



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case no: LM101Oct23

RMB Investments and Advisory (Pty) Ltd

Primary Acquiring Firm

And

LM Propco (Pty) Ltd

Primary Target Firm

Panel	:	A Wessels (Presiding Member)
	:	L Mncube (Tribunal Member)
	:	G Budlender (Tribunal Member)
Heard on	:	11 December 2023
Order issued on	:	11 December 2023
Reasons issued on	:	19 December 2023

REASONS FOR DECISION

Introduction

- [1] On 11 December 2023, the Competition Tribunal (“Tribunal”) unconditionally approved a large merger in terms of which RMB Investments and Advisory Proprietary Limited (“RMBIA”) intends to acquire a 100% share in the rental property known as Leroy Merlin Fourways (“Target Property”) from LM Propco Proprietary Limited (“LM Propco”).

Parties and Activities

Primary acquiring firm

- [2] The primary acquiring firm is RMBIA, a private company incorporated in accordance with the laws of the Republic of South Africa. RMBIA is an investment company, and its core business is the acquisition and holding of assets for investment purposes.
- [3] RMBIA is wholly owned by FirstRand Investment Holdings Proprietary Limited ("FRIHL"). FRIHL is wholly owned by FirstRand Limited ("FirstRand"), a public company listed on the Johannesburg Securities Exchange and the Namibian Stock Exchange.
- [4] FirstRand and all the firms controlled by it are collectively referred to below as the "Acquiring Group".
- [5] The Acquiring Group is a portfolio of integrated financial services businesses that provide a universal set of transactional, lending, investment and insurance products and services.

Primary target firm

- [6] The primary target firm is LM Propco with respect of a 100% share in the rental of the Target Property.
- [7] LM Propco is a private company incorporated in accordance with the laws of the Republic of South Africa. LM Propco is wholly owned by Fourways Precinct Proprietary Limited ("FWP"). FWP is wholly owned by Erilogix Proprietary Limited ("Eriogix"). Erilogix is wholly owned by [REDACTED]
- [8] The Target Property is a retail warehouse with a gross lettable area of approximately 11 300 m². The Target Property houses the operations of a retail hardware store, trading as Leroy Merlin Fourways.

Proposed Transaction

[9] RMBIA intends to acquire a 100% share in the Target Property from LM Propco. Upon implementation of the proposed transaction, the Target Property will be solely controlled by RMBIA.

Competition Assessment

[10] The Competition Commission (“Commission”) found that the proposed transaction does not raise any horizontal overlap between the activities of the merging parties since the Acquiring Group does not own any warehouse retail properties.

[11] Further, the Commission found that the proposed transaction does not give rise to any vertical overlap.

[12] Based on the above, the proposed merger is unlikely to result in a substantial prevention or lessening of competition in any market.

Public Interest

Effect on employment

[13] The merging parties submitted that the proposed transaction will not have any negative effects on employment since the Acquiring firm and the Target Property do not have any employees. In light of this, the proposed merger is unlikely to raise employment concerns.

Effect on ownership

[14] The Commission found that the Acquiring Group currently has an effective shareholding by Historically Disadvantaged Persons (“HDPs”) of approximately 28.93%. It further found that the Target Property does not have any shareholding held by HDPs. Thus, the proposed transaction will result in a positive impact on HDP ownership in the Target Property.

Other public interest

[15] The proposed transaction raises no other public interest issues.

Conclusion

[16] For the reasons set out above, we approve the proposed transaction without conditions.



19 December 2023

Mr. A Wessels

Date

Adv G. Budlender SC and Prof L Mncube concurring

Tribunal Case Manager: Nomkhosi Mthethwa-Motsa

For the Merging Parties: Chris Charter and Duran Naidoo of Cliffe Dekker
Hofmeyr Inc

For the Commission: Horisani Mhari and Ratshi Maphwanyana