



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No:01/LM/Jan11

In the matter between:

Housing Impact South Africa

Acquiring Firm

And

Rand Leases Securitisation

Target Firm

Panel : N Manoim (Presiding Member)
Y Carrim (Tribunal Member)
M Mokuena (Tribunal Member)
Heard on : 16 February 2011
Order issued on : 16 February 2011
Reasons issued on : 03 May 2011

Reasons for Decision

Approval

- 1] On 16 February 2011 the Competition Tribunal approved the acquisition by Housing Impact Fund South Africa of Rand Leases Securitisation (Pty) Ltd. The reasons follow below.

The Transaction

- 2] Old Mutual Assurance Company ("OMLACSA") is restructuring its assets and will transfer its 50% shareholding in Rand Leases Securitisation to the acquiring firm Housing Impact Fund South Africa

("HIFSA").

- 3] HIFSA which is a newly formed trust established as a vehicle to enable investment into low-income housing projects. Investors in the trust are OMLACSA, which manages the trust, (holding 54.6%), DBSA (32.8%), PIC (11%) and Eskom (1.6%).
- 4] The primary target, Rand Leases Securitisation, is a joint venture owned by OMLACSA (50%) and Rand Leases Properties (Pty) Ltd (50%).
- 5] Post the transaction Rand Leases Securitisation will be owned by HIFSA (50%) and Rand Leases Property (Pty) Ltd (50%).

The Rationale

- 6] OMLACSA wishes to dispose of all its assets which will be transferred to HIFSA in order to obtain capital commitments from the investors in the fund. It is envisaged that HIFSA's total investments will be split into 80% in housing projects and 20% in non-housing projects such as schools, clinics and urban renewal projects.

The parties and their activities

- 7] As indicated above HIFSA has been created as a housing fund with the view to enable investment into low-income housing projects. HIFSA currently has no interest in any residential development.
- 8] Rand Leases Securitisation focuses on the development of low to middle income property. It purchases immovable property which it sells after the property is developed by Rand Leases Property (Pty) Ltd. It currently owns seven projects in Southern Johannesburg, Roodepoort, Bram Fischerville, Krugersdorp, Alberton and Boksburg.

The relevant market and the impact on competition

- 9] The merging parties' activities do not overlap horizontally but the transaction will have a vertical impact on the market as HIFSA will, in future, provide finance to Rand Leases Securitisation for the development of its projects.
- 10] This will however not raise foreclosure concerns as there are a number of competitors that invest in low-income housing that provide finance for affordable housing projects which compete with HIFSA, such as the major competing banks and the National Housing Finance Corporation. Downstream large competitors such as Group 5, Grinaker, Stefannuti Stocks, Cosmopolitan, South Net and RBA compete with Rand Leases Securitisation in developing low/middle income housing.
- 11] In light of the above, we find that the transaction would not substantially prevent or lessen competition in the relevant markets.

CONCLUSION

12] There are no significant public interest issues and we accordingly approve the transaction.

Y Carrim

03 May 2011
DATE

N Manoim and M Mokuena concurring.

Tribunal Researcher: **Rietsie Badenhorst**
For the merging parties: Cliffe Dekker Hofmeyr
For the Commission: Lerato Monareng