



ASX/media release

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ACQUISITION OF FURTHER BRUMBY'S MASTER FRANCHISE TERRITORIES

Leading Australian retail food brand manager and franchisor Retail Food Group Limited (ASX:RFG) today announced that it had reached agreements, subject to normal contractual terms and finalisation of due diligence enquiries, by which the Brumby's Bakeries master franchise territories for Western Australia (WA) and the Northern Territory (NT) will be reacquired.

On the 27th November 2009, the Company announced that it had reached agreement to acquire the North Queensland and New Zealand master franchise territories thus bringing to four, the number of Brumby's territories to be re-acquired this financial year.

"The combined Brumby's WA and NT master franchise territories achieve the highest average weekly sales in Australia", RFG CEO Tony Alford said, "and except for the relatively small Brumby's South Australian master franchise territory (18 outlets), the completion of these two acquisitions will result in RFG having re-acquired all Australian or New Zealand master franchise and licence rights for each of the Company's four proprietary franchise systems".

There are currently 50 outlets within the Brumby's WA territory and a further 8 outlets in the Northern Territory.

"The transaction will deliver to RFG, the equivalent in terms of EBIT contribution of an additional 32 new Brumby's Bakeries outlets", Mr Alford said.

Mr Alford noted that "from the perspective of operational service capability and strategic development the Brumby's WA and NT acquisitions compliment the North Queensland and New Zealand master franchise territory acquisitions and full integration will be achieved within a relatively short time frame."

The acquisition metrics of the transaction remain commercially sensitive and premature disclosure may prejudice other negotiations in which the Company is presently engaged. Notwithstanding this, the Company confirms that the acquisitions:

- are EPS accretive (consistent with RFG's acquisition philosophy);
- are scheduled to complete prior to the 20th February 2010; and
- consideration will be funded by the issue of RFG scrip and cash.



DUE DILIGENCE:

With respect to the four other recently announced acquisition transactions, the status of each is provided hereunder;

DCM Coffee & Donuts

The Company announced on the 23rd of December 2009 that it had satisfactorily completed its due diligence inquiries and that the contract was unconditional.

Settlement of this transaction is programmed to be effected next week.

Brumby's Bakeries master franchise rights for North Queensland, Brumby's Bakeries master franchise rights for New Zealand,

On the 27th of November 2009, RFG advised that it had entered into conditional agreements to acquire the Brumby's North Queensland and Brumby's New Zealand master franchise territories comprising 37 and 19 outlets respectively.

The Company has now completed its due diligence inquiries and declared the purchase unconditional.

Settlement is due to be effected on or before the 16th January 2010.

Big Dad's Pies

On the 23rd of December 2009, RFG advised it had reached agreement (subject to normal contractual terms and satisfaction with respect to due diligence enquiries) to acquire the South East Queensland based 37 outlet Bid Dad's Pies franchise system.

Due diligence investigations in respect of the Big Dad's Pies acquisition continues.

1H10 RESULTS

RFG anticipates release of its 1H10 results in the 3rd week of February 2010 at which time the Company will provide further details regarding the acquisition metrics relating to the transactions noted herein.

ENDS

For further information, interviews or images contact:

Tracey Caterall, Retail Food Group, 07 5591 3242