



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM099Sep16

In the matter between:

REDEFINE PROPERTY LIMITED

Primary Acquiring Firm

and

PIVOTAL FUND LIMITED

Primary Target Firm

Panel	: Yasmin Carrim (Presiding Member)
	: Medi Mokuena (Tribunal Member)
	: Mondo Mazwai (Tribunal Member)
Heard on	: 16 November 2016
Order Issued on	: 16 November 2016
Reasons Issued on	: 12 December 2016

Reasons for Decision

Approval

- [1] On 16 November 2016, the Competition Tribunal ("Tribunal") approved the proposed transaction between Redefine Properties Limited and Pivotal Fund Limited.
- [2] The reasons for approving the proposed transaction follow.

Parties to proposed transaction

Primary acquiring firm

- [3] The primary acquiring firm is Redefine Properties (Pty) Limited ("Redefine"), a company incorporated in accordance with the laws of the Republic of South Africa.
- [4] Redefine is a public company listed on the Johannesburg Stock Exchange (JSE) and is not controlled by any firm¹.
- [5] Redefine and all its subsidiaries will collectively be referred to as Redefine Group.

Primary target firm

- [6] The primary target firm is Pivotal Fund Limited ("Pivotal"), a firm incorporated in terms of the laws of the Republic of South Africa.
- [7] Pivotal is a public company listed on the JSE and is not controlled by any firm.

Proposed transaction and rationale

- [8] In terms of the proposed transaction Redefine Group intends to acquire the entire issued shares capital in Pivotal. Post-transaction Redefine Group will control Pivotal.
- [9] Redefine Group submits that the proposed transaction is in line with its long term strategy to diversify, grow and improve the quality of its local property asset base to ensure sustainability.
- [10] Pivotal submits that the proposed merger offers Pivotal shareholders the opportunity to convert to a REIT structure and receive Redefine Group's share and in addition shares in Echo Polska Properties N.V from which Pivotal shareholders will benefit

¹ The top five beneficial shareholders of Redefine are as follows:

- Government employee pension fund 11.43%
- Redefine empowerment Trust 6.18%
- Stanlib 4.32%
- Coronation fund managers 3.52%
- Investment solutions 2.92%

Impact on competition

- [11] Redefine Group is a property investment group which owns a portfolio of office, residential (student accommodation), retail, hospital, gymnasium, hotel and industrial properties located throughout South Africa. Redefine Group's property portfolio is managed in-house, through its property management subsidiaries Madison Property Fund Managers Holdings Limited and Redefine Property Management Proprietary Limited.
- [12] Relevant to the proposed transaction are the office properties owned by the Redefine Group in the Gauteng and Western Cape Provinces.
- [13] Pivotal is a property investment and development fund with a portfolio comprising of retail, office and industrial properties and vacant land located in Gauteng, Western Cape and Free State Provinces.
- [14] The merging parties both have interest in office, industrial and retail properties in their respective portfolios. Therefore the proposed transaction gives rise to a horizontal overlap in the provision of rentable office property and the provision of rentable retail and industrial property.
- [15] The Commission considered the activities of the merging parties and found that there is a horizontal overlap in three (3) product markets namely the provision of rentable office property, the provision of industrial property and the provision of rentable retail property. The Commission identified the following geographic markets within the three relevant markets
- The market for the provision of rentable space in Grade A office property in the Constantia
 - The market for the provision of rentable space in Grade A office property in Bryanston
 - The market for the provision of rentable space in Grade A office property in Centurion
 - The market for the provision of rentable space in Grade P office property in Sandton
 - The market for the provision of rentable space in Grade A office property in Cape Town CBD

- The market for the provision of rentable space in convenience centres within a 10 km radius of Hillcrest Boulevard Shopping Centre
- The market for the provision of rentable space in convenience centres within a 10 km radius of Gateway Centre
- The market for the provision of rentable space in convenience centres within a 10 km radius of Hazeldean Square
- The market for the provision of rentable space in comparative centres within a 15 km radius of Centurion Lifestyle Centre
- The market for the provision of rentable space in comparative centres within a 15 km radius of Wonderboom Junction and
- The market for the provision of light industrial property in the Elandsfontein, Spartan/Kempton Park, Isando, Jet Park, Meadowdale, Sebenza/Germiston Pomona and surrounding nodes (including Modderfontein)

[16] In all the markets identified above the Commission found that the merged entity will continue to face significant competition constraints from other properties within the relevant office, retail and industrial property markets. Furthermore the Commission submits that the proposed transaction does not raise any foreclosure concerns.

[17] In light of the above, the Commission is of the view that the proposed transaction is unlikely to substantially prevent or lessen competition within the relevant market.

Public interest

[18] The merging parties confirmed that the proposed transaction will have no negative effect on employment.

[19] The proposed transaction further raises no other public interest concerns.

Conclusion

[20] In light of the above, we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. In addition, no public interest issues arise from the proposed transaction. Accordingly, we approve the proposed transaction unconditionally.



Ms. Yasmin Carrim

12 December 2016
DATE

Mrs Medi Mokuena and Mrs Mondo Mazwai concurring

Tribunal Researcher:	Busisiwe Masina
For the merging parties:	Vani Chetty of Baker & McKenzie.
For the Commission:	Reabetswe Molotsi