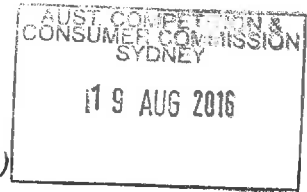


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Form G

Commonwealth of Australia
Competition and Consumer Act 2010 — subsection 93 (1)

NOTIFICATION OF EXCLUSIVE DEALING

To the Australian Competition and Consumer Commission:

Notice is hereby given, in accordance with subsection 93 (1) of the *Competition and Consumer Act 2010*, of particulars of conduct or of proposed conduct of a kind referred to subsections 47 (2), (3), (4), (5), (6), (7), (8) or (9) of that Act in which the person giving notice engages or proposes to engage.

PLEASE FOLLOW DIRECTIONS ON BACK OF THIS FORM

1. Applicant

(a) Name of person giving notice:

(Refer to direction 2)

N99260 Rashays Cafes & Restaurants Pty Ltd ACN 150 097 724 ATF Rashay's Cafes & Restaurants Unit Trust (**The Franchisor**)

(b) Short description of business carried on by that person:

(Refer to direction 3)

Franchisor of the 'Rashays Pizza Pasta Grill' and 'Rashays Casual Dining' chains of dine-in restaurants and food court outlets (**Rashays Restaurants**).

(c) Address in Australia for service of documents on that person:

Chief Executive Officer
 Rashays Cafes & Restaurants Pty Ltd
 1/9 Ferngrove Place
 Chester Hill NSW 2162

2. Notified arrangement

(a) Description of the goods or services in relation to the supply or acquisition of which this notice relates:

This notice relates to:

- construction and fit out services and related materials and furnishings;
- food and beverages;
- equipment for food and beverage preparation and consumption;
- central kitchen, warehouse services; and
- IT supplies and maintenance services.

to be used in the fit out and operation of Rashays Restaurants (collectively referred to as **Products**).

- (b) **Description of the conduct or proposed conduct:**
(Refer to direction 4)

As a condition of granting a franchise, the Franchisor may, from time to time, require its franchisees (**Franchisees**) to acquire Products from suppliers approved by the Franchisor.

3. Persons, or classes of persons, affected or likely to be affected by the notified conduct

- (a) **Class or classes of persons to which the conduct relates:**
(Refer to direction 5)

Franchisees.

- (b) **Number of those persons:**

- (i) **At present time:**

Nine (9)

- (ii) **Estimated within the next year:**
(Refer to direction 6)

Eleven to Nineteen (The Franchisor anticipating entering into between two to eight franchise agreements for the operation of franchised Rashays Restaurants within the next 12 months).

- (c) **Where number of persons stated in item 3 (b) (i) is less than 50, their names and addresses:**

See Annexure.

4. Public benefit claims

- (a) **Arguments in support of notification:**
(Refer to direction 7)

The Franchisor holds rights from Rashays Group Holdings Pty Limited ATF Rashays Group Holdings Discretionary Trust (**IP Licensor**) to operate the Rashays Restaurants franchise system in Australia. Through experience and research, the IP Licensor has developed a franchise system involving a range of approved processes and products that have been designed to work efficiently and effectively to the standards required by the IP Licensor and at a reasonable cost.

A key element of the Rashays Restaurants franchise system is to provide all customers of Rashays Restaurants with a consistent retail experience and products of consistent high quality across all Rashays Restaurants. To facilitate this, it is important that a range of products and services (such as the fit out services and fittings) are specified so as to be consistent across all Rashays Restaurants.

The specification of core Products and services provides benefits to Franchisees, including by assisting to build the goodwill of all of the franchises restaurants, reducing the areas of risk that may otherwise be associated with establishing and operating a business of this sort, and assisting Franchisees to set up and operate their businesses successfully from the outset.

More specifically, by ensuring that Franchisees acquire Products from approved suppliers, the Franchisor is able to provide at least the following benefits:

- Fit out, upgrade and construction services and associated fixtures and furnishings

By nominating approved contractors and materials to be used in the fit out of Rashays Restaurants, the Franchisor is also better able to ensure a consistent customer experience and common "look and feel" at all Rashays Restaurants. Since approved contractors and materials will be reviewed by the Franchisor on an ongoing basis, this also helps ensure that Franchisees obtain a high quality fit out from reliable contractors at a competitive price.

- Equipment for food and beverage preparation and consumption

The Franchisor develops recipes for Rashays Restaurants menu items in its central kitchen and then provides Franchisees with processes and guidelines to enable Franchisees to reliably and efficiently replicate these menu items in their franchised businesses. In developing its recipes and training guides for Franchisees, the Franchisor needs to be able to mandate the use of consistent equipment (such as cookers oil receptacles and oil dispensing machines) to ensure consistency of menu items and their presentation across all Rashays Restaurants outlets. Franchisees benefit from this consistency as it helps build a consistent brand perception and customer experience.

- Food and drink ingredients and products.

In order for the Franchisor to be able to promote a consistent menu across the Rashays Restaurants franchise system and ensure that the products consumers receive are consistent in taste and quality, it is necessary for the Franchisor to be able to mandate the use of food and drink ingredients and products (like sauces) from approved suppliers. This approach guarantees availability of a consistent high quality product range across Rashays Restaurants. For example, the Franchisor may commission certain approved suppliers to provide specific coffee blends or drink ingredients to all the Franchisees, or recipes may be developed using particular products.

- Central kitchen, warehouse services

As part of the Rashays Restaurants franchise system, Franchisees may be required to use the central kitchen and warehouse services from approved suppliers. This enables Franchisees to use cost effective services at competitive rates whilst continuing to ensure consistency in standards across Rashays Restaurants.

- IT supplies and maintenance services

The Rashays Restaurants franchise system provides Franchisees with a range of centralised services, such as payroll management services, inventory management and menu management services. The franchise system also uses common point of sale systems to provide a range of financial reporting systems. These systems all provide substantial benefits by assisting franchisees to manage their franchised businesses and assisting the Franchisor better manage the franchise system as a whole. To provide these services, the Franchisor must be able to ensure that compatible IT systems and products are used across the Rashays Restaurants franchise system.

More generally:

- By mandating the use of certain Products in the Rashays Restaurants franchise system, the Franchisor is better able to ensure a consistent customer experience and common "look and feel" at all Rashays Restaurants. This not only benefits consumers, but strengthens the Rashays Restaurants brand enabling the Franchisor to promote Franchisees' businesses more effectively and increasing the ability of Franchisees to compete effectively in the highly competitive dine-in and quick service restaurant sectors.
- As the Rashays Restaurants franchise system grows, the Franchisor intends to take advantage of group volumes to negotiate competitive purchase prices for Franchisees. These prices and the associated Products will be subject to regular review for competitiveness as each contract comes up for renewal, as described in more detail in section 6 below.

(b) **Facts and evidence relied upon in support of these claims:**

Please refer to item 4(a) above.

5. **Market definition**

Provide a description of the market(s) in which the goods or services described at 2(a) are supplied or acquired and other affected markets including: significant suppliers and acquirers; substitutes available for the relevant goods or services; any restriction on the supply or acquisition of the relevant goods or services (for example geographic or legal restrictions):
(Refer to direction 8)

It is likely that a range of separate product markets will exist for each of the different Products that may be acquired from suppliers approved by the Franchisor. These markets may be regional or national in scope.

6. **Public detriments**

(a) **Detriments to the public resulting or likely to result from the notification, in particular the likely effect of the notified conduct on the prices of the goods or services described at 2 (a) above and the prices of goods or services in other affected markets:**
(Refer to direction 9)

For the following reasons, the Franchisor does not believe that the notified conduct will give rise to any public detriments:

- The Franchisor intends to review all of the purchasing arrangements regularly and use its volume purchasing power to ensure that the arrangements provide Franchisees with high quality Products at competitive prices.
- The Franchisor and its Franchisees will not account for such a proportion of purchases in any of the various markets for Products that the notified conduct would be capable of generating any anti-competitive effects.
- Products supplied by the Franchisor's approved suppliers are subject to the Franchisor's strict requirements relating to food quality, quantity, preparation and storage. Ensuring that Franchisees acquire Products from suppliers approved by the Franchisor better enables the Franchisor to achieve and promote consistent customer experience at Rashays Restaurants, benefiting not only consumers but also assisting Franchisees to compete more

effectively in the highly competitive dine-in and quick service restaurant sectors.

(b) **Facts and evidence relevant to these detriments:**

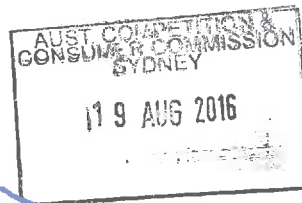
Please refer to item 6(a) above.

7. **Further information**

(a) **Name, postal address and contact telephone details of the person authorised to provide additional information in relation to this notification:**

Richard Westmoreland
HWL Ebsworth
Level 14, Australia Square
264-278 George Street
Sydney NSW 2000
Phone: (02) 9334 8717
Email: rwestmoreland@hwle.com.au

Dated: 18 August 2016



Signed on behalf of the applicant

Handwritten signature of Richard Westmoreland in blue ink.

Richard Westmoreland
Partner, HWL Ebsworth

FILE No:
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MARS/PRISM:

Annexure - Current Franchisees

Franchisee	Address
Basco Pty Ltd (Contact: F/see Mr Bashar Krayem 0455 222 777)	Kiosk K2007, Westfield Liverpool Liverpool NSW 2170
Rashaybtown Pty Ltd (Contact: F/see Mr Bashar Krayem 0455 222 777)	Shop 1/4 West Terrace Bankstown NSW 2200
Amurtha Cafe & Restaurant Pty Ltd (Contact: F/see Mr Buddika Hettiarachchige 0405 785 100)	Shop 273, 54/LF383, Westfield Eastgardens 152 Bunnerong Road Sydney NSW 2036
Rashay WP Pty Ltd (Contact: F/see Mr Romi Trad 0415 149 540)	Shop 200 Stockland Wetherill Park Polding Street Wetherill Park NSW 2164
Tips 4 Me Pty Ltd (Contact: F/see Mr Nirmal Petel 0431 517 817)	120 Mulgoa Road Penrith NSW 2750
NSRK Pty Ltd (Contact: F/see Mr Saif Khan 0402 459 322)	249-259 Merrylands Road, Merrylands NSW 2160
OZ Trade Industry Pty Ltd (Contact: F/see Mr Sean Zuo 0413 162 928)	45-46A, 1 River Boulevard, Rhodes NSW 2138
Rashaypunchbowl Pty Ltd (Contact: F/see Mr Bashar Krayem 0455 222 777)	1 The Broadway, Punchbowl NSW 2196
Cagra Pty Ltd (Contact: Grant Geraghty)	2/4 Stafford Street North Wollongong NSW 2500 (also known as Shop 2B 4-6 Flinders Street Wollongong NSW 2500)

DIRECTIONS

1. In lodging this form, applicants must include all information, including supporting evidence that they wish the Commission to take into account in assessing their notification.

Where there is insufficient space on this form to furnish the required information, the information is to be shown on separate sheets, numbered consecutively and signed by or on behalf of the applicant.

2. If the notice is given by or on behalf of a corporation, the name of the corporation is to be inserted in item 1 (a), not the name of the person signing the notice, and the notice is to be signed by a person authorised by the corporation to do so.
3. Describe that part of the business of the person giving the notice in the course of which the conduct is engaged in.
4. If particulars of a condition or of a reason of the type referred to in section 47 of the *Competition and Consumer Act 2010* have been reduced in whole or in part to writing, a copy of the writing is to be provided with the notice.
5. Describe the business or consumers likely to be affected by the conduct.
6. State an estimate of the highest number of persons with whom the entity giving the notice is likely to deal in the course of engaging in the conduct at any time during the next year.
7. Provide details of those public benefits claimed to result or to be likely to result from the proposed conduct including quantification of those benefits where possible.
8. Provide details of the market(s) likely to be affected by the notified conduct, in particular having regard to goods or services that may be substitutes for the good or service that is the subject matter of the notification.
9. Provide details of the detriments to the public which may result from the proposed conduct including quantification of those detriments where possible.