



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM100Aug15

In the matter between:

Accelerate Property Fund Limited

Azrapart Proprietary Limited

Primary Acquiring Firms

and

The Redevelopment of Fourways Mall,

Fourways View and Fourways Game

Primary Target Firm

Panel	: Norman Manoim (Presiding Member)
	: Anton Roskam (Tribunal Member)
	: Fiona Tregenna (Tribunal Member)
Heard on	: 14 October 2015
Order Issued on	: 14 October 2015
Reasons Issued on	: 06 November 2015

Reasons for Decision

Approval

[1] On 14 October 2015, the Competition Tribunal ("Tribunal") unconditionally approved the merger between the acquiring firms Accelerate Property Fund Limited ("Accelerate") and Azrapart Proprietary Limited ("Azrapart") and the target firm which is defined as the Redevelopment of Fourways Mall, Fourways View and Fourways Game ("the Target Properties") .

- [2] The reasons for approving the proposed transaction follow.

Parties to transaction

Primary acquiring firm

- [3] Accelerate is a property owning company with a property portfolio comprising retail, commercial/office and industrial/warehouse space. Azrapart is a newly incorporated company whose primary business is to manage the redevelopment aspects of the Target Properties

Primary target firm

- [4] The Target Properties are retail properties comprising one major regional centre, Fourways Mall shopping centre and two speciality centres Fourways Game and Fourways View. The Target properties are wholly owned and controlled by Accelerate.

Proposed transaction and rationale

- [5] In 2013 the Target properties were sold to Accelerate. In terms of the Sale of Agreement the Seller, Fourways Precinct retained certain developmental rights in respect to the unutilized land on which the Target Properties were situated. These developmental rights have been ceded to Azrapart, the newly incorporated company whose primary objective is the redevelopment of the Target Properties. The Proposed transaction involves an undertaking by Azrapart to redevelop the properties. After the redevelopment is complete Accelerate and Azrapart will each jointly control and hold 50% of undivided shares in the Target Properties.
- [6] The acquiring firms submit that the proposed transaction provides Azrapart, as the developer the authority to begin construction on the Target Properties. Accelerate as the owner of the Target Properties submits that the redevelopment will satisfy the requirements of current traders and also provides additional space for prospective traders to enter into the market.

Impact on competition

- [7] The Commission considered the activities of Azrapart and the Target Properties and found that there was no horizontal overlap in the provision of rentable space in retail property. In terms of Accelerate the Commission noted that the Target properties are in fact owned by Accelerate. The Commission based its investigation on the impact of the merger in the market for retail space in comparative centres due to the proposed transaction resulting in the Target Properties becoming a super-regional mall.
- [8] In its investigation, the Commission evaluated the market shares of comparative centres within a 15km radius of the target properties. It found the merged entity to be within the range of 20-25% with an accretion of less than 10% after the redevelopment is completed. The Commission is of the view that post-merger the merged entity will continue to face competition from other comparative centres such as Mall of Africa and Sandton City.
- [9] The Tribunal accepts that there is no overlap present in respect to Azrapart and the Target Properties. We also find that the redevelopment of Fourways Mall into a super-regional centre is unlikely to substantially prevent or lessen competition in any relevant market due to constraints of comparative centres within its radius.

Public interest

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

¹ *Inter alia* merger record page 11.

Conclusion

[11] 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 transactions. Accordingly, we approve the proposed transaction unconditionally.



Mr Norman Manoim

06 November 2015
DATE

Mr Anton Roskam and Ms Fiona Tregenna concurring

Tribunal Researcher: Aneesa Ravat

For the merging parties: James Beall of Glyn Marais

For the Commission: Billy Mabatamela, Seema Nunkoo and Xolela Nokele