



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No.: 016394

In the matter between:

ABSA Bank Limited

Primary Acquiring Firm

and

Certain movable and immovable assets and claims

(excluding any liabilities) of A Million Up 105 (Pty) Ltd Primary Target Firm

Panel	:	Yasmin Carrim (Presiding Member) Andiswa Ndoni (Tribunal Member) Mondo Mazwai (Tribunal Member)
Heard on	:	17 April 2013
Order issued on	:	17 April 2013
Reasons issued	:	27 May 2013

DECISION

Unconditional approval

[1] On 17 April 2013, the Competition Tribunal ("Tribunal") unconditionally approved the proposed merger between ABSA Bank Limited and Certain movable and immovable assets and claims (excluding any liabilities) of A Million Up 105 (Pty) Ltd.

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

Parties to transaction

- [3] The primary acquiring firm is ABSA Bank Limited ("ABSA Bank"), a wholly-owned subsidiary of ABSA Group Limited, which provides a diverse range of retail, business, corporate and investment banking services to both individual and corporate clients. ABSA also has a property portfolio comprising of retail, office and industrial space.
- [4] The primary target firm consists of certain movable and immovable assets and claims, excluding any liabilities, of A Million Up 105 (Pty) Ltd ("AMU"). AMU acquired credit facilities to develop the 15 On Orange complex from ABSA Bank in 2008. However, AMU failed to comply with its obligations in terms of those credit facilities as a consequence of which ABSA filed for its liquidation.

Proposed transaction and rationale

- [5] ABSA Bank will acquire AMU assets comprising immovable assets, movable assets and claims, which include 129 hotel rooms, 167 parking bays, 6 retail property units and 7 residential penthouses.
- [6] The rationale for the transaction is for ABSA Bank to recover the money owed to it by AMU by acquiring these assets and reselling them at market-related prices at a later stage.¹
- [7] The liquidators wish to dispose of all the assets in order to satisfy AMU's major creditor's claims

Competition assessment

- [8] Both ABSA Bank and AMU are involved in the residential property market, however, ABSA Bank's residential properties located in the Western Cape are houses aimed at low income earning customers whilst the residential properties of AMU that are being acquired are luxury penthouses aimed at high income earning customers. Therefore, no product overlap arises from this transaction.

¹ See page 9 of the transcript.

[9] The properties which ABSA Bank owns with the closest substitutability possibility to AMU's luxury penthouses comprise townhouses are located in Gauteng and therefore there is no geographic overlap in respect of the residential properties.

[10] ABSA Bank submitted that it does not intend to keep the hotel for a long period and will therefore continue operating it until ABSA Bank is in a position to sell the hotel at a market-related price.

Public interest

[11] The merging parties confirmed that the proposed transaction will not lead to any employment losses.²

[12] No other public interest issues arise as a result of this transaction.

CONCLUSION

[13] Having regard to the facts above, we find that the proposed transaction is unlikely to substantially lessen or prevent competition in any relevant markets. Accordingly, we approve the proposed merger unconditionally.


YASMIN CARRIM

27 MAY 2013
DATE

Andiswa Ndoni and Mondo Mazwai concurring

Tribunal Researcher: Nicola Ilgner
For the Commission: Reabetswe Molotsi
For the merging parties: ABSA Legal Competition Team

² See pages 5 and 60 of the merger record.