



## COMPETITION TRIBUNAL OF SOUTH AFRICA

**Case No: 06/LM/Jan12**

In the matter between:

**Sycom Property Fund Collective  
Investment Scheme in property**

**Acquiring Firm**

And

**Grapnel Property Investments (Pty) Ltd and  
Changing Tides 91 (Pty) Ltd**

**Target Firm**

Panel : Norman Manoim (Presiding Member)  
Yasmin Carrim (Tribunal Member)  
Takalani Madima (Tribunal Member)  
Heard on : 15 February 2012  
Order issued on : 15 February 2012  
Reasons issued on : 08 March 2012

### **Reasons for Decision**

#### **Approval**

- 1] On 15 February 2012 the Competition Tribunal ("Tribunal") approved the merger between Sycom Property Fund Collective Investment in property and two firms, namely Grapnel Property Investments (Pty) Ltd and Changing Tides 91 (Pty) Ltd. The reasons for approving the proposed transaction follow below.

## **Parties to the transaction**

- 2] The primary acquiring firm is Sycom Property Fund Collective Investment in property (“Sycom”), a company who either directly or indirectly invests in rental property in the retail and office space sectors in Gauteng and the Western Cape. Pre-merger, Sycom owns a 70% interest in Paarl Mall (Western Cape).
- 3] One of the primary target firms is Grapnel Property Investments (Pty) Ltd (“Grapnel”) in respect of a 15% interest in Paarl Mall, located in the Western Cape and a 100% interest in a property letting enterprise known as Cadbury Office Block, located in Woodmead, Gauteng. Grapnel is a property fund development, investment and management company.
- 4] The second primary target firm is Changing Tides 91 (Pty) Ltd (“Changing Tides”) in respect of a 15% interest in Paarl Mall. Changing Tides is a property development and property investment company.

## **Proposed transaction**

- 5] The proposed transaction is structured into three components as follows:
  - a. Sycom’s acquisition of Cadbury Office Block from Grapnel as a going concern.
  - b. Sycom’s acquisition of a 15% undivided share of Paarl Mall held by Grapnel.
  - c. Sycom’s acquisition of a 15% undivided share of Paarl Mall held by Changing Tides.
- 6] As a result of the transaction, Sycom will increase its current 70% interest to a 100% interest in Paarl Mall by acquiring the remaining 30% from the target firms and will therefore exercise sole control over both Paarl Mall and Cadbury Office Block.

### **Rationale for transaction**

- 7] The primary acquiring firm already holds a 70% interest in Paarl Mall and would like to exercise sole control over Paarl Mall. The primary acquiring firms feels that the acquisition of Cadbury Office Block would be a good investment opportunity.
- 8] Grapnel wishes to reduces its debt and increase its capital for further development opportunities.

### **Impact on competition**

- 9] There is an overlap between the activities of the parties in the geographic market for minor regional centres in the Paarl/ Wellington/ Franschhoek node in the Western Cape Province due to Sycom's pre-merger 70% interest n Paarl Mall.
- 10]An overlap exists in the market for rentable A-grade office space in the Greater Woodmead node, located in the Gauteng Province, as both Sycom and Grapnel own various A-grade office spaces in such node. As a result of the transaction, Sycom's estimated market share in the relevant market will increase from 14.04% to 14.43% and therefore the proposed transaction is unlikely to substantially prevent or lessen competition.

### **Public interest**

- 11]The merging parties confirmed that there will be no adverse effect on employment as a result of the proposed transaction.<sup>1</sup> No other public interest issues arise as a result of this transaction.

### **CONCLUSION**

- 12]We conclude 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. Accordingly,

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<sup>1</sup> See page 110 of the record.

we approve the proposed merger unconditionally.

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**NORMAN MANOIM**

08 March 2012  
**DATE**

**Yasmin Carrim and Takalani Madima concurring.**

Tribunal researcher: Nicola Ilgner

For the merging parties: Vani Chetty Competition law

For the Commission: Mogalane Matsimela