



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No:LM053Jul16

In the matter between:

Rebosis Property Fund Limited

Primary Acquiring Firm

and

Billion Group Proprietary Limited in

Primary Target Firms

respect of:

- **Billion Property Developments Proprietary Limited**
- **Bay West City Proprietary Limited**
- **Billion Asset Managers Proprietary Limited**
- **Billion Property Services Proprietary Limited**

Panel	:	AW Wessels (Presiding Member)
	:	Medi Mokuena (Tribunal Member)
	:	Andiswa Ndoni (Tribunal Member)
Heard on	:	31 August 2016
Order Issued on	:	31 August 2016
Reasons Issued on	:	07 September 2016

Reasons for Decision

Approval

[1] On 31 August 2016, the Competition Tribunal ("Tribunal") unconditionally approved the large merger between Rebosis Property Fund Limited ("Rebosis") and Billion Group Proprietary Limited ("Billion Group") in respect of Billion Property Developments Proprietary Limited ("Billion Property Developments"), Bay West City Proprietary Limited ("Bay West City"), Billion

Asset Managers Proprietary Limited ("Billion Asset Mangers") and Billion Property Services Proprietary Limited ("Billion Property Services").

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

Parties to transaction

Primary acquiring firm

[3] The primary acquiring firm is Rebosis, a real estate investment trust listed on the Johannesburg Securities Exchange. Rebosis is not controlled by any single firm but controls a number of firms in South Africa.

[4] Rebosis' property portfolio comprises of office, retail and industrial properties located throughout South Africa. Of relevance to the competition assessment of the proposed transaction are Rebosis' properties located in Gauteng and in the Eastern Cape.

Primary target firms

[5] The primary target firms are the following enterprises:

- Billion Property Developments;
- Bay West City;
- Billion Asset Managers; and
- Billion Property Services (collectively referred to as the "Target Firms").

[6] The Target Firms are controlled by Billion Group which in turn is controlled by the Amatolo Family Trust.

[7] Of specific relevance to the competition assessment of the proposed transaction are Billion Property Developments' Forest Hill shopping centre located in Centurion in Gauteng, as well as Bay West City's Baywest Mall located in Port Elizabeth in the Eastern Cape Province.

Proposed transaction and rationale

- [8] Rebosis intends to acquire the entire issued share capital of the Target Firms from Billion Group. Upon implementation of the proposed transaction Rebosis will control the Target Firms.
- [9] Rebosis submitted that the proposed transaction is in line with its strategic objective of being a retail-biased fund.
- [10] Billion Group submitted that the current transaction will aid it to unlock and release considerable value through the disposal of assets.

Impact on competition

- [11] The Competition Commission ("Commission") identified a horizontal overlap between the activities of the merging parties in the provision of rentable space in comparative centres in the Eastern Cape and in Gauteng.
- [12] In the Eastern Cape, the acquiring group owns two retail properties located in respectively East London and Mdantsane, whilst the Baywest Mall (see paragraph 7 above) is located in Port Elizabeth, which is more than 200 km away from the acquiring group's properties. The Commission thus concluded that there is no geographic overlap between the merging parties' comparative centres in the Eastern Cape.
- [13] In Gauteng, the acquiring group owns comparative centres in Pretoria and Johannesburg, whereas Forest Hill Mall (see paragraph 7 above) is situated in Centurion, which is approximately 30 km away from the acquiring group's closest relevant properties. The Commission therefore found that the merging parties' relevant properties in Gauteng are unlikely to constrain each other.
- [14] In addition, the Commission found that the acquiring group's comparative centres situated in Pretoria are constrained by other comparative centres such as Brooklyn Mall and Menlyn Mall amongst others. The Commission also found that Forest Hill Mall is likely to be constrained by other

comparative centres such as Centurion Mall, Mall@Reeds and Centurion Lifestyle.

[15]The Commission furthermore found that even if one were to consider a hypothetical geographic market of a 30 km radius around Forest Hill Mall, the post-merger market share of the merging parties will remain below 15%.

[16]The Commission therefore concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any potential relevant market. We concur with the Commission's finding.

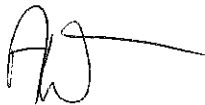
Public interest

[17]The merging parties submitted that the proposed transaction will not result in any adverse impact on employment.¹

[18]The proposed transaction further raises no other public interest concerns.

Conclusion

[19]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 AW Wessels

07 September 2016

DATE

Ms Medi Mokuena and Ms Andiswa Ndoni concurring

Tribunal Case Manager : Caroline Sserufusa
For the merging parties : Vani Chetty of Baker and McKenzie
For the Commission : Boitumelo Makgabo

¹ Merger Record, *inter alia* page 8.