

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 019612

In the matter between:

IMPERIAL GROUP LIMITED

Primary Acquiring Firm(s)

And

CHAMBER LANE PROPERTIES 3 (PTY) LTD

Primary Target Firm(s)

| | | | |
|-------------------|---|------------------|--------------------|
| Panel | : | Yasmin Carrim | (Presiding Member) |
| | : | Andreas Wessels | (Tribunal Member) |
| | : | Fiona Tregenna | (Tribunal Member) |
| Heard on | : | 22 October 2014 | |
| Order Issued on | : | 22 October 2014 | |
| Reasons Issued on | : | 18 November 2014 | |

Reasons for Decision

Approval

- [1] On 22 October 2014 the Competition Tribunal ("Tribunal") unconditionally approved an acquisition by Imperial Group Limited of Chamber Lane Properties 3 (Pty) Ltd.
- [2] The reasons for unconditionally approving the proposed transaction follow hereunder.

Parties to the Transaction

Primary acquiring firm

- [3] The primary acquiring firm is Imperial Group Limited ("Imperial"), an unlisted company incorporated in terms of the laws of South Africa and a wholly-owned subsidiary of Imperial Holdings Limited ("Imperial Holdings"). Imperial Holdings is a diversified industrial services and retail group listed on the Johannesburg Securities Exchange Limited (JSE). Imperial Holdings is not controlled, either directly or indirectly, by any firm.

Primary target firm

- [4] The target firm is Chamber Lane Properties 3 (Pty) Ltd ("Chamber Lane") in respect of certain light industrial, immovable property situated in Linbro Park, Gauteng ("Target Property"). Chamber Lane is a joint venture between investment company Brait South Africa and property development group Intraprop.

Proposed Transaction

- [5] The proposed transaction involves the acquisition of immovable light industrial property of about 45 000m². In addition thereto, the transaction includes the development of warehousing and office space totalling roughly 20 000m². The Target Property will be leased exclusively to Midas, a subsidiary of Imperial Holdings, for a period of 10 years.

Rationale

- [6] Imperial submits that the proposed transaction is in line with its strategy of acquiring and owning the industrial properties from which its subsidiaries and/or business divisions operate. Chamber Lane submits that the transaction represents a good return on investment and provides it with the requisite cash injection to effect further commercial property developments.

Relevant Market and Impact on Competition

- [7] The merging parties submit that the relevant market is the market for "*rentable industrial space for the warehousing of goods and ancillary services*" within the Linbro park area.¹ Within this market, they submit that their combined market share will be minimal, at below 2%.
- [8] The Commission submits that there exists a horizontal overlap in the market for the provision of rentable industrial property but notes, correctly in our view, that since the Target Property is to be leased within the Imperial Group, i.e. it will not be available to external third parties, the transaction in no way alters the structure of the market.
- [9] We thus find that while there may exist an overlap between the merging parties' properties, the activities for which they use those properties are entirely dissimilar. Imperial intends to only lease the Target Property internally and it will thus not form part of the open market.
- [10] Accordingly, the Commission concluded that the proposed transaction is unlikely to alter the structure of the market whatsoever. Further, it is unlikely to substantially prevent or lessen competition in the relevant market, however one elects to define it.

Public Interest

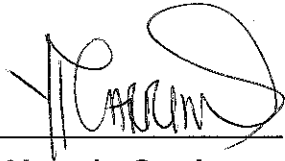
- [11] The Commission identified no public interest concerns likely to arise from the proposed transaction and we are in agreement with this determination.

Conclusion

- [12] In light of the above we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in the relevant market, nor does

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the merger raise any public interest concerns that would alter that conclusion.
Accordingly, we approve the transaction unconditionally.



Ms Yasmin Carrim

18 November 2014

DATE

Mr Andreas Wessels and Ms Fiona Tregenna concurring

Tribunal Researcher: Shannon Quinn

For the merging parties: Floris Potgieter of De Vries Inc.

For the Commission: Lana Norton and Xolela Nokele