



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM256Mar16

In the matter between:

VUKILE PROPERTY FUND LIMITED

Primary Acquiring Firm

and

**SA RETAIL PROPERTIES (PROPRIETARY) LIMITED
IN RESPECT OF THE ENTERPRISE KNOWN AS
PINECREST CENTRE**

Primary Target Firm

Panel : Andreas Wessels (Presiding Member)
: Medi Mokuena (Tribunal Member)
: Andiswa Ndoni (Tribunal Member)
Heard on : 13 April 2016
Order Issued on : 13 April 2016
Reasons Issued on : 11 May 2016

Reasons for Decision

Approval

- [1] On 13 April 2016, the Competition Tribunal ("Tribunal") approved the proposed transaction between Vukile Property Fund Limited and SA Retail Properties (Proprietary) Limited in respect of the enterprise known as Pinecrest Centre.
- [2] The reasons for approving the proposed transaction follow.

Parties to proposed transaction

Primary acquiring firm

- [3] The primary acquiring firm is Vukile Property Fund Limited (“Vukile”), a public company registered in accordance with the laws of the Republic of South Africa.
- [4] Vukile is a property fund, which is listed on the Johannesburg Securities Exchange (JSE). Vukile’s property portfolio comprises of retail and office space as well as land under development.
- [5] Relevant to the current competition analysis is Vukile’s retail properties in the KwaZulu-Natal Province.

Primary target firm

- [6] The primary target firm is SA Retail Properties (Proprietary) Limited (“SA Retail Properties”) in respect of an undivided half share of the enterprise known as Pinecrest Centre (hereinafter referred to as “the target property”).
- [7] Pre-merger Vukile owns an undivided half share in the target property.
- [8] Pinecrest Centre is classified as a minor regional centre and is located in Pinetown in KwaZulu-Natal.

Proposed transaction and rationale

- [9] Vukile intends to acquire an interest equivalent to an undivided half share of the target property which will give Vukile sole control over the target property post-transaction.
- [10] Vukile considers the target property as well located with anticipated increased future trading.
- [11] SA Retail Properties wishes to dispose of the target property.

Impact on competition

- [12] The Commission found that there is no horizontal overlap between the target property and the properties owned by Vukile in KwaZulu-Natal.
- [13] From a vertical perspective, the Commission noted that the target property is currently managed by Broll Properties Group Pty Ltd ("Broll") and that Vukile has capabilities to render property management services. The merging parties however confirmed that Broll will continue to manage the target property post-merger. The Commission thus concluded that the proposed transaction raises no significant vertical concerns.
- [14] Given the above, the Commission concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. We concur with this finding.

Public interest

- [15] The merging parties confirmed that the proposed transaction will not result in any adverse impact on employment.¹ The proposed transaction further raises no other public interest concerns.

Conclusion

- [16] 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 transaction. Accordingly, we approve the proposed transaction unconditionally.



Mr Andreas Wessels

11 May 2016
DATE

Ms Medi Mokuena and Ms Andiswa Ndoni concurring

Tribunal Researcher: Busisiwe Masina
For the merging parties: Albert Aukema of Cliffe Dekker Hofmeyr
For the Commission: Maanda Lambani

¹ Merger record, pages 8 and 50.