



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM145Oct16

In the matter between:

ROCKWOOD FUND I

Primary Acquiring Firm

and

**KWIKSPACE MODULAR BUILDINGS
HOLDINGS PROPRIETARY LIMITED**

Primary Target Firm

Panel	: Norman Manoim (Presiding Member)
	: Mondo Mazwai (Tribunal Member)
	: Medi Mokuena (Tribunal Member)
Heard on	: 23 November 2016
Order Issued on	: 23 November 2016
Reasons Issued on	: 09 December 2016

Reasons for Decision

Approval

- [1] On 23 November 2016, the Competition Tribunal ("Tribunal") approved the large merger between Rockwood Fund I and Kwikspace Modular Buildings Holdings Proprietary Limited.
- [2] The reasons for approving the proposed transaction follow.

Parties to proposed transaction

Primary acquiring firm

- [3] The primary acquiring firm is Rockwood Fund I, an *en commandite* partnership duly registered in accordance with the company laws of the Republic of South Africa.
- [4] Rockwood jointly controls Kwikspace Modular Buildings Holdings (Pty) Ltd ("Kwikspace"), the primary target firm in the instant transaction.
- [5] Rockwood is a private equity fund manager. It focuses on taking substantial equity positions in medium to larger sized companies that have experienced management teams.

Primary target firm

- [6] The primary target firm is Kwikspace Modular Buildings Holdings (Pty) Ltd ("Kwikspace"), a firm incorporated in accordance with the laws of the Republic of South Africa.
- [7] Kwikspace is jointly controlled by Rockwood and Vantage Capital Kwikspace Investments (Pty) Ltd ("VCKI").
- [8] Kwikspace manufactures a variety of modular prefabricated buildings to either rent or purchase for a wide range of sectors from education, health care, site buildings, workforce housing, sanitation, NGO's and events. The prefabricated buildings are specifically designed for rapid assembly and are manufactured in modules which allow for future expansion.

Proposed transaction and rationale

- [9] In terms of the proposed transaction, Rockwood intends to increase its shareholding in Kwikspace. Post-merger Rockwood will control Kwikspace.
- [10] The primary acquiring firm views this transaction as an opportunity to increase its shareholding in a company in which it is already a shareholder.
- [11] The seller submits that this transaction will enable it to realise some of its value in Kwikspace, while only exiting from a small portion of its stake.

Impact on competition

[12] The Commission considered the activities of the merging parties' and found an overlap only in so far as Rockwood is increasing its shareholding in Kwikspace. However, the Commission found that there would be no change to the structure of the market, as there is no accretion in market shares in any market.

[13] In light of the above, the Commission was of the view that the proposed transaction is unlikely to substantially prevent or lessen competition.

[14] We concur with the Commission's conclusion that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market.

Public interest

[15] The merging parties confirmed that the proposed transaction would not have a negative impact on employment.

[16] Furthermore, the Commission noted that Rockwood does not intend to integrate Kwikspace into the Acquiring Group of companies and that Kwikspace will continue to operate as it is post-merger.

[17] Based on the above, the Commission was of the view that the proposed transaction is unlikely to have a negative effect on employment.

[18] The proposed transaction further did not raise any other public interest concerns.

Conclusion

[19] In light of the above, we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. In addition no other public interest issues arise from the proposed transaction. Accordingly, we approve the proposed transaction unconditionally.



Mr Norman Manoim

09 December 2016
DATE

Ms Mondo Mazwai and Ms Medi Mokuena concurring

Tribunal Researcher: Karissa Moothoo Padayachie
For the merging parties: Werksmans Attorneys and Mr Peter van den Heever from
Rockwood
For the Commission: Nolubabalo Myoli