



competition commission
south africa

Statement on the decisions of the Competition Commission

Date: 10 November 2016

1. Key decisions on Mergers and Acquisitions

Proposed merger between Redefine Properties Limited (Redefine) and Pivotal Fund Limited (Pivotal)

The Commission has recommended to the Tribunal an approval, without conditions, in the large merger whereby Redefine intends to acquire Pivotal.

The Redefine Group is a property investment group which owns a portfolio of office, residential (student accommodation), retail, hospital, gymnasium, hotel and industrial properties located throughout South Africa. Pivotal is a property investment and development fund with a portfolio comprising retail, office and industrial properties and vacant land located in the Gauteng, Western Cape and Free State Provinces.

The Commission found that the merged entity will continue to face competition constraints from other properties within the relevant office, retail and industrial property markets. Further, the proposed transaction does not raise foreclosure concerns. The Commission therefore found that the proposed transaction is unlikely to substantially prevent or lessen competition in any of the relevant markets. The proposed transaction does not raise public interest concerns.

Proposed merger between Microsoft Corporation (Microsoft) and LinkedIn (LinkedIn)

The Commission has approved, without conditions, the intermediate merger whereby Microsoft intends to acquire LinkedIn.

Microsoft is a global technology company that develops and licenses software products, services and devices. Microsoft's products include operating systems for computers, servers and mobile devices, cross-device productivity applications, video games as well as cloud-based solutions and online advertising. It also designs and markets hardware including personal computers (PCs), tablets, smartphones, gaming and entertainment consoles, other intelligent devices and related accessories.

LinkedIn provides an internet based professional social networking service as well as other additional services that include talent solutions such as recruiting tools and online education courses, marketing solutions, which allow individuals and enterprises to advertise to the LinkedIn member base and premium subscriptions.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in any of the affected markets. In addition, the Commission found that the proposed transaction does not raise any employment concerns as LinkedIn does not have any employees in South Africa. Furthermore, the proposed transaction does not raise concerns on other public interest grounds.

Proposed merger between Conduit Capital Limited (Conduit Capital) and Snowball Wealth (Pty) Ltd (Snowball)

The Commission has approved, without conditions, the intermediate merger whereby Conduit Capital intends to acquire Snowball.

Conduit Capital (Acquiring Group) operates as a provider of insurance products and services through its subsidiaries. Ancillary to its insurance business, Conduit Capital operates, for its own benefit, as an investment company. It invests its surplus funds for the long term, in listed companies. In the insurance business, the Acquiring Group provides long-term and short-term insurance and administration services to the Acquiring Group. Snowball is a private investment holding company, investing its capital in publicly listed companies for the long-term. It does not sell any products or deliver any services, but generates income for its shareholders through its strategic long-term investments in publicly listed companies that are considered to be trading below their intrinsic value.

The Commission considered the activities of the merging parties and found that the acquiring firm is involved in the long-term and short-term insurance markets whereas the target firm's activities only relate to investments in publicly listed companies (and not the sale of any products or the rendering of services). Therefore, there is no overlap between the activities of the merging parties. The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in any market in South Africa. In addition, the proposed transaction does not raise concerns on any public interest grounds.

Proposed merger between Bounty Home and Care (Pty) Ltd (Bounty Home) and RJ Genesis Company Pty Ltd (Genesis), Africa Floorcare and Promop (Pty) Ltd (Africa Floorcare), Tresso Trading 782 (Pty) Ltd (Tresso), Columbus Cleaning Solutions (Pty) Ltd (Columbus Cleaning)

The Commission has approved, without conditions, the intermediate merger whereby Bounty Home intends to acquire Genesis, Africa Floorcare, Tresso and Columbus Cleaning.

Bounty Home comprises of a larger group of consumer brand companies that are active, inter alia, in the following: distribution of footwear and apparel, distribution of homeware and personal care products and healthcare market (plant and animal healthcare and human healthcare), and the supply and distribution of homeware and personal care products. Genesis controls Africa Floorcare, Columbus Cleaning and Tresso. Relevant to the proposed transaction are the activities of the Target Firms that relate to the wholesale distribution of cleaning products such as floor polish, mops, floor polisher pads, cleaning cloths, buckets, air fresheners, rubber gloves, aprons, refuse bags, brooms, brushware and other general household cleaning products.

The Commission considered the activities of the merging parties and found that there is an overlap in the wholesale distribution of cleaning products. However, the Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in the wholesale distribution of cleaning products, as the combined post-

merger market shares remain low. In addition, the proposed transaction does not raise any public interest concerns.

Proposed merger between HCI-PROPC08 (Pty) Ltd (HCI-PROPC08) and 8 Mile Investments 450 (Pty) Ltd (8 Mile) in respect of The Palms (the Target Property)

The Commission has approved, without conditions, the intermediate merger whereby HCI-PROPC08 intends to acquire the Target Property from 8 Mile.

HCI-PROPC08 is an investment holding company which has a diverse group of investments including hotel and leisure, interactive gaming, media and broadcasting, transport, mining and energy, food and beverages, industrial, services and technology, and properties. The Target Property consists of a retail component (comprising niche lifestyle, décor and design stores), B-Grade office property and light industrial space in the form of warehousing facilities.

The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in the identified markets as the Acquiring Group's estimated post-merger market share remains low. In addition, the proposed transaction does not raise any public interest concerns.

Proposed merger between Conduit Capital Limited (Conduit Capital) and Midbrook Lane (Pty) Ltd (Midbrook)

The Commission has approved, without conditions, the intermediate merger whereby Conduit Capital intends to acquire Midbrook.

Conduit Capital (Acquiring Group) is a provider of long-term and short-term insurance products and services such as life and disability protection which caters for group scheme business, credit insurance, autobody warranties, legal cover and credit insurance. It also carries out a broad range of support responsibilities which include relationship management with the broker, the issuing of policies, underwriting, premium collection, claims administration, administering recoveries and salvages on behalf of the insurer and risk management services to its insurance business. Conduit Capital operates as a provider of insurance products and services through its subsidiaries. Ancillary to its insurance business, Conduit Capital operates, for its own benefit, as an investment company. It invests its surplus funds for the long term, in listed companies. In the insurance business, the Acquiring Group provides long-term and short-term insurance and administration services to the Acquiring Group. Midbrook does not sell any products or deliver any services, but generates income for its shareholders through its strategic long-term investments in publicly listed companies that are considered to be trading below their intrinsic value.

The Commission considered the activities of the merging parties and found that there is an overlap in the equity investment market. However, the Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in the equity investment market as the post-merger market share remains low. In addition, the proposed transaction does not raise any public interest concerns.

Proposed merger between EOH Intelligent Infrastructure (Pty) Ltd (EOH) and PIA Solar South Africa (Pty) Ltd (PIA)

The Commission has recommended to the Competition Tribunal that the proposed transaction be approved, without conditions, whereby EOH intends to acquire PIA.

EOH is an investment and management company which provides consulting, technology and outsourcing services. It engages in developing business and IT strategies, supplying and implementing solutions and managing enterprise-wide business systems and processes for medium to large clients. PIA manufactures, supplies and installs photovoltaic (PV) substructures. These are used to fix solar panels on surfaces such as roofs, building facades, or the ground.

The Commission considered the activities of the merging parties and found that the proposed transaction is unlikely to substantially prevent or lessen competition in any market, as there is no overlap. In addition, the proposed transaction does not raise any public interest concerns.

Proposed merger between African Rainbow Capital (Pty) Ltd (ARC) and Global Asset Management Limited (GAM)

The Commission has recommended to the Tribunal an approval, without conditions, in the large merger whereby ARC intends to acquire GAM.

ARC is a diversified financial services investment company and is active through its subsidiaries inter alia in the following: short-term insurance brokering, mortgage originator and financial services, and asset management. GAM is an investment holding company. In addition, GAM Industrial is active through LFS Assets, which leases Linde forklift trucks to customers under an exclusive arrangement with the manufacturer. GAM New Energy is focused on the investment in and management of sustainable growth of alternative energy business.

The Commission considered the activities of the merging parties and found that there is no overlap, as the Acquiring Group is active in the financial services sector offering services such short-term insurance and asset management whereas the target firm is active in the leasing of Linde forklift trucks and also has interests in alternative energy business, rubber recycling and energy efficiency projects. The Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in any market in South Africa. In addition, the proposed merger does not raise any public interest concerns.

Proposed merger between Sentraal-Suid Co-operative Limited (SSK) and Hessequa Abattoir (Pty) Ltd (Hessequa Abattoir)

The Commission has approved, without conditions, the intermediate merger whereby SSK intends acquire Hessequa Abattoir.

SSK's core business is agriculture and it provides a package of products and services to clients in the agricultural industry. The package of products and services consists of financial services products (i.e. production and other credit facilities and the brokering of short-term insurance), grain handling and storage facilities, the sale and distribution of crop care products and grain production input products, the servicing of and marketing of farming equipment, trading stores (agri-retail outlets) and related services. Hessequa

Abattoir's business consists of acquiring livestock from farmers and other producers and the sale of the meat to wholesalers, butchers and supermarkets.

The Commission found that the proposed transaction is unlikely to change the structure of any market as there is no accretion in market shares. Furthermore, the Commission found that the proposed transaction is unlikely to substantially prevent or lessen competition in any market. In addition, the proposed merger does not raise any public interest issues.

2. Non Referrals – The Commission has taken a decision to non-refer (i.e. not to prosecute) the following cases

- a) **Mandla Mdebele vs. PPC Cement (Pty) Ltd** - *The Commission found that the conduct complained of does not contravene the Competition Act.*
- b) **Joosabs Wholesalers and Distributors vs. Super Group Convenience and Mondelez South Africa (Pty) Ltd** - *The Commission found that the conduct complained of does not contravene the Competition Act.*
- c) **Masada Firearm Training Academy vs. Quality Council for Trades and Occupations (QCTO), South African Professional Firearm Trainers Council (SAPFTC), The International Firearm Training Academy (IFTA) and Mr Pretorius in his personal capacity as a director of the SAPFTC** - *The Commission found that the conduct complained of does not contravene the Competition Act.*
- d) **Igor Źeljko Tonžetič vs. Anglo American Technical Solutions (Research - Mineralogy Department)** - *The Commission found that the conduct complained of does not contravene the Competition Act.*

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