

MERGER DECISION NO 31:2025

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

DECISION ON THE ASSESSMENT OF THE PROPOSED ACQUISITION OF CERTAIN BUSINESS ASSETS OF DE BEERS HOLDINGS PROPRIETARY LIMITED BY ARMA HOLDING INVESTMENT PROPRIETARY LIMITED

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 certain business assets of De Beers Holdings Proprietary Limited (“De Beers Holdings” or the “Target Enterprise”), particularly a piece of land being Lot 7387, Gaborone, together with the buildings and improvements thereon and its associated material agreements (collectively the “Target Property”), by Arma Holding Investment Proprietary Limited (“Arma Holding” or the “Acquiring Enterprise”).

The Acquiring Enterprise is a limited liability company registered in accordance with the Laws of Botswana. The Acquiring Enterprise does not control any entity in Botswana.

The De Beers Holdings is a limited liability company registered in accordance with the laws of Botswana. De Beers Holdings is wholly owned and controlled by De Beers Exploration Holdings Limited (“De Beers Exploration”), a private company incorporated in Jersey.

Merging Parties

In terms of the activities of the Merging Parties, the Acquiring Enterprise is an investment holding company which is involved in the letting of commercial and industrial real estate. Within the residential real estate sector, the Acquiring Enterprise only owns two single use residential property. The residential properties are a 3-bedroom house of Plot 7982 Broadhurst Gaborone and a 3-bedroom house of Plot 37940 Block 6 Gaborone. The bulk of the Acquiring Enterprise’s property portfolio consists of industrial and commercial unit.

On the other hand, the Target Enterprise is part of the De Beers Group, which is involved in the diamond industry, including mining, exploration, retail, inscription, grading, trading and industrial diamond manufacturing. The Target Enterprise is also involved in the letting of the Target Property. However, the Target Property is the only residential property under the De Beers Holdings portfolio.

The Target Property is held under Deed of Fixed Period State Grant No. 233/80 dated 23 April 1980. The Property is a residential apartment block with 27 units comprising 3- and 2-bedroom units. Moreover, most of the tenants in the Property are employees of De Beers Holdings, with a few private tenants. An integral component of the Proposed Transaction is that the sale of the Property includes a cession by De Beers Holdings of the existing tenant leases to the Acquiring Enterprise.

Competitive Analysis and Public Interest

In the assessment of Substantial Lessening of Competition, the investigations have revealed that both the Acquiring and Target Enterprises are involved in the letting of residential real estate. However, both parties are small players as the Target Enterprise only owns the Target Property while the Acquiring Enterprise owns two single use units. Therefore, the transaction under assessment is not expected to substantially lessen competition or restrict trade or the provision of services or to endanger the continuity of supplies in the relevant market or in any market in Botswana.

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 both parties are small players as explained above. Therefore, the Proposed Transaction will not result in a significant market share accretion in any relevant market. In addition, the residential real estate market is highly competitive and characterised by many players in Botswana who will continue to provide competitive pressure on the Merged Enterprise.

In terms of Public Interest considerations, the Authority does not foresee any significant detriment to public interest that will arise because of the transaction under consideration. The Acquiring Enterprise will acquire all the Tenant Leases from the Target Enterprise. Nonetheless, the Service Providers are expected to continue offering their services within their respective markets.

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 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 significant negative

effects on public interest matters in Botswana as per the provisions of section 52(2) of the Act.

Pursuant to the provision of section 53 of the Act, the Authority has decided to unconditionally approve the proposed acquisition of certain business assets of De Beers Holdings Proprietary Limited, particularly a piece of land being Lot 7387, Gaborone, together with the buildings and improvements thereon and its associated material agreements, by Arma Holding Investment Proprietary Limited.

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 28th day of August 2025.

Gideon G. Nkala, Chief Executive Officer, Competition and Consumer Authority, P/Bag 00101, Gaborone, Plot 28, Matsitama Road, Tel: 3934278 Fax: 3121013