



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM134Sep15

In the matter between:

INVESTEC PROPERTY FUND LIMITED

Primary Acquiring Firm

and

**FRIEDSHELF 113 PROPRIETARY LIMITED;
DOUBLE FLASH INVESTMENTS 51
PROPRIETARY LIMITED; AND
CERTAIN PROPERTY LETTING ENTERPRISES
HELD BY ASSOCIATED TRUSTS AND
MANAGED BY ZENPROP PROPERTY
HOLDINGS PROPRIETARY LIMITED**

Primary Target Firms

Panel	: Andreas Wessels (Presiding Member)
	: Imraan Valodia (Tribunal Member)
	: Medi Mokuena (Tribunal Member)
Heard on	: 25 November 2015
Order Issued on	: 25 November 2015
Reasons Issued on	: 02 December 2015

Reasons for Decision

Approval

- [1] On 25 November 2015, the Competition Tribunal ("Tribunal") approved the proposed transaction involving Investec Property Fund Limited, Friedshelf 113 Proprietary Limited, Double Flash Investments 51 Proprietary Limited and certain property letting

enterprises held by associated trusts and managed by Zenprop Property Holdings Proprietary Limited.

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

Parties to proposed transaction

Primary acquiring firm

- [3] The primary acquiring firm is Investec Property Fund Limited ("Investec Property Fund"). Investec Property Fund is a property investment company which has Real Estate Investment Trust status and is listed on the Johannesburg Stock Exchange Limited (JSE).
- [4] Investec Property Fund's property portfolio is managed by Investec Property Proprietary Limited ("Investec Property"). Investec Property is wholly-owned by Investec Property Group Holdings Proprietary Limited ("Investec Property Group"), which is in turn wholly-owned by Investec Limited. For the purposes of assessing this transaction, these firms and their subsidiaries are collectively referred to as the "Investec Group".
- [5] The Investec Group is an international specialist banking group that provides a diverse range of financial products and services. In addition, it owns office, retail/dealerships, industrial and hotel properties located throughout South Africa. Relevant to the assessment of this transaction are its industrial, retail and office properties located in Gauteng, KwaZulu-Natal and the Western Cape.

Primary target firms

- [6] The primary target firms are Friedshelf 113 Proprietary Limited; Double Flash Investments 51 Proprietary Limited; and certain property letting enterprises held by associated trusts and managed by Zenprop Property Holdings Proprietary Limited (collectively referred to hereinafter as the Zenprop-managed Portfolio¹).

¹ For further details of these properties, see Table 4 of the *Report on Assessment of Competitive Conditions in the Relevant Market* filed by the merging parties, record pages 92 to 94.

- [7] The Zenprop-managed Portfolio comprises of industrial, retail and office properties located in Gauteng, KwaZulu-Natal and the Western Cape.

Proposed transaction and rationale

- [8] Investec Property Fund intends to acquire sole control of the Zenprop-managed Portfolio.
- [9] Investec Property Fund submitted that the proposed transaction is consistent with its overall growth and investment strategy.

Impact on competition

- [10] The Competition Commission ("Commission") identified several horizontal overlaps between the activities of the merging parties.
- [11] In terms of industrial properties, the identified overlaps were:
- the provision of light industrial property in a node encompassing Elandsfontein, Spartan/Kempton Park, Jet Park, Meadowdale, Sebenza/Germiston and Pomona;
 - the provision of light industrial property in a node encompassing the Isipingo/Prospecton/Mobeni and Wentworth nodes; and
 - the provision of heavy industrial property in a node encompassing Elandsfontein, Spartan/Kempton Park, Jet Park, Meadowdale, Sebenza/Germiston and Pomona.
- [12] In terms of retail properties, the identified overlap was:
- the provision of rentable retail space in lifestyle centres within a node encompassing Fourways, Bryanston, Rivonia, Sandton and Woodmead.
- [13] In terms of office property, the identified overlaps were:
- the provision of rentable Grade A office property within the Umhlanga Rocks node;
 - the provision of rentable Grade B office property within the Sandton node;
 - the provision of rentable Grade B office property within the Fourways node;
 - the provision of rentable Grade P office property in the Sandton node; and

- the provision of rentable Grade A and Grade P office property within the Bryanston node.

- [14] The Commission found that within each of the markets identified above, the post-merger market shares of the merged entity remain below 25%. In addition, the Commission noted the presence of a number of alternative players which would constrain the behaviour of the merged entity. The Commission therefore concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market.
- [15] We concur with the Commission's conclusion that that the proposed transaction is unlikely to substantially prevent or lessen competition in any (potential) relevant market.

Public interest

- [16] The merging parties confirmed that the proposed transaction will not result in any adverse impact on employment.²
- [17] The proposed transaction further raises no other public interest concerns.

Conclusion

- [18] 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 transactions. Accordingly, we approve the proposed transaction unconditionally.



Mr Andreas Wessels

02 December 2015
DATE

Ms Medi Mokuena and Mr Imraan Valodia concurring

Tribunal Researcher: Karissa Moothoo Padayachie
For the merging parties: Vani Chetty from Baker & McKenzie
For the Commission: Reabetswe Molotsi

² *Inter alia* merger record page 9.