



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No.: 017749

In the matter between

Redefine Properties Limited

Acquiring Firm

and

**Chantilly Trading 95 (Pty) Ltd in respect of the
property letting enterprise known as Ellerines Warehouse Cato Ridge**

Target Firm

Panel : Mondo Mazwai (Presiding Member)
Fiona Tregenna (Tribunal Member)
Medi Mokuena (Tribunal Member)
Heard on : 02 October 2013
Order issued on : 02 October 2013
Reasons issued on : 31 October 2013

Reasons for Decision

Approval

[1] On 02 October 2013 the Competition Tribunal (‘Tribunal’) unconditionally approved a merger between Redefine Properties Limited (‘Redefine’), and Chantilly Trading 95 (Pty) Ltd (‘Chantilly’) in respect of the property letting enterprise known as Ellerines Warehouse Cato Ridge (‘the Ellerines Warehouse’). The reasons for approving the proposed transaction follow.

Parties to the transaction

[2] The primary acquiring firm is Redefine, which is a property loan stock company, listed on the JSE Securities Exchange and, as such, is not controlled by any individual shareholder. Redefine has investments in commercial, retail, office and industrial properties located throughout South Africa. It also conducts its own internal asset management services, including property management. In addition to this, Redefine exercises control over Fountainhead Property Trust Managers Limited, which is the management company for Fountainhead Property Trusts properties.¹⁾

[3] Chantilly is controlled by several trusts. It conducts the business of commercial property development and investment. Chantilly operates principally in South Africa. Of relevance to the proposed transaction is the Ellerines Warehouse, which is a property letting enterprise that comprises rentable light industrial space in the Cato Ridge area in the Kwa-Zulu Natal (KZN) Province. It is used as a distribution centre.

Proposed transaction

[4] In terms of the proposed transaction, Redefine will acquire from Chantilly the Ellerines Warehouse, which will include the land and buildings erected on the property, the fixed assets and the existing lease agreements.

Relevant market and impact on competition

[5] The proposed transaction results in a horizontal overlap as both merging parties are active in the market for rentable industrial space. As indicated above, the target property, the Ellerines Warehouse, is located in Cato Ridge in KZN. In the KZN region, Redefine owns four properties used for rentable industrial space, none of which is in close proximity to Cato Ridge. Thus, the Commission found that there was no geographic overlap between the merging parties' properties²⁾. Furthermore, during the hearing the merging parties confirmed that the management control exercised by Redefine over Fountainhead does not result in any overlap pertaining to the Fountainhead properties.³⁾

¹⁾ See page 3 of Transcript of hearing.

²⁾ According to the Commission, Redefine's industrial properties are located 47km; 47km; 30km; and 55.4 km respectively from the Ellerines Warehouse in Cato Ridge.

Public interest

[6] The merging parties submitted that there would be no adverse effect on employment as a result of the proposed transaction. Furthermore, the proposed transaction does not raise any other public interest concerns.⁴⁾

CONCLUSION

[7] For the above reasons, we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any market. Furthermore, there are no public interest issues arising from the proposed transaction. We accordingly approve the merger unconditionally.



Mondo Mazwai

31 October 2013
DATE

Medi Mokuena and Fiona Tregenna concurring

Tribunal Researcher: *Caroline Sserufusa*

For the merging parties: Vani Chetty on behalf of Vani Chetty Competition Law

For the Commission: Themba Mahlangu

³⁾ See page 3 of the Transcript of hearing.

⁴⁾ See page 68 of the Merger record.