



## COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No:62/LM/Jun12

In the matter between:

**MMI Holdings Limited**

Acquiring Firm

And

**ERIS PROPERTY (Pty) Ltd**

Target Firm

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|                   |   |                                                                                                           |
|-------------------|---|-----------------------------------------------------------------------------------------------------------|
| Panel             | : | Yasmin Carrim (Presiding Member),<br>Andreas Wessels (Tribunal Member)<br>Andiswa Ndoni (Tribunal Member) |
| Heard on          | : | 31 July 2012                                                                                              |
| Order issued on   | : | 31 July 2012                                                                                              |
| Reasons issued on | : | 28 August 2012                                                                                            |

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### Reasons for Decision

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#### Approval

[1] On 31 July 2012 the Competition Tribunal ("Tribunal") unconditionally approved the merger between MMI Holdings Limited and Eris Property (Pty) Ltd. The reasons for approval follow below.

## **The Transaction**

- [2] The primary acquiring firm is MMI Holdings ("MMI"), a firm listed on the Johannesburg Securities Exchange ("JSE") and incorporated in terms of the laws of the Republic of South Africa.
- [3] The primary target firm is Eris Property Group (Pty) Ltd ("Eris"), a private company incorporated in terms of the laws of the Republic of South Africa.
- [4] MMI's core business is long and short term insurance, property asset management, savings, investment, health-care administration and employee benefits. It has a subsidiary which provides property management and asset management services. It owns industrial, office and retail properties in the Umhlanga Rocks, Bellville and Cape Town nodes.
- [5] Eris is a property services company which provides a range of commercial property skills, property advisory services, property valuations, leasing and investment broking, property development, trading, asset management, property management, facilities management and retail services. It owns office space in the Bellville and Goodwood nodes.
- [6] As a result of the proposed transaction, the business of the subsidiary of the acquiring firm shall be injected into the target firm.

## **The Rationale**

- [7] The acquiring firm previously indirectly enjoyed economic benefits by procuring its property services from Eris, which fell away as a result of the merger between Momentum and Metropolitan as it led to the unbundling of Momentum from the First Rand Group. MMI and Eris have entered into the proposed transaction against the above background. This will allow MMI to derive economic benefits from the procurement of services from Eris.

[8] The target firm intends to gain access to a diversified portfolio of properties in the form of properties managed by a subsidiary of the acquiring firm, while the acquiring firm will again derive benefits from the procurement of services from the target firm as a result of the proposed transaction, the business of the subsidiary of the acquiring firm shall be injected into the target firm.

### **The relevant market and the impact on competition**

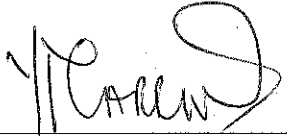
[9] The Commission found that there is an overlap in the market for industrial space in the Goodwood/Epping node and an overlap for Grade B office space in the Cape Town CBD node. The Commission found that the post-merger combined market share of the merged entity remains low. There is a vertical overlap in respect of property management and the asset property management services provided by Eris to MMI.

[10] The Commission found that the proposed transaction is unlikely to lead to a substantial prevention or lessening of competition as the market shares' remain low. Given that the vertical integration is for in-house purposes, the proposed transaction will not lead to foreclosure concerns.

[11] We agree with the Commission that the transaction be approved without conditions.

### **CONCLUSION**

[12] There are no significant public interest issues and we accordingly approve the transaction without conditions.

  
Y Carrim

28 August 2012  
DATE

A Wessels and A Ndoni concurring.

Tribunal Researcher: Thabo Ngilande  
For the merging parties: Cliffe Dekker Hofmeyr  
For the Commission: Takalani Ramavhoya