Retail Food Group Limited
AGM 2012

Managing Director & CEO's Address
30 November 2012

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Introduction

Thank you Mr Chairman.

Good afternoon ladies and gentlemen.

The twelve months which have passed since Retail Food Group's 2011 Annual General Meeting can genuinely be described as momentous, and ultimately, Company transforming.

It is a period during which we have witnessed, without limitation, the acquisition of three vibrant and successful Brand Systems all of which have facilitated entry into new markets, significant organisational change and Board reinvigoration, sustained growth at an organic level and the addition to the share register of new and valued shareholders via a substantially oversubscribed placement.

These outcomes will ultimately translate to significant future value for shareholders and build upon record past profit performance, dividends and payout ratio, enhanced stock liquidity and share price growth which combined, and on any measure, can truly be described as remarkable.

Whilst the matters just alluded to will be more specifically addressed later in this presentation together with current financial year status and outlook, it is appropriate at the outset to review RFG's operational achievements for the financial year recently ended.

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FY12 Performance

Whereas the challenges influencing RFG performance differed from those which prevailed in the preceding financial year, FY12 continued to represent a commercially difficult period characterised by a depressed retail environment, a conservative consumer and an increasingly cautious market for franchisee candidates.

RFG's FY12 performance against this backdrop again demonstrated the strength of its unique business model whilst validating the Company's strategic intent, outlined in its May 2006 Prospectus, to accumulate multiple quality complementary Brand Systems that provide for continued diversification of revenue streams, increased economies of scale and desensitization to risk.

Indeed, FY12 represented the seventh consecutive year that RFG's performance in all key metrics has exceeded the Previous Corresponding Period (PCP) – an achievement reflected in the Company's statutory cumulative annual growth rate (CAGR) of 30% for Net Profit after Tax (NPAT) and 20.6% for Earnings per Share (EPS) over this period.

[Slide 4]
FY12 EBIT & NPAT

Having regard to the retail climate referenced, FY12 Earnings Before Interest & Tax (EBIT) of $47.5m, reflecting a 5.3% increase over PCP, represented not only a robust result but more importantly evidence of a vibrant and sustainable business model.

The Company's higher EBIT translated into Net Profit after Tax of $28.5m, or when viewed through the prism of core operations, NPAT of $30.3m representing an 8.9% increase over FY11.

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FY12 Earnings & Dividend

These credible results converted to impressive outcomes for shareholders.

Earnings Per Share (EPS) from core operations grew 7.7% to 28cps.

Furthermore, a final fully franked dividend of 9cps was paid in October.

That dividend brought the total dividends paid to shareholders in respect of FY12 to 17.5cps representing a noteworthy 21% increase over FY11. This is testament to, as well as endorsement of, the high free cash flow incumbent in the Company's business model.

Importantly, and notwithstanding the significant acquisitive growth which has occurred over the past 14 months, these dividends reflected a payout ratio equal to 66.3% of NPAT which is the highest payout ratio applied by the Company since its admission to the Official List of the ASX.

[Slide 6]
Franchisee KPIs

Franchised outlet Average Weekly Sales (AWS) and Average Transaction Value (ATV) continues to underpin RFG's strong performance and, excluding Michel's Patisserie, positive growth was experienced amongst all domestic Brand Systems.

Whereas FY12 AWS and ATV performance was acceptable in light of the prolonged malaise affecting the retail environment, and in respect to the Michel's Brand System particular supply side challenges, RFG remains steadfastly focused on facilitating growth via a range of initiatives.

These include superior training and operational support, driving enhanced consumer interest via compelling marketing activity, menu relevance and modernity in store design and brand offer, product bundling, supply chain efficiencies and strengthening franchisee profitability.

In respect of FY13, October YTD Weighted Average AWS growth was a respectable 2.00%* with further traction anticipated as Project Evolution outlets are commissioned throughout the balance of the financial year.

* Australian Brand Systems: Donut King, Esquires/bb's cafe, Brumby's, Michel's (excluding Qld) and Pizza Capers (or 1.5% inclusive of Michel's Queensland)

[Slide 7]
FY12 Outlet Growth

FY12 new outlet growth totalled 149 of which 110 were the product of the Pizza Capers Gourmet Kitchen acquisition.

Organic growth of 39 outlets within the Group's traditional Brand Systems (while consistent with the prior year) reflected the continued existence of reduced lessor development activity, an absence of premium site opportunities and uncommercial landlord requirements. These challenges are compounded by a tightening of traditional funding available to franchisees which leads to constriction in the total available new franchisee candidate pool.

Such conditions have prevailed for some four years and were a catalyst for RFG's departure from its traditional focus on shopping centre related growth strategies which will be more specifically addressed shortly.

Net outlet population growth for FY12 was 103 with 60% of closures (28 outlets) as a consequence of uncommercial lease renewal terms, redevelopment, natural disaster (Christchurch NZ) or conversion.

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Project Evolution

Project Evolution incorporates the establishment of a devoted project team independently resourced and focused upon ensuring the long term sustainability and relevance in the Australian and New Zealand market of each of RFG's Brand Systems.

Project Evo is more than just a proverbial 'make over'.

It represents the single largest project of reinvigoration visited upon our Brand Systems and incorporates the following key objectives:

- increasing Average Weekly Sales (AWS) and Average Transaction Values (ATV);
- improving outlet and franchisee profitability;
- implementing supply side efficiencies and improved distribution networks;
- introducing menu innovation;
- leveraging digital technologies and social media platforms;
- ensuring brand relevance and modernity through new store design, brand communication and customer experience; and of significant relevance
- sustainability in non-traditional sites with less reliance on the enclosed shopping centre environment.

An early indicia of the positive impact which Project Evo can visit on Brand System performance is already evident in the Donut King Brand System - the Company's founding franchise system dating back to 1989.

In that respect, over the last 12 months a number of Project Evo initiatives have been back-filled into the existing outlet network.

Not only have these initiatives resulted in considerable traction and growing positive consumer and franchisee acceptance, importantly they have also facilitated an AWS increase in excess of 5.0% over PCP.

In addition, the two recently re-commissioned Project Evo Esquires outlets in New Zealand are tracking positively with AWS growth of circa 10% - a commendable result given the New Zealand retail landscape is significantly more stressed than Australia.

CY13 will witness the application of Project Evo to both the Brumby's and Michel's Brand System's.

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Non-traditional Markets

An over-riding strategic function of the Project Evo initiative is to facilitate the establishment of 'stores of the future' which are sustainable both inside, and more pertinently, external to the enclosed shopping centre environment.

Such an outcome enables RFG to leverage its Brand Systems' entry into non-traditional trading environments and retail formats which in turn:

- nurtures significantly enhanced outlet growth opportunity (with a present strong potential site pipeline of circa 150);
- offers access to extended trading hours and target markets;
- fosters increased breadth of franchise offer; and
- avoids ongoing challenges inherent in trading within the retail shopping centre environment (including increasing landlord rental 'ask', decreased customer count and over-supply of core product competition, principally coffee).

Placed into perspective, post RFG's three most recent acquisitions the population of franchise units operating outside of the traditional shopping centre environment increases from circa 22% to approximately 38% (or 530 units) of total Brand System population.

In this respect, remodelling of the Esquires Brand System is complete with flagship outlets in NZ, NSW and Queensland having recently been complemented by establishment of an operational 'hole in the wall' outlet and a 'drive thru' concept which will commence trade in a matter of days.

Similarly, the Project Evo Donut King retail format is now complete with the much anticipated pilot outlet to be commissioned in December and the drive thru pilot scheduled for establishment in 2H13.

[Slide 10]
FY13 Outlet Growth

Similar to the previous financial year, FY13 new outlet growth will be achieved by a combination of organic growth as well as acquisition.

As discussed elsewhere in this Address, RFG has recently completed the acquisitions of;

- in October, Crust Gourmet Pizza contributing circa 118 outlets; and
- The Coffee Guy earlier this month, contributing 57 franchised units.

In addition, new outlet organic growth for FY13 is presently envisaged to exceed that in each of the last four financial years as a consequence of;

1. an increased development pipeline of "Greenfield" shopping centres;
2. reduced competition for sites
3. Project Evo Brand System development which assists;
   - out of shopping centre population growth; and
   - additional location opportunity within shopping centres;
4. RFG providing financial and other initiatives to assist new franchise growth (where traditional financial institutions impose increased restrictions on franchisee business funding).

With respect to the last of these issues and more generally;

- RFG is substituting initial franchise fees for enhanced longer term royalty income; thus facilitating
- An increase in the conversion rate of franchisee inquiry over the past 12 months to circa 2% (which compares favourably with franchise industry published data of 0.9%).

RFG's original FY13 organic new outlet growth budget was for circa 75.

At this present juncture new outlet organic growth is tracking ahead of internal budget and the Company envisages a strong finish to 1H13 with organic new outlet growth of circa 45.

Pleasingly, whilst Pizza Capers and Crust will contribute a combined 18 outlets for the 1H, Donut King is displaying the greatest organic growth profile with 15 outlets programmed to be commissioned to the 31st of December 2012.

[Slide 11]
The Michel's Patisserie Brand System

Project Evo provides an opportune segue for discussion concerning the unique challenges faced by Michel's Patisserie, particularly amongst its Queensland network, and elaboration upon the long term strategic plan embarked upon for that Brand System.

Historically, the Michel's Brand System was:

- established upon the concept of centralised territorial based bakeries manufacturing fresh product for daily distribution amongst retail outlets within a two hour delivery time; and was

- distinguished by its application of a wholesale margin model, that is, the revenue derived by the franchisor was almost exclusively sourced via the supply of product to the franchisee network rather than via a traditional 'royalty' mechanism.

Whereas these characteristics had served the Michel's network adequately for over twenty years, they also produced a number of challenges which have been exacerbated as the network has expanded beyond a two hour delivery regime, retail trading conditions have weakened and wage and utility costs have increased.

Consequently, circa four years ago RFG embarked upon a long term strategic plan targeted at modernisation of the Michel's model. The timing of this program has more recently dovetailed with the Project Evo initiative mentioned earlier.

The remodelling program essentially incorporates four phases:

1. conversion of the Brand System from a wholesale margin model to a traditional royalty model which offers greater transparency and supply-side flexibility;

2. implementation of national third party logistics and distribution arrangements which further aid transparency and accountability whilst liberating RFG resources;

3. introduction of national supply in respect of major product lines (including savoury) which fosters supply-side efficiencies whilst ensuring network consistency which in turn leads to the preservation and enhancement of brand equity; and finally

4. development and implementation of a National Bakery Solution.

Phases One to Three are now complete with the Company in the process of realising Phase Four of the transformation.

[Slide 12]
Michel's Patisserie Queensland

As indicated, the historical Michel's Patisserie Brand System model was characterised by a number of limitations which inhibited growth optimisation.

Over time these challenges have impeded performance of the Brand System and contributed to the failure of several bakery operators, both prior to and following RFG's acquisition of Michel's Patisserie, within Victoria, NSW, South Australia and Queensland.

While RFG maintains a number of redundancy programs for bakery operator failure (which it has successfully implemented in the past), the Company was unable to assume operation of the Queensland bakery following the appointment of an Administrator in April 2012. This incapacity resulted in unique supply-side challenges for the network in that State which:

- critically impacted access to the full range of Michel's Patisserie products; which in turn

- adversely impacted network AWS and resulted in franchisee stress and reduced revenue for RFG; thus necessitating

- the introduction of alternative products, supply channels and a purpose built RFG operated finishing and distribution facility; and

- the provision of considerable financial support to our franchisee community (including royalty relief and dedicated marketing activity) the bulk of which has been delivered during 1H13.

Whilst the majority of the Michel's product range has now been reintroduced or substituted with alternative (and superior) product, the continued unavailability of selected product (principally in the whole cake range) continues to impact franchisee performance in Queensland.

Pleasingly the balance of the product range will be progressively introduced during 3Q13 and thereafter a return to normalcy will be experienced with a superior quality product.

[Slide 13]
Michel's - National Bakery Solution

The particular challenges experienced within the territorial based bakery supply chain have necessitated re-evaluation of the timeframe for implementation of the National Bakery Solution.

With a view to risk minimisation and insulation from the adverse impact of potential further bakery supply disruption, RFG resolved to bring forward Phase 4 (National Bakery Solution) of the model transition - originally programmed to commence in FY14.

The National Bakery Solution consists of three distinct stages; namely

I. range rationalisation and national supply relationships;

II. territorial centralisation of bakery pursuits; and

III. distribution and in-store "value add".

During CY12 Stage #I has been completed.

Stage #II is concerned with the establishment of central collection points for receipt of product, finishing and subsequent distribution.

In this respect:

- operation of the South Australian bakery has now transitioned to independent management allowing greater efficiencies and the liberation of RFG resources;

- a purpose built RFG operated collection, warehousing and finishing station has been established in Brisbane which is currently servicing the Michel's Queensland network;

- commissioning of a similar facility in Victoria is underway with completion anticipated within the next four weeks; and

- RFG is presently engaged in the identification of appropriate premises in NSW for establishment of similar supply-side operations over the next 12 – 24 months.

The costs associated with supporting affected Michel's franchisees as well as commissioning the first stages of the National Bakery Solution in 1H13 will be circa $2.3m and represent non-core expenditure.

In addition, RFG revenues continue to be adversely impacted by the lower AWS within the Michel's Brand System (principally in Queensland) as a result of reduced menu offer.

[Slide 14]
Stage III Distribution & In-Store Value Add

The final stage of Phase 4 contemplates a longer term initiative which incorporates the gradual elimination of finishing stations and the assumption at store level of product dressing and "made to order" cake preparation.

Progression of the Michel's Brand System to such a model affords potential:

- to impose downward pressure on distribution costs given scope for extended delivery timeframes resulting in improved margins at manufacturer and franchisee level;

- to facilitate minimisation of waste and better reaction to customer demand and 'out of stocks'; and

- to focus organic outlet growth amongst regional markets which are presently incapable of being serviced by the existing spoke and hub model.

Whilst Stage #III remains a work in progress, RFG is of the considered opinion that this concept represents the most effective and efficient model for reduced complexity and enhanced profitability within the Brand System.

In forming this view RFG takes comfort from the experience garnered via introduction to the Donut King Brand System in 2007 of a Central Manufacturing Facility providing for the centralised manufacture and distribution of a superior quality donut product.

[Slide 15]
Entry into QSR - Gourmet Pizza

Consistent with the strategic motivators outlined today, RFG's first genuine entry into QSR via the acquisition of Pizza Capers and Crust Gourmet Pizza:

- further extends the Company's footprint outside of shopping centres;

- offers access to significant growth opportunity via a buoyant new outlet pipeline;

- facilitates exposure to all day trading parts; and

- extends RFG's complement of brands from impulse, treat and staple offers with lower to mid-sized average transaction values to high ATV lunch and evening meal time opportunities.

The Company's investment in QSR, post the final settlement tranche of the Crust transaction (in December) will be in an amount of $71m and representing a full year EV/EBIT multiple of circa 6.4 times.

[Slide 16]
Pizza Capers & Crust

Both the Pizza Capers and Crust Brand Systems are impressive performers who have each carved a niche amongst respectively disparate geographic territories.

With an anticipated combined outlet population exceeding 250 by the conclusion of 1H13, RFG is positioned as the clear market leader in the QSR gourmet pizza category.

Their acquisition also offers unrivalled opportunity for exploitation of supply side economies, collaborative marketing, research and back of house activities, cross pollination of products, co-ordination of new outlet development and an expertise in the gourmet take away pizza market which was simply impossible had each business progressed independently of the other.

Importantly, both acquisitions are EPS accretive and possess considerable organic growth opportunity.

In all respects, RFG is extremely pleased with achieving these two complementary acquisitions and remains buoyed by the plethora of opportunity offered by these Brand Systems and the gourmet pizza category generally.

As previously advised the combined EBIT contribution of the two QSR systems for FY13 will be circa $7.6m net of non-recurring integration and Brand System alignment expenses (circa $0.6m).

[Slide 17]
Coffee

The increasing breadth of RFG revenue drivers is amply demonstrated by the fact the Company now roasts over 1,000 tonnes annually of green beans.

Indeed, coffee roasting represents a fundamental platform which both drives and supports the Company's Brand Systems as well as corporate earnings.

The 31% increase in coffee revenue during FY12 (to $18.0m) was a product of;

1. Acquisition of Auckland based Evolution Coffee Roasters Group in September 2011 which;

    a. significantly bolstered RFG roasting capacity,

    b. secured quality coffee supply to RFG's New Zealand network,

    c. delivered an established wholesale and retail customer base, and

2. unrivalled franchisee training programs which facilitated the entry of a record 1,539 newly qualified coffee makers and baristas into our Brand Systems.

The Evolution business continues to perform well under RFG stewardship with the forthcoming introduction of Evil Child Drinking Chocolate into New Zealand supermarkets an example of the new markets being ploughed by this business unit.

Importantly, RFG's wholesale coffee operations demonstrate the benefits to be derived from the effective implementation of vertical integration initiatives with the Company having been able to better manage increases to wholesale pricing for its franchisee community notwithstanding significant increases to green bean commodity pricing since 2009.

Coffee roasting for FY13 is presently budgeted to increase circa 5%, notwithstanding the decreased Michel's coffee throughput as a result of supply side challenges previously discussed.

[Slide 18]
The Coffee Guy

RFG's growing interest in coffee was recently fortified by acquisition of The Coffee Guy, New Zealand's largest mobile and portable coffee franchise system which now comprises 58 units, 55 of which are mobile espresso vans and the balance being 'hole in the wall' (2) and 'drive thru' outlets.

The acquisition further extends RFG's penetration outside of shopping centres whilst affording access to proprietary mobile coffee van technology and conspicuous brand imagery.

Of particular note, The Coffee Guy concept offers significant transportability which, when coupled with its relatively uncomplicated business model and low franchisee entry costs, positions the brand as one with substantial capacity for organic growth and international exploitation, including in Australia.

As previously advised to the Market, acquisition investment of NZD$5.5m represents an EV/EBIT multiple of circa 5.5 times.

[Slide 19]
Capital Raising & Market Support

The acquisitions just mentioned were a catalyst for raising new capital in excess of $53.5m via the recently completed institutional placement ($46.54m) and Share Purchase Plan ($7m).

Oversubscriptions for the placement were in excess of 100% ensuring the price per share of $2.85 remained well over the floor price, and ultimately, represented an insignificant (circa) 0.4% discount to the prevailing 5 day VWAP.

These transactions, together with steady improvement in RFG's share price, represent a firm endorsement of the Company's strong performance, robust growth strategies and acquisitive endeavours.

At this juncture, I would take the opportunity to sincerely welcome those new shareholders who have joined the Company's register and to thank them, together with existing shareholders, for their valued support and belief in RFG's business case, commercial aspirations and management team.

[Slides 20 & 21]
Outlook & Summary

Whilst not immune to them, each of the Brand Systems under RFG management are well positioned to endure present challenges within the retail industry, and indeed, have performed admirably given the hostile retail environment.

The Company remains optimistic as to the continued strong performance of the multiple business units under its stewardship, however it also:

- remains alive to the expectation that retail will remain challenged during the forthcoming calendar year; and is

- cognisant of the various initiatives which will be activated during FY13 as a consequence of acquisition, organisational restructure, brand reinvigoration and model transition.

That said, contributions to FY13 NPAT performance include:

- full year contribution from recently acquired businesses:

  - Evolution Coffee Roasters Group (September 2011);
  - Pizza Capers (April 2012);
  - Crust Gourmet Pizza (October 2012); and
  - The Coffee Guy (November 2012);

- organic outlet growth:

  - full year forecast of 75 outlets; including
  - 1H13 forecast of circa 45;

- Weighted Average AWS Growth of circa 2.0% YTD*; and

* Australian Brand Systems October 2012 YTD in respect of Donut King, Esquires/bb's cafe, Brumby's, Michel's (excluding Qld) and Pizza Capers

- continued traction from coffee supply.

Offsetting these performance gains will be:

- a lower EBIT contribution from the Michel's Brand System;

- a reduction in initial franchise and renewal fees, and

- non recurring/non-core expenditures; including

  - Michel's supply chain initiatives, bakery operations and franchise fee relief;
  - acquisition transaction costs, integration and associated investment; and
  - loss on finalisation of interest rate swaps.

Whereas RFG retains a veritable arsenal of drivers to sustain profitability and enhance performance, the Company also appreciates that FY13 represents a period for consolidation of recent growth, execution on significant initiatives and ultimately, positioning of the Company and its Brand Systems for enhanced FY14 performance.

While providing guidance to future performance in these circumstances is problematic, 1H13 NPAT from Core Operations is anticipated to be a circa 7.5% increase on that reported in 1H12 ($15.0m).

2H13 will be much stronger than the 1H and in particular will benefit from;

- robust 1H13 store growth as a result of financial accommodations to Franchisees;

- 1H13 acquisition activity;

- Project Evo traction;
- additional long term royalty and other revenues (at the expense of initial fees);
- lower effective interest rate (~2% reduction);
- benefits of redundancy and integration in Pizza Capers, Crust and The Coffee Guy;
- reduced Michel's;
    - Franchisee funding assistance
    - Bakery Expense, and
- increased Michel's AWS due to increased menu offer.

In summary, FY13 can best be described as a year of transformation, transition, consolidation and re-modelling of Brand Systems, the benefits of which will be crystallized in FY14 and beyond.

In closing, I would like to take this opportunity to reiterate our Chairman's expression of thanks and appreciation to RFG's growing franchisee community together with the Company's management and staff whose dedication and efforts have positioned Retail Food Group Limited as one of Australia's largest and most successful retail food franchise operators.

Finally, on behalf of the Board and Management, we would express a collective thank you to each of the Company's shareholders for their ongoing support of RFG.

ANOTHER SLICE OF THE PIE

RETAILFOODGROUP

CEO ADDRESS

Another slice of the pie

RFG Transforming

- *The acquisition of three vibrant and successful Brand Systems all of which have facilitated entry into new markets*
- *Significant organisational change and Board reinvigoration*
- *Sustained growth at an organic level*
- *The addition to the share register of new and valued shareholders via a substantially oversubscribed placement*
- *Translates to significant future value for shareholders*

FY12: Financial Highlights

	Statutory Results			Core Operations *		
	FY11	FY12	PCP %	FY11	FY12	PCP %
Adjusted Revenue	$77.8m	$100.6m	29.3%			
Total Revenue	$110.0m	$101.9m	(7.4%)			
EBIT	$45.1m	$47.5m	5.3%	$46.0m	$50.1m	8.8%
NPAT	$27.2m	$28.5m	4.9%	$27.9m	$30.3m	8.9%
Basic EPS	25.4 cps	26.4 cps	3.9%	26.0 cps	28.0 cps	7.7%
Dividend	14.5 cps	17.5 cps	20.7%			
Dividend Payout Ratio	57.1%	66.3%				
Net Debt	$70.5m	$98m				
Gearing Ratio	31.0%	36.6%				
Interest Cover	6.9	6.9				
Cash Generating Units [2]	4	6				
Franchised Outlets	1,148	1,251	9.0%			

(1) Refer to FY12 results presentation for analysis of Core Operations

FY12 EBIT & NPAT performance

- FY12 EBIT of $47.5m, reflecting a 5.3% increase over PCP
- Core NPAT of $30.3m represented 8.9% increase over FY11;
  - Substantial increase in coffee revenues, aided by the Evolution Coffee Roasters Group acquisition
  - 149 new outlets, including 110 through acquisition activity

FY12 Earnings & Dividend

- Credible financial performance converted to impressive outcomes for shareholders;
  - Earnings Per Share (EPS) from core operations 7.7% increase to 28cps
  - A final fully franked dividend of 9cps paid in October
  - Total FY12 dividend of 17.5cps paid to shareholders represented a 21% increase over FY11
  - Payout ratio equal to 66.3% of NPAT - the highest payout ratio applied by the Company since its admission to the Official List of the ASX

Franchisee KPIs

System growth v prior period (Australian stores only)	Average Weekly Sales (AWS) Growth		Average Transaction Value (ATV) Growth	
	FY12	FY11	FY12	FY11
Donut King	1.7%	1.2%	3.8%	2.4%
bb's café/Esquires	0.3%	1.5%	3.4%	2.1%
Brumby's Bakeries	0.2%	0.3%	3.2%	2.7%
Michel's Patisserie	(1.2%); excl QLD 1.02%	2.0%	2.1%	2.7%

- RFG remains steadfastly focused on facilitating growth via a range of initiatives, including
  - Superior training and operational support
  - Driving enhanced consumer interest via compelling marketing activity
  - Menu relevance and modernity in store design and brand offer
  - Product bundling
  - Supply chain efficiencies
  - Strengthening franchisee profitability
- FY13 update
  - Australian October YTD Brand Systems performance is respectable with weighted AWS growth of 2.0%*
  - Donut King already reaping benefits of above initiatives, including positive consumer and franchisee acceptance

*Excluding Michel's Queensland or 1.5% inclusive

FY12 Outlet Growth

System	Australia	NZ	China	PNG	Saudi Arabia	Singapore	Indonesia	Total
Donut King	345	2	15	1	1	-	-	364
Brumby's Bakeries	320	15	-	1	-	-	-	336
Michel's Patisserie	329	2	-	-	-	-	1	332
bb's café / Esquires	37	64	-	-	-	-	-	101
Pizza Capers	117	-	-	-	-	1	-	118
Total	**1148**	**83**	**15**	**2**	**1**	**1**	**1**	**1251**

- New outlet growth of 149
  - 110 by acquisition (Pizza Capers)
  - 39 Organic
- Net outlet growth of 103
- Closures included
  - 10 as a result of conversion, natural disaster and lessor redevelopment
  - 18 upon non-renewal of lease expiry due to uncommercial renewal terms

Project Evolution

- Project Evo: more than just a 'make over'

- Represents the single largest project of reinvigoration visited upon each Brand System
  - Increasing Average Weekly Sales (AWS) and Average Transaction Values (ATV)
  - Improving outlet and franchisee profitability
  - Implementing supply side efficiencies and improved distribution networks
  - Introducing menu innovation
  - Leveraging digital technologies and social media platforms
  - Ensuring brand relevance and modernity through new store design, brand communication and customer experience
  - Sustainability in non-traditional sites with less reliance on the enclosed shopping centre environment

- Donut King and Esquires witnessing benefits of these initiatives
  - Donut King AWS growth > 5% on PCP
  - Project Evo Esquires outlets in New Zealand AWS growth of circa 10%

Non-traditional Markets

- Over-riding strategic function of the Project Evo initiative is the establishment of 'stores of the future' which are sustainable both inside, and external to the enclosed shopping centre environment

- Project Evo enables RFG to leverage its Brand Systems' entry into non-traditional trading environments and retail formats which in turn;
  - Nurtures significantly enhanced outlet growth opportunity (with a strong potential site pipeline of circa 150)
  - Offers access to extended trading hours and target markets
  - Fosters increased breadth of franchise offer
  - Avoids ongoing challenges inherent in trading within the retail shopping centre environment

- Recent acquisitions resulted in the number of units operating outside of the traditional shopping centre environment increasing from 22% to circa 38% of total outlet population (or 530 units)

FY13 Outlet Growth

- New outlet growth to be achieved by a combination of organic growth and as well as acquisition
- In the last two months RFG has completed the acquisitions of;
  - Crust Gourmet Pizza contributing 112 outlets
  - The Coffee Guy contributing 57 franchised units
- FY13 new outlet organic growth of circa 75 will exceed that achieved in each of the last 4 years via
  - "Greenfield" site development
  - Reduced site competition
  - Project Evo Brand System development
  - RFG providing financial and other accommodations due to increased restrictions on business funding
  - Substituting initial franchise fees for increased royalty and long-term recurrent revenue
- Strong organic new outlet growth in 1H13 of circa 45 exceeding budget
  - 18 across Pizza Capers and Crust, and
  - 15 Donut King outlets
- Conversion rate of franchisee inquiry increase to 2% (against of franchise industry of 0.9%)

Michel's Patisserie Brand System

- Continued Development
- Historical Michel's model impacted by increased product distribution times, poor retail conditions, increased wage and utility costs
- In 2008 RFG embarked upon a long term strategic plan targeted at modernising Michel's and this has now further progressed with Project Evo
- The remodelling program incorporates
    1. Conversion of the Brand System from a wholesale margin model to a traditional royalty model: completed
    2. Implementation of national third party logistics and distribution arrangements: completed
    3. Introduction of national supply in respect of major product lines (including savoury): significantly advanced
    4. Development and implementation of a National Bakery Solution: in progress

Michel's Patisserie Queensland

- While RFG maintains a number of redundancy programs for bakery operator failure, the Company was unable to assume operation of the Queensland bakery following the appointment of an Administrator in April 2012
- This incapacity resulted in unique supply-side challenges for the network in that State which
  - Critically impacted access to the full range of Michel's Patisserie products
  - Adversely impacted network AWS and, by extension, RFG revenues
- RFG response
  - Introduction of alternative products, avenues of supply and a purpose built RFG operated finishing and distribution facility
  - Provision of considerable financial support to franchisee community (including royalty relief and dedicated marketing activity) the bulk of which will be delivered during 1H13
- While majority of product range has now been reintroduced, unavailability of selected products continues to impact franchisee performance in Queensland
- Full product range will be progressively introduced during 2H13 with a superior quality product

Michel's National Bakery Solution

- Territorial based bakery supply challenges have required the National Bakery Solution being expedited
- The National Bakery Solution consists of three distinct stages
  1. Range rationalisation and national supply relationships – completed in 1H13
  2. Territorial centralisation of bakery pursuits including product "finishing stations"
     - Queensland – completed in 1H13
     - South Australia – completed in 1H13
     - Victoria – completed in 1H13
     - NSW – to be completed over 2 year period
  3. Distribution and in-store value add
- RFG continues to financially support affected franchisees
- Investment is a critical component in ensuring the long term sustainability of the Michel's Brand System
- Estimated impact on RFG EBIT in 1H13
  - Financial support to affected franchisees circa $0.6m
  - National and Bakery costs circa $1.7m
  - Reduced royalty and other licensee fees

Stage 3 – Distribution & In-store Value Add

- Final stage in Michel's Bakery model migration

- A longer term initiative incorporating the gradual elimination of "finishing stations" with product dressing and "made to order" cake preparation at a store level, which will;
  - Impose downward pressure on distribution costs
  - Minimise waste
  - Facilitate organic outlet growth in regional markets

- Concept represents the most effective and efficient model for reduced complexity and enhanced profitability within the Michel's Brand System

- Similar model change to introduction of Central Manufacturing Facility for the Donut King Brand System in 2007

Entry into QSR – Gourmet Pizza

- RFG's entry into the traditional QSR section achieved with the acquisition of Pizza Capers and Crust Gourmet Pizza
  - Extends the Company's footprint outside of shopping centres
  - Offers access to significant growth opportunity via a buoyant new outlet pipeline
  - Facilitates exposure to all day trading parts
  - Extends RFG's complement of brands from impulse, treat and staple offers with lower to mid-sized average transaction values to high ATV lunch and evening meal time opportunities

- Committed QSR investment of $71m represents full year EV/EBIT multiple of circa. 6.4 times

Pizza Capers & Crust Gourmet Pizza

- Pizza Capers and Crust Brand Systems are impressive performers who have established and dominate niche markets
- Positions RFG as the clear market leader in the QSR gourmet pizza category with anticipated combined outlet population of circa. 250 at end of 1H13
- Acquisitions are EPS accretive
  - Strong organic growth potential
  - Are within growing QSR sector
  - Will be developed separately
  - Significant cross pollination and joint development potential
- We are excited by what gourmet pizza offers RFG and look forward with much anticipation to the sustainable growth of each of these new Brand Systems
- FY13 combined EBIT contribution circa $7.6m net of non-recurring integration and Brand System alignment expenses (circa $0.6m)

Coffee

- Coffee roasting platform drives and supports RFG's Brand Systems as well as corporate earnings
  - Significant business with green bean throughput exceeding 1,000 tonnes annually
- 31% increase in coffee revenue in FY12 (to $18.0m) a product of
  - Acquisition of Auckland based Evolution Coffee Roasters Group in September 2011
  - Unrivalled franchisee training programs which facilitated a record 1,539 newly qualified coffee makers and baristas into Brand Systems
- Coffee Roasting growth for FY13 is presently budgeted to increase circa 5%
- Evolution business continues to perform well with further traction via introduction of Evil Child Drinking Chocolate into New Zealand supermarkets in 2H13

The Coffee Guy

- Coffee platform recently fortified by acquisition of The Coffee Guy, New Zealand's largest mobile and portable coffee franchise system
- The Coffee Guy comprises 58 units
  - 55 of which are mobile espresso vans
  - 2 'hole in the wall'
  - 1 'drive thru' outlet
- Acquisition further extends RFG penetration outside of shopping centres
- The Coffee Guy concept offers significant transportability with simple business model and low franchisee entry costs
- Significant capacity for organic growth and international exploitation, including Australia
- Acquisition investment of NZD $5.5m represents EV/EBIT circa. 5.5 times

Capital Raising and Market Support

- Recent acquisitions were a catalyst for raising new capital in excess of $53.5m via
  - Institutional placement ($46.54m) and
  - Share Purchase Plan ($7m)

- Oversubscriptions for the placement were in excess of 100%
  - Price per share of $2.85 remained well over the floor price
  - Represented circa. 0.4% discount to 5 day VWAP

- These transactions, together with steady improvement in RFG's share price, represent a firm endorsement of the Company's strong performance, robust growth strategies and acquisitive endeavours

Outlook & Summary (Page 1 of 2)

- FY13 - a year of transformation, transition, consolidation and re-modelling of Brand Systems, the benefits of which will be crystallised in FY14 and beyond

- RFG management well positioned to endure present challenges within the retail industry

- Optimistic as to the continued strong performance of the multiple business units under its stewardship, however
  - Acknowledges retail will remain challenged during the forthcoming calendar year; and is
  - Cognisant of the various initiatives which will be activated during FY13 as a consequence of acquisition, organisational restructure, brand reinvigoration and model transition

- Contributions to FY13 NPAT performance include
  - Full year contribution from recently acquired businesses:
  - Organic outlet growth
    - full year forecast of 75 outlets, including
    - 1H13 forecast of circa 45
  - Weighted Average AWS Growth of circa 2.0% YTD*; and
  - Continued traction from coffee supply

Outlook & Summary (Page 2 of 2)

- Offsetting these performance gains will be
  - A lower EBIT contribution from the Michel's Brand System
  - A reduction in initial franchise and renewal fees
  - Non recurring/non-core expenditures

- 1H13 NPAT from Core Operations to be circa 7.5% increase on that reported in 1H12 ($15.0m)

- 2H13 Performance benefits from
  - 1H13 store growth as a result of financial accommodations to Franchisees
  - 1H13 acquisition activity
  - Project Evo traction
  - Additional long term royalty and other revenues (at the expense of initial fees)
  - Lower effective interest rate (~2% reduction)
  - Benefits of redundancy and integration in Pizza Capers, Crust Gourmet Pizza and The Coffee Guy
  - Reduced Michel's
    - Franchisee funding assistance
    - Bakery Expense, and
  - Increased Michel's AWS due to increased menu offer

- We thank you for your continued support and investment

* Australian Brand Systems October 2012 YTD in respect of Donut King, Esquires/bb's cafe, Brumby's, Michel's (excluding Qld) and Pizza Capers