

**COMPETITION TRIBUNAL
REPUBLIC OF SOUTH AFRICA**

Case No: 88/LM/Sep05

In the large merger between:

Investec Bank Limited

and

BCE Foodservice Equipment (Pty) Ltd

Reasons for Decision

APPROVAL

On 21 October 2005 the Competition Tribunal issued a Merger Clearance Certificate approving the merger between Investec Bank Limited and BCE Foodservice Equipment (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 Investec Bank Limited ("Investec"), a subsidiary of Investec Limited.
2. The primary target firm is BCE Foodservice Equipment (Pty) Ltd ("BCE"). It controls Gilbere Investments (Pty) Ltd, THH Properties (Pty) Ltd and Merxteam SA (Pty) Ltd. Gilbere owns all the shares in Business and Catering Equipment (Pty) Ltd ("B&C Equipment").¹
3. BCE is held as follows:

¹ Gilbere also owns Daisy Street Investments No. 169 (Pty) Ltd and Anvil Catering Equipment (Pty) Ltd. Both are dormant and in the process of being liquidated.

Investec	49% ²
Global Capital Fund No. 2	25%
Laurence Michael Nestadt	13%
Frank Boner	13%

The Merger Transaction and Rationale

4. Investec is entering into a loan agreement with BCE for the purpose of providing loan finance required by BCE to repay the loan account for the purchase of B&C Equipment. Investec is acquiring certain rights in terms of the loan agreement to ensure that BCE remains creditworthy and that its own risk exposure is reduced.
5. Investec is also entering into a shareholders' agreement with BCE and its other shareholders, limiting BCE's ability to amend or implement certain resolutions or transactions without Investec's approval.
6. Therefore, post-merger Investec will have acquired certain rights in its favour, in terms of the loan and shareholders' agreements.

The relevant product and geographic markets

7. BCE imports, distributes and exports industrial kitchen and catering equipment to firms in the hospitality and food service industries via a dealer network. It has sole SA distribution rights for a number of high-quality international brands. It also has a range of its own brands. Investec is a specialist banking group, providing a variety of financial products to a niche, high-income customer base. Its primary areas of activity are investment banking, treasury, asset management, specialised finance and private client banking.
7. There is accordingly no product overlap. None of the firms within the Investec group offer competing products or services with that of BCE.

Conclusion

We conclude that there is no effect on competition. The merger will not lead to a substantial lessening or prevention of competition in any market. There are no public interest concerns which would alter this conclusion.

² Investec acquired this stake in BCE early in 2004.

The Tribunal therefore approves the transaction unconditionally.

L. Reyburn

31 October 2005

Date

Concurring: M. Mokoena, T. Orleyn

For the merging parties:	D. Rudman, Werksmans Attorneys
--------------------------	--------------------------------

For the Commission:	O. Strydom, Mergers and Acquisitions
---------------------	--------------------------------------

--