



MERGER DECISION NO 32: 2023

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

DECISION ON THE ASSESSMENT OF THE PROPOSED ACQUISITION OF ADDITIONAL 25% OF THE LINKED UNITS IN JTTM PROPERTIES (PTY) LTD BY LETLOLE LA RONA LTD, FROM BOTSWANA RAILWAYS ORGANISATION

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 respect of the proposed acquisition of additional 25% of the linked units in JTTM Properties (Pty) Ltd ["JTTM Properties" or the "Target Enterprise"] by Letlole La Rona Ltd ("Letlole La Rona" or the "Acquiring Enterprise"), from Botswana Railways Organisation ("Botswana Railways"). The transaction was notified to the Authority on 24th August 2023, and the merger assessment was completed on 13th September 2023.

The Acquiring Enterprise, Letlole La Rona, is a public listed company on the Botswana Stock Exchange Limited. Its major unitholders are Botswana Development Corporations ("BDC"), with a 40% stake, Grit Services Limited ("Grit") 25.1% and Botswana Public Officers Pension Fund ("BPOPF") 19.6%. The remaining shares are held by various institutional and individual shareholders. Letlole La Rona currently has 32.79% shares in the Target Entity - JTTM Properties.

The Target Enterprise, JTTM Properties, is a private limited liability company duly incorporated in accordance with the Laws of Botswana. The Target Enterprise's majority shareholders are Botswana Railways Organisation and Letlole La Rona, at 51.84% and 32.79%, respectively.

Relevant Markets

The Acquiring Enterprise owns immovable properties in Botswana, including industrial properties, commercial office spaces, retail spaces and residential spaces and it derives income primarily from rentals and property instruments. On the other hand, the Target Enterprise is a property investment vehicle which holds immovable property in Botswana being the Railpark Mall development, a shopping mall situated in Gaborone. Its business is therefore anchored on the collection of rentals from the Railpark Mall development.

The assessment has revealed that the Acquirer and the Target Enterprise are both active in the commercial retail property (shopping mall) market in Botswana. The Acquiring Enterprise owns Watershed Piazza in Mahalapye while the Target Entity has Railpark in Gaborone.

These shopping malls are equally rented out to supermarkets, clothing outlets, offices and restaurants, just to name a few. It can be concluded that there is a horizontal overlap without geographic presence in the activities of the Merging Parties.

Competitive Analysis and Public Interest

The Authority has established that the Acquiring Entity is increasing its shareholding in the Target Firm from 32.79% to 57.79%. These additional shares are acquired from a co-shareholder. Therefore, this is an internal restructuring and as a result, there will be no change in the relevant market (structure), and the status quo will be maintained post-merger.

The Authority does not anticipate any substantial lessening of competition concerns arising due to the absence of geographical overlap in the activities of the merging parties as this merger is an internal restructuring. 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.

The Determination

Pursuant to the provision of Section 53 of the Competition Act, 2018, the Authority has decided to unconditionally approve the proposed acquisition of additional 25% of the linked units in JTM Properties (Pty) Ltd by Letlole La Rona Ltd, from Botswana Railways Organisation.

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 13th day of September 2023.

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