

COMPETITION TRIBUNAL OF SOUTH AFRICA

In the matter between:

Case No: 52/LM/May08

Georgia Avenue Investments 109 (Pty) Ltd

Acquiring firm

And

Mettle Holdco (Pty) Ltd

Mettle Management (Pty) Ltd

Mettle Motor Loans Management Company (Pty) Ltd Target firms

Panel : D Lewis (Presiding Member); U Bhoola (Tribunal Member) and N Manoim (Tribunal Member)

Heard on : 09 July 2008

Decided : 09 July 2008

Reasons Issued : 28 July 2008

Reasons

Approval

[1] On 9 July 2008 the Competition Tribunal issued a Merger Clearance Certificate approving the merger between Georgia Avenue Investments 109 (Pty) Ltd and Mettle Holdco (Pty) Ltd; Mettle Management (Pty) Ltd and Meter Loans Management Company (Pty) Ltd unconditionally. The reasons appear below.

Parties

[2] The acquiring firm is Georgia Avenue Investments 109 (Pty) Ltd (which will be renamed Mettle Investments (Pty) (Ltd) ("Mettle Investments"), a newly formed private company established under the laws of the Republic of South Africa. Post merger Mettle Investments will be owned and controlled by the Metropolitan Capital Economic Fund (Pty) Ltd ("MCEF").

[3] The primary target firms are Mettle Holdco (Pty)Ltd ("Mettle Holdco") previously known as Mettle Rubber (Pty)Ltd ; Mettle Management (Pty)Ltd ("Mettle Manco"), formerly Mettle Factors Management (Pty)Ltd and Mettle Motor Loans Motor Management Company (Pty)Ltd ("Mettle Motor Manco"). The primary target firms are controlled by Mettle

Consolidated Investments Ltd (“MCI”), which is in turn controlled by Hosken Consolidated Investments Ltd (“HCI”), a public company listed on the Johannesburg Stock Exchange.

Transaction

[4] The proposed transaction involves the acquisition by Mettle Investments of 95% of the ordinary issued share capital of Metro Holdco; 95% of the issued share capital of Mettle Manco and 100% of the issued share capital of Mettle Motor Manco. Post merger, Metropolitan Capital Economic Fund (Pty)Ltd (“MCEF”) and a number of shareholders who are currently members of the management of Mettle Consolidated Investments (Pty)Ltd (“MCI”) (“the management shareholders”) will own and control Mettle Investments as follows: MCEF will subscribe for preference shares with the aggregate issue price of R30 million in and 49% of the ordinary issued share capital of Mettle Investments and the management shareholders will subscribe for 51% of the ordinary issued share capital of Mettle Investments in total and have the right to appoint the majority of the directors on the board of directors of this company.

Rationale of transaction

[5] From MCEF’s perspective the rationale of the proposed transaction is to effect a private equity investment. From the perspective of the target firms, the rationale is to acquire control of the business of the target firms, in which they are currently involved as management. According to the target firms the proposed transaction will result in the formation of a medium sized enterprise which can undertake the swift decision making necessary in the South African financial services industry.

Parties Activities

[6] Mettle Investments is a newly formed company, which has previously not traded. MCEF is a company in the Metropolitan Group of companies which is involved in private equity.¹

[7] The target firms are involved in specialised finance, portfolio management, bridging and factoring and retail vehicle and asset finance.²

¹ Metropolitan Holdings Ltd is the listed company for financial services provider of assurance for individuals, retirement annuities, medical aid products, unit trusts and investments products, credit life benefits and employee benefits packages for both large and small companies. The Metropolitan Group comprises of six different operating businesses involved in life assurance, employee benefits/retirement funds services, medical aid administration and managed healthcare, asset management, unit trusts, property services, banking products and pension fund administration.

² Specialised Finance involves providing a tailored debt financing solution for a client. Bridging finance in the property sector involves providing customers with temporary loan or instant finance to “bridge” the financial gap created while they are waiting to receive the proceeds from sale of their old property in order to facilitate the

Competition Analysis

[8] In its analysis of the proposed transaction the Commission found there is no overlap in the activities of the merging parties. We therefore agree with the Commission that the proposed transaction is unlikely to substantially prevent or lessen competition. In addition there are no public interest issues.

Conclusion

[9] Based on the above the transaction will not result in a substantial lessening or prevention of competition and is accordingly approved unconditionally.

D Lewis
Tribunal Member

28 July 2008

Date

U Bhoola and N Manoim concurring

Tribunal Researcher : J Ngobeni
For the merging parties : Deneys Reitz
For the Commission : Thabelo Masithulela (Mergers and Acquisitions)