

24 OCT 2017

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)

N100005 BL Developments Pty Limited (ACN 082 732 812) of Level 39, 108 St Georges Terrace, Perth, Western (BL Developments).

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

BL Developments is part of the Mirvac corporate group which undertakes residential and commercial development across Australia, and owns and manages assets across the office, retail and industrial sectors.

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

C/- BL Developments Pty Limited
Level 39, 108 St Georges Terrace
Perth, WA 6000

Attention: Anna Ladyman – Senior Development Manager

Phone: (08) 9424 9863

Fax: (08) 94249833

2. Notified arrangement

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

The supply of residential lots in the Perth suburb of Burswood (Lots).

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

BL Developments proposes to supply the Lots to purchasers on condition that they enter into a contract for residential construction services with the builder specified for the relevant Lot. There are a small number of specified

builders vetted by BL Developments for the Lots. BL Developments currently proposes to use Mercedes Group Pty Ltd ACN 066 571 426 trading as Zorzi Builders and Grandwood Homes and Inspired Land Group Pty Ltd ACN 133 554 748 trading as Inspired Homes to build the homes on the Lots, although it may, subject to appropriate vetting, seek to engage other builders in the future.

BL Developments proposes to allocate:

Lots 176 – 185, being part of Lot 9506 on Deposited Plan 74226 being the whole of the land in Certificates of Titles Volume 434 Folio 2929 to Inspired Land Group Pty Ltd; and

Lots 169 – 175, being part of Lot 9506 on Deposited Plan 74226 being the whole of the land in Certificates of Titles Volume 2929 Folio 434 and Lots 186 – 192 on Deposited Plan 74226 being the whole of the land in Certificates of Titles Volume 2929 Folios 418 – 424 to Mercedes Group Pty Ltd.

BL Developments proposes to refuse to supply the Lots to purchasers for the reason that the purchaser has not entered into, or has not agreed to enter into, a contract for residential construction services for the relevant Lot with the specified builder.

The primary purpose of the proposed conduct is to enable the sale of combined house and land packages.

(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)

Purchasers and potential purchasers of the Lots.

- (b) Number of those persons:

- (i) At present time:

None.

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

24.

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

N/A.

4. Public benefit claims

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

BL Developments submits that the proposed conduct gives rise to a number of public benefits.

1. (**Reduced search and transaction costs**) The package of land and houses will reduce transaction costs for purchasers, who might otherwise have to spend time and money obtaining and considering a number of individual proposals from a variety of builders. BL Developments has carefully vetted the specified builders listed in section 2 to ensure that they have suitable experience and offer value for money.
2. (**Greater efficiencies**) It is likely that the specified builders will be able to generate economies of scale in relation to the acquisition of building materials and the supply of labour. These economies of scale should reduce construction costs resulting in lower costs for purchasers.
3. (**Aesthetic consistency**) The proposed conduct will provide benefits to purchasers in relation to aesthetic consistency throughout the Lots, which may result in a higher future value of each Lot. BL Developments proposes that such consistency will be achieved by the requirement for the specified builders to comply with a set of streetscape and associated design guidelines for each Lot. In particular, the guidelines will require the houses to adopt similar facades, colours, character, materials and landscaping in a manner that ensures consistency and a high quality outcome. Notwithstanding the above, purchasers will still have flexibility in terms of aspects of house design.
4. (**Assurances as to quality**) The proposed conduct will assist purchasers to locate reputable builders who will have experience in building houses of the types offered. BL Developments has undertaken a vetting process to ensure that the specified builders will deliver a quality product. This should provide purchasers with greater certainty around the quality of work.

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

See 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)

Although BL Developments has not reached a concluded view on market definition, the relevant markets are likely to be defined at least as broadly as:

- (a) the market for the supply of residential land in Perth;
- (b) the market for the supply of residential house and land packages in Perth; and
- (c) the market for the supply of residential construction services in Perth.

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)

The applicant submits that the proposed conduct will have little, if any, public detriment.

Purchasers will be informed of the requirement to purchase residential construction services from the nominated builder prior to signing a contract to acquire the land which has been allocated to that builder.

Potential purchasers will also have a range of other choices. There are currently a number of developments being undertaken in the Burswood area (for example, 'The Crest' and 'Vantage Riversedge Apartments') and more broadly across metropolitan Perth.

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

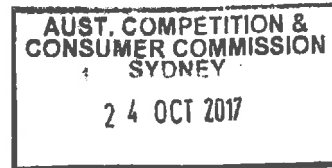
7. Further information

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

Corrs Chambers Westgarth
GPO Box 9925
Sydney NSW 2001
Attention: Jennifer Dean – Special Counsel
Phone: (02) 9210 6370
Fax: (02) 9210 6611

Dated 24 October 2017

Signed by/on behalf of the applicant



A handwritten signature in blue ink, consisting of a stylized, cursive 'M' followed by a horizontal line.

.....
(Signature)

Mark J McCowan
(Full Name)

Corrs Chambers Westgarth
(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.