

## 22 June 2012

1. Clause 2.2 of Jireh's response states that "Since the introduction of the NFP, Jireh has increased the number of its Approved Suppliers of food products from ( ) in August 2011 to ( ) as at May 2012.

In response to this:

All Franchisees were issued with written documentation that clearly states "There are 3 Approved Food Suppliers for all our coffee houses". We were told that all orders were to be placed through these 3 suppliers. Where a supplier is a distributor of product from other suppliers, no information about the original supplier was provided so the opportunity for franchisees to approach suppliers directly was not provided, as suggested in Jireh's response Clause 2.5.

2. Clause 2.4 of Jireh's response, Jireh claim they have increased their range of food lines.

In response to this:

There is only 1 type of each food item on offer Eg: 1 type of Ham & Cheese Croissant, 1 type of Banana Bread & 1 type of sausage roll etc from 1 supplier, so no choice for franchisees, no competition between suppliers resulting in supplier being able to charge whatever price they want, and these prices are in a lot of cases higher than what franchisees pay for same or similar product.

3. Clause 3.1 of Jireh's response states "It is not possible to respond in detail to the claim that Approved Suppliers and/or Approved Products are not price competitive with previous suppliers without particulars of the specific suppliers and/or products concerned."

In response to this:

Jireh on previous occasions via email to senior managers have been provided with examples of product price differences. Franchisees have also questioned management why a certain product from one supplier was chosen over the same or similar product from another supplier, What makes that product so much better than what we currently have on offer at a much better price, Were our current suppliers considered to be the preferred supplier under the New Food Program? None of these questions have been answered by Jireh.

4. Clause 4.2 of Jireh's response states that "There is currently no requirement for GJC franchisees to offer Oven-Cooked Food to customers" followed by Clause 4.6 (ii) The need for the use of an oven, be it by way of purchase or rental, is not compulsory and is completely at the discretion of each franchisee"

In response to this:

Jireh advised all franchisees during presentations of the new National Food Program, that the Merrychef oven would be compulsory going forward, ie: the requirement to either purchase or lease the oven would be written into all new and renewal franchise agreements going forward.

Clause 11 - Jireh state they list the companies they receive rebates from in their Disclosure Document. This is the case, however the only information given is the name of the company, no detail as to how much or what %, or how these funds are used.