

1.30pm (QLD TIME) THURSDAY

30 November 2017

Horizons Room

Level 2

Sheraton Grand Mirage Resort

71 Seaworld Drive

Main Beach Qld 4217



2017
NOTICE OF
ANNUAL GENERAL
MEETING

RETAIL FOOD GROUP LIMITED
ACN 106 840 082

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RETAIL FOOD GROUP LIMITED
ACN 106 840 082

DATE: 30 November 2017
TIME: 1.30pm (Qld Time)
PLACE: Horizons Room
Level 2
Sheraton Grand Mirage Resort
71 Seaworld Drive
Main Beach Qld 4217

NOTICE is given that the annual general meeting ('AGM') of Retail Food Group Limited ('the Company') will be held at 1.30pm (Queensland time) on Thursday, the 30th of November 2017 in the Horizons Room, Level 2, Sheraton Grand Mirage Resort, 71 Seaworld Drive, Main Beach, 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 2017.

2. Remuneration report (Resolution 1):

To consider and, if in favour, to 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 2017 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 (at the date of the meeting or whose remuneration is included in the remuneration report) (**KMP**) and any of their closely related parties (such as close family members and any controlled companies) unless the vote is cast:

- (a) As a proxy for a person entitled to vote in accordance with a direction on the proxy appointment; or
- (b) By the Chairman of the meeting as proxy for a person entitled to vote and the proxy appointment expressly authorises the Chairman of the meeting to cast the vote in accordance with the Chairman's stated voting intention even if the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

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

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

‘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’.

‘That, Ms Kerry Ryan, who retires by rotation in accordance with the Company’s constitution and, being eligible, offers herself for re-election, is re-elected as a Director of the Company’.

4. Financial Assistance by Associated Foodservice Entities (Resolution 4):

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 AFS Entities (each of which are 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 Associated Smallgoods Distributors Pty Ltd as described in the Explanatory Notes to this Notice of Meeting’.

5. Approval of Managing Director FY18 Long Term Incentive (Resolution 5):

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

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the grant of 117,014 Performance Rights to the Managing Director, Mr Andre Nell, under the Retail Food Group Limited Rights Plan (**RFGRP**) on the terms and conditions described in the Explanatory Notes to this Notice of Meeting.”

For the purposes of the ASX Listing Rules, the Company will disregard any votes cast on Resolution 5 by Mr Andre Nell (being the only director of the Company who is eligible to participate in the RFGRP) and his associates. However, the Company need not disregard a vote if it is cast by a person as proxy for a person entitled to vote in accordance with a direction on the proxy appointment, or it is cast by the Chairman of the meeting as proxy for a person entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

For the purposes of the Corporations Act, a vote must not be cast on Resolution 5 as proxy by a member of the KMP or a closely related party of the KMP, where the appointment does not specify the way the proxy is to vote on the resolution, unless the proxy is the Chairman of the meeting and the appointment expressly authorises the Chairman to exercise the proxy even if it the resolution is connected directly or indirectly with the remuneration of a member of the KMP.

Dated 27 October 2017.

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 purposes 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 28th of November 2017. 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 online, by post, facsimile or delivery to the Company's 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);

c) online at www.investorvote.com.au and quoting the 6 digit control number found on the front of the shareholder's proxy form. Shareholders may also scan the QR code on the front of the accompanying proxy form with their mobile device and insert their post code; or

d) Intermediary Online Subscribers (Custodians/Nominees) may lodge their vote electronically by visiting www.intermediaryonline.com

on or before 1.30pm (Qld time) on the 28th of November 2017.

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 Horizons Room, Level 2, Sheraton Grand Mirage Resort, Seaworld Drive, Main Beach, Qld from 1.00pm to 1.30pm (Qld time) on the 30th of November 2017.

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 1.30pm (Qld time) on the 28th of November 2017.

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 Resolutions 1 and 5). If the member wishes to appoint the chairman as proxy with a direction to vote against, or abstain from voting on an item (including Resolutions 1 and 5), 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 (5th) business day before the 30th of November 2017.

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 2017 at 1.30pm (Qld time). 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. 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.

The Board recommends that shareholders vote in favour of Resolution 1 at the Company's Annual General Meeting. The Chairman intends to vote all undirected proxies in favour of Resolution 1.

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.

RFG Chairman Mr Colin Archer was last re-elected at the Company's 2014 AGM and is required by rotation to retire.

RFG Directors Ms Jessica Buchanan and Ms Kerry Ryan were each re-elected/elected at the Company's 2015 AGM. As between two Directors who were elected on the same day, the Directors to retire are (in default of agreement between them) determined by ballot. Agreement has been reached, which has been approved by the Board, that Ms Kerry Ryan will retire by rotation at the Company's 2017 AGM.

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

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 12th 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, 2010, 2012, 2013 and 2014 AGMs.

Mr Archer is an experienced Company Director, who holds a Bachelor of Economics, and a Diploma of Financial Planning, and is a Chartered Accountant. He is a member of the Australian Institute of Company Directors, and a Life Member and Founding President of Strata Community Australia.

He is the founding partner of Queensland professional service firms, Archer Gowland Chartered Accountants, established 1981, and Archers The Strata Professionals, established 1983. His other commercial interests include Archer Rural Pty Ltd, a North Queensland beef producer. Mr Archer also maintains an involvement in voluntary community organisations as a Director of Lifeflight Limited.

Mr Archer was appointed Chairman of the RFG Board of Directors on 30 April 2013. Mr Archer also chairs the Company's Remuneration and Nomination Committees, and is a member of the Company's Audit & Risk Management Committee.

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. The Chairman intends to vote all undirected proxies in favour of Resolution 2.

Kerry Ryan:

Ms Ryan is required by rotation to retire, however, offers herself for re-election.

Ms Ryan joined the Board on 27 August 2015, and was subsequently elected at the Company's 2015 AGM. She holds a Bachelor of Laws and Bachelor of Arts (major in international relations). Ms Ryan's professional background is in commercial law, and she has extensive experience across international markets in the retail and franchise areas. She is a director of the Richmond Football Club and its health and fitness business Aligned Leisure, and is a member of the Advisory Board of Lexvoco, a legal services and consultancy business. Ms Ryan is a Fellow of the Australian Institute of Company Directors and a Fellow of the Governance Institute of Australia. She is also a member of the Law Institute of Victoria. Ms Ryan serves on the Company's Audit & Risk Management Committee.

The Board (with Ms Ryan abstaining) recommends that shareholders vote to re-elect Ms Ryan as a Director at the Company's Annual General Meeting. The Chairman intends to vote all undirected proxies in favour of Resolution 3.

4. FINANCIAL ASSISTANCE BY AFS ENTITIES (Resolution 4):

On 12 May 2017, the Company completed its acquisition of 100% of the issued share capital in Associated Smallgoods Distributors Pty Ltd ACN 006 236 086, the ultimate owner of the Associated Foodservice business.

The Company chose to fund the consideration payable in respect of the aforesaid transaction through debt ('Debt Financing') and existing cash reserves. A condition of the Debt Financing is that the following entities (the 'AFS Entities'), each of which became subsidiaries of the Company on settlement of the transaction, allow the Company's financiers to take fixed and floating charges over their assets and undertaking:

Associated Smallgoods Distributors Pty Ltd ACN 006 236 086

Associated Foodservice Distributors Pty Ltd ACN 006 941 635

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 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 corporation. For Resolution 4 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 Financing agreement that RFG has entered into, or proposes to enter into, that the AFS Entities and RFG obtain shareholder approval so that the AFS 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 AFS 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 an AFS Entity may constitute the giving of financial assistance to RFG in connection with the acquisition by RFG of the shares in the AFS Entities and approval for such financial assistance is being sought by Resolution 4.

Effects of the financial assistance:

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

- (a) Each AFS Entity will become liable (as a guarantor) for the Debt Financing and that AFS 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 AFS 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 Financing agreement then the financiers may enforce the charges against the AFS Entities; and
- (d) In the event of the winding up of the AFS Entities, the financiers under the Debt Financing agreement will rank ahead of RFG with respect to the amounts payable in connection with the charges.

The Board considers that each of the AFS 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's 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 AFS 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 RFG and its shareholders because (among other things):

- (a) The Group's financing arrangements will be more flexible and secured; and
- (b) If Resolution 4 is not approved, the AFS Entities may not be able to give the charges contemplated by the Debt Financing agreement. In those circumstances, the Debt Financing financier may withdraw the Debt Financing utilised to partially fund the acquisition of Associated Smallgoods Distributors Pty Ltd, whereupon RFG will need to seek alternative funding to replace the funding provided under the Debt Financing, which funding may not be available on terms as favourable as those provided under the Debt Financing agreement, and further, RFG 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 4 at the Company's Annual General Meeting. The Chairman intends to vote all undirected proxies in favour of Resolution 4.

5. APPROVAL OF MANAGING DIRECTOR FY18 LONG TERM INCENTIVE (Resolution 5):

Mr Andre Nell is the Managing Director of Retail Food Group Limited, to whom it is proposed to grant 117,014 Performance Rights which, if they vest, will entitle the Managing Director to the then market value of one ordinary share in the Company per performance right (the 'Performance Rights' or 'Rights').

The Retail Food Group Limited Rights Plan (**RFGRP**) has been designed to facilitate the Company moving towards best practice remuneration structures for executives. A key component of effective remuneration for executives is a long term incentive to drive shared performance objectives and link remuneration to company performance.

The features of the proposed 2018 financial year offer of Performance Rights to the Managing Director are summarised below:

Aspect	Details
Instrument	RFG is seeking Shareholder approval for a grant of Performance Rights to Mr Andre Nell, RFG's Managing Director. Performance Rights may vest if performance conditions are satisfied.
Terms & Conditions	The Board (of RFG) has the discretion to set the terms and conditions on which it will offer Rights under the RFGRP, including the Vesting Conditions and modification of the terms and conditions as appropriate to ensure the plan operates as intended. All Rights offered will be subject to Vesting Conditions and in the case of Performance Rights the conditions are intended to be challenging and linked to growth in shareholder value. The terms and conditions of the RFGRP include those aspects legally required as well as a method for calculating the appropriate number to vest in the circumstances of a change of control, a major return of capital to shareholders and the treatment of Rights in the circumstances of various forms of termination.
Number of Performance Rights	<p>A total of 117,014 Performance Rights will be offered to the Managing Director in the 2018 financial year. The number of Performance Rights when added to the other remuneration elements will produce a total remuneration package that is, in the Board's view, market competitive and reasonable given the Company's circumstances.</p> <p>The number of Performance Rights was calculated by applying the following formula:</p> $\begin{aligned} \text{Number of Rights} &= \text{Stretch LTI Value} \div \text{Right Value} \\ &= \$450,000 \div \$3.8457 \\ &= 117,014 \end{aligned}$ <p>Where</p> $\begin{aligned} \text{Stretch LTI Value} &= \text{Fixed Remuneration} \times \text{Target LTI \%} \div \text{Target Vesting\%} \\ &= \$750,000 \times 30\% \div 50\% \\ &= \$450,000 \end{aligned}$ $\begin{aligned} \text{Right Value} &= \text{Share Price} - (\text{Annual Dividend} \times \text{Measurement Period in Years}) \\ &= \$4.7382 - (\$0.2975 \times 3) \\ &= \$4.7382 - \$0.8925 \\ &= \$3.8457 \end{aligned}$ <p>Share Price Is the volume weighted average share price over the 14 days prior to the fifteenth day following the announcement of FY17 results for RFG</p> <p>As 100% of Rights to be granted will only vest when stretch performance goals are achieved it is expected that a lesser percentage will actually vest unless exceptional performance is achieved.</p>
Amount payable for Performance Rights	No amount will be payable by the Managing Director for the Performance Rights as they are part of the intended total remuneration package for the 2018 financial year.
Vesting of Performance Rights	Upon the satisfaction of the Vesting Conditions, the value of Rights that vest will be evaluated and will be paid in shares, cash or a combination of cash and shares based on the then Share Price. No exercise price is required to exercise vested Rights.

Measurement Period	The Measurement Period will be the three financial years from 1 July 2017 to 30 June 2020.																					
Vesting Conditions	<p>In order for Performance Rights to vest, the vesting conditions must be satisfied.</p> <p>The proposed grant will be divided into two tranches being:</p> <ul style="list-style-type: none"> Tranche 1 (50% of the Rights) which will be subject to an indexed total shareholder return (iTSR) vesting condition, and Tranche 2 (50% of the Rights) which will be subject to a return on equity (ROE) vesting condition. <p>The vesting of Tranche 1 iTSR Performance Rights will be determined by comparing the Company's TSR over the Measurement Period with the movement in the S&P/ASX200 Total Return Index over the Measurement Period.</p> <p>If the Company's TSR is negative then nil vesting will apply to this Tranche.</p> <p>Otherwise the following vesting scale will be applied, subject to an overriding discretion held by the Board:</p> <table border="1" data-bbox="400 902 1370 1442"> <thead> <tr> <th>Performance Level</th> <th>RFG's TSR vs S&P/ASX 200 TR Index Over Measurement Period</th> <th>% of Tranche Stretch/ Maximum Vesting</th> </tr> </thead> <tbody> <tr> <td>Stretch</td> <td>Index + 10% TSR p.a. CAGR</td> <td>100%</td> </tr> <tr> <td>>Target & <Stretch</td> <td>> Index + 5% TSR p.a. CAGR & <Index + 10% TSR p.a. CAGR</td> <td>Pro-rata</td> </tr> <tr> <td>Target</td> <td>Index + 5% TSR p.a. CAGR</td> <td>50%</td> </tr> <tr> <td>>Threshold & <Target</td> <td>>Index & <Index + 5% TSR p.a. CAGR</td> <td>Pro-rata</td> </tr> <tr> <td>Threshold</td> <td>=Index</td> <td>25%</td> </tr> <tr> <td><Threshold</td> <td><Index</td> <td>Nil</td> </tr> </tbody> </table> <p>TSR is the sum of Share price appreciation and dividends (assumed to be reinvested in shares) during the Measurement Period expressed as a growth percentage.</p> <p>The Board retains discretion to modify vesting in the case that the circumstances that prevailed over the Measurement Period materially differed from those expected at the time the vesting scale was determined, which is intended to be used when the application of the vesting scale would lead to an outcome that may be viewed as inappropriate.</p> <p>The vesting of Tranche 2 ROE Performance Rights will be determined by reference to the following scale:</p>	Performance Level	RFG's TSR vs S&P/ASX 200 TR Index Over Measurement Period	% of Tranche Stretch/ Maximum Vesting	Stretch	Index + 10% TSR p.a. CAGR	100%	>Target & <Stretch	> Index + 5% TSR p.a. CAGR & <Index + 10% TSR p.a. CAGR	Pro-rata	Target	Index + 5% TSR p.a. CAGR	50%	>Threshold & <Target	>Index & <Index + 5% TSR p.a. CAGR	Pro-rata	Threshold	=Index	25%	<Threshold	<Index	Nil
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Gates	<p>In respect of Tranche 1, iTSR Performance Rights, the Company's TSR must be positive in order for the Rights to vest.</p> <p>In respect of Tranche 2, ROE Performance Rights, the outcome of a review of capital management by the Board for the Measurement Period (or extended Measurement Period if applicable) must be that capital, and particularly equity, has been "managed in shareholders' interests".</p>																					
Retesting	Retesting will only apply if nil vesting occurs for the Tranche at the end of the initial Measurement Period and will only occur once at the end of the Extended Measurement Period (01/07/17 to 30/6/2021). The effect of this retesting feature is to extend the Measurement Period from 3 to 4 years, without changing the commencement date.																					
Exercise Price	No amount will be payable by the Managing Director to exercise a Performance Right that has vested.																					
Exercise of Vested Performance Rights	Once Performance Rights vest they will be automatically exercised. The Board will determine whether to settle the vested Performance Rights in cash and/or shares. It is expected that exercised Performance Rights will usually be settled in shares. When settled in shares, the Board may decide to issue the shares to the Managing Director or to arrange for shares to be transferred to the Managing Director and may use an employee share trust for this purpose, subject to any necessary shareholder approvals. If the reward is satisfied by the payment of cash from the Company (rather than being settled by the issue or transfer of shares), the amount of the cash payment will be an amount equal to the number of vested Performance Rights multiplied by the volume weighted average share price at which shares were traded on the ASX over the 14 days prior to the date for which the calculation is made.																					
Disposal Restrictions	<p>Performance Rights may not be disposed of at any time, but they will be exercised on vesting. Shares acquired on exercise of vested Performance Rights will be subject to disposal restrictions until all of the following cease to restrict disposals:</p> <p>a) the Company's share trading policy, b) the Corporations Act insider trading provisions, and c) Specified Disposal Restrictions, if any.</p>																					
Specified Disposal Restrictions	<p>The Specified Disposal Restrictions attaching to shares that result from the exercising of vested Performance Rights are that:</p> <p>a) 50% of the shares acquired on exercise of vested Rights may not be sold or otherwise disposed of for a period ending on the earlier of: a. 12 months following the end of the Measurement Period or Extended Measurement Period, if applicable, or b. The date of cessation of employment with the Company, and</p>																					

	<p>b) 50% of the shares acquired on exercise of vested Rights may not be sold or otherwise disposed of for a period ending on the earlier of:</p> <p>a. 24 months following the end of the Measurement Period or Extended Measurement Period, if applicable , or</p> <p>b. The date of cessation of employment with the Company.</p>
Termination of Employment	<p>In the case of dismissal for cause, or in other circumstances classified as “Bad Leaver” by the Board in its discretion, unvested Performance Rights will be forfeited. In other cases, on termination of employment a portion of Performance Rights granted in the financial year in which the termination occurs will be forfeited. The proportion is that which the remainder of the financial year following the termination represents of the full financial year. This provision recognises that grants of Performance Rights are part of the remuneration for the year of grant and that if part of the year is not served then some of the Performance Rights will not have been earned.</p> <p>If Performance Rights vest subsequent to a termination of employment and their value is less than the Share Price at the date of the termination then such Rights will be settled in cash on exercise.</p> <p>Continued service during the Measurement Period, following the completion of the financial year in which the grant is made, is not a requirement in order for Performance Rights to vest.</p>
Change of Control of the Company	<p>In the event of a Change of Control a portion of Performance Rights granted in the financial year in which the Change of Control occurs will be forfeited. The proportion is that which the remainder of the financial year following the Change of Control represents of the full financial year.</p> <p>Remaining unvested Rights would vest in the same proportion as the share price has increased since the beginning of the Measurement Period. Remaining Rights would either lapse or some or all may vest at the Board's discretion. In relation to shares that have resulted from the vesting of Rights, dealing restrictions, if any, specified in the invitation would also be lifted, though the Company's securities trading policy and the Corporations Act would continue to apply.</p>
Voting and Dividend Rights	<p>Performance Rights do not carry voting or dividend entitlements. Shares issued when Performance Rights vest carry all entitlements of Shares, including voting and dividend entitlements.</p>
Lapse and Forfeiture of Performance Rights	<p>Performance Rights will lapse if the prescribed Vesting Conditions are not satisfied within the prescribed Measurement Period, subject to retesting.</p>
Disposal Restriction Release at Taxing Point	<p>In the event that a taxing point arises in relation to restricted shares and the disposal restrictions applicable to such shares have not ceased to apply then disposal restrictions, other than those arising under the Corporations Act, will cease to apply to 50% of such restricted shares.</p>
Fraud, Gross Misconduct etc.	<p>In the event that the Board forms the opinion that a Participant has committed an act of fraud, defalcation or gross misconduct in relation to the Company, the Participant will forfeit all unvested Rights.</p>
Competition and Other Actions that May Harm the Company	<p>If a Participant engages in any activities or communications that, in the opinion of the Board, may cause harm to the operations or reputation of the Company or the Board all unvested Rights held by the Participant will lapse and be forfeited, unless otherwise determined by the Board.</p> <p>If a Participant either directly or indirectly competes with the Company including becoming an employee of a competitor, supplier or customer, without the prior written consent of the Company, all unvested Rights held by the Participant will lapse and be forfeited, unless otherwise determined by the Board.</p>
Issue or Acquisition of Shares	<p>Shares allocated to a Participant when Performance Rights vest under the RFGRP may be issued by the Company or acquired on or off market by the Company or its nominee. The nominee may be a trust, the purpose of which is to facilitate the operation of the plan.</p>

Cost and Administration	The Company will pay all costs of issuing and acquiring shares for the purposes of satisfying vested Performance Rights, as well as any brokerage on acquisitions of shares for this purpose and all costs of administering the RFGRP.
Other Terms of the RFGRP	The RFGRP also contains customary and usual terms having regard to Australian law for dealing with winding up, administration, variation, suspension and termination of the RFGRP.
Hedging	The Company prohibits the hedging of Performance Rights by Participants.
Eligibility to participate in the RFGRP	Any full time or part-time employee (including an executive director but excluding a non-executive director), a casual employee of RFG or any of its related bodies corporate (Group Company) or a contractor to a Group Company or a person who will prospectively fill one of the foregoing roles are eligible to participate in the RFGRP.

Approval for the issue of the aforesaid Performance Rights and the potential acquisition of shares on their vesting is sought in accordance with ASX Listing Rule 10.14, and for all other purposes. ASX Listing Rule 10.14 requires shareholder approval for the acquisition of shares by a Director under an employee incentive scheme (such as the RFGRP). Whilst it is not certain that any reward under the RFGRP will be satisfied by the issue of shares (as opposed to payment in cash or shares being acquired on-market), shareholder approval is nonetheless being sought (both for good governance reasons and to preserve flexibility in case it is considered in the Company's best interests to issue shares rather than source them on market or make a cash payment).

In accordance with ASX Listing Rule 7.2, Exception 14 and ASX Listing Rule 10.12, Exception 4, if approval of the grant of the Performance Rights (and any shares issued on the vesting of those Rights) is given under ASX Listing Rule 10.14, approval is not required under ASX Listing Rules 7.1 or 10.11, respectively.

ASX Listing Rule 10.14:

The required information under ASX Listing Rule 10.15A, so far as it relates to Resolution 5, is as follows:

- (a) The Performance Rights will be issued to Mr Andre Nell, the Company's Managing Director, or his nominee;
- (b) The maximum number of ordinary shares that may be acquired by Mr Nell on the vesting of the Performance Rights is 117,014.;
- (c) No person referred to in ASX Listing Rule 10.14 has received securities under the RFGRP prior to the date of this Notice of Meeting;
- (d) Mr Nell is the only person referred to in ASX Listing Rule 10.14 who is entitled to participate in the RFGRP. Details of any securities issued under the RFGRP will be published in each annual report of the Company relating to a period in which Performance Rights have been issued, and that approval for the issue of Performance Rights was obtained under ASX Listing Rule 10.14. Any additional persons who become entitled to participate in the RFGRP after Resolution 5 is approved and who are not named in this Notice of Meeting will not participate until approval is obtained under ASX Listing Rule 10.14;
- (e) Participants in the RFGRP are not provided with any loans in relation to their participation in the RFGRP;
- (f) If Resolution 5 is approved, the Performance Rights will be granted to Mr Nell following the AGM. Any shares issued on exercise of the Rights will be issued no later than three years after the date of the AGM;
- (g) The Performance Rights are being issued as part of an incentive component of Mr Nell's remuneration package as Managing Director of the Company. As such, the Performance Rights will be granted to Mr Nell for nil consideration and Mr Nell will not be required to pay any consideration on the grant of the Performance Rights or the issue of ordinary shares on vesting and exercise of those Performance Rights;
- (h) Key terms of the Performance Rights are set out in these Explanatory Notes, above; and
- (i) There will be no funds raised from the grant of the Performance Rights.

Other information that is reasonably required by members in order to decide whether or not it is in the Company's interest to pass the proposed resolution and that is known to the Company or its Directors:

Potential Benefits to the Company:

If the Performance Rights are issued as proposed pursuant to Resolution 5, the Company considers the following benefits arise:

- (a) Mr Nell, who is an executive Director and Managing Director of the Company, will have an increased interest in the affairs of the Company as the holder of the Performance Rights. The Company has determined the number of Performance Rights to be issued to Mr Nell on the basis that it will provide a meaningful incentive to him in the context of his total remuneration package;
- (b) The issue of the Performance Rights to Mr Nell is a non-cash form of remuneration, thus conserving the Company's cash reserves. The issue enables the Company to provide Mr Nell with reward for his services provided and an incentive for future services he will provide to the Company in a cost-effective manner as opposed to other forms of remuneration.

Potential Costs to the Company:

If the Performance Rights convert to ordinary shares, this will result in a dilution of the issued share capital of the Company.

If all of the Performance Rights granted to Mr Nell were to convert to ordinary shares, the dilution effect on the current issued capital of the Company and the effect on control will be as set out in the table below (as at 9 October 2017):

Shareholders	Ordinary shares on issue (undiluted)	Ordinary shares on issue (fully diluted)	Ordinary shares on issue on grant of Performance Rights (undiluted)	Ordinary shares on issue of grant of Performance Rights (fully diluted)
Current shareholders (other than Mr Nell):	176,713,356	176,856,429	176,713,356	176,856,429
Mr Nell	22,710	76,473	22,710	193,487
Total:	176,736,066	176,932,902	176,736,066	177,049,916

The Directors (other than Mr Nell) consider that the dilutionary impact of the Performance Rights and the effect on control of the Company is immaterial and more than offset by the advantages accruing from the Company securing the services of Mr Nell on appropriate incentive terms.

In the twelve months to 9 October 2017, based on trading day closing prices, the Company's ordinary shares have traded on the ASX at prices of between \$4.21 (on 20 July 2017) and \$7.15 (on 3 January 2017). The closing price on 9 October 2017 was \$4.44.

The Board considers that the issue of the Performance Rights provides an appropriate incentive as part of Mr Nell's overall remuneration package.

AASB 2 "Share Based Payments" requires that these payments shall be measured at the fair value of the equity instrument with such amount being expensed in the Company's income statement.

Taxation Consequences:

No stamp duty will be payable in respect of the grant of the Performance Rights. No GST will be payable by the Company in respect of the grant of the Performance Rights (or if it is then it will be recoverable as an input tax credit). The Company will be liable to the Queensland State Government (Office of State Revenue) for payroll tax on the taxable value of the Performance Rights computed for payroll tax purposes. The Company elects to be taxed for payroll tax purposes on the date shares are issued.

Related Parties Existing Interest:

Excluding the Performance Rights the subject of Resolution 5, the voting power of Mr Nell (and entities associated with him) in the Company's securities as at close of trade on 9 October 2017 is as follows:

Director	Shares	Performance Rights (no voting rights attach)
Andre Nell	22,710	53,763

Director's Remuneration:

Mr Nell assumed the position of Managing Director of the Company on 1 July 2016.

Prior to assuming the role of Managing Director, Mr Nell's immediately prior role within the Company was CEO (Franchise). Prior to that, Mr Nell held the role of Chief Operating Officer (COO). Total remuneration paid to Mr Nell in the financial years ended 30 June 2015, 30 June 2016 and 30 June 2017 was as follows:

Director	Position	Year	Short term employment benefits	Post employment benefits	Share based payments (performance rights)	Total
Mr Andre Nell	Managing Director	FY17	\$707,288	\$19,828	\$20,414	\$747,530
Mr Andre Nell	CEO (Franchise)	FY16	\$398,011	\$19,308	-	\$417,319
Mr Andre Nell	COO	FY15	\$366,000	\$21,935	-	\$387,935

In relation to FY17 and beyond, the contract of employment entered into between Mr Nell and RFGA Management Pty Ltd (a subsidiary of the Company) requires the employee to give a minimum of twelve (12) months' notice of termination to the employer. RFGA Management Pty Ltd could terminate the employee by giving a minimum of twelve (12) months' notice or payment of the equivalent salary in lieu. Mr Nell's remuneration package, effective 1 July 2017, is as follows:

- Fixed annual remuneration: \$750,000 (inclusive of superannuation);
- Short term incentive remuneration: Maximum \$300,000 (i.e. 40% of fixed annual remuneration)
- Long term incentive remuneration: Maximum \$450,000 (i.e. 60% of fixed annual remuneration)

Short and long term remuneration and incentive arrangements are considered by the Company's Remuneration Committee and Board on a regular basis and are dependent upon, among other things, the executive's performance, the achievement of applicable performance hurdles (where set) and the circumstances of the Company at the applicable time.


Other than the information above and otherwise set out in this Explanatory Memorandum, the Directors do not believe that there is any other information known to the Company or its Directors that shareholders reasonably require to make a decision in relation to the benefits contemplated by Resolution 5.

The Board (with Mr Nell abstaining) recommends that shareholders vote in favour of Resolution 5 at the Company's Annual General Meeting. The Chairman intends to vote all undirected proxies in favour of Resolution 5.



Lodge your vote:

 **Online:**
www.investorvote.com.au

 **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

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

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



Proxy Form

XX



Vote and view the annual report online

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.



Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I999999999

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

 **For your vote to be effective it must be received by 1:30pm (QLD time) Tuesday 28 November 2017**

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 or abstain as they choose (to the extent permitted by law). 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 for Postal Forms

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 under the help tab, "Printable 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.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

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

I ND

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 the **Horizons Room, Level 2, Sheraton Grand Mirage Resort, 71 Seaworld Drive, Main Beach QLD 4217 on Thursday 30 November 2017 at 1:30pm (QLD 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 **Items 1 & 5** (except where I/we have indicated a different voting intention below) even though **Items 1 & 5** are 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 **Items 1 & 5** 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 Director - Mr Colin Archer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Director - Ms Kerry Ryan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Financial Assistance by Associated Foodservice Entities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Approval of Managing Director FY18 Long Term Incentive	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Before completing your vote and returning by post, please consider using the preferred electronic voting option outlined on the front page of this form.

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

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 / /