

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM119Aug15

In the matter between:

Emira Property Fund Limited

Primary Acquiring Firm

And

Pilot Peridot Investments 1 (Pty) Ltd

Primary Target Firm

In respect of a 50% undivided share in Buildings A, C, D, E
and G1 known as Summit Place

Panel	:	Yasmin Carrim (Presiding Member) Andiswa Ndoni (Tribunal Member) Medi Mokuena (Tribunal Member)
Heard on	:	04 November 2015
Order issued on	:	04 November 2015
Reasons issued on	:	30 November 2015

Reasons for Decision

Approval

[1] On 04 November 2015, the Competition Tribunal ("Tribunal") unconditionally approved the large merger between Emira Property Fund Limited ("Emira") and Pilot Peridot Investments 1 (Pty) Ltd ("Pilot Peridot") in respect of a 50% undivided share in Buildings A, C, D, E and G1 known as Summit Place ("Target Enterprise"). The reasons for approving the transaction follow.

Parties to the transaction

[2] The primary acquiring firm is Emira, a public company incorporated in accordance with the laws of the Republic of South Africa ("RSA"). Emira is listed on the Johannesburg Securities Exchange Limited ("JSE"). Emira is not controlled by any firm. Emira controls various firms such as Freestone Property Holdings Limited, Menlyn Corporate Park (Pty) Ltd, and Strategic Real Estate Managers (Pty) Ltd amongst others ("collectively the "Acquiring Group"). The Acquiring Group owns a portfolio of properties comprising of

retail, office and industrial properties located throughout South Africa. Of relevance to the current transaction are the Acquiring Group's properties located in Pretoria in the Gauteng Province.

[3] The primary target firm is the Target Enterprise. The Target Enterprise consists of Grade P office properties located at Summit Place Office Park, 221 Garsfontein Road, Menlyn, Pretoria, in the Gauteng Province. In addition to this, Building G1 of the Target Enterprise is a vacant land that will be developed into a motor showroom in the near future.

Proposed transaction and rationale

[4] The proposed transaction entails Emira acquiring 50% undivided share of the Target Enterprise from Pilot Peridot. Post-merger, Pilot Peridot and Emira will have joint control over the Target Enterprise.

[5] The acquiring group submits that the proposed transaction is in line with its long term objective of building a quality portfolio of properties that have the potential to generate returns for its shareholders. Pilot Peridot on the other hand submits that the proposed transaction provides it with an opportunity to realise assets for strategic reasons.

Competition assessment

[6] The proposed transaction gives rise to a horizontal overlap. This is because both merging parties are active in the market for the provision of rentable office property.

[7] The Competition Commission ("Commission") considered the activities of the merging parties and found that the relevant product market is the market for the provision of rentable Grade A and P office property within the broader node consisting of the Menlyn/Faerie Glen/Ashlea Gardens and the Lynwood/Menlo Park/Persequor Park/Hazelwood nodes. This is because the Acquiring Group has Grade P office property in Lynwood which is 1.3 kilometres ("km") from the Target Enterprise. The Commission's investigation

revealed that the post-merger market shares of the merging parties will be less than 30% with a market share accretion of less than 9%. The Commission was satisfied that other market players such as Vukile Property Fund Limited, Growthpoint Properties Limited and Redefine Properties, will continue to constrain the merging parties post-merger. This coupled with the fact that there is available space for leasing, as well as new developments in the identified market that will serve as alternatives to tenants post-merger. The Commission thus concluded that the proposed transaction will not substantially prevent or lessen competition in any market. We agree with the Commission's finding.

Public interest

[8] The merging parties confirmed that the proposed transaction will not have any adverse effect on employment since Pilot Peridot does not have any employees.¹ The proposed transaction raises no other public interest concerns.

CONCLUSION

[9] We agree with the Commission's finding that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. We therefore approve the proposed transaction without conditions.



Ms Yasmin Carrim

30 November 2015

DATE

Ms Andiswa Ndoni and Ms Medi Mokuena concurring

Tribunal Researcher: Caroline Sserufusa

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

For the Commission: Thato Mkhize

¹ See page 63-64 of the merger record.