



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: 80/LM/Dec10

In the matter between:

**Standard Chartered Private
Equity (Mauritius) III Limited**

Acquiring Firm

And

Afrifresh Group (Pty) Ltd

Target Firm

Panel : Yasmin Carrim (Presiding Member)
Andreas Wessels (Tribunal Member)
Medi Mokuena (Tribunal Member)
Heard on : 26 January 2011
Order issued on : 26 January 2011
Reasons issued on : 08 February 2011

Reasons for Decision

Approval

[1] On 26 January 2011 the Competition Tribunal ("Tribunal") approved the acquisition by Standard Chartered Private Equity (Mauritius) III Limited of Afrifresh Group (Pty) Ltd. The reasons for approval follow below.

Proposed transaction

[2] The primary acquiring firm is Standard Chartered Private Equity (Mauritius) III Limited (“SCPE”), a public company incorporated and duly registered according to the company laws of the Republic of Mauritius. SCPE is part of the Standard Chartered Group of companies (the “SCB Group”), which is controlled by Standard Chartered Plc, incorporated in the United Kingdom. In South Africa, the SCB Group indirectly controls Lodestone Brands (Pty) Ltd (“Lodestone”).¹ In addition, Standard Chartered Plc conducts its business in South Africa through its branch Standard Chartered Bank.

[3] The primary target firm is Afrifresh Group (Pty) Ltd (“Afrifresh”), a private company duly registered in terms of the company laws of the Republic of South Africa. Afrifresh is owned by Afrifresh Holdings (Pty) Ltd (which holds 70% of the share capital) and Vuwa Investments (Pty) Ltd (which holds the remaining 30% of the share capital of Afrifresh).

[4] The transaction is a private equity investment. In terms of the Heads of Agreement, SCPE will acquire approximately 39.77% of the share capital of Afrifresh, Origin Fruit Direct BV (“OFD”) and Origin Direct Asia Limited (“ODA”) (collectively the “Group”) and will have the right to increase its shareholding in the Group.²

Rationale for transaction

[5] The main investment attractions for SCPE are the favourable global demand for fresh citrus and grapes from the southern hemisphere, Afrifresh’s strong and experienced management team and the future growth potential of the business. From Afrifresh’s perspective, the proposed transaction will enable it to benefit from SCPE’s strategic

¹ SCPE holds 49.9% of the share capital of Lodestone.

² OFD and ODA are not owned or controlled by Afrifresh. OFD is a Dutch company while ODA is a company incorporated in Hong Kong. Although OFD and ODA are not part of the Afrifresh group of companies from a legal perspective, they are part of the Afrifresh Group from an operational perspective since a large portion of Afrifresh’s export produce goes through these companies to the export markets.

financial advice, gain access to SCB's international network, expertise and relationships and gain capital for growth of the Afrifresh business.

The parties and their activities

[6] SCPE is a private equity firm and its local subsidiary Standard Chartered Bank provides services such as commodity and agricultural financing, transactional banking, project and export finance, private equity and corporate advisory and financial services. Lodestone was founded in 2009 as a fast moving consumer goods investment holding company with its first investment being in the confectionary products sector.

[7] Afrifresh is an agricultural business which is both a producer and a supplier of fruit, particularly grapes and citrus fruit. Its activities range from farming, technical input, quality control, processing, packaging, logistics, marketing and end at the exporting stage.

The relevant market and the impact on competition

[8] SCPE is a private equity firm whilst Afrifresh is an agricultural business. SCPE is not active in the South African agricultural sector nor does it control any firms which have sales in the agricultural sector. Therefore, as is evident from the merging parties' activities in South Africa, there is no horizontal overlap between their activities. Neither is there any vertical relationship between the merging parties in South Africa.

CONCLUSION

[9] There is no horizontal overlap between the activities of the merging parties and also no vertical relationship between these parties in South Africa. In light of the above, we find that the transaction would not substantially prevent or lessen competition in any relevant market. Furthermore, no public interest issues arise from the proposed deal.

[10] We accordingly approve the proposed transaction unconditionally.

Andreas Wessels

08 February 2011
DATE

Yasmin Carrim and Medi Mokuena concurring

Tribunal Researcher: Thandi Lamprecht

For the merging parties: Bowman Gilfillan

For the Commission: Lindiwe Khumalo