



RETAILFOODGROUP
STRENGTH IN BRANDS

25 February 2016

Managing Director Transition

Retail Food Group Limited (RFG, the Company or Group) today announced that Andre Nell will join the Board and succeed A J (Tony) Alford as Managing Director, effective 1 July 2016.

Holding the position of CEO Franchise for RFG since June 2015, Mr Nell is responsible for oversight of the Group's domestic and international Brand Systems, including integration and international growth of recently acquired concepts. Commencing with RFG in 2007 following the Company's acquisition of the Michel's Patisserie Brand System, where he was the incumbent General Manager, Andre has previously held the positions of Head of Commercial and Chief Operating Officer, which have equipped him with a rich and extensive knowledge of all aspects of the Company's business.

Prior to his involvement with RFG, Andre held successful roles within the domestic franchising industry, and before that, finance, IT, HR and audit roles internationally, including with GlaxoSmithKline in London, and Deloitte in South Africa.

Mr Alford has chosen to embark upon the transition on his 20th anniversary with the Company, having initially served three years as CFO and the remainder as Managing Director. As part of the change management, Tony will transition to a non-executive Director effective 1 July 2016, continuing to be a valuable resource for both the Board and executive team.

RFG Chairman Colin Archer said Mr Alford had made an enormous contribution to the Company over a long and distinguished career, transforming it from a relatively obscure and challenged business with some 100 franchised outlets, to an international coffee and retail franchise powerhouse with annualised coffee throughput exceeding 6m kg and a global network population that recently surpassed 2,500 outlets.

"Tony led RFG through strong growth as a private company, before successfully listing in 2006. RFG has continued to flourish as a public company under his leadership, experiencing rapid but controlled growth as a consequence of the strategies employed during his tenure. His achievements are manifold and on behalf of the Board and shareholders I thank him for his contribution to the Company," he said.

He noted that one of Mr Alford's many strengths has been his development of an outstanding executive team which not only positions the Company for future success, but has also enabled the Board to appoint Tony's successor from a pool of highly qualified internal candidates.

"We are fortunate to have a successor of Andre's outstanding calibre. Andre is an exceptional leader and strategist, who under Tony's guidance and mentorship, has played an integral role in driving RFG's success in recent years. The Board, having witnessed Andre's development over the last two years, is in no doubt that he possesses the skills and energy necessary to assume broader responsibility for executing on the Group's growth strategy whilst engaging with key stakeholders, including franchisees, employees and investors. Importantly, Andre will be supported by a strong and experienced executive management team, developed over the last three years in anticipation of the present transition," he said.

Mr Alford said the decision to commence the formal transition process from an executive role was not a difficult one.

“Family, health, personal reasons and new opportunities have played no part in the resolve to retire from the position of Managing Director. On the contrary, after twenty years’ service, the enthusiasm and energy remains as does the passion and confidence in the future of RFG. The process of transition coincides with the recent appointment of non-executive Directors, embellishment of the Senior Management team, the Group being resplendent with multiple growth opportunities, and the platform established for achievement of those near term and broader strategic goals previously shared with the market,” he said.

“It is as a direct consequence of the exceptional results which have been achieved after less than one year of the Company’s previously ventilated three year plan that the appropriate time to transition stewardship is now”.

“Quite simply, on the twentieth anniversary of incumbency, there is no better time for the transition process to commence. RFG has never previously exhibited such profound growth opportunity and more importantly has never had at its disposal the skills, experience and expertise within its Senior Management complement with which to maximise stakeholder outcomes”.

“I am grateful, blessed and humbled for the opportunity to have led such an extraordinarily talented management team, staffing complement and franchisee community, and am extremely proud to be associated with the milestones achieved, particularly since the Company’s Listing in 2006”.

Mr Alford said he was delighted at the appointment of Andre Nell as his successor and looked forward to a smooth transition to him in coming months.

“Being one of six inaugural members of the Company’s Executive Management Team, Andre and myself have worked closely for many years. Andre’s elevation from CEO Franchise is a natural progression and forms part of the long term succession process that has been cultivated within the organisation for some time,” he said.

“Under Andre’s leadership, together with the Board and Executive Management Team, RFG will continue to thrive”.

RFG Managing Director designate Andre Nell said it is a privilege to be bestowed the opportunity to lead such a great Australian company, and that he is committed to maintaining the excellent reputation RFG has forged for delivering strong outcomes for all stakeholders.

“My career, experience and understanding of RFG’s unique business model have placed me in an excellent position to lead the Group during its next chapter of growth. It is truly an exciting period for the Company, with an accelerated growth plan established during 2015 and garnering increased traction, evidenced by the Company’s strong 1H16 performance. I have every intention of maintaining that strategy, preserving the performance based culture inherent in the Group and its Brand Systems, and driving the growth opportunities at RFG’s disposal,” he said.

Key terms of Andre Nell’s employment contract, including remuneration arrangements, are set out in Appendix 1. The key financial terms of Mr Alford’s retirement as Managing Director are set out in Appendix 2.

About Retail Food Group Limited:

RFG owns the Donut King, Brumby's Bakery, Michel's Patisserie, bb's Café, Esquires, Gloria Jean's Coffees, It's A Grind, The Coffee Guy, Café2U, Pizza Capers Gourmet Kitchen and Crust Gourmet Pizza Bar franchise systems. In addition, the Company is a significant wholesale coffee roaster supplying existing Brand Systems and third party accounts under the Di Bella Coffee, Evolution Coffee Roasters Group and Roasting Australia coffee manufacturing brands. For more information about RFG visit www.rfg.com.au.

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APPENDIX 1: Andre Nell – Summary of Key Terms of Employment**Term of Contract:**

Mr Andre Nell will be appointed Managing Director, effective 1 July 2016, pursuant to an open ended contract. Either party must give 12 months' notice of termination (other than by the Company for cause). The Company can choose to pay out the notice period, should it terminate the contract for convenience.

Fixed Remuneration:

Mr Nell's fixed annual remuneration will, from appointment, be \$600,000 per annum (inclusive of superannuation and allowances). This remuneration level will next be reviewed, in accordance with annual salary reviews, at the end of the 2017 financial year.

Incentives:

Mr Nell will be entitled to participate in the Company's annual STI scheme. His incentive opportunity will be a maximum 33.3% of his fixed remuneration.

Mr Nell will also participate in the Company's long term incentive (LTI) scheme, with an annual LTI opportunity equal in value to 50% of his fixed remuneration.

Other Terms:

The remainder of Mr Nell's employment agreement will be on standard terms, including a 12 month non-compete and non-solicitation clause.

APPENDIX 2: A J (Tony) Alford – Key Terms of Retirement as Managing Director

Mr Alford will be:

- Eligible to participate in the Company's short term incentive (STI) scheme in respect of FY16;
- Entitled to payment of accrued statutory entitlements to 30 June 2016 (including accrued annual leave);
- Entitled to accrued long service leave entitlements; and will be
- Entitled to a retirement benefit equivalent to 8 months' annual fixed remuneration.