

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 57/LM/Jun07

In the matter between:

ApexHi Properties Ltd

Acquiring Firm

And

15 Properties from the Toda Family

Target Firm

Panel : N Manoim (Presiding Member), L Reyburn (Tribunal Member) and M Mokuena (Tribunal Member)
Heard on : 11 July 2007
Order issued on : 11 July 2007
Reasons issued on : 20 July 2007

Reasons for Decision

Approval

1]On 11 July 2007, the Tribunal approved the merger between ApexHi Properties Ltd (“ApexHi”) and 15 properties belonging to the Toda Family. The reasons follow below.

The Transaction and parties

2]In terms of the structure of the proposed transaction ApexHi is acquiring 15 residential properties from the Toda family.

3]ApexHi is a property loan stock company with various shareholders. It is not controlled by any firm nor does it control any firm. It has a 10% non-controlling stake in Aengus Property Holdings (Pty) Ltd (“Aengus”).

4]The primary targets are 15 residential properties in Braamfontein and the adjacent Johannesburg Central Business District which are owned by various property letting firms. The firms are all ultimately controlled by the Toda family through various trusts and hence have been treated as one transaction for

the purpose of considering this merger.¹

5]ApexHi states that the acquisition will further enhance and compliment the quality, size and diversification and risk profile of its existing portfolio of properties specifically the rentable residential space sector. ApexHi further states that it is its intention, with the help of Aengus, a property development company, to refurbish these buildings and provide a comfortable clean environment for tenants to live in, as well as an overall contribution to the revival of the Braamfontein area. The rationale for the primary target firms is to realize their investment by exiting the residential property market in the Braamfontein.

The relevant market and impact on competition

6]There is no overlap between the activities of the merging parties since ApexHi does not currently own any residential properties in Johannesburg or South Africa.

7]The 15 properties being sold are all residential properties in the Braamfontein node in Johannesburg. Although it is not necessary to identify the relevant geographic market, due to there being no product overlap, the merging parties estimate that these properties represent a market share of 6% in the residential property market in the Johannesburg CBD area.

8]In light of the above, we find that the transaction would not substantially prevent or lessen competition the relevant markets.

Public interest issues

9]There are no significant public interest issues.

N Manoim

20 July 2007
Date

¹ See page 18 of the record for a list of the sellers and page 4 of the Commissions Recommendation for a list of the properties.

L Reyburn and M Mokuena concurring.

Tribunal Researcher: R Badenhorst

For the merging parties: Jocelyn Katz from Edward Nathan Sonnenberg

For the Commission: Ipeleng Selaledi and Makgale Mohlala (Mergers & Acquisitions)