



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM084Jun18

In the matter between

DiverCity Urban Property Fund (Pty) Ltd

Primary Acquiring Firm

And

Atterbury Property Fund (Pty) Ltd in respect of the
shares and claims in Talis House (Pty) Ltd

Primary Target Firm

Panel	: Y Carrim (Presiding Member)
	: A Ndoni (Tribunal Member)
	: M Mokuena (Tribunal Member)
Heard on	: 3 October 2018
Order Issued on	: 3 October 2018
Reasons Issued on	: 25 October 2018

REASONS FOR DECISION

Approval

- [1] On 3 October 2018, the Tribunal unconditionally approved the proposed transaction in terms of which DiverCity Urban Property Fund (Pty) Ltd ("DiverCity") is acquiring control over Talis House (Pty) Ltd ("Talis").
- [2] The reasons for the approval of the proposed transaction follow.

Parties to the transaction

- [3] The acquiring firm, DiverCity is jointly controlled by Vestfund (Pty) Ltd ("Vestfund"), Atterbury Property Fund (Pty) Ltd ("Atterbury Property Fund"), Genesis Properties (Pty) Ltd ("Genesis"), and Propertuity Development (Pty) Ltd ("Propertuity"). DiverCity's shareholders are collectively referred to as the "Seed Partners".
- [4] DiverCity is an urban property fund focused on investing and renewing dense urban precincts on a collaborative basis with its Seed Partners.
- [5] The target firm is Talis which is controlled by Atterbury Property Fund, which is ultimately controlled by Atterbury ManFou (Pty) Ltd.
- [6] Talis is a property letting enterprise located in the Johannesburg Central Business District (JHB CBD). Its assets consist of 15273m² of rentable Grade A office space.

Proposed transaction and rationale

- [7] DiverCity intends to acquire the entire share capital and claims in Talis from Atterbury Property Fund. Upon implementation of the proposed transaction, DiverCity will acquire sole control over Talis House.
- [8] DiverCity has identified Talis as having property which aligns with its portfolio and vision for the JHB CBD.

Relevant market and impact on competition

- [9] The Competition Commission ("Commission") did not definitively conclude on the relevant market. However, the Commission assessed the competitive effects of the proposed transaction in the broad market for the provision of rentable Grade A and P office space within a 5km radius of the JHB CBD and surrounding areas which include Parktown and Braamfontein.¹ The Commission found a horizontal overlap which specifically arises between the office properties owned by DiverCity's seed partners (Grade P offices) and Talis House (Grade A offices).
- [10] The Commission further found that the merged entity's market share will be 7.31% with a minimal market share accretion. Further, the Commission found that the merged entity will be competitively constrained by other properties owned by firms such as Redefine, Growthpoint and Liberty Properties. In view of the above, the Commission is of the view that the proposed transaction is unlikely to substantially prevention or lessen competition in any relevant market. We find no reason to disagree with the Commission.

Public interest

- [11] The merging parties confirmed that the proposed transaction will not have any adverse effects on employment as DiverCity will take over the employees currently associated with Talis, including outsourced services.² The proposed transaction raises no other public interest concerns.

Conclusion

- [12] In light of the above, we concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. In addition,

¹ The Commission notes that there is no horizontal overlap in the narrow segments in respect of the office grading.

² See Transcript, page 6.

no public interest issues arise from the proposed transaction. Accordingly, we approved the proposed transaction unconditionally.



Ms Yasmin Carrim

25 October 2018

Date

Mrs Medi Mokuena and Ms Andiswa Ndoni concurring.

Tribunal Case Manager : Kgothatso Kgobe

For the Merging Parties : V Chetty of Vani Chetty Competition Law

For the Commission : N Msiza