



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM222Nov18

In the matter between

Actis International Limited

Primary Acquiring Firm

And

**Abraaj Investment Management Limited (in
provisional liquidation)**

Primary Target Firm

| | |
|-------------------|-----------------------------------|
| Panel | : Anton Roskam (Presiding Member) |
| | : Andiswa Ndoni (Tribunal Member) |
| | : Medi Mokuena (Tribunal Member) |
| Heard on | : 19 December 2018 |
| Order Issued on | : 19 December 2018 |
| Reasons Issued on | : 7 February 2019 |

REASONS FOR DECISION

Approval

[1] On 19 December 2018, the Competition Tribunal ("Tribunal") unconditionally approved the proposed transaction involving Actis International Limited ("Actis International") and Abraaj Investment Management Limited (in provisional liquidation) ("Abraaj Investment"), hereinafter collectively referred to as the merging parties.

[2] The reasons for the approval of the proposed transaction follow.

Parties to the transaction

Primary Acquiring Firm

- [3] Actis International is controlled by Actis LLP (“Actis”) which in turn, is ultimately controlled by Actis GP LLP (“Actis GP”), a limited liability partnership incorporated in accordance with the laws of England. Actis International, Actis and Actis GP are hereinafter collectively referred to as the ‘Actis Group’.
- [4] The Actis Group controls a number of firms in South Africa and internationally. Of relevance to the proposed transaction is Actis International’s subsidiary, Neoma Managers (Mauritius) Ltd (“Neoma”). Neoma was established for purposes of the proposed transaction.
- [5] The Actis Group is a global private equity investor which has interests in consumer, healthcare, financial services, industrial, energy and real estate sectors. The Actis Group generally invests 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.

Primary Target Firm

- [6] The primary target firm is Abraaj Investment, in respect of certain private equity funds. Abraaj Investment is ultimately controlled by Abraaj Holdings, a company incorporated in accordance with laws of the Cayman Islands. Abraaj Investment manages a number of private equity funds, which in turn control a number of firms (so called “portfolio companies”).
- [7] There are 16 private equity funds in question (hereinafter referred to as the “Private Equity Funds”).¹ Of relevance to the proposed transaction is Abraaj Africa Fund III, Abraaj Africa Fund III (B) LP, Abraaj Africa Fund III (M) LP, Abraaj Private Equity

¹ The Private Equity Funds are as follows: Abraaj Africa Fund III, Abraaj Africa Fund III (B) LP, Abraaj Africa Fund III (M) LP, Abraaj North America Fund II LP, Abraaj North Africa Fund II (B) LP, Abraaj North Africa Fund II (S) LP, Abraaj Private Equity Fund IV LP, Abraaj Private Equity Fund IV (S) LP, Aureos South East Asia Fund II LP, Aureos South East Asia Fund II-A LP, Aureos Africa Fund LLC, Aureos Africa Fund (A) LLC, Aureos East Africa Fund LLC, Kantara LP, Africa Health Fund LLC, Aureos South Asia.

Fund IV LP and Abraaj Private Equity Fund IV (S) LP as they are the only private equity funds which control or have interests in firms in South Africa. Abraaj Africa Fund III, Abraaj Africa Fund III (B) LP, Abraaj Africa Fund III (M) LP control Joint Medical Holdings (Pty) Ltd (“JMH”) which in turn, controls numerous firms. Abraaj Private Equity Fund IV LP and Abraaj Private Equity Fund IV (S) LP jointly hold a minority interest in Libstar Holdings (Pty) Ltd (“Libstar”).

- [8] JMH is active in the market for the provision of private hospital services. Libstar is broadly active in the foods and services sector, namely the manufacture and distribution of food, beverage and other consumer products.

Proposed transaction

- [9] Actis international, through Neoma, intends to acquire the management rights held by Abraaj Investment over the Private Equity Funds. Post-merger, Actis International will control the Private Equity Funds.

Impact on competition

- [10] The Commission found that the proposed transaction does not give rise to a horizontal overlap as Actis International does not have any interest in the private healthcare sector in South Africa. The Commission therefore concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any market.

Public interest

- [11] The merging parties confirmed that the proposed transaction will not have a negative effect on the employees JMH and any other employees involved in Actis’s South African operations. There are however two employees from Abraaj Investment (hereinafter referred to as the “affected employees”) who are likely to be retrenched.
- [12] The Commission was of the view that the negative effects flowing from the retrenchments are insubstantial for the following reasons: (i) Abraaj Investment is in provisional liquidation, (ii) the affected employees are skilled with years of

experience, and (iii) the merging parties and the affected employees are in the process of negotiating voluntary severance packages.

[13] The Commission therefore concluded that the proposed transaction is unlikely to raise any other employment concerns or other public interest concerns.

Conclusion

[14] 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 other public interest concerns arise from the proposed transaction. Accordingly, we approve the proposed transaction unconditionally.



Mr Anton Roskam

7 February 2019

Date

Ms Andiswa Ndoni and Mrs Medi Mokuena concurring.

Tribunal Researcher: Hlumelo Vazi

For the merging parties: R Wilson and B Masango of Webber Wentzel

For the Commission: B Mabatamela and T Mahlangu