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COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM118Sep16

In the matter between:

Main Street 1463 Proprietary Limited Primary Acquiring Firm

and

Acorp Gifts Proprietary Limited Primary Target Firm

Panel	: Mondo Mazwai (Presiding Member)
	: Medi Mokuena (Tribunal Member)
	: Imraan Valodia (Tribunal Member)
Heard on	: 26 October 2016
Order Issued on	: 26 October 2016
Reasons Issued on	: 23 November 2016

Reasons for Decision

Approval

[1] On 26 October 2016, the Competition Tribunal ("**Tribunal**") unconditionally approved a merger between Main Street 1463 Proprietary Limited ("**Main Street**") and Acorp Gifts Proprietary Limited ("**Acorp**").

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

Parties to transaction

Primary acquiring firm

[3] The primary acquiring firm, Main Street is controlled by Carlyle Sub-Saharan African Fund Limited ("**CSSAF**"). CSSAF is a special purpose company established by private equity investment funds managed by affiliates of the Carlyle Group. The primary acquiring firm and its controllers and firms it controls in South Africa will hereafter be referred to as the Acquiring Group.

[4] The Acquiring Group is an asset manager which manages funds that invests globally in corporate private equity, real assets and fund solutions, amongst others. Main Street itself is newly incorporated for purposes of this transaction and does not conduct any business activities.

Primary target firm

[5] The primary target firm, Acorp is jointly controlled by four companies which ultimately results in the firm being controlled by Amit Brill, Nimrod Barlev and Craig Friedman and the David Brouze Trust.

[6] Acorp is a wholesale supplier of various branded promotional products such as iPad and tablet holders, umbrellas and lanyards which it then on-sells to distributors and re-sellers who would on-sell the products to customers in the corporate sector.

Proposed transaction and rationale

[7] The proposed transaction involves Main Street acquiring control over Acorp through the acquisition of 70.1% of the issued share capital. The remaining issued share capital will be retained by three of the four previous shareholders Amit Brill, Nimrod Barlev and Craig Friedman.

[8] The Acquiring Group submits that the proposed transaction is an attractive investment opportunity for it. The primary target firm finds that the proposed transaction would allow it to dilute a portion of its equity while simultaneously allowing one of its shareholders to exit the business.

Impact on competition

[9] According to the Competition Commission's ("the Commission") findings the proposed transaction does not result in a substantial prevention or lessening of competition in any market. This is because the Commission found that there was no overlap present between the target and Acquiring Group as the target firm is involved in the wholesale of branded promotional products whereas the Acquiring Group manages investment funds.

[10] At the hearing we required clarification on the potential overlap between the Acquiring Groups interest in Yakjin Trading Corp ("Yakjin") which is an apparel manufacturer and Acorp which wholesales apparel. The merging parties submitted that Yakjin manufactures branded clothing as opposed to Acorp which supplies unbranded products for the purposes of branding them with corporate logos for corporate advertising. Moreover, the merging parties submitted that there were a number of clothing suppliers such as Edcon and the Foschini Group which would constrain the merged firm post-merger. In the absence of any evidence to the contrary we concur with the Commission's competition assessment, i.e. that the proposed transaction is unlikely to substantially prevent or lessen competition as there is no overlap present.

Public interest

[11] The merging parties confirmed that the proposed transaction will not result in an adverse impact on employment.[1] The proposed transaction further raises no other public interest concerns.

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 transaction. Accordingly, we approve the proposed transaction unconditionally.

MMazwai

Ms Mondo Mazwai | 23 November 2016 **DATE**

Ms Medi Mokuena and Prof Imraan Valodia concurring

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[1] *Inter alia* merger record page 11.

Tribunal Researcher:	Aneesa Ravat
For the merging parties:	Richardt van Rensburg of EnsAfrica and Shawn van der Meulen of Webberwentzel
For the Commission:	Boitumelo Makgabo and Xolela Nokele