

competitiontribunal
south africa

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to	Vani Chetty Vani Chetty Competition Law (Pty) Ltd	fax	011 880 5773
	Legal Services Competition Commission		44283
ref	94/LM/Nov11	date	22 December 2011
from	Tebogo Mputle	pages	4 (including this page)
re	Reasons		

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

Regards

Tebogo Mputle

CC: Dineo Mashego - 44584



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 94/LM/Nov11

In the matter between:

REDEFINE PROPERTIES LIMITED

Acquiring Firm

And

**SIX LETTING ENTERPRISES HELD BY
COOL IDEAS 208 (PTY) LTD,
IMPROVON PROPERTY FUND 1 (PTY) LTD,
IMPROVON GROWTH FUND (PTY) LTD AND
WAVELENGTHS 124 (PTY) LTD**

Target Firms

Panel	:	Andreas Wessels (Presiding Member) Andiswa Ndoni (Tribunal Member) Medi Mokuena (Tribunal Member)
Heard on	:	13 December 2011
Order issued on	:	13 December 2011
Reasons issued on	:	22 December 2011

Reasons for Decision

Approval

[1] On 13 December 2011 the Competition Tribunal ("Tribunal") approved the acquisition by Redefine Properties Limited of six letting enterprises held by Cool Ideas 208 (Pty) Ltd, Improvon Property Fund 1 (Pty) Ltd, Improvon Growth Fund (Pty) Ltd and Wavelengths 124 (Pty) Ltd. The reasons for approving the proposed transaction follow below.

Parties to the transaction

- [2] The primary acquiring firm is Redefine Properties Limited ("Redefine"), a public company listed on the Johannesburg Stock Exchange Ltd. Redefine is not controlled by any specific firm.¹
- [3] Redefine is a property loan stock company. The Redefine group has a diversified property portfolio throughout South Africa comprising retail, industrial and office space.
- [4] The primary target firms are Cool Ideas 208 (Pty) Ltd, Improvon Property Fund 1 (Pty) Ltd, Improvon Growth Fund (Pty) Ltd and Wavelengths 124 (Pty) Ltd.
- [5] The target firms were created by the Improvon Group for property investment and rental income purposes. The six target properties are classified as light industrial properties in various nodes, being the Longmeadow, Alrode, Jet-Park and Spartan nodes in Gauteng.

Proposed transaction

- [6] The proposed transaction involves the acquisition by Redefine of six property letting enterprises. These properties have been disposed of in separate agreements which have been negotiated and concluded as the disposal of a single property portfolio. Accordingly these transactions are cross-conditional upon each other.
- [7] Following the implementation of the above-mentioned sales, Redefine will have sole control over the target properties.

Rationale for transaction

- [8] The rationale for the proposed merger is that Redefine wishes to expand its existing property portfolio by acquiring additional light industrial space. The Improvon Group seeks to realize the value of the investment it has made and to exit the commercial property letting market.

¹ See page 17 of the record for the names of beneficial shareholders of Redefine who own linked units in excess of 5%.

Relevant markets and impact on competition

[9] The proposed transaction results in a horizontal overlap in the markets for rentable light industrial property in the Longmeadow, Jet-Park and Spartan nodes.

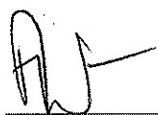
[10] The merged entity's post-merger market shares in all these markets will be below 10%. Furthermore there are a number of competitors in each these respective nodes, such competitors include Growthpoint, Sanlam, Old Mutual and Vukile Fund.

Public interest

[11] The merging parties confirmed that there will be no adverse effect on employment as a result of the notified transaction.² No other public interest issues arise as a result of the proposed transaction.

CONCLUSION

[12] We conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. Accordingly we approve the proposed transaction unconditionally.



ANDREAS WESSELS

22 December 2011

DATE

Andiswa Ndoni and Medi Mokuena concurring

Tribunal researcher: Nicola Ilgner

For the merging parties: Vani Chetty Competition Law

For the Commission: Dineo Mashego

² Record page 22.

* * * Communication Result Report (22. Dec. 2011 15:25) * * *

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