

DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION

NO. 5670

13 December 2024

COMPETITION COMMISSION

NOTIFICATION TO APPROVE WITH CONDITIONS THE TRANSACTION INVOLVING:

COSMO SISI PROPERTIES (PTY) LTD

AND

REDEFINE RETAIL (PTY) LTD IN RESPECT OF THE LETTING ENTERPRISE KNOWN
AS BRYANSTON SHOPPING CENTRE

CASE NUMBER: 2024JUL0008

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 abovementioned firms subject to conditions set out below:

Background

1. On 5 July 2024, the Competition Commission received notice of an intermediate merger wherein Cosmo SISI Properties (Pty) Ltd ("Cosmo Properties") intends to acquire Bryanston Shopping Centre from Redefine Retail (Pty) Ltd ("Redefine Retail"). On completion of the proposed transaction, Cosmo Properties will own and exercise sole control over Bryanston Shopping Centre.

Parties to the transaction

2. The primary acquiring firm is Cosmo Properties, a newly formed company. Cosmo Properties and its controllers will collectively be referred to as the Acquiring Group.
3. The Acquiring Group operates as a real estate company specialising in the ownership, management, sales and leasing of shopping centres throughout South Africa is a property group. Of relevance to the proposed transaction are its retail shopping centres in Gauteng Province.
4. The Acquiring Group does not have any shareholding held by Historically Disadvantaged Persons ("HDPs").
5. The primary target firm is Redefine Retail in respect of the letting enterprise known as Bryanston Shopping Centre. The Bryanston Shopping Centre is owned and controlled

by Redefine Retail. Redefine Retail is a wholly owned subsidiary of Redefine Properties Limited ("Redefine"). Redefine is a Real Estate Investment Trust ("REIT") which is listed on the Johannesburg Stock Exchange ("JSE") and is not controlled by any firms.

6. Redefine's latest B-BBEE certificate reflects that it has a Level 1 certification with a verified 42.40% black/HDP ownership.
7. Bryanston Shopping Centre is a neighbourhood centre which comprises 11,634m² of retail space located at 15 Ballyclare Drive, Bryanston, Johannesburg, Gauteng.

Competition analysis

8. The Commission considered the activities of the merging parties and found that the proposed transaction presents a horizontal overlap in the market for rentable retail space in convenience centres. However, the Commission found that there is no geographic overlap between the activities of the merging parties given that the closest convenience centre of the Acquiring Group is located 37km from Bryanston Shopping Centre while the Commission and Tribunal have previously found that convenience centres compete within a 10km radius.
9. Considering the above, the Commission is of the view that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market.

Public interest analysis

Effect on employment

10. The merging parties submit that the property management functions of Bryanston Shopping Centre are currently provided internally by Redefine Properties Limited, and, upon transfer, it will be managed by the Acquiring Firm. The employees associated with Bryanston Shopping Centre will be transferred along with Bryanston Shopping Centre in terms of Section 197 of the Labour Relations Act. The proposed transaction will thus have no adverse impact on employment.
11. Considering the above, the Commission is of the view that it is unlikely that the merger will substantially have a negative effect on employment.

Effect of the merger on the greater spread of ownership, in particular to increase the levels of ownership by Historically Disadvantaged Persons and Workers in firms in the market

12. The Acquiring Group does not have any shareholding held by HDPs.
13. Bryanston Shopping Centre is currently ultimately owned by Redefine. Redefine has 42.40% of its shareholding held by HDPs. Considering the above, the Bryanston Shopping Centre will result in a dilution in HDP shareholding of 42.40%.
14. Considering the above, the Commission requested the merging parties to propose remedies. In this regard, the parties undertake that the Acquiring Group will procure cleaning and security services for the target property, from HDP-owned service providers for a period of 3 (three) years after the implementation date (refer to Annexure A).

Conclusion

15. Taken as a whole, the Commission approves the proposed transaction subject to the conditions attached as **Annexure A**.

ANNEXURE A**COSMO SISI PROPERTIES PROPRIETARY LIMITED****AND****REDEFINE RETAIL PROPRIETARY LIMITED IN RESPECT OF THE LETTING
ENTERPRISE KNOWN AS BRYANSTON SHOPPING CENTRE****COMMISSION CASE NUMBER: 2024JUL0008**

1. DEFINITIONS

In this document, the expressions used below will have the appropriate meaning assigned to them and the following and related expressions will bear the following meaning:

- 1.1 **“Approval Date”** means the date on which the Merger is approved by the Commission in terms of the Competition Act;
- 1.2 **“Acquiring Firm”** means Cosmo SISI Properties Proprietary Limited;
- 1.3 **“Commission”** means the Competition Commission of South Africa, a statutory body established in terms of section 19 of the Competition Act;
- 1.4 **“Commission Rules”** means the Rules for the Conduct of Proceedings in the Commission;
- 1.5 **“Competition Act”** means the Competition Act, No. 89 of 1998, as amended;
- 1.6 **“Conditions”** means the conditions in this **Annexure A**;
- 1.7 **“Days”** means any day that is not a Saturday, Sunday or public holiday in South Africa;
- 1.8 **“HDP/s”** means historically disadvantaged person/s as contemplated in section 3(2) of the Competition Act;
- 1.9 **“HDP-owned”** means owned as to, at least, 50% plus 1 share by HDP(s);
- 1.10 **“HDP Service Providers”** means service providers which are HDP-Owned;

- 1.11 **“Implementation Date”** means the date of registration of transfer of the Target Property into the name of the Acquiring Firm;
- 1.12 **“Merger”** means the acquisition of control by the Acquiring Firm of the Target Property from the Seller as notified to the Commission under Commission case number 2024Jul0008;
- 1.13 **“Merging Parties”** means collectively the Acquiring Firm and the Target Property;
- 1.14 **“Seller”** means Redefine Retail Proprietary Limited;
- 1.15 **“South Africa”** means the Republic of South Africa;
- 1.16 **“Target Property”** means the letting enterprise known as Bryanston Shopping Centre situated at 15 Ballyclare Drive, Bryanston, Johannesburg, Gauteng;
- 1.17 **“Tribunal”** means the Competition Tribunal of South Africa, a statutory body established in terms of section 26 of the Competition Act; and
- 1.18 **“Tribunal Rules”** mean the Rules for the Conduct of Proceedings in the Tribunal.

2. **PROCUREMENT CONDITIONS**

- 2.1 The Acquiring Firm undertakes to procure cleaning and security services for the Target Property, from HDP-Owned Service Providers for a period of 3 (three) years after the Implementation Date.

3. **MONITORING**

- 3.1 The Merging Parties shall inform the Commission in writing of the Implementation Date within 5 (five) Days of its occurrence.
- 3.2 For the duration of the Conditions, the Acquiring Firm shall, on each anniversary of the Implementation Date, provide the Commission with an affidavit attested to by a senior official of the Acquiring Firm, confirming its compliance with the Conditions.
- 3.3 The Commission may request additional information from the Merging Parties, which the Commission may reasonably deem necessary for the purposes of monitoring the extent of compliance with these Conditions.

4. **VARIATION OF CONDITIONS**

- 4.1 The Merging Parties may at any time, on good cause shown, apply to the Commission for the Conditions to be waived, relaxed, modified and/or substituted. Should a dispute arise in relation to the variation of the Conditions, the Merging Parties shall apply to the Tribunal, on good cause shown and on notice to the Commission, for the Conditions to be waived, relaxed, modified and/or substituted.

5. **APPARENT BREACH**

- 5.1 Should the Commission determine or receive any complaint in relation to non-compliance with the above Conditions and pursuant thereto determine that there has been an apparent breach by the Merging Parties of these Conditions, the breach shall be dealt with in terms of Rule 39 of the Commission Rules read together with Rule 37 of the Tribunal Rules.

6. **GENERAL**

- 6.1 All correspondence concerning these Conditions must be submitted to the following email address: mergerconditions@compcom.co.za and ministry@thedtic.gov.za.

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