

NOTICE 879 OF 2012**COMPETITION COMMISSION****NOTIFICATION TO APPROVE WITH CONDITIONS THE TRANSACTION INVOLVING:****NEW GLEN SHOPPING CENTRES (PTY) LTD****AND****THE LUIS GROUP PLATINUM TRUST****CC CASE NUMBER: 2012APR0189**

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 firm is New Glen Shopping Centres (Pty) Ltd ("New Glen"), a private firm incorporated in accordance with the laws of the Republic of South Africa. New Glen is jointly controlled by the Tamjon Investment Trust ("Tamjon Trust") and Ricjen Investment Trust ("Ricjen Trust"). The Ricjen Trust and Ricjen Trust jointly control numerous trusts which include property owning trusts. The property trust relevant for the current transaction is the Daleglen Property Group (Pty) Ltd ("Daleglen Group") which holds a retail centre.

New Glen is a newly incorporated firm established for purposes of the current acquiring the target firm as such it does not conduct any activities. The acquiring group is involved in the leasing of fixed property consisting of retail, office, industrial and selected title sectional residential development in the Western Cape. Relevant for purposes of the current transaction is a retail property named the Edgemead Shopping Centre a retail property classified as a neighbourhood centre with a gross lettable area ("GLA") of 5 850 m², located in the Milnerton node.

The primary target firm is a retail letting enterprise known as the Paddock ("the Paddock") classified as a neighbourhood centre with a GLA of 9 255m² situated in Milnerton Cape Town. The target property is owned by the Louis Group Platinum Trust ("Louis Group"), a trust incorporated in accordance with the laws of the Republic of South Africa. The Louis Group is controlled by three individuals. The Louis Group controls numerous property controlling trusts. In terms of the Sale Agreement, New Glen will purchase the Paddock from Louis Group, as a going concern. Upon completion of the proposed transaction, New Glen will own the target property.

The Commission found that the activities of the merging parties overlap in the market for the provision of rentable retail space in neighbourhood centres, which fall under convenience centres. The Commission found that, post-merger, the merging parties will have a [REDACTED] combined market share. The Commission concludes that the proposed transaction is unlikely to lead to a substantial prevention or lessening of competition as the merging parties will still face competition from Prop 1 Property Investments (Pty) Ltd; Blend Property 6 (Pty) Ltd; CBS Property Group (Pty) Ltd and Pick n Pay Retailers (Pty) Ltd which own neighbourhood centres within a 5 km radius to the merging properties.

The Commission had a concern that arises due to exclusivity clauses contained in the lease agreements between the Spar Group Limited (one of the anchor tenants in the target property) and the lease agreement with Woolworths (Pty) Ltd (other anchor tenant in the target property) in respect of the target property. The Commission found that the exclusivity clauses have the effect of excluding rivals of Spar and Woolworths from the centre with the implication that the ability of small businesses to compete in the local market in centre will be affected. In order to address the concern the Commission negotiated with the merging parties to have the clause removed as it could not be justified. An agreement was reached to impose a condition to have the exclusionary clauses removed (in accordance with the contractual terms) in the agreements. The Commission therefore approves this merger transaction subject to the following conditions:

1. Definitions

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

- 1.1 "**Approval Date**" means the date referred to in the Competition Commission's merger clearance certificate (Form CC 15);
- 1.2 "**Acquiring Firm**" means New Glen Shopping Centres (Pty) Ltd;
- 1.3 "**Commission**" means the Competition Commission of South Africa;
- 1.4 "**Conditions**" means these conditions;
- 1.5 "**Merger**" means the acquisition of control over the target property being the Paddock;
- 1.6 "**Spar Group**" means the Spar Group Limited;
- 1.7 "**Spar Agreement**" means the lease agreement concluded between Investec Property Group Limited and the Spar Group in respect of the Paddock, with all the respective rights held by the Louis Group Platinum Trust;
- 1.8 "**Target property**" means retail letting enterprise known as the Paddock;
- 1.9 "**Woolworths**" mean Woolworths (Pty) Ltd.; and
- 1.10 "**Woolworth Agreement**" means agreement concluded between Growthpoint Properties Limited and Woolworths in respect of the Paddock with all the respective rights currently held by Louis Group Platinum Trust

2. Recordal

- 1.2 New Glen has agreed to the following undertakings meant to address the public interest concerns.
- 1.3 It is the Commission's view that the conditions, in current form, are necessary to address the public interest concerns.

3. Conditions to the approval of the merger

- 3.1 The acquiring firm shall negotiate with Woolworths, in the utmost good faith to have the exclusivity clause in the respective lease agreements in relation to the target property removed at the renewal in 2015.

3.2 The acquiring firm shall negotiate with Spar, in the utmost good faith to have the exclusivity clause in the respective lease agreement in relation to the target property removed at the renewal of the each lease in 2014.

4 Monitoring of compliance with the conditions

4.1 The acquiring firm shall within (30) thirty days after entering into the new lease agreements with Woolworths, in connection to the centres, provide the Commission with a report setting out in details the extent to which they have complied with the conditions of removing the exclusivity clause.

4.2 The acquiring firm shall within (30) thirty days after entering into the new lease agreements with Spar, in connection to the centres provide the Commission with a report setting out in details the extent to which they have complied with the conditions of removing the exclusivity clause.

4.3 All correspondence in relation to Conditions should be forwarded to 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.