



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM087Jul15

In the matter between:

REDEFINE PROPERTIES LIMITED

Primary Acquiring Firm

And

RESPUBLICA STUDENT LIVING (PTY) LTD

Primary Target Firm

Panel	: Y Carrim (Presiding Member)
	: M Mokuena (Tribunal Member)
	: Imraan Valodia (Tribunal Member)
Heard on	: 12 August 2015
Order Issued on	: 12 August 2015
Reasons Issued on	: 7 September 2015

Reasons for Decision

Approval

- [1] On 12 August 2015, The Competition Tribunal ("**Tribunal**") unconditionally approved the acquisition by Redefine Properties Limited ("**Redefine**") of 51% of the issued share capital of Republica Student Living (Pty) Ltd ("**RSL**") from Bridgehead Real Estate Fund (Pty) Ltd ("**Bridgehead**").
- [2] The reasons for approving the proposed transaction follow.

Parties to the transaction

Acquiring firm

- [3] The primary acquiring firm is Redefine. Redefine is not controlled by any one firm and its shareholders with more than 5% include: Government Employees Pension Fund, Redefine Empowerment Trust Limited, State Street (Custodian) Corporation, and Stanlib Limited. Redefine controls various companies. Redefine and its subsidiaries will be referred to as the "Redefine Group".
- [4] Redefine is a property holding company, its portfolio comprises of office, retail and industrial properties located throughout South Africa.

Target firm

- [5] The target property is Respublica Student Living (Pty) Ltd ("**RSL**"), a company wholly owned and controlled by Bridgehead. Bridgehead is not controlled by any one firm and its shareholders with more than 5% include: Bridgehead Investment (Pty) Ltd, Cledon Trading (Pty) Ltd and Hanend Properties (Pty) Ltd. Bridgehead controls the following subsidiaries:
- Respublica Capital (Pty) Ltd,
 - Respublica (Pty) Ltd,
 - Respublica Developments (Pty) Ltd,
 - Bridgehead Real Estate Fund Trust, and
 - Bridgehead Real Estate Fund Trust 2.
- RSL does not control any firm.
- [6] RSL owns, manages and develops rentable residential property mainly for student accommodation in Johannesburg and Pretoria.

Proposed Transaction and Rationale

- [7] Redefine intends to acquire 51% of the issued share capital of RSL from Bridgehead. Post - merger Redefine and Bridgehead will jointly control RSL, as Bridgehead will remain with a 49% shareholding.

- [8] Redefine wants to enter the student housing market. Bridgehead will have access to third party capital and will grow its portfolio of student accommodation.

Relevant Market and Impact on Competition

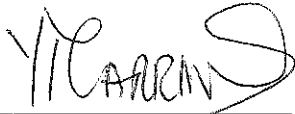
- [9] The Commission considered the activities of the merging parties to determine the relevant market for provision of residential accommodation for students. It found that there is no horizontal overlap between the activities of the merging parties as the Redefine Group does not own any student accommodation. The Commission found that there is a vertical overlap between the merging parties as RSL currently rents an office space property situated in Sandton from Redefine. The Commission found that the vertical relationship is unlikely to result in any foreclosure concerns as this relationship existed pre-merger and the status quo will remain the same post merger.
- [10] The Commission accordingly concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in the relevant markets. We agree with this assessment.

Public Interest

- [11] The merger will not result in any job losses or retrenchments because all employees will remain employed by Respublica. Therefore the transaction does not raise any public interest concerns.

Conclusion

- [12] In light of the above we concluded that the proposed transaction was unlikely to substantially prevent or lessen competition. Accordingly we approved the proposed transaction unconditionally.


Ms Y Carrim

7 September 2015
DATE

Ms M Mokuena and Prof I Valodia concurring

Tribunal Researcher: Moleboheng Moleko

For the merging parties: Vani Chetty and Lerisha Naidu – Baker &
McKenzie

For the Commission: Billy Mabatamela, Seema Nunkoo and Xolela
Nokele