

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)

N99236 Purple B Pty Ltd ACN 611 543 081 (**Purplebricks**).

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

Purplebricks is a real estate services provider offering customers the support of a real estate agent (**Local Property Expert**) and access to a technology platform for the sale of property, under a fixed fee model.

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

c/- Nick McHugh
Partner
Norton Rose Fulbright Australia
Level 18, Grosvenor Place
225 George Street
Sydney NSW 2000

2. Notified arrangement

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

Purplebricks is a real estate services provider offering customers:

- (i) a Local Property Expert who will support the customer through the process, including sale negotiations;
- (ii) property advertising and support services; and
- (iii) access to a technology platform providing integrated functionality, including the ability to:

- (A) book viewings;
- (B) receive feedback after viewings;
- (C) receive offers from prospective buyers;
- (D) communicate with prospective buyers; and
- (E) use the platform to negotiate directly with buyers,

(the **Services**).

The customer may also elect to have their Local Property Expert accompany them for viewings of their property which is at an additional fee.

The customer pays Purplebricks a fixed fee for providing the Services.

(b) Description of the conduct or proposed conduct:

This notice relates to a deferred payment option for the Services.

Purplebricks proposes to supply the Services with deferred payment of Purplebricks' fee on the condition that the customer:

- (i) enter into a deferred payment agreement with a third party financial services provider (**Provider**); and
- (ii) acquire conveyancing services for the sale of the property from a third party conveyancing service provider (**Eligible Conveyancer**),

each of these as specified by Purplebricks from time to time.

The customer will be provided with the financial services at no cost.

(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:
(Refer to direction 5)

Any person who is a customer of Purplebricks and elects to defer their payment for the Services.

(b) Number of those persons:

- (i) At present time:
Nil.

- (ii) Estimated within the next year:
(Refer to direction 6)
Predicted to exceed 50.
- (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:
(Refer to direction 7)
The benefits of the proposed conduct include:
 - (i) The promotion of price competition amongst real estate services providers, stimulated by entry into the market of a competitor offering substitutable services at a lower price point.
 - (ii) Broadening the field of rivalry between competitors in the market for real estate services in Australia to include more flexibility in fee structure and charging arrangements.
 - (iii) Enabling consumers to ascertain the exact dollar amount payable for the Services at the outset.
 - (iv) Reducing the upfront financial burden on consumers who wish to take an active role in the listing and sale of their property.
 - (v) Allowing consumers the opportunity to obtain the benefit of more time flexibility for payment for services, at no extra cost.
 - (vi) Providing access to experienced conveyancers which gives consumers peace of mind for the transfer of their property.
- (b) Facts and evidence relied upon in support of these claims:
 - (i) The real estate services market in Australia is highly fragmented and competition is vigorous. There are numerous competitors to which Purplebricks' customers could turn to acquire real estate services.
 - (ii) The field of rivalry between existing competitors in real estate services is primarily focused on the rate of commission charged, which is generally between 1.5% and 3% (and up to 5%) of the value of the property sold.
 - (iii) There are other existing options for consumers who wish to take an active role in the sale of their property. Consumers are not prevented from acquiring these services from existing market participants.

- (iv) There are no substantive legal or regulatory burdens which prevent existing competitors who supply real estate services from offering equivalent services.
- (v) The provision of conveyancing services in Australia is highly competitive with a large number of persons qualified to undertake a property conveyance.

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)

- (i) The market for real estate services in Australia.
- (ii) The market for conveyancing services in Australia.
- (iii) The financial services market in Australia.

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)

- (i) There is no identifiable detriment to the public resulting from the proposed conduct.
 - (ii) Consumers will be free to choose whether they defer payment for the Services supplied by Purplebricks.
 - (iii) The proposed conduct will not decrease or limit competition in the market for real estate services in Australia.
 - (iv) The proposed conduct will not result in an increase of prices for real estate services in Australia.
 - (v) The proposed conduct will not decrease or limit competition in the market for conveyancing services in Australia.
 - (vi) The proposed conduct will not decrease or limit competition in financial services market in Australia.
- (b) Facts and evidence relevant to these detriments:
 - (i) The proposed conduct will not limit a customer's ability to acquire the Services from Purplebricks.

- (ii) Property vendors will generally acquire conveyancing third party services for the sale of their property. The proposed conduct does not require consumers to obtain a service they would not have already required.
- (iii) Purplebricks' market share in the real estate services market in Australia is currently nil. Therefore, its entry will bring new competition to the market.
- (iv) The pricing model of Purplebricks will bring a new level of price competition to the Australian real estate market.
- (v) Eligible Conveyancers will not be limited in their ability to supply conveyancing services to any other person.
- (vi) A customer has the ability to change their mind on acquiring the services from the Eligible Conveyancer, subject to a fee.

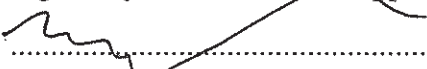
7. Further information

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

Belinda Harvey
 Special Counsel
 Norton Rose Fulbright Australia
 Level 18, Grosvenor Place
 225 George Street
 Sydney NSW 2000

Dated..... 4 / 9 / 16

Signed by/on behalf of the applicant



 (Signature)

Belinda Harvey

 (Full Name)

Norton Rose Fulbright

 (Organisation)

Partner

 (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 the 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.