



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM149Oct15

In the matter between:

K2015068356 (South Africa) (Pty) Ltd

Acquiring Firm

And

Pearl Valley Golf Estates (Pty) Ltd

Seven Wood Trading 57 (Pty) Ltd

Target Firms

Panel : Andreas Wessels (Presiding Member)
: Imraan Valodia (Tribunal Member)
: Medi Mokuena (Tribunal Member)
Heard on : 25 November 2015
Order Issued on : 25 November 2015
Reasons Issued on : 03 December 2015

Reasons for Decision

Approval

- [1] On 25 November 2015, the Competition Tribunal ("Tribunal") unconditionally approved the proposed transaction involving K2015068356 (South Africa) (Pty) Ltd ("K2015068356"), the business of Pearl Valley Golf Estates (Pty) Ltd ("Pearl Valley") and the entire issued share capital of Seven Wood Trading 57 (Pty) Ltd ("Seven Wood").
- [2] The reasons for approving the proposed transaction follow.

Parties to proposed transaction and their activities

Primary acquiring firm

- [3] The acquiring firm is K2015068356, a company incorporated in terms of the laws of the Republic of South Africa and established specifically for the purposes of the proposed transaction. It therefore does not currently conduct any operations. It is controlled by Val de Vie Investments Two (Pty) Ltd ("Val de Vie") and PV Consortium (Pty) Ltd ("PV Consortium"). K2015068356, Val de Vie and PV Consortium do not control any other firms.
- [4] The acquiring group has a diverse investment portfolio in listed equities, property, agriculture, financial services, hospitality, marketing management and property development. The group's luxury residential properties in the Western Cape are relevant to the assessment of the proposed transaction.

Primary target firms

- [5] The primary target firms are Pearl Valley and Seven Wood which are both companies incorporated in accordance with the laws of the Republic of South Africa. Pearl Valley is controlled by LC Golf SA (Pty) Ltd ("LC Golf"). LC Golf is controlled by the Standard Bank of South Africa Limited (acting through its Real Estate Investment Division). Pearl Valley controls Seven Wood.
- [6] Pearl Valley holds and manages the Pearl Valley Golf and Country Estate, a residential golf and lifestyle community estate situated in the Cape Winelands in the Western Cape. Seven Wood conducts an estate agency business in relation to the residential properties on Pearl Valley.

Proposed transaction and rationale

- [7] In terms of the proposed transaction, K2015068356 seeks to acquire the business of Pearl Valley and 100% of the issued share capital of Seven Wood.
- [8] The acquiring group submitted that Pearl Valley is a commercially viable business which would enable it to increase returns for its investors in the market for luxury residential estates in South Africa.

Impact on competition

- [9] The Competition Commission ("Commission") assessed the competition effects of the proposed transaction in the market for luxury residential estates in Paarl and the surrounding areas including Stellenbosch and Franschoek. The merged entity will have a post-merger market share of less than 15% in this market. Based on this market share and that the merged entity will be constrained by other players post-merger, the Commission found that the proposed transaction was unlikely to result in a substantial lessening or prevention of competition in this market.
- [10] We concur with the Commission that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market.

Public interest

- [11] The merging parties confirmed that the proposed transaction will not have any adverse effect on employment.¹
- [12] The proposed transaction further raises no other public interest concerns.

Conclusion

- [13] In light of the above, we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. In addition, no public interest issues arise from the proposed transaction. Accordingly we approve the proposed transaction unconditionally.



Andreas Wessels

03 December 2015
Date

Imraan Valodia and Medi Mokuena concurring

Tribunal Researcher: Ammara Cachalia
For the merging parties: Vani Chetty of Baker & McKenzie
For the Commission: Prishani Maheeph

¹ See *inter alia* page 9 of the merger record.