



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM107Sep19

In the matter between

Enyuka Prop Holdings (Pty) Limited

Primary Acquiring Firm

and

Redefine Properties Limited in respect of the property
letting enterprises known as Alberton Mall and Ermelo
Mall.

Primary Target Firm

Panel	: Enver Daniels (Presiding Member)
	: Yasmin Carrim (Tribunal Member)
	: Anton Roskam (Tribunal Member)
Heard on	: 06 November 2019
Order Issued on	: 06 November 2019
Reasons Issued on	: 03 December 2019

REASONS FOR DECISION

Approval

- [1] On 06 November 2019, the Tribunal unconditionally approved a transaction in terms of which Enyuka Prop Holdings (Pty) Limited ("Enyuka") acquired sole control of the property letting enterprises known as Alberton Mall and Ermelo Mall from Redefine Properties Limited.
- [2] The reasons for the approval follow.

Parties to the transaction

Primary Acquiring Firm

- [3] Enyuka is a company duly incorporated in accordance with the laws of the Republic of South Africa. Enyuka is jointly controlled by Oneeighty Two Holdings (Pty) Ltd (“Oneeighty Two”) (50.1%) and Emira Property Fund (“Emira”) (49.9%). Oneeighty Two is jointly controlled by Operation Network Enterprises Property Holdings (50%) and Aidwise Trading (Pty) Ltd (50%).
- [4] Emira is not controlled by any single person or undertaking.¹ Oneeighty Two Holdings is also not controlled by any single shareholder. Enyuka and the firms directly and indirectly controlling it shall be collectively referred to as the “Enyuka Group.”
- [5] The Enyuka Group is a property holding, investment and management group with a property portfolio composed of retail, residential and office properties throughout South Africa. The Enyuka Group, through Oneeighty Two holds residential property in Gauteng, while Emira, through its non-controlling interest held in Transcend, is exposed to residential property in the Western Cape and Gauteng.

Primary Target Firm

- [6] The primary target firm is Redefine Properties Ltd (“Redefine”), in respect of two property letting enterprises known as Alberton Mall and Ermelo Mall. Redefine is a Real Estate Investment Trust listed on the Johannesburg Stock Exchange. Redefine shares are widely dispersed and as such no single shareholder controls it.²

¹ The following shareholders hold in excess of 5% shareholding in Emira: U Reit Holdings (Pty) Ltd (22.3%); Government Employees Pension Fund and the PIC (13.7%); and Old Mutual Ltd (9.4%).

² The following shareholder hold in excess of 4% shareholding in Redefine: Government Employees Pension Fund (11.71%); Redefine Employment Trust (5.2%) and Coronation Fund Managers (4.58%).

- [7] Redefine is a property investment company, with a diversified property portfolio including retail, residential and office properties throughout South Africa and abroad.

Proposed transaction and rationale

- [8] Enyuka Group will acquire two letting enterprises known as Alberton Mall and Ermelo Mall (Target Properties). Upon implementation, Enyuka Group will solely control Alberton Mall and Ermelo Mall.
- [9] Regarding rationale, the acquiring firm submitted that the properties fit their investment mandate which entails investing in retail property falling within the mid to lower LSM market. The target firm submitted that Alberton Mall and Ermelo Mall are no longer core assets within its portfolio and no longer meet its investment criteria.

Relevant market and impact on competition

- [10] Regarding the product market, the merging parties submit that the relevant product market is the market for rentable retail (community centre) space. Given that the Target Properties' size is 16,362.5 sqm in respect of Alberton Mall and 19,254 sqm in respect of Ermelo Mall, the Commission held the view that the Target Properties are in the category comprising of community centres and convenience centres. As the target properties are community centres, the Commission assessed the activities of the merging parties in the market for the provision of rentable retail space in community centres.
- [11] The Commission considered the distance between the convenience centres of the merging parties in and around the Ermelo, and the Alberton region. The Commission relied on a 10km radius in assessing a possible geographic overlap. However in Gauteng, the Commission included convenience centres within a 40km radius. The Commission found that there is no geographic overlap between the respective properties of merging parties. In particular,

Alberton Mall is located more than 22km from the closest retail properties held by the Enyuka Group whereas Ermelo Mall is located more than 100km from the retail properties held by the Enyuka Group within Mpumalanga.

- [12] The Commission's investigation revealed that there is no geographic overlap between the merging parties for the provision of rentable retail space in community centres. In addition, it was found that Enyuka Group does not have any other shareholding interests in competing properties or shareholding in competing firms.
- [13] In view of the foregoing, the Commission concluded that the transaction is unlikely to result in a substantial prevention or lessening of competition in any of the relevant markets.

Public interest

- [14] The merging parties submitted that there would be no adverse effect on public interest. In particular, the proposed transaction would not result in any retrenchments or job losses as the sale of the properties does not interrupt the continuity of employment regarding the employees being transferred.
- [15] The Commission contacted the employee representatives of both the Enyuka Group,³ as well as Redefine⁴ who confirmed that employees have not raised any concerns.

³ Please see page 479-480 of the record.

⁴ Please see page 477-478 of the record.

Conclusion

[16] In light of the above, we concluded that the transaction is unlikely to substantially prevent or lessen competition in any relevant market. In addition, no adverse public interest issues arise from the transaction. Accordingly, we unconditionally approved the transaction.



Mr. Enver Daniels

03 December 2019

Date

Ms. Yasmin Carrim and Mr. Anton Roskam concurring.

Tribunal Case Manager : Andiswa Nyathi

For the Merging Parties : Vani Chetty of Vani Chetty Competition Law (Pty) Ltd

For the Commission : Thabelo Masithulela; Tumiso Loate; and Raksha Darji