



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM165Mar20

In the matter between:

Amdec Investments Proprietary Limited

Primary Acquiring Firm

And

Westbrook Residential Development Proprietary Limited

Primary Target Firm

Panel	: E Daniels (Presiding Member)
	: A Wessels (Tribunal Member)
	: I Valodia (Tribunal Member)
Heard on	: 31 March 2020
Order issued on	: 31 March 2020
Reasons issued on	: 08 April 2020

REASONS FOR DECISION

APPROVAL

[1] On 31 March 2020, the Competition Tribunal ("Tribunal") unconditionally approved the proposed transaction between Amdec Investments Proprietary Limited ("Amdec") and Westbrook Residential Development Proprietary Limited ("Westbrook").

[2] The reasons for the approval follow.

PARTIES TO THE TRANSACTION

Primary Acquiring Firms

- [3] The primary acquiring firm is Amdec, a private company incorporated in accordance with the laws of the Republic of South Africa. Amdec is jointly controlled by the Baker Family Trust and the Rowe Family Trust.
- [4] Amdec controls several firms which include Amdec Property Service Proprietary Limited; Evergreen Retirement Holdings Proprietary Limited; Amdec Property Developments Proprietary Limited; and Amdec Residential Developments Proprietary Limited, amongst others.
- [5] Amdec, the Baker Family Trust, the Rowe Family Trust and all firms controlled by them will collectively be referred to as the “Acquiring Group”.
- [6] The Acquiring Group’s South African footprint consists of developments and real estate brands which includes mixed-used precincts, inclusionary housing, retirement villages and secure lifestyle and residential estates.

Primary Target Firm

- [7] The primary target firm is Westbrook, a private company incorporated in accordance with the laws of the Republic of South Africa. Pre-merger, Amdec held 71.43% in Westbrook while the remaining 28.57% was held by Absa Bank Limited (“Absa Bank”), through its Corporate and Investment Banking division. Absa Bank is controlled by Absa Group Limited, a company listed on the Securities Exchange. Westbrook does not directly or indirectly control any firms.
- [8] Westbrook owns and holds immovable property and letting enterprises for investment purposes. Westbrook only has interest in plots located in Parons Vlei, Port Elizabeth, Eastern Cape (“Westbrook Property”).

PROPOSED TRANSACTION

- [9] In terms of the proposed transaction, Amdec intends to acquire the remaining 28.57% shares in Westbrook from Absa Bank. Upon implementation of the merger, Amdec will wholly own and control Westbrook.

COMPETITON ANALYSIS

- [10] The Commission considered the activities of the merging parties and found that the transaction presents a horizontal overlap in the product market with respect to the provision of residential space and/or property. It is important to note that there is a distinction between the market for the sale of residential property and the market for the letting of residential property.
- [11] Westbrook Property comprises of residential developments which are strictly for sale, whereas the Acquiring Group owns residential properties that comprise both lettable and those for sale. Therefore, the Commission's market analysis was based on the provision of "for sale" residential property.
- [12] In terms of the geographical market, the Commission found no overlaps as the residential properties are located more than 8 km apart and do not pose a competitive constraint on each other.
- [13] Considering that the proposed transaction does not result in any geographic overlap, the Commission was of the view that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in the residential property market.
- [14] We had no reason to differ with the Commission's findings.

PUBLIC INTEREST

- [15] The merging parties submitted that the proposed transaction will not have any adverse effects on employment and no retrenchments are contemplated as a result of its implementation. The Commission engaged with employee

representatives of Amdec and no concerns were raised in respect of the proposed transaction. Westbrook does not have any employees.

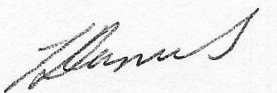
[16] The Commission was therefore satisfied with the merging parties' submission and was of the view that the proposed transaction is unlikely to raise any employment concerns.

[17] No other public interest concerns were raised.

CONCLUSION

[18] In light of the above, we were of the view that the proposed transaction is unlikely to result in a substantial lessening or prevention of competition in any market. In addition, the proposed transaction raises no public interest concerns.

[19] We accordingly approved the proposed transaction without conditions.



Mr Enver Daniels

08 April 2020
Date

Mr Andreas Wessels and Prof. Imraan Valodia

Tribunal Case Manager	: Lumkisa Jordaan
For the merging parties	: Nazeera Mia and Preetika Gounden for Cliffe Dekker Hofmeyr
For the Commission	: Reabetswe Molotsi and Thabelo Masithulela