



## COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM114Sep16

In the matter between:

**CUBISOL INVESTMENTS 3 (PTY) LTD**

Primary Acquiring Firm

and

**THE RETAIL LETTING ENTERPRISE KNOWN AS**

**LONEHILL SHOPPING CENTRE OWNED BY**

**LONEHILL SHOPPING CENTRE (PTY) LTD**

Primary Target Firm

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Panel	: AW Wessels (Presiding Member)
	: Mondo Mazwai (Tribunal Member)
	: Andiswa Ndoni (Tribunal Member)
Heard on	: 09 November 2016
Order Issued on	: 09 November 2016
Reasons Issued on	: 12 November 2016

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### Reasons for Decision

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#### Approval

- [1] On 09 November 2016, the Competition Tribunal ("Tribunal") approved the proposed transaction between Cubisol Investments 3 (Pty) Ltd and the retail letting enterprise known as Lonehill Shopping Centre owned by Lonehill Shopping Centre (Pty) Ltd.
- [2] The reasons for approving the proposed transaction follow.

#### Parties to proposed transaction

##### *Primary acquiring firm*

- [3] The primary acquiring firm is Cubisol Investments 3 (Pty) Ltd ("Cubisol 3"), a company incorporated in accordance with the laws of the Republic of South Africa.

- [4] Cubisol 3 is controlled by Cubisol Holdings (Pty) Ltd ("Cubisol Holdings"). Cubisol Holdings is jointly controlled by Road Freight and Logistics Industry Provident Fund, Property Opportunity Fund Trust and K2015442434 (Pty) Ltd. The abovementioned firms will be referred to as the "Acquiring Group".
- [5] The Acquiring Group is a property investment company with a diversified portfolio of commercial and retail properties throughout South Africa. The retail properties of the Acquiring Group that are situated in Gauteng are relevant to the competition assessment of the proposed transaction.

*Primary target firm*

- [6] The primary target firm is Lonehill Shopping Centre (Pty) Ltd ("Lonehill") in respect of the retail letting enterprise known as Lonehill Shopping Centre ("the Target Property"), a community shopping centre.
- [7] The Target Property is controlled by Lonehill, a company incorporated in accordance with the laws of the Republic of South Africa. Lonehill is jointly controlled in equal share by Fairway Enterprises CC and Century Property Developments (Pty) Ltd.

**Proposed transaction and rationale**

- [8] In terms of the *Sale of Letting Enterprise Agreement*, Cubisol 3 intends to acquire the Target Property from Lonehill. Post-merger Cubisol 3 will have sole control of the Target Property.
- [9] Cubisol 3 wishes to grow its property portfolio.
- [10] The shareholders in Lonehill wish to realise their investment in the Target Property.

**Impact on competition**

- [11] The Commission considered the activities of the merging parties and found that there was a product overlap in the provision of rentable space in retail property, specifically with regards to retail space in convenience centres.
- [12] From a geographic market perspective, the Target Property is located in Lonehill, Sandton in the Gauteng province. The Acquiring Group owns the following

convenience centres in Gauteng: Shoshanguve Plaza – Shoshanguve, Pretoria (a distance of 76 km from the Target property); Mayfield Square – Daveyton, Benoni (58 km from the Target property); and Mountain View – Northcliff, Johannesburg (22 km from the Target property).

[13] Given the above, the Commission concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in the market for the provision of rentable space in convenience centres since there is no geographic overlap between the activities of the merging parties.

[14] We concur with the Commission that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market.

#### **Public interest**

[15] The merging parties confirmed that the proposed transaction will have no adverse effect on employment.<sup>1</sup>

[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.

  
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**Mr AW Wessels**

12 November 2016  
DATE

**Mrs Mondo Mazwai and Ms Andiswa Ndoni concurring**

Case Manager: Kameel Pancham  
For the merging parties: Roxanne Ker of Walkers Inc.  
For the Commission: Zintle Siyo

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<sup>1</sup> *Inter alia* page 5 of the Merger Record.