

# AUSTRALIAN UNITED RETAILERS LIMITED

ACN 077 879 782

Incorporated in Victoria

Registered office:

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

## NOTICE OF 2012 ANNUAL GENERAL MEETING

Notice is hereby given that:

The 2012 Annual General Meeting (AGM) 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, 27 November 2012 at 2.00 PM (**AEDT**).

### BUSINESS

#### Accounts and Reports

##### Item 1 - To consider the financial statements

To receive and consider the financial report of the Company and its controlled entities for the year ended 30 June 2012 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 2012 be adopted."*

Note: The vote on this resolution is advisory only and does not bind the Directors or the Company. Members should note that 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 (accompanying and forming part of this notice).

#### Election of Directors

##### Item 3 – Re-election of Fred Fairthorne as a Director

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

*"That Fred Fairthorne be re-elected as a Director of the Company."*

##### Item 4 – Election of Paul Job as a Director

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

*"That Paul Job be elected as a Director of the Company."*

##### Item 5 – Re-election of Deborah Smith as a Director

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

*"That Deborah Smith be re-elected as a Director of the Company."*

## **Item 6 – Election of John Florey as a Director**

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

*"That John Florey be elected as a Director of the Company."*

Note: Members should note that there are four candidates standing for four possible 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 3 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.

## **Item 7 – Spill Resolution - To consider whether to hold elections for directors at a 'spill meeting'**

Note: This resolution will only be considered by shareholders at the AGM if at least 25% of the votes cast on the resolution in Item 2 vote against the adoption of the Remuneration Report. Item 7 provides for a shareholder vote on whether to hold elections for the relevant directors at a '*spill meeting*'. At the Company's 2011 AGM more than 25% of the votes cast on the resolution relating to the adoption of the 2011 Remuneration Report were against the adoption of the Remuneration Report (first strike). Section 250V of the Corporations Act requires that if, at this AGM at least 25% of the votes cast on the resolution in Item 2 are against the adoption of the 2012 Remuneration Report (second strike), the Spill Resolution below will be put at the AGM.

To consider and, if thought fit, pass the following resolution under section 250V of the Corporations Act:

*"That, subject to and conditional on at least 25% of the votes cast on the resolution in Item 2 being cast against the adoption of the Remuneration Report:*

- *within 90 days of this AGM, another meeting of the Company's members shall be held (the **spill meeting**);*
- *all of the Company's directors, who were directors of the Company when the resolution to make the directors' report for the financial year ended 30 June 2012 was passed cease to hold office immediately before the end of the spill meeting; and*
- *resolutions to appoint persons for those vacant positions be put to the vote of shareholders at the spill meeting."*

Note: Members should note that 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.

## **By Order of the Board**

Tony Pacella  
Company Secretary

Dated 25 October 2012

**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.

The *Corporations Act (Cth)* 2001 (**Corporations Act**) restricts the ability of certain persons to vote on a resolution to adopt the Remuneration Report (Item 2) and the Spill Resolution (Item 7) (if applicable).

In accordance with section 250R(4) of the Corporations Act the Company will disregard any votes cast in relation to Item 2 and Item 7 by or on behalf of the Key Management Personnel details of whose remuneration is included in the Remuneration Report, which include the Directors (**Excluded Persons**) and closely related parties of an Excluded Person.

However, in accordance with section 250R(5) of the Corporations Act, an Excluded Person or a closely related party of an excluded person (**voter**) can cast a vote on the Remuneration Report resolution (Item 2) or the Spill Resolution (Item 7) if the vote is not cast on behalf of an Excluded Person or a closely related party of an excluded person and either:

- the voter does so as a proxy appointed in writing that specifies how the proxy is to vote on the resolution; or
- the voter is the chair of the meeting and the appointment of the chair as proxy:
  - does not specify the way the proxy is to vote on the resolution; and
  - expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

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 25 November 2012.

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## **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,

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](http://www.computershare.com).

## Explanatory Memorandum for Shareholders

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### Introduction

This Explanatory Memorandum provides information for shareholders in respect of Items 1 to 7 to be considered at the AGM.

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### Items 1 & 2 - Tabling of Accounts and adoption of Remuneration Report and Item 7 – Spill Resolution (if applicable)

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 2012 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.

#### Tabling of Accounts (Item 1)

Members will be given 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

#### Remuneration Report Resolution (Item 2) and (Item 7) Spill Resolution (if applicable)

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.
- The Corporations Act restricts the ability of certain persons to vote on the Remuneration Report resolution. Further details are contained below.

At the 2011 AGM, more than 25% of the votes cast on the resolution relating to adoption of the 2011 Remuneration Report were against the resolution (**first strike**). Section 250V of the Corporations Act requires that if, at this AGM, 25% or more of the votes cast on this resolution are against the adoption of the 2012 Remuneration Report (**second strike**), the Spill Resolution below must be put at the AGM. Refer to Item 7 below for a further explanation of the Spill Resolution.

Section 300A(g) of the Corporations Act provides that a listed company that has received a 'first strike' must ensure that its Remuneration Report in the subsequent year provides an explanation of the board's actions in response the 'first strike', or an explanation as to why no action is proposed to be taken.

As set out in the 2012 Annual Report, the Directors have taken the following actions in order to address the underlying concerns of shareholders with respect to the Remuneration Report:

- The Directors reviewed all Board costs and approved a reduction in the base fee payable to Non Executive Directors from \$65,000 per annum to \$50,000 per annum with effect from 1 March 2012;
- The number of Directors was reduced from ten to nine since the last AGM,
- Savings have occurred from 1 July 2012 when the responsibilities of the Company Secretary were absorbed by the Chief Financial Officer, Tony Pacella, following the retirement of Ken Sleep as Company Secretary;
- No Director has received any remuneration, directly or indirectly, in relation to any FoodWorks Retail Divestment activity in the year ended 30 June 2012; and
- The CEO volunteered a proposal to hold his salary at current levels for the coming year, which the Board accepted,

These changes have reduced the direct operating costs of the Board and the overall Governance functions of the Company. The annualised savings total over \$300,000 per annum.

**The Directors recommend members vote in favour of this resolution 2.**

#### *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.

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.

However, an Excluded Person or a closely related party of an Excluded Person (**voter**) can cast a vote on the Remuneration Report resolution (Item 2) if the vote is not cast on behalf of an Excluded Person or a closely related party of an Excluded Person and either:

- (a) the voter does so as a proxy appointed in writing that specifies how the proxy is to vote on the resolution; or
- (b) the voter is the chair of the meeting and the appointment of the chair as proxy:

- (i) does not specify the way the proxy is to vote on the resolution; and
- (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.

### **Spill Resolution (Item 7)**

If 25% or more of the votes cast on the Remuneration Report resolution are against that resolution (**second strike**), members will need to consider and vote on the Spill Resolution contained in Item 7. This is required under section 250V of the Corporations Act. To be clear, if more than 75% of votes cast in relation to the resolution in Item 2 are in favour of that resolution, the Spill Resolution in item 7 will not be put before shareholders.

The Spill Resolution will be passed if 50% or more of votes are cast in favour of the Spill Resolution. If this occurs, another meeting (the **spill meeting**) of the Company's members will be held within 90 days of the AGM. Those directors of the Company who were in office at the time the resolution, to make the directors' report considered at the AGM, was passed by the Board (including those directors who are re-elected at the AGM) (**Current Directors**) will cease to hold office immediately before the end of the spill meeting. The relevant directors will have the opportunity to stand for re-election at the spill meeting.

At the spill meeting, resolutions to appoint Directors to the vacated offices will be put to the vote.

Members should note the following:

- The Current Directors will continue to hold office until immediately before the end of the spill meeting and any directors appointed at the spill meeting will hold office at the end of that meeting.
- If such a meeting is required, the sole purpose of the spill meeting will be to elect the Directors of the Company.
- The Company will provide at least 28 days' notice of the spill meeting as required under the Corporations Act.
- If any person intends to move a resolution relating to the appointment of a director of the Company, that person must comply with the minimum notice periods contained in the Company's constitution.

**The Directors consider the convening of a spill meeting would be highly disruptive to the Board and management of the Company. Likewise, there will be additional cost associated with holding such a meeting. If the resolution in Item 7 is put before shareholders for their consideration, the Directors recommend members vote against this resolution.**

**The Chairman of the AGM intends to vote all available proxies against this resolution.**

### *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.

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.

However, an Excluded Person or a closely related party of an Excluded Person (**voter**) can cast a vote on the Spill Resolution (Item 7) if the vote is not cast on behalf of an Excluded Person or a closely related party of an Excluded Person and either:

- (a) the voter does so as a proxy appointed in writing that specifies how the proxy is to vote on the resolution; or
- (b) the voter is the chair of the meeting and the appointment of the chair as proxy:
  - (i) does not specify the way the proxy is to vote on the resolution; and
  - (ii) expressly authorises the chair to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel of the Company.



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## Items 3 – 6 - To elect up to Four 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 an executive director who is 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 2012 AGM.

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

The Directors of the Company to retire under Rule 17.2 of the Company's Constitution are Deborah Smith, Fred Fairthorne and Jack Scanlan. Deborah Smith and Fred Fairthorne have nominated to be re-elected as directors of the Company. Jack Scanlan has not nominated to be re-elected as director of the Company.

In addition, John Florey and Paul Job 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 based on the order in which nominations were received.

For the avoidance of doubt, if the Spill Resolution is passed at the AGM, any directors who are re-elected at the AGM will be subject to re-election at the Spill Meeting. Any newly appointed directors will not be subject to re-election at the Spill Meeting.

Members should note the four candidates are standing for four possible Board positions. However, there is no requirement for all four positions be filled.

The Board considers that the interests of the Company are best served by the re-election of Deborah Smith and Fred Fairthorne as Directors, who have:

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

The Board, without any reflection on the two external candidates seeking election, does not express a view on their candidature. Please note, 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 4 & 6 and to vote in favour of items 3 & 5.

Consistent with past Company practice, the Board considers it appropriate the Chairman demand a poll, and the Chairman intends to call a poll, in respect of Items 3 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 voting procedure, one voting card containing the names of each of the four 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 four candidates. As the Company's constitution requires the

number of Directors must not be less than 6 nor more than 10 then, even though there are four possible positions available on the Board, Class "A" Redeemable Preference Shareholders will be permitted to vote in favour of less than four candidates. The Board considers 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.

Please note that should a Poll be required in relation to Item 7 – Spill Resolution, an additional voting card for this particular item will be made available for this purpose.

### **Proxyholders**

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 instruction (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 four candidates.

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 – Re-Election of Fred Fairthorne as a Director**

Fred Fairthorne provided the information set out below for inclusion in this Notice of AGM.

Fred was appointed as a Director of the Company in September 2009. He is a member of the Audit & Risk Committee of the Board.

Fred has been closely involved in the operation and management of supermarkets for many years. His family has been involved in supermarket operations since 1961, consequently Fred has been personally involved from an early age. He was the founding shareholder of Action Supermarkets in WA in 1977. Subsequently he co-founded Newmart Supermarkets in 1988.

Fred currently has a strong presence in supermarket retailing and is currently involved in the ownership and operation of several facilities in the Perth area.

Fred is an innovator in supermarket merchandising and marketing, and has developed product offerings and store layouts that customers have found very appealing, sometimes successfully exploiting niche opportunities to the detriment of larger competitors.

Fred therefore brings to the Board a depth of relevant and diverse retailing experience at both operational and management levels. This is timely for the Company as it develops into new areas with fresh strategies.

Fred comments:

*“The business is moving into an exciting new era of development and opportunity. I am looking forward to continuing to make a contribution. Foodworks is the lifeblood of our retail offers and it is crucial we get it right to maximise Foodwork’s future and the future of all our independently owned stores”.*

**The Directors recommend members vote in favour of this resolution.**

#### **Item 4 – Election of Paul Job as a Director**

Paul Job provided the information set out below for inclusion in this Notice of AGM.



Paul Anthony Job

Paul currently owns two FoodWorks Supermarkets. One in the ACT and the other in Sydney NSW. He is the Managing Director of a group of Companies operating these stores and other businesses.

Paul was employed in the finance industry for several years with the main focus on Development and Leasing finance.

Paul became involved in the retail industry in the early 80s. Starting with one Service Station and expanding to over 13 sites, operating over 3 states with in excess of 220 staff and an annual turnover of \$100 mil plus. Also, during this time he purchased his first Supermarket business and joined FoodWorks shortly after.

Paul and his wife Margaret are well known for their charity work raising funds for seriously ill children. In the past 7 years they have raised \$1.5 mil. Net.

Paul believes the board should include representation by successful retailers from each state. This will allow a broader view nationally, identifying issues that are specific to each region.

NSW is the largest state and has the largest store growth in FoodWorks.

Currently the board is not represented by a member from NSW/ACT

Our industry has many challenges ahead including fierce competition from the majors expanding in our space however there are also many opportunities to improve our store profits and share holder returns and with FoodWorks vastly improved financial position, strong brand and a passionate board I believe this can be achieved.

With many years experience in retail and the Supermarket industry and a passion for retail I believe I can be a valuable member of the FoodWorks board and I look forward to the opportunity to represent all our members and share holders.

Contact No        0418 487259

**The Directors make no recommendation in respect of this resolution.**

## Item 5 - Re-election of Deborah May Smith as a Director

Deborah May Smith provided the information set out below for inclusion in this Notice of AGM.



DEBORAH MAY SMITH

**Occupation:** Retailer

**Board Leadership Experience:** Director of the MGA since 2005

**Formal Qualifications:** Master of Business Administration; Graduate Diploma of Business Administration; Graduate Certificate of Business Administration obtained through University of New England, Armidale, NSW. Diploma of Teaching obtained through Townsville College of Advanced Education.

**Retail Qualifications:** I have sixteen years' experience in the independent grocery industry. An enthusiastic, hands-on retailer, I work five and half days a week in my three stores: Allora FoodWorks, Northlands FoodWorks and Blue Mountain FoodWorks.

Allora and Toowoomba Northlands are medium-sized stores catering to very different markets. Allora is a small country town, situated on the Darling Downs in Queensland. The store provides all the grocery needs for a substantial number of the town's population. It runs a 12-page catalogue and has grown to be the cornerstone of the local business precinct. I have owned and operated my store at Allora since 1996.

In 2008 I purchased two stores in Toowoomba in partnership with my Allora store manager. In 2011 we made the decision to expand and refurbish. Having doubled its floor space, FoodWorks Northlands is now our largest store and is on track to experience a 30% increase in sales for the year.

Blue Mountain is a smaller convenience store with take-away facilities. Plans to refurbish and expand Blue Mountain are in motion.

**Other Qualifications:** I was first elected to the Board of Australian United Retailers in 2003. I actively participated in the merger with FoodWorks in 2004 and have been a director of the company since then.

**Commitment to Fostering Growth:** The focus for the FoodWorks Board since its inception has been on growth, and it has been a challenging and stimulating experience to be part of a burgeoning young company. Growth, in such a condensed market as the Australian Supermarket industry, is arduous and presents numerous barriers that have created some tensions within the company and the network. FoodWorks' greatest challenge in the last two years has been to restore our balance sheet after the failed Coles store acquisition strategy, but I believe the lessons learnt in the wake of this experience will only bolster our company's savvy, efficiency and effectiveness in the future. Our resilience over this time, in conjunction with our continued ability to offer our members services which drive their businesses in cost effective ways, speaks of our company's strength.

I have used the FoodWorks catalogue as the platform for growth and promotions in my store. Allora is tracking at 6% growth in the last year, Northlands at 28% growth and Blue Mt at 3.5%; all well above the national average. I am passionate about my brand and believe that promotional compliance should be a primary focus of FoodWorks going forward.

I also believe that if we are going to survive as a brand in the future we must develop different ways to become relevant to our customers. Like most of our FoodWorks retailers, we are facing continued competitive pressure from the chains. Our two Toowoomba stores

are 2klms apart. A developer has been given approval to lodge between these two stores a 3,500m<sup>2</sup> Coles supermarket, surrounded by 30 specialty shops. Despite a significant number of written objections put forward to council and a resounding feeling in the Toowoomba community that the existing 5 Coles and 5 Woolworths stores are more than sufficient to service the area, we expect NorthPoint Shopping Centre to be built within 2 years. For us to survive we will need to distinguish ourselves from the grocery Goliaths, rather than try to compete on their terms. We have a real focus on fresh, local produce and a strong passion for customer service, but I don't believe this will be enough – we need to think outside the box.

Part of this strategy is to retain and grow our 'regular' customer base. As an incentive for repeat custom, we have decided to develop a FoodWorks Customer Reward Club for our three stores. The Club was developed in conjunction with World Smart Retail and the FoodWorks marketing and IT teams.

We have also decided to acquire the Harlaxton Post Office and move it into our convenience store at Blue Mountain. Finishing at the end of November, the Post Office move will increase customer offer, encourage customer growth and prevent the installation of an Australia Post in the NorthPoint Shopping Centre.

**Summary:** My plan if re-elected to the FoodWorks Board will be to provide a company focus on Retailer profits. The competitive barriers in the industry are growing and margins are shrinking. I believe it is FoodWorks' job to get Retailers better buying prices, and to provide them with better retail systems which allow them to focus on their customers and grow their businesses.

I believe that my experience during this time on the FoodWorks Board has been invaluable. An independent, dynamic and flexible FoodWorks offers the best chance to meet the challenges posed by the retail chains and a monopoly warehouse. I would like to play my part in meeting these challenges.

Sincere Regards,

Debbie Smith

0438663651

**The Directors recommend members vote in favour of this resolution.**

## **Item 6 - Election of John Florey as a Director**

Occupation: Chief Executive Officer

Qualifications:

Mr Florey is the CEO of the Gippsland Business Developers group (GBD) that is the majority equity partner in 14 independent supermarkets under the Foodworks banner, a major shareholder in the "Best is Fresh" fresh produce wholesaler and a major shareholder in the "JV Retail business services" accountancy firm. He has over 30 years' experience in developing strategic direction and implementation, profit & loss management, sales & marketing, merchandise buying/demand planning, inventory management and business / product development for both the Independent and corporate retail sectors.

Prior to this, he was the General Manager of General Merchandise / Apparel, Entertainment & Paper shop at the Coles Group, from Jan. 2010- Oct. 2011, responsible for Strategy and implementation, fashion apparel development, Superstore strategy, as well as the Category management, sales and P&L management and Inventory and space planning for General Merchandise and apparel.

He has gained experience working with independent retailers in his role as Group General Manager for Merchandise & Marketing at MITRE 10 and Tru Value Hardware (Dec. 2006 – June 2009), in charge of Marketing and Merchandise strategy and implementation, Sales and P&L management and Inventory and space planning.

Mr Florey has also held roles as the General Manager of Merchandise and Marketing for Retail/Trade in Australia and New Zealand for Repco Automotive and was the Channel Strategy Manager at Telstra Corporation who developed and implemented the Telstra Licensed Country Shop program for Independent retailers.

He has held Board positions with Sands Print Group, MITRE 10 Mega stores and Sensational foods Ltd. Overall, Mr Florey is well versed in developing strategic sustainable advantage in a highly competitive market place.

With a strong background in business development, merchandise range management and performance improvement in Retail and a good balance of commercial and visionary skills, I believe I can bring immense value to the board of Foodworks, I am a career retailer with over 30 years' experience ranging from store and operational expertise through to strategic sourcing both domestic and overseas. I have experienced both the independent and corporate chain retailers and believe passionately that the local independents have a right to exist and that local communities have a right to choose a more community focused and involved retail outlet.

I believe that every community, particularly in country and rural Australia should have a local independent supermarket to service their needs, some one that cares and someone who is willing to give back.

M: 0499995111

**The Directors make no recommendation in respect of this resolution.**

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**Items 7 - Spill Resolution (if applicable)**

Refer to the explanation above.

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**Voting Exclusion Statement**

Apart from the matters specified in respect of Items 2 and 7, there are no specific voting exclusions which apply to any of the other resolutions proposed for the meeting.