
The terms of the securities	The ordinary shares issued as part of the placement rank equally in all respects with, and have identical terms to, the other existing ordinary shares on issue.
The names of the allottees or the basis on which allottees were determined	The ordinary shares were placed with sophisticated, professional or otherwise exempt investors.  The Directors felt that this would broaden the Company's institutional shareholder base whilst allowing for the issue to be promptly finalised so that the Company's management could focus on managing the Company's business.
The use (or intended use) of the funds raised	To pay down debt and fund acquisitive activity (including acquisition of the Crust Gourmet Pizza Bar franchise system).

*The Board recommends that shareholders vote in favour of Resolution 6 at the Company's Annual General Meeting.*

## 6 and 7. PROPOSED ISSUE OF ORDINARY SHARES (Resolutions 7 and 8):

On the 4<sup>th</sup> of October 2012 RFG entered into a revised Sale & Purchase Agreement ('SPA') to acquire the business and intellectual property assets of the Crust Gourmet Pizza Bars ('Crust') franchise system. The SPA was entered into in substitution for an earlier sale & purchase agreement entered into in August 2012.

Under the terms of the SPA, RFG has the election to issue ordinary shares in two tranches worth up to \$7,000,000 (one tranche of \$3,000,000 and one of \$4,000,000) in part payment of the consideration due and payable under the SPA. Resolution 7 seeks shareholder approval for the issue of the first tranche and Resolution 8 seeks shareholder approval for the issue of the second tranche.

ASX Listing Rule 7.1 provides that (subject to certain exceptions, none of which are relevant here) prior approval of shareholders is required for an issue of securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of securities at the commencement of that 12 month period.

In the absence of shareholder approval of Resolution 6 above, the issue of the securities contemplated by Resolutions 7 and 8 would, if aggregated with the ordinary securities issued during the 12 months preceding the proposed issue, exceed 15% of the number of securities at the commencement of that 12 month period. The Company also wishes to preserve the entirety of its capacity to issue shares under Listing Rule 7.1 without obtaining prior shareholder approval.



Listing Rule 7.3 requires the notice of meeting at which shareholder approval is sought under Listing Rule 7.1 to include certain information regarding the ordinary shares proposed to be issued.

This information, so far as it relates to Resolution 7, is as follows:

The maximum number of securities to be issued by the Company or the formula for calculating the number of securities the entity is to issue	<p>The total number of securities which may be issued will be calculated in accordance with the following formula:</p> $A = (\$3,000,000 \div 1^{\text{st}} \text{ VWAP})$ <p>Where:</p> <p>“A” is the total number of securities which may be issued; and</p> <p>“1<sup>st</sup> VWAP” means the volume weighted average price of ordinary shares in RFG sold on the ASX during the 30 trading days preceding completion of the SPA (which is scheduled to take place on or before 31 October 2012) (but in any event no less than 80% of the average market price for shares calculated over the last five days on which sales in shares are recorded before the day on which the issue is made).</p>
The date by which the entity will issue the securities	The Company anticipates that, should shareholder approval be given, the shares will be issued by 31 December 2012, and in any event, no later than three months after the date of the meeting
The issue price of the securities	A price determined in accordance with the formula detailed above.
The names of the allottees (if known) or the basis upon which allottees will be identified or selected	The ordinary shares will be issued to the vendors identified in the SPA for the acquisition of the Crust Gourmet Pizza Bar franchise system.
The terms of the securities	The securities will rank equally in all respects with, and have identical terms to, the other existing ordinary shares on issue
The intended use of the funds raised	The securities will at the election of RFG be issued in part payment of consideration payable under the SPA for the acquisition of the Crust Gourmet Pizza Bar franchise system.
The dates of allotment or a statement that allotment will occur progressively	On or before 31 December 2012

*The Board recommends that shareholders vote in favour of Resolution 7 at the Company's Annual General Meeting.*

The information required by Listing Rule 7.3, so far as it relates to Resolution 8, is as follows:

The maximum number of securities to be issued by the Company or the formula for calculating the number of securities the entity is to issue	<p>The total number of securities which may be issued will be calculated in accordance with the following formula:</p> $A = (\$4,000,000 \div 2^{\text{nd}} \text{ VWAP})$ <p>Where:</p> <p>“A” is the total number of securities which may be issued; and</p> <p>“2<sup>nd</sup> VWAP” means the volume weighted average price of ordinary shares in RFG sold on the ASX during the 30 trading days preceding the Second Instalment Date as that date is defined in the SPA (being a date nominated by RFG but being no later than 31 December 2012) (but in any event no less than 80% of the average market price for shares calculated over the last five days on which sales in shares are recorded before the day on which the</p>
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	issue is made).
The date by which the entity will issue the securities	The Company anticipates that, should shareholder approval be given, the shares will be issued by 31 December 2012, and in any event, no later than three months after the date of the meeting
The issue price of the securities	A price determined in accordance with the formula detailed above.
The names of the allottees (if known) or the basis upon which allottees will be identified or selected	The ordinary shares will be issued to the vendors identified in the SPA for the acquisition of the Crust Gourmet Pizza Bar franchise system.
The terms of the securities	The securities will rank equally in all respects with, and have identical terms to, the other existing ordinary shares on issue
The intended use of the funds raised	The securities will at the election of RFG be issued in part payment of consideration payable under the SPA for the acquisition of the Crust Gourmet Pizza Bar franchise system.
The dates of allotment or a statement that allotment will occur progressively	On or before 31 December 2012

*The Board recommends that shareholders vote in favour of Resolution 8 at the Company's Annual General Meeting.*

#### **8. FINANCIAL ASSISTANCE BY CAPERS ENTITIES (Resolution 9):**

On 2 April 2012, the Company announced the completion of its acquisition of the Pizza Capers Gourmet Kitchen ('Pizza Capers') franchise system.

In order to minimise dilution of existing shareholders, the Company chose to fund the acquisition of Pizza Capers wholly through debt ('Debt Financing') and existing cash reserves. A condition of the debt financing was that the following entities (the 'Capers Entities'), which have become subsidiaries of the Company following settlement of the acquisition, allow the Company's financiers to take fixed and floating charges over their assets and undertaking:

Capercorp Pty Ltd ACN 121 144 414

Capercorp Advertising Fund Pty Ltd ACN 132 038 012

Capers Gourmet Kitchen Pty Ltd ACN 132 038 272

Caper Construction Pty Ltd ACN 132 038 325

By giving these charges, the Capers Entities may be considered to have financially assisted RFG to acquire their shares.

Section 260A of the Corporations Act provides that a company may financially assist a person to acquire shares (or units of shares) in the company, or its holding company, only in certain circumstances, one of which is where the assistance is approved by the members under section 260B of the Corporations Act.

Section 260B(2) of the Corporations Act provides that if the company providing financial assistance will become a subsidiary of a listed domestic corporation immediately after the acquisition referred to in section 260A occurs, approval will also be required (by way of special resolution) from the shareholders of the listed company. For Resolution 9 to be passed at least 75% of the votes cast by members entitled to vote on the resolution present in person or by proxy or representative must be in favour of the resolution.

It is a requirement of the debt facility agreement that RFG has entered into that the Capers Entities obtain shareholder approval so that the Capers Entities may give charges over their assets and undertaking.

RFG and its subsidiaries may, from time to time, arrange refinancing and additional financing facilities (including working capital facilities) of an amount to be decided in the future. In order to secure and to regulate the obligations of RFG and any subsidiary in relation to such financing facilities, each Capers Entity may be asked to enter into new facilities agreements as an obligor or give one or more of a guarantee, indemnity or security interest over its assets (whether by way of mortgage, charge or otherwise) to secure each obligor's obligations under any new facilities agreement and any related document. The entering into and performing of obligations under any of these documents by a Capers Entity may constitute the giving of financial assistance to RFG in connection with the acquisition by RFG of the shares in the Capers Entities and approval for such financial assistance is being sought by Resolution 9.

*Effects of the financial assistance*

The adverse effects that may result in the case of each of the Capers Entities due to that company entering into the charges are that:

- (a) each Capers Entity will become liable (as a guarantor) for the Debt Financing and that Capers Entity's assets may become subject to enforcement action by the financiers under the debt facility agreement if a default under that agreement occurs;
- (b) it may impact on the Capers Entity's ability to borrow money in the future because a financier may be deterred by the existence of those charges;
- (c) if RFG or other obligors fail to pay amounts due or perform obligations in accordance with the debt facility agreement then the financiers may enforce the charges against the Capers Entity; and
- (d) in the event of the winding up of the Capers Entity, the financiers under the debt facility agreement will rank ahead of RFG with respect to the amounts payable in connection with the charges.

The Board considers that the Capers Entities benefit from being subsidiaries (directly or indirectly) of RFG in that each may gain access to:

- (a) working capital or inter-company loans at beneficial rates; or
- (b) management expertise and business strategies developed by RFG and its subsidiaries (**Group**).

Accordingly, the Board has formed the view that the giving of financial assistance and entering into the charges will not materially prejudice the interests of the Capers Entities or their members. However, the Board considers it prudent and consistent with good business practice to seek shareholders' approval.

The Board has also formed the view that the giving of financial assistance and entering into the charges is in the best interests, and for the corporate benefit, of the Capers Entities and their members because (among other things):

- (a) the Group's financing arrangements will be more flexible and secured;
- (b) if Resolution 9 is not approved, the Capers Entities will not be able to give the charges contemplated by the debt facility agreement. In those circumstances, that failure may constitute a breach of covenant under the debt; and
- (c) if Resolution 9 is not approved and the financiers under the debt facility agreement demand repayment of all money owing under the debt facility agreement, RFG will need to seek alternative funding to replace the funding provided under the debt facility agreement, which funding may not be available on terms as favourable as those provided under the debt facility agreement, and further, could expect to incur significant transaction costs in connection with such a refinance.

This information has been provided in accordance with section 260B(4) of the Corporations Act being all information known to the Company that is material to the decision of a shareholder of the Company whether to approve the financial assistance.

*The Board recommends that shareholders vote in favour of Resolution 9 at the Company's Annual General Meeting as a special resolution.*





000001 000 RFG  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Lodge your vote:



### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

## For all enquiries call:

(within Australia) 1300 522 270  
(outside Australia) +61 3 9415 4000

## Proxy Form

For your vote to be effective it must be received by 2.00pm (Queensland time) Wednesday 28 November 2012

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the information tab, "Downloadable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** ➔



View your securityholder information, 24 hours a day, 7 days a week:

**[www.investorcentre.com](http://www.investorcentre.com)**

- ☒ Review your securityholding
- ☒ Update your securityholding

**Your secure access information is:**

**SRN/HIN: I9999999999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

## Proxy Form

Please mark ☒ to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Retail Food Group Limited hereby appoint

☐

the Chairman  
of the Meeting OR



**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Retail Food Group Limited to be held at **RFG House, 1 Olympic Circuit, Southport on Friday, 30 November 2012 at 2.00pm (Queensland time)** and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Item 1 (except where I/we have indicated a different voting intention below) even though Item 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

**Important Note:** If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Item 1 by marking the appropriate box in step 2 below.

### STEP 2 Items of Business



**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
1 Remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Mr Bruce Hancox as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Mr Colin Archer as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Election of Ms Jessica Buchanan as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Election of Mr Anthony Williams as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval of a Previous Issue of Ordinary Shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approval of Proposed Issue of Ordinary Shares to a maximum value of \$3,000,000 (in addition to the shares, if any, issued pursuant to Resolution 8)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Approval of Proposed Issue of Ordinary Shares to a maximum of \$4,000,000 (in addition to the shares, if any issued pursuant to Resolution 7)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Financial Assistance by Capers Entities to Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

### SIGN

#### Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

\_\_\_\_\_

Contact  
Daytime  
Telephone

\_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Date

RFG

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Computershare +