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**Common Market for Eastern
and Southern Africa**

Case No. CCC/MER/02/12/2018

Decision¹ of the Forty-Fifth (45th) Committee Responsible for Initial Determination on the Application for Authorisation of the Proposed Acquisition of Shares in Beachcomber Hospitality Investments Limited (BHI) by GRIT Real Estate Income Group Limited (GRIT)

ECONOMIC SECTOR: Hospitality and Real Estate

4th October 2018 – Johannesburg, South Africa

¹ In the published version of this decision, some information has been omitted pursuant to Rule 73 of the COMESA Competition Rules concerning non-disclosure of business secrets and other confidential information. Where possible the information omitted has been replaced by ranges of figures or a general description.

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Information and Relevant Background

1. On 3rd April 2018, the COMESA Competition Commission (hereinafter referred to as the "Commission") received a notification for approval of a merger between GRIT Real Estate Income Group Limited ("GRIT") and Beachcomber Hospitality Investment Limited ("BHI"). The proposed transaction involved the acquisition of 44.4% shareholding in BHI by GRIT.
2. The transaction was notified with the Commission under Article 24(1) of the COMESA Competition Regulations, 2004 (hereinafter referred to as the "Regulations"). Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the proposed transaction between the parties would, or is likely to have the effect of substantially preventing or lessening competition or would be contrary to public interest in the Common Market.
3. The Committee Responsible for Initial Determination (hereinafter referred to as "the CID") established that the parties operated in more than one COMESA Member State. This therefore meant that the regional dimension requirement under Article 23(3) of the Regulations was satisfied and asserted jurisdiction on the Commission to assess the transaction.

The Parties

GRIT

4. The parties submitted that GRIT is a Pan-African property investment business incorporated in Mauritius. GRIT is listed on the Johannesburg Stock Exchange and the Stock Exchange of Mauritius. The parties submitted that GRIT's property investments consist of retail, commercial, corporate, residential, industrial and hospitality assets. GRIT has operations in the following COMESA Member States: Kenya, Mauritius and Zambia.

BHI

5. The parties submitted that BHI is an investment holding company incorporated in Mauritius and has operations in Mauritius only.

Nature of the Transaction

6. The parties submitted that the transaction entails the acquisition of 44.4% shareholding in BHI by GRIT.

Competition Analysis

7. The CID defined the relevant product and geographic markets as follows:
 - a) The market for the leasing of commercial property in Mauritius; and
 - b) The market for hotel operations in Mauritius.
8. The CID observed that the post-merger market shares are not likely to raise any competition concerns since GRIT has insignificant market shares of less than 13% in the relevant markets.

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Determination

9. The CID determined that the merger was not likely to have an appreciable effect on trade between Member States and was not likely to restrict competition in the Common Market. The CID therefore ratified the authorisation issued by the Director on 23rd May, 2018.
10. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 4th day of October, 2018



Commissioner Patrick O. Okilangole
(Chairperson)



Commissioner Brian M. Lingela
(Member)



Commissioner Thembelihle P. Dube
(Member)