



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No:LM106Sep16

In the matter between:

Growthpoint Healthcare Property Holdings Limited Primary Acquiring Firm

and

Romed Properties Proprietary Limited in respect of the Primary Target Firm
immovable property on which Hillcrest Private Hospital is
located and the immovable property on which Gateway
Private Hospital is located

Panel	: Mondo Mazwai (Presiding Member)
	: Imraan Valodia (Tribunal Member)
	: Yasmin Carrim (Tribunal Member)
Heard on	: 12 October 2016
Order Issued on	: 12 October 2016
Reasons Issued on	: 09 November 2016

Reasons for Decision

Approval

[1] On 12 October 2016, the Competition Tribunal ("Tribunal") unconditionally approved a large merger between Growthpoint Healthcare Property Holdings Limited ("Growthpoint") and Romed Properties Proprietary Limited ("Romed") in respect of the immovable property on which Hillcrest Private Hospital is located and the immovable property on which Gateway Private Hospital is located ("Target Properties"). The reasons for approving the proposed transaction follow.

Parties to the transaction

[2] The primary acquiring firm is Growthpoint, a property investment holding company which is listed as a Real Estate Investment Trust ("REIT") on the Johannesburg Securities Exchange Limited. Growthpoint's property portfolio consists of rentable retail, office and industrial space located in the Western Cape, Eastern Cape, Gauteng and KwaZulu Natal provinces. Growthpoint also indirectly holds rentable residential space. Of relevance to the proposed transaction is Growthpoint's hospital property located in Cape Town in the Western Cape Province.

[3] The Target Properties are letting enterprises located in the KwaZulu Natal province and owned by Romed. Romed has no subsidiaries and does not directly or indirectly control any firm.

Proposed transaction

[4] Through a Letting Enterprise Agreement, Growthpoint intends to acquire the Target properties, such that post-merger Growthpoint will control the Target Properties. Growthpoint is not acquiring the hospital licences pertaining to the hospitals, only the properties on which the private hospitals are situated¹.

Impact on competition

[5] The proposed transaction gives rise to a horizontal overlap.

[6] The Competition Commission ("the Commission") identified the relevant product market as the market for the provision of hospital property. The Commission found that the distance between Growthpoint's hospital property in Cape Town and the Target Properties in KwaZulu Natal is more than 1000 kilometers apart. The Commission thus concluded that no geographical overlap occurs as a result of the proposed transaction. The Commission further concluded that the proposed transaction was unlikely to substantially prevent or lessen competition in the identified market.

¹ The hospital licences are the subject of a separate notification filed with the Commission.

[7] We agree with the Commission's competition assessment and conclusion.

Public interest

[8] The merging parties submitted that the proposed transaction will not result in any adverse impact on employment. The proposed transaction further raises no other public interest concerns.

Conclusion

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



Ms Mondo Mazwai

09 November 2016

DATE

Prof. Imraan Valodia and Ms Yasmin Carrim concurring

Tribunal Researcher: Caroline Sserufusa

For the merging parties: Johan Coetzee of Glyn Marais Inc. Attorneys

For the Commission: Boitumelo Makgabo