



MERGER DECISION NO 04: 2024

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

DECISION ON THE PROPOSED ACQUISITION OF LOT 21306 GABORONE AND A PIECE OF LAND SITUATED IN SEROWE TRIBAL AREA FROM RDC PROPERTIES LIMITED BY SEVENTY5 DEGREES (PTY) LTD FOR AND ON BEHALF OF THE BOTSWANA PUBLIC OFFICERS PENSION FUND

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 Lot 21306 Phakalane and a piece of land situated in Serowe Tribal Area from RDC Properties Limited ("RDC or the Target Enterprise") measuring at 511m² (which houses Pep Serowe Property) by Seventy5 Degrees (Pty) Ltd ("Seventy5 Degrees" or the "Acquiring Enterprise") for and on behalf of the Botswana Public Officers Pension Fund ("BPOPF").

Following the implementation of the proposed transaction, the target properties will be managed by the acquiring enterprise on behalf of the BPOPF. The transaction was notified to the Authority on 6th February 2024 and the merger assessment was completed on 1st March 2024.

The Acquiring Enterprise, Seventy5 Degrees, is a private company incorporated in accordance with the Laws of Botswana. Seventy5 Degrees is a duly appointed property asset manager, which undertakes property asset acquisitions for and on behalf of BPOPF.

On the other hand, the Target Enterprise, RDC, is a public company listed on the Botswana Stock Exchange. RDC is controlled by different individuals and institutional investors. In turn, the Target Enterprise controls the following Enterprises; Lotsane Complex (Pty) Ltd, Three Partners Resorts Limited, Propcorp (Pty) Ltd, RDC Properties International (Pty) Ltd and Bophelong Senior Living (Pty) Ltd.

Relevant Markets

The activities of the Merging Parties indicate that the Acquiring Enterprise commenced operation in July 2023 and it manages a small number of industrial and commercial rental properties in Botswana. The ultimate acquirer, BPOPF is a pension fund duly licensed and established in accordance with the provisions of the Retirement Funds Act No. 38 of 2022 for public service employees. BPOPF also holds commercial immovable rental property through other property asset managers. Consistently, the target enterprise operates in the business of real estate development and management and is selling the two immovable properties being; Lot 21306 Phakalane and a piece of land situated in Serowe Tribal area both under its property portfolio.

In this regard, the proposed transaction will give rise to a horizontal overlap post-merger. However, the acquiring enterprise is a relatively new entrant in the market for commercial property leasing in Botswana. Thus, Seventy5 Degrees does not have a tangible market share from which the Authority should worry about any competition concerns which may emanate from market accretion. In addition, the relevant market is characterised by a myriad of players both at individual and company levels who will pose competitive constraints to the merged entity post-merger.

Competitive Analysis and Public Interest

In the assessment of Substantial Lessening of Competition, the assessment findings of the proposed transaction reveal that the Acquiring Enterprise is fairly new in the relevant market and its market

share is insignificant when compared to its existing well established competitors. The established overlap in the Merging Parties' activities in Botswana is not expected to significantly alter the market structure post implementation. Thus, the Authority does not anticipate any competition concerns to arise in the relevant market in Botswana post-merger.

For the analysis of Acquisition of Dominance, it has been established that the Acquiring Enterprise is a new entrant the relevant market. On this regard, the merged entity is not expected to acquire a dominant position post-merger. Furthermore, the relevant market has diverse players who would continue to discipline the competitive behavior of the acquiring enterprise.

In terms of Public Interest considerations, the Authority does not envisage any adverse public interest concerns as a result of the implementation of the Proposed Transaction. For completeness, no merger specific retrenchments are expected to happen due to the approval and implementation of the proposed acquisition.

The Determination

The Authority determined through the analysis of the facts of the merger that the structure of the relevant market will not significantly 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 relevant market. 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 Lot 21306 Phakalane and a piece of land situated in Serowe Tribal Area from RDC Properties Limited, measuring at 511m² (which houses Pep Serowe Property) by Seventy5 Degrees (Pty) Ltd for and on behalf of the Botswana Public Officers Pension Fund.

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 1st day of March 2024.

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