

DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION

NO. 6013

20 March 2025

NOTIFICATION TO APPROVE WITH CONDITIONS THE TRANSACTION INVOLVING:

PARICEL PROPRIETARY LIMITED

AND

PHSA KRUGERSDORP PROPRIETARY LIMITED, PHSA VAAL PROPRIETARY LIMITED,
PHSA FOCHVILLE PROPRIETARY LIMITED, AND PHDC KRUGERSDORP
PROPRIETARY LIMITED

CASE NUMBER: 2024DEC0010

The Competition Commission hereby gives notice, in terms of Rule 38 (3)(c) of the 'Rules for the Conduct of Proceedings in the Competition Commission', that it has approved the transaction involving the abovementioned firms subject to conditions set out below:

Background

1. The Competition Commission ("Commission") received notice of an intermediate merger whereby Paricel Proprietary Limited ("Paricel") intends to acquire control in 4 (four) legal entities which own 3 (three) grocery stores as well as 1 (one) distribution centre that supplies the 3 (three) mentioned grocery stores.
2. The primary acquiring firm is Paricel, a South African firm. Paricel does not directly or indirectly control any firms. Paricel and its controller will be referred to as the "Acquiring Group".
3. The Acquiring Group's operations involve a variety of business activities including property development, leasing, asset management, retail and hospitality. Of relevance to the proposed transaction are the Acquiring Group's 3 (three) grocery retail operations and 4 (four) liquor stores ("Three Grocery Retail Operations").
4. The Acquiring Group does not have any ownership by historically disadvantaged persons ("HDP").

5. The primary target firms are (i) PHSA Krugersdorp Proprietary Limited, (ii) PHSA Vaal Proprietary Limited, (iii) PHSA Fochville Proprietary Limited, and (iv) PHDC Krugersdorp Proprietary Limited (“the Target Firms”). The Target Firms are South African firms and do not control any firms.
6. Pre-merger, the Target Firms do not have ownership by HDPs.
7. The Target Firms are legal entities that collectively own the three target grocery retail stores trading under the brand name *President Hyper* and one distribution centre that services the needs of these three grocery retail stores only. The three President Hyper grocery retail stores and the distribution centre are all located in the Gauteng province.

Competition assessment

8. The proposed transaction is unlikely to result in a substantial prevention or lessening of competition in the affected markets.

Public interest analysis

9. To address public interest issues arising, the merging parties have committed to implement skills development programmes and also assist a variety of HDP emerging farmers in close proximity to the Target Firms.

Conclusion

10. The Commission approves the proposed transaction subject to the conditions set out in **Annexure A** hereto.

ANNEXURE A**PARICEL PROPRIETARY LIMITED****AND****PHSA KRUGERSDORP PROPRIETARY LIMITED ("PHSA KRUGERSDORP");****PHSA VAAL PROPRIETARY LIMITED ("PHSA VAAL");****PHSA FOCHVILLE PROPRIETARY LIMITED ("PHSA FOCHVILLE"); AND****PHDC KRUGERSDORP PROPRIETARY LIMITED ("PHDC").****CASE NO: 2024DEC0010**

CONFIDENTIAL CONDITIONS

DEFINITIONS

The following expressions shall bear the meanings assigned to them below and cognate expressions bear corresponding meanings -

- 1.1. **"Acquiring Firm"** means Paricel Proprietary Limited;
- 1.2. **"Acquiring Group"** means the group of which the Acquiring Firm forms part, including the firms exercising control over the Acquiring Firm and the firms over which the Acquiring Firm exercises control;
- 1.3. **"Act"** means the Competition Act, No. 89 of 1998, as amended;
- 1.4. **"Approval Date"** means the date on which the Merger is approved by the Commission;
- 1.5. **"Commission"** means the Competition Commission of South Africa, a statutory body established in terms of section 19 of the Act;
- 1.6. **"Commission Rules"** mean the Rules for the Conduct of Proceedings in the Commission;
- 1.7. **"Conditions"** means these conditions;
- 1.8. **"Day"** means any calendar day which is not a Saturday, a Sunday or an official public holiday in South Africa;

- 1.9. **“HDP”** means historically disadvantaged person, as contemplated in section 3(2) of the Act;
- 1.10. **“HDP Emerging Farmers”** means 4 HDP emerging farmers in the areas where the Target Firms are located, subject to the HDP emerging farmers being able to achieve minimum food safety and product quality requirements.
- 1.11. **“HDP Procurement Spend”** means the total amount spent by the Acquiring Group on acquiring goods and services from HDPs in the Republic of South Africa in its financial year ended;
- 1.12. **“Implementation Date”** means the date occurring after the Approval Date on which the Merger is implemented by the Parties;
- 1.13. **“Merged Entity”** means, collectively, the Acquiring Firm and the Target Firms, subject to the control of the Acquiring Firm;
- 1.14. **“Merger”** means the acquisition of control by the Acquiring Firm over the Target Firms;
- 1.15. **“Merger Parties”** means, collectively, the Acquiring Firm and the Target Firms;
- 1.16. **“Skills Development Spend”** means the total amount spent by the Acquiring Group on skills development and training initiatives;
- 1.17. **“Target Firms”** means PHSA Krugersdorp Proprietary Limited, PHSA Vaal Proprietary Limited, PHSA Fochville Proprietary Limited, and PHDC Krugersdorp Proprietary Limited;
- 1.18. **“Tribunal”** means the Competition Tribunal of South Africa, a statutory body established in terms of section 26 of the Act; and
- 1.19. **“Tribunal Rules”** means the Rules for the Conduct of Proceedings in the Tribunal.

2. **HDP PROCUREMENT COMMITMENTS**

- 2.1. The Merger Parties shall procure up to [CONFIDENTIAL] per month of fresh produce products from the identified HDP Emerging Farmers. This amounts to a commitment to procure up to [CONFIDENTIAL] per year from HDP Emerging Farmers for a period of 3 years (a total commitment of [CONFIDENTIAL] over the 3 years).

3. **SKILLS DEVELOPMENT AND TRAINING**

- 3.1. The Merger Parties will commit [CONFIDENTIAL] per HDP, per year, for a period of 3 years in order to upskill a total of 60 HDPs with additional artisanal skills over the 3-year period. This artisanal skills development initiative will amount to a total investment of [CONFIDENTIAL] over the 3-year period.
- 3.2. The second initiative will result in the introduction of a graduate programme for 10 HDPs who are current employees of the Target Firms and who will be offered the opportunity, through an application and selection process, to study at various accredited institutions towards gaining certificates, diplomas or degrees. The Merger Parties will commit [CONFIDENTIAL] per HDP, per year, for a course of their choice ranging in duration of between 1 and 3 years. The Merger Parties shall commit an investment of approximately [CONFIDENTIAL] over the 3-year period. The selected HDPs will be provided with the opportunity to attend the courses on a part-time basis and will be able to choose from any one of the following subject matters: (i) cost accounting; (ii) logistics management; (iii) retail management; (iv) food technology and testing; (v) forensic accountancy; (vi) occupational health and safety; (vii) graphic design; (viii) photography; (ix) informational technology; or (x) chef school.

4. **MONITORING OF COMPLIANCE WITH THE CONDITIONS**

- 4.1. The Merger Parties shall circulate a non-confidential copy of the Conditions to the employees of the Merger Parties, together with the trade union(s) and/or employee representatives notified of the Merger, within 5 (five) Days of the Approval Date.
- 4.2. As proof of compliance with paragraph 4.1 above, the Acquiring Group shall within 10 (ten) Days of circulating the Conditions, submit an affidavit to the Commission attesting to the circulation of the Conditions and provide a copy of the notice that was sent to the Employees of the Merger Parties, and the relevant trade union(s) and/or employee representatives.
- 4.3. The Merger Parties shall inform the Commission in writing of the Implementation Date within 5 (five) Days of the Implementation Date.
- 4.4. The Acquiring Group shall, within 1 (one) month of the first anniversary of the Implementation Date and for a period of 2 (two) years thereafter, provide the Commission with a report confirming its compliance with the Conditions. The compliance report shall be accompanied by an affidavit from a senior official of the Acquiring Group attesting to the correctness of the report.

5. APPARENT BREACH

- 5.1. Should the Commission receive any complaint in relation to non-compliance with the above Conditions, or otherwise determines that there has been an apparent breach by the Merging Parties of these Conditions, the breach shall be dealt with in terms of Rule 39 of the Commission Rules.

6. VARIATION

- 6.1. The Merging Parties may at any time, on good cause shown, apply to the Commission for the Conditions to be waived, relaxed, modified and/or substituted. Should a dispute arise in relation to the variation of the Conditions, the Merging Parties shall apply to the Tribunal, on good cause shown and on notice to the Commission, for the Conditions to be waived, relaxed, modified and/or substituted.

7. GENERAL

- 7.1. All correspondence in relation to the Conditions must be submitted to the following e-mail addresses: mergerconditions@compcom.co.za and ministry@thedtic.gov.za.
8. Enquiries in this regard may be addressed to the Manager: Mergers and Acquisitions Division at Private Bag X23, Lynnwood Ridge, 0040. Telephone: (012) 394 3200.