

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM102Aug15

In the matter between:

Rebosis Property Fund Limited

Primary Acquiring Firm

And

**Tupelo Properties Proprietary Limited
in respect of the property letting enterprises
known as 11 Diagonal Street and West Street Parkade**

Primary Target Firm

Panel	:	Andreas Wessels (Presiding Member) Imraan Valodia (Tribunal Member) Medi Mokuena (Tribunal Member)
Heard on	:	02 September 2015
Order issued on	:	02 September 2015
Reasons issued on	:	08 September 2015

Reasons for Decision

Approval

[1] On 02 September 2015, the Competition Tribunal ("Tribunal") unconditionally approved the large merger between Rebosis Property Fund Limited and Tupelo Properties Proprietary Limited in respect of the property letting enterprises known as 11 Diagonal Street and West Street Parkade.

[2] The reasons for approving the transaction follow.

Parties to proposed transaction

[3] The primary acquiring firm is Rebosis Property Fund Limited ("Rebosis"), a Real Estate Investment Trust that is listed on the Johannesburg Securities Exchange.

[4] The primary target firm is Tupelo Properties Proprietary Limited ("Tupelo") in respect of the property letting enterprises known as 11 Diagonal Street and West Street Parkade (hereinafter referred to as the "Target Properties").

[5] The Target Properties consist of Grade B office property, retail space and a parking garage.

Proposed transaction and rationale

[6] In terms of the *Agreement of Purchase and Sale*, Rebosis intends to acquire the Target Properties from Tupelo. Post merger Rebosis will own the Target Properties.

[7] Rebosis submitted that the acquisition of the Target Properties is in line with its strategy of acquiring high quality yield enhancing government offices.

Competition assessment

[8] The Competition Commission ("Commission") considered the activities of the merging parties and found that there is a horizontal overlap in the provision of (i) rentable space in convenience centres; and (ii) Grade A and B office property in the Johannesburg CBD and the surrounding node (this includes Braamfontein).

[9] With respect to the provision of rentable space in convenience centres, the Commission however found that there is no geographic overlap between the activities of the merging parties.

[10] With respect to the provision of rentable space in Grade A and B office property in the Johannesburg CBD and the surrounding node (this includes Braamfontein), the Commission found that the merged entity's market share remains low post merger, i.e. below 15%.

[11] The Commission therefore concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market.

[12] We concur with the Commission's finding that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market.

Public interest

[13] The merging parties confirmed that there will be no adverse effect on employment upon implementation of the proposed transaction.¹

[14] The proposed merger furthermore raises no other public interest concerns.

CONCLUSION

[15] Given the above, we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. In addition, the proposed transaction raises no public interest concerns. We therefore approve the proposed transaction without conditions.



Mr Andreas Wessels

08 September 2015
DATE

Ms Medi Mokuena and Prof Imraan Valodia concurring

Tribunal Researcher:	Caroline Sserufusa
For the merging parties:	Vani Chetty of Baker & McKenzie
For the Commission:	Prishani Maheeph

¹ Record pages 7 and 62.