



MERGER DECISION NO 54 OF 2024

DECISION ON THE ASSESSMENT OF THE PROPOSED ACQUISITION OF LEASEHOLD RIGHTS BEING A PIECE OF LAND SITUATED AT SERONGA/NG 12 IN THE BATAWANA TRIBAL TERRITORY AND IMPROVEMENTS THEREON BY BOTSWANA PUBLIC OFFICERS PENSION FUND'S LETSEMA PROPERTY FUND FROM AP HOLDINGS (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 acquisition of leasehold rights being a piece of land situated at Seronga/ NG 12 in the Batawana Tribal Territory together with the improvements thereon ("Mapula Lodge" or the "Target Property") by Letsema Property Fund ("Letsema" or the "Acquiring Enterprise") on behalf of Botswana Public Officers Pension Fund ("BPOPF") from AP Holdings (Pty) Ltd ("AP Holdings" or the "Target Enterprise"). Following the implementation of the proposed transaction, there is to be a full cessation of leasehold rights of the Target Property from AP Holdings to BPOPF.

The Acquiring Enterprise, Letsema, is a fund managed by Messidor Investments (Pty) Ltd ("Messidor") as the Property Asset Manager pursuant to the provisions of the Property Asset Management Agreement between Messidor and BPOPF, and a Power of Attorney dated 11 July 2022 in terms of which BPOPF resolved that the Property Asset Manager be empowered to approve, negotiate and conclude on property transactions on behalf of BPOPF. 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.

The Target Enterprise, AP Holdings is a private company incorporated in accordance with the Laws of the Republic of Botswana.

Relevant Markets

In terms of the activities of the Merging Parties, the Acquiring Enterprise is a fund managed by Messidor – a Property Asset Manager empowered to approve, negotiate and conclude on property transactions on behalf of BPOPF as explained above. The BPOPF, through Letsema invests in a selected portfolio of property assets which are then leased, giving rise to rental income. The Acquiring Enterprise owns a single property asset in Botswana's tourism market where assets are predominantly privately owned, mostly by high net-worth individuals and

companies. The property owned by the Acquiring Enterprise is located in the NG 26 (Abu Concession) bordering the Moremi Game Reserve.

On the other hand, the Target Enterprise invests in retail, commercial and industrial property. AP Holdings is in the business of leasing and managing commercial, industrial and retail property. The Target Enterprise is the registered leaseholder of the Target Property, measuring 4.9328 hectares held under Memorandum of lease dated 21st May 2024. The Property consists of undeveloped land and a small to medium scale improvement erected thereon, comprising of a combination of accommodation suites, tourism tents and airstrip facilities (Mapula Lodge). The Target Property is currently not operational. The Target Enterprise also owns Ace Self-Catering Apartments situated in Tribal Lot 3161, Block 9, Mogoditshane.

Competitive Analysis and Public Interest

The assessment indicates that there's an overlap in the activities of the merging parties in that both the Acquiring and Target Enterprises operate in the investment of property market for the purpose of leasing. Furthermore, both parties' own one property in the tourism sector, with BPOPF being part owner of, through Letsema, the Abu Concession in NG 26 and the Target Enterprise owning the Target Property. The Authority does not anticipate the acquisition to result in any substantial lessening of competition post implementation as the property market remains one of the most competitive markets in Botswana.

Moreover, the Acquiring Enterprise is expected to face strong competition from existing well-established players within the tourism commercial sector of the property investment market in Botswana. For this reason, the market under consideration is highly competitive and is 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 and Target Enterprise only own one property in the tourism sector. The merged enterprise is expected to face strong competition from existing well-established players in the tourism sector of the property investment market.

In terms of Public Interest considerations, the Authority does not foresee any detriment to public interest that will arise because of the transaction under consideration. The Target Enterprise will be 100% owned by citizens post-merger thereby contributing to citizen empowerment. Moreover, with the restoration of Mapula Lodge, this will result in the creation of employment for Botswana.

The Determination

The Authority determined through the analysis of the facts of the merger that the structure of the relevant market is not expected to significantly change upon implementation of the proposed transaction as the proposed transaction is not likely to result in a substantial lessening of competition, nor endanger the

continuity of service in the market under consideration. Furthermore, the proposed merger will not have any negative effects on public interest 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 acquisition of leasehold rights being a piece of land situated at Seronga/NG 12 in the Batawana Tribal Territory and improvements thereon by Botswana Public Officers Pension Fund's Letsema Property Fund from AP Holdings (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 16th day of December 2024.

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