

**DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION**

NO. 6018

20 March 2025

**NOTIFICATION TO APPROVE WITH CONDITIONS THE TRANSACTION INVOLVING:****OLD MUTUAL RENTAL HOUSING INVESTMENT FUND TWO LIMITED****AND****SUMMERSTRAND STUDENT VILLAGE PROPRIETARY LIMITED****CASE NUMBER: 2024NOV0015**

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 abovementioned firms subject to conditions set out below:

**Background**

1. On 11 November 2024, the Competition Commission ("Commission") received notice of an intermediate merger wherein Old Mutual Rental Housing Investment Fund Two Ltd ("OMRENT") intends to acquire **(Confidential)** shares in Summerstrand Student Village (Pty) Ltd ("Summerstrand Student Village"). On completion of the proposed transaction, OMRENT will have sole control of Summerstrand Student Village.

**Parties to the transaction**

2. The primary acquiring firm is OMRENT. OMRENT is ultimately wholly owned by Old Mutual Ltd ("OML"). OML is not controlled by any firm/shareholder. OMLP and its subsidiaries will collectively be referred to as the Old Mutual Group.
3. OML has 30% of its shareholding held Historically Disadvantaged Persons ("HDPs").
4. The primary target firm is Summerstrand Student Village. Summerstrand Student Village **(Confidential)**.

5. Summerstrand Student Village does not control any firm. Summerstrand Student Village, **(Confidential)** do not have any **(Confidential)**.

#### **Activities of the parties**

6. The Old Mutual Group is a diversified African financial services group that offers a broad spectrum of financial solutions to retail and corporate customers across key markets in 14 countries.
7. The principal activity of OMRENT is to acquire and hold immovable property for the purpose of letting the property to persons whose annual income falls within the Financial Sector Charter ("FSC") household income targets, as gazetted from time to time by the Minister of Trade and Industry as a Sector Code in terms of section 12 of the Broad Based Black Economic Empowerment Act no.53 of 2003, as amended.
8. Summerstrand Student Village owns and controls the Summerstrand Student Village Property (the "Target Property"). The Target Property comprises Summerstrand Student Village a student rental property which currently houses 484 student beds, situated at Summerstrand, Marine Drive, Gqeberha, Eastern Cape. The Target Property is situated within 1 km of the entrance to the main campus of Nelson Mandela University in Summerstrand, Gqeberha.
9. The merging parties envisage a Phase 2 development and construction of the Target Property by Summerstrand Student Village of 832 additional student accommodation beds.

#### **Competition analysis**

10. The Commission considered the activities of the merging parties and found that the proposed transaction result in a horizontal overlap in the broad market for residential property. The Commission found that the **(Confidential)** in the relevant geographic node. As such, there is no overlap between the activities of the merging parties.
11. The Commission is of the view that the proposed transaction is unlikely to substantially prevent or lessen competition in the relevant market.

#### **Public interest analysis**

12. The Old Mutual Group has black ownership of approximately 30% **(Confidential)**.
13. **(Confidential)** management company (Manco) that will be formed to operate the residences must be 49% owned by an employees' trust (to be formed **(Confidential)**). The beneficiaries of the employees trust that will hold 49% in Manco will all be HDPs. **(Confidential)** the residents must be HDPs, who themselves qualify to be funded by the National Student Financial Aid Scheme. The Commission requested the merging parties to commit to these as conditions to the approval of the merger and they agreed.

### **Conclusion**

14. The Commission approves the proposed transaction subject to conditions attached as **Annexure A**.

**ANNEXURE A****OLD MUTUAL RENTAL HOUSING INVESTMENT FUND TWO LTD****AND****SUMMERSTRAND STUDENT VILLAGE (PTY) LTD**

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**CONDITIONS**

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**1. DEFINITIONS**

In this document, the expressions used above will have the appropriate meanings assigned to them and the following and related expressions will bear the following meanings:

- 1.1 **“Acquiring Group” / Acquiring Firm** means Old Mutual Rental Housing Investment Fund Two Ltd, a firm ultimately controlled by Old Mutual Ltd;
- 1.2 **“Act”** means the Competition Act No. 89 of 1998, as amended;
- 1.3 **“Approval Date”** means the date on which the Proposed Transaction is approved in terms of the Act;
- 1.4 **“Commission”** means the Competition Commission of South Africa;
- 1.5 **“Commission Rules”** means the Rules for the Conduct of Proceedings in the Commission;
- 1.6 **“Conditions”** means the merger conditions included in this Annexure A;
- 1.7 **“Days”** means any day that is not a Saturday, Sunday, or public holiday in South Africa;
- 1.8 **“Employees Trust”** means a trust that is yet to be formed whose beneficiaries will all be Qualifying Workers of Manco;
- 1.9 **“Manco and Employees Trust Establishment Period”** means 6 (six) months from the Approval Date;
- 1.10 **“HDPs”** means historically disadvantaged persons within the meaning of the Act;
- 1.11 **“Implementation Date”** means the date on which the merger is implemented by the Merged Parties;

- 1.12 “**Manco**” means the management company (Manco) to be formed which will be 49% owned by an Employees Trust (to be formed).
- 1.13 “**Merger**” means the proposed acquisition by the Acquiring Group of Summerstrand Student Village as notified to the Commission under Case No. 2024Nov0015;
- 1.14 “**Merging Parties**” means the Acquiring Group and Summerstrand Student Village;
- 1.15 “**South Africa**” means the Republic of South Africa;
- 1.16 “**Summerstrand Student Village**” means Summerstrand Student Village (Pty) Ltd;
- 1.17 “**Target Firm**” means Summerstrand Student Village;
- 1.18 “**Tribunal**” means the Competition Tribunal of South Africa;
- 1.19 “**Tribunal Rules**” means the Rules for the Conduct of Proceedings in the Tribunal;
- 1.20 “**Worker**” means an employee as defined in the Labour Relations Act 66 of 1995 (as amended) and, in the context of ownership, refers to ownership by a broad base of Workers.

## 2. ESTABLISHMENT OF MANCO AND THE EMPLOYEES TRUST

- 2.1. By the end of the Manco and Employees Trust Establishment Period, the Merging Parties shall have established Manco and the Employees Trust for the benefit of Workers. The Employees Trust shall hold a minimum of 49% of the issued shares in the Manco, in accordance with the design principles set out in Annexure B.

## 3. MONITORING

- 3.1. Within 10 (ten) Days of the Implementation Date, Summerstrand Student Village shall circulate a non-confidential version of the Conditions to its employees, their employee representatives and trade unions. As proof of compliance herewith, the Merging Parties

shall within 5 (five) Days of circulating the Conditions, submit to the Commission an affidavit by a senior official, attesting to such compliance.

3.2. Within 5 (five) days after the Implementation Date, the Merged Parties shall notify the Commission in writing of the Implementation Date.

3.3. The Merged Parties shall submit a compliance report (including a trust deed for the registration of the Employees Trust) within 5 (five) Days after the establishment of the Employees Trust. The report shall be accompanied by an affidavit from a director of the Acquiring Group confirming the accuracy of the information contained in the report.

3.4. The Commission may request any additional information from the Merging Parties, which the Commission may, from time to time, deem necessary for purposes of monitoring the extent of compliance with these Conditions.

3.5. The Conditions shall apply for a period of 5 (five) years from the Implementation Date.

#### **4. APPARENT BREACH**

4.1. Should the Commission receive any complaint in relation to non-compliance with the above Conditions, or otherwise determine that there has been an apparent breach by the Merging Parties of these Conditions, the breach shall be dealt with in terms of Rule 39 of the Commission Rules.

#### **5. VARIATION**

4.2. The Merging Parties may at any time, on good cause shown, apply to the Commission for the Conditions to be waived, relaxed, modified and/or substituted. Should a dispute arise in relation to the variation of the Conditions, the Merging Parties shall apply to the Tribunal, on good cause shown and on notice to the Commission, for the Conditions to be waived, relaxed, modified and/or substituted.

#### **6. GENERAL**

6.1. All correspondence in relation to the Conditions must be submitted to the following e-mail addresses: [mergerconditions@compcom.co.za](mailto:mergerconditions@compcom.co.za) and [ministry@thedtic.gov.za](mailto:ministry@thedtic.gov.za)

6.2. Enquiries in this regard may be addressed to the Manager: Mergers and Acquisition Division at Private Bag X23, Lynnwood Ridge, 0040. Telephone: (012) 394 3200.

**ANNEXURE B - CONFIDENTIAL**