



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM052May17

In the matter between:

ACTIS IMPACT LIMITED AND MCO

Acquiring Firm

and

IMPACT HOLDINGS (MAURITIUS S.A.) LIMITED

Target Firm

Panel	: AW Wessels (Presiding Member)
	: M Mazwai (Tribunal Member)
	: I Valodia (Tribunal Member)
Heard on	: 14 June 2017
Order Issued on	: 14 June 2017
Reasons Issued on	: 11 July 2017

NON- CONFIDENTIAL REASONS FOR DECISION

APPROVAL

- [1] On 14 June 2017, the Competition Tribunal ("Tribunal") approved the proposed transaction involving Actis Impact Limited ("Actis"), MCo and Impact Holdings (Mauritius S.A.) Limited ("Impact").
- [2] The reasons for the approval of the proposed transaction follow.

Parties to the proposed transaction

Primary Acquiring Firms

- [3] The primary acquiring firms are Actis and MCo.
- [4] Actis is a newly established private company incorporated in accordance with the laws of Mauritius. Actis is controlled by Actis Africa Real Estate Fund 3 ("Actis Fund") which is managed by Actis GP LLP. Actis, Actis Fund and Actis

GP LLP and any firms managed or advised by these entities are collectively referred to hereinafter as "the Actis Group".

- [5] The Actis Group is a global emerging markets private equity investor, generally investing in buy-outs of companies or non-core divisions of large corporations and in private companies seeking to achieve rapid growth organically or through acquisitions, privatisations or restructurings. Actis Fund is a private equity real estate fund targeting property investments in sub-Saharan Africa. However, pre-merger it does not have any investments or operations in South Africa; the proposed transaction will be its first investment in South Africa.
- [6] MCo is yet to be established as a private company to be incorporated in accordance with the laws of Mauritius. MCo will be ultimately controlled in equal parts by the existing shareholders of the Target Group ("the Existing Shareholders") (see below). The Existing Shareholders consist of private companies and trusts, ultimately controlled by four brothers. The Existing Shareholders control the Improvon Group (see below).

Primary Target Firm

- [7] The primary target firm is Impact, a special purpose vehicle established for the purpose of the proposed transaction and incorporated in accordance with the laws of Mauritius. It was established as a holding company into which Actis and the Existing Shareholders will invest in order to establish a joint venture comprising certain property assets currently held by the Existing Shareholders.
- [8] On completion of the proposed transaction Impact will control: Impro REIT Limited ("Improvon"), as well as certain entities holding various property investments which do not form part of the Improvon Property Companies ("the Out of Fund Companies")¹ and certain entities which provide a range of

¹ The Out of Fund Companies are: Cool Ideas 281 (Pty) Ltd, Cool Ideas 208 (Pty) Ltd, Dacorp Park Properties (Pty) Ltd and Repo Wild 89 (Pty) Ltd.

property management, construction and development services ("the Operating Companies")².

- [9] Improvon controls the following firms: RFC Land Two (Pty) Ltd, Arena Props 9 (Pty) Ltd, Improvon Growth Fund 1 (Pty) Ltd, Improvon Property Fund 1 (Pty) Ltd, Improvon Property Fund 2 (Pty) Ltd, Black Ginger 248 (Pty) Ltd, Bridoon Trade and Invest 10 (Pty) Ltd and Wavelengths 124 (Pty) Ltd (collectively referred to as "the Improvon Property Companies").
- [10] Improvon, the Improvon Property Companies, the Out of Fund Companies and the Operating Companies therefore constitute the target group to be acquired in the proposed transaction ("the Target Group" or "Improvon Group").
- [11] The Improvon Group is a specialised real estate investment group that is focused on the industrial and logistics property sector of South Africa. Its primary property portfolio comprises of premium industrial and logistics premises located in strategic nodes across South Africa.

PROPOSED TRANSACTION AND RATIONALE

- [12] The proposed transaction involves a series of inter-conditional and indivisible steps, ultimately resulting in the Actis Group and MCo (controlled in equal parts by the Existing Shareholders) each holding [...] ³ shareholding in Impact. The Out of Fund Companies will become subsidiaries of Improvon and the Operating Companies will be held directly by Impact. The remaining shares in Impact will be held by a management entity which would possess no form of minority control.
- [13] In terms of rationale, Actis submitted that the proposed transaction facilitates the creation of a joint portfolio of sub-Saharan African industrial and logistics properties.

² The Operating Companies are: Improvon Property Projects (Pty) Ltd, Imperio (Pty) Ltd and Improvon Properties (Pty) Ltd.

³ The merging parties have claimed confidentiality over the percentage shareholding.

[14] The Existing Shareholders submitted that the proposed transaction facilitates the Improvon Group's continued growth and enhances its competitiveness.

IMPACT ON COMPETITION

[15] The Competition Commission ("Commission") found no horizontal overlap between the activities of the merging parties. None of the Actis Group's investments in South Africa overlap with the activities of the Improvon Group. Although the Actis Group has certain investments in real estate, it does not have any such investments in South Africa.

Public interest

[16] The merging parties confirmed that the proposed transaction will have no negative effects on employment and particularly that there will be no retrenchments as a result of the proposed transaction.⁴

[17] No other public interest concerns arise from the proposed transaction.

Conclusion

[18] 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 public interest issues arise from the proposed transaction. Accordingly we approve the proposed transaction unconditionally.



Mr AW Wessels

11 July 2017

Date

Ms M Mazwai and Prof. I Valodia

Tribunal Case Manager: Alistair Dey-Van Heerden

For the Commission: Zanele Hadebe

For the Merging Parties Burton Phillips of Webber Wentzel Attorneys

⁴ Merger Record, pages 12, 20 and 109.