



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM208Jan16

In the matter between:

STELLAR CAPITAL PARTNERS LTD

Primary Acquiring Firm

and

FRIEDSHELF 1678 (PTY) LTD

Primary Target Firm

Panel	: Yasmin Carrim (Presiding Member)
	: Medi Mokuena (Tribunal Member)
	: Andiswa Ndoni (Tribunal Member)
Heard on	: 27 January 2016
Order Issued on	: 27 January 2016
Reasons Issued on	: 25 February 2016

Reasons for Decision

Approval

- [1] On 27 January 2016, the Competition Tribunal ("Tribunal") approved the proposed transaction between Stellar Capital Partners Ltd and Friedshelf 1678 Proprietary Ltd.
- [2] The reasons for approving the proposed transaction follow.

Parties to proposed transaction

Primary acquiring firm

- [3] The primary acquiring firm is Stellar Capital Partners Ltd ("*Stellar Capital*"), a company duly incorporated in accordance with the company laws of the Republic of South Africa. It is an investment holding company providing financial services and strategic direction to its investee companies. Stellar Capital already holds 45.99% of the issued share capital of the target firm, Cadiz Bidco.
- [4] Stellar Capital also holds strategic non-controlling interests in firms involved in the sale of industrial equipment, mining rehabilitation services, the information and Communication Technology ("ICT") equipment and solutions sector and asset management services.

Primary target firm

- [5] The primary target firm is Friedshelf 1678 (Pty) Ltd also referred to as Cadiz Bidco, a firm duly incorporated in accordance with the company laws of the Republic of South Africa.
- [6] The firm is not controlled by any single entity as its shareholding is dispersed. For the sake of completeness the following shareholders hold more than 5% of the issued shares in Cadiz Bidco:
- | | |
|---|--------|
| 1. Stellar Capital (the acquiring firm) | 45.99% |
| 2. Friedshelf 1638 (Pty) Ltd | 24.31% |
| 3. Makana Financial Services (Pty) Ltd | 14.72% |
| 4. Groombridge Nominees (Pty) Ltd | 12.18% |
- [7] Cadiz Bidco specializes in providing asset management services to institutional investors and big net worth individuals and to a lesser extent corporate advisory services such as merger and acquisition clients. Cadiz Bidco controls a few other companies which together are referred to as Cadiz Bidco.

Proposed transaction and rationale

- [8] Stellar Capital intends to acquire a further 39.03% of the issued share capital of Cadiz Bidco. Stellar Capital will achieve this by acquiring 24.31% of the shares

held by Friedshelf 1638 (Pty) Ltd and 14.72% of shares held by Makana Financial Services (Pty) Ltd. Following which Stellar Capital will hold 85.02% of the issued share capital of Cadiz Bidco, which will confer it, control of Cadiz Bidco.

- [9] Stellar Capital Partners Ltd submits that the proposed transaction will provide it with an opportunity to increase the firm's exposure to an upside in a successful turnaround of Cadiz Group, while simultaneously affording the opportunity to dispose of various non-core assets of [the] Cadiz Group at attractive.
- [10] Cadiz Group submits that the proposed transaction will provide it with a single controlling shareholder which will assist its management to realize growth opportunities and achieve turnaround.

Impact on competition

- [11] The Competition Commission ("Commission") found that there is no overlap between the activities of the merging parties. The Acquiring Group is an investment holding company providing financial services and strategic direction to its investee companies. The Acquiring Group holds non-controlling interest in firms involved in industrial equipment, mining rehabilitation services, the ICT equipment, solution sector and asset management services. The Acquiring Group also provides working capital to automotive repair firms and finances firms looking to acquire critical ICT infrastructure.
- [12] The Target Group ("Cadiz Group") specializes in asset management services to institutional investors and high net worth individuals and, to a lesser extent, corporate advisory services, for example to a merger and acquisition clients.
- [13] The Commission therefore concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market.
- [14] We concurred with the Commission's conclusion that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market.

Public interest

[15] The merging parties confirmed that the proposed transaction will not result in any adverse impact on employment.¹

[16] The proposed transaction further raises no other public interest concerns.

Conclusion

[17] In light of the above, we concluded 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 approved the proposed transaction unconditionally.



Ms Yasmin Carrim

25 February 2016
DATE

Mrs Medi Mokuena and Ms Andiswa Ndoni concurring

Tribunal Researcher:	Busisiwe Masina
For the merging parties:	Cliffe Dekker Hofmeyr Inc
For the Commission:	Rakgole Mokole

¹ *Inter alia* merger record page 3.