



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 018630

In the matter between:

REDEFINE PROPERTIES LIMITED

Primary Acquiring Firm

And

**THE TRUSTEES FOR THE TIME BEING OF THE 115
WEST STREET TRUST IN RESPECT OF THE
PROPERTY LETTING ENTERPRISE KNOWN
AS ALEXANDER FORBES BUILDING**

Primary Target Firm

Panel	: A Roskam (Presiding Member)
	: A Ndoni (Tribunal Member)
	: F Tregenna (Tribunal Member)
Heard on	: 14 May 2014
Order Issued on	: 14 May 2014
Reasons Issued on	: 4 June 2014

Reasons for Decision

Approval

- [1] On 14 May 2014, The Competition Tribunal ("**Tribunal**") unconditionally approved the acquisition by Redefine Properties Limited of 115 West Street in respect of the property letting enterprise known as Alexander Forbes Building.
- [2] The reasons for approving the proposed transaction follow.

Parties to the transaction

- [3] The primary acquiring firm is Redefine Properties Limited ("**Redefine**"), a company listed on the Johannesburg Securities Exchange and not controlled by any firm. Its largest shareholders include State Street (custodian), Stanlib, Government Employees Pension Fund, Investec and Investment Solutions.
- [4] Redefine exercises control over Redefine International PLC, Madison Property Fund Managers Ltd, Fountainhead Property Trust Management Limited, Fountainhead Property Administration (Pty) Ltd, Fountainhead Property Trust (South Africa), Redefine Retail (Pty) Ltd, Freedom Square (Pty) Ltd (Namibia) and Redefine Pacific (Mauritius).
- [4] The primary target firm is the Alexander Forbes Building which is owned by the Trustees for the Time being of 115 West Street Trust ("**115 West Street Trust**"). The Trustees of the 115 West Street Trust are also executive directors of Zenprop Property Holdings (Pty) Ltd ("**Zenprop**"), they are; James Otto Tannenberger, Adam John Blow and Allan James Flynn Mundell. Zenprop manages a portfolio of property on behalf of companies and trusts. The Zenprop Group property portfolio comprises of more than 84 buildings that range from retail, commercial, industrial and hotel property sectors throughout South Africa.

Proposed Transaction and Rationale

- [5] Redefine intends to acquire 50% of the undivided shares in Alexander Forbes Building located at 115 West Street Sandton, the remaining shares will be held by the 115 West Street Trust.
- [6] Redefine has a strategy of acquiring high quality income producing assets located in primary investment markets. This acquisition is in line with that strategy. The proposed transaction will enable the 115 West Street Trust and Zenprop to realise the value of Alexander Forbes building in favour of its beneficiaries. Similarly to Redefine this is in line with the entities investment objectives.

Relevant Market and Impact on Competition

- [7] Redefine is a property loan stock company with a diverse property portfolio ranging of properties such as office, retail and industrial. It also owns rentable A-grade office properties located in Rosebank, Hyde Park/Dunkeld and Sandton Cbd as well as surrounding areas.
- [8] The target firm owns the Alexander Forbes Building which is classified as a rentable A-Grade office space measuring 36 250m².
- [9] The relevant market is rentable A-Grade office space within the Sandton and Environs node.
- [10] In this market the merging parties market share will increase post the transaction from 9.2% to 11.91%. The market share accretion is 2.70%, the Commission viewed this as minimal as recommended that the proposed transaction is unlikely to alter A-grade office spaces in the node owned by reputable competitors such Acucap, Sycom, Zenprop Property Holdings Ltd and Vunani.
- [11] There is a product overlap arising in relation to provision of rentable A-Grade office space.

- [12] The Commission also identified that there is a total of 88 318m² (9.5%) vacant A-Grade office space available for leasing in the node. The Commission is of the view that this will constrain the merged entity in the event of price increases. They are also new developments in the area.

Conclusion

- [13] In light of the above we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in the market for provision of rentable Grade A office property. In addition, no public interest issues arise from the proposed transaction. Accordingly we approve the proposed transaction unconditionally.



Anton Roskam

4 June 2014
DATE

Fiona Tregenna and Andiswa Ndoni concurring

Tribunal Researcher:	Moleboheng Moleko
For the merging parties:	Vani Chetty – Vani Chetty Competition Law
For the Commission:	Hardin Ratshisu Relebohile Thabane and Grashum Mutizwa.