



MERGER DECISION NO 12: 2023

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

DECISION ON THE ASSESSMENT OF THE PROPOSED ACQUISITION OF 51% SHAREHOLDING HELD BY SANLAM PAN AFRICA MAROC S.A. IN C-RE HOLDING LIMITED BY ACA CORNERSTONE LIMITED AND CAPITAL ALLIANCE PRIVATE EQUITY IV 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 51% shareholding held by Sanlam Pan Africa Maroc S.A. ("SPAM") in C-Re Holding by ACA Cornerstone and CAPE IV. The transaction was notified to the Authority on 27th March 2023, and the merger assessment was completed on 22nd May 2023.

The Acquiring Enterprises, CAPE IV and ACA Cornerstone are both ultimately under the control of African Capital Alliance Limited ("ACA"). These two (2) companies together with their parent company, are incorporated in accordance with the Law of the Republic of Mauritius. ACA manages several generalist and specialist private equity funds ("ACA Funds"), to unlock value in its target sectors and generate returns for its investors.

The Target Enterprise, C-RE Holding, is a company incorporated in accordance with the laws of Mauritius, and currently controlled by Sanlam Pan Africa Maroc S.A. ("SPAM") and CAPE IV. SPAM is an indirect wholly owned subsidiary of Sanlam Limited. In Botswana, Sanlam holds shareholding in Botswana Insurance Holdings Limited ("BIHL"). In particular, BIHL has shareholding in Botswana Life Insurance Limited, Botswana Insurance Fund Management Limited and Botswana Insurance Company Limited.

C-RE is a holding company of a group of subsidiaries across Africa, being Cameroon, Botswana and Kenya ("the C-RE Group"), that offer capacity and reinsurance services in the life and non-life sectors. In Botswana, the C-RE Group is only active through its Botswana registered 100% subsidiary, Continental Reinsurance Company Limited ("C-RE Botswana").

Relevant Markets

In terms of the relevant markets, the assessment of the Proposed Transaction revealed that the Acquiring Entity, CAPE IV is a private equity fund. Its investment portfolio consists of companies active in a wide range of economic sectors including agribusiness, energy, fast moving consumer goods, financial services, media & technology and telecommunications. Another Acquiring Enterprise, ACA Cornerstone was established as an investment strategy for making equity and quasi equity investments in carefully selected securities in the non-banking financial institution sector across Africa.

On the other hand, The Target Entity provides reinsurance services in the life and non-life sectors through provision of reinsurance expertise and services in the aviation, bonds and guarantees, energy, engineering, fire, individual and group life, marine and oil sectors in a number of African jurisdictions. The C-RE Group writes both facultative and treaty business. In Botswana, the C-RE Group through C-RE Botswana, offers reinsurance services in the life and non-life sectors.

C-RE Botswana services 12 countries in the Southern African region namely, Botswana, Angola, Namibia, Mozambique, Mauritius, Madagascar, Malawi, Lesotho, ESwatini, South Africa, Zambia and Zimbabwe. It is worth noting that the relevant geographic market for reinsurance services is global, due to the fact that customers can source reinsurance within international markets and are not confined to national borders.

In light of the above, it can be concluded that there is lack of product overlap in the activities of the Merging Parties. However, in view of the nature of the services offered by the Target Enterprise in the merger under assessment, the relevant market is defined as *market for provision of reinsurance services in the life and non-life sectors in the global market*.

Competitive Analysis and Public Interest

The Authority's assessment did not reveal any substantial lessening of competition concerns that would arise as a result of the Proposed Transaction due to the absence of product overlap in the activities of the Merging Parties in Botswana. Accordingly, the Authority does not anticipate any competition concerns and public interests concerns to arise in the relevant market in Botswana post-merger.

The Determination

The Authority determined through the analysis of the facts of the merger, that the Proposed Transaction is not likely to result in a substantial lessening of competition, nor endanger the continuity of service, in the relevant market in Botswana. Furthermore, there is no acquisition of market dominance post-merger; nor any

negative effect on public interest in Botswana that has been identified in relation to the provisions of the section 52 of the Competition Act 2018.

Pursuant to the provision of section 53 of the Act, the Authority has decided to *unconditionally approve* the proposed acquisition of 51% shareholding held by Sanlam Pan Africa Maroc S.A. in C-RE Holding Limited by ACA Cornerstone Limited and Capital Alliance Private Equity IV Limited.

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 22nd day of May 2023.

Gomolemo Ratsie, Acting Chief Executive Officer, Competition and Consumer Authority, P/Bag 00101, Gaborone, Plot 28, Matsitama Road, Tel: 3934278 Fax: 3121013