



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM071JUL19

In the matter between:

VUKILE PROPERTY FUND LIMITED

Primary Acquiring Firm

and

**REBOSIS PROPERTY FUND LIMITED IN RESPECT
OF THE ENTERPRISES COMPRISING OF THREE
SHOPPING CENTRES KNOWN AS BLOED STREET MALL
SUNNYPARK SHOPPING CENTRE AND MDANTSANE CITY
SHOPPING CENTRE**

Primary Target Firm

Panel	: Enver Daniels (Presiding Member)
	: Yasmin Carrim (Tribunal Member)
	: Imraan Valodia (Tribunal Member)
Heard on	: 31 July 2019
Order Issued on	: 31 July 2019
Reasons Issued on	: 06 September 2019

Reasons for Decision

Approval

- [1] On 31 July 2019, the Competition Tribunal ("Tribunal") approved the proposed transaction between Vukile Property Fund Limited and SA Retail Properties (Proprietary) Limited in respect of the enterprise known as Pinecrest Centre.
- [2] The reasons for approving the proposed transaction follow.

Parties to proposed transaction

Primary acquiring firm

- [3] The primary acquiring firm is Vukile Property Fund Limited ("Vukile"), a public company registered in accordance with the laws of the Republic of South Africa.
- [4] Vukile is a property fund, which is listed on the Johannesburg Securities Exchange (JSE). Vukile's property portfolio comprises of retail and office space as well as land under development.
- [5] Vukile and all the firms controlled by it shall collectively be referred to as the Acquiring Group.
- [6] The Acquiring Group owns and operates a diversified property portfolio which includes office, industrial and retail properties throughout South Africa. Relevant to the proposed transaction are the Acquiring Group's retail shopping centre letting activities in relation to Minor Regional Shopping Centres. The Acquiring Group's Minor Regional Shopping Centre activities take place in Boksburg, Germiston, and Randburg in Gauteng and Queenstown in the Eastern Cape.

Primary target firm

- [7] The primary target firm is Rebosis Property Fund Limited (Rebosis) in respect of rental enterprises comprising of three shopping centres known as Bloed Street Mall, Sunnypark Shopping Centre and Mdantsane City Shopping Centre (the Target Properties). Rebosis is a public company incorporated in accordance with the company laws of the Republic of South Africa.
- [8] Rebosis is listed on the Johannesburg Securities Exchange and is not controlled by any individual shareholder.

Proposed transaction and rationale

- [9] In terms of the Sale of Rental Enterprise Agreement, the Acquiring Group intends to acquire the Target Properties from Rebosis as going concerns, which include the

rental enterprises operated from the premises of the Target Properties. Post-transaction the Acquiring Group will have sole control over the Target Properties.

- [10] According to the Acquiring Group, the acquisition is in line with Vukile's strategy of being a high quality, low-risk JSE-listed retail REIT in South Africa with growing international exposure in Spain. Furthermore, the acquisition will complement Vukile's retail portfolio and positioning as a leading retail REIT in South Africa.
- [11] Rebosis submitted that it had embarked on a strategy to reduce its loan to value ratio in order to achieve a lower cost of funding, an improved credit rating and a stronger balance sheet. As a result, it had made the decision to divest some of its assets and use the proceeds from the sale of the Target Properties to reduce the company's existing debt

Impact on competition

- [12] The Commission considered the activities of the merging parties and found that there was a limited horizontal overlap between the merging parties as they are both active in the provision of lettable retail property and Minor Regional Shopping Centres.
- [13] The Commission found that the merging parties Minor Regional Mall activities in the Gauteng and Eastern Cape region are unlikely to fall within the same geographical market and pose any competition constraint on each other.
- [14] Given the lack of geographic overlap between the merging parties activities, the Commission concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. We concur with this finding.

Public interest

- [15] The merging parties confirmed that the proposed transaction will not result in any adverse impact on employment.¹ The proposed transaction further raises no other public interest concerns.

¹ Merger record, pages 13 and 14.

Conclusion

[16] 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 Enver Daniels

06 September 2019
Date

Ms Yasmin Carrim and Prof Imraan Valodia concurring

Tribunal Researcher: Ms Busisiwe Masina

For the merging parties: Mr Albert Aukema and Ms Duduetsang Mogapi of Cliffe
Dekker Hofmeyr Inc

For the Commission: Mr Zukile Sokapase and Mr Wiri Gumbi