



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM140Aug17

In the large merger between:

Gemgrow Properties Limited

Primary Acquiring Firm

And

Erf 266 Louis Trichardt (Pty) Ltd In Respect of the Property Letting Enterprise Known As Checkers Centre, the Solly Noor Trust In Respect of the Property Letting Enterprises Known As Legal Aid Board Building, Hawana Noor Centre, Foschini Building, Total Sports Building, PEP Stores Building and ABSA Building, and Solly Noor Properties (Pty) Ltd In Respect of the Property Letting Enterprises Known As Shoprite Centre and Noor Centre

Primary Target Firms

Panel	: Yasmin Carrim (Presiding Member)
	: Enver Daniels (Tribunal Member)
	: Fiona Tregenna (Tribunal Member)
Heard on	: 20 September 2017
Order Issued on	: 20 September 2017
Reasons Issued on	: 12 October 2017

Reasons for Decision

Approval

- [1] On 13 September 2017, the Competition Tribunal ("Tribunal") unconditionally approved the proposed transaction between Gemgrow Properties Limited ("Gemgrow") Erf 266 Louis Trichardt (Pty) Ltd ("Erf 266"); the Solly Noor Trust; and Solly Noor Properties (Pty) Ltd ("Solly Noor Properties") in respect of nine property letting enterprises.
- [2] The reasons for approving the proposed transaction follow.

Parties to the Proposed Transaction

Primary Acquiring Firm

- [3] The primary acquiring firm is Gemgrow Properties Limited ("Gemgrow"), a Real Estate Investment Trust ("REIT") listed on the JSE. Gemgrow is controlled by Arrowhead Properties Limited ("Arrowhead") which is also a REIT listed on the JSE. Gemgrow controls a number of firms.
- [4] Gemgrow is a property investment company which currently holds a property portfolio comprised of lettable, industrial, office and mixed-used properties throughout South Africa.

Primary Target Firms

- [5] The target properties consist of nine property letting enterprises, one of which is currently owned by Erf 266, six of which are currently owned by Solly Noor Trust and two of which are currently owned by Solly Noor Properties.
- [6] Solly Noor Properties and Erf 266 are property holding companies which are both wholly-owned and controlled by the Solly Noor Trust. The Solly Noor Trust controls a number of other firms. Solly Noor Trust, Solly Noor Properties and Erf 266 are collectively referred to as the "Solly Noor Group".
- [7] The primary target properties are all situated in Louis Trichardt, Limpopo and are classified as retail centres, specifically convenience centres, and Grade B office properties.¹

Proposed Transaction and Rationale

- [8] Gemgrow will acquire the nine target properties from the Solly Noor Group. Upon implementation of the proposed transaction Gemgrow will exercise sole control over the target properties.
- [9] According to the merging parties, the proposed transaction will, *inter alia*, allow Gemgrow to increase its portfolio of retail, industrial and office assets and will allow the Solly Noor Group to consolidate its asset portfolio.

¹ Transcript 20 September 2017 at page 2.

Relevant Market and Impact on Competition

- [10] The Commission found a horizontal overlap in the market for the provision of retail and Grade B office space for rental. However, the Commission found that there is no geographic overlap between the retail properties owned by the merging parties because Gemgrow (and its subsidiaries) does not own any retail or Grade B office property in the Louis Trichardt and surrounding areas.
- [11] The Commission was therefore of the view that the proposed transaction is unlikely to substantially prevent or lessen competition in the relevant markets.
- [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 the relevant market.

Public Interest

- [13] The Commission found that proposed transaction will have no negative effect on employment as no employees are likely to be retrenched as a result of the proposed transaction.² Further, the Commission was of the view that the merger is unlikely to raise concerns on any other public interest grounds.

Conclusion

- [14] 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.



Mr Enver Daniels

12 October 2017

DATE

Ms Yasmin Carrim and Ms Fiona Tregenna concurring

Tribunal Researcher: Hayley Lyle

For the merging parties: Nick Altini and Angelo Tzarevski of Baker McKenzie.

For the Commission: Rethabile Ncheche

² Transcript 20 September 2017 at page 3.