MEDIA RELEASE
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Commission approves Sekunjalo and INMSA merger subject to conditions

The Competition Commission ("Commission") has on 25 July 2013 approved, with conditions, the acquisition of sole control of Independent News & Media South Africa (Pty) Ltd (INMSA) by Sekunjalo Independent Media (Pty) Ltd (Sekunjalo Media). These parties notified the Commission of this intermediate merger on 30 April 2013, whereby Sekunjalo and Public Investment Corporation (PIC) intend to acquire 75% and 25%, respectively of the entire share capital in INMSA. PIC is however not acquiring control of INMSA as envisaged in the Competition Act, therefore PIC is not regarded as a party to the transaction.

Sekunjalo Media is a newly formed entity with numerous shareholders and it has no existing business activities. The Sekunjalo group of companies (i.e., Sekunjalo Investment Holdings (Pty) Ltd and Sekunjalo Investment Limited) have interests in various sectors including Health; Technology; Private Equity; and Telecoms. The Sekunjalo group of companies currently does not have any interest in the print media industry (i.e., newspapers, publishing, printing, etc.) where the target firm is active. According to the submissions from the merging parties none of the shareholders of Sekunjalo Media has any interest in the print media industry.

PIC holds investment interests in various sectors including in the media industry through its 19.2% interest in Times Media Group (TMG), formerly known as AVUSA and 17.22% shareholding in Naspers Limited (Naspers) which owns Media 24. Both TMG and Media 24 are direct competitors of INMSA. PIC submits that it does not currently exercise any control over Naspers and TMG or have any board representation on either of TMG and Naspers.

The Commission imposed a range of conditions to address the possibility of PIC being in control of INMSA in whatever form post-merger either through its 25% equity or the financial assistance it will be providing. The conditions also address the possible information exchange that could arise as a result of PIC's shareholding and imminent board representation at TMG, Naspers and INMSA post-merger In the event that PIC's 25% acquisition in INMSA translates into control as envisaged in the Competition Act, the transaction will be a large transaction based on the merger thresholds in which instance the approval of the transaction rests with the Competition Tribunal and not with the Commission. The conditions therefore will ensure that any ambiguity with regards to the control over INMSA post-merger is addressed and that any possible information exchange is alleviated by making the "Chinese Walls" already in place at the PIC legally binding on the merging parties

The conditions are amongst others that:

•Sekunjalo shall submit the signed shareholders agreement in respect of INMSA, to the Commission within 5 business days of its signature by the parties thereto;

•Sekunjalo shall submit the signed loan agreement in respect of the PIC's loan to it, to the Commission within 5 business days of its signature by the parties thereto;

•In order to ensure that no Competitively Sensitive Information is exchanged between INMSA and TMG post-merger, PIC shall not appoint any common directors and/or representatives to the board of directors of INMSA and TMG;

•In order to ensure that no Competitively Sensitive Information is exchanged between INMSA and Naspers post-merger, PIC shall not appoint any common directors and/or representatives to the board of directors of INMSA and Naspers;

•The PIC shall, notwithstanding the listing of INMSA and/or delisting of TMG and/or Naspers, ensure that its investments in INMSA, Naspers and TMG remain housed in different departments within PIC and shall continue to adhere to the existing safe guards, thus ensuring:

- the physical separation, including controlled access to office space, of the Listed Equities department and Unlisted Equities department of PIC, to continue to regulate the restricted access of the Listed Equities department and Unlisted Equities department to shared IT systems;
- that Competitively Sensitive Information in respect of either INMSA or Naspers or TMG is not shared among the different management teams within PIC managing Listed and Unlisted Equities respectively.; and
- should either TMG or Naspers be delisted and INMSA be listed at the same time, the PIC will manage its investments in the three entities separately, thus ensuring that the PIC personnel managing its investment in each of TMG, Naspers and INMSA will not be the same.

The parties also agreed to notify the Commission of any change in control when it occurs. Two Chinese investors have filed a transaction 05 July 2013to acquire a controlling 20% stake in INMSA, which is still under consideration by the Commission.

The Commission established that the acquisition by Sekunjalo of INMSA does not raise any other public interest concerns. The transaction will not result in retrenchments and may result in the transformation of the print media industry. Before the merger, historically disadvantaged persons did not have any shareholding in INMSA, which was 100% foreign owned.

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For more information:

Trudi Makhaya, Deputy Commissioner
012 394 3326/ 073 289 3570 / trudim@compcom.co.za

Keitumetse Letebele, HOD: Communication
Cell: 082 783 3397, email: keitumetse@compcom.co.za

Themba Mathebula, External Coordinator
Cell: 084 896 0860, email: thembama@compcom.co.za