

In The Large Merger Between:

Hyprop Investment Limited

Acquiring Firm

And

SA Retail Properties Limited

Target Firm

Reasons for Decision

Approval

On 24 August 2005 the Competition Tribunal issued a Merger Clearance Certificate approving the transaction between Hyprop Investment Limited and SA Retail Properties Limited. The reasons for this decision follow.

The transaction

In terms of the transaction, the primary acquiring firm, Hyprop Investment Limited (“Hyprop”), will acquire all or part of the business of the primary target firm, SA Retail Properties Limited (“SA Retail”). This will include a number of retail properties. According to the parties, the transaction presents Hyprop with an opportunity to grow its assets and earnings. Hyprop further believes that it can unlock value by applying its management expertise to the SA Retail portfolio.¹

Hyprop is a company listed on the JSE Securities Exchange South Africa, and according to Hyprop, no single shareholder controls it.² Firms that hold more than 5% of the issued share capital are:

Standard Bank Property Group	12.5%
Redefine Income Fund	10.6%
Growthpoint Properties Ltd	10.5%
Corvest Property Group Ltd	7.9%
Attfund Ltd	7.0%

Impact on competition

Even though both parties are active in the market for retail property, the transaction does not result in a geographic overlap, as the parties’ various properties are located in difference geographic nodes. According to the Commission, the retail properties of the parties are located

¹ See pages 47-48 of the record for more detail on the rationale for the transaction.

² At page 44 of the record.

at least 100km away from each other. We accept the Commission's submission that competition is unlikely to be prevented or lessened due to the merger.

Conclusion

There are no significant public interest issues and we accordingly approve the transaction for the above reasons.

N Manoim

14 September 2005
Date

Concurring: M Moerane and M Mokuena

For the merging parties: A Le Grange (Hofmeyr Herbstein & Gihwala Inc)

For the Commission: T Letsietsa (Mergers and Acquisitions)