



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No.: 018002

In the matter between:

Growthpoint Properties Limited

Primary Acquiring Firm

and

Abseq Properties (Pty) Ltd

Primary Target Firm

Panel	:	Takalani Madima (Presiding Member) Mondo Mazwai (Tribunal Member) Medi Mokuena (Tribunal Member)
Heard on	:	20 November 2013
Order issued on	:	20 November 2013
Reasons issued	:	06 December 2013

DECISION

Approval

[1] On 20 November 2013, the Competition Tribunal ("Tribunal"), in terms of section 16(2)(a) of the Competition Act of 1998¹, approved the acquisition by Growthpoint Properties Limited of Abseq Properties (Pty) Ltd.

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

Parties to transaction

Acquiring firm

[3] The primary acquiring firm is Growthpoint Properties Limited ("Growthpoint"), a property investment holding company which is listed as

¹ Act No. 89 of 1998, as amended.

a Real Estate Investment Trust on the Johannesburg Stock Exchange. Growthpoint's portfolio comprises rentable retail space, rentable office space and rentable industrial space, of which the majority of properties are located in Gauteng with the remaining properties located in Kwa-Zulu Natal, Western Cape and Eastern Cape.²

Target firm

- [4] The primary target firm is Abseq Properties (Pty) Ltd ("Abseq") which is primarily controlled by ABSA Bank Limited which in turn holds 85% of Abseq, whilst the remaining 15% is held by Equity Estates (Pty) Ltd. Abseq is active in the market for property investment and development which owns retail, office and industrial space.³

Proposed transaction and rationale

- [5] The proposed transaction comprises a two-step interlinked transaction, which will ultimately result in Growthpoint acquiring the entire property portfolio of Abseq. Following the implementation of the proposed Growthpoint will have sole control over Abseq.
- [6] From Growthpoint's perspective, the rationale for this transaction is to expand its property portfolio and its footprint in the Woodmead node.
- [7] Equity Estate's rationale for the proposed transaction is to dispose of the property portfolio of Abseq in order to liquidate its investment.

Competition assessment

Overlaps

- [8] The Commission found that the proposed transaction will result in a horizontal product and geographic overlap in the market in respect of rentable A-grade and B-grade office properties. The geographic overlap in

² Please see page 13 of the Commission's recommendations for the full list of properties in the Growthpoint portfolio.

³ Please see page 49 of the record for the full list of properties in the Abseq portfolio).

the market for the provision of rentable A-grade office properties occurs in respect of six nodes, namely Illovo, Killarney/Houghton, Sandton, Bryanston and Woodmead. The geographic overlap in respect of the market for the provision of rentable B-grade office properties takes place in the Woodmead node.

- [9] The Commission found that the estimated shares in the aforementioned markets pre- and post-merger are not significant. Furthermore, there are numerous competitors in the same market, as well as up and coming office developments in Sandton and Woodmead which will increase the availability of alternative rentable office properties.
- [10] We therefore conclude that the proposed transaction does not substantially prevent or lessen competition in any relevant market.

Public interest

- [11] The merging parties confirmed that the proposed transaction will not have any adverse impact on employment and that no retrenchments will result from the proposed transaction.⁴ No other public interest issues arise as a result of this transaction.

CONCLUSION

- [12] Having regard to the facts above, we find that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. Furthermore, no public interest concerns arise as a result of the proposed transaction. Accordingly, we approve the proposed merger unconditionally.

DR TAKALANI MADIMA

06 December 2013

DATE

Ms Mondo Mazwai and Mrs Medi Mokuena concurring

⁴ See page 76 of the merger record.

Tribunal Researcher:	Nicola Ilgner
For the Commission:	Zanele Hadebe
For the acquiring firm:	Johan Coetzee of Glyn Marais Inc.
For the target firm:	Paul Coetser and Ahmore Burger-Smidt of Werksmans Attorneys