



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No:68/LM/Aug11

In the matter between:

RESILIENT PROPERTIES (PTY) LTD

Acquiring Firm

And

ILANGA LIFESTYLE CENTRE (PTY) LTD

Target Firm

Panel : Norman Manoim (Presiding Member),
Andiswa Ndoni (Tribunal Member)
Medi Mokuena (Tribunal Member)
Heard on : 21 September 2011
Order issued on : 25 October 2011
Reasons issued on : 25 October 2011

Reasons for Decision

Approval

- 1] On 21 September 2011 the Competition Tribunal ("Tribunal") unconditionally approved the large merger between Resilient Properties (Pty) Ltd ("Resilient") and Ilanga Lifestyle Centre (Pty) Ltd, in respect of a 20% undivided share of the property letting enterprise known as "Ilanga Mall". The reasons for approving the proposed transaction follow below.

The Parties to the transaction

- 2] The primary acquiring firm is Resilient Properties (Pty) Ltd (“Resilient”), which is a private company incorporated in terms of the laws of the Republic of South Africa. Resilient is a wholly owned subsidiary of Resilient Property Income Fund Ltd, a property income fund which is listed on the Johannesburg Securities Exchange Limited.¹ The Resilient Group conducts business in the rental of properties in the retail space sector of the rental property market throughout the Republic of South Africa.²
- 3] The primary target firm is Ilanga Lifestyle Centre (Pty) Ltd in respect of a 20% undivided share of the property letting enterprise known as “Ilanga Mall”. Ilanga does not control any firms except for Ilanga Mall. Ilanga is controlled by two shareholders namely, Laeveld Trust (Pty) Ltd and the Visagie Beherende Trust. The only business that is conducted by Ilanga is its investment in Ilanga Mall.

The activities of the parties

- 4] The Resilient Group conducts business in the rental of properties in the retail space sector of the rental property market throughout the Republic of South Africa. Ilanga’s business is its investment in Ilanga Mall.

The Rationale

- 5] In terms of the Sale of Letting Enterprise Agreement, Resilient is Acquiring from Ilanga a 20% share in a shopping centre known as Ilanga Mall³
- 6] Pursuant to the sale of 20% undivided share in the Ilanga Mall, Resilient and Ilanga have concluded a Co-ownership Agreement, which will regulate the relationship between the parties as co-owners of Ilanga. Resilient currently exercises joint control over Ilanga and pursuant to the transaction will own a 70% undivided share in Ilanga Mall.

1 The following are its major shareholders and their shareholdings; Stanlib 14.4%, Investec 13.9%, Old Mutual 8.1%, Des de Beer 6.1%.

2 Resilient controls the following companies: Southern Palace Investments 19 (Pty) Ltd, Res Capital, Casadobe 73 (Pty) Ltd, Great Force Investments 112 (Pty) Ltd, Maphumulo Investments (Pty) Ltd Diversified Properties (Pty) Ltd.

3 This includes a 20% undivided share in the immovable property described as Erf 2119 West Acres Extension 38 Township, Registration Division JT Province of Mpumalanga, in extent 8.9545 (eight point nine five four five) hectares.

The relevant market and the impact on competition

7] Resilient owns Highveld Mall which is situated in Witbank whilst the target firm is situated in Nelspruit. Highveld Mall and Ilanga Mall are approximately 250 kilometres apart and for that reason are too far apart to be regarded as competitors. Resilient's only interest in Nelspruit is its existing 50% shares in Ilanga Mall. The merger therefore, does not lead to an increase in concentration in the Nelspruit area.

Public Interest

8] The merger will not have any employment impact and no other substantial public interest issues have been raised that would raise concerns about the merger.

CONCLUSION

9] The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in the market as there is no geographic overlap.

10] We agree with the Commission's conclusion and accordingly, the merger is approved without conditions.

NORMAN MANOIM

25 October 2011
DATE

A Ndoni and M Mokuena concurring.

Tribunal Researcher: Thabo Ngilande

For the merging parties: Vani Chetty Competition Law

For the Commission: Mr Bheki Masilela

Ms Lindiwe Khumalo