



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM196Oct18

In the matter between

Community Property Company (Pty) Ltd

Primary Acquiring Firm

And

The rental enterprise consisting of The Crossing
Shopping Centre and Kopanang Shopping Complex

Primary Target Firm

Panel	: N Manoim (Presiding Member)
	: A Ndoni (Tribunal Member)
	: F Tregenna (Tribunal Member)
Heard on	: 28 November 2018
Order Issued on	: 28 November 2018
Reasons Issued on	: 4 December 2018

REASONS FOR DECISION

Approval

- [1] On 28 November 2018, the Tribunal unconditionally approved the large merger in terms of which Community Property Company (Pty) Ltd ("CPC") is acquiring two adjacent retail properties, (i) the Crossing Shopping Centre and (ii) the Kopanang Shopping Complex (collectively referred to as "the Centres").
- [2] The reasons for the approval of the proposed transaction follow.

Parties to the transaction

Primary Acquiring Firm

- [3] CPC is a property holding and investment company that primarily specialises in the acquisition of new and existing shopping centres which cater to the needs of underserved communities throughout South Africa. CPC is wholly-owned by Community Property Holdings (Pty) Ltd ("CPH"), which is in turn ultimately controlled by Old Mutual Group Holdings (SA) (Pty) Ltd ("OMSA"). CPC and its controllers are collectively referred to as the Acquiring group.
- [4] The Acquiring group owns a number of retail-letting properties which are situated in the Kwa-Zulu Natal, Western Cape, Eastern Cape and Gauteng, among other provinces.

Primary Target Firm

- [5] The Centres are owned by Cross Property Investments (Pty) Ltd ("CPI") and Kopanang Shopping Complex (Pty) Ltd, which both have the same shareholders.¹ CPI is the ultimate seller as it controls Kopanang.
- [6] The Centres comprise two retail shopping complexes that adjoin one another and are situated on the corner of Nelson Mandela Drive and Sekame Street in Mahikeng, in the North West province.

Proposed transaction and rationale

- [7] CPC intends to acquire the Centres from CPI. Post-merger, CPC will have sole control over the Centres.

¹ Topflite Properties (Pty) Ltd, Neil Benjamin McWilliams Trust, Michael Viljoen Trust and MMC Family Trust.

Relevant market and impact on competition

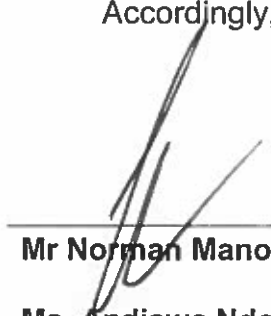
- [8] The Commission considered the activities of the merging parties and found a product overlap between the activities of the merging parties as they are both active in the market for the provision of rentable retail space in comparative centres.
- [9] However, there is no geographic overlap between the activities of the merging parties as the acquiring group does not have any retail property interests in the North West. The nearest is the Eyethu Orange Farm Mall, which is approximately 290km from the target properties. Therefore, the rentable retail properties owned by the merging parties are unlikely to compete.
- [10] Due to the lack of geographic overlap, the Commission concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in the market for the provision of rentable retail space. We find no reason to disagree with the Commission.

Public interest

- [11] The merging parties confirmed that the proposed will not have any adverse effects on employment. 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, no adverse public interest issues arise from the proposed transaction. Accordingly, we unconditionally approved the proposed transaction.



Mr Norman Manoim.

Ms. Andiswa Ndoni and Prof. Fiona Tregenna concurring.

4 December 2018
Date

Tribunal Case Manager

: Kgothatso Kgobe

For the Merging Parties

: J van Dijk and M Griffiths of Norton Rose Fulbright

For the Commission

: I Mhlongo