

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM236Mar15/021089

In the matter between:

**Emira Property Fund Limited, previously Friedshelf
1556 Proprietary Limited** Primary Acquiring Firm

And

Emira Property Fund Primary Target Firms

and

Strategic Real Estate Managers Proprietary Limited

Panel	:	Anton Roskam (Presiding Member), Andiswa Ndoni (Tribunal Member) Imraan Valodia (Tribunal Member)
Heard on	:	29 April 2015
Order issued on	:	29 April 2015
Reasons issued on	:	21 May 2015

Reasons for Decision

Approval

- [1] On 29 April 2015 the Competition Tribunal ("Tribunal") unconditionally approved the large merger between Emira Property Fund Limited ("New Emira") and Emira Property Fund ("Emira") and Strategic Real Estate Managers Proprietary Limited ("STREM"). The reasons for approving the transaction follow.

Parties to the transaction

- [2] The primary acquiring firm is New Emira, which was previously known as Friedshelf 1556 (Pty) Ltd. New Emira is a public company incorporated solely for the purpose of this transaction, and currently

provides no products and/or services. Post-merger the current shareholders of Emira will become new shareholders in New Emira, and none of them will control New Emira.

- [3] The primary target firms are Emira and STREM. Emira is a portfolio created under the Emira Property Scheme, which is listed in the Real Estate Investment Trust sector on the Johannesburg Security Exchange. Emira owns a portfolio of properties ranging from retail, office and industrial properties throughout South Africa. STREM is controlled by MMI Strategic Investment Pty Ltd and does not control any firm. STREM is solely responsible for the management of Emira.

Proposed transaction and rationale

- [4] Through a Sale of Shares and Claims Agreement, New Emira will acquire Emira and the entire issued share capital of STREM. Post-merger, STREM will be a wholly owned subsidiary of New Emira and New Emira will continue to manage Emira in terms of the existing mandate until Emira is wound up. Post-merger STREM will be de-registered as a management company, once the winding up of Emira is completed.
- [5] The main aim for the proposed transaction is to convert Emira from a property scheme to a company. Emira submits that this transaction will aid to internalize the asset management function of STREM, as well as converting Emira into a Real Estate Investment Trust ("REIT").

Competition assessment

- [6] The proposed transaction results in no horizontal overlap, since New Emira is a newly established company that offers no products and/or services.

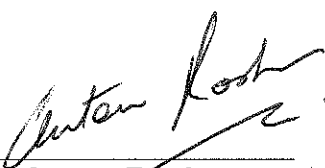
- [7] The Commission however identified a vertical overlap arising from the proposed transaction. This is as a result of the vertical relationship that exists between the merging parties, since STREM manages Emira. However the Commission submitted that the vertical relationship is unlikely to result in any foreclosure concerns as pre-merger, STREM was only providing management services to Emira and post-merger the status quo remains. The Commission thus concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in the identified market. We concur with the Commission.

Public Interest

- [8] The proposed transaction will have no effect on employment, as New Emira and Emira do not have any employees. The proposed transaction raised no public interest concerns.

CONCLUSION

- [9] We agree with the Commission's findings that the proposed transaction is unlikely to substantially prevent or lessen competition in the identified market. We therefore approve the transaction without conditions.


Mr Anton Roskam

21 May 2015

DATE

Ms Andiswa Ndoni and Prof. Imraan Valodia concurring.

Tribunal Researcher:

Caroline Sserufusa

For the merging parties:

Andries Le Grange of Cliffe Dekker Hofmeyr
Attorneys

For the Commission:

Billy Mabatamela