



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM037Jun16

In the matter between:

MENDO PROPERTY PROPRIETARY LIMITED

Primary Acquiring Firm

and

**VUKILE PROPERTY FUND LIMITED IN RESPECT
OF 5 TARGET PROPERTIES**

Primary Target Firm

Panel	: Norman Manoim (Presiding Member)
	: Andreas Wessels (Tribunal Member)
	: Fiona Tregenna (Tribunal Member)
Heard on	: 10 August 2016
Order Issued on	: 10 August 2016
Reasons Issued on	: 06 September 2016

Reasons for Decision

Approval

- [1] On 10 August 2016, the Competition Tribunal ("Tribunal") approved the proposed transaction between Mendo Properties Proprietary Limited and Vukile Property Fund Limited in respect of 5 Target Properties.
- [2] The reasons for approving the proposed transaction follow.

Parties to proposed transaction

Primary acquiring firm

- [3] The primary acquiring firm is Mendo Properties (Pty) Limited (“Mendo”), a company incorporated in accordance with the laws of the Republic of South Africa.
- [4] Mendo is controlled by Slip Knot Investments 777 (Pty) Ltd (“SKI”).SKI is in turn controlled by the JPD Trust. The JPD Trust and its subsidiaries will collectively be referred to as the “Acquiring Group”.
- [5] The Acquiring Group is engaged in the development and leasing of commercial and industrial investment properties and owns a portfolio of 105 properties throughout South Africa. Of relevance to the proposed transaction is the office and retail properties owned by the Acquiring Group in Pretoria and Bloemfontein.
- [6] Relevant to the analysis of this transaction is the office and retail properties owned by the Acquiring Group in Pretoria and Bloemfontein.

Primary target firm

- [7] The primary Target Properties are controlled by Vukile Property Fund Limited (“Vukile”).
- [8] The Target Properties comprise of office properties and retail properties that are located in the Pretoria CBD and one office property that is located in the Bloemfontein CBD.¹

Proposed transaction and rationale

- [9] In terms of the proposed transaction Mendo intends to acquire the Target Properties from Vukile. Post-transaction Mendo will control the Target Properties.
- [10] The Target Properties submit that the offer by the Acquiring Group presents a commercially viable opportunity for Vukile to dispose of the Rental Enterprise and realise its investment.

¹ The Target Properties are: Bloemfontein Fedsure House, Pretoria Koedoe Arcade, Pretoria Navarre, Pretoria De Bruyn Park and Pretoria Arcadia Suncardia.

Impact on competition

- [11] The Commission considered the activities of the merging parties and found that there is a horizontal overlap in three (3) markets for the provision of rentable office property and rentable retail property:
- Grade B and C office property in the Pretoria CBD and surrounding node
 - Grade B and C office in the Bloemfontein node
 - Retail space in convenience centres within a 5km radius of the merging parties'
- [12] In all the markets identified above the Commission found that the merged entity will have a combined post-merger market share between the ranges of 9-18%. Furthermore, in all of the relevant markets the merged entity will continue to be constrained by other market players.
- [13] In light of the above, the Commission is of the view that the proposed transaction is unlikely to substantially prevent or lessen competition within the relevant market.
- [14] We concur with the Commission's conclusion.

Public interest

- [15] The merging parties confirmed that the proposed transaction will have no negative effect on employment.
- [16] The proposed transaction further raises no other public interest concerns.

Conclusion

- [17] 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.



Mr. Norman Manoim

06 September 2016
DATE

Mr Andreas Wessels and Prof Fiona Tregenna concurring

Tribunal Researcher: Busisiwe Masina

For the merging parties: Andries Le Grange of Cliffe Dekker Hofmeyr Inc.

For the Commission: Nolubabalo Myoli