

Digital Realty's acquisition of Teraco gets the go-ahead

The Competition Commission has recommended that its Tribunal approve the proposed transaction whereby Digital Titan (Digital Realty) intends to acquire Teraco with conditions.



Teraco's CEO Jan Hnizdo | image supplied

"The Commission found that the proposed transaction is unlikely to result in a substantial prevention or lessening of competition in any relevant markets. However, the Commission found that the proposed transaction is likely to result in a negative impact on a greater spread of ownership. In order to address this concern, the merging parties have agreed to the imposition of a condition that would ensure that the merged entity maintains the current B-BBEE Trust and further, introduce an employee share ownership plan in the merged entity," the Competition Commission said in a statement.

The Teraco management team will remain in place and maintain day-to-day responsibility for operations in South Africa. In addition, Teraco's existing investors, including several leading global digital infrastructure investors with significant experience investing in Africa, are rolling forward a significant portion of their equity interests. The continuing involvement of management and the existing investors is consistent with Digital Realty's new market entry strategy of partnering with strong local management teams and experienced regional capital partners.

Announcement in January

It was announced in January of this year that Digital Realty entered into a definitive agreement to acquire a majority stake in Teraco Data Environments from a consortium of investors that included Berkshire Partners and Permira.

At the time of the announcement, it was reported that Digital Realty will own approximately 55% of the total equity interests in Teraco once the acquisition has been finalised, while the remaining 45% will be held by a consortium of existing shareholders, including management, Berkshire Partners LLC, Permira, van Rooyen Group, Columbia Capital, Stepstone Ventures and the Teraco Connect Trust.

Teraco's CEO Jan Hnizdo at the time said that they are excited to enter its next chapter by joining forces with Digital Realty.

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