

**COMPETITION TRIBUNAL OF SOUTH AFRICA**

**Case No: 52/LM/Jun09**

In the matter between:

**ABSA Capital Private Equity Fund 1**

Acquiring Firm

And

**Parchment Trading 72 (Pty) Ltd**

Target Firm

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Panel : D Lewis (Presiding Member) N Manoim, (Tribunal Member),  
and M Mokuena (Tribunal Member)

Heard on : 29 July 2009

Order Issued : 29 July 2009

Reasons Issued: 8 October 2009

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**Reasons for Decision**

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**Approval**

[1] On 29 July 2009, the Tribunal unconditionally approved the merger between ABSA Capital Private Equity Fund 1 and Parchment Trading 72 (Pty) Ltd. The reasons for approving the transaction follow.

**The parties**

[2] The primary acquiring firm is ABSA Capital Private Equity Fund 1 (“the Fund”), an *en commandite* partnership registered under the laws of the Republic of South Africa. The fund is controlled by a general partner which is also an *en commandite* partner named ABSA Capital General Partner (“the GP Partner”). The GP Partner’s general partner, in turn, is a trust established and named the Equity Investment Trust (“the Trust”). The Fund controls Safripol Holdings Limited (“Safripol”), Bravo Group (Pty) Ltd (“Bravo”), and Tsebo Outsourcing Group (Pty) Ltd (“Tsebo”).

[3] The primary target firm is Parchment Trading 72 (Pty) Ltd (“BridgeCo”), a company registered under the company laws of the Republic of South Africa. BridgeCo is jointly controlled by ABSA Capital Private Equity (Pty) Ltd, the

primary acquiring firm, and the McLean Family Trust. BridgeCo controls Enviroserv Waste Management (Pty) Ltd (“Enviroserve”).<sup>1</sup>

### **Description of the transaction**

[4] The proposed transaction involves the transfer to the Fund of ABSA Capital’s interest in BridgeCo comprising 4000 ordinary shares constituting 40% of the total issued ordinary shares in BridgeCo; 510 090 preference shares constituting 62.8% of the total issued preference shares in BridgeCo; debentures; and contractual rights in terms of the existing shareholders agreements in respect of BridgeCo.

### **THE PARTIES’ ACTIVITIES**

#### **Primary acquiring firm**

##### *The Fund*

[5] The Fund is an investment vehicle which was established to carry on the business of investing. Its principal objective of providing the partners and the beneficiaries with a return by means of income and/or long-term capital appreciation through the Fund’s investments in portfolio companies.

##### *Safripol*

[6] Safripol produces high density polyethylene and polypropylene which are used mainly in the packaging, injection-moulding and blow-moulding industries.

##### *Bravo*

[7] Bravo is involved in the manufacture and sale of a wide range of household furniture products.

##### *Tsebo*

[8] Tsebo is involved in the following industries, namely, catering services (branded as Fedics and Equality), facilities management services (conducted through Drake & Scull) and cleaning services and (conducted through Tsebo Cleaning Services).

#### **Primary target firm**

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<sup>1</sup> See Annexure E for a list of the companies controlled by Enviroserve.

[9] BridgeCo does not have any trading activities. Its primary purpose is to hold the entire shareholding issued in Enviroserve. Enviroserve is involved in waste collection, beneficiation of carbon waste products; hiring of earth-moving equipment in the waste construction and mining industries; medical waste treatment services; container cleaning services; manufacturing of polymer composite materials primarily from different waste streams for pallets and dun decks; provision of tailings management, civil engineering construction and related services to the mining, waste and general industry; disposal of hazardous and non-hazardous industrial waste; and medical and residential waste management services.

#### **Rationale for the transaction**

[10] The principal object of the proposed transaction is to remove the ownership, management and control linkages between ABSA Capital and BridgeCo, and ultimately Enviroserve resulting in ABSA Capital's shareholding in BridgeCo being transferred to and directly held by the Fund.

#### **Competition analysis**

[11] There is no overlap between the activities of the merging firms as the primary acquiring firm does not have investments in the markets where the primary target firm is active. The proposed transaction is thus unlikely to substantially prevent or lessen competition in any market.

#### **Public Interest**

[12] There are no public interest issues.

#### **Conclusion**

[13] The merger is approved without conditions for the reasons mentioned above.

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**N Manoim**  
**Tribunal Member**

**8 October 2009**

**DATE**

D Lewis and M Mokuena concurring.

Tribunal Researcher : R Kariga

For the merging parties: Webber Wentzel Attorneys

For the Commission : K Mahlakoana (Mergers and Acquisitions)