



## MERGER DECISION NO 41: 2024

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

#### **MERGER DECISION ON THE ASSESSMENT OF THE PROPOSED SALE AND ACQUISITION OF LOT 20689, GABORONE FROM CORE ENTERPRISES (PTY) LTD BY L & Z ENTERPRISES (PTY) LTD**

##### **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 sale and acquisition of Lot 20689, Gaborone (the "Target Property") from Core Enterprises (Pty) Ltd ("Core Enterprises" or the "Target Enterprise") by L & Z Enterprises (Pty) Ltd ("L & Z Enterprises" or the "Acquiring Enterprise"). Following the implementation of the proposed transaction, L & Z Enterprises will solely own and control the Target Property.

The Acquiring Enterprise is a new company incorporated in accordance with the Laws of Botswana. The Acquiring Enterprise does not control or have any interests in any other entities in Botswana.

The Target Enterprise is a private limited company incorporated in Botswana. The Shareholders who are also Directors of Core Enterprises are Vimalkumar Manubhai Limbachia, Sandeep Gulati and Vinit Balvantrai Shah (all Indians). Core Enterprises does not control any enterprises in Botswana nor is it controlled by any enterprises in Botswana.

##### **Relevant Markets**

In terms of the activities of the Merging Parties, the Acquiring Enterprise was incorporated in April 2024 for the purpose of holding the property being acquired, namely Lot 20689 and is therefore currently a dormant company which is not trading.

On the other hand, the Target Enterprise is a property holding company with the Target Property as its sole asset. The Target Property is currently tenanted.

##### **Competitive Analysis and Public Interest**

In the assessment of Substantial Lessening of Competition, there exists no overlap in the activities of the merging parties as the Acquiring Enterprise is currently a dormant company whereas the Target Enterprise is a property holding company. The Authority does not anticipate any competition concerns to arise in the relevant market post-merger as there is no relation between the activities of the merging parties in the market. Post-merger, the Acquiring Enterprise will assume the market share of the Target Enterprise in terms of the property market while the Target Enterprise will be exiting. Therefore, the Authority does not anticipate any competition concerns to arise in the relevant market

post-merger as the Target Enterprise's portfolio comprises of only one property, making it a small player in the market.

Moreover, the Acquiring Enterprise is expected to face strong competition from existing well-established players including local and multinational commercial property companies. For this reason, the market under consideration is highly competitive and characterised by many active participants.

The implementation of the Proposed Merger is not expected to result in the acquisition of a dominant position in the relevant market in Botswana as the Acquiring Enterprise is currently not trading and the seller is a relatively small player in the commercial real estate market. The Target Enterprise's portfolio comprises of only one property which will then be held by the Acquiring Enterprise post-merger. Furthermore, the merged enterprise is expected to face strong competition from the existing well-established players including state-owned and private property investment companies.

In terms of Public Interest considerations, the Authority does not foresee any detriment to matters of public interest that will arise because of the transaction under consideration. All tenants will remain unaffected by the proposed transaction.

### **The Determination**

The Authority determined through the analysis of the facts of the merger that the structure of the relevant market is not going to change upon implementation of the proposed transaction as no overlap exists in the activities of the merging parties. As such, no competition concerns will arise. As such, no competition concerns will arise. Furthermore, the proposed merger will not have any negative effects 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 decided to unconditionally approve the proposed sale and acquisition of Lot 20689, Gaborone from Core Enterprises (Pty) Ltd by L & Z Enterprises (Pty) Ltd.

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 10<sup>th</sup> day of October 2024.

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