

Statement on the decisions of the Competition Commission

To: All Media

Date: 18 March 2015

1. Key decisions on mergers and acquisitions

1.1 Large Mergers

Proposed merger between JHI Properties (Pty) Ltd (JHI Properties) and Liberty Holdings Limited (LHL)

The Commission has recommended to the Competition Tribunal (Tribunal) that the large merger whereby JHI Properties intends to enter into a joint venture with LHL, be approved with conditions. The joint venture will be known as Deltrade 83 (Pty) Ltd (Deltrade 83), and will house the retail property management business of JHI retail division and property management business of LHL. Post-merger, JHI Properties will have a majority stake in the joint venture.

The Commission found that proposed transaction may result in an adverse effect on employment. To address the employment concerns, the Commission recommended a condition to enforce a moratorium on retrenchments for a period of 2 years from the effective date.

JHI Properties is in the process of changing its name from Deltrade 83; and provides property management services to property owners. LHL is a financial services group that develops, markets and manages various financial services such as asset management, retirement, insurance, medical insurance to individuals and corporate clients.

Proposed merger between MMI Strategic Investments Proprietary Limited (MMI) and Imara S.P. Reid Proprietary Limited (ISPR)

The Commission has recommended to the Tribunal that the large merger whereby MMI intends to acquire ISPR, be approved without conditions. Post-merger, MMI will have sole control over ISPR.

MMI is a special purpose vehicle that the acquiring group, MMI Holdings Limited (MMI Holdings), utilises for acquisition purposes. MMI Holdings develops, markets and distributes a variety of insurance products in South Africa.

ISPR is a stockbroking firm that primarily provides a full range of brokering services for high net worth individuals and institutions and discretionary portfolio management services to smaller provident/ pension funds.

1.2 Intermediate Mergers

Proposed merger between Tower Property Fund Ltd (Tower) and Sunclare Office Building (Sunclare Property)

The Commission has approved the intermediate merger whereby Tower intends to acquire Sunclare Property, without conditions. Post-merger, Tower will have sole control over Sunclare Property.

Tower is listed as a real estate investment trust which owns a diversified portfolio of 32 properties and letting enterprises including office, retail, industrial and residential properties. Sunclare Property is constituted of retail and office property.

Proposed merger between HBW Group (Pty) Ltd (HBW) and Sunclare Office Building (Sunclare Property)

The Commission has approved the intermediate merger whereby HBW intends to acquire Sunclare Property, without conditions. Post-merger, HBW will have sole control over Sunclare Properties.

It is important to note that the acquisition of Sunclare Property by HBW is temporal, as Tower Property Fund Limited (Tower) is acquiring Sunclare Property from HBW. The Transaction has been notified with the Commission.

HBW has investments in property investment firms owning a portfolio of immovable property and letting enterprises. Sunclare Property is constituted of retail and office property

Proposed merger between Pareto Limited (Pareto) and Kosmos Woonstelle and Emira Property Fund (Emira)

The Commission has approved the intermediate merger whereby Pareto intends to acquire Kosmos Woonstelle and Emira, without conditions. Post-merger, Pareto will have sole control of the target firms.

Pareto is an unlisted property loan stock company which focuses on acquiring and enhancing super regional and regional shopping centres in South Africa, as well as mixed developments. Emira is a listed property fund which controls a property portfolio comprising of office, retail and industrial property. Kosmos Woonstelle is a residential property comprising of rentable apartments.

Proposed merger between Mario II Finance Corporation (Mario II) and Sigma-Aldrich Corporation (Sigma-Aldrich Corp)

The commission has approved the intermediate merger whereby by Mario II intends to acquire Sigma-Aldrich Corp, with conditions. Post-merger, Mario II will have sole control over Sigma-Aldrich Corp.

The Commission found that the proposed merger is likely to raise public interest concerns related to small business and employment. The Commission therefore, imposed a condition on the merging parties to renew current distribution agreements for a period of less than 2 years. To address

the employment concerns, the Commission imposed a condition that no more than 6 affected employees would be retrenched as a result of the merger for a period of 2 (two) years following the implementation date.

Mario II is a special purpose vehicle formed for the purpose of this transaction and is owned by Merck KGaA, a manufacturer and distributor of life sciences chemicals, including reagents, kits, antibodies, tools for purifying, preparing or screening biological samples, and complementary accessories.

Sigma-Aldrich is a bioscience company which manufactures biochemicals, organic and inorganic chemicals, kits, labware and services that are used in research, including genomic and proteomic research, biotechnology, pharmaceutical development, quality control, testing, environmental monitoring and production.

1.3 Termination of Conditions

Termination of conditions imposed in the merger between Ardutch B.V. and Defy appliances (Pty) Ltd

On 25 November 2011, the Commission approved the above merger subject to certain conditions. The purpose of the conditions was to ensure that the merged entity invest in the South African production capacity of Defy and retain Defy's local suppliers, unless commercial reasons warrant termination.

Upon examining the information received by the Commission, the Commission is satisfied that there has been sufficient compliance with the conditions.

Termination of conditions imposed in the merger between New Glen Shopping Centre (Pty) Ltd and the Louis Group Platinum Trust

On 05 June 2012, the Commission approved the above merger subject to certain public interest conditions. In terms of the conditions, New Glen was to negotiate with Spar to remove the exclusivity clause contained in the lease agreement at the renewal of the lease in 2014.

Upon examining the information received by the Commission, the Commission is satisfied that New Glen has complied with the conditions.

Termination of conditions imposed in the merger between Rapfund Investments Proprietary Limited and Atterbury Investments Holdings Limited

On 09 April 2013, the Commission approved the above merger subject to certain public interest conditions. In terms of the conditions, Rapfund was to negotiate with Pick 'n Pay to remove the exclusivity clause contained in the lease agreement.

Upon examining the information received, the Commission is satisfied that Rapfund has complied with the Conditions.

Termination of conditions imposed in the merger between Zeder Financial Services Limited and Agri Voedsel Limited

On 26 February 2014, the Competition Tribunal approved the above merger subject to certain conditions. The Conditions required Zeder to implement the transaction within 12 months from the approval date, that is, by 25 February 2015. Had it not, it would forfeit the approval and would thus have to notify the transaction again if it intended to proceed with it.

Upon examining the information received, the Commission is satisfied that Zeder has complied with the Conditions.

2. Non Referrals

The Commission has taken a decision to non-refer the following cases on the basis of lack of evidence:

- a) Anonymous V Medscheme Holdings (Pty) Ltd, Bestmed Medical Scheme, Bonitas Medical Fund, Fedhealth Medical Scheme, Government Employees Medical Scheme (Gems), Medihelp Medical Scheme, Sasolmed Medical Aid Scheme, Mbmed Medical Aid Fund, Aeci Medical Aid Society, Xstrata Medical Aid Scheme, University Of The Witwatersrand (Wits) Staff Medical Scheme, Glencore Medical Scheme, Discovery Health Medical Scheme And Discovery Health (Pty) Ltd.
- b) Mr. Solomon Titus Padi V Jiangling Motors Corporation South Africa Limited.

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