



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM214Oct17

In the matter between:

Community Property Company (Pty) Ltd

Primary Acquiring Firm

And

**The immovable property comprising
Heidelberg Mall**

Primary Target Firm

Panel	: Mr Norman Manoim (Presiding Member)
	: Ms Mondo Mazwai (Tribunal Member)
	: Mrs Medi Mokuena (Tribunal Member)
Heard on	: 16 November 2017
Order Issued on	: 16 November 2017
Reasons Issued on	: 20 November 2017

REASONS FOR DECISION

Approval

- [1] On 16 November 2017, the Tribunal unconditionally approved the large merger between the Community Property Company (Pty) Ltd ("CPC") and the immovable property comprising Heidelberg Mall ("Heidelberg Mall"), hereinafter collectively referred to as the merging parties.
- [2] The reasons for approval follow.

Parties to the transaction

Primary Acquiring Firm

- [3] CPC is a property holding and investment company that primarily specialises in the acquisition of shopping centres which cater to the needs of underserved communities throughout South Africa. CPC is ultimately controlled by Old Mutual Group Holdings (SA) (Pty) Ltd. CPC and its controllers are collectively referred to as the Acquiring Group.
- [4] The Acquiring Group owns a number of retail letting properties throughout South Africa. Relevant to this transaction are its properties located in the Gauteng province.

Primary Target Firm

- [5] Heidelberg Mall is a regional shopping centre that only comprises of retail letting and storage space. It is situated off the N3 highway between the suburb of Bersig and the Heidelberg central business district (CBD) in the Gauteng province.
- [6] Heidelberg Mall is jointly controlled by three private companies, which are collectively referred to as 'the Sellers'.

Proposed transaction

- [7] In terms of the Terms and Conditions of Sale, CPC will acquire each of the Sellers' undivided shareholding in Heidelberg Mall. Post-merger, CPC will own and control Heidelberg Mall.

Relevant market and impact on competition

- [8] The Commission considered the activities of the merging parties and found a horizontal overlap in the product market for the provision of rentable retail space in comparative centres. The horizontal overlap arises as a result of CPC owning a number of comparative centres in the Gauteng region, which include the Bedford

Centre in Bedfordview and The Zone @ Rosebank in Rosebank. In turn, Heidelberg Mall is also classified as a comparative centre.

- [9] The Commission found that there is no geographic overlap between the activities of the merging parties as CPC's nearest comparative centre in Gauteng is located 46 kms from Heidelberg Mall and thus unlikely to impose a competitive constraint on it.
- [10] Since there is an absence of a geographic overlap, the Commission concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any market. We accordingly agreed.

Public interest

- [11] The merging parties submitted that the proposed transaction will not have a negative impact on jobs as there will be no change in terms of employment and the comparative centres will continue to operate as they did pre-merger. CPC has no employees and Heidelberg Mall has six (6) employees who were served with the non-confidential merger filing and raised no concerns regarding employment. The Commission concluded that the proposed transaction will not negatively affect employment. We agreed with the Commission's findings.

Conclusion

[12] In light of the above, we concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. In addition, no adverse public interest issues arise from the proposed transaction. Accordingly, we approved the proposed transaction unconditionally.



Mr Norman Manoim

20 November 2017
Date

Ms Mondo Mazwai and Mrs Medi Mokuena concurring.

Tribunal Case Manager : Mr Ndumiso Ndlovu.

For the merging parties : Mr Mark Griffiths of Norton Rose Fulbright.

For the Commission : Ms Zanele Hadebe.