



REAL ESTATE

YOUR INVESTMENT PARTNER&

26 July 2007

Mr Neil Byron
Commissioner
Retail Tenancies Inquiry
Productivity Commission
PO Box 80
Belconnen ACT 2616

Dear Sir

Inquiry into the Market for Retail Tenancy Leases in Australia

I am writing to you as the Head of Retail Property Management of QIC to convey our support for the submission by the Shopping Centre Council of Australia to the above review into the status of the market for retail tenancy leases in Australia.

QIC

QIC is one of Australia's largest wholesale funds managers, with in excess of \$60 billion under management. The corporation was established in 1991 and operates under the provisions of the Government Owned Corporations Act 1993 and the Queensland Investment Corporation Act 1991. Originally known as 'Queensland Investment Corporation', we now officially trade as QIC, reflecting our growing stature in national and international markets.

There are 10 Australian superannuation funds invested in either the QIC Property Fund or the QIC Shopping Centre Fund representing in excess of 4.2 million individual investors. Consistent with most employer-sponsored super funds in Australia the majority of super fund members are invested in a "Balanced" default option fund with a material allocation to Property. This means that most of those 4.2 million members are at least partially reliant on the investment in the two QIC property funds to help produce a healthy return to boost their retirement savings.

Investment Market

Investment by Australian super funds is much more sophisticated now than it was 5 to 10 years ago and earlier. There is a much wider range of investments available to super fund trustees including a sharp escalation in "alternative investments". The "alternative" investments include private capital asset classes such as Private Equity and Infrastructure as well as a wide range of absolute return and hedge fund investment opportunities. To date this offering of a wider range of investments has not been at the expense of the allocations to property but, in this competitive environment, trustees are striving to maximise return to their Fund members and if property returns suffer trustee bodies may well decide to switch property investments to some of the other alternative investment opportunities. If retail property becomes less attractive to investors, investment in it will decline, leading to a reduced supply of retail property and, assuming constant demand for retail space, will result in increased rents.

QIC Retail Portfolio

Our property portfolio includes ten shopping centres across Queensland, New South Wales, Australian Capital Territory and Victoria, as well as significant commercial property holdings. We also have significant retail property investments in United Kingdom and Asia. The recurrent capital expenditure on the Australian properties consistently exceeds \$400 million per annum, supporting an equivalent of 14,800 full time employment positions (**ABS** Year Book 2002, The Construction Industry's Linkages with the Economy).

In addition to contributing to the return on retirement investments of these fund members, our portfolio of retail properties provides a place of business for more than 2100 retailers and their more than 10,000 staff members.

As well as providing high quality, contemporary retail environments to our retailers, QIC also provide assistance to our retailers in a number of ways, tailored to their particular circumstances. This assistance may include, but is certainly not limited to:

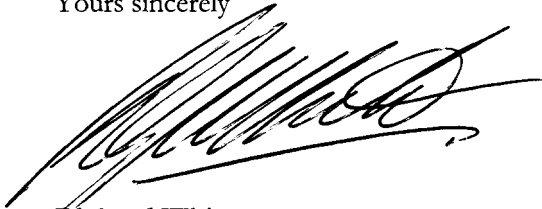
- Marketing assistance, both financial and advisory
- The provision of one on one retailer consultancy
- Performance feedback and benchmarking
- Retailer incentives and recognition program
- Staff benefit program

- Centre gift voucher program.
- Rental assistance

Shopping Centre Council of Australia Submission

QIC is a foundation member of the Shopping Centre Council of Australia. We fully support and endorse the submission lodged by SCCA to this Inquiry.

Yours sincerely



Richard White

Head of Retail Property Management

