



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 019497

In the matter between:

ACTIS 4 PCC (BIG FOOT CELL)

Primary Acquiring Firm

And

TEKKIE TOWN (PROPRIETARY) LIMITED

Primary Target Firm

Panel : Yasmin Carrim (Presiding Member)
: Andreas Wessels (Tribunal Member)
: Prof Fiona Tregenna (Tribunal Member)
Heard on : 22 October 2014
Order Issued on : 22 October 2014
Reasons Issued on : 31 October 2014

Reasons for Decision

Approval

- [1] On 22 October 2014, the Competition Tribunal unconditionally approved the acquisition by Actis 4 PCC (Big Foot Cell) ("**Actis 4 PCC**") of a 42.5% interest in Tekkie Town (Pty) Ltd ("**Tekkie Town**").
- [2] The reasons for approving the proposed transaction follow.

Parties to transaction

Primary acquiring firm

- [3] The primary acquiring firm is Actis 4 PCC, a 'special purpose vehicle company' incorporated under the laws of Mauritius. Actis 4 PCC was established specifically for the purposes of the proposed transaction and does not provide any services or products.
- [4] Actis 4 PCC is controlled by Actis Africa 4 LP and Actis Global 4 LP, which are private equity investment funds managed by Actis GP LLP. Actis LLP controls Actis GP LLP. Actis LLP is a limited liability partnership of individuals, none of whom hold a controlling interest in Actis LLP for competition purposes. These entities will hereinafter be referred to collectively as "**the Actis Group**".
- [5] The Actis Group is a global private equity investor. It directly or indirectly controls a number of firms that have operations in South Africa.¹

Primary target firm

- [6] The primary target firm is Tekkie Town, a private company registered in South Africa. Tekkie Town is controlled by The Sports City Trust. The Sports City Trust is jointly controlled by the following trustees: (i) Braam van Huyssteen; (ii) Bernard Eugene Mostert; and (iii) Daniel Jacobus Pretorius. The Sports City Trust holds 90% of the issued share capital of Tekkie Town. The remaining 10% of the issued share capital consists of a non-controlling stake held by The Tekkie Town Trust.² The Tekkie Town Trust has two trustees namely: (i) Abraham Vlok van der Bergh; and (ii) Marius Roelof van Huyssteen.

¹ See Merger Record, pages 13, 14 and 34.

² See page 35 paragraph 2.5 of the Merger Record.

- [7] Tekkie Town is a sports and lifestyle shoe chain that has over 250 stores located throughout South Africa. It sells *inter alia* leisure, school, fashion and sports footwear.

Proposed transaction and rationale

- [8] In terms of a *Subscription Agreement* concluded between Actis 4 PCC, Tekkie Town and Bursacore (Pty) Ltd ("**Bursacore**"),³ Actis 4 PCC will subscribe for 42.5% of the issued share capital of Tekkie Town. The Sports City Trust's shareholding will be diluted to 51.75%⁴ and The Tekkie Town Trust's shareholding will be diluted to 5.75%. Actis 4 PCC will have joint control over Tekkie Town post merger.
- [9] The Actis Group submitted that the transaction presents an attractive private equity opportunity to invest in the emerging retail sector in South Africa. Tekkie Town submitted that the transaction will limit its business risk by it becoming less reliant on one significant shareholder.

Impact on competition

- [10] An assessment of the merging parties' activities found that there are no product/service overlaps between the activities of the merging parties since the Actis Group is not involved in any business activities that are similar or related to that of Tekkie Town. There is also no vertical relationship between the merging parties.

Public interest


- [11] The proposed merger raises no public interest concerns. More specifically, no employees will be retrenched as a result of the proposed merger.

³ A special purpose vehicle company that was established specifically for the purpose of professionalising the different commercial entities of The Sports City Trust.

⁴ Currently held through Bursacore.

Conclusion

[12] 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 transactions. Accordingly we approve the proposed transaction unconditionally.



Andreas Wessels

31 October 2014

DATE

Yasmin Carrim and Fiona Tregenna concurring

Tribunal Researcher: Derrick Bowles

For the merging parties: Shawn van der Meulen of Webber Wentzel

For the Commission: Daniela Bove and Grace Mohamed