



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM138Nov19

In the matter between:

Growthpoint Healthcare Property Holdings (RF) Limited

Primary Acquiring Firm

And

K2019084863 (South Africa) Pty Ltd

Primary Target Firm

Panel	: E Daniels (Presiding Member)
	: Y Carrim (Tribunal Member)
	: A Ndoni (Tribunal Member)
Heard on	: 11 December 2019
Order issued on	: 11 December 2019
Reasons issued on	: 21 January 2020

REASONS FOR DECISION

APPROVAL

- [1] On 11 December 2019, the Competition Tribunal ("Tribunal") approved the large merger transaction between Growthpoint Healthcare Property Holdings (RF) Limited and K2019084853 (South Africa) (Pty) Ltd (NewCo).
- [2] The reasons for unconditional approval follow.

PARTIES TO THE TRANSACTION

Primary Acquiring Firm

- [3] Growthpoint Healthcare Property Holdings (RF) Limited ("Growthpoint Healthcare") is company controlled by Growthpoint Properties Limited ("Growthpoint Properties"), a public firm listed on the Johannesburg Securities Exchange ("JSE"). Growthpoint Properties is not controlled by any firm.
- [4] Growthpoint Properties is a property investment holding company with a portfolio which comprises of rentable residential space, rentable office space, rentable retail space, rentable industrial space and indirectly holding rentable residential space. Relevant to the current transaction are the hospital properties of Growthpoint Properties and all its subsidiaries.
- [5] Growthpoint Healthcare owns two(2) hospital properties in the KwaZulu Natal Province and Western Cape Province respectively. In addition to the KwaZulu Natal and Western Cape hospital properties, Growthpoint Healthcare has the right to acquire a hospital property in the Gauteng Province.

Primary Target Firm

- [6] The primary target firm is K2019084853 (South Africa) (Pty) Ltd ("NewCo") , a private company incorporated in terms of the laws of South Africa. NewCo is controlled by Crimson King Properties 375 (RF) Proprietary Limited ("Crimson").
- [7] NewCo is a newly established firm created for the purpose of this merger transaction and as such does not have employees.

PROPOSED TRANSACTION

- [8] In terms of the proposed transaction, Growthpoint Healthcare intends to acquire 51% of the issued share capital in NewCo. Post-merger NewCo will be controlled by Growthpoint Healthcare.

COMPETITION ANALYSIS

- [9] The Commission considered the activities of the merging parties and found that the proposed transaction raised a horizontal overlap in the market for the provision of hospital rental space in Cape Town. When assessing the market shares, the Commission found that the merged entity will have a market share of less than 10% and will continue to face competition from other market players such as Melomed, Netcare, Life Healthcare and Mediclinic South Africa.
- [10] Consequently, the Tribunal is of the view that the proposed transaction is unlikely to raise any substantial preventing or lessening of competition in the relevant market.

PUBLIC INTEREST

- [11] The merging parties submitted that the merger transaction will not negatively affect employment in terms of retrenchments or job losses.

CONCLUSION

- [12] In light of the above, we concluded that the merger transaction is unlikely to result in any substantial or lessening of competition in any market. The merger transaction did not raise any employment concerns or issues on any other public interest grounds.
- [13] Accordingly, we unconditionally approved the merger transaction.


Mr Enver Daniels

21 January 2020
Date

Ms Yasmin Carrim and Ms Andiswa Ndoni concurring

Tribunal Case Manager: Lumkisa Jordaan
For the merging parties: Ashleigh Dawson of Glyn Marais Inc
For the Commission: Zintle Siyo and Mogau Aphone