



COMESA Competition Commission  
Kang'ombe House, 5th Floor-West Wing  
P.O. Box 30742  
Lilongwe 3, Malawi  
Tel: +265 (0) 1 772 466  
Email- compcom@comesa.int



Common Market for Eastern  
and Southern Africa

CCC/MER/04/11/2019

**Decision<sup>1</sup> of the Sixtieth (60<sup>th</sup>) Committee Responsible for Initial Determination Regarding the Proposed Acquisition of Shares in Paxton Investments Limited by Zambia Property Holdings Limited**

**ECONOMIC SECTOR: Real Estate**

31<sup>st</sup> July 2019

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<sup>1</sup> 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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 28<sup>th</sup> May, 2019, the COMESA Competition Commission (the “Commission”) received a notification for approval of a merger regarding the proposed acquisition of Shares in Paxton Investments Limited (“**Paxton**”) by Zambia Property Holdings Limited (“**ZPH**”).
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 operate in more than one COMESA Member State. Further, the transaction satisfied the merger notification thresholds provided for under Rule 4 of the Rules of Determination of the Merger Notification Thresholds and Method of Calculation. This therefore means that the regional dimension requirement under Article 23(3) of the Regulations is satisfied and asserts jurisdiction on the Commission to assess the transaction.

### ***The Parties***

#### ***ZPH (the Acquiring Undertaking)***

4. ZPH is a Mauritian company which is a wholly owned subsidiary of Grit Real Estate Income Group Limited (“Grit”) via another wholly owned subsidiary of Grit known as Grit Services Limited. Grit is a real estate income company domiciled in Mauritius whose mandate is to own and manage income-producing real estate assets on the African continent. ZPH holds 50% of the issued share capital in the following Zambian entities: Kafubu Mall Limited, Cosmopolitan Shopping Centre Limited and Mukuba Mall Limited (“Mukuba”). Mukuba is a company incorporated in Zambia which owns and operates Mukuba Shopping Mall in the city of Kitwe in the Republic of Zambia.
5. ZPH has operations in the following COMESA Member States: Kenya, Mauritius and Zambia.

#### ***Paxton (the Target Undertaking)***

6. Paxton is a company registered and incorporated under the Laws of Mauritius. Paxton owns 25% of the issued share capital of Mukuba. In the Common Market, Paxton has operations in Zambia only.

### ***Nature of the Transaction***

7. The proposed transaction entails that ZPH will subscribe to 99.99% of the authorised share capital of the Paxton. As a result of the proposed transaction, ZPH will indirectly own 75% of the shares in Mukuba.

### ***Competition Analysis***

8. The CID defined the relevant market as the market for the provision of commercial retail space.



9. The CID observed that the proposed transaction will result in market share accretion in the provision of commercial retail space. However, the merged entities' market shares will remain small compared to the market shares of other players in the market such that the transaction will not result in an increase of concentration.

***Determination***

10. The CID determined that the merger is not likely to substantially lessen or prevent competition in the Common Market or any substantial part of it. The CID determined that the merger is not likely to negatively affect trade between Member States. The CID therefore approved the transaction.
11. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 31<sup>st</sup> day of July, 2019



**Commissioner Patrick Okilangole (Chairperson)**



**Commissioner Brian M. Lingela**



**Commissioner Thembelihle P. Dube Nee Dlamini**