

## COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 52/LM/May12  
015040

**Macsteel Services Centres SA (Pty) Ltd**

**Acquiring Firm**

And

**Samson Property Investments SA (Pty) Ltd**

**Target Firm**

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Panel	:	Norman Manoim (Presiding Member) Yasmin Carrim (Tribunal Member) Andiswa Ndoni (Tribunal Member)
Heard on	:	04/07/2012
Order issued on	:	04/07/2012
Reasons issued on	:	09/07/2012

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### Reasons for Decision

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### APPROVAL

[1] On 4 July 2012 the Competition Tribunal ("Tribunal") unconditionally approved the proposed transaction between Macsteel Services Centres SA (Pty) Ltd and Samson Property Investments SA (Pty) Ltd. The reasons for approval of the proposed transaction follow below.

### THE TRANSACTION

[2] This is a horizontal and vertical property transaction. The proposed transaction involves the acquisition by Macsteel Services Centres SA (Pty) Ltd ("MSCSA") of Samson Property Investments SA (Pty) Ltd property ("SPISA").

[3] In term of the proposed transaction MSCSA intends to acquire 100% of the issued share capital of SPISA property assets. That way, post merger, MSCSA will have sole control over SPISA's properties.

[4] MSCSA currently rents out SPISA's properties for the purposes of conducting its business activities and is the only tenant as SPISA does not rent out its properties to any other third parties.

## **THE RATIONALE FOR THE TRANSACTION**

[5] MSCSA considers this transaction as a good investment for its business as it will further enhance its ability to secure property for its business operations. For SPISA this is an opportunity to realise its property investments, and it considers it a logical step to sell to its existing and only tenant.

## **COMPETITION ASSESSMENT**

### ***Activities of the merging parties***

[6] MSCSA's key business activities are in the steel market. Though property is not its main business, it does own several office and light industrial properties, some of which are leased to third parties. MSCSA also rents light industrial property from third parties for the purpose of conducting its business. MSCSA's properties are located across the country, but the ones relevant for the purpose of this transaction, are those located within the Germiston and Boksburg nodes.

[7] SPISA is primarily a property investor and derives its income from rentals received from tenants. It holds various properties, mainly industrial properties, in various locations including within the Germiston and Boksburg nodes. MSCSA is currently SPISA's only tenant.

### ***Horizontal Analysis***

[8] The activities of the merging parties overlap horizontally in respect of the provision of rentable light industrial properties in the Germiston and Boksburg nodes.

[9] In the market for rentable light industrial property in the Germiston node, premerger MSCSA has 1.39%, and SPISA has 2.40% market share, and the merged entity will have a combined market share of 3.79% post merger.

[10] In the market for rentable light industrial property in the Boksburg node, premerger MSCSA currently has 1.22% and SPISA has 1.37% market share. Post merger, the merged entity will have a combined market share of 2.59% in that market.

[11] However it is artificial to view these properties as forming part of the competitive market for light industrial property. Prior to the merger the properties were used solely by MSCSA and this will continue post merger. The merger does no more than re-house the properties from one controlled entity of the Samson family to another.

### ***Vertical Analysis***

[12] There is a vertical relationship between the merging parties' activities in that MSCSA currently rents SPISA's properties. However this does not raise any foreclosure concerns as SPISA does not rent its properties to any other third parties as MSCSA is its only existing tenant.

### **PUBLIC INTEREST**

[13] There are no public interest issues.

### **CONCLUSION**

[14] We conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in the property market as it does not raise any horizontal competition concerns or any foreclosure concerns.

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**N Manoim**

**09 July 2012**

Date

**Yasmin Carrim and Andiswa Ndoni concurring**

Tribunal Researcher: Londiwe Senona

For the merging parties: Webber Wentzel

For the Commission: Lerato Monareng