

**NOTICE 508 OF 2011****COMPETITION COMMISSION****NOTIFICATION TO CONDITIONALLY APPROVE THE TRANSACTION INVOLVING:****TERZOCEPT INVESTMENTS AND IVY-MOON 137 (PTY) LTD****AND****LA GARONNE ESTATES (PTY) LTD AND GRAHAM BECK ENTERPRISES (PTY) LTD AND  
KANGRA GROUP (PTY) LTD****CASE NUMBER: 2011APR0009**

The Competition Commission hereby gives notice, in terms of Rule 38 (3)(c) of the 'Rules for the Conduct of Proceedings in the Competition Commission, that it has approved the transaction involving the above mentioned firms subject to the conditions as set out below.

The acquiring firms are Terzocept Investments (Pty) Ltd ("Terzocept") and Ivy-Moon 137 (Pty) Ltd ("Ivy-Moon"). Ivy-Moon is a wholly owned subsidiary of Terzocept. Terzocept is wholly owned by L'Ormarins (Pty) Ltd. The acquiring firms own vineyards, wine cellars and bottling facilities and are active in the market for the sale of wine, locally and in export markets. The target firms are La Garonne Estates (Pty) Ltd ("La Garonne"), Graham Beck Enterprises (Pty) Ltd ("Graham Beck") and Kangra Group ("Kangra"), companies incorporated in terms of laws of the Republic of South Africa. Through Graham Beck Enterprises, the target firms also own vineyards, wine cellars and bottling facilities and are active in the market for the sale of wine, locally and in export markets.

After the approval of this transaction, Terzocept will own the movable and immovable assets in Franschoek currently owned by Kangra; Ivy-Moon will own biological and other assets in Franschoek currently owned by Graham Beck; and Terzocept will own the total shareholding in La Garonne.

The Commission has found that in the market for the sale of wine and in a narrow market for the sale of ultra-premium, premium and low to medium priced wine categories the market shares of the parties are low, pre and post the merger. Further, the industry has low barriers to entry and this is confirmed by the large number of competitors in the sale of wine currently. Therefore, the merged entity is unlikely to substantially lessen competition or result in any unilateral conduct by the merged entity.

In relation to public interest issues, there are 36 job losses envisaged, however the merging parties have concluded agreements with employees to ameliorate the impact of the merger on

employees affected by this transaction. The merger is therefore approved subject to the following conditions:

1. The merging parties will not retrench more than the identified 36 employees for a period of 12 months after the approval of this merger;
2. If new opportunities for reemployment arise within 6 months after the approval of this merger, the retrenched employees (36) will get first preference;
3. The merging parties will honour the commitments reached with employees represented by FAWU and the Worker's Forum, as reflected in the agreements dated 19 April 2011 and 28 April 2011, respectively, and;
4. The merging parties will provide proof of compliance with the conditions contained in paragraphs 1 to 3 above to the Commission within six monthly intervals and in particular on the following dates:
  - 15 December 2011
  - 30 June 2012
  - 15 December 2012

Enquiries in this regard may be addressed to Mr. Maarten van Hoven at Private Bag X23, Lynnwood Ridge, 0040. Telephone: (012) 394 3295, or Facsimile: (012) 394 4295.

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