

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 93/LM/Aug08

In the matter between:

Pareto Limited

Acquiring Firm

And

B&B Eindomme (Pty) Ltd

Target Firm

Panel : D Lewis (Presiding Member), N Manoim (Tribunal Member),
and Y Carrim (Tribunal Member)

Heard on : 8 October 2008

Order Issued : 8 October 2008

Reasons Issued: 3 December 2008

Reasons for Decision

Approval

[1] On 8 October 2008, the Tribunal unconditionally approved the merger between Pareto Limited and CIE B&B Eindomme (Pty) Ltd. The reasons for approving the transaction follow.

The parties

[2] The primary acquiring firm is Pareto Limited ("Pareto"), a company incorporated under the company laws of South Africa. Pareto is controlled by the Eskom Pension & Provident Fund ("EPPF"). EPPF is controlled 60% by the Board of Trustees¹ and 40% by the Public Investment Corporation ("PIC"). The parties submitted that PIC does not control Pareto.² Pareto does not control any firm.

¹ The Board of Trustees consist of Mr XK Memani, Mr MN Bailey, Mr B Blignaut, Mr WE Green, Mr A Jeawon, Mr GJ Kruger, Mr D Macatha, Ms JM Maisela, Mr TJ Matsau, Ms EM Pule, Mr WJ Swart, Mr MAP Tseki, Adv. NK Tsholanku and Dr EZ Xaba.

² See record page 70.

[3] The primary target firm is B&B Eindomme (“Pty) Ltd (“B&B”). B&B is a wholly owned subsidiary of Mimosa Rolprentproduksie (Pty) Ltd (“Mimosa Rolprentproduksie”), which is controlled by Boet Troksie Kinders Trust (“BTKT”). B&B does not control any firm.

Description of the transaction

[4] In terms of this transaction, Pareto intends to acquire from B&B a retail property known as “Mimosa Mall”, which is a shopping mall with grade P office space situated in Bloemfontein. At the conclusion of this transaction, Pareto will have sole control over Mimosa Mall.

Rationale for the transaction

[5] The acquiring firm views this transaction as an opportunity to acquire a regional shopping centre in Bloemfontein.

[6] The target firm has submitted that it has decided to dispose of the Mall as it is unable to obtain municipal approval to extend the Mall.

The parties’ activities

Primary acquiring firm

Pareto

[7] Pareto owns retail shopping centres with offices in Roodepoort, Sandton City, Monder, Northcliff, Durban and Cape Town. Their retail properties comprise 6 super regional shopping centres and one community centre.

EPPF

[8] EPPF is a benefit fund with defined employer and employee contributions, providing retirement, withdrawal, death, and disability benefits to members, pensioners and dependants.

The primary target firm

[9] Mimosa Mall is a regional shopping centre with grade P office space situated in Bloemfontein.

Competition analysis

[10] There is no geographic overlap in the activities of the merging firms, as the acquiring firm does not have properties in Bloemfontein where the Mimosa Mall, the target property, is situated. The proposed transaction is therefore unlikely to substantially prevent or lessen competition in any market.

Public Interest

[11] There are no public interest issues.

Conclusion

[12] The merger is approved unconditionally.

D Lewis
Tribunal Member

3 December 2008

DATE

N Manoim and Y Carrim concurring.

Tribunal Researcher : R Kariga

For the merging parties: Cliffe Dekker Hofmeyr Attorneys

For the Commission : M Matsimela (Mergers and Acquisitions)