



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM010Apr15

In the matter between:

UNEMPLOYMENT INSURANCE FUND

Primary Acquiring Firm

And

SOUTH POINT MANAGEMENT SERVICES

Primary Target Firm

Panel	: Y Carrim (Presiding Member)
	: F Tregenna (Tribunal Member)
	: M Mokuena (Tribunal Member)
Heard on	: 3 June 2015
Order Issued on	: 3 June 2015
Reasons Issued on	: 9 June 2015

Reasons for Decision

Approval

- [1] On 3 June 2015, The Competition Tribunal (“**Tribunal**”) unconditionally approved the acquisition by Unemployment Insurance Fund (“**UIF**”) of South Point Management Services (“**SPMS**”).
- [2] The reasons for approving the proposed transaction follow.

Parties to the transaction

- [3] The primary acquiring firm is UIF, represented by Public Investment Corporation SOC Limited ("PIC"). The UIF's largest shareholder is the Government Employees Pension Fund ("GEPF") with 89.17%. The UIF is not controlled by any firm but falls under the Department of Labour. The UIF does not control any firm but it does have shareholdings of less than 2% in more than 21 companies.
- [4] The target firm is SPMS, a private company controlled by Lereko Metier Capital Growth Trust. Its other shareholders are Connexus Capital Trust and Lereko Metier Capital Growth Trust 1. SPMS controls Stay at South Point (Pty) Ltd.

Proposed Transaction

- [5] The UIF intends to acquire 100% of the issued share capital of SPMS. Post-merger the UIF will have sole control of SPMS.¹

Rationale

- [6] The proposed transaction is in line with the UIF's investment mandate. For SPSM, the investment period was coming to an end and the investment needed to be realised for a return of capital to investors.

Relevant Market and Impact on Competition

- [7] The UIF is an unemployment insurance fund registered in South Africa. The UIF is responsible for the collection and distribution of contributions by employees, employers and other contributors to the fund. The collected funds are then invested into various investment vehicles. The UIF owns four buildings located in Thohoyandou, Bisho, Pretoria and Randjespark. PIC invests funds in a number of publically listed property holding entities.

¹ This is Phase 1 of the transaction. Phase 2 is not part of this transaction. In Phase 2 UIF will sell some of its shareholding in SPSM to Business Venture Investment (Pty) Ltd and Newco. The merging parties have agreed to inform the Commission once Phase 2 of the transaction occurs even though phase 2 may not reach the threshold for notification in terms of the Act.

[8] SPMS is engaged in refurbishing inner-city buildings primarily for purposes of providing residential accommodation to students in urban cities. It currently has property in Johannesburg, Pretoria, Durban, Port Elizabeth and Cape Town and it houses more than 9000 students.

[9] The Commission is of the view that there is no horizontal overlap in the activities of the merging parties since UIF and PIC do not currently own student accommodation. Furthermore, PIC does not hold any board membership or have the ability to appoint board members in any of the major competitors of the merging parties. Therefore the Commission concludes that the merger is unlikely to substantially prevent or lessen competition in the relevant market. We agree with this finding.

Public Interest

[10] The transaction does not raise any public interest concerns.

[11] In light of the above we concluded that the proposed transaction was unlikely to substantially prevent or lessen competition. Accordingly we approved the proposed transaction unconditionally.



Ms Y Carrim

9 June 2015
DATE

Prof. F Tregenna and Ms M Mokuena concurring

Tribunal Researcher:	Moleboheng Moleko
For the merging parties:	Burton Phillips and Chris Charter – Cliff Dekker Hofmeyr
For the Commission:	Seabelo Molefe and Xolela Nokele