



competitiontribunal  
SOUTH AFRICA

**COMPETITION TRIBUNAL  
REPUBLIC OF SOUTH AFRICA**

**Case No.: LM110Oct24**

In the matter between:

Newco (Pty) Ltd

**Primary Acquiring Firm**

And

Molware, Urban Ridge East, Urban Ridge South &  
Urban Ridge West

**Primary Target Firm(s)**

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Panel: T Vilakazi (Presiding Member)  
A Ndoni (Tribunal Member)  
I Valodia (Tribunal Member)

Heard on: 25 November 2024  
Decided on: 25 November 2024  
Reasons Issued on: 11 December 2024

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**REASONS FOR DECISION**

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**Introduction**

[1] On 25 November 2024, the Competition Tribunal (“Tribunal”) unconditionally approved the large merger in which Newco (Pty) Ltd (“Newco”), intends to acquire a 100% undivided share in four residential properties known as Molware, Urban Ridge East, Urban Ridge South and Urban Ridge West properties (“Target Properties”) and the letting enterprise carried out thereon, from Transcend Residential Property Fund Ltd (“Transcend”).

## **Parties and activities**

- [2] Newco is a special purpose vehicle, which is being incorporated for purposes of the proposed transaction. It will be a wholly owned subsidiary of Old Mutual Rental Housing Investment Fund Two Ltd (“OMRent”), which is ultimately wholly owned by Old Mutual Ltd (collectively referred to as “the Acquiring Group”).
- [3] The Acquiring Group is involved in several industries including asset management, insurance, banking and investment. Relevant to the proposed transaction is the Acquiring Group’s property holding activities, through which it holds a portfolio of affordable housing rental units located in the Western Cape and Gauteng.
- [4] The Target Properties are wholly owned by Transcend, which is a wholly owned subsidiary of Emira Property Fund Limited, which in turn is controlled by Castleview Property Fund Limited.
- [5] The Target Properties comprise of four (4) sectional title complexes described as:
- 5.1. Molware, situated at 6812 Morithi Street, Kosmosdal, Centurion, with a total of 253 units.
  - 5.2. Urban Ridge East, situated at Fifth Street, Halfway Gardens, Midrand, with a total of 198 units.
  - 5.3. Urban Ridge South, situated at Fifth Street, Halfway Gardens, Midrand, with a total of 232 units.
  - 5.4. Urban Ridge West, situated at Fifth Street, Halfway Gardens, Midrand, with a total of 260 units.
- (Urban Ridge East, Urban Ridge South and Urban Ridge West shall collectively be referred to as the “Urban Ridge Properties”).

## **Transaction**

- [6] In terms of the proposed transaction, Newco will acquire a 100% undivided share in the Target Properties and the letting enterprise carried out thereon.
- [7] Post-merger, Newco will exercise sole control over the Target Properties.

## **Indivisibility of the proposed transaction**

- [8] The Competition Commission (“Commission”) found that the proposed transaction constitutes a single indivisible transaction.
- [9] The Tribunal has previously considered a transaction to be indivisible where (i) the target firms are subject to common ownership / shareholding, (ii) the various transactions are conditional on each other and/or are concluded simultaneously, and (iii) the target firms are involved in the same or interrelated lines of business.<sup>1</sup>
- [10] In our assessment of indivisibility, we considered that the Target Properties are being acquired from a common owner, are involved in the same line of business, and the various transactions are concluded simultaneously. As such, we accepted the Commission’s findings and found that the proposed transaction constitutes a single indivisible transaction.

## **Competition assessment**

- [11] We considered the activities of the merger parties and assessed a horizontal overlap as the merger parties are involved in the provision of rentable residential property.

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<sup>1</sup>*Khumonetix (Pty) Ltd and Auckland Investments 22 (Pty) Ltd*, Case No. LM112Jul18; *Capitalworks Continental Holdings Partnership and Continental Compounders (Pty) Ltd and Continental Engineering Compounds (Pty) Ltd*; Case No. LM058Jul23.

- [12] The Commission and merger parties submitted, in line with Tribunal precedent, that the relevant product market is the market for rentable residential property.<sup>2</sup>
- [13] Regarding the geographic market, the Acquiring Group owns several residential properties situated within approximately 10km to 15km of the Urban Ridge Properties and 20km from Molware.
- [14] While the Tribunal found in *Republica Student Living Proprietary Limited and Midrand Varsity Lodge Proprietary Limited*,<sup>3</sup> that residential properties situated more than 8km apart are unlikely to constitute part of the same geographic scope, the merger parties submitted that insofar as the Urban Ridge Properties are concerned, the impact of the proposed transaction could be assessed within a 10km radius of the Urban Ridge Properties (“narrower geographic market”) and 15km from the Urban Ridge Properties (“broader geographic market”). In these markets, the merger parties estimated that the merged entity would have post-merger market shares of only approximately [REDACTED]
- [15] In line with Tribunal precedent, the Commission found that there is no geographic overlap in the activities of the merger parties as the Acquiring Group does not own any residential properties within an 8km radius of the Target Properties.
- [16] On account of the evidence before us, we considered the effect of the proposed transaction on the market for rentable residential property. Moreover, while the merger parties made submissions relating to a narrower and broader geographic market, we did not conclude on the precise boundaries of the geographic market and considered that even on the narrowest possible market of an 8km radius from the Target Properties, the merged entity will face

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<sup>2</sup> *K2018366052 (South Africa) Proprietary Limited, and Castleview Property Fund Limited*, Case No. LM065Jul20; and *AFCHO Holdings Proprietary Limited v Calgro M3 JCO Holdings Proprietary Limited*, Case No. LM084Aug20.

<sup>3</sup> LM245Mar16.

significant competition from other properties situated within both the narrower and broader geographic markets.

- [17] In light of the above, we concluded that the proposed transaction does not give rise to any significant competition concerns and is unlikely to lead to a substantial prevention or lessening of competition in any relevant market.

### **Public interest assessment**

#### *Employment*

- [18] The merger parties provided an unequivocal undertaking that the proposed transaction will not have adverse effects on employment.

- [19] We accepted the merger parties' submissions and find that the proposed transaction is unlikely to raise any employment concerns.

#### *Promotion of a greater spread of ownership by HDPs and workers in firms in the market*

- [20] Newco has 44.57% shareholding by Historically Disadvantaged Persons ("HDPs") and the Target Properties have 48.04% shareholding by HDPs. The Commission found that the proposed transaction results in a dilution of 3.47% in the effective shareholding held by HDPs in the Target Properties.

- [21] The merger parties submitted that despite the dilution, the proposed transaction will increase ownership by black women in the Target Properties from 5.93% to 23.15%.

- [22] In the circumstances, we do not find it necessary to conclude on whether the proposed transaction promotes a greater spread of ownership, and we concluded that no further intervention is required.

[23] No other public interest issues arise from the proposed transaction.

[24] No third party expressed any public interest concerns about the proposed transaction.

## **Conclusion**

[25] For the reasons set out above, we are satisfied that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. Furthermore, the proposed transaction raises no public interest concerns.

[26] We therefore approve the proposed transaction without conditions.

Signed by: Thando Vilakazi  
Signed at: 2024-12-11 14:46:28 +02:00  
Reason: Witnessing Thando Vilakazi

*Thando Vilakazi*

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**Presiding Member  
Prof. Thando Vilakazi**

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**11 December 2024**

**Date**

**Ms. Andiswa Ndoni and Prof. Imraan Valodia concurring.**

Tribunal Case Manager:

Karabo Orekeng

For the Merger Parties:

Misha Van Niekerk of Adams & Adams

For the Commission:

Reabetswe Molotsi and Wiri Gumbie