



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM099Jun18

In the matter between

Urban Impact Properties Limited

Primary Acquiring Firm

And

Pulse Student Lifestyle (Pty) Ltd

Primary Target Firm

Panel	: Ms Yasmin Carrim (Presiding Member)
	: Prof Imraan Valodia (Tribunal Member)
	: Ms Andiswa Ndoni (Tribunal Member)
Heard on	: 15 August 2018
Order Issued on	: 15 August 2018
Reasons Issued on	: 24 August 2018

REASONS FOR DECISION

Approval

- [1] On 15 August 2018, the Competition Tribunal ("the Tribunal") unconditionally approved the large merger between Urban Impact Properties Limited ("UIP") and Pulse Student Lifestyle (Pty) Ltd ("PSL").
- [2] The reasons for the approval follow.

Parties to the transaction and their activities

- [3] The primary acquiring firm is UIP, a property and investment holding company, with a focus on rental properties for both residential and student accommodation. UIP is wholly owned by the Housing Impact Fund South Africa ("HIFSA"), a trust that finances the construction of housing in urban and

underdeveloped areas. HIFSA is ultimately owned by Old Mutual Group Holdings (SA) (Pty) Ltd ("OMSA"), an investment holding company for a large number of subsidiaries whose activities span various markets, including property investment and development. UIP, its subsidiaries and controllers are hereafter referred to as the Acquiring Group.

- [4] The primary target firm is PSL, a firm that existed as a shelf-company prior to the proposed transaction, with its entire share capital held by Pulse Urban Properties (Pty) Ltd ("PUP"). PUP is active in the property development and investment holding markets, with its primary focus on affordable residential and student accommodation. PUP is ultimately owned and controlled by True Group Investment Holdings.
- [5] As part of the proposed transaction, PUP will transfer 17 new and established student and residential properties to PSL which thereafter constituted its property portfolio.

Proposed transaction and rationale

- [6] In terms of the proposed transaction, UIP intends to acquire 100% of the issued shareholding in PSL from PUP.
- [7] UIP stated that the rationale for the proposed transaction was to grow its asset base with well-priced, income generating properties, whereas PSL wished to dispose of the assets to a well-established company with the necessary expertise and resources to run them.

Relevant market and impact on competition

- [8] In investigating the proposed transaction, the Competition Commission ("Commission") found that the Acquiring Group holds a number of investment properties, leading to horizontal overlaps in the following markets:
 - i. Provision of rentable student accommodation in Pretoria
 - ii. Provision of rentable residential accommodation in Johannesburg
 - iii. Provision of rentable residential accommodation in Cape Town
- [9] In the markets for rentable student accommodation in Pretoria and rentable residential accommodation in Johannesburg, the post-merger entity will hold

estimated market shares of below 5% in both areas and continue to face strong competition from other available properties.

- [10] In the market for the provision of rentable residential accommodation in Cape Town, the Commission found that the merging parties' respective properties are not actual competitors. This is because they are situated more than 8km away from one another and, due to price differences, target different customer groups. We are accordingly satisfied that the proposed transaction is unlikely to result in a significant lessening of competition in any of the relevant markets.

Public interest

- [11] The merging parties submitted that the proposed transaction will have no negative effect on employment. The Commission was satisfied that there is unlikely to be any job losses arising out of this merger as the firms will continue to operate as is post-merger.
- [12] The proposed transaction further raised no other public interest concerns.

Conclusion

- [13] 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.



Ms Yasmin Carrim

24 August 2018

Date

Ms Andiswa Ndoni and Prof Imraan Valodia

Tribunal Researcher: Jonathan Thomson

For the merging parties: Jason Van Dijk of Norton Rose Fulbright

For the Commission: Nolubalalo Myoli and Ratshidaho Maphwanya