



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM001Apr15

In the matter between:

**BUSINESS VENTURE INVESTMENTS NO.1360
(PTY) LTD AND OLD MUTUAL LIFE ASSURANCE
COMPANY (SA) LTD**

Primary Acquiring Firms

And

**OLD MUTUAL LIFE ASSURANCE COMPANY (SA)
LTD IN RESPECT OF 50% UNDIVIDED SHARE
IN MENLYN PARK SHOPPING CENTRE AND
BUSINESS VENTURE INVESTMENTS NO. 1360 (PTY)
LTD IN RESPECT OF 50% UNDIVIDED SHARE IN
CAVENDISH SQUARE**

Primary Target Firms

Panel	: Y Carrim (Presiding Member)
	: F Tregenna (Tribunal Member)
	: M Mokuena (Tribunal Member)
Heard on	: 3 June 2015
Order Issued on	: 3 June 2015
Reasons Issued on	: 18 June 2015

Reasons for Decision

Approval

- [1] On 3 June 2015, The Competition Tribunal ("**Tribunal**") unconditionally approved the acquisition by Business Venture Investments No.1360 (Pty) Ltd ("**BVI**") for the 50% undivided share in Menlyn Park Shopping Centre ("**Menlyn**") and Old Mutual Life Assurance Company (SA) Ltd ("**Old Mutual**") for the 50% undivided share in Cavendish Square Shopping Centre ("**Cavendish Square**").
- [2] The reasons for approving the proposed transaction follow.

Parties to the transaction

- [3] The first primary acquiring firm is BVI, a company wholly owned by the Government Employees Pension Fund ("**GEPF**"). GEPF is managed by several trustees and is represented by the Public Investment Corporation ("**PIC**"). GEPF has various interests and owns various properties.
- [4] BVI does not control any firm but it does have a 50% undivided share in both Cavendish Square and Menlyn. The other 50% undivided shares in both Cavendish Square and Menlyn is held by Old Mutual.
- [5] The second primary acquiring firm is Old Mutual, a company wholly controlled by Old Mutual Emerging Markets Limited ("**OMEL**"). OMEL is controlled by Old Mutual Group Holdings (SA) (Pty) Ltd.
- [6] Old Mutual controls and manages various subsidiaries but relevant for this transaction as previously stated is its 50% undivided share in both Cavendish Square and Menlyn.

Proposed Transaction

- [7] Old Mutual is selling its 50% undivided share in Menlyn, which is classified as a super-regional shopping centre, to BVI who already owns the other 50%. In return BVI is selling its 50% undivided share in Cavendish Square, which is made up of Cavendish Connect a community centre, Cavendish Square a minor regional

shopping centre, Dreyer Street a local convenience centre and The Place a small free-standing centre, to Old Mutual who already owns the other 50%. Post-merger BVI will have sole control of Menlyn Park and Old Mutual will have sole control of Cavendish Square.

Rationale

- [8] The proposed swap transaction presents attractive investment opportunities for both entities.

Relevant Market and Impact on Competition

- [9] BVI is a property investment holding company. The main business of GEPF is to manage and administer pension funds and other benefits for government employees. GEPF owns various properties.
- [10] The Old Mutual Group is a diversified financial services firm and relevant for this transaction are the various properties that Old Mutual holds and manages.
- [11] The Commission found that both parties are active in the market for provision of rentable retail property and defined the relevant product market as the market for the provision of comparative centres.
- [12] The Commission did not conclude on a geographic market because the proposed transaction is unlikely to prevent or lessen competition regardless of how the geographic market is defined. According to the Commission there are no other comparative shopping centres within a close radius from Menlyn Park or Cavendish Square.¹ More over since it is a swap transaction between existing shareholders the Commission is of the view that the structure of the retail property market would not be altered as a result of the transaction.

¹ The Commission indicated that there are various shopping centers close by which would constrain the merging parties even though they are not as large as Menlyn Park and Cavendish Square.

- [13] We agree with the Commission that the proposed transaction raises no competition concerns due to the absence of a geographic overlap.

Public Interest

- [14] The transaction does not raise any public interest concerns.
- [15] In light of the above we concluded that the proposed transaction was unlikely to substantially prevent or lessen competition. Accordingly we approved the proposed transaction unconditionally.


Ms Y Carrim

18 June 2015
DATE

Prof. F Tregenna and Ms M Mokuena concurring

Tribunal Researcher:	Lebo Moleko
For the merging parties:	Albert Aukema and Chris Charter – Cliff Dekker Hofmeyr
For the Commission:	Nolubabalo Myoli and Nompucuko Nontombana