



## COMPETITION TRIBUNAL OF SOUTH AFRICA

**Case No:94/LM/Nov11**

In the matter between:

**REDEFINE PROPERTIES LIMITED**

Acquiring Firm

And

**SIX LETTING ENTERPRISES HELD BY  
COOL IDEAS 208 (PTY) LTD,  
IMPROVON PROPERTY FUND 1 (PTY) LTD,  
IMPROVON GROWTH FUND (PTY) LTD AND  
WAVELENGTH 124 (PTY) LTD**

Target Firm

Panel	:	Andreas Wessels (Presiding Member) Andiswa Ndoni (Tribunal Member) Medi Mokuena (Tribunal Member)
Heard on	:	13 December 2011
Order issued on	:	13 December 2011
Reasons issued on	:	21 December 2011

### **Reasons for Decision**

#### **Approval**

- 1] On 13 December 2011, the Competition Tribunal ("Tribunal") approved the large merger between Redefine Properties (Pty) Ltd ("Redefine") and six letting enterprises held by Cool Ideas 208 (Pty) Ltd, Improvon

Property Fund 1 (Pty) Ltd (“Improvon Fund 1”), Improvon Growth Fund (Pty) Ltd (“Improvon Growth”) and Wavelength 124 (Pty) Ltd (“Wavelength”). The reasons for approving the proposed transaction follow below.

## **The Transaction**

- 2] The primary acquiring firm is Redefine, a private company incorporated in terms of the laws of the Republic of South Africa. Redefine is not controlled by any firms; however, the following shareholders hold in excess of 5%:

<b>Shareholder</b>	<b>Interest</b>
Stanlib	7.08%
Old Mutual	6.81%
Investec	5.56%
Government Employees Pension Fund	5.12%

- 3] Redefine has a 47.5% investment in Hyprop Investments Limited (“Hyprop”), which has 100% of the issued share capital in Attfund Retail Ltd (“Attfund”) as well as a 49.8% unit holding in a BEE property fund, being Vunani Property Investment Fund (“Vunani”). Vunani is jointly controlled by Vunani Properties Limited and Hyprop.
- 4] The primary target firm are Cool Ideas, Improvon Fund 1, Improvon Growth and Wavelength. These four firms were created by the Improvon Group for property and rental income purposes. The Improvon Group trades mainly in the industrial property market and specialises in industrial and commercial facilities.
- 5] The transaction regards the sale of these target properties in terms of a few Sale Agreements. These are indivisibly linked transactions, due to the fact that they are cross-conditional on each other and contemporaneous. However, separate agreements are concluded to ensure that the transactions each reflect the indivisible nature of each one, but for all intents and purposes it is concluded as one transaction. Once the transaction is complete, Redefine will control Cool Ideas.

## **The Rationale**

- 6] The rationale for the proposed merger is that Redefine wishes to expand its existing property portfolio by acquiring additional light industrial space, which ties in with their current strategy. The Improvon Group seeks to realize the value of the investment it has made and to exit the commercial property letting market.

## **The parties and their activities**

- 7] Redefine is a property loan stock company with properties in commercial retail property, office space and industrial space around South Africa.
- 8] The target properties are classified as light industrial properties in various nodes, being Longmeadow, Alrode, Jet Park and Spartan.

## **The relevant market and the impact on competition**

- 9] The transaction does result in a horizontal overlap in the market for light industrial property, as Redefine owns such property and the target firms are classified as such as well. Therefore there is a geographic overlap in the market for light industrial properties in the following three nodes: Longmeadow, Jet Park and Spartan.
- 10] However, the transaction is unlikely to substantially prevent or lessen competition, as the merged entity's increased post-merger market shares in the respective nodes remain low, as depicted in the table below.

<b>Node</b>	<b>Pre-merger market share</b>	<b>Post-merger market share</b>
<b>Spartan</b>	6.13%	8.30%
<b>Jet Park</b>	5.75%	6.92%
<b>Longmeadow</b>	0.62%	3.85%

- 11] Further, there are other competitors in the property sector in those respective nodes, such as Growthpoint, Sanlam and Old Mutual, with estimated market shares in the property sector, as depicted below:

<b>Competitor</b>	<b>Market share</b>
<b>Growthpoint</b>	23.78%
<b>Old Mutual</b>	17%
<b>Sanlam</b>	9%

## **CONCLUSION**

12] The proposed transaction will not result in any employment losses and it does not raise any other public interest issues.

13] The Tribunal agrees with the recommendation of the Commission that, in light of the low post-merger market shares and other large competitors active in those markets, the acquisition of the six light industrial property enterprises is unlikely to result in substantial prevention or lessening of competition in the relevant market. Accordingly, we approve the above merger unconditionally.

**ANDREAS WESSELS**

21 December 2011  
**DATE**

**Andiswa Ndoni and Medi Mokuena concurring.**

Tribunal Researcher: Nicola Ilgner

For the merging parties: Vani Chetty Competition Law

For the Commission: Dineo Mashego