



6 June 2017

Trading in RFG Shares

Retail Food Group Limited (RFG, the Company or Group) notes that trading in the Company's shares yesterday was well in excess of normal volumes, and that the share price retracted c.11.3% over the course of the trading day.

The Company attributes recent trading to two reports issued by UBS on the afternoon of Friday, 2 June 2017 (the UBS Reports). The UBS Reports were referenced in media yesterday, including the *Australian Financial Review*.

The UBS Reports make reference to the release of a new accounting standard effective for the Company from 1 July 2019 (*IFRS 16 Leases*), and otherwise make broad unsubstantiated assumptions as to the impact of same on the Company. As well, the UBS Reports incorporate a share price target downgrade, from \$5.70 to \$4.70, predicated solely upon the introduction of *IFRS 16 Leases* in FY20.

Beyond the limited information disclosed therein, RFG has little insight into the basis upon which the UBS Reports were prepared. Indeed, at no stage prior to publication of the UBS Reports did UBS consult with or seek engagement with the Company regarding the matters outlined in the UBS Reports. Significantly, UBS would have no insight into the Company's position in respect of the impact (if any) of *IFRS 16 Leases*, nor that of its bankers.

RFG continues to assess the extent of any future impact of the new accounting standard with its external accounting advisors and auditors, and will disclose this assessment as required in the notes to the Company's statutory financial statements (as it has done historically so far as other prospective accounting standards were or are concerned).

Having regard to the matters outlined above, RFG considers that any assumptions as to the potential impact of *IFRS 16 Leases* on the Company's financial statements, lending covenants or other debt arrangements is both premature, precipitous and with respect, an exercise in speculative guesswork.

Importantly, there has been no change to RFG's business model or underlying cash flows, and RFG's lenders are aware of the impending accounting changes which will arise on introduction of *IFRS 16 Leases*, from 1 July 2019.

The Company continues to enjoy a strong relationship with its lenders, who are well aware of the leasing structures which have been employed by the Group since listing in 2006, and have expressed no concern in respect of the same.

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For further information, interviews or images contact:

Annie Lyon, Corporate Communications Manager, Retail Food Group Limited, 0431 306 727 or annie.lyon@rfg.com.au

About Retail Food Group Limited:

RFG is a global food and beverage company headquartered in Australia. The Company is owner of the iconic 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 and Crust Gourmet Pizza Bar Brand Systems, and 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. As well, RFG is a leader in foodservice, dairy processing and wholesale bakery pursuits, operating the Hudson Pacific Foodservice, Dairy Country and Bakery Fresh businesses.

For more information about RFG visit: www.rfg.com.au