



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 016212

In the matter between:

Redefine Properties Ltd

Acquiring Firm

And

**Rural Maintenance (Pty) Ltd in
respect of the business referred to
as Redefine Electricity Business**

Target Firm

Panel	:	Andreas Wessels (Presiding Member) Medi Mokuena (Tribunal Member) Mondo Mazwai (Tribunal Member)
Heard on	:	13 March 2013
Order issued on	:	13 March 2013
Reasons issued on	:	04 April 2013

Reasons for Decision

Approval

[1] On 13 March 2013 the Competition Tribunal ("Tribunal") approved the merger between Redefine Properties Ltd ("Redefine") and Rural Maintenance (Pty) Ltd ("Rural Maintenance") in respect of the business referred to as Redefine Electricity Business.

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

Parties to transaction

- [3] The primary acquiring firm is Redefine. Redefine is a property loan stock company listed on the Johannesburg Stock Exchange Limited. Its portfolio comprises a diversified range of properties including office, retail and industrial space located throughout South Africa. It furthermore conducts its own asset management services. Redefine also sells a relatively insignificant amount of electricity to some of its tenants.
- [4] The primary target firm is Rural Maintenance's business referred to as Redefine Electricity Business. Redefine Electricity Business does not control any firms.
- [5] Redefine Electricity Business procures electricity from Eskom and other suppliers at the promulgated bulk rate and then resells the electricity in smaller quantities to respective smaller users (Redefine's property tenants) at regulated tariffs. Redefine Electricity Business also resells electricity to Redefine itself in relation to properties or parts of properties owned by Redefine that are not let to tenants.

Proposed transaction and rationale

- [6] The proposed transaction involves the acquisition by Redefine from Rural Maintenance of the electricity supply management business referred to as Redefine Electricity Business. Following the implementation of the proposed transaction, Redefine will have sole control over Redefine Electricity Business.
- [7] Redefine submitted that the transaction is in line with its current strategy of vertically integrating certain services and functions which have previously been outsourced to third party service providers.
- [8] Rural Maintenance is divesting from non-core activities.

Impact on competition

[9] Post implementation of the proposed transaction, Redefine will supply electricity directly to its tenants at the electricity tariffs as approved by the National Energy Regulator of South Africa (NERSA).

[10] The proposed transaction raises no likely competition concerns from a horizontal perspective given the limited overlap between the activities of the merging parties. As stated above, the amount of electricity supplied by Redefine to its tenants is very small.

[11] As stated above, Redefine Electricity Business sells some electricity to Redefine. However, this vertical relationship raises no likely input or customer foreclosure concerns. Redefine Electricity Business does not supply electricity to any competitors of Redefine and Redefine does not purchase electricity from the competitors of Redefine Electricity Business.

[12] Furthermore, none of the customers and competitors contacted by the Commission as part of its market investigation expressed any concerns regarding the impact of the proposed transaction on competition.

[13] We conclude that that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market.

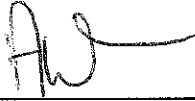
Public interest

[14] The merging parties confirmed that there will be no adverse effect on employment as a result of the proposed transaction.¹ No other public interest issues arise as a result of this transaction.

¹ See pages 9 and 46 of the merger record.

CONCLUSION

[15] We approve the proposed merger unconditionally.



Andreas Wessels

04 April 2013

DATE

Medi Mokuena and Mondo Mazwai concurring

Tribunal researcher: Caroline Sserufusa

For the merging parties: Vani Chetty of Vani Chetty Competition Law

For the Commission: Zanele Hadebe