

# Notice of Annual Meeting of Shareholders

Restaurant Brands New Zealand Limited

Notice is given that the 19<sup>th</sup> annual meeting of shareholders of Restaurant Brands New Zealand Limited will be held at the Great Northern Room, Level 1, Ellerslie Event Centre, Ellerslie Racecourse, 80-100 Ascot Avenue, Greenlane, Auckland on Friday 22 July 2016, commencing at 11.00am.

## AGENDA

### 1. Chairman's Address

### 2. Chief Executive's Review

### 3. Shareholder Questions

### 4. Re-election of Director

In accordance with the constitution of the Company, Ms Sue Suckling retires by rotation and, being eligible, offers herself for re-election.

**Resolution 1:** That Ms Sue Suckling be re-elected as a director.

### 5. Election of Director

In accordance with the constitution of the Company, Mr Stephen Copulos was appointed by the board as an additional director on 27 April 2016. In accordance with the NZX Main Board Listing Rules Mr Copulos retires from office at this meeting and, being eligible, offers himself for election.

**Resolution 2:** That Mr Stephen Copulos be elected as a director.

### 6. Election of Director

In accordance with the constitution of the Company, Ms Vicky Taylor was appointed by the board as an additional director on 23 June 2016. In accordance with the NZX Main Board Listing Rules Ms Taylor retires from office at this meeting and, being eligible, offers herself for election.

**Resolution 3:** That Ms Vicky Taylor be elected as a director.

### 7. Directors' Remuneration

To authorise an increase in directors' fees by \$60,000 per annum from \$340,000 to \$400,000 per annum (refer to explanatory note below).

**Resolution 4:** That the directors' fees be increased from \$340,000 to \$400,000 per annum, being the aggregate amount payable to all directors of the Company for their services as directors of the Company and its subsidiaries, with such sum to be divided amongst the directors as the board may from time to time determine.

### 8. Auditors

To record the reappointment of PricewaterhouseCoopers as the Company's auditors and to authorise the directors to fix the auditors' remuneration for the ensuing year.

**Resolution 5:** That the Board of Directors be authorised to fix the auditor's remuneration for the ensuing year.

### 8. General Business

To consider any other matter that may lawfully be considered at the meeting.

## BY ORDER OF THE BOARD



**G R Ellis**  
Company Secretary  
23 June 2016

## Procedural Notes:

1. A shareholder may attend the meeting and vote or may appoint a proxy to attend the meeting and vote in place of the shareholder.
2. If you wish to appoint a proxy you should complete the proxy form which is enclosed with this notice of meeting or follow the instructions on the Proxy Form to lodge your proxy online. A proxy need not be a shareholder of the Company. If you wish, you may appoint "the Chairman of the Meeting" as your proxy.
3. Proxy forms must be returned to the office of Restaurant Brands New Zealand's share registrar, Computershare Investor Services Limited, either by fax to 64 9 488 8787, by delivery to Level 2, 159 Hurstmere Road, Takapuna, Auckland, New Zealand or by mail to Private Bag 92 119, Auckland 1142, New Zealand so as to be received not later than 11.00am on Wednesday 20 July 2016.
4. Each resolution is to be considered as an ordinary resolution. To be passed, an ordinary resolution requires approval of a simple majority of the votes cast on the resolution.

## Explanatory Notes:

### 1. Resolution 1 – Re-election of Director – Sue Suckling

Sue Suckling is currently a director of the Company and retires by rotation in accordance with NZX Main Board Listing Rule 3.3.11.

Listing Rule 3.3.11 requires 1/3 of the Company's directors to retire from office on a rotational basis at the Company's Annual Meeting. The retiring directors are eligible for re-election at that meeting. Those required to retire are those who have been in office the longest since they were last elected.

Sue Suckling was first elected in 2006 and was last re-elected in 2014. The board considers Ms Suckling to be an independent director under the provisions of Listing Rule 3.3.2. Further details are contained in the directors' profiles section of the Company's Annual Report.

The other directors support the re-election of Sue Suckling as a director and recommend that shareholders vote to approve Resolution 1.

### 2. Resolution 2 – Election of Director – Stephen Copulos

Stephen Copulos was appointed by the board as a non-executive director of the Company in accordance with Clause 20.5 of the Constitution with effect from 27 April 2016.

Listing Rule 3.3.6 requires any director so appointed to retire at the next Annual Meeting of the Company following his appointment but the director is eligible for election at that meeting. The board considers Mr Copulos not to be an independent director under the provisions of Listing Rule 3.3.2. Stephen Copulos' biographical details are set out below.

#### Stephen Copulos

Mr Copulos was appointed a director of Restaurant Brands New Zealand Limited on 27 April 2016, following settlement of the purchase of the QSR Pty Ltd business of which he was a principal.

As part of that transaction, he was issued five million ordinary shares in the Company to which he has added another 2.5 million shares bought on market, making him the second largest shareholder in the Company.

Mr Copulos has over 35 years' experience in a variety of businesses and investments including fast food and hospitality, manufacturing, property development and mining, both in Australia and throughout the rest of the world. With his 17 years as Executive Director of QSR Pty Ltd, the KFC franchise acquired by Restaurant Brands in NSW Australia, he has an extensive understanding of that business in Australia, an extensive network of relationships and a deep passion for the KFC brand.

Further details are contained within the directors' profiles section of the Annual Report.

The other directors support the election of Stephen Copulos as a director and recommend that shareholders vote to approve Resolution 2.

### 3. Resolution 3 - Election of Director - Vicky Taylor

Vicky Taylor was appointed by the board as a non-executive director of the Company in accordance with Clause 20.5 of the Constitution with effect from 23 June 2016.

Listing Rule 3.3.6 requires any director so appointed to retire at the next Annual Meeting of the Company following her appointment but the director is eligible for election at that meeting. The board considers Ms Taylor to be an independent director under the provisions of Listing Rule 3.3.2. Vicky Taylor's biographical details are set out below.

The other directors support the election of Vicky Taylor as a director and recommend that shareholders vote to approve Resolution 3.



#### Vicky Taylor

Ms Taylor is a business owner with experience from corporate to start up high growth businesses. She has experience in complex manufacturing businesses operating in international markets and particular areas of expertise include sales, marketing, people and performance and growth strategies.

Her background includes working in blue chip large corporate roles such as Goodman Fielder Limited, Griffins Foods Limited and Coca Cola Oceania Limited, with exposure to best-practice strategy, marketing and commercial processes.

She has also been involved in the science and environmental sector and not-for-profit governance, including the Museum of Transport and Technology, Vehicle Testing New Zealand, Landcare Research Limited and Enviro-Mark Solutions.

The directors support the election of Vicky Taylor as a director and recommend that shareholders vote to approve Resolution 3.

### 4. Resolution 4 - Directors' Remuneration

This resolution proposes an increase in the total pool of directors' fees of \$60,000 from \$340,000 to \$400,000 per annum.

The proposed increase is in two parts as follows:

Current annual fee pool for five directors	<b>\$340,000 per annum</b>
Increase to existing directors' remuneration	\$ 45,000 per annum
Committee chair fees	\$ 15,000 per annum
New annual fee pool for five directors	<b>\$400,000 per annum</b>

\$45,000 of the \$60,000 increase is in incremental base fees for directors. This was the subject of a report commissioned from remuneration consultants Strategic Pay Limited (see extract below). The proposed increase for existing directors will see individual director's fees increase from \$60,000 to \$65,000 per annum. This is at the bottom end of the \$65-70,000 range recommended in the report. The chairman's fees are proposed to increase from \$100,000 to \$125,000 per annum, below the \$130-\$140,000 level recommended in the report. In addition the report has recommended that, as is usual practice, board committee chairs (Audit and Risk and Remuneration Committees) receive a fee of \$10,000 and \$5,000 per annum respectively.

Apart from these fees, directors receive no other remuneration from the Company.

The last fee increase was in 2014 when the pool was increased by \$90,000 from \$250,000 to \$340,000 per annum. Directors believe that with a much more complex business following the Australian acquisition and the increasing need to attract high calibre talent to the board (from both sides of the Tasman) a fee increase such as is proposed is necessary.

Relevant extracts from the Strategic Pay Limited's report follow:

## Strategic Pay Limited Report to Directors

### Background

Established in 1997, Restaurant Brands NZ Ltd is an NZSX publicly listed company that owns and manages approximately 173 restaurant/stores including Pizza Hut, KFC, Starbucks Coffee and Carl's Jr. restaurants in New Zealand. Restaurant Brands NZ has just acquired the largest KFC franchisee in New South Wales - QSR Pty Ltd - a transaction that adds another 42 stores and adds A\$100 million in annual revenues.

For the financial year to 29 February 2016, annual revenues are reported at \$404 million on a total asset base of \$140 million. Current market capitalisation on the NZSX is just over \$500 million. With the QSR acquisition, over 5,000 employees will work at Restaurant Brands NZ.

*Continued...*

The post-acquisition Board will be composed of four directors, two of whom are independent, and an independent Chairman. This is an atypically small board for a listed company of this size and profile (per the Strategic Pay Ltd 2016 Director Survey, the typical New Zealand Board is comprised of a Chairman and five Directors). The Non-Executive Directors are each paid an annual base fee of \$60,000 and the Chairman receives an annual base fee of \$100,000. There are no committee fees paid.

We understand that with retirements and new appointments, the size of the Board may fluctuate in the coming year of transition, making cost estimates difficult.

Board meetings are held monthly with periodic conference calls between meetings. The Audit Committee meets 2 to 3 times annually in conjunction with the main Board meeting. The Remuneration and Appointments Committee meets once annually. In terms of actual Board workings, we understand that all Board members participate in all committee activities.

Restaurant Brands NZ has restructured and remodelled over time, adding the Carl's Jr. chain and making the KFC acquisition in Australia. Profit and growth results suggest the Board has added value by developing and driving clear and compelling growth and operating strategies.

The philosophy of the Board regarding fees continues to evolve. We have been advised that Restaurant Brands NZ desires to pay fully competitive base annual fees – reflecting market median levels for comparable-sized publicly listed companies. Additionally, the Company prefers to adopt the typical 2:1X ratio between Director and Chair base fees to reflect the appropriate relationship between Director and Chair responsibilities, liabilities and work load.

Finally, while committee fees have not been paid in the past, with the growth in the business there is a willingness to consider such fees going forward.

### **Recommendation Summary**

We recommend that base annual fees for Directors of Restaurant Brands NZ be increased from **\$60,000** into a range from **\$65,000** to **\$70,000**.

Likewise, we recommend that base annual fees for the Chair be increased from **\$100,000** into a range from **\$130,000** to **\$140,000** – applying the typical, longstanding NZ market 2:1X ratio between Chair and Director base fees to the proposed Director fee range above.

**In our view, the recommended ranges represent appropriate, competitive, and median-oriented levels for publicly listed companies in the NZ market.** While these levels suggest percentage increases of up to 16.6% for Directors and 40% for the Board Chair, we note the significant organic growth in revenues, profitability and market capitalisation since our 2014 report, and also recognise the growth and challenges inherent in the Australian KFC acquisition.

**Furthermore, we suggest you consider addition of separate Committee Chair fees,** as warranted by the committee workload and responsibilities, as follows:

- +Audit and Risk Committee Chair: **\$10,000 annual fee;**
- +Remuneration Committee Chair: **\$ 5,000 annual fee.**

These recommended committee fee levels are placed at or above market median levels, but still below upper quartile levels... We believe this is appropriate positioning.

**Strategic Pay's guiding principle is that it is important not to undervalue the contributions, experience or time committed by Board members.**

A full copy of the Strategic Pay report is available on the Company's website.

Directors recommend that shareholders vote to approve Resolution 4, but will not be exercising their own shareholding votes or discretionary proxy votes on this resolution at the Annual Meeting.

## **5. Resolution 5 – Fix the Remuneration of the Auditors**

Pursuant to section 207T of the Companies Act 1993, PricewaterhouseCoopers is automatically re-appointed at the Annual Meeting as auditors of the Company. This resolution authorises the Board to fix the remuneration of the auditors, PricewaterhouseCoopers.

Directors recommend that shareholders vote to approve Resolution 5.