

## COMPETITION TRIBUNAL OF SOUTH AFRICA

Case NO: 25/LM/Mar08

In the matter between

**Pangbourne Properties Ltd (Pty) Ltd**

Primary Acquiring firm

And

**Siyathenga Property Fund Ltd**

Primary Target Firm

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Panel : D Lewis (Tribunal Member); Y Carrim (Tribunal Member) and N Manoim (Tribunal Member)

Heard on : 07 May 2008

Decided on : 07 May 2008

Reasons Issued : 21 May 2008

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### Reasons for Decision

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#### Approval

[1] On 07 May 2008 the Competition Tribunal issued a Merger Clearance Certificate approving the merger between Pangbourne Properties Ltd and Siyathenga Property Fund Ltd unconditionally. The reasons for the approval appear below.

[2] The primary acquiring firm is Pangbourne Properties Ltd ("Pangbourne"), a listed company incorporated in terms of the company laws of the Republic of South Africa. Pangbourne is not controlled by a single shareholder.<sup>1</sup>

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<sup>1</sup> Pangbourne's major shareholders are Stanlib Investment Solutions (16.09%), Standard Bank of South Africa (Pty) Ltd (5.38%), Panya Investments (Pty) Ltd (7.99%), Old Mutual Life Assurance Company (South Africa) Ltd (5.94%), Broker (Pty) Ltd (RMB) (6.41%) and Resilient Property Income Fund Ltd (9.54%).

[3] The primary target firm is Siyathenga Property Fund Ltd (“Siyathenga”), a company incorporated under the company laws of the Republic of South Africa. Siyathenga is indirectly controlled by Pangbourne (the primary acquiring firm in the instant transaction), with 35.3% shareholding.<sup>2</sup>

### **Transaction**

[4] In terms of the structure of the transaction, Pangbourne intends to increase its shareholding in Siyathenga<sup>3</sup> from 35.3% to 100%. On completion of the transaction, Siyathenga will be wholly controlled by Pangbourne.

### **Rationale**

[5] The transaction represents Pangbourne with an opportunity to create a larger, diversified property portfolio and to extract cost-savings, synergies as well as to maximise funding efficiencies.

[6] The rationale for the unitholders of Siyathenga is that they will be part of a much larger property fund with more diversification and less risk exposure, plus greater potential for growth.

### **Parties’ Activities**

[7] Pangbourne and Siyathenga are property loan stock companies listed on the JSE Ltd under the “Financial-Real Estate” category. Both firms own a property portfolio which consists of industrial properties, office properties and retail properties throughout South Africa.

### **Competition Analysis**

[10] The transaction results in an overlap between the activities of the merging parties in respect of office, retail and industrial properties. However, this overlap does not result in a change in the market structure or an increase in the market shares as Pangbourne is only increasing its stake in Siyathenga.

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<sup>2</sup> Siyathenga’s major shareholders are Broker (Pty) Ltd (26.89%), Tokoloho Investments (Pty) Ltd (7.5%), Meago Siyam Investments (Pty) Ltd (7.5%) and Transnet Retirement Fund Property Trust (5.98%).

<sup>3</sup> It is submitted that Siyathenga was previously a wholly owned subsidiary of Pangbourne until 2005 when it was converted into a public company and listed on the Johannesburg Securities Exchange.

[11] Based on the above, the transaction will not result in substantially lessening or preventing competition in the office, retail and industrial property markets.

**Public interest**

[12] The transaction does not give rise to any public interest issues.

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**D Lewis**  
**Tribunal Member**

**21 May 2008**  
**Date**

**Concurring: Y Carrim and N Manoim**

Tribunal Researcher : I Selaledi  
For the merging parties : Vani Chetty Competition Law (Pty) Ltd  
For the Commission : Makgale Mohlala and Thaba Mavhase