COMPETITION TRIBUNAL
REPUBLIC OF SOUTH AFRICA

Case No: 01/LM/Jan06

In the large merger between:

Pangbourne Property (Pty) Ltd

and

Transnet Retirement Fund Property Trust

Reasons for Decision

Approval

1. On 8 March 2006 the Competition Tribunal issued a Merger Clearance Certificate approving the merger between Pangbourne Property (Pty) Ltd and Transnet Retirement Fund Property Trust. The reasons appear below.

The Parties

2. The acquiring firm is Pangbourne Property (Pty) Ltd. ("Pangbourne"), a company listed under the financial real estate sector of the JSE. It is not directly or indirectly controlled by any firm. Pangbourne controls a number of subsidiaries, none of which are relevant for the purpose of this analysis. It also has a 49% interest in iFour Properties Limited and 43% in Siyathenga Property Fund Ltd.[1] The Pangbourne Group manages its own properties.

3. The primary target firm is Transnet Retirement Funds Property Ltd (”Transnet Property”), a trust registered in terms of the Trust Property Control Act, 1988.

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[1] Siyathenga's subsidiaries are: Siyathenga Properties One (Pty) Ltd, Siyathenga Properties Two (Pty) Ltd and Siyathenga Properties Three (Pty) Ltd. The top 5 shareholders of Siyathenga are Pangbourne Properties 43%, Old Mutual Life Assurance Co 14.29%, The Siyathenga Unit Ourchase Trust 5.55%, Stanlib Property Income Fund 4.41% and SBSA 3.50%.

The Merger Transaction

4. Pangbourne is acquiring 48 properties comprising of industrial, commercial and retail properties, including rights to a shopping centre development from Transnet Property. Six of these properties will simultaneously be resold, as one indivisible transaction, to Siyathenga, the specialist retail fund in which Pangbourne holds 43% shares.

Rationale for the Transaction

5. The increase of Pangbourne's asset base as a result of the acquisition will allow it to benefit from enhanced economies of scale in management efficiencies and systems.

The relevant product and geographic markets

6. The merging parties activities overlap in respect of grade A office space in Bryanston, Rivonia and Sandton and in light industrial space in Corporate Park, Driehoek in Germiston, Halfway House, Isando, Jet Park, Linbro Park and Strydom Park.

Effect on Competition

7. The combined post-merger market shares in Grade A office space in each geographic node are low, being as follows:

Bryanston	4.1%
Rivonia	4.8%
Sandton	1.2%

8. The post merger market shares of the merging parties in light industrial space are:

Corporate Park	15.6%
Driehoek Germiston	2.7%
Halfway House	9.6%
Isando	4.1%
Jet Park	7.6%
Linbro Park	10.9%
Strydom Park	2.4%

9. The combined market shares of the merging parties remain low in all the geographic markets with the average increase not more than 2%. In Corporate Park Pangbourne's market share in the light industrial space

market will increase by 7%. However, the Industrial Property Databank has confirmed that numerous players including but not limited to Metboard, Momentum, Old Mutual and Sanlam compete in this market.

Conclusion

10. We conclude that the merger will not lead to a substantial lessening or prevention of competition. There are no public interest concerns, which would alter this conclusion.

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D. Lewis

9 March 2006
Date

Concurring: U. Bhoola and M. Mokuena

For the merging parties:	Vani Chetty, Edward Nathan Corporate Law Advisors
For the Commission:	Leonard Lamola, Mergers and Acquisitions