



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM156Oct15

In the matter between:

ACCELERATE PROPERTY FUND LIMITED

Primary Acquiring Firm

and

**OLD MUTUAL LIFE ASSURANCE
COMPANY (SOUTH AFRICA) LIMITED
IN RESPECT OF THE PORTSIDE BUILDING**

Primary Target Firm

| | |
|-------------------|--------------------------------------|
| Panel | : Andreas Wessels (Presiding Member) |
| | : Imraan Valodia (Tribunal Member) |
| | : Medi Mokuena (Tribunal Member) |
| Heard on | : 25 November 2015 |
| Order Issued on | : 25 November 2015 |
| Reasons Issued on | : 02 December 2015 |

Reasons for Decision

Approval

[1] On 25 November 2015, the Competition Tribunal ("Tribunal") unconditionally approved the proposed transaction involving Accelerate Property Fund Limited and Old Mutual Life Assurance Company (South Africa) Limited in respect of sectional title units in the property and letting enterprise known as the Portside Building.

[2] The reasons for approving the proposed transaction follow.

Parties to proposed transaction

Primary acquiring firm

[3] The primary acquiring firm is Accelerate Property Fund Limited ("Accelerate"), a company incorporated in accordance with the laws of the Republic of South Africa. It is a property investment company listed on the Johannesburg Stock Exchange (JSE). It is not controlled by any single firm.

[4] Accelerate controls Parktown Crescent Properties (Pty) Ltd, which in turn controls Wanooka Properties (Pty) Ltd. Accelerate together with its subsidiaries are collectively referred to hereinafter as the "Acquiring Group".

[5] The Acquiring Group's property portfolio consists of retail, office and industrial property located in Gauteng, the Western Cape, Limpopo and KwaZulu-Natal provinces. However, only the acquiring group's office and retail properties located in the Western Cape are relevant to the competition assessment of this transaction.

Primary target firm

[6] The primary target firm is Old Mutual Life Assurance Company (South Africa) Limited ("OMLACSA") in respect of sectional title units in the property and letting enterprise known as the Portside Building situated in the Cape Town CBD ("the Target Property"). The Target Property comprises of rentable grade A office space, rentable ground floor retail space and parking bays.

[7] The Target Property is currently jointly owned and controlled by FirstRand Bank Limited ("FirstRand") and OMLACSA.

Proposed transaction and rationale

[8] Accelerate intends to acquire the Target Property as a going concern. Pursuant to the transaction, Accelerate will have sole control over the Target Property.

- [9] The Acquiring Group submitted that the proposed transaction will *inter alia* allow it to acquire an iconic five star, green-rated office building which will allow it to diversify its business geographically.

Impact on competition

- [10] The Competition Commission (“Commission”) found that the activities of the merging parties overlap horizontally (i) in the provision of rentable grade A office properties in the Cape Town CBD node and (ii) in the provision of rentable retail property.
- [11] With respect to the provision of rentable retail property the Commission however found that there was no geographic overlap between the merging parties’ activities.
- [12] With respect to the provision of rentable grade A office property in the Cape Town CBD node, the Commission found that the parties’ post-merger market share will be less than 20%. The Commission further found that there are a number of alternative players present in this market which are likely to constrain the behaviour of the merged entity, including Redefine Properties Limited, Ingenuity Property Investments Limited, Emira Property Fund Limited and Growthpoint Properties Limited.
- [13] Furthermore, tenants contacted by the Commission did not raise any concerns regarding the proposed transaction.
- [14] We concur with the Commission’s finding that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market.

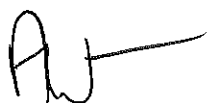
Public interest

- [15] The merging parties confirmed that the proposed transaction will not result in an adverse impact on employment.¹
- [16] The proposed transaction further raises no other public interest concerns.

¹ *Inter alia* merger record page 10.

Conclusion

[17] In light of the above, we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. In addition, no public interest issues arise from the proposed transaction. Accordingly, we approve the proposed transaction unconditionally.



Mr Andreas Wessels

02 December 2015

DATE

Mr Imraan Valodia and Ms Medi Mokuena concurring

Tribunal Researcher: Karissa Moothoo Padayachie
For the merging parties: Johan Coetzee from Glyn Marais Inc. for Accelerate
Roxanne Ker from Walkers Inc. for OMLACSA
For the Commission: Billy Mabatamela and Kholiswa Mnisi