



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 020685

In the matter between:

VUKILE PROPERTY FUND LIMITED

Primary Acquiring Firm

And

**NAD PROPERTY INCOME FUND PROPRIETARY
LIMITED IN RESPECT OF BATHO PLAZA AND
CLIDET 1011 PROPRIETARY LIMITED**

Primary Target Firms

Panel	: N Manoim (Presiding Member)
	: Y Carrim (Tribunal Member)
	: M Mazwai (Tribunal Member)
Heard on	: 2 April 2015
Order Issued on	: 2 April 2015
Reasons Issued on	: 17 April 2015

Reasons for Decision

Approval

- [1] On 2 April 2015, The Competition Tribunal (“**Tribunal**”) unconditionally approved the acquisition by Vukile Property Fund (“**Vukile**”) of two properties owned by NAD Property Income Fund Property Limited (“**NAD**”).

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

Parties to the transaction

[3] The primary acquiring firm is Vukile, a property fund with controlling interests in various properties and listed on the Johannesburg Securities Exchange. Vukile is not controlled by any one firm, its largest shareholder is Public Investment Corporation, holding 20%. Vukile controls the following firms:

- MICC Property Income Fund Limited
- MICC Properties Proprietary Limited
- Synergy Income Fund Limited ("**Synergy**")

[4] The seller NAD is selling the following target firms:

- 1) A retail property, Batho Plaza, which is owned directly by NAD, and
- 2) A subsidiary company called Clidet 1011 Proprietary Limited ("**Clidet**") which holds the lease over a property on which the Moruleng Mall is being constructed.

Proposed Transaction

[5] Vukile intends to acquire Batho Plaza and 80%¹ of the issued shares in Clidet from NAD. Post-merger Vukile will have control over the Batho Plaza and through Clidet, the Moruleng Mall.

Rationale

[6] Vukile wishes to expand its property portfolio and NAD wishes to dispose of these retail properties.

Relevant Market and Impact on Competition

[7] Vukile and its subsidiary Synergy own office, retail and land under development throughout South Africa. Relevant for this transaction is Vukile's retail property


¹ The remaining 20% is held by Bakgatla-ba-Kgafela tribe.

portfolio in the North West and Gauteng Province. The target properties are retail properties classified as community shopping centres. The Batho Plaza is located in Soshanguve in Gauteng Province and the Moruleng Mall is located in Moruleng in the North West Province.

- [8] The relevant market is defined as the market for the provision of convenience centres.
- [9] The Commission found that there is no geographic overlap, as the merging parties' retail properties in both Gauteng and in North West Province are too far apart. In North West, the properties are more than 73km apart and in Soshanguve they are more than 18km apart. Moreover, there are numerous other retail centres in Soshanguve within a 10km radius of Batho Plaza such as, Mopane Sun Plaza, Soshanguve Plaza and Magoveni Shopping Centre that compete with the merged entity's properties.
- [10] The Commission therefore concluded that the transaction is unlikely to substantially lessen competition as there are no geographic overlaps in the market for the provision of convenience centres. We agree with this finding.

Public Interest

- [11] The transaction does not raise any public interest concerns.
- [12] In light of the above we concluded that the proposed transaction was unlikely to substantially prevent or lessen competition. In addition, no other public interest issues arise from the proposed transaction. Accordingly we approved the proposed transaction unconditionally.



Mr N Manoni

17th April 2015
DATE

Ms Y Carrim and Ms M Mazwai concurring

Tribunal Researcher:

Moleboheng Moleko

For the merging parties:

Andries Le Grange – DLA Cliffe Dekker Hofmeyr

For the Commission:

Seema Nunkoo and Xolela Nokele