



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM082Jun18

In the matter between:

GRAND PRIME TRADING (PTY) LTD

Primary Acquiring Firm

and

**TEFBIN DEVELOPMENT (PTY) LTD IN RESPECT
TURBINE SQUARE AND HALL**

Primary Target Firm

Panel	: Yasmin Carrim (Presiding Member)
	: Medi Mokuena (Tribunal Member)
	: Andiswa Ndoni (Tribunal Member)
Heard on	: 03 October 2018
Order Issued on	: 03 October 2018
Reasons Issued on	: 20 November 2018

Reasons for Decision

Approval

[1] On 03 October 2018 the Competition Tribunal ("Tribunal") unconditionally approved the proposed transaction involving Grand Prime Trading (Pty) Ltd and Tefbin Development (Pty) Ltd in respect of Turbine Square and Hall.

[2] The reasons for approving the proposed transaction follow.

Parties to the proposed transaction

Primary acquiring firm

- [3] The primary acquiring firm is Grand Prime Trading (Pty) Ltd (Grand Prime Trading), a company incorporated in accordance with the company laws of South Africa. Grand Prime Trading is registered and controlled by DiverCity Urban Property Fund (Pty) Ltd ("DiverCity").
- [4] DiverCity is controlled by Vestfund (Pty) Ltd, Atterbury Property Fund (Pty) Ltd, Genesis Properties (Pty) Ltd and Property Development (Pty) Ltd. The Commission noted that in a related transaction, Nedbank Limited and RMH Property Holding (Pty) Ltd each intends to acquire a controlling stake of 18% in DiverCity.
- [5] For the purposes of this transaction Vestfund, Atterbury Property Fund, Genesis Properties, Propertuity, Nedbank Limited and RMH shall collectively be referred to as the "Seed Partners".
- [6] Grand Prime Trading is a newly established entity established to own Turbine Square and Hall as such it does not conduct any business activity. DiverCity is a property investment and holding company formed to be a mixed-use private property holding, investment and development fund which enhances its yield by participating in the development of mix-use and mixed income urban renewal projects. The Acquiring Group owns two Grade A office properties located in Rosebank, Johannesburg and Hazelwood, Pretoria.

Primary target firm

- [7] The primary target firm is Tefbin Development (Pty) Ltd ("Tefbin") in respect of Turbine Square and Hall ("Turbine Square and Mall or the Target Property").
- [8] Tefbin is controlled by Tails Property Fund (Pty) Ltd ("Tails Property Fund"). Tails Property Fund is wholly owned by Tails Holdings (Pty) Ltd ("Tails Holdings"), which is in turn owned by the Mogashoa Family Trust.
- [9] The Target Property is the immovable property, buildings, fixed assets, lease agreements and contracts. The Target Property is an office space comprising of rentable Grade A office space. The Target Property is situated at 65 Ntemi Piliso Street, Newtown, Johannesburg.

Proposed transaction and rationale

- [10] Grand Prime Trading intends to acquire Turbine Square and Hall from Tefbin. On completion of the proposed merger, the Turbine Square and Hall will be solely owned by Grand Prime Trading, a subsidiary of DiverCity.
- [11] The merging parties submitted that there is a mutual understanding between KMSA and its current corporate owner, Motus, that KMSA will be best housed in C2 since C2 can provide the financial means and market understanding to provide a stable and competent partner via which KMSA can continue its core business.

Impact on competition

- [12] The Competition Commission ("Commission") investigated the activities of the merging parties and found that their activities will result in a horizontal overlap in respect of the provision of rentable grade A office space in the greater Johannesburg and/or Rosebank area. The Commission found that the merging parties will have approximately 5.16% combined post-market share.
- [13] The Commission also considered the narrowest possible geographic provision of rentable Grade A office space in Johannesburg CBD between Tails Property and the Target Property. The Commission found that the merging parties will have approximately 5.47% combined post-merger market share. The Commission is of the view that the proposed merger is unlikely to substantially prevent or lessen competition in the market for the provision of grade A office space as the post-merger market share of the merging parties remain low.
- [14] Furthermore, the Commission submitted that the merging parties will continue to face competition from Growthpoint Properties Limited, Arrowhead Properties, Investec Property Fund and Redefine Properties Limited around the geographic market.
- [15] Given the above, the Commission concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market in South Africa. We concur with this finding.

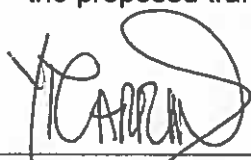
Public interest

[16] The merging parties confirmed that the proposed transaction will not give rise to any adverse effect on employment.¹

[17] Furthermore, the proposed transaction raises no other public interest concerns.

Conclusion

[18] 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

20 November 2018

DATE

Mrs Medi Mokuena and Ms Andiswa Ndoni concurring

Tribunal Case Manager: Busisiwe Masina

For the merging parties: Ms Vani Chetty of Vani Chetty Competition Law.

For the Commission: Mr I Mhlongo

¹ Record pages 14 and 15.