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**NOTICE 288 OF 2013**  
**COMPETITION COMMISSION**

**NOTIFICATION TO APPROVE WITH CONDITIONS THE TRANSACTION INVOLVING:**

**CHAR-TRADE 246 CC**

**AND**

**RDI DEVCO ONE (PTY) LTD**

**CASE NUMBER: 2012FEB0072**

The Competition Commission hereby gives notice, in terms of Rule 38 (3)(c) of the 'Rules for the Conduct of Proceedings in the Competition Commission, that it has approved the transaction involving the above mentioned firms subject to conditions as set out below:

The primary acquiring firm is Char-Trade 246 CC ("Char-Trade"), a company incorporated under the laws of the Republic of South Africa. Char-Trade is a property investment corporation. The members of Char-Trade own property through various entities controlled by the holding company, SA Centres Management (the Char-Trade Group). The Char-Trade Group has a property portfolio of office space, residential, industrial, retail and vacant land.

The primary target firm is RDI Devco One (Pty) Ltd ("RDI Devco"), a company incorporated under the laws of the Republic of South Africa. RDI Devco is a special purpose vehicle established to develop and hold the property known as the Grove for letting purposes. RDI Devco is a special purpose vehicle and as such has not traded previously. The Grove is a rentable retail space (community centre) and A-grade office space situated in Nelspruit, Mpumalanga Province.

In terms of the Sale Agreement, Char-Trade intends to acquire the property letting enterprise known as the Grove (phase 2) comprising of rentable retail space (community centre) and A-grade office space situated in Nelspruit, Mpumalanga Province.

There is an overlap in the activities of the merging parties in relation to the provision of retail property and office property. There is however no geographic overlap in the activities of the merging firms as the acquiring group does not have any retail space in the Nelspruit node, Mpumalanga Province. The Commission is thus of the view that the proposed transaction is unlikely to substantially prevent or lessen competition as there is no geographic overlap in the activities of the merging firms.

There is vertical relationship between the merging parties. The Commission finds that the relationship existed pre-merger and will continue post-merger.

The proposed transaction does not result in retrenchments. There is a concern pertaining to the exclusivity clause contained in the lease agreement. The Commission found that the exclusivity clause has the effect of excluding rivals of the anchor tenant from the centre with the implication that small businesses are prevented from competing effectively in the centre. In order to address the concern, the Commission negotiated with the merging parties to have the exclusivity clause removed as the exclusivity clause could not be justified. The Commission imposed a condition to have the exclusivity clause removed from the lease agreement upon renewal.

The Commission therefore approves the proposed transaction subject to the following condition:

**Condition**

- 1 Char-Trade shall negotiate with the anchor tenant in respect of Grove lease agreement, in utmost good faith to have the exclusivity clauses in the lease agreement in respect of the target property, removed at the renewal of the lease.

**Monitoring of compliance with the condition**

- 2 Char-Trade shall within thirty (30) days after entering into the new or renewed lease agreement in respect of the centre, provide the Commission with a report setting out in detail the extent to which they have complied with the conditions of removing the exclusivity clause.

All reporting documents and correspondences in relation to these conditions must be submitted to the Commission's email address: [mergerconditions@compcom.co.za](mailto:mergerconditions@compcom.co.za)

Enquiries in this regard may be addressed to Manager: Mergers and Acquisitions Division at Private Bag X23, Lynnwood Ridge, 0040. Telephone: (012) 394 3298, or Facsimile: (012) 394 4298.