



MERGER DECISION NO 37: 2023

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

DECISION ON THE ASSESSMENT OF THE PROPOSED ACQUISITION OF FARM THABANE, PORTION 36 OF 34. STEVENSFORD NO. 5-MQ, TULI BLOCK, OTHER, BOTSWANA – THE FARMLAND ASSET FROM DARN CO (PTY) LTD BY VERSFELD TRUST

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 Farm Thabane, Portion 36 of 34. Stevensford no. 5-MQ, Tuli Block, other, Botswana – the farmland asset (the “Farm Asset” or “Target Property”) from Darn Co (Pty) Ltd by Versfeld Trust.

As a result of the transaction, the Farm Asset, measuring 1,713.0361 hectares will be fully controlled by the Versfeld Trust and leased by Vegi Block (Pty) Ltd via a long-term lease agreement. The transaction was notified to the Authority on 22nd June 2023 and the merger assessment was completed on 27th September 2023.

The Acquiring Enterprise, Versfeld, is a trust incorporated in accordance with the Laws of Botswana for the purpose of the proposed merger. Versfeld is controlled by Frederick Pieter Versfeld (“Mr. Versfeld”). The trust is created with the objective of benefiting the beneficiaries: Frederick Pieter Versfeld, Jesica Versfeld (“the Versfelds”) and any children born out of the marriage between the aforementioned beneficiaries and any trusts created for the benefit of any of the above-named beneficiaries or their descendants. The Acquiring Enterprise is currently not operational and does not control any business in Botswana.

The Target Enterprise, Darn Co, is a company incorporated in accordance with the Laws of Botswana. The Target Enterprise does not control any enterprise in Botswana.

Relevant Markets

The assessment of the proposed merger has revealed that the activities of the Merging Parties are not related. For completeness, it should be noted that the Acquiring Enterprise is a trust incorporated on 20th November 2020 as a Special Purpose Vehicle ("SPV") for the purpose of acquiring the Target Property and is therefore not currently operational in Botswana. On the other hand, the Target Enterprise is a property holding company in the business of land holding and leasing for horticultural farming, mainly for the production of vegetables and citrus fruits. Darn Co currently holds the Farm Asset that is presently leased for horticultural farming purposes by Vegi Block. It must be noted that the owners of the Acquiring Enterprise were employed to spearhead the operations of Vegi Block since commencement of the farm business and they are now looking to undertake the ownership of the farm business.

Based on the aforementioned and in view of the nature of products and services offered by the Merging Parties, there are no horizontal or vertical relations which the Authority needs to consider for assessment in the market for the *provision of commercial farming property in Botswana*. The geographical market is national as the product offerings from the Target Property covers the whole of Botswana. The assessment findings indicate that the market structure is not expected to substantially change post implementation of the proposed transaction.

Competitive Analysis and Public Interest

In the assessment of Substantial Lessening of Competition, the proposed transaction involves an acquisition of immovable property by an enterprise that is currently not involved in any business activity that is horizontally or vertically related to that of the Target Enterprise. Therefore, the proposed merger is not expected to substantially reduce the level of competition in the relevant market or any other market in Botswana.

For analysis of Acquisition of Dominance, the findings of the merger assessment indicate that the structure of the relevant market will not change post-merger since the Merging Parties are not active in the same market. The proposed merger is not expected to result in a market accretion of any entity in Botswana.

In terms of Public Interest considerations, it is important to highlight that the proposed transaction has attracted objections in favour of citizen buyers, the decision of which remains with the Minister of Lands and Water Affairs as per the Land Control Act. Nonetheless, the Authority does not expect these public interest concerns to outweigh the competition gains as the Proposed

Transaction would ensure the continuity of Vegi Block post-merger, thus ensuring the continued employment of Batswana as well as food security. The Authority, therefore does not envisage any job losses nor any other adverse public interest concerns as a result of the same.

The Determination

Pursuant to the provision of section 53 of the Act, the Authority has decided to *unconditionally approve* the proposed acquisition of Farm Thabane, Portion 36 of 34. Stevensford no. 5-MQ, Tuli Block, other, Botswana – the farmland asset (the “Farm Asset” or “Target Property”) from Darn Co (Pty) Ltd by Versfeld Trust provided the Merging Parties satisfy any other mandatory statutory approvals or processes under the Laws of Botswana as section 61 of the Act affirms that:

“An approval of a merger granted by the Authority shall not relieve an enterprise from obtaining such other approvals as may be required from other bodies in the exercise of their statutory responsibilities.”

Dated at Gaborone on this 27th day of September 2023

Tebelelo Pule, Chief Executive Officer, Competition and Consumer Authority,
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