



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM324Mar18

In the matter between:

Sanlam Life Insurance Limited

Primary Acquiring Firm

And

**The Main Straight (Pty) Ltd in respect of the
Main Straight Office Park**

Primary Target Firm

| | |
|-------------------|-------------------------------------|
| Panel | : Mr A W Wessels (Presiding Member) |
| | : Mr E Daniels (Tribunal Member) |
| | : Prof F Tregenna (Tribunal Member) |
| Heard on | : 9 May 2018 |
| Order Issued on | : 9 May 2018 |
| Reasons Issued on | : 30 May 2018 |

REASONS FOR DECISION

Approval

- [1] On 9 May 2018, the Competition Tribunal ("Tribunal") unconditionally approved the proposed transaction involving Sanlam Life Insurance Limited ("Sanlam Life") and The Main Straight (Pty) Ltd ("Main Straight") in respect of the The Main Straight Office Park (hereinafter referred to as "the target property").
- [2] The reasons for approving the proposed transaction follow.

Parties to the proposed transaction

Primary acquiring firm

- [3] The primary acquiring firm is Sanlam Life, a wholly owned subsidiary of Sanlam Limited ("Sanlam"). Sanlam is listed on the JSE. It has interests in a range of

firms and properties throughout South Africa. Of relevance to the competition assessment of the current transaction is Sanlam's ownership of a number of rentable office properties in Gauteng.

Primary target firm

- [4] The target property, currently owned by Main Straight, is an office park situated in Bryanston, Johannesburg. The target property is classified as a grade P office property.

Proposed transaction and rationale

- [5] In terms of the proposed transaction, Sanlam Life intends to acquire the target property from Main Straight. Post-merger Sanlam Life will own and control the target property.
- [6] Sanlam submitted that it wants to expand its property portfolio in the Gauteng region. Main Straight stated that it plans to use the proceeds from this sale for further developments.

Impact on competition

- [7] The Competition Commission ("Commission") analysed the activities of the merging parties and found a horizontal overlap between their activities in the provision of rentable Grade P office space.
- [8] With regards to the geographic market, as stated above, the target property is situated in Bryanston, Johannesburg. Sanlam owns *inter alia* a Grade P office property situated in Illovo, Johannesburg. The distance between these two properties is approximately 11 kms.
- [9] Given the abovementioned distance between the properties, the Commission concluded that there is no geographic overlap between the merging parties' Grade P properties.
- [10] However, no customer information is available in this matter relating to substitution from a geographic market perspective. We do not know if customers, in the hypothetical case of a post-merger small but significant non-

transitory increase in price, would shift between the above mentioned geographical areas, i.e. Bryanston and Illovo, for the rental of Grade P office property. We therefore leave the precise delineation of the relevant geographic market open.

- [11] Be that as it may, we have no reason to believe that the proposed transaction will substantially prevent or lessen competition in the market for the provision of rentable Grade P office space in the affected geographic area since the acquiring group is a relatively small player in this geographic area regardless of the precise parameters of the relevant geographic market.¹

Public interest

- [12] The merging parties confirmed that the proposed transaction will have no adverse effect on employment.²
- [13] Furthermore, the proposed transaction raises no other public interest concerns.

Conclusion

- [14] 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 the proposed transaction does not raise any public interest issues. Accordingly, we approve the proposed transaction unconditionally.



Mr A W Wessels

30 May 2018

Date

Mr Enver Daniels and Prof Fiona Tregenna

Tribunal Case Manager: Jonathan Thomson

For the merging parties: Andries Le Grange of Cliffe Dekker Hofmeyr Inc

For the Commission: Rethabile Ncheche

¹ Also see Merger Record, pages 49 and 50. The merging parties estimated that the merged entity's market share will be below 5% in the provision of Grade P office property in an area described as "*broader Sandton and surrounds*".

² See Merger Record, pages 9 and 51.