

# COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 94/LM/Sep07

In the matter between:

**RTZ Zelpy 5113 (Pty) Ltd**

Acquiring Firm

And

**Diamond's Discount Liquor (Pty) Ltd**

Target Firm

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Panel : D Lewis (Presiding Member), N Manoim (Tribunal Member), Y  
Carrim (Tribunal Member)

Heard on : 23 October 2007

Order Issued : 23 October 2007

**Reasons Issued: 7 November 2007**

## Reasons for Decision

### Approval

1] On 23 October 2007, the Tribunal unconditionally approved the merger between the RTZ Zelpy 5113 (Pty) Ltd and Diamond's Discount Liquor (Pty) Ltd. The reasons for approving the transaction follow.

### The parties

2] The primary acquiring firm is RTZ Zelpy 5113 (Pty) Ltd ("Newco"). Newco is a company incorporated in terms of the company laws of the Republic of South Africa. Newco is controlled by Corvest 6 (Pty) Ltd ("Corvest"), which is in turn controlled by RMB Private Equity (Pty) Ltd ("RMB"). RMB is controlled by FirstRand Holdings Limited ("FirstRand").

- 3] Newco does not control any company. FirstRand has in excess of thirty subsidiaries.<sup>1</sup>
- 4] The primary target firm is Diamond's Discount Liquor (Pty) Ltd ("DDL"), a company incorporated in accordance with the company laws of the Republic of South Africa. DDL has three shareholders namely Mala Trust (with a shareholding of 50%), Tuney Trust (with a shareholding of 30%), and Peter Briner Trust (with a shareholding of 20%).
- 5] DDL controls Alandra Bellegings (Pty) Ltd ("Alandra Bellegings").

### **Description of the transaction**

- 6] In terms of the transaction, Newco will acquire the business of DDL. Then Coverst and DDL will each acquire a 50% shareholding in Newco. At the completion of the transaction, on the one hand, Newco will own the business of DDL, while on the other hand, Corvest and DDL will jointly control Newco.

### **Rationale for the transaction**

- 7] The primary acquiring firm views this transaction as providing Corvest with an attractive investment opportunity in the retail and wholesale liquor industry.
- 8] The primary target firm views this transaction as an opportunity for the shareholders of DDL to realise a return on their investment and to ensure continued operation of the business.

### **The parties' activities**

- 9] Newco is a newly formed shelf company that has not previously traded. FirstRand is an integrated financial service group that provides a comprehensive range of products and services to the South African market and niche products in certain international markets. FirstRand products entail retail banking, investment banking, corporate banking, private banking, life insurance, health insurance, asset management, employee benefits and short-term insurance.

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<sup>1</sup> See record page 24.

10] DDL is involved in the retail and wholesale liquor industry selling all types of liquor and ancillary products such as cigarettes and glasses to the public and to other liquor outlets including liquor stores, clubs, pubs, restaurants and taverns. It also redistributes liquor to the other licensed traders such as stores, pubs and restaurants.<sup>2</sup>

### **Competition analysis**

11] There is no overlap in the activities of the merging parties as the acquiring firm does not have interests in the retail and wholesale liquor industry where the primary target firm is involved. The proposed transaction is therefore unlikely to substantially prevent or lessen competition in any market.

### **Public Interest**

12] There are no public interest issues.

### **Conclusion**

13] The merger is approved unconditionally.

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D Lewis  
Tribunal Member

**7 November 2007**

**DATE**

Y Carrim and N Manoim concur in the judgment of D Lewis

**Tribunal Researcher : R Kariga**

For the merging parties: Cliffe Dekker Attorneys

For the Commission : M D Masilela and M Mohlala (Mergers and Acquisitions)

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<sup>2</sup> See record pages 18-19 and 358-359.