

**COMPETITION TRIBUNAL
REPUBLIC OF SOUTH AFRICA**

Case Number: 71LM/Jun00

In the large merger between

Grayston Prop Number 005 (Pty) Limited

and

The Gateway Partnership

Reasons for the Competition Tribunal's Decision

Approval

1. The Competition Tribunal issued a Merger Clearance Certificate on 28 June 2000 approving the large merger between Grayston Prop Number 005 (Pty) Limited and The Gateway Partnership without conditions. The reasons for our decision to approve the merger without conditions are set out below.

The merger transaction

2. The primary acquiring firm is Grayston Prop Number 005 (Pty) Limited (Grayston) and the primary target firm is The Gateway Partnership (Gateway).
3. Grayston is controlled by Investec Property Group Limited (IPG), which is ultimately controlled by Investec Holdings Limited.
4. Grayston is acquiring the remaining Extent of Erf 578 Sandown, together with all permanent improvements and lease agreements between Gateway and the tenants. The property comprises an office block, the Alexander Forbes Place, which is being sold as a going concern.

Evaluating the merger

5. Investec Holdings Limited provides a range of financial services such as corporate and investment banking, financing and asset management. IPG is involved in property trading, property management and administration. Grayston has hitherto been dormant with no assets or turnover.
6. The Gateway partnership is made up of several pension funds that came together to buy and lease out two office blocks, Alexander Forbes Place, which is the subject of this merger, and Ninety Rivonia Road. Gateway has put the Ninety Rivonia Road office block on the market as well and the intention is that once that block is sold the partnership will dissolve.

The relevant product/services market

7. The relevant services market is the market for rentable office space.

The relevant geographic market

8. The relevant geographic market is the Greater Sandton Area. This is a relatively narrow market and could be widened. It is however not necessary to consider the wider market since the merger raises no competition concerns in the narrower market.

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Impact on competition

9. There is an overlap between IPG's business and that of Gateway in the office rental business. IPG and Alexander Forbes respectively have 0,6 and 1,18 percent share of the relevant market prior to the merger. The post-merger share of the relevant market for IPG will be 1,78%. According to the information given to us by the merging parties, IPG's share in the market constitutes Investec Holdings Limited's entire share of the relevant market.
10. The Tribunal agrees with the Commission that this merger raises no competition concerns because the merged firm will have a very small market share post-merger.

Public Interest Considerations

11. The office block is being sold as a going concern and the merging parties submitted to the Tribunal that the merger will not have a negative impact on

employment or raise any other public interest concern.

30 June 2000

N.M. Manoim

Date

Concurring: D.H. Lewis, P.E. Maponya