



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM054Jul16

In the matter between:

Accelerate Property Fund Limited

Primary Acquiring Firm

and

Laritza Investments No 183 Proprietary Limited

in relation to Eden Meander Lifestyle Centre

Primary Target Firm

Panel	: Norman Manoim (Presiding Member)
	: Imraan Valodia (Tribunal Member)
	: Andiswa Ndoni (Tribunal Member)
Heard on	: 04 August 2016
Order Issued on	: 04 August 2016
Reasons Issued on	: 12 August 2016

Reasons for Decision

Approval

[1] On 04 August 2016, the Competition Tribunal ("Tribunal") approved without conditions the large merger between Accelerate Property Fund Limited and Laritza Investments No 183 Proprietary Limited in relation to Eden Meander Lifestyle Centre.

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

Parties to the transaction

Primary acquiring firm

- [3] The primary acquiring firm is Accelerate Property Fund Limited ("Accelerate"), a company incorporated in accordance with the laws of the Republic of South Africa. Accelerate is listed on the Johannesburg Stock Exchange and as such is not controlled by any firm.
- [4] Accelerate controls Parktown Crescent properties (Pty) Ltd ("PCP") which in turn controls Wanooka Properties (Pty) Ltd ("Wanooka").
- [5] Accelerate and its subsidiaries will collectively be referred to as the "Acquiring Group".
- [6] The Acquiring Group is a property owning company with a diverse property portfolio comprising of retail, commercial/office and industrial/warehouse space located in the Gauteng, Western Cape, Limpopo and Kwa-Zulu Natal provinces.
- [7] Of relevance to the proposed transaction are Accelerate's retail properties located in the Western Cape Province.

Primary target firm

- [8] The primary target firm is Laritza Investments No 183 Proprietary Limited ("Laritza") in relation to Eden Meander Lifestyle Centre ("Target Centre"). The Target Centre is wholly owned by Laritza.

Proposed transaction and rationale

- [9] Accelerate intends to acquire the Target Centre from Laritza. Upon implementation of the proposed transaction, Accelerate will own and control the Target Centre.
- [10] Accelerate submits that the proposed transaction is consistent with its strategy of building a quality property portfolio. The proposed transaction represents an opportunity for Accelerate to amongst other things further increase its portfolio weighting within the retail sector and improve its geographical spread in the Western Cape with the addition of an A grade shopping centre within an established retail node.
- [11] Laritza's rationale for disposing of the Target Centre is that it is a developer of properties such as retail shopping centres and is not a property asset manager.

Impact on competition

[12] The Commission considered the activities of the merging parties and found that the proposed transaction presents an overlap in the broad market for the provision of rentable space in retail property in the Western Cape.

[13] The Target Centre is located approximately 400km away from the Acquiring Group's nearest retail properties in the Western Cape Province.

[14] In light of the above, the Commission therefore concluded that the proposed transaction was unlikely to substantially prevent or lessen competition in any relevant market.

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

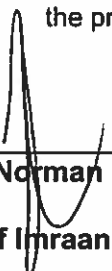
Public interest

[16] Laritza has four employees. Two will be redeployed elsewhere in the Group. Whilst two other management employees will be retrenched, this small number of retrenchments would not in our view suffice to constitute a "substantial public interest" the threshold test for intervention in terms of the Act. We therefore agree with the Commission that the merger raises no public interest issues.¹

[17] The proposed transaction further did not raise any 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 transaction. Accordingly we approve the proposed transaction unconditionally.



Mr Norman Manoim

12 August 2016
DATE

Prof Imraan Valodia and Ms Andiswa Ndoni concurring

¹ The Commission also agreed that no public interest issue arose from the retrenchment but decided the issue because of the seniority of the employees.

Tribunal Researcher: Karissa Moothoo Padayachie
For the merging parties: Glyn Marais
For the Commission: Billy Mabatamela