



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM124Oct19

In the matter between

Emerging African Property Partners (Pty) Ltd

Primary Acquiring Firm

And

Lisaline Investment Holdings (Pty) Ltd

Primary Target Firm

Panel	: Mr E Daniels (Presiding Member)
	: Ms Y Carrim (Tribunal Member)
	: Ms A Ndoni (Tribunal Member)
Heard on	: 11 December 2019
Order Issued on	: 11 December 2019
Reasons Issued on	: 10 January 2020

REASONS FOR DECISION

Approval

- [1] On 11 December 2019, the Tribunal unconditionally approved the proposed transaction in terms of which Emerging African Property Partners (Pty) Ltd (EAPP) is acquiring control over Lisaline Investment Holdings (Pty) Ltd (Lisaline Holdings).
- [2] The reasons for the approval of the proposed transaction follow.

Parties to the transaction

- [3] The primary acquiring firm, EAPP is a new company that was established with the mandate of investing in sale and leaseback transactions where the focus is on industrial properties. EAPP is jointly controlled by the Government Employee Pension Fund (GEPF), and Emerging African Property Holdings (Pty) Ltd (EAPH). Apart from EAPP, GEPF holds interests in several property firms. EAPH also controls several property firms.
- [4] GEPF, EAPH, and all the firms they directly and indirectly control will be collectively referred to as the "Acquiring group". Of relevance for merger assessment is the Acquiring group's industrial property interests, through the GEPF, in Gauteng and KwaZulu-Natal.
- [5] The primary target firm, Lisaline Holdings is wholly owned by Enigma Property (Pty) Ltd (Enigma Property). Pre-merger, Lisaline Holdings and Enigma Property jointly control Lisaline (Pty) Ltd (Lisaline). As a preliminary step of the proposed transaction, Lisaline Holdings will acquire sole control of Lisaline from Enigma Property.
- [6] Lisaline's sole activity is owning a large light industrial property known as Portion 772 of the farm Klipfontein (target property) which is situated in Boksburg. The target property has a GLA of 38 674m² and comprises of a large warehouse with an auxiliary office block, workshop, dining and ablution building.

Proposed transaction and rationale

- [7] EAPP intends to acquire 90% of the issued shares in and loan claim against Lisaline Holdings from Enigma Property. Post-merger, EAPP will acquire sole control of Lisaline Holdings.

Impact on competition

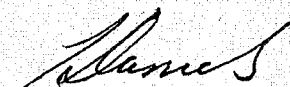
- [8] The Commission considered the activities of the merging parties and found a product overlap because both the merging parties are active in the provision of rentable light industrial property. The Commission however, concluded that the proposed transaction does not present a geographic overlap because the Acquiring group's industrial property is located approximately 53km away from the target property. In view of the above, the Commission concluded that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition. We find no reason to disagree with the Commission.

Public interest

- [9] There is a pro-public interest benefit resulting from the proposed transaction. This is because a black owned women-empowerment property company will be partnering with the GEPPF.¹ Lastly, no public interest concerns arise as a result of the proposed transaction.

Conclusion

- [10] In light of the above, we concluded 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 approved the proposed transaction unconditionally.



Mr Enver Daniels

10 January 2020

Date

Ms Y Carrim and A Ndoni concurring.

Tribunal Case Manager : Kgothatso Kgobe

For the Merging Parties : A Aukema and D Mogapi of Cliffe Dekker Hofmyer

For the Commission : Y Okharedia and W Gumbie

¹ Pages 4 and 5 of the Hearing Transcript.