



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case no: LM182Jan21

In the matter between:

CDC Group PLC

Primary Acquiring Firm

And

**DiverCity Urban Property Fund
(Pty) Ltd**

Primary Target Firm

Panel	: E Daniels (Presiding Member)
	: M Mazwai (Tribunal Member)
	: H Cheadle (Tribunal Member)
Heard on	: 24 February 2021
Order Issued on	: 24 February 2021
Reasons Issued on	: 01 March 2021

REASONS FOR DECISION

Unconditional approval

[1] On 24 February 2021, the Competition Tribunal (“Tribunal”) unconditionally approved the proposed transaction in terms of which CDC Group PLC (“CDC Group”) intends to acquire 35% of the ordinary shares in DiverCity Urban Property Fund (Pty) Ltd (“DiverCity”).

[2] The reasons for the approval of the proposed transaction follow.

Parties to the transaction

[3] The acquiring firm is CDC Group, a development finance institution incorporated in the United Kingdom (“UK”) and wholly owned by the UK Government’s Foreign, Commonwealth & Development Office (“FCDO”).

- [4] CDC Group controls Globeleq Limited, a producer and operator of electricity generation in Africa, and Zambef Products PLC, a Zambia-based beef producer. In South Africa, CDC Group has investments in funds that have non-controlling minority interests in investee companies that are active in, *inter alia*, the consumer services, financial services, agriculture, and education sectors.
- [5] The target firm is DiverCity, a private company whose shareholders include IThemba Group Investments (Pty) Ltd, Atterbury Property Fund (Pty) Ltd, Integer Properties 1 (Pty) Ltd, Nedbank Limited, and RMH Property HoldCo 5 (Pty) Ltd.
- [6] DiverCity is a mixed-use private property holding, investment and development fund focused on investing and renewing dense urban precincts. DiverCity's property portfolio includes retail property, residential property, and office property.

Proposed transaction

- [7] CDC Group intends to acquire 35% of the ordinary shares in DiverCity, such that post-merger, CDC Group will exercise joint control over DiverCity.

Rationale for the transaction

- [8] The acquiring firm views the proposed transaction as an opportunity to create good quality, lower cost, centrally located and environmentally sustainable rental housing-led projects.
- [9] From the perspective of the target firm, the proposed transaction will enable it to acquire capital to develop its pipeline.

Competition Analysis

- [10] CDC Group is not active in the property sector in South Africa and does not control any firm that is active in the property sector in South Africa. Therefore, there is no horizontal overlap in the activities of the merger parties.

[11] Post-merger, the merged entity will face competition from various property companies, including Growthpoint Properties Limited, Redefine Properties Limited, and Fortress REIT Limited. Accordingly, the transaction does not give rise to any competition concerns.

Public interest

[12] The proposed transaction does not give rise to any public interest concerns.¹

Conclusion

[13] In light of the above, the proposed transaction was approved unconditionally.

Mr Enver Daniels

01 March 2021

Date

Ms Mondo Mazwai and Mr Halton Cheadle concurring.

Tribunal Case Manager : Duduetsang Mogapi

For the Merging Parties : V Chetty of Vani Chetty Competition Law (Pty)
Ltd

For the Commission : R Ncheche, R Maphwanya and A Mfuphi

¹ Merger Record, pages 72 - 73.