

AUSTRALIAN UNITED RETAILERS LIMITED

ACN 077 879 782

Incorporated in Victoria

Registered office:

Level 1, 1601 Malvern Road, Glen Iris, Vic, 3146

NOTICE OF 2011 ANNUAL GENERAL MEETING

Notice is hereby given that:

The 2011 Annual General Meeting of members of Australian United Retailers Limited ACN 077 879 782 (**Company**) will be held at Level 1, 1601 Malvern Road, Glen Iris, Vic on Tuesday, 22 November 2011 at 2.00 PM (**AGM**).

BUSINESS

Accounts and Reports

Item 1 - To consider the financial statements

To receive and consider the financial statements of the Company and its controlled entities for the year ended 30 June 2011 and the related Directors' Report, Directors' Declaration and Auditors' Report.

Item 2 - To adopt the Company's Remuneration Report

To consider and, if thought fit, pass the following non-binding resolution under section 250R(2) of the Corporations Act:

"That the Remuneration Report (which forms part of the Directors' Report) for the year ended 30 June 2011 be adopted."

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company. Members should note that, following changes to the *Corporations Act* (Cth) 2001, voting restrictions may apply in respect of this resolution. Further detail is contained in the 'Persons Precluded from Voting' section below and the attached Explanatory Memorandum.

Election of Directors

Item 3 –Election of Steven Sellars as a Director

To consider and, if thought fit, pass the following resolution:

"That Steven Sellars be elected as a Director of the Company."

Item 4 – Re-Election of John Bridgfoot as a Director

To consider and, if thought fit, pass the following resolution:

"That John Bridgfoot be re-elected as a Director of the Company."

Item 5 - Election of John Sien Van Nguyen as a Director

To consider and, if thought fit, pass the following resolution:

"That John Sien Van Nguyen be elected as a Director of the Company."

Note: Members should note that there are 3 candidates standing for 3 available Board positions. Consistent with past Company practice, the Board considers it appropriate that the Chairman demands a poll, and the Chairman intends to call a poll, in respect of Items 2 to 6. A single simultaneous voting procedure will be held in respect of those items following consideration of item 6. The poll will then be conducted in the manner set out in the Explanatory Memorandum for Shareholders attached to this Notice.

Amendment to Constitution

Item 6 – Amendment to the Company's constitution

To consider and, if thought fit, pass the following resolution **as a special resolution**:

"That, from the Effective Date, Rule 17.1(a) of the Company's constitution be amended to read 'The number of Directors must not be less than six nor more than eight'.

For the purposes of this special resolution, the Effective Date shall be the first to occur of the following:

- (a) The date that, as a consequence of resignations or retirements, the number of Directors is reduced to 8 (or less); and*
- (b) Commencement of the Company's next Annual General Meeting (to be held in or around November 2012). "*

By Order of the Board

Ken Sleep
Company Secretary

Dated 7 October 2011

SEE IMPORTANT NOTES OVERLEAF

AUSTRALIAN UNITED RETAILERS LIMITED ACN 077 879 782

Persons Precluded from Voting

Only Class "A" Redeemable Preference Shareholders are entitled to vote at the AGM.

Recent changes to the *Corporations Act (Cth)* 2001 (**Corporations Act**) restrict the ability of certain persons to vote on a resolution to adopt the Remuneration Report (Item 2). In accordance with section 250R(4) of the Corporations Act the Company will disregard any votes cast in relation to Item 2 by or on behalf of the Key Management Personnel, which include the Directors (**Excluded Persons**) and closely related parties of an Excluded Person.

However, an Excluded Person can cast a vote on the resolution if that person does so as a proxy appointed by writing that specifies how the proxy is to vote on the resolution and the vote is not cast on behalf of that Excluded Person. Further details, including in relation to the ability of the Chairman to vote undirected proxies are set out in the Explanatory Note.

A closely related party is defined in the Corporations Act and includes a spouse or child of the Excluded Person. Further details are set out in the Explanatory Note.

Voting entitlements

Pursuant to regulation 7.11.37 of the Corporations Regulations 2001, the Directors have determined that the shareholding of each shareholder for the purposes of ascertaining voting entitlements for the AGM, will be as it appears in the Share Register as at 2.00 pm on 20 November 2011.

Proxies

A member who is entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote instead of the member at the meeting. A Class A Redeemable Preference Shareholder who is entitled to cast 2 or more votes at the AGM, may appoint either 1 or 2 persons as their proxy. When such a Member appoints 2 proxies, the appointment must specify the proportion of the Member's voting rights which each proxy is entitled to represent.

For the purposes of the AGM, the proxy may be an individual or a body corporate and need not be a member of the Company. The proxy must be appointed to represent the whole of the member's voting rights in respect of each eligible voting share held by the member for which the proxy is given.

For the appointment of a proxy to be effective, the Proxy Form, together with any authority under which the Proxy Form was executed or a certified copy of that authority, must be:

- deposited at the Company's Registered Office, Level 1, 1601 Malvern Road, Glen Iris, Victoria 3146; or
- returned in the enclosed reply paid envelope to Computershare Investor Services Pty Limited, GPO Box 242, Melbourne Vic 8060; or
- faxed to 1800 783 447 (within Australia), +61 3 9473 2555 (outside Australia); or,

- Custodian voting – for Intermediary Online Subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

at least 48 hours before the meeting.

Corporate representative

If a representative of a corporate member is to attend the meeting pursuant to section 250D of the Corporations Act, a certificate of appointment of the representative must be produced prior to admission to the meeting. A form of the certificate may be obtained from the Company's share registry or at www.computershare.com.

Explanatory Memorandum for Shareholders

Introduction

This Explanatory Memorandum provides information for shareholders in respect of Items 1 to 6 to be considered at the AGM.

Items 1 & 2 - Tabling of Accounts and adoption of Remuneration Report

As the Company is a 'listed company' for the purposes of the Corporations Act, the annual Directors' Report must contain a report on, amongst other things, director and key management personnel remuneration (**Remuneration Report**). The Remuneration Report is contained within the Director's Report of the 2011 Annual Report, which is available on <http://extranet.foodworks.com.au>. In particular, the Remuneration Report includes an explanation of the Company's remuneration policy and the remuneration arrangements in place for Directors and senior executives.

In addition to having a reasonable opportunity at the meeting to ask questions and make comments on the annual financial report, the Directors Report, the Auditor's Report and on the business, operations and management of the Company, members will vote on a resolution that the Remuneration Report be adopted. This is required under s250R(2) of the Corporations Act.

Members should note that:

- Under s250R(3) of the Corporations Act, the vote on the resolution is advisory only and does not bind the Directors or the Company.
- Recent changes to the Corporations Act restrict the ability of certain persons to vote on the Remuneration Report resolution. Further details are contained below.

Voting Exclusion Statement

The Company will disregard any votes cast in relation to this resolution by or on behalf of the Key Management Personnel, which includes the Directors, (**Excluded Persons**) and closely related parties of an Excluded Person.

However, an Excluded Person may vote on this resolution if they do so as a proxy appointed in writing that specifies how the proxy is to vote on the resolution.

A closely related party is defined in the Corporations Act as:

- (a) a spouse or child of the Excluded Person; or
- (b) a child of the Excluded Person's spouse; or
- (c) a dependant of the Excluded Person or of the Excluded Person's spouse; or
- (d) anyone else who is one of the Excluded Person's family and may be expected to influence the Excluded Person, or be influenced by the Excluded Person, in the Excluded Person's dealings with the entity; or
- (e) a company the Excluded Person controls; or
- (f) a person prescribed by the regulations for the purposes this definition in section 9 of the Corporations Act.

A vote is taken to be cast on behalf of an Excluded person or a closely related party of an Excluded Person if, and only if, it is cast:

- (a) as proxy for that person;
- (b) otherwise on behalf of that person; or
- (c) in respect of a share in respect of which that person has:
 - (i) power to vote; or
 - (ii) power to exercise, or control the exercise of, a right to vote.

Proxies voted on by the Chairman in relation to Item 2: Remuneration Report

The voting exclusions that apply to the Chairman, Excluded Persons and closely related parties of Excluded Persons have caused legal uncertainty in relation to proxies that are ordinarily voted on by the Chairman with respect to resolutions relating to the adoption of a Remuneration Report. While indications are that the Government intends to legislate to clarify this uncertainty, the Company has adopted the following approach for this Annual General Meeting in the event that you choose to appoint the Chairman as your proxy:

- **The Chairman's voting intention is to vote in favour of the resolution to adopt the Remuneration Report.**
- The Proxy Form (attached) provides that if the Chairman is appointed as proxy, the Chairman is directed to vote in accordance with the voting intention set out above, unless you direct the Chairman to vote in a different manner.
- The Chairman will only vote in accordance with his stated voting intention if the relevant box is ticked.
- If the relevant box is un-ticked, the Chairman will not be permitted to vote the relevant shares on the Remuneration Report resolution.
- For all other resolutions where the Chairman is appointed as proxy, those proxies will remain undirected and can be voted on by the Chairman on that basis.

All of the details above are also set out in the Proxy Form attached. Please contact the Company Secretary if you have any queries.

The Directors recommend members vote in favour of this resolution.

Items 3 – 5 - To elect up to 3 Directors

Background

Rule 17.2 in the Company's Constitution requires one-third of the Directors or the number nearest one-third (excluding from the calculation the CEO and any Director appointed during the year pursuant to Rule 17.2(j)) to retire at the Annual General Meeting. The Board has determined which Directors should retire at the 2011 AGM.

It is noted that a retiring Director is eligible for re-election.

The Directors of the Company to retire under Rule 17.2 in the Company's Constitution are Janette Kendall, Wayne Pattison and John Bridgfoot. John Bridgfoot has nominated to be re-elected as a director of the Company. Wayne Pattison and Janette Kendall have not nominated to be re-elected as directors of the Company.

In addition, Steven Sellars and John Sien Van Nguyen have given written notice to the Company that they are candidates for election to the office of Director.

The order of the resolutions regarding the election of Directors was determined by a blind ballot supervised by the Company Secretary.

Members should note that the 3 candidates are standing for 3 available Board positions. However, there is no requirement that all three positions be filled.

The Board considers that the interests of the Company are best served by the re-election of John Bridgfoot as a Director, who has:

- previously been appointed to the Board based on his experience and skills; and
- made significant contributions to the Company's progress to date during his term as a Director.

Given the Board's support for the special resolution in item 6 below, and without any reflection on the two external candidates seeking election, the Board does not support their candidature so that the Board size can immediately reduce to eight should the special resolution (to reduce the maximum size of the Board to 8 Directors) be passed.

Please note that, where the Chairman is appointed as a proxy (including an appointment by default), in respect of any undirected proxies the Chairman intends to vote against items 3 & 5 and the Chairman intends to vote in favour of item 4.

Consistent with past Company practice, the Board considers it appropriate that the Chairman demands a poll, and the Chairman intends to call a poll, in respect of Items 2 to 6. On a poll, every Class "A" Redeemable Preference Shareholder will be entitled to one vote for every Class "A" Redeemable Preference Share held. A single simultaneous voting procedure will be held in respect of those items following consideration of item 6.

To facilitate this single simultaneous voting procedure, one voting card containing the names of each of the 3 candidates will be prepared for the meeting. Subject to the notes below in relation to proxyholders, the voting card will allow each Class "A" Redeemable Preference Shareholder to vote either for or against (or abstain from voting) in respect of each of the 3 candidates. Even though there are 3 vacancies on the Board, Class "A" Redeemable Preference Shareholders will be permitted to vote in favour of less than 3 candidates. The Board considers that this provides the Class "A" Redeemable Preference Shareholders with the greatest flexibility and facilitates a fair and equitable vote. The candidates to be elected as directors of the Company will be those who receive more votes in favour than votes against the resolution in respect of their election.

Prior to the commencement of the Meeting, proxyholders will be issued with details of the voting instructions (if any) that relate to their appointment. If a proxyholder has received directed voting instructions, the proxyholder will be deemed to have voted in accordance with those instructions if the proxyholder participates in the voting procedure. If a proxyholder has not received voting instructions (i.e. an undirected proxy), the proxyholder will be entitled to vote either for or against (or abstain from voting) in respect of each of the 3 candidates if the proxyholder participates in the voting procedure.

It is important for proxyholders (whether directed or undirected) to note that for their votes to be counted, they must submit the voting card as part of the voting procedure. If they do, the votes of proxies will be included in computing the required majority and the total number of votes in favour of any candidate in determining the directors to be elected in accordance with the procedure set out above.

Item 3 - Election of Steven Sellars as a Director

The candidate provided the information set out below for inclusion in this Notice of AGM.



"Steve was appointed CEO of Food-way Pty Ltd in 1998 and held that position until, and at, his recommendation Food-way successfully merged with AUR in 2002.

In his 4 ½ years at Food-way he grew Branded stores from 56 to approx 120 and had the highest growth of the Independent groups in the AIW warehouse system.

He achieved this with a lean and very competent Marketing and Operations team. This team was highly regarded in the Industry and their results exceeded industry Benchmarks.

Steve had initially proposed the merger of Food-way and FoodWorks which was rejected by the FoodWorks board, and then at the first board meeting after the successful Food-way - AUR merge suggested to the new board, they too seek a merger with FoodWorks, a move that was successful some 18 months later.

After the Food-way- AUR merge Steve held the position of National Marketing and Operations Manager until the merge with FoodWorks where he was made redundant.

He has held the following senior positions in the Independent sector; National Manager Corporate owned stores, National Marketing and Operations Manager and Chief Executive Officer. Steve also held positions as State Sales Manager ALM and State Manager IBA which is the marketing arm responsible for IGA plus liquor, Cellarbrations and The Bottle-O groups in Victoria, giving him a lot of experience in the extremely competitive liquor category.

Steve has been involved and dedicated to the Independent Sector for 20 years after spending 15 years with Coles. He has been an Independent Retail store owner since 2003 and is currently self-employed which includes regular work for the Independent Retail Employer Association – MGA, incorporating LRA.

"The biggest challenge facing FoodWorks is for the current stores to re-sign the Unity Agreement when it is next due, thus ensuring a strong, viable and fiercely independent alternate Brand.

At this point in time how can members and shareholders have confidence in the current leadership based on past results?

Good Boards make tough decisions, it is time for a change at the top."

The Directors recommend members vote against this resolution.

Item 4 – Re-Election of John Bridgfoot as a Director



John has been a director and Chairman of the Company since December 2004 and prior to this was appointed as a director of Australian United Grocers Pty Ltd in 2001. He is currently a member of the Remuneration and Nomination committee and the Audit and Risk committees of the Board.

John has led the Company through its significant post-merger development, most recently he personally led the divestment of the 22 stores acquired from Coles and negotiated the commercial terms with Coles which have restored our company to a robust and profitable financial position.

John is currently the Managing Director of Pacific Rim Securities, a private equities and commodities trader, which he established in 1998.

John was previously an independent retail storeowner and operator from January 1999 until March 2006.

Prior to this, John held a number of senior executive service roles with the Victorian Government from 1985 until 1998, principally in the health industry. During that time, from 1993 until 1996, John also worked for Arrow Consulting and First Capital Alliance as a business analyst, providing consulting advice to their clientele in the field of economics and securities analysis.

John holds an Exec. Master of Business Administration, Bachelor of Arts and is a Member of the Australian Institute of Company Directors (M.A.I.C.D).

John comments:

“FoodWorks has built a strong brand and retail system. We must now use our healthy financial position to support and drive profitability in our Members’ stores and ensure we also generate an ongoing financial return to our shareholders. I would welcome the challenge to continue to represent your interests as a Director of FoodWorks.”

The Directors recommend members vote in favour of this resolution.

Item 5 - Election of John Sien Van Nguyen as a Director

The candidate provided the information set out below for inclusion in this Notice of AGM.



John currently owns three Foodworks supermarkets in Queensland. He is the Managing Director of a family group of companies operating the stores and other enterprises. In this role, John is actively involved in the strategic management of all three supermarkets, whereby he is able to face the many challenges of expanding his businesses in the presence of his competitors. The stores are rather diverse in size, location and demographics and John has come to appreciate the different issues that arise within such a diverse group of stores.

John joined the industry in 1994 when he purchased his first store in Inala, south of Brisbane. After several years of success, he then moved his young family to Miles (4 hours West of Brisbane) to own/operate the town's local supermarket. Since then he has owned/operated stores in Childers, Burpengary, Canungra and recently Redbank Plains in Brisbane. John's management of those stores has seen sales increase in the region of 200% to 400% over the years.

He was appointed to the Board of Directors of Four Square Supermarkets in 2005, until he decided to take on the FoodWorks brand in 2006.

Before entering the retail industry, John and his family operated an award-winning restaurant in Brisbane, which catered for 200 patrons. He was responsible for its operation, financial management, purchasing and quality control.

John is not only committed to his family and to his businesses. He is widely recognised as being a generous contributor to the community in which he lives and to the communities he serves through his supermarkets, as well as to his wider family and charities in Vietnam. He and his family give generously in both time and money to the improvement in the lives of young and old in these communities.

John's successes in retail and strategic management have enabled him to branch out into various other industries, some of which include ROKS Quarry and Mining Services Pty Ltd (roks.com.au) and Sing Sing Investments, an investment company focusing on retail shopping centre acquisition, development and management. In addition, seizing on the resources boom in the past decade, John is also a partner of Hydco International (hydcointernational.com), a manufacturer of drilling rigs operating in India.

John will bring a broad range of relevant commercial and practical experience to the board and is highly committed to the future and success of the Foodworks group through service to its customers.

"With 17 years in the retail supermarket industry and with experience in both small and large stores in metro and country areas, I recognise the day to day challenges that retailers face. If elected, I believe that this experience will add significant value to the FoodWorks brand and its respective member stores, leading to their goal of achieving long term success."

The Directors recommend members vote against this resolution.

Item 6 - Amendment to the Company's constitution

Under the Company's constitution, the number of Directors must be not less than six nor more than ten. At the 2010 AGM, shareholders increased the number of appointed Directors at that time from 7 to 10 by voting in a number of Directors. The Board is aware that some shareholders believe a Board of 10 Directors is too costly to the Company.

The Board believes a maximum Board size of 8 Directors is more appropriate to the Company's size and requirements and is therefore proposing the constitution is amended so the number of Directors must be not less than six nor more than **eight**.

If the proposed resolution is passed by shareholders, the change to the constitution will take effect on the first to occur of the following:

- (a) The date that, as a consequence of resignations or retirements, the number of Directors is reduced to 8 (or less); and
- (b) Commencement of the Company's 2012 AGM.

The reason for this approach is that it will allow a reduction in the size of the Board to occur in an orderly manner over the period up to the 2012 AGM. For example, it is possible that the size of the Board may reduce to 8 at any time during the period as a consequence of resignations, in which case the amendment to the constitution will take effect on the date there are only 8 Directors appointed. Equally, given that under Rule 17.2(f) of the constitution one-third of the Directors must retire from office at each Annual General Meeting of the Company, there is certainty that at the time of the 2012 AGM the Board size will be in the range of six to eight Directors.

A copy of the constitution, including the proposed change, is available upon request by email to kensleep@foodworks.com.au.

The Directors recommend members vote in favour of this resolution.

Voting Exclusion Statement

Apart from the matters specified in respect of Item 2, there are no specific voting exclusions which apply to any of the other resolutions proposed for the meeting.

