



ASX/MEDIA ANNOUNCEMENT

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## New Properties to Fortify RFG Growth

Leading Australian retail food brand manager and franchisor, Retail Food Group Limited (RFG or the Company) today announced the purchase of two South East Queensland properties for \$4.32m as part of its focus on strengthening and facilitating future business growth.

The purchase of the first of these properties, which is situated in Ashmore approximately 1.5km from RFG's national office, has now been completed affording the Company much needed scope to accommodate future acquisitive growth and the repositioning of personnel and Brand System support functions following recent relocation of Pizza Capers and Crust staff to RFG's national office.

A contract to acquire the second property, situated in Yatala within the Brisbane/Gold Coast corridor, is now unconditional with settlement anticipated in late May 2013.

RFG's investment in the Yatala property will enable it to further develop and centralise the Michel's Patisserie supply chain, and ultimately, represents a pivotal initiative which facilitates the implementation within Queensland of the National Bakery Solution discussed during the Company's 2012 Annual General Meeting.

Importantly, the Yatala property incorporates extensive cold and frozen storage capacity, manufacturing areas and delivery docks well suited to Michel's Patisserie purposes. It also enjoys ready access to principal transport routes which, when coupled with centralisation of existing Queensland bakery facilities, is anticipated to provide net operating savings in excess of \$250,000 per annum.

The property will also enable RFG to establish a superior product innovation centre and test kitchen whilst facilitating menu diversification and product margin enhancement programs.

RFG also intends to establish a second coffee roasting facility within the Yatala premises.

The Company now roasts over 1.2m kilograms of coffee annually through the New Zealand based Evolution Coffee Roasters Group and the NSW facility which roasts for the Caffe Coffee and Barista's Choice coffee brands. The foregoing investment will allow the Company to:

- combine bean production with specialised Barista training to ensure an exceptional coffee offer at retail level; and



- take advantage of significant distribution advantages by segmenting the country; whilst
- de-risking existing coffee operations; and
- considerably enhancing capacity for future growth of RFG’s specialised roasting and wholesale coffee model.

RFG CEO Tony Alford said that, while the total investment in fitting out each of the premises is still to be finalised, both properties form an integral pillar of the Company’s future growth strategy.

“We are a rapidly growing business and these new premises support both the significant organic growth platform embarked upon by the Company as well as accommodating future acquisition opportunity, thereby driving improved outcomes for shareholders, staff and our franchisee community”, he said.

RFG has more than 105 million customer visits across the Donut King, Brumby’s Bakery, Michel’s Patisserie, bb’s café, Esquires, The Coffee Guy, Pizza Capers Gourmet Kitchen and Crust Gourmet Pizza franchise systems. In addition, the Company roasts more than 1.2m kilograms of coffee annually through the Evolution Coffee Roasters Group, Caffe Coffee and Barista’s Choice coffee brands.

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