



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No:LM184Sep18

In the matter between:

**The Government Employees Pension Fund
Represented by the Public Investment Corporation
SOC Limited**

Primary Acquiring Firm

And

**Isago @N12 Develeopment Proprietary Limited in
respect of vacant immovable land comprising: (i) the
remainder of Portion 97 of Farm Palmletfontein No.403
and (ii) the Farm IP No. 564, Registration Division IP,
North West Province**

Primary Target Firm

Panel	:	Yasmin Carrim (Presiding Member)
	:	Mondo Mazwai (Tribunal Member)
	:	Fiona Tregenna (Tribunal Member)
Heard on	:	13 December 2018
Order Issued on	:	13 December 2018
Reasons Issued on	:	10 January 2019

Reasons for Decision

Approval

[1] On 13 December 2019, the Competition Tribunal ("Tribunal") unconditionally approved the transaction involving Government Employees Pension Fund represented by the Public Investment Corporation SOC Limited (PIC) and Isago @N12Development Proprietary Limited in respect of vacant immovable land.

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

Parties to the proposed transaction

Primary acquiring firm

[3] The primary acquiring firm is The Government Employees Pension Fund, a juristic entity governed by the Government Employees Pension Law of 1996, as amended. The GEPF is represented by the Public Investment Corporation SOC Limited (PIC). The GEPF is managed by a board of trustees appointed for a term of four years.

[4] The GEPF controls several firms including Pareto Limited, V&A Waterfront Holdings Airports SA Proprietary Limited and Opiconsivia Investment 230 Proprietary Limited.

[5] The GEPF manages and administers pensions and other benefits for government employees in South Africa. The GEPF is invested across various asset classes including: cash and money market, domestic bonds, domestic property, domestic equity, African equity, foreign bonds and foreign equity.

[6] Of relevance to the proposed transaction are the properties that are currently owned by the GEPF in North West Province.

Primary target firm

[7] The primary target firms consist of vacant immovable land as follows: (i) the remainder of Portion 97 of Farm Palmietfontein No. 403, Registration Division IP, North West Province, measuring 547,4207 and (ii) The Farm IP No. 564, Registration Division IP, North West Province, measuring 481,2140.

[8] These target firms shall be collectively referred to as the Target Properties.

- [9] The Target Properties are wholly controlled by Isago @N12Development Proprietary Limited (Isago). Isago is represented by a group of entrepreneurs with vast experience in property development. It is an entity established for the acquisition and development of the subject property which is located between Klerksdorp and Stilfontein.
- [10] The entity, Isago is currently 74% owned by Anglo Saxon Development Proprietary Limited which is in turn controlled by the Karoo Broedery Trust¹ and the remaining 26% is owned by Moedi Bosele Investors, a local investment company.

Proposed transaction and rationale

- [11] In terms of the proposed transaction, GEPF intends to acquire a 60% share of the Target Properties from Isago. The remaining 40% share owned by Isago will be transferred to a newly incorporated firm, Isago Holdings.² Moedi Bosele will hold a non-controlling 19.5% in the newly incorporated firm Isago Holdings. The South African Military Veterans Association (MVA) will hold a non-controlling 1% in Isago Holdings.³
- [12] The GEPF submitted that the proposed project will result in developmental impact in the region through job creation during and after the construction periods and vital skill transfer will take place. It must be noted that MVA will utilise some of their unemployed veterans to be part of future development.
- [13] Isago wishes to grow in the property market and it anticipates that by partnering with reputable entities (such as the GEPF), Isago will be assisted in creating demand for its services in the foreseeable future.

¹ The Trust is controlled by Doreen and Una Marie Crause.

² This newly incorporated firm will be controlled by Anglo Saxon, which is the current controller of Isago.

³ GEPF will not be acquiring any shareholding or control in Isago or Isago Holdings.

Impact on competition

- [14] The Commission considered the activities of the merging parties and found that the proposed transaction results in an overlap between the activities of the merging parties in the provision of office and residential property as the Target Properties are zoned for office, industrial, housing and healthcare property.
- [15] However, the Commission found that none of the GEPF's office and residential properties are located within a 10 km radius of the Target Properties. The Commission found that the GEPF's properties are located in Mafikeng, Mmabatho and Rustenburg in the North West whereas the Target Properties are located in Matlasona (Klerksdorp) in North West. The GEPF properties are located respectively 170 km, 176 km and 170 km away from the Target Properties.
- [16] The Commission, therefore found that the merging parties' properties are unlikely to constrain each other as there is no geographical overlap between the activities of the merging parties.
- [17] Given the above, the Commission concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market in South Africa.

Public interest

- [18] The merging parties confirmed that the proposed transaction will have no adverse effect on employment in South Africa.⁴
- [19] The proposed transaction further raises no other public interest concerns.

⁴ Merger Record, pages 17.

Conclusion

[20] In light of the above, we concluded 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 approved the proposed transaction unconditionally.



Ms Yasmin Carrim

10 January 2019

DATE

Ms Mondo Mazwai and Prof Fiona Tregenna concurring

Tribunal Case Manager : Ms Busisiwe Masina
For the merging parties : Mr Wade Graaff of ENS Africa
For the Commission : Ms Nolubabalo Myoli