

## COMPETITION TRIBUNAL OF SOUTH AFRICA

CaseNo: 20/LM/Feb07

In the matter between:

**Siyathenga Properties Two (Pty) Ltd**

**Acquiring Firm**

**And**

**Erf 38722, Bellville, Jointly Controlled By**

**Siyathenga Properties Two (Pty) Ltd and**

**Mini Cape Developments (Pty) Ltd**

**Target Firm**

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Panel : Y Carrim (Presiding Member), N Manoim  
(Tribunal Member) and M Mokuena (Tribunal  
Member)

Heard on : 25 April 2007

Decided on : 25 April 2007

Reasons Issued : 16 May 2007

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### REASONS FOR DECISION

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#### Approval

[1]. On 25 April 2007 the Competition Tribunal issued a Merger Clearance Certificate approving the merger between Siyathenga Properties Two (Pty) Ltd and Erf 38722 (a portion of Erf 21750), jointly controlled by Siyathenga Properties Two (Pty) Ltd and Mini-Cape Developments (Pty) Ltd unconditionally. The reasons appear below.

#### Parties

[2]. The acquiring firm is Siyathenga Properties Two (Pty) Ltd ("Siyathenga") a company incorporated under the Company laws of the Republic of South Africa.<sup>1</sup>

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<sup>1</sup> Siyathenga Property Fund Ltd holds 100% of the entire issued share capital of Siyathenga. Pangbourne Properties Ltd holds 43% interest in Siyathenga Property Fund Ltd and controls Siyathenga Property Fund. Pangbourne is a listed company and is not directly or indirectly controlled by any single shareholder

[3]. The target firm is Erf 38722 (a portion of Erf 21750) Bellville City Of Cape Town (“the Willowbridge Property”), jointly controlled by Siyathenga Properties Two (Pty) Ltd and Mini-Cape Developments (Pty) Ltd (“MCD”).<sup>2</sup>

### **Transaction**

[4]. The proposed transaction envisages Siyathenga acquiring an additional 25% in Erf 38722 and thereby increasing its current 50% shareholding in Erf 38722 to 75%. This acquisition will result in change of control in the target firm from joint control to sole control in favour of Siyathenga.

### **Rationale for the Transaction**

[5]. The acquiring firm is seeking through this transaction to increase the volume of its rental space. From the target firm’s perspective the sale is required in connection with the restructuring of Kagiso Property Developments (Pty) Ltd business and to raise funds for further projects.

### **Activities of the Parties**

[6]. The acquiring firm is a property holding company which has a property portfolio comprising of industrial, offices and retail properties. The target firm is a retail property in the Bellville node, Cape Town.

### **Competition Analysis**

[7]. In its analysis the Commission found that it is not necessary to conclude on the relevant product market as the overlap between the merging firms is due to the prior shareholding the acquiring firm has in the target property. Hence there would be no

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<sup>2</sup> MCD is ultimately controlled by Kagiso Property Holdings (Pty)Ltd and the latter is a subsidiary of Kagiso Trust Investments (Pty)Ltd

change in the market structure and the transaction would not result in any market share accretion. We agree with the Commission's approach and conclude that the transaction is unlikely to substantially prevent or lessen competition. In addition, the transaction does not raise any public interest concerns.

## **Conclusion**

[8]. Based on the above, the transaction is approved unconditionally.

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**Y Carrim**

Tribunal Member

**16 May 2007**

**Date**

N Manoim and M Mokuena concurring.

Tribunal Researcher : J Ngobeni

For the merging parties : Jocelyn Katz (Edward Nathan Sonnenberg Inc)

For the Commission : Makgale Mohlala (Mergers and Acquisitions)