

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM044Jun15

In the matter between:

City of Cape Town

Primary Acquiring Firm

And

Certain immovable property and letting enterprises owned by Paardevlei Properties Proprietary Limited

Primary Target Firm

Panel	:	Andreas Wessels (Presiding Member) Fiona Tregenna (Tribunal Member) Medi Mokuena (Tribunal Member)
Heard on	:	24 June 2015
Order issued on	:	24 June 2015
Reasons issued on	:	20 July 2015

Reasons for Decision

Approval

[1] On 24 June 2015, the Competition Tribunal ("Tribunal") unconditionally approved the large merger between the City of Cape Town ("the City") and certain immovable property and letting enterprises owned by Paardevlei Properties Proprietary Limited ("Paardevlei") (hereinafter referred to as the "Target Property").

[2] The reasons for approving the transaction follow.

Parties to proposed transaction

[3] The primary acquiring firm is the City, a local authority established in terms of section 151 of the Constitution of the Republic of South Africa.

[4] The primary target firm is certain immovable property and letting enterprises owned by Paardevlei. Paardevlei is a private company incorporated under the laws of South Africa. Paardevlei is a wholly owned subsidiary of AECI Limited, which is a public company listed on the Johannesburg Stock Exchange Limited.

[5] The Target Property is situated near Somerset West in the Western Cape Province.

Proposed transaction and rationale

[6] The City intends to purchase a 100% undivided share in the Target Property. Post-merger, the City will have sole control over the Target Property.

[7] Mr Allan Hannie, on behalf of the City, submitted that the long-term rationale for acquiring the Target Property is a social housing development and ultimately a mixed-use development.¹

Competition assessment

[8] The Target Property currently has a small industrial component. The Competition Commission ("Commission") however concluded that since the Target Property will be converted into a mixed-use human settlement post-merger, the proposed transaction raises no competition concerns.

[9] We further note that the City submitted that it will honour the current lease agreements associated with the Target Property.²

[10] We concur with the Commission's finding.

¹ See pages 6 and 7 of the transcript.

² See page 256 of the merger record. Also see pages 7 and 8 of the transcript.

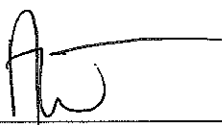
Public interest

[11] The merging parties confirmed that the proposed transaction will not have any adverse effect on employment in South Africa.³

[12] The proposed merger furthermore does not raise any other public interest concerns.

CONCLUSION

[13] Given the above, we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. In addition, the proposed transaction raises no public interest concerns. We therefore approve the proposed transaction without conditions.



Mr Andreas Wessels

20 July 2015
DATE

Ms Medi Mokuena and Prof. Fiona Tregenna concurring

Tribunal Researcher:	Caroline Sserufusa
For the merging parties:	Susan Meyer of Cliffe Dekker Hofmeyr Robert Wilson of Webber Wentzel
For the Commission:	Hugh Dlamini

³ See pages 7 and 135 of the merger record.