



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 018325

In the matter between:

REDEFINE RETAIL (PTY) LTD

Primary Acquiring Firm

And

**the Trustees for the time being of the
RJP MAPONYA MALL PROPERTY
INVESTMENT TRUST**

And

**the Trustees for the time being of the
MAPONYA MALL PROPERTY TRUST**

And

REDEFINE RETAIL (PTY) LTD

Primary Target Firms

Panel

: Anton Roskam (Presiding Member)
: Medi Mokuena (Tribunal Member)
: Merle Holden (Tribunal Member)

Heard on : 12 February 2014
Order Issued on : 12 February 2014
Reasons Issued on : 5 March 2014

Reasons for Decision

Approval

[1] On 12 February 2014, The Competition Tribunal unconditionally approved the merger between Redefine Retail (Pty) Ltd, the Trustees for the time being of RJP Maponya Mall Property Investment Trust (the “acquiring firms”) and the Trustees for the time being of the Maponya Mall Property Trust and Redefine Retail (Pty) Ltd (the “target firms”) in terms of section 16(2)(a) of the Act.

[2] The reasons for approving the proposed transaction follow.

Parties to transaction

Primary acquiring firm

[3] The primary acquiring firms are Redefine Retail (Pty) Ltd (“**Redefine**”) and the Trustees for the time being of the RJP Maponya Property Investment Trust (“**RJP Trust**”). The RJP Trust is controlled by the following trustees:

- Dr Richard John Pelwana Maponya (“**Dr Maponya**”);
- Maponya Motors Property Holdings (Pty) Ltd (“**MMPH**”);
- Solomon Cyril Makgola Maponya (“**Mr Maponya**”);
- Charlotte Mary Mashitsana Maponya (“**Ms Maponya**”)

For purposes of this transaction, Dr Maponya, Mr Maponya and Ms Maponya are referred to collectively as the “**Maponya Group**”.

Primary target firm

[4] The primary target firms are the Trustees for the time being of the Maponya Mall Property Trust, in respect of the property letting enterprise known as the Maponya Mall (“**Maponya Mall Trust**”) and Redefine.

The Trustees of the Maponya Mall Trust are as follows:

- MMPH which is controlled by the Maponya Group;
- Zenprop Trustees (Pty) Ltd ("**Zenprop**"); and
- Investec Bank Limited ("**Investec**").

Proposed Transaction and Rationale

[5] The proposed transaction is to be implemented in two phases. In the first phase, Redefine will acquire Maponya Mall as a going concern from the Trustees of the Maponya Mall Trust and will thereafter control Maponya Mall. In a contemporaneous second phase, the RJP Trust will acquire a 49% undivided share in Maponya Mall from Redefine. Post the second phase, Redefine and the RJP Trust will have joint control of Maponya Mall.

[6] The rationale for the transaction is in line with Redefine's strategy of acquiring prime shopping centres. The transaction will enable the Maponya Group to increase their effective economic interest in the Maponya Mall and allows the existing development and funding partners to exit and bring in a retail property specialist to partner with the Maponya Group.

Relevant Market and Impact on Competition

[7] The relevant market is the market for rentable retail property in comparative centres within a 16km radius of Mopanya Mall. Comparative centres typically include larger community, minor regional, regional and super regional sized centres. Comparative centres have a wide range of tenant mix which enables consumers to compare many items such as clothing or fashion items and jewellery. The Maponya Mall is a major regional shopping centre comprising of 60 494 squares of rentable retail space, 5 504 squares of Grade A office space and 3 770 squares of space which is currently used as a gym, for storage and for kiosks.

[8] Redefine has retail properties throughout South Africa which comprises of large community shopping centres and regional shopping centres but does not have any rentable office property or gym space within a 10km radius of Mopanya Mall.

[9] Redefine would have a post-merger market share of 23.8% (accretion of 6.1%) in the market for rentable comparative centres. The market for rentable retail property in comparative centres is fragmented as is illustrated by the remainder of the market shares being held by Maponya Mall's competitors such as Cresta Shopping Centre (9.5% - owned by Pareto) Clearwater Mall (9% -Hyprop), The Glen Shopping Centre (7.5% - Hyprop) and Trade Route Mall (7.2% -Ismail Valli and Sayed Mia).¹ Thus the merged entity will continue to face competition from these competitors post-merger.

Conclusion

[20] In light of the above we conclude that the proposed transactions are unlikely to substantially prevent or lessen competition in the market for rentable comparative centres. In addition, no public interest issues arise from the proposed transactions. Accordingly we approve the proposed transactions unconditionally.



Anton Roskam

05 March 2014
DATE

Medi Mokuena and Merle Holden concurring

Tribunal Researcher: Derrick Bowles
For the merging parties: Vani Chetty- Vani Chetty Competition Law
For the Commission: Gilberto Biacuana and Lindiwe Khumalo

¹ See Table 1 on pages 11-12 of the Commission's Report.