

**COMPETITION TRIBUNAL  
REPUBLIC OF SOUTH AFRICA**

**Case No: 66/LM/Jul05**

**In the large merger between:**

**Pangbourne Property (Pty) Ltd**

**and**

**The Rental Enterprise conducted by Paramount Property (Pty) Ltd**

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**Reasons for Decision**

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**APPROVAL**

On 29 September 2005 the Competition Tribunal issued a Merger Clearance Certificate approving the merger between Pangbourne Property (Pty) Ltd and the Rental Enterprise conducted by Paramount Property (Pty) Ltd in terms of section 16(2)(a). The reasons for the approval of the merger appear below.

**The Parties**

1. The acquiring firm is Pangbourne Property (Pty) Ltd. ("Pangbourne"), a company listed under the financial real estate sector of the JSE. It is not controlled by any firm but itself controls a number of subsidiaries, none of which are relevant for the purpose of this analysis. It also has a 48% interest in iFour Properties Limited.<sup>1</sup> iFour is described as an "associate company" of Pangbourne, and is an investment company also listed on the JSE and also owning properties.
2. The primary target firm is the rental enterprise ("Enterprise"), which is conducted by Paramount Property Fund Limited, also listed on the JSE as a property loan firm. The property portfolio being acquired is registered in the name of Paramount and comprises some 15 industrial and commercial properties listed in the agreement of sale, as well as the business enterprise of letting the property including all fixtures and fittings.

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<sup>1</sup> iFour's subsidiaries include Sipan 1 (Pty) Ltd, iFour Properties S.A. (Pty) Ltd, iFour Properties Three (Pty) Ltd, iFour Properties Two (Pty) Ltd.

## **The Merger Transaction**

3. Pangbourne is acquiring 15 properties currently registered in the name of Paramount together with the business enterprise comprising letting of the property and all fixtures and fittings.

## **Rationale for the Transaction**

4. Paramount is disposing of its smaller properties spread over a wide geographic area. Pangbourne seeks to acquire these properties to aid its strategy of achieving consistent growth in returns for its group unit-holders.

## **The relevant product and geographic markets**

5. Pangbourne invests in a range of properties in order to achieve returns on behalf of its investors and manage risk.
6. Paramount has a property portfolio comprising various types of rentable space including retail space, office space, industrial space, parking space and other rentable space throughout the country.
7. The product overlap between the activities of Paramount and Pangbourne is in respect of grade A office space and light industrial space in the geographic areas or nodes of Sandton, Kempton Park and Midrand.

## **Effect on Competition**

7. The combined post-merger market shares in each geographic node are low, being as follows<sup>2</sup>:

Kempton Park (industrial)	6.2%
Midrand (industrial)	9.5%
Sandton (office grade A)	0.24%

## **Conclusion**

We conclude that the merger will not lead to a substantial lessening or prevention of competition.

The Tribunal therefore approves the transaction unconditionally. There are no public interest concerns which would alter this conclusion.

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<sup>2</sup> Based on industry data supplied by the South African Property Owners' Association and Independent Property Databank.

**N. Manoim**

17 October 2005  
Date

Concurring: Y. Carrim, D. Lewis

For the merging parties:	Edward Nathan Corporate Law Advisors
For the Commission:	O. Strydom, Mergers and Acquisitions