

PnP won't enforce exclusive lease agreements against smaller retailers

Pick n Pay chairman Gareth Ackerman confirmed today that the grocery retailer will refrain from enforcing exclusive lease agreements against smaller competitors within any shopping centre in which it trades.



The announcement comes in response to the [Grocery Retail Market Inquiry report](#), published in November 2019, which sought to illuminate features of the grocery retail market that resulted in reduced competition and diminished space for the participation of small and independent retail outlets.

The inquiry found that national retail chains - including Shoprite/Checkers, Pick n Pay, Spar and Woolworths - dominate shopping malls and convenience centres and that this is, in part, a result of the national chains negotiating long-term exclusive lease agreements, which restrict the lessor from letting premises in the same centre to a competitor of the national chain.



GRMI recommendations implementation period extended by 3 months

30 Apr 2020



The Competition Commission found that there was no compelling justification for major supermarket chains to have long-term exclusive lease agreements with shopping malls, and recommended that the use of such agreements be phased out within five years.

Stimulating healthy competition

Speaking at the presentation of Pick n Pay's annual results this morning, Ackerman said, "In its recent report, the Competition Commission expressed concern that exclusive lease agreements might discourage small and speciality retailers from opening in shopping centres. This is not our experience. We want to see thriving centres, where innovative

and diverse businesses excite customers and raise the bar for everyone.

To end any doubt, I am happy to announce today that Pick n Pay will not seek to enforce any exclusivity agreement against a small or speciality retailer in any centre in which we operate."



Unpacking the Competition Commission's Grocery Retail Market Inquiry report

Angelo Tzarevski, Ryan McKerrow and Kirsty Gibson 27 Nov 2019



Ackerman continued, "We have had an excellent dialogue with the Competition Commission, and will seek to finalise a commitment with them.

"I hope that, after the current crisis, government and the competition authorities give due priority to stimulating healthy competition. This will enable us to create the jobs and transform the economy in the way that will desperately be needed.

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