

**COMPETITION TRIBUNAL OF SOUTH AFRICA**

**Case No: 79/LM/JUL07**

In the matter between:

**OLD MUTUAL LIFE ASSURANCE COMPANY  
(SOUTH AFRICA) LIMITED**

Acquiring Firm

And

**SWEET ROSES INVESTMENTS 506 (PTY) LTD**

Target Firm

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Panel : N Manoim (Presiding Member), Y Carrim (Tribunal  
Member), and U Bhoola (Tribunal Member)

Heard on : 31 August 2007  
Decided on : 31 August 2007

Reasons issued on : 10 September 2007

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**REASONS FOR DECISION**

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**APPROVAL**

[1] On 31 August 2007, the Tribunal approved the acquisition by Old Mutual Life Assurance Company (South Africa) Limited (“Old Mutual Life Assurance”) , of a retail shopping centre known as Knysna Mall owned by Sweet Roses Investments 506 (Pty) Ltd (“Sweet Roses”).

**THE TRANSACTION**

[2] The primary acquiring firm is Old Mutual Life Assurance and the target property is Knysna Mall, which is owned by Sweet Roses. In terms of the transaction Old mutual Life Assurance intends to purchase the Knysna Mall from Sweet Roses. As a result of the transaction Old Mutual Life Assurance will acquire control of the target properties.

### **RATIONALE FOR THE TRANSACTION**

[3] Old Mutual Life Assurance is purchasing the properties for investment purposes. Sweet Roses is selling the properties for economic reasons following an advantageous offer made to it by Old Mutual Life Assurance.

### **THE PARTIES' ACTIVITIES**

[4] Old Mutual Life Assurance is controlled by Old Mutual Life Holdings (South Africa) Limited which in turn is controlled by Old mutual Plc ("Old Mutual"), a public company listed on London Stock Exchange. Old Mutual has several subsidiaries world wide, including in South Africa. Old Mutual Life Assurance currently owns six retail properties with a total Gross Lettable Area ("GLA") of 93 878 m<sup>2</sup> in the Western Cape, as indicated in table 1. below:

Table 1. The retail properties owned by Old Mutual Life Assurance in the Western Cape

<b>Property Name</b>	<b>GLA (in m<sup>2</sup>)</b>	<b>Location</b>
Cavendish Square	43 517	Claremont
Mutual Plain	4 129	Mitchell's plain
OK Bazaars, Mitchell plain	10 428	Mitchell's plain
Link Shopping Centre	9 747	Claremont
Byside Centre	15 574	Table view
Werdmuller Centre	10 483	Claremont

[5] Apart from its interest in the Knysna Mall, the subject of the instant transaction, Sweet Roses is a 50% partner in Adelphi Centre Partnership which owns a shopping centre in Sea Point, Cape Town, known as Adelphi Centre (“Adelphi”) with a GLA of 12 800 m<sup>2</sup>. Sweet Roses also has a 50% interest in Proud Heritage Properties 175 (Pty) Ltd (“Proud Heritage”). However Adelphi and Proud Heritage are not included in this transaction and Sweet Roses will continue to retain its interests in them. Sweet Roses is not controlled by any firm.

### **THE RELEVANT MARKET**

[6] The relevant product and geographic market can broadly be defined as the Western Cape retail property market. In line with the Tribunal’s findings in *Primegro Properties Ltd and Growthpoint Properties Ltd*,<sup>1</sup> where the Tribunal found that retail property can be divided into regional; community; neighbourhood; local convenience; retail warehouse and value centres, the commission narrowly defined the market as a neighbourhood retail shopping centre. They submit further that the geographic market for neighbourhood retail shopping centre is local. We accept the commissions’ market definition.

### **COMPETITION ANALYSIS**

[7] The commission submitted that whereas the acquiring firm owns neighbourhood retail shopping centres in Claremont and Mitchell’s Plain, it owns no retail neighbourhood property in Knysna, where the target property is situated. In the commission’s submissions Claremont, Mitchell’s Plain and Knysna do not serve the same geographic market and as result there is no geographic overlap in the activities of the parties, as the acquiring firm does not own any neighbourhood retail shopping centre in Knysna or the broader Garden route area. We agree with the Commission’s approach.

[8] Accordingly, we find that the transaction is not likely to substantially prevent or lessen competition.

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<sup>1</sup> 29/LM/Jun03

## **CONCLUSION**

[9] We further find that the transaction does not raise any significant public interest issues and accordingly approve the merger without conditions.

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**Y Carrim**

**10 September 2007**

Date

N Manoim and U Bhoola concurring.

Tribunal Researcher : P S Munyai

For the merging parties : Walkers Inc

For the competition commission : L Madihlaba and M Mohlala  
(Mergers & Acquisitions)