

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case NO: 27/LM/Mar08

In the matter between

Pangbourne Properties Ltd (Pty) Ltd

Primary Acquiring firm

And

iFour Properties Ltd

Primary Target Firm

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

Reasons for Decision

Approval

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

Parties

[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.¹

¹ 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 iFour Properties Ltd (“iFour”), a company incorporated under the company laws of the Republic of South Africa. iFour is indirectly controlled by Pangbourne (the primary acquiring firm in the instant transaction), with 35.3% shareholding.²

Transaction

[4] In terms of the structure of the transaction, Pangbourne intends to increase its shareholding in iFour³ from 41.45% to 100%. On completion of the transaction, iFour will be wholly controlled by Pangbourne.

Rationale

[5] Pangbourne submits that as a result of the prevailing market conditions and investor preferences, it has decided to consolidate its property portfolio in order to create a larger portfolio, extract cost-savings and synergies and maximise funding efficiencies.

[6] The transaction represents an opportunity for iFour’s unitholders to be part of a much larger property fund with more diversification, less risk exposure and a greater potential for future growth.

Parties’ Activities

[7] Pangbourne and iFour 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 will not lead to a substantial lessening or prevention of competition as the transaction represents a move by Pangbourne from joint control in iFour to sole control.

² iFour’s other major unitholders include Broker (Pty) Ltd RMB (17.72%), Securities Lending/BOE Online Share Trading (6.67%) and ABSA Commercial Property Finance (Pty) Ltd (5.48%).

³ Pangbourne acquired joint control in iFour in 2003.

Public interest

[12] The transaction does not give rise to any public interest issues and is approved without conditions.

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