competitiontribunal
south africa

fax form

to	Vani Chetty Vani Chetty Competition Law (Pty) Ltd	*fax*	011 880 5773
	Legal Services Competition Commission		44283
ref	41/LM/May11	*date*	11 July 2011
from	Abigail Mashigo	*pages*	5 (including this page)
re	Reasons		

This message is intended only for the use of the addressee and may contain information that is privileged and confidential. If you are not the intended recipient, you are hereby notified that any dissemination of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone.

Attached please find the Tribunal's reasons for the decision in the above matter.

Regards

Abigail Mashigo

CC: Mogalane Matsimela- 44303

3rd Floor, Mulayo, the dti Campus, 77 Meintjies Street, Sunnyside, Pretoria ✉ Private Bag X24, Sunnyside 0132
Tel: +27 (12) 394 3300 Fax: +27 (12) 394 0169 Email: ctsa@comptrib.co.za Website: http://www.comptrib.co.za

competitiontribunal
south africa

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 41/LM/MAY11

In the matter between:

REDEFINE PROPERTIES LTD	Acquiring Firm
And	
ROWMOOR INVESTMENTS 567 (PTY) LTD	Target Firm
IN RESPECT OF THE PROPERTY LETTING ENTERPRISE KNOWN AS "SAMMY MARKS PORTION 2"	

Panel	:	Norman Manoim (Presiding Member) Yasmin Carrim (Tribunal Member) Andreas Wessels (Tribunal Member)
Heard on	:	06 July 2011
Order issued on	:	06 July 2011
Reasons issued on	:	11 July 2011

Reasons for Decision

Approval

[1] On 06 July 2011, the Competition Tribunal ("Tribunal") approved the transaction involving Redefine Properties Ltd and Rowmoor Investments 567 (Pty) Ltd in respect of the property letting enterprise known as "Sammy Marks Portion 2". We explain below our reasons for this conclusion.

Parties to the transaction

[2] The primary acquiring firm is Redefine Properties Ltd ("Redefine"), a public company incorporated in accordance with the laws of the Republic of South Africa. Redefine is not controlled by any single shareholder. It controls in excess of nineteen subsidiaries.

[3] The primary target firm is the property letting enterprise known as "Sammy Marks Portion 2" owned by Rowmoor Investments 567 (Pty) Ltd ("Rowmoor"). Rowmoor is incorporated in accordance with the laws of the Republic of South Africa.

Proposed transaction

[4] In terms of the proposed transaction, Redefine intends to acquire from Rowmoor the property letting enterprise known as "Sammy Marks Portion 2", a rentable retail space. Redefine pre-merger owns portions 1 and 3 of Sammy Marks Square. Pursuant to the proposed transaction Redefine will thus own portions 1, 2 and 3 of Sammy Marks Square, hereinafter collectively referred to as "Sammy Marks Square".

[5] Simultaneously with the above, the parties to the merger have concluded a Sale of Shares Agreement in terms of which Redefine will purchase all the shares held by Rowmoor in Sammy Marks Square Management Company (Pty) Ltd, which pre-merger is jointly controlled by Redefine and Rowmoor. Redefine will perform its own property management of Sammy Marks Square once it acquires sole control of Sammy Marks Square Management Company (Pty) Ltd.

Rationale for transaction

[6] Since Redefine pre-merger owns portions 1 and 3 of Sammy Marks Square, it wishes to consolidate its interest in the complex by acquiring portion 2.

[7] The proposed deal will allow Rowmoor to consider new investment opportunities.

Merging parties' activities

[8] Redefine is a property loan stock company. Its property investments are diversified across all sectors of the rental property market including rentable retail space, rentable office space and rentable industrial space.

[9] As stated above, Sammy Marks Square is a rentable retail space. It is situated in the Pretoria Central Business District ("CBD").

Competition assessment

[10] As is evident from the above, the activities of the merging parties horizontally overlap in regard to rentable retail space in Pretoria.

[11] In assessing the market for the provision of rentable retail space, the Competition Commission used the Independent Property Databank's (IPD) retail property classification of potential subsectors. The IPD classifies various shopping centres, based mainly on gross lettable area (GLA), *inter alia* as follows:[1]

Type of Centre	Property type classification
Super regional	> 100 000 m^2
Major regional	50 000 m^2 – 100 000 m^2
Minor regional	25 000 m^2 – 50 000 m^2
Community centre	12 000 m^2 – 25 000 m^2
Neighbourhood centre	5 000 m^2 – 12 000 m^2
Local convenience centre	1 000 m^2 – 5 000 m^2

[12] Sammy Marks Square portions 1 and 3 are 11 700 m^2 combined; portion 2 is approximately 17 745 m^2. Combined, these three portions thus represent >25 000 m^2 of rentable retail space and therefore is classified as a minor regional centre. According to the merging parties' submissions, these portions "*co-exist as if the centre is a single shopping centre*".[2]

[1] See Competition Commission's Recommendation pages 7 and 8.
[2] See page 99 of the record.

[13] However, the precise scope of the relevant product and geographic markets may be left open in this case since the proposed merger raises no competition concerns in any market delineation context.

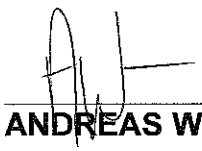
[14] The Redefine group does not pre-merger own any other minor regional centres within a 15 km radius of Sammy Marks Square.[3] If the market is defined more broadly then there is an overlap between the activities of the merging parties since the Redefine group does own other rentable retail space in the Pretoria CBD. The post-merger market share of the merged entity however remains low in any potential relevant market. Therefore, we conclude that the proposed transaction is unlikely to lead to any substantial prevention or lessening of competition in any relevant market.

Public interest

[15] The merging parties submitted that no job losses would result from the proposed transaction.[4] The proposed deal raises no other public interest issues.

Conclusion

[16] Based on the above, we conclude that the proposed transaction is unlikely to lead to a substantial prevention or lessening of competition in any relevant market. Furthermore, no public interest concerns arise from this deal. Accordingly the proposed transaction is approved unconditionally.



ANDREAS WESSELS

11 July 2011
DATE

Norman Manoim and Yasmin Carrim concurring

Tribunal researcher:	Tebogo Hlafane
For the merging parties:	Vani Chetty Competition Law
For the Commission:	Mogalane Matsimela

[3] See *inter alia* page 109 of the record.
[4] See *inter alia* pages 9 and 109 of the record.

* * * Communication Result Report (11. Jul. 2011 16:41) * * *

1)
2)

Date/Time: 11. Jul. 2011 16:35

File No.	Mode	Destination	Pg(s)	Result	Page Not Sent
7452	Memory TX	00118805773	P. 5	OK	
	abigail	44283		OK	
		44303		OK	

Reason for error
E. 1) Hang up or line fail
E. 2) Busy
E. 3) No answer
E. 4) No facsimile connection
E. 5) Exceeded max. E-mail size

competitiontribunal
south africa

fax form

to	Vani Chetty Vani Chetty Competition Law (Pty) Ltd	*fax*	011 880 5773
	Legal Services Competition Commission		44283
ref	41/LM/May11	*date*	11 July 2011
from	Abigail Mashigo	*pages*	5 (including this page)
re	Reasons		

This message is intended only for the use of the addressee and may contain information that is privileged and confidential. If you are not the intended recipient, you are hereby notified that any dissemination of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone.

Attached please find the Tribunal's reasons for the decision in the above matter.

Regards

Abigail Mashigo

CC: Mogalane Matsimela- 44303

3rd Floor, Mulayo, the dti Campus, 77 Meintjies Street, Sunnyside, Pretoria ✉ Private Bag X24, Sunnyside 0132
Tel: +27 (12) 394 3300 Fax: +27 (12) 394 0169 Email: ctsa@comptrib.co.za Website: http://www.comptrib.co.za