Media Statement

For Immediate Release

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COMMISSION PROHIBITS ACQUISITION BETWEEN ECP AFRICA FUND, BURGER KING SOUTH AFRICA AND GRAND FOODS

The Competition Commission has prohibited a proposed transaction whereby ECP Africa, a private equity fund intended to acquire Burger King (South Africa) and Grand Foods Meat Plant (Pty) Ltd (Grand Foods) from Grand Parade Investments. The Commission found that the merger would lead to a significant reduction in the shareholding of historically disadvantaged persons in the target firm, from more than 68% to 0% as a result of the merger.

ECP Africa, the Acquiring Firm, is constituted by ECP Africa Fund IV LLC, ECP Africa Fund IV A LLC and ECP Africa Fund IV A LLC (ECP Funds IV). Burger King (South Africa) (BKSA) is an American multinational chain of fast-food restaurants. Through its various franchise subsidiaries, BKSA operates more than 90 fast food restaurants across South Africa.

Grand Foods Meat Plant (Pty) Ltd (Grand Foods) primarily supplies BKSA with burger patties. Grand Parade Investments ("GPI") is an empowerment entity listed on the Johannesburg Stock Exchange.

The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets. With respect to public interest considerations, the Commission found that the Target Firms are ultimately controlled by an empowerment entity wherein historically disadvantaged persons have (HDPs) hold an ownership stake of more than 68%. The Acquiring Firms have no ownership by HDPs. Thus, as a direct result of the proposed merger, the merged entity will have no ownership by HDPs and workers.

The Commission is therefore concerned that the proposed merger will have a substantial negative effect on the promotion of greater spread of ownership, in particular to increase the levels of ownership by historically disadvantaged persons in firms in the market as contemplated in section 12A(3)(e) of the Competition Act. Thus, the proposed merger cannot be justified on substantial public interest grounds.

The Commission has therefore concluded that the proposed transaction has raised significant public interest concerns in that it has a substantial negative effect on the promotion of a greater spread of ownership, in particular the levels of ownership by historically disadvantaged persons and workers in firms in the market.

[ENDS]

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