



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM028May16

In the matter between:

FIRSTRAND BANK LIMITED

Primary Acquiring Firm

and

**MMI GROUP LIMITED in respect of the
Property letting enterprise known as
2 and 4 Merchant Place as well as the
related parking bays held in Merchant
Place Parkade Share Block Proprietary
Limited**

Primary Target Firms

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| Panel | : Yasmin Carrim (Presiding Member) |
| | : Anton Roskam (Tribunal Member) |
| | : Medi Mokuena (Tribunal Member) |
| Heard on | : 15 June 2016 |
| Order Issued on | : 15 June 2016 |
| Reasons Issued on | : 4 July 2016 |

Reasons for Decision

Approval

- [1] On 15 June 2016, the Competition Tribunal ("Tribunal") unconditionally approved the large merger between First Rand Bank Limited ("FirstRand Bank") and MMI Group Limited ("MMI Group") in respect of the property letting enterprise known as 2 and 4

Merchant Place as well as related parking bays held in Merchant Place Parkade Share Block Proprietary Limited ("the Target Properties")

[2] The reasons for approving the proposed transaction follow.

Parties to transaction

Primary acquiring firm

[3] The primary acquiring firm, FirstRand Bank, is controlled by FirstRand Limited ("FirstRand"). FirstRand is listed on the Johannesburg Stock Exchange ("JSE") and the Namibian Stock Exchange ("NSX"). FirstRand Limited and its group of subsidiaries will collectively be referred to as the "Acquiring Group".

[4] The Acquiring Group conducts its business in the financial services sector which includes retail banking, broking, assets/investments management, private client's management, corporate finance, interest rate management, project finance, risk management, mortgage lending as well as other banking solutions.

Primary target firm

[5] The Target Properties are owned by MMI Group. The Target Properties are classified as Grade A office properties. 2 and 4 Merchant Place is leased to the Acquiring Group.

Proposed transaction and rationale

[6] The proposed transaction involves FirstRand Bank acquiring the Target Properties from MMI Group. This results in FirstRand Bank controlling the Target Properties.

[7] The Acquiring Group submitted that they are the current lessees of the Target Properties. According to FirstRand Bank's policy, it must have ownership of all premises it occupies. The proposed transaction is therefore pursuant to this policy. MMI Group submitted that it wants to manage its exposure to offices in the Sandton node and its directions in terms of development includes further exposure to Grade A

offices in Sandton CBD. The realisation of these assets are consistent with the prevailing economic conditions and MMI Group's future investment plans in the Sandton node.

Impact on competition

[8] The Competition Commission ("the Commission") initially identified a horizontal overlap in the activities conducted by the merging parties. Upon further investigation, however, the Commission found that there is no horizontal overlap as the Acquiring Group does not lease the Target Properties to third parties. The Commission, adopting a conservative approach found that even if an overlap was present, the merging parties would have a minimal market share of 11% with an accretion of 3% in this market. The Commission found that the proposed transaction would not result in a substantial lessening of competition in the provision of rentable Grade A office property as the activities of the merging parties do not overlap.

[9] We concur with the Commission's competition assessment that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market as there is no overlap present.

Public interest

[10] The merging parties confirmed that the proposed transaction will not result in an adverse impact on employment.¹ The proposed transaction further raises no other public interest concerns.

Conclusion

[11] In light of the above, we conclude 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 transactions. Accordingly, we approve the proposed transaction unconditionally.



Ms Yasmin Carrim

04 July 2016
DATE

Anton Roskam and Medi Mokuena concurring

¹ *Inter Alia* merger record page 84

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|--------------------------|-------------------------------------|
| Tribunal Researcher: | Aneesa Ravat |
| For the merging parties: | Vani Chetty of Baker & McKenzie |
| For the Commission: | Boitumelo Makgabo and Xolela Nokele |