

**COMPETITION TRIBUNAL
REPUBLIC OF SOUTH AFRICA**

Case no.: 86/LM/Sep05

In the large merger between:

Navigator Property Investments (Pty) Ltd and Two Others

and

Galleria Property Opportunities (Pty) Ltd and Thirteen Others

Reasons

Introduction

1. On 21 October 2005 the Competition Tribunal approved the merger between Navigator Property Investments (Pty) Ltd and two others, and Galleria Property Opportunities (Pty) Ltd and thirteen others. The reasons are set out below.

The transaction

2. Catalyst Holdings (Pty) Ltd ("Catalyst"), an independent property company, is selling 14 of its property investment holdings (referred to as "the transferred firms") to the Navigator group of companies comprising Navigator Property Investments (Pty) Ltd ("Navigator"), Rowmoore Investments 567 (Pty) Ltd ("Rowmoore 567") and Rowmoore Investment 597 (Pty) Ltd ("Rowmoor 597").
3. Both Rowmoore 567 and Rowmoore 597 are wholly owned subsidiaries of Navigator. Catalyst will hold 85% of the issued shares of Navigator and Absa Bank Ltd the remaining shares. Absa, as minority shareholder, will be protected by a shareholders' agreement and will have veto rights over the acquisition of properties but will not partake in the day-to-day management of the company.
4. The property investment holdings will be transferred as follows:

Navigator will acquire:

- ~~1.~~ Academia Studente Behuising (Pty) Ltd, which owns Academia phase 4 and 5.

5. Rowmoor 567 will acquire:

- ~~///~~ Galleria Property Opportunities (Pty) Ltd. It owns the Times Media Property.
- ~~///~~ Rowmoor Investments 326 (Pty) Ltd. It owns the Boardmans properties.
- ~~///~~ Rowmoor Investments 223 (Pty) Ltd. It owns the Metcash properties in Brits, Potgietersrus and Welkom.
- ~~///~~ Rowmoor Investments 313 (Pty) Ltd. It owns the Edgars properties.
- ~~///~~ Rowmoor Investments 205 (Pty) Ltd. It owns the Shoprite Uitenhage property.
- ~~///~~ Rowmoor Investments 257 (Pty) Ltd. It owns the Shoprite Silverton Property.
- ~~///~~ Rowmoor Investments 336 (Pty) Ltd. It owns the Coin Security property.
- ~~///~~ Harlequin Duck Properties 121 (Pty) Ltd. It owns the Absa Somerset West properties.
- ~~///~~ Skyprops 94 (Pty) Ltd. It owns the EDS property.
- ~~///~~ Double Flash Investments 33 (Pty) Ltd. It owns a Portnet property.
- ~~///~~ Sammy Q Properties (Pty) Ltd. It owns the Sammy Marks property
- ~~///~~ Syfin Properties (Pty) Ltd. It owns the Boschenmere Lodges.

6. Rowmoor 597 will acquire:

- ~~///~~ Catalyst Residential Investments (Pty) Ltd, which owns Academia phases 2 and also Academia Phases 1 and 3 which is owned by Syfin Properties (Pty) Ltd.

Rationale for the transaction

7. The Catalyst group wishes to restructure its property investment holdings in order to refinance the Catalyst property portfolio.

Effect on competition

8. The Commission considered the effect on competition in the property market of Absa acquiring joint control of the Navigator Group.
9. Both parties are active in the property industry. Catalyst, through the Navigator Group, is involved in commercial real estate management, property asset management, property financing and research-based investment expertise. Absa is active in the banking, insurance, financial and property investments.
10. The property product market can be sub-divided into:

1. Office rental property described as Grade P, A, B, or C office property.
 2. Retail property described as regional retail shopping centres, community neighbourhood retail shopping centres, local convenience retail shopping centers, warehouse retail shopping centres and value retail shopping centres.
 3. Industrial property described as light and heavy industrial property.
11. Absa and the transferred firms control the following properties as set out in the table:

Geographic market	Type of property held by Absa	Type of property held by the transferred firms
Cape Town	grade B office	retail property grade A office grade C office
Pretoria	grade B office grade C office	retail property
Brits	-	retail property
Silverton	grade B office	retail property
Welkom	-	retail property
Durban	grade A office	grade B office

12. Even though the parties are active in the same geographic markets it is clear from the table that they do not compete within the same product markets in those areas. There is thus no overlap in the relevant markets.
13. The Tribunal accordingly finds that the transaction will not substantially lessen or prevent competition.

Public interest

14. No significant public interest issues are raised.

L Reyburn

10 November 2005
Date

Concurring: T Orleyn, M Mokuena