



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM267Mar19

In the matter between

K2012150042 South Africa (Pty) Ltd

Primary Acquiring Firm

And

The Office Letting Enterprise known as Wanooka
Place owned by Wanooka Properties (Pty) Ltd

Primary Target Firm

Panel	: Yasmin Carrim (Presiding Member)
	: Medi Mokuena (Tribunal Member)
	: Andiswa Ndoni (Tribunal Member)
Heard on	: 24 April 2019
Order Issued on	: 24 April 2019
Reasons Issued on	: 10 May 2019

REASONS FOR DECISION

Approval

- [1] On 24 April 2019, the Competition Tribunal ("Tribunal") unconditionally approved the proposed transaction in terms of which K2012150042 South Africa (Pty) Ltd ("K2012") will acquire the Wanooka Place office property.
- [2] The reasons for the approval follow.

Parties to the transaction

- [3] The primary acquiring firm is K2012. K2012 is a property-owning company which is ultimately controlled by Old Mutual Limited ("OML"). K2012 and its controllers will be referred to as the 'Old Mutual group'. K2012 does not control any firms. K2012 however owns two grade A office properties situated adjacent to the target property. The office properties are commonly known as Wanooka 2 and Wanooka 3.
- [4] The Old Mutual group has interests in industrial, retail and office properties across South Africa. Of relevance to the proposed transaction are its grade A office properties in Gauteng, specifically Parktown and Rosebank.
- [5] The target property is Wanooka Place which is situated in Parktown, Johannesburg. Wanooka Place is owned by Wanooka Properties (Pty) Ltd, which is in turn controlled by Accelerate Property Fund Ltd (a Real Estate Investment Trust listed on the Johannesburg Stock Exchange).
- [6] Wanooka Place is a 6762m² grade A office property.

Proposed transaction and rationale

- [7] K2012 intends to acquire Wanooka Place from Wanooka Properties as a going concern. Post-merger, K2012 will exercise control over Wanooka Place.

Relevant market and impact on competition

- [8] The Competition Commission ("Commission") found that the proposed transaction presents a horizontal overlap because the merging parties are both active in the market for the provision of rentable grade A office property in Parktown. The Commission did not definitively conclude on the relevant product market. However, the Commission assessed the effects of the proposed transaction in (i) the narrow market for the provision of rentable grade A office

space in Parktown and (ii) the broad market for the provision of rentable office space in the greater Parktown/Rosebank area. The Commission assessed the broad market because the Old Mutual group owns grade A office space in Rosebank which is 5km away from Parktown.

- [9] The Commission found that the merged entity will have market shares ranging between 13%-17% with minimal market share accretions in the affected geographic nodes. The Commission further found that the merged entity will be constrained in the affected geographic nodes by, *inter alia*, Abaland, Redefine Properties and GrowthPoint Properties.

Public interest

- [10] The proposed transaction raises no public interest concerns.

Conclusion

- [11] In light of the above, we concluded 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 approved it unconditionally.



Ms Yasmin Carrim

10 May 2019

Date

Mrs Medi Mokuena and Ms Andiswa Ndoni concurring.

Tribunal Case Manager : Kgothatso Kgobe

For the Merging Parties : R Ker of Walkers Inc

For the Commission : R Ncheche