



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM020Apr17

In the matter between:

Vandanex (Pty) Ltd

Acquiring Firm

and

13 Immovable Properties and Retail Rental Enterprises

Owned by Jarrabilla Investments (Pty) Ltd

Target Firm

Panel	: Yasmin Carrim (Presiding Member)
	: Fiona Tregenna (Tribunal Member)
	: Enver Daniels (Tribunal Member)
Heard on	: 21 June 2017
Order Issued on	: 21 June 2017
Reasons Issued on	: 13 July 2017

Reasons for Decision

Approval

- [1] On 21 June 2017, the Competition Tribunal ("Tribunal") unconditionally approved the proposed transaction between Vandanex (Pty) Ltd ("Vandanex") and the 13 immovable properties and retail rental enterprises ("the Target Properties") owned by Jarrabilla Investments (Pty) Ltd ("Jarrabilla").
- [2] The reasons for approving the proposed transaction follow.

Parties to the Proposed Transaction

Primary Acquiring Firm

- [3] The primary acquiring firm is Vandanex, a firm incorporated in accordance with the laws of the Republic of South Africa and is controlled by Mobe Investments (Pty) Ltd ("Mobe"). Mobe is ultimately controlled by the Moolman Group.¹ The Moolman Group has controlling interests in a number of firms. The Moolman Group, Mobe and Vandanex are collectively referred to as the "Acquiring Group".
- [4] The Acquiring Group owns a portfolio of investment properties, comprising of retail, industrial, office and other properties as well as vacant properties which are held for future development.

Primary Target Firm

- [5] The Target Properties consist of thirteen immovable properties and retail rental enterprises which are currently owned by Jarrabilla. Jarrabilla is a firm incorporated in accordance with the laws of the Republic of South Africa and is presently wholly owned and controlled by Dipula Income Fund Limited ("Dipula").²

Proposed Transaction and Rationale

- [6] Vandanex will acquire a direct 100% interest in each of the target properties from Jarrabilla and will control the target properties post-transaction.
- [7] According to the merging parties, the proposed transaction forms part of the Acquiring Group's investment strategy and is part of Jarabilla's portfolio rebalancing strategy.

¹ The Moolman Group is made up of three related family trusts.

² Transcript 21 June 2017 at page 8.

Relevant Market and Impact on Competition

- [8] The Commission found a horizontal overlap in the provision of rentable space in convenience centres³ located within a 10 km radius in the Vryburg, Kimberley, Nelspruit and Polokwane areas. It analysed these as four separate markets.
- [9] In respect of market share estimates provided by the merging parties, the Commission found that the merged entity would have less than 17% in each of the relevant markets with market share accretions of less than 2% in each. Furthermore, the merged entity will continue to face competition from other players, including PAM Golding (Pty) Ltd, Resilient Property Income Fund, Redefine Properties Limited and Vukile Property Fund.
- [10] The Commission was therefore of the view that the proposed transaction is unlikely to substantially prevent or lessen competition in any of the relevant markets.
- [11] At the hearing the Tribunal noted the neutral impact the proposed transaction would have on both competition and public interest. This is because, in May 2017, the Acquiring Group held a 20% share in Jarrabilla and its underlying Target Properties, and managed these properties.⁴ The remaining 80% was held by Dipula. Dipula has subsequently acquired the 20% interest in Jarrabilla from the Acquiring Group and, in terms of this proposed transaction, Jarrabilla will sell the Target Properties to the Acquiring Group.⁵
- [12] Based on the above, we concurred with the Commission's finding that the proposed transaction is unlikely to substantially prevent or lessen competition in any of the relevant markets.

³ Convenience centres include local convenience centres, community centres, neighbourhood centres and other smaller centres, all of which are considered to provide a competitive constraint on each other.

⁴ Transcript 21 June 2017 at page 21.

⁵ Ibid.

Public Interest

[13] The merging parties confirmed that the proposed transaction will not negatively affect employment since the merging parties do not have any employees.⁶

[14] The Commission was of the view that the proposed transaction is unlikely to raise concerns on any other public interest grounds.

Conclusion

[15] In light of the above, we concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market or raise any adverse public interest issues. Accordingly, we approved the proposed transaction unconditionally.



Ms Yasmin Carrim

13 July 2017

DATE

Prof. Fiona Tregenna and Mr Enver Daniels concurring

Tribunal Researcher:	Hayley Lyle
For the merging parties:	Albert Aukema of Cliffe Dekker Hofmeyr
For the Commission:	Simphiwe Gumede

⁶ Page 47 of the Merger Record.