

**COMPETITION TRIBUNAL
REPUBLIC OF SOUTH AFRICA**

Case no: 79/LM/Oct04

In The Large Merger Between:

Gauteng Provincial Government

And

ApexHi Properties Ltd

Reasons for Decision

Approval

1. On 27 October 2004 the Competition Tribunal issued a Merger Clearance Certificate approving the transaction between Gauteng Provincial Government and ApexHi Properties Ltd. The reasons for this decision follow.

The Parties

2. The primary acquiring firm is Gauteng Provincial Government (in its Department of Public Transport, Roads and Works) ("GPG").
3. The primary target firm is ApexHi Properties Limited.

The transaction

4. The transaction involves GPG acquiring from ApexHi various properties in the Johannesburg Central Business District ("Johannesburg CBD"), to be occupied by its own employees.

The Parties' Activities

5. GPG currently owns seven properties in the rentable office space sector in the Johannesburg CBD.
6. ApexHi is a variable loan stock company. ApexHi's property portfolio includes properties in the following sectors:
 - 6.1. Rentable office space,
 - 6.2. Rentable industrial space,
 - 6.3. Rentable retail space,
 - 6.4. Other rentable space.

Impact on competition

7. There is an overlap in the portfolios of ApexHi and GPG in that both own rentable office space in the Johannesburg CBD. However, unlike ApexHi, GPG does not rent out to independent tenants any of the rentable office properties that it owns in the Johannesburg CBD. All these properties are utilized by GPG to accommodate its own employees and GPG therefore does not earn any profit from the buildings that it holds in the relevant market. There are a number of players in the market for rentable office space and GPG cannot be seen as a competitor in this market.

Conclusion

8. Having regard to the above, we conclude that the merger will not lead to a substantial lessening of competition and there are no significant public interest concerns. Accordingly, we agree with the Commission's recommendation that the transaction be unconditionally approved.

D Lewis

28 October 2004
Date

Concurring: N Manoim and M Mokuena

For the merging parties: V Chetty (Edward Nathan & Friedland) (Pty) Ltd
L Mazwai (Ledwaba Mazwai Attorneys)

For the Commission: G Thapedi, M Mohlala and H Ratsisusu