



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No.: 017921

In the matter between:

ABSA Bank Limited

Primary Acquiring Firm

and

**ABSA Towers East, 170 Main Street, Johannesburg;
ABSA Towers South, Corner Troye and Anderson Streets,
Johannesburg; and**

ABSA Towers Main, 160 Main Street, Johannesburg

Primary Target Properties

Panel	:	Takalani Madima (Presiding Member) Andiswa Ndoni (Tribunal Member) Medi Mokuena (Tribunal Member)
Heard on	:	30 October 2013
Order issued on	:	30 October 2013
Reasons issued	:	27 November 2013

DECISION

Approval

[1] On 30 October 2013, the Competition Tribunal ("Tribunal") unconditionally approved the proposed acquisition by ABSA Bank Limited of ABSA Towers East (170 Main Street, Johannesburg), ABSA Towers South (Corner Troye and Anderson Streets, Johannesburg) and ABSA Towers Main (160 Main Street, Johannesburg).

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

Parties to transaction

[3] The primary acquiring firm is ABSA Bank Limited ("ABSA"), a division of JSE-listed Barclays Africa Group Limited ("Barclays Africa"). ABSA offers banking

products and services through its retail banking, private banking, commercial banking, wholesale banking, small banking and ABSA Capital divisions.

[4] Of relevance to this transaction is the fact that Barclays Africa holds [...] in its property portfolio. [...]

[5] The primary target firm comprises three properties, namely ABSA Towers East¹, ABSA Towers South² and ABSA Towers Main³. These properties are located in the Johannesburg CBD and are collectively referred to as the "ABSA Towers Complex". The ABSA Towers Complex is classified as B-Grade office property which is owned by Dippoldeswalde Properties (Pty) Ltd.

[6] The leasing of the ABSA Towers Complex to ABSA is Dippoldeswalde's only business activity. The ABSA Towers Complex has been leased and used by ABSA as Barclay Africa's head office since 1996.

Proposed transaction and rationale

[7] In terms of the proposed transaction, ABSA will acquire sole control of the ABSA Towers Complex. ABSA and Dippoldeswalde entered into an agreement in 1996, in terms of which ABSA would sell the property to Dippoldeswalde and then ABSA would lease it back subject to an option in terms of which ABSA could repurchase the property from Dippoldeswalde at a pre-determined purchase price at a future date. This transaction constitutes ABSA's election to exercise its option.

[8] The merging parties lodged an enquiry with the Commission as to whether the transaction at hand required notification. The Commission advised the parties that there was indeed a change of control and that the requirements for notification were triggered. During the hearing, the merging parties argued that the buildings do not form part of the contestable market for the provision of rentable retail space in the Johannesburg CBD. Although, ABSA has indicated that it intends to continue using the buildings for the same purpose, being the headquarters of Barclays Africa, such an argument relates to the competitive

¹ Located at 170 Main Street, Johannesburg.

² Located at Corner Troye and Anderson Streets, Johannesburg.

³ Located at 160 Main Street, Johannesburg.

assessment of the transaction rather than the jurisdictional element thereof. Accordingly, we agree with the Commission that this was a notifiable transaction.

[9] According to Barclays Africa, the rationale for the proposed transaction is that [...].

[10] Regarding the selling firm's rationale for the proposed transaction, [...]

Competition assessment

Horizontal assessment

[11] There is a product overlap which arises as a result of the proposed transaction, given that the parties to the transaction are both active in the market for the provision of rentable office property in the Johannesburg CBD.

[12] The merging parties based their calculation on their entire office property portfolio, whilst the Commission only included the Grade B office property which Barclays Africa owns in the Johannesburg CBD.

[13] In our view there is no need for us to conclude on the post-merger market shares in the market because the analysis on either of the parties' calculations reveals that there are low barriers to entry and numerous alternative competitors in the relevant market, such as Redefine, South Point, Johannesburg Land Company and City Property.

Public interest

Public interest

[14] The merging parties confirmed that the proposed transaction will not have any negative 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

[15] 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.



TAKALANI MADIMA

27 November 2013
DATE

Imraan Valodia and Anton Roskam concurring

Tribunal Researcher: Nicola Igner

For the Commission: Grashum Mutizwa and Karabo Motaung

For the merging parties: Wiri Gumbie and Mark Griffiths of ABSA Competition Law
Department

⁴ See page 48 of the merger record.