



07 August 2012

The General Manager
Adjudications Branch
Australian Competition & Consumer Commission
23 Marcus Clarke Street,
CANBERRA ACT 2601

FILE No:
DOC:
MAPS/PRISM:

Dear Sir,

NOTIFICATION OF EXCLUSIVE DEALING - OZINVEST PTY LTD A.C.N. 144 577 819

Please find enclosed for lodgement Form G "Notification of Exclusive Dealing" on behalf of our member company, OzInvest Pty Ltd, together with cheque for \$100.00 lodgement fee.

If you have any queries, or wish to discuss this matter, please do not hesitate to contact me on (07)3395 5000, or by email at andy.hewlett@lifestylewealthcreation.com.au.

Yours faithfully,

Andrew Hewlett

Group Compliance Manager



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 in 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)

N96050 OzInvest Pty Ltd A.C.N. 144 577 819 (“OzInvest”);

- (b) Short description of business carried on by that person:
(Refer to direction 3)

OzInvest, through its related entities including the licensed real estate agent company, OzInvest Realty Pty Ltd A.C.N. 097 105 327 (“Realty”), sells residential investment house and land packages to clients in Australia.

The purchase price for the house and land packages is in a range between \$375,000.00 and \$450,000.00.

As a key feature in the sale of the properties, OzInvest agrees to locate a suitable tenant for the clients’ investment property, and guarantee for a 10 year term the payment of the client’s rent. Further, in consideration of payment of a fee by the client, OzInvest provides the client with a number of services relating to property management of the investment properties, including:

- (i) carrying out of property maintenance and upkeep functions including -
*smoke alarm inspections and maintenance;
*termite inspections and spraying; and
*lawns and general yard maintenance.

- (ii) arranging, implementing and maintaining in force Landlord Protection and Building insurance policies for the clients’ investment properties,

with service providers and insurers as exclusively selected by OzInvest.

The properties acquired by OzInvest’s clients subject to these property management arrangements are located in the capital city metropolitan areas of Queensland, New South Wales, Victoria and South Australia.

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

OzInvest Pty Ltd

1/37 Agnes Street, Morningside QLD 4171

2. Notified arrangement

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

The proposed arrangement relates to the property management of residential investment dwelling houses and the provision of certain property management (including insurance) services and functions by OzInvest for the benefit of property investor clients.

- (b) Description of the conduct or proposed conduct:

OzLease agrees to provide the property management services described in 1(b) (i) and (ii) on condition that the property investor client agrees that:

- (1) the property maintenance services described in 1(b)(i); and
- (2) the insurance services and policies referred to in 1(b)(ii),

are exclusively arranged and carried out by OzInvest on behalf of the clients with contractors, insurance brokers and underwriters nominated by OzInvest.

(Refer to direction 4)

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:

Residential property investors who may purchase residential dwelling houses for investment situated in Australia, particularly in Victoria, Queensland, New South Wales and South Australia, for the purpose of renting the dwelling houses to tenants on periodic residential tenancy agreements.

In the foreseeable future, OzInvest may extend its operations into the other Australian States and Territories.

(Refer to direction 5)

- (b) Number of those persons:

- (i) At present time:

Approximately 950

- (ii) Estimated within the next year:

OzInvest estimates that up to approximately 1150 current and potential new clients will be affected by the notifiable conduct within the next year. This estimate is based on OzInvest's business records of the previous 5 years of

the number of new and existing clients who are currently in the leaseback arrangement with OzInvest and new property investors who will purchase new properties through Realty over the next year.

(Refer to direction 6)

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

Not Applicable

4. Public benefit claims

- (a) Arguments in support of notification:

(1) residential property investors will receive the benefit of:

(i) regular professional maintenance for certain key aspects of their property upkeep, including compliance with various regulatory requirements for the maintenance of dwellings of the States and Territories and local governments; and

(ii) protection of their investment income generated by the rental of the investment property purchased through OzInvest, as a result of the competitive pricing of both Landlord Protection and Building insurance cover as a result of the economies of scale leveraged by OzInvest through its dealings with its nominated brokers and underwriters.

(2) with the incentives of the professional maintenance and upkeep of the properties, and the rental income protection provided by the insurances, more potential investors will be encouraged to invest in purchasing residential dwelling houses subject to the OzInvest arrangements in preference to other investment destinations (e.g. shares, bonds, commercial property, term deposits). This will result in an increase in the number of residential dwelling houses being constructed in the more populous States - this activity will assist in addressing the serious shortage of supply of residential dwellings in Australia, and lead to moderation in future growth of rent rate increases in those markets.

There are approximately 12 licensed insurers/ underwriters offering risk insurance products by way of landlord protection insurance for property investor's landlords in Australia.

The proposed arrangements provide an economy of scale benefit which allows OzInvest, by virtue of the purchasing power of its significant size of its client base of property investors to achieve property maintenance services and insurance cover at commercially attractive rates. This may in turn encourage other market participants, in particular, insurers and tradespeople and service providers, to offer superior terms and conditions of service to customers in comparison to their current services and products.

(Refer to direction 7)

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

Below is a list of the insurers/underwriters known in the market to OzLease who currently offer landlord protection insurance products, or similar products:

- Lumley's,
- Allianz,
- QBE,
- CGU
- Suncorp; and,

at least 6 aggregations of smaller underwriters/brokers offering "off the shelf" products.

The number of organisations marketing residential investment properties and property management services to consumers in Australia is unknown, but would number in the thousands. These organisations include large publicly listed and statutory bodies, such as Mirvac, Stocklands, Lend Lease and Defence Forces Homes, and then ranging in size through to mid-level and small property developers, property managers and real estate agents, both independent and franchise.

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):

- (1) the supply and provision of property management services; and
- (2) the supply and provision of risk management products, including landlord protection and building insurance in Australia.

Competition in the relevant markets is vigorous with a number of organisations (see 4 (b) above), both very large, and some smaller, competing for business.

(Refer to direction 8)

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:

There are no public detriments likely to result from the proposed conduct.
(Refer to direction 9)

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

The proposed conduct will not lessen competition due to the fact that markets for the OzInvest's products are characterised by a significant

number of financially strong competitors and intense competition. OzInvest does not currently, and will not in the short term, have a substantial degree of market power in any relevant market.

7. Further information

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

Andrew Hewlett
OzInvest Pty Ltd
1/37 Agnes Street
Morningside
QLD 4171

Dated..... *07 August 2012*

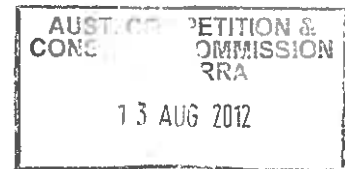
Signed by/on behalf of the applicant

.....
(Signature)

..Andrew...Hewlett.....
(Full Name)

...Ozinvest.Pty.Ltd.....
(Organisation)

....Compliance...Manager.....
(Position in Organisation)



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.