



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM072Aug16

In the matter between:

BILLION PROPERTY GROUP PROPRIETARY LIMITED Primary Acquiring Firm

and

BAY WEST CITY PROPRIETARY LIMITED Primary Target Firm

Panel	: AW Wessels (Presiding Member)
	: Medi Mokuena (Tribunal Member)
	: Andiswa Ndoni (Tribunal Member)
Heard on	: 31 August 2016
Order Issued on	: 31 August 2016
Reasons Issued on	: 08 September 2016

Reasons for Decision

Approval

[1] On 31 August 2016, the Competition Tribunal ("Tribunal") approved the proposed transaction between Billion Property Group Proprietary Limited and Bay West City Proprietary Limited.

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

Parties to proposed transaction

Primary acquiring firm

[3] The primary acquiring firm is Billion Property Group (Pty) Ltd ("Billion Property Group"). Billion Property Group is a wholly-owned subsidiary of Billion Group (Pty)

Ltd ("Billion Group"). Billion Group is controlled by the Amatolo Family Trust. Billion Property Group, Billion Group and the firms that they control will collectively be referred to as the "Acquiring Group".

- [4] The Acquiring Group is a black-owned and managed property development and investment group. It has a portfolio of properties consisting of retail, residential and office space located in Mthatha (Eastern Cape), Pretoria (Gauteng), Gonubie (Eastern Cape) and Cape Town (Western Cape).
- [5] Relevant to the competition analysis of the proposed transaction are the Acquiring Groups' retail properties located in the Eastern Cape Province.

Primary target firm

- [6] The primary target firm is Bay West City (Pty) Ltd ("Bay West City"). Bay West City is a property holding and development firm which currently owns a single property letting enterprise known as Baywest Mall (the "Target Property"). The Target Property is a rentable retail space (major regional shopping centre) located in Port Elizabeth in the Eastern Cape.
- [7] Bay West City is currently jointly controlled in equal share (50/50) by Billion Property Group and Abacus Holdings (Pty) Ltd ("Abacus Holdings").

Proposed transaction and rationale

- [8] The Acquiring Group intends to increase its shareholding in Bay West City from 50% to 100% by acquiring the remaining 50% shareholding from Abacus Holdings. On implementation of the proposed transaction, Billion Property Group will control Bay West City.
- [9] The Acquiring Group submitted that it is acquiring the remaining 50% of the issued share capital of Bay West City from Abacus Holdings in order to enable it to dispose of the entire issued share capital of Bay West City to Rebosis Property Fund.
- [10] Abacus Holdings stated that it wishes to dispose of its remaining shareholding in Bay West City in order to unlock value in the development.

Impact on competition

- [11] The Competition Commission ("Commission") considered the activities of the merging parties and found that there is a horizontal overlap in the provision of rentable space in comparable centres in the Eastern Cape.
- [12] The Acquiring Group's comparative centre in the Eastern Cape is however located in Mthatha whereas the Target Property is located in Port Elizabeth. The Acquiring Group's comparative centre in Mthatha is located more than 500 km away from the Target Property in Port Elizabeth. The Commission therefore concluded that the merging parties' comparative centres are unlikely to constrain each other.
- [13] We concur with the Commission's conclusion that the proposed transaction is unlikely to substantially prevent or lessen competition in the market for the provision of rentable space in comparative centres since there is no geographic overlap between merging parties' activities in this product market.

Public interest

- [14] The merging parties confirmed that the proposed transaction will have no negative effect on employment.¹
- [15] The proposed transaction further raises no other public interest concerns.

Conclusion

- [16] In light of the above, we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. In addition, no public interest issues arise from the proposed transaction. Accordingly, we approve the proposed transaction unconditionally.



Mr. AW Wessels

08 September 2016
DATE

Ms Medi Mokuena and Ms Andiswa Ndoni concurring

¹ Merger Record, *inter alia* page 10.

Tribunal Case Manager:	Busisiwe Masina
For the merging parties:	Vani Chetty of Baker & McKenzie
For the Commission:	Boitumelo Makgabo