



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 28/LM/Jun10

In the matter between:

Newpark Towers (Pty) Ltd

Acquiring Firm

And

Ferox Investments (Pty) Ltd

Target Firm

Panel : Norman Manoim (Presiding Member),
Yasmin Carrim (Tribunal Member), and
Andreas Wessels (Tribunal Member)
Heard on : 21 July 2010
Order issued on : 21 July 2010
Reasons issued on : 24 August 2010

Reasons for Decision

APPROVAL

- 1] On 21 July 2010 the Competition Tribunal ("Tribunal") unconditionally approved the acquisition between Newpark Towers (Pty) Ltd and Ferox Investments (Pty) Ltd. The reasons for approval follow below.

THE PARTIES TO THE TRANSACTION

- 2] The primary acquiring firm is Newpark Towers (Pty) Ltd (“Newpark Towers”). Newpark Towers is controlled by FHP Managers (Pty) Ltd¹, Renlia Developments (Pty) Ltd, Ellerine Bros (Pty) Ltd, B D Van Wyk and Ellawain Investments (Pty) Ltd. Newpark does not control any firm.
- 3] The primary target firm is Ferox Investments (Pty) Ltd (“Ferox”), in respect of the property letting enterprise known as “24 Central”. Ferox is solely controlled by HBW Group (Pty) Ltd. Ferox does not control any firm.

DESCRIPTION OF THE TRANSACTION

- 4] In terms of the sale of shares agreement entered into by the merging parties, Newpark Towers is acquiring from Ferox, the property letting enterprise known as 24 Central. On completion of the proposed transaction, Newpark Towers will have sole control over 24 Central.

ACTIVITIES OF THE MERGING PARTIES

- 5] Newpark is a property investment company specialising in the rental of office space. Newpark has one asset, namely the JSE building, located in Sandown, Johannesburg. The JSE building comprises specialised P-grade office space. The broader acquiring group has properties in A-grade and B-grade rentable office space as well as properties in the rentable retail space.
- 6] 24 Central comprises of two separate portions, i.e. rentable A-grade office space and rentable specialist retail space. The retail portion of 24 Central comprises restaurants which include “the Baron”, “News Cafe Sandton”, “Allora Sandton”, “Koi Restaurant”, “the Gourmet Garage Sandton”, “Vida e Caffè” as well as a night club called “Taboo”.

¹ FHP Managers (Pty) Ltd is a wholly owned subsidiary of Standard Bank.

RATIONALE FOR THE TRANSACTION

- 7] Newpark Towers has submitted that this is an opportunistic acquisition which satisfies its long-term intention of acquiring and holding property. Ferox's rationale is that it wishes to improve its group loan-to-value ratios and that this transaction will provide it with additional capital.

COMPETITION ANALYSIS

- 8] There is an overlap in the activities of the merging parties in respect of the market for rentable A-grade office space in the Sandton node, Johannesburg. The merging parties' combined post merger share in respect of this property is approximately 4%. The merging parties compete with numerous firms in the property market such as Acucap, Growthpoint, Pangbourne, Sycom, SA Corporate, Redefine and many others.

CONCLUSION

- [9] The proposed transaction is unlikely to substantially prevent or lessen competition in the market for rentable A grade office space in the Sandton node as the merging parties' post merger market shares are low. In addition, there are no public interest issues arising from the transaction.

Norman Manoim

24 August 2010
Date

Yasmin Carrim and Andreas Wessels concurring.

Tribunal Researcher: Ipeleng Selaledi

For the merging parties: Vani Chetty Competition Law (Pty) Ltd

For the Commission: Alex Constantinou