



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 020214

In the matter between:

Investec Property Fund Limited

Primary Acquiring Firm

And

**Certain property-owning companies and properties
controlled by Investec Property (Pty) Ltd**

Primary Target Firms

Panel	: Andreas Wessels (Presiding Member)
	: Medi Mokuena (Tribunal Member)
	: Mondo Mazwai (Tribunal Member)
Heard on	: 25 February 2015
Order Issued on	: 25 February 2015
Reasons Issued on	: 16 March 2015

Reasons for Decision

Approval

- [1] On 25 February 2015, the Competition Tribunal ("Tribunal") unconditionally approved the merger between Investec Property Fund Limited ("Investec Property Fund") and certain property-owning companies and properties controlled by Investec Property Proprietary Limited.
- [2] The reasons for approving the proposed transaction follow.

Parties to proposed transaction

Primary acquiring firm

- [3] The primary acquiring firm is Investec Property Fund, a public company incorporated in accordance with the laws of South Africa. It is controlled by Investec Limited ("Investec"). Investec Property Fund is a property investment company and listed on the JSE limited. Investec is an international specialist bank and asset manager that provides a diverse range of financial products and services to a niche client base.

Primary target firm

- [4] The primary target firms are three property owning companies that are controlled by Investec Property Proprietary Limited ("IP"), a private company incorporated in accordance with the laws of South Africa, as well as two rental enterprises namely Ingersol enterprise and Jakaranda enterprise ("rental enterprises") controlled by IP (collectively referred to as the "target firms").
- [5] The three property owning companies to be acquired are:
- Erf 145 Isando Property Proprietary Limited ("Erf 145 Isando");
 - Fleurdal Properties Proprietary Limited ("Fleurdal"); and
 - Spareprops Proprietary Limited ("Spareprops").
- [6] IP is a property development and asset management company. It is ultimately controlled by Investec.

Proposed transaction and rationale

- [7] The essence of the transaction is that Investec Property Fund will become the owner of the aforesaid property owning companies and the rental enterprises, i.e. it will acquire 100% of the shares in the target firms.
- [8] Investec Property Fund submitted that its rationale for the proposed transaction is to grow and enhance its property portfolio on behalf of its shareholders.

- [9] IP submitted that it deems the target firms suitable to be acquired by the Investec Property Fund in line with the rationale of the fund.

Impact on competition

- [10] The Commission found horizontal overlaps between the activities of the merging parties in the following areas:
- (i) the provision of Grade A and P office space in the Rosebank node;
 - (ii) the provision of Grade A and P office space in the Lynnwood/ Menlo Park/ Perseus Park/ Hazelwood node;
 - (iii) the provision of light industrial property in the Isando/ Kempton Park/ Elandsfontein/ Jet Park/ Chloorkop/ Sebenza/ Meadowdale/ Pomona node; and
 - (iv) the provision of light industrial property in the Brakfontein/ Midrand/ Cosmosdal/ Lombardi nodes.
- [11] In respect to these overlaps the Commission found that the merged entity's market share for the respective markets remains below 15% post-merger and therefore that the proposed merger is unlikely to substantially lessen or prevent competition in any market.
- [12] We take no view on whether Grade A office space and Grade P office space in the above-mentioned nodes constitute the same or separate relevant product markets. Even if Grade A office space and Grade P office space in the respective nodes are considered as separate relevant product markets, we have no reason to believe that the proposed merger is likely to raise significant competition concerns.
- [13] The proposed transaction furthermore raises no vertical competition issues.
- [14] We therefore conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market.

Public interest

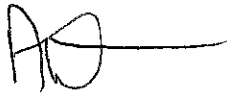
- [15] The merging parties confirmed that the proposed transaction will not result in any adverse impact on employment in South Africa.¹

¹ Merger record, *inter alia* pages 6 and 153.

[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.



Andreas Wessels

16 March 2015

DATE

Medi Mokuena and Mondo Mazwai concurring

Tribunal Researcher: Aneesa Ravat

For the merging parties: Andile Nikani of Fluxmans Attorneys

For the Commission: Nhlangano Hugh Dlamini, Seema Nunkoo and Xolela
Nokele