



11 July 2019

RESPONSE TO AWARE QUERY

In response to the questions set out in your letter of 10 July 2019, Retail Food Group Limited (ASX: RFG) advises as follows:

- 1. Does RFG consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities? If not, please advise the basis for this view.**

RFG confirms that it does not consider the Information (as defined in your letter) to be information that a reasonable person would expect to have a material effect on the price or value of its securities.

RFG has previously announced to the market its progress regarding options for the reduction of its debt, including equity and other debt funding options, as well as potential asset sales. For example, during 2019, RFG has provided the following updates to the market:

- (a) in an announcement released on 14 January 2019 in response to media speculation regarding a possible transaction, RFG confirmed, as previously announced, that *"it will be seeking to reduce its debt by various means, including the investigation of the possible sale of assets."*;
- (b) RFG's interim financial report for the half year ended 31 December 2018 included the following: *"In order to structure the Group for renewed success, Directors are focussed on providing as many options as possible for debt reduction and the strengthening of the Group's balance sheet. The Directors continue to look at a range of options, including potential asset sales and the potential for alternative funding, with significant work having been undertaken to date."*;
- (c) in an announcement released on 29 March 2019 in an update on its debt facilities, RFG confirmed that *"the Board also continues to explore a range of options to reduce debt, including equity and other debt funding options, and potential asset sales."*;
- (d) in an announcement released on 3 April 2019 in an update on the asset sale process, RFG confirmed that *"as previously announced, RFG continues to explore a number of options to reduce its debt including the potential sale of assets and will advise the market upon any definitive options being reached."*; and
- (e) in the response to ASX's price query released on 8 July 2019, RFG confirmed that, further to its previous announcements (including on 29 March and 3 April 2019), *"it is exploring a range of options to reduce debt, including the potential sale of non-core assets as well as equity and other debt funding proposals. Discussions in relation to these matters are advanced and a further update will be provided to the Market in due course."*



RFG considers that the material information in relation to the recapitalisation proposal is the fact that RFG is exploring a range of debt reduction options (including equity and other debt funding proposals). Given the indicative and non-binding nature of the proposal received from Soliton Capital Partners, in RFG's view, there is no new material information contained in the Information. Rather, the Information provides colour on the progress of discussions on debt reduction options being explored by RFG. Any additional information provided in the announcement of 9 July 2019 was provided to the market to confirm or, where inaccurate, correct media reporting on the afternoon of 9 July 2019, in order to ensure that there was not a false market in RFG's securities.

Consistent with this analysis, the announcement containing the Information was not marked as "price sensitive".

RFG also notes that its share price did not move materially following release of the Information, closing at \$0.215 on 9 July 2019 and opening at \$0.205 on 10 July 2019 after release of the Information.

2. *When did RFG first become aware of the Information?*

Following initial discussions and limited due diligence, a term sheet in relation to Soliton Capital Partner's non-binding indicative proposal was entered into after the close of trading on 1 July 2019. As stated in RFG's announcement on 9 July 2019, discussions with Soliton Capital Partners are continuing and the indicative proposal remains non-binding and subject to a number of conditions precedent, including the completion of detailed due diligence (and, in this regard, we note that the term sheet states that it "should not be construed as an offer or commitment").

As noted above, given the indicative and non-binding nature of the proposal received from Soliton Capital Partners, and in light of RFG's previous announcements to the market, RFG does not consider that the entry into a term sheet in connection with such indicative, non-binding proposal required disclosure to the market.

3. *Please confirm that RFG is complying with the Listing Rules, and in particular, Listing Rule 3.1.*

RFG confirms that 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, please contact:

Belinda Hamilton, Chief Communications Officer, 0487 700 048 or belinda.hamilton@rfg.com.au

About Retail Food Group Limited:

RFG is a global food and beverage company headquartered in Queensland. It is Australia's largest multi-brand retail food franchise owner and a roaster and supplier of high-quality coffee products. The Company also operates in the foodservice, dairy processing and wholesale bakery sectors. For more information about RFG visit: www.rfg.com.au



10 July 2019

Reference: ODIN04030

Mr Mark Connors
Company Secretary
Retail Food Group Limited
1 Olympic Circuit
Southport QLD 4215

By email

Dear Mr Connors

Retail Food Group Limited ('RFG'): Aware Query

ASX refers to the following:

- A. RFG's announcement entitled "Response to Media Speculation" lodged on the ASX Market Announcements Platform and released at 5:24 PM on 9 July 2019 (the 'Announcement'), disclosing that RFG had received an indicative non-binding proposal from Soliton Capital Partners, an investment fund associated with SSG Capital Management, to provide approximately \$160 million to recapitalise RFG ('Information').
- B. RFG's response to ASX's Price Query letter lodged on the ASX Market Announcements Platform and released at 1:51 PM on 8 July 2019, disclosing that RFG was not aware of any information concerning it that had not been announced to the market which if known, could be an explanation for recent trading in the securities of RFG. We note the response to the price query letter also noted that RFG was exploring a range of options to reduce debt, including sale of non-core assets as well as equity and other debt funding proposals and that discussions in relation to these matters were advanced and a further update would be provided to the market in due course.
- C. Listing Rule 3.1, which requires a listed entity to immediately give ASX 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.
- D. 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."
- E. 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:

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- *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.”*

- F. ASX’s policy position on the concept of “confidentiality”, which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Request for Information

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

1. Does RFG consider the Information to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. If the answer to question 1 is “no”, please advise the basis for that view.
3. When did RFG first become aware of the Information?
4. If the answer to question 1 is “yes” and 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.
5. Please confirm that RFG is complying with the Listing Rules and, in particular, Listing Rule 3.1.
6. 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 Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than 9:30 AM **AEST Friday, 12 July 2019**.

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 and may require RFG to request a trading halt immediately.

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 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*.

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 at ListingsComplianceSydney@asx.com.au. 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.

Suspension

If you are unable to respond to this letter by the time specified above ASX will likely suspend trading in RFG's securities under Listing Rule 17.3.

Enquiries

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

Yours sincerely

Elvis Onyura

Senior Adviser, Listings Compliance (Sydney)