

21 December 2017

RESPONSE TO AWARE QUERY

In response to the questions set out in your correspondence of 19 December 2017 (**ASX letter**), Retail Food Group Limited (**RFG**) advises as follows:

1. When did RFG first become aware of the revised half year guidance?

ASX's description of the statement made in RFG's 19 December 2017 release as 'revised half year guidance' wrongly implies that an earlier guidance for the current half year had previously been given by RFG. That, of course, is not true and this misdescription is unhelpful. To be clear, the statement made by RFG in its 7 December 2017 release (set out in paragraph A of the ASX letter) relates to underlying NPAT growth for the full finance year for 2018.

Management accounts reflecting RFG's performance for November 2017 were circulated by email to members of RFG's executive team and its directors at 1.05pm (Brisbane time) on Saturday 16 December 2017 by RFG's Company Secretary. Those management accounts are, by their nature, generated for RFG's internal management purposes. They are confidential and no reasonable person would expect them to be disclosed.

The information in those management accounts generated a number of further enquiries from executive team members and the directors to RFG's management. Work arising from this process continued for RFG's management over the remainder of that weekend, throughout Monday 18 December 2017 and into the early hours of Tuesday 19 December 2017.

RFG's board met at 7.30am (Brisbane time) on Tuesday 19 December 2017 to consider management's assessment of the anticipated statutory NPAT for the half year end 31 December 2017. The board also had regard to anecdotal information collated by management regarding the impact of recent media activity on its business operations. That is to say, the RFG board had regard to both objective information (derived from the recent management accounts) and subjective matters (collated by management) in its deliberations.

RFG's board adopted and approved an assessment of RFG's anticipated statutory NPAT for the half year ending 31 December 2017 at its meeting early in the morning of Tuesday 19 December 2017. The announcement in this regard was released to ASX immediately following that meeting (at 8.41am Brisbane time) and in any event prior to the opening of trading on that same day.

RFG, therefore, first became aware of its adoption of the assessment of statutory NPAT for the half year ended 31 December 2017 early on the morning of Tuesday 19 December 2017 (between 7.30am and 8.41am Brisbane time).

RFG has acted promptly and without delay in this matter. The preparation of the earnings guidance for the half year ending 31 December 2017 took place into the early hours of Tuesday 19 December 2017. The guidance was properly vetted and approved by RFG's board before its release to ASX prior to the opening of trading on Tuesday 19 December 2017.

2. *If RFG first became aware of information before the relevant date, did RFG make any announcement prior to the relevant date which disclosed that information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe RFG was obliged to release the information under listing rule 3.1 and 3.1A and what steps RFG took to ensure that the information was released promptly and without delay.*

On the time line as disclosed in relation to item 1 above, RFG observably acted promptly and without delay once management accounts for November 2017 were available to RFG's executive team and its directors.

3. *Please confirm that RFG is in compliance with the listing rules and, in particular, listing rule 3.1.*

RFG confirms it is in compliance with the listing rules and, in particular, listing rule 3.1.

4. *Please confirm that RFG's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of RFG with delegated authority from the board to respond to ASX on disclosure matters.*

Confirmed.

ENDS

For further information, interviews or images contact:

Sara Bradford, Head of Communications & Investor Relations, 07 5655 2542 or sara.bradford@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 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 Co. As well, RFG is an emerging leader in foodservice, dairy processing and wholesale bakery pursuits, operating the Hudson Pacific Foodservice, Associated Foodservice, Dairy Country and Bakery Fresh businesses. For more information about RFG visit: www.rfg.com.au



19 December 2017

Mr Mark Connors
Director of Corporate Services/ Company Secretary
Retail Food Group Limited
PO Box 1549
1 Olympic Circuit
Southport QLD 4215

By email: mark.connors@rfg.com.au

Dear Mr Connors,

Retail Food Group Limited ("RFG"): aware query

ASX Limited ("ASX") refers to the following:

- A. RFG's announcement entitled "Update on Business Wide Review" lodged on the ASX Market Announcements Platform and released at 9:02am on 7 December 2017, which states the following:

"As advised at its AGM, RFG retains an optimistic outlook despite the challenging domestic retail market and maintains its FY18 guidance of c.6% underlying NPAT growth."

(the "Full Year Guidance").

- B. RFG's announcement entitled "Trading Update" lodged on the ASX Markets Announcements Platform and released at 9:41am on 19 December 2017, which states:

"1H18 Statutory NPAT is currently expected to be c.\$22.0m, compared to 1H17 NPAT of \$33.5m."

(the "Revised Half Year Guidance").

- C. The change in the price of RFG's securities from a closing price of \$2.65 yesterday, 18 December 2017 to a closing price today, 19 December 2017, of \$1.98, a decrease of 25%.

- D. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

- E. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity",

and section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information"*.

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- F. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

Having regard to the above, ASX asks RFG to respond separately to each of the following questions and requests for information:

1. When did RFG first become aware of the Revised Half Year Guidance?
2. If RFG first became aware of the information before the relevant date, did RFG make any announcement prior to the relevant date which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe RFG was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps RFG took to ensure that the information was released promptly and without delay.
3. Please confirm that RFG is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
4. Please confirm that RFG’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of RFG with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by **no later than 9:30am AEDT on Friday, 22 December 2017**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in RFG’s securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, RFG’s

obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to RFG’s obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that RFG’s obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in RFG’s securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[sent electronically without signature]

Lisa Banh
Senior Adviser, Listings Compliance (Sydney)