



DETERMINATION OF MERGER NOTIFICATION M/10/022 -

Mubadala / PIM

Section 21 of the Competition Act 2002

Proposed creation of a joint venture by Mubadala Development Company PJSC and Prudential Investment Management Inc.

Dated 24 August 2010

Introduction

1. On 28 July 2010, in accordance with section 18 of the Competition Act, 2002 ("the Act") the Competition Authority (the "Authority") received a notification of a proposed transaction whereby Mubadala Development Company PJSC ("Mubadala"), through its wholly owned subsidiary Services Holding Company LLC ("SHC"), and Prudential Investment Management Inc. (trading as Pramerica Investment Management and Pramerica Real Estate Investors) ("PIM")¹, would create a 50:50 joint venture to be carried out by Mubadala-Pramerica Real Estate Investors ("M-P")².

The Undertakings Involved

Joint Venture Partners

Mubadala / SHC

2. Mubadala is a development company, wholly owned and solely controlled by the Government of the Emirate of Abu Dhabi, with the mission of expanding the Emirate's economic base and contributing to growth and diversification in the Abu Dhabi economy.³
3. Mubadala's global investment activities cover new and existing companies in a wide range of areas including aluminium, oil and gas, aerospace, energy, healthcare, and real estate. SHC, a wholly owned subsidiary of Mubadala, is a corporate vehicle for Mubadala's shareholding in M-P.
4. While SHC has no presence in the State, its parent company, Mubadala is involved in the State in aircraft design, engineering and servicing through Dublin based SR Technics Aircraft Design Services Limited ("SRT Aircraft"), which supplies aircraft design and engineering

¹ PIM is a wholly owned subsidiary of Prudential Financial Inc., a New York stock exchange listed company.

² [...].

³ Although wholly government owned, Mubadala is an autonomous economic unit with independent decision-making powers and is not supported by government guarantee. Refer also to <http://www.mubadala.ae/>.

services, and Cork based SR Technics Airfoil Services Limited ("SRT Airfoil"), which provides repair services for commercial airline engines.⁴

5. For the year ended 31 December 2009, Mubadala's worldwide turnover was approximately €3,403.2 million of which approximately €[...] million was generated within the State.⁵

Pramerica Financial / PIM

6. PIM's parent company Prudential Financial Inc. ("Pramerica Financial")⁶ is involved in a wide-range of financial and related services including banking, life insurance, mutual funds, and asset management.
7. Pramerica Financial's involvement in real estate investment services is mainly through its wholly owned subsidiary PIM, and in particular through Pramerica Real Estate Investors, a business unit within PIM.
8. While PIM is not actively present in the State, Pramerica Financial does have a presence in the State through another wholly owned subsidiary, Pramerica Systems Ireland Limited ("Pramerica Ireland"), located in Letterkenny.
9. Pramerica Ireland is involved in information technology and customer support services which it provides only to its parent company Pramerica Financial. In addition Pramerica Financial has outsourced some "back office" services to Pramerica Ireland including management and handling of calls from US-based customers.
10. For the year ended 31 December 2009, Pramerica Financial's worldwide turnover was approximately €23,462 million, of which approximately €[...] million was generated within the State.⁷

The Joint Venture

Mubadala-Pramerica Real Estate Investors (M-P)

11. M-P, the joint venture, will be incorporated in the Cayman Islands and will be headquartered in Abu Dhabi and is intended to operate on a lasting basis.⁸
12. M-P will be a provider of asset management services. In particular, as indicated by the parties, M-P will develop, manage, market and sell pooled investment funds, for which property (i.e. land and real estate) will be the underlying assets. While M-P's client base will be located in the Middle East and North Africa ("MENA") region, M-P intends to operate globally, i.e., to invest both within and outside of MENA.
13. There are currently no plans for M-P to have an office or other business premises in the State.

⁴ At the time of determination M/09/006 – Mubadala/SR Technics, Mubadala was also active in Ireland through its jointly controlling interest in LeasePlan. Mubadala has recently sold its interest in LeasePlan [...].

⁵ Based on an average annual exchange rate of €1 = AED 0.1958.

⁶ Prudential Financial Inc. has no connection with UK based Prudential plc.

⁷ Based on an average annual exchange rate of €1 = \$1.3933.

⁸ [...].

Rationale for Proposed Transaction

14. The parties indicate that the rationale for establishing M-P as a joint venture is two-fold. M-P will further Mubadala's development of the real estate sector within the Emirate of Abu Dhabi. M-P will also provide Pramerica Financial, through PIM, with an opportunity to establish a presence within the MENA region.

Third Party Submissions

15. No submissions were received.

Analysis

No Overlap between Joint Venture and Joint Venture Parties

16. Within the State there is no horizontal overlap in the activities of the joint venture, M-P, and any of Mubadala, SHC, SRT Aircraft, SRT Airfoil, Pramerica America, PIM, or Pramerica Ireland.⁹ Furthermore, (i) SHC and PIM have no presence in the State and (ii) SRT Aircraft, SRT Airfoil and Pramerica Ireland have no involvement in asset management services in the State.
17. The creation of M-P does not give rise to vertical issues within the State.

No Overlap between Joint Venture Parties

18. Within the State, there is no horizontal overlap in the activities of the joint venture parties, their parent companies or any other subsidiaries of their parent companies.
19. Neither Pramerica Financial, nor any companies in which it has a controlling interest, are involved in aircraft servicing and aircraft design and engineering in the State.
20. Neither Mubadala, nor any companies in which it has a controlling interest, are involved in the provision of information technology and customer support services in the State.
21. The proposed transaction, i.e., the creation of M-P, does not give rise to any vertical issues, within the State as between any of SRT Aircraft, SRT Airfoil, and Pramerica Ireland.

Conclusion

22. Therefore the Authority considers that the proposed transaction will not raise competition concerns in the State.

⁹ Of the latter four companies Mubadala has a controlling interest in SHC and SR Technics and Pramerica Financial has a controlling interest in Pramerica Ireland and PIM.

Ancillary Restraints

23. As part of the proposed transaction the parties have entered into non-compete and non-solicitation covenants for the duration of the joint venture. The Authority considers these restrictions to be directly related and necessary to the implementation of the proposed transaction.

DETERMINATION

The Authority, in accordance with section 21(2)(a) of the Competition Act, 2002, has determined that, in its opinion, the result of the creation of the full function joint venture Mubadala-Pramerica Real Estate Investors by Mubadala Development Company PJSC and Prudential Investment Management Inc. (trading as Pramerica Investment Management and Pramerica Real Estate Investors) will not be to substantially lessen competition in any markets for goods or services in the State and, accordingly, the acquisition may be put into effect.

For the Competition Authority

Dr Stanley Wong
Member of the Competition Authority