



MERGER NOTICE NO 37: 2015

THE PROPOSED ACQUISITION OF THE OPERATION OF KENTUCKY FRIED CHICKEN FRANCHISE RESTAURANTS IN BOTSWANA, OPERATING UNDER THE BRAND NAME "KFC BOTSWANA", TOGETHER WITH ALL ASSETS RELATED TO OPERATION OF KFC FRANCHISE STORES FROM VPB PROP CO (PTY) LTD BY CALLUS (PTY) LTD.

Pursuant to section 56(1) of the Competition Act (Cap 46:09), the Competition Authority has received a merger notification in which Callus (Pty) Ltd ("Callus") will acquire the operations of the Kentucky Fried Chicken franchise restaurants in Botswana, operating under the trade name "KFC Botswana", together with all assets related to the operation of the KFC franchise stores from VPB Propco (Pty) Ltd ("VPB").

Callus, the acquiring enterprise, is a company incorporated under the Laws of the Republic of Botswana, and is a wholly owned subsidiary of Country Bird Holdings (Pty) Ltd ("CBH"). CBH is a company incorporated under the Laws of the Republic of South Africa. In addition to its interest in Callus, CBH has a 100% shareholding in Ross Africa Limited, a company duly incorporated in terms of the Laws of the Republic of Seychelles. Ross Africa Limited, in turn, has a 60% shareholding in Master Feeds (Pty) Ltd, a company incorporated in accordance with the Laws of Botswana.

Master Feeds has three trading divisions active in Botswana, namely: Nutri Feeds (distributes feeds throughout Botswana); Ross Breeders Botswana (has hatcheries in Botswana); and Oistins (runs an abattoir as well as broiler farm in Botswana). Callus is therefore a shelf company which is intended to hold all the KFC franchise stores in Botswana and has no other business activities in the country.

On the other hand, VPB Propco, the target enterprise is a company incorporated under the Laws of the Republic of Botswana. VPB trades as KFC Botswana through its three wholly owned subsidiaries, being Greenax (Pty) Ltd, QSR (Pty) Ltd and Boitumelo Dijo (Pty) Ltd. Each of the aforementioned subsidiaries operates its own KFC franchise restaurants. Greenax operates Kanye, Broadhurst and Maun KFC franchise outlets; QSR operates Kasane, Molepolole and Game City franchise outlets; and Boitumelo Dijo operates Gaborone Main Mall, Gaborone West, Francistown, Somerset, Rail Park and Airport Junction KFC franchise outlets.

According to section 57(3), of the Competition Act, "any person, including a third party not a party to the proposed merger, may voluntarily submit to the inspector or the Authority any document, affidavit, statement or other relevant information in respect of a proposed merger".

The Competition Authority therefore seeks any stakeholder views for or against the proposed merger, which may be sent within 10 days from date of this publication to the following address:

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