

NOTICE 878 OF 2012
COMPETITION COMMISSION

NOTIFICATION TO APPROVE WITH CONDITIONS THE TRANSACTION INVOLVING:

J M WRAGGE AND JUNE ALEXANDER FAMILY TRUST

AND

MOUNTAIN MILL SHOPPING CENTRE (PTY) LTD

CASE NUMBER: 2012MAY0290

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 conditions as set out below:

The primary acquiring firms are J M Wragge ("Wragge") and June Alexander Family Trust ("Alexander Trust") The Alexander Trust Group is involved in the investment of fixed property including retail, office and residential developments in the Western Cape and KwaZulu Natal.

The primary target firm is Mountain Mill Shopping Centre (Pty) Ltd ("MMSC"), a company incorporated in terms of the laws of the Republic of South Africa. Mountain Mill Shopping Centre is a shopping centre which is categorised as a minor regional centre comprising of 37 558m² of rentable retail space.

The activities of the merging firms overlap horizontally as both the merging parties own retail properties in South Africa. The Commission found that the acquiring firms do not own any a minor shopping centres or any other retail property in the Worcester node, in Western Cape. Accordingly, the proposed transaction is unlikely to lead to a substantial prevention or lessening of competition as there is no geographic overlap in the activities of the merging parties.

The Commission is however concerned about the exclusivity clauses in the lease agreements which prevent small businesses and other grocery stores from gaining access to the centre. This raises public interest concerns especially with regard to independent and small businesses' ability to gain access to the shopping centre. The Commission engaged with the parties regarding this concern and the parties proposed to try their best endeavours to negotiate with the anchor tenants to remove the exclusivity clause at renewal of the leases.

The Commission therefore approves the proposed transaction subject to the following condition:

1. Definitions

The following expressions shall bear the meanings assigned to them below and cognate expressions bear corresponding meanings -

- 1.1 "Acquiring firms" means Wragge and Alexander Trust;
- 1.2 "Commission" means the Competition Commission of South Africa;
- 1.3 "Conditions" means these conditions;
- 1.4 "J M Wragge" means Wragge;
- 1.5 "June Alexander Family Trust" means Alexander Trust.

2. Recordal

- 2.1 The acquiring firms have agreed to the following undertakings meant to address the public interest concerns, which relates to the exclusivity clauses found in the lease agreements between the landlord and the anchor tenants.
- 2.2 It is the Commission's view that the conditions, in current form, are necessary to address the public interest concerns, raised in 2.1.

3. Conditions to the approval of the merger

- 3.1 The acquiring firms shall negotiate with the anchor tenants in the utmost good faith to have the exclusivity clause in the lease agreement removed at the renewal of the lease.

4. Monitoring of compliance with the Conditions

- 4.1 The acquiring firms shall within thirty (30) days after entering into a new lease agreement with the anchor tenants, provide a report setting out in detail the extent to which they have complied with the condition of removing the exclusivity clause.
- 4.2 All information required in respect of the monitoring requirement for this condition must be submitted to the following email: mergerconditions@compcom.co.za.

Enquiries in this regard may be addressed to Manager: Mergers and Acquisitions Division at Private Bag X23, Lynnwood Ridge, 0040. Telephone: (012) 394 3298, or Facsimile: (012) 394 4298.