

IN THE COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 97/LM/Sep07

In the matter between:

CAMEOTREE INVESTMENTS (PTY) LTD

Acquiring Firm

And

PREMIER FOODS LIMITED

Target Firm

Panel : Y Carrim (Presiding Member), U Bhoola (Tribunal Member),
and L Reyburn (Tribunal Member).

Heard on : 28 November 2007

Decided on : 28 November 2007

Reasons issued on : 05 December 2007

REASONS FOR DECISION

APPROVAL

[1] On 28 November 2007, the Tribunal unconditionally approved the merger between Camoetree Investments (Pty) Ltd ("**Cameotree**") and Premier Foods Limited ("**Premier Foods**").

THE TRANSACTION

[2] The primary acquiring firm is Camoetree, a shelf company which does not control

any firm. Cameotree is currently controlled by Brait South Africa Limited¹ (“**BSAL**”), which is in turn controlled by Brait Society Anonym (“**Brait Society**”).² The latter is not controlled by any firm. The Brait Group controls a number of firms in South Africa, including Brait IV SA Partnership Co-Investment Trust; Brait IV, L.P Co-Investment Trust; and Brait Fund IV.³ Brait Fund IV controls Consol Holdings Ltd and Natures Choice Holdings (Pty) Ltd. The above subsidiaries of the Brait Group shall be collectively referred to as “**the Brait entities**”.

[3] The primary target firm is Premier Foods. It is controlled by National Cereal Investment (Pty) Ltd, which is in turn controlled by National Cereal Holdings (Pty) Ltd. National Cereal Holdings is controlled by Established Investments (Pty) Ltd, which is in turn controlled by Fabvest Limited. Fabvest Limited is controlled by the Fabvest Trust. Premier Foods controls a number of subsidiaries in South Africa.⁴

[4] In terms of the Sale Agreement between Cameotree, National Cereal Investment (Pty) Ltd; National Cereal holdings (Pty) Ltd and Established Investments (Pty) Ltd, Cameotree will acquire the entire issued share capital of Premier Foods Limited, save for one deferred ordinary share in Premier Foods. Cameotree will also acquire all claims of whatever nature that Established Investments (Pty) Ltd and National Cereal Holdings (Pty) Ltd may have against Premier Foods as at the closing date of the proposed merger. Upon the implementation of the transaction Cameotree will directly control Premier Foods and its subsidiaries. The transaction is subject to a suspensive condition that Cameotree shall also acquire shares in certain Premier Foods companies, namely BBC Properties alternatively, the entire issued share Capital of National Cereal Industries (Pty) Ltd and all claims that National Cereal Investments (Pty) Ltd may have against National Cereal Industries (Pty) Ltd.

[5] Another feature of the transaction is that Cameotree, which is currently controlled

¹ A company incorporated in South Africa.

² A company incorporated in Luxembourg.

³ Brait Fund IV consists of Brait IV Investment, LP and Brait IV SA Partnership.

⁴ Premier Foods has claimed confidentiality on the details of its subsidiaries.

by Brait South Africa Limited, will after the transaction be jointly controlled by the Brait entities (40.9%) and two trusts to be formed for the benefit of certain Premier Foods employees i.e. Manco1 (43.7%) and Manco2, which will hold the remaining shares. Cameotree is therefore being used as an acquisition vehicle by Brait entities and certain Premier Foods controlled Trusts, which will latter exercise joint control over it.

RATIONALE FOR THE TRANSACTION

[6] The transaction represents an attractive private equity opportunity for the Brait Group offering an opportunity, at the same time, for its management to acquire a stake in the business. Premier Foods wants to realise its investment at an attractive price for the benefit of its beneficiaries.

THE PARTIES' ACTIVITIES

[7] The Brait Group is involved in certain financial services in South Africa and elsewhere. It also manages a portfolio of private equity funds. Through Consol Holdings Ltd the Brait Group is also involved in glass manufacturing. It is also involved in the sale and distribution of fresh and frozen vegetables, frozen French fries and prepared meal through its shareholding in Natures Choice Holdings (Pty) Ltd.

[8] The Premier Foods Group is involved in the milling, distribution, and marketing of maize and flour; operation of wholesale bakeries; the distribution and marketing of bread and the distribution of third party products such as airtime.

THE RELEVANT MARKET

[9] As stated above, the Brait Group is involved in the financial services sector and also manages a portfolio of private equity funds. It is also involved in the sale and distribution of fresh and frozen vegetables, frozen French fries and prepared meal. The target firm is involved in the milling, distribution, and marketing of maize and flour; operation of wholesale bakeries; the distribution and marketing of bread and the

distribution of third party products such as airtime. Given the absence of any overlap in the activities of the parties the Commission did not define the relevant market.

[10] Accordingly, the Commission submits that the transaction is not likely to result in the substantial prevention or lessening of competition in any of the markets in which the parties are active. We agree with the Commissions' analysis above.

CONCLUSION

[11] We find that the transaction does not raise any significant public interest issues and approve the merger without conditions.

Y Carrim

05 December 2007

Date

U Bhoola and L Reyburn concurring.

Tribunal Researcher : P S Munyai

For the merging parties : Read Hope Phillips Thomas and Cadman Inc

For the competition commission : H Petersen
(Mergers & Acquisitions)