



MERGER DECISION NO 09: 2023

Notice in Terms of Section 53(4) (a) (ii) of the Competition Act 2018

DECISION ON THE ASSESSMENT OF THE PROPOSED ACQUISITION OF BETWEEN 51% TO 74.65% OF SHARES OF AFROCENTRIC INVESTMENT COORPORATION LIMITED BY SANLAM LIMITED AND SANLAM LIFE INSURANCE LIMITED

Introduction of the Merging Parties

Pursuant to section 53(4)(a)(ii) of the Competition Act 2018 ("the Act"), notice is hereby given on the decision made by the Competition and Consumer Authority ("the Authority") in relation to the proposed acquisition of between 51% to 74.65% of shares of Afrocentric Investment Corporation Limited ("AfroCentric" or the "Target Enterprise") by Sanlam Limited ("Sanlam") and Sanlam Life Insurance Limited ("Sanlam Life") (both as the "Acquiring Enterprises"). The proposed transaction entails Sanlam moving from a position of joint control to sole control over the operations of the AfroCentric Group. The transaction was notified to the Authority on 24th February 2023, and the merger assessment was completed on 2nd May 2023.

The Acquiring Enterprises are Sanlam and its wholly owned subsidiary Sanlam Life. Sanlam is a public company with listings on the Johannesburg Stock Exchange ("JSE") and A2X Markets in South Africa, as well as the Namibian Stock Exchange. Sanlam is not controlled by any person or firm and most of its shares are widely held. On the other hand, AfroCentric, is a limited liability company incorporated in accordance with the Laws of the Republic of South Africa. AfroCentric is a public company listed on the Johannesburg Stock Exchange (JSE) in South Africa. It is not controlled by any person or firm and most of its shares are widely held. AfroCentric controls several firms, collectively referred to as the "AfroCentric Group."

Relevant Markets

The Acquiring Enterprise, Sanlam, is a financial services group that provides, inter alia, life insurance, non-life insurance, reinsurance, investment management and other financial services in emerging markets in Africa, India and South-East Asia, the United Kingdom, the United States of America and Australia.

For purposes of this merger filing, Sanlam, through Sanlam Life already enjoys minority control over ACT Healthcare Assets (Pty) Ltd ("AHA"). The remaining shares in AHA are held by the Target Enterprise.

In Botswana, Sanlam is primarily active in the provision of life and non-life insurance via Botswana Insurance Holdings Limited ("BIHL") which in turn operates five (5) Subsidiaries being:

- a) Botswana Insurance Fund Management (BIFM) Holdings Limited – a holding company for investments that manages assets across, amongst others, equity, fixed income, real estate, liquidity and alternative investments;
- b) Botswana Life Insurance limited – a life insurance provider;
- c) Teledimo (Pty) Ltd – a company which holds a 100% investment in a short-term insurance company called Botswana Insurance Company Limited;
- d) KYS Investments (Pty) Ltd – a company which operates in the hospitality industry; and
- e) Private Property Botswana (Pty) Ltd – a real estate investment company.

The Target Enterprise, AfroCentric Group, operates a range of healthcare - related enterprises that provide specialised medical scheme administration and deliver a range of healthcare products and services to the public and private healthcare sectors. AHA holds the operating entities of the AfroCentric Group. The Target Enterprise operates predominantly in South Africa, but also has limited activities in Botswana, Namibia and Mauritius.

In Botswana, AfroCentric's only interest is through its indirect minority shareholding in Associated Fund Administrators Botswana (Pty) Ltd ("AFA"), which is coupled with de facto minority protections. This interest is held through Medscheme Holdings (Pty) Ltd, a wholly owned subsidiary of AfroCentric HealthRF (Pty) Ltd, which itself is a subsidiary of AHA. AFA operates within the supplier base of Botswana healthcare sector by providing medical aid administration and health management services to medical funds across the country.

Competitive Analysis and Public Interest

In the assessment of Substantial Lessening of Competition, the proposed transaction involves an acquisition of shares by an entity which is not horizontally or vertically related to the Target Enterprise. Therefore, the proposed merger is not expected to reduce the level of competition in the relevant market in Botswana.

The structure of the relevant market will not change post-merger since the Merging Parties are not active in the same market. The proposed transaction will not result in a market share accretion of the merged entity or any other entity in Botswana. In terms of Public Interest, the Authority does not foresee any detriment to matters of public interest that will arise as result of the proposed transaction.

The Determination

The Authority determined through the analysis of the facts of the merger that the structure of the relevant market will not change upon the implementation of the

proposed merger and the proposed transaction is not likely to result in any adverse effects on competition, nor endanger the continuity of services in the provision of medical administration services in Botswana.

Furthermore, the proposed merger will not have any negative effect on public interest matters in Botswana as per the provisions of section 52(2) of the Competition Act 2018.

Pursuant to the provision of section 53 of the Act, the Authority has unconditionally approved the proposed acquisition of between 51% to 74.65% of shares of Afrocentric Investment Corporation Limited by Sanlam Limited and Sanlam Life Insurance Limited (both as the “Acquiring Enterprises”).

However, as stated under section 61 of the Act, this approval does not override or negate any other mandatory statutory approvals or processes that any of the parties to this merger must comply with under the Laws of Botswana.

Dated at Gaborone on this 2nd day of May 2023.

Tebelelo Pule, Chief Executive Officer, Competition and Consumer Authority,
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