



## COMPETITION TRIBUNAL OF SOUTH AFRICA

**Case No: 46/LM/Apr12  
014985**

In the matter between:

**REIT INVESTMENTS (PTY) LTD**

Acquiring Firm

And

**COPPER MOON TRADING 249 (PTY) LTD  
AND 6 OTHERS**

Target Firms

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Panel	:	Andreas Wessels (Presiding Member) Medi Mokuena (Tribunal Member) Takalani Madima (Tribunal Member)
Heard on	:	30 May 2012
Order issued on	:	30 May 2012
Reasons issued on	:	10 July 2012

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### **Reasons for Decision**

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#### **Approval**

[1] On 30 May 2012 the Competition Tribunal ("Tribunal") unconditionally approved the large merger between Reit Investments (Pty) Ltd and Copper Moon Trading 249 (Pty) Ltd and 6 others in respect of certain letting enterprises. Our reasons for approving the transaction are set out below.

## **Parties to the transaction**

[2] The primary acquiring firm is Reit Investments (Pty) Ltd (“Reit Investments”), a private firm incorporated in terms of the laws of the Republic of South Africa. Reit Investments’ shareholders include Nedbank Limited, Globus Investments (Pty) Ltd (“Globus”) and Emergent Properties Limited. Globus is ultimately controlled by HBW Group (Pty) Ltd (“HBW”). Reit Investments owns commercial property mainly comprised of office space located in Centurion, Durban, Johannesburg, Kimberly, Midrand, Pinetown and Standerton.

[3] The primary target firms are the following properties, including the existing leases, which fall within HBW:

- i. Celtis Plaza Land: Erf 663 Hatfield Township (“Celtis Plaza”) owned by Copper Moon Trading 249 (Pty) Ltd;
- ii. Cleveland Land: the remaining extent of Erf 173 Cleveland Extension 5 Township (“Cleveland”) owned by Globus;
- iii. Isando Land: Erf 431 Isando Township (“Isando”) owned by TCG Properties (Pty) Ltd;
- iv. FDC Pinetown Land: the remaining extent of Erf 13099 Pinetown Extension 107 Township (“FDC Pinetown”) owned by FDC Properties (Durban) (Pty) Ltd;
- v. FDC Meadowbrook Land: the remaining extent of Portion 353, as well as Portions 467 and 575 of The Farm Rietfontein Number 63 (“FDC Meadowbrook”) owned by FDC Properties (East) (Pty) Ltd;
- vi. Nampak Land: Sections 1 and 3 Waljon Industrial Estate (“Nampak Building”) owned by Globus;
- vii. Route 21 Land: Erf 925 Irene Extension 30 Township (“Route 21”) owned by Globus;

- viii. Steeledale Land: Erf 17 Steeledale Township, as well as Erf 26, 27, 28 and 29 Steeledale Extension 1 Township, (“Steeledale Shopping Centre”) owned by Steeldale Property Holdings (Pty) Ltd;
- ix. Walker Drive Land: the remaining extent of Erf 3738 Kabega (“Walker Drive”) owned by Ferox Investments (Pty) Ltd (“Ferox Investments”); and
- x. Welkom Square Land: Portion 4 of Erf 165 Welkom, as well as the remaining extent of Erf 165 Welkom (“Welkom Square”) owned by Ferox Investments.<sup>1</sup>

[4] We shall below refer to the above properties as “the target properties”.

### **Proposed transaction and rationale**

[5] According to the *Sale of Letting Enterprises Agreement*, Reit Investments will acquire ownership of the target properties as going concerns. In terms of the above agreement, the parties will also enter into a management agreement in terms of which HBW (or its nominee) will manage the property portfolio of the acquiring firm.

[6] The acquiring firm intends to grow its property portfolio in size and value as well as in diversify to achieve sufficient scale.<sup>2</sup> The owners of the target properties want to *inter alia* secure new capital to invest in further developments.

### **Competition analysis**

[7] In its analysis of the proposed merger, the Competition Commission (“Commission”) found that the merging parties’ activities overlap in the following three product markets:

- (i) the market for the provision of rentable space in convenience centres.  
However, no geographical overlap exists in relation to the merging parties’ centres;

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<sup>1</sup> Merger record pages 20 to 22; also see *Sale of Letting Enterprises Agreement*, merger record pages 211 to 265.

<sup>2</sup> Merger record page 48.

- (ii) the market for rentable Grade B office space. However, there is no geographical overlap in the activities of the merging parties; and
- (iii) the market for the provision of rentable light industrial property in the Pinetown node. The merging parties will have a post-merger market share in this market of below 15%.

[8] In light of the above analysis the Commission concluded that the proposed transaction is unlikely to lead to a substantial lessening or prevention of competition. We concur with this finding.

### **Public interest**

[9] The merging parties submitted that the proposed transaction will have no adverse effects on employment. The proposed transaction raises no other public interest concerns.

### **Conclusion**

[10] We conclude that the proposed merger is unlikely to lead to a substantial prevention or lessening of competition in any relevant market. Furthermore, the proposed transaction raises no public interest concerns. We therefore approved the above merger without conditions.

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**A Wessels**

10 July 2012  
**DATE**

**M Mokuena and T Madima concurring**

Tribunal researcher: Songezo Ralarala

For the merging parties: Charmaine Natalie Kemp of Vining Camerer  
Incorporated

For the Commission: Dineo Mashego