

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM118Jul17

In the matter between:

Main Street 1532 Proprietary Limited

Primary Acquiring Firm

And

Thebe Investment Corporation Proprietary Limited

Primary Target Firm

Panel	:	Andiswa Ndoni (Presiding Member)
	:	Imraan Valodia (Tribunal Member)
	:	Fiona Tregenna (Tribunal Member)
Heard on	:	16 August 2017
Order Issued on	:	16 August 2017
Reasons Issued on	:	29 August 2017

Reasons for Decision

Approval

[1] On 16 August 2017, the Competition Tribunal ("Tribunal") unconditionally approved the transaction involving Main Street 1532 Proprietary Limited ("Main Street") and Thebe Investment Corporation Proprietary Limited ("Thebe").

[2] The reasons for approving the proposed transaction follow.

Parties to the proposed transaction

Primary acquiring firm

[3] Main Street is a newly established private company incorporated in accordance with the laws of the Republic of South Africa ("RSA"). Main Street is directly controlled by Thebe's management executive committee. Main Street does not control any firms. Main Street conducts no business activities in South Africa.

Primary target firm

- [4] Thebe is a private company incorporated in accordance with the laws of RSA. Thebe is an investment holding company that manages investment portfolios in the energy sector, tourism sector, financial services sector, food services sector, and telecommunications platforms amongst others.

Proposed transaction and rationale

- [5] Mainstreet is going to acquire 16.63% of the issued share capital of Thebe, through a Daft Sale of Shares Agreement. The shares will be acquired from ABSA Trading and Investment Solutions Proprietary Limited ("ABSA"). This will result in Main Street acquiring joint control over Thebe, by virtue of the minority protections which will enable Main Street to veto Thebe's strategic policies.
- [6] The acquiring firm submits that the proposed transaction is an opportunity for Thebe's management executive committee to align its interests to that of the other shareholders. This will be achieved by ensuring that Thebe's management executive committee has equity in Thebe and will be equally exposed to its well-being. The target firm submits that the proposed transaction will assist ABSA to exit and realise its equity investments.

Impact on competition

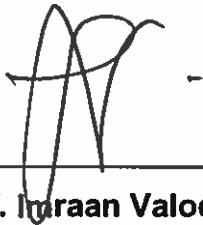
- [7] The Competition Commission ("Commission") identified no overlaps arising from the instant transaction. This is because neither Main Street nor Thebe's executive management committee conduct any business activities that are reasonably substitutable to products or services offered by Thebe. The Commission therefore concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market in South Africa. We agree with the Commission on its finding.

Public interest

[8] The proposed transaction will not have any negative effect on employment in South Africa.¹The proposed transaction also raises no other public interest concerns.

Conclusion

[9] In light of the above, we are of the view that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. Accordingly, we approve the proposed transaction unconditionally.



Prof. Inraan Valodia

29 August 2017

DATE

Ms Andiswa Ndoni and Prof. Fiona Tregenna concurring

Tribunal Case Manager	:	Caroline Sserufusa
For the merging parties	:	Mmodika Moloi of Webber Wentzel
For the Commission	:	Nonhlanhla Msiza

¹ See Merger Record, page 57.