



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No.: LM152Dec21

In the matter between:

Twin City Western Cape (Pty) Ltd

Primary Acquiring Firms

And

Waterway House Section Two (Pty) Ltd

Primary Target Firms

Panel:	M Mazwai (Presiding Member) T Vilakazi (Tribunal Panel Member) F Tregenna (Tribunal Panel Member)
Heard on:	1 March 2021
Order Issued on:	1 March 2021
Reasons Issued on:	18 March 2021

REASONS FOR DECISION

- [1] On 01 March 2022, the Competition Tribunal (“Tribunal”) unconditionally approved a large merger in terms of which Twin City Western Cape (Pty) Ltd¹ intends to acquire 50% of the issued shares in Waterway House Section Two (Pty) Ltd². Post-merger,

¹ Twin City Western Cape is controlled by Twin City Trading 2 (Pty) Ltd (“TCT 2”), which is ultimately controlled by the LMAE Trust. Twin City Western Cape controls various entities, including Rexileo Investments (Pty) Ltd and Marleo Investments 25 (Pty) Ltd. Twin City Western Cape, TCT 2 and TDT, together with all the firms that they directly and indirectly control are collectively referred to as the Acquiring Group.

² Waterway House is jointly controlled by The Club Retail Park and V&A Waterfront Holdings. The Club Retail Park is ultimately controlled by Atterbury Property (Pty) Ltd. V&A Waterfront Holdings is jointly owned by Growthpoint Properties Ltd (“Growthpoint”) and the Government Employees Pension Fund (represented by Public Investment Corporation) (“GEPF”).

Twin City Western Cape, and V&A Waterfront (Pty) Ltd will have joint control of Waterway House.

Merging parties' activities

[2] Twin City Western Cape is a property investment company, which forms part of a group controlled by Twin City Development (Pty) Ltd ("the Twin City Group"), which controls a diversified retail, commercial, residential, and farming property portfolio with properties situated throughout South Africa.

[3] Waterway House is a property holding company.

Competition Assessment

[4] The Competition Commission ("Commission") found that the proposed transaction gives rise to a horizontal overlap in the activities of the merging parties. This is because Waterway House has a P-grade office property at the Waterfront, Cape Town, and Twin City Group Cape (part of Twin City Group) controls a diversified property portfolio that has rentable offices.

[5] The Commission found that Twin City Group does not have any rentable office properties in the Waterfront node (where the target is situated), nor in Cape Town. The closest office property that the Twin City Group owns is located in Stellenbosch, which is approximately 54km from the Waterway House property.

[6] No third party raised any concerns with the proposed transaction.

[7] Based on the above, the Commission concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in the relevant market. We concur with this finding.

Public Interest

Effect on Employment

[8] The merging parties submitted that the proposed transaction will not adversely affect employment and there is no intention to retrench any employees because of the proposed transaction. After considering the above, the Commission concluded that the proposed transaction is unlikely to result in job losses.

Effect on the greater spread of ownership

- [9] Regarding the spread of ownership, the merging parties submitted that V&A Waterfront, which controls the target firm, is partially controlled by Growthpoint, which has 27.94% black ownership. Post-merger, there will be no adverse impact on the spread of ownership since Growthpoint (the joint controller of V&A Waterfront) will remain a shareholder in the V&A Waterfront. Consequently, the Commission recommended that the proposed transaction be unconditionally approved.

Other public interest issues

- [10] The proposed transaction raised no other public interest concerns.

Conclusion

- [11] We concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market since there is no geographic overlap between the Grade-P office properties of the merging firms. Furthermore, the proposed transaction does not raise any public interest concerns.



Ms Mondo Matzwaai

18 March 2022

Date

Dr Thando Vilakazi and Professor Fiona Tregenna

Tribunal Case Managers:	Sinethemba Mbeki and Camilla Mathonsi
For the Merging Parties:	Misha van Niekerk of Adams and Adams
For the Competition:	Beverley Chomela and Thabelo Masithulela