

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No.: 99/LM/SEP07

In the matter between:

Pangbourne Properties Limited

Primary Acquiring Firm

and

Portion 118 of the Farm Vogelfontein No. 84

Primary Target Firm

Panel : DH Lewis (Presiding Member), N Manoim (Tribunal
Member), and U Bhoola (Tribunal Member)

Heard on : 7 November 2007

Decided on : 11 December 2007

REASONS FOR DECISION

Approval

[1] On 7 November 2007 the Competition Tribunal unconditionally approved the property merger between Pangbourne Properties Limited and Portion 118 of the Farm Vogelfontein No. 84.

The Parties

[2] The primary acquiring firm is Pangbourne Properties Limited ("Pangbourne") and the primary target property is Portion 118 of the Farm Vogelfontein No. 84 ("T & B Boksburg") which is owned by Friedshelf 221 (Pty) Ltd ("Friedshelf").

[3] Pangbourne's overall portfolio consists of industrial, retail and office properties throughout South Africa, and the target property T & B Boksburg is a light industrial property situated in the Boksburg East node.

The Transaction

[4] In terms of the proposed transaction, Pangbourne intends to acquire from Friedshelf, Portion 118 of the Farm Vogelfontein No. 84. The rationale for Pangbourne is to improve the distribution of its property portfolio, and for the shareholders of Friedshelf, the transaction will allow them to realize the value of their investment.

The Relevant Geographic Market

[5] The Tribunal's approach in defining the relevant geographic market in property mergers has been on the basis of nodes in which different geographic areas that compete with each other are grouped, which vary for the different types of properties, and should sufficiently be close to justify the conclusion that they should be treated as relevant geographic markets.¹

[6] An overlap in this merger exists in relation to light industrial properties in the Boksburg East node. Pangbourne already owns various light industrial properties within a 5 kilometer radius of the Boksburg East node which includes; PVC, Anderbolt 03, Anderbolt 04, Anderbolt 07 and Anderbolt 09.² T & B Boksburg as mentioned above, is a light industrial property situated in the Boksburg East node.

Competition Evaluation

[7] According to the market share estimates provided by the merging parties; pre-merger Pangbourne has 2.90%, and T & B Boksburg has 2.06% market share. The market share accretion is 2.06%, resulting in a post merger market share of 4.96% of light industrial property in the Boksburg East node. This is clearly insignificant to raise any competition concerns.

Conclusion

[8] We are satisfied that the proposed transaction is unlikely to substantially prevent or lessen competition in the property market generally, including light industrial property situated in the Boksburg East node. There are no significant public interest concerns. Accordingly, the proposed transaction is unconditionally approved.

D Lewis

Presiding Member

11 December 2007

Date

N Manoim and U Bhoola **concur** in the judgment of D Lewis

¹ *Primegro Properties Ltd and Growthpoint Properties Ltd 29/LM/Jun03*

² All of these properties fall under light industrial classification except Anderbolt 04 which is a heavy industrial property

Tribunal Researcher: L Xaba

For the Merging Parties : Edward Nathan Sonnenbergs

For the Commission : M Mashaba
(Mergers and Acquisitions)