



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM080Jul15

In the matter between:

Vukile Property Fund Limited

Primary Acquiring Firm

and

Flanagan & Gerard Investments (Proprietary) Limited and East & West Investments (Proprietary) Limited, in respect of each firms 50% interest in the Bedworth Centre Letting Enterprise

Primary Target Firms

Panel : Ms Yasmin Carrim (Presiding Member)
: Ms Medi Mokuena (Tribunal Member)
: Prof Imraan I Valodia (Tribunal Member)
Heard on : 12 August 2015
Order Issued on : 12 August 2015
Reasons Issued on : 7 September 2015

Reasons for Decision

Approval

[1] On 12 August 2015, the Competition Tribunal ("Tribunal") unconditionally approved the merger between Vukile Property Fund Limited ("Vukile Property Fund") and Flanagan & Gerard Investments (Proprietary) Limited ("Flanagan & Gerard") and East & West Investments (Proprietary) Limited ("East & West Investments"), in respect of each firms 50% interest in the Bedworth Centre Letting Enterprise ("Target Property")¹

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

¹ The transaction was notified simultaneously as the shares in Bedworth Centre are indivisible.

Parties to transaction

Primary acquiring firm

- [3] The primary acquiring firm, Vukile Property Fund is a firm listed on the Johannesburg Securities Exchange and is not controlled by a single shareholder.
- [4] Vukile Property Fund is a property fund with a portfolio that consists of retail space, office space and land under development.

Primary target firm

- [5] The Target Property is jointly controlled by Flanagan & Gerard and East & West Investments and comprises Erf 270 Bedworth Park Township, Erf 413 Bedworth Park Township, Erf 427 Bedworth Park Township and Erf 924 Bedworth Park Township.
- [6] Flanagan & Gerard's core business activities are the development and investment in regional shopping centres and community centres. East & West Investments is active in the business of property investments.

Proposed transaction and rationale

- [7] The proposed transaction involves Vukile Property Fund acquiring 100% of the undivided shares equally held by Flanagan & Gerard and East & West Investments in respect of the Target Property. As a result of the transaction Vukile Property Fund will hold sole ownership and control over the Target Property.
- [8] Vukile Property Fund submits that the acquisition is a good strategic fit for its portfolio due to the property's location. The target firms intend to realise the profits of their investments through the proposed transaction.

Impact on competition

- [9] The Competition Commission ("the Commission") identified a horizontal overlap in the activities of the parties as the property portfolios of both Vukile Property Fund and the Target Firms comprises retail space.

[10] The Commission evaluated comparative centres within a 15km radius of the target property and found that Vukile Property Fund does not own retail property within that radius. It further found that there are comparative centres within the radius which would constrain the merged entity. As such, the Commission concluded that there is no geographic overlap in the activities of the merging parties and therefore that the proposed transaction is unlikely to substantially prevent or lessen competition.

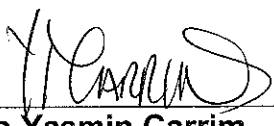
[11] We concur with the Commission's competition assessment, i.e. that the proposed transaction is unlikely to substantially prevent or lessen competition in the market for rentable space in comparative centres.

Public interest

[12] The merging parties confirmed that the proposed transaction will not result in an adverse impact on employment.² The proposed transaction further raises no other public interest concerns.

Conclusion

[13] In light of the above, we conclude 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 transactions. Accordingly, we approve the proposed transaction unconditionally.



Ms Yasmin Carrim

07 September 2015
DATE

Ms Medi Mokuena and Prof Imraan I Valodia concurring

Tribunal Researcher: Aneesa Ravat

For the merging parties: Andries Le Grange of Cliffe Dekker Hofmeyr Inc

For the Commission: Prishani Maheeph, Seema Nunkoo and Xolela Nokele

² *Inter alia* merger record page 8.

