



## CAK DECISION ON THE PROPOSED ACQUISITION OF OUTSTANDING FIFTY PERCENT (50%) SHAREHOLDING IN BUFFALO MALL NAIVASHA LIMITED BY ABLAND DIVERSIFIED HOLDINGS LIMITED

1. Abland Diversified Holdings Limited now fully owns Buffalo Mall Naivasha Limited following the Competition Authority of Kenya's unconditional approval of its acquisition of outstanding 50% shareholding in the firm.
2. This approval has been granted based on the finding that the transaction is unlikely to negatively impact competition concerns nor elicit negative public interest concerns, the two key considerations during merger analysis.
3. **Abland Diversified Holding Limited**, the acquirer, is incorporated in Mauritius as an investment holding company managing a diversified portfolio of assets. **Buffalo Mall Naivasha Limited**, the target, is an investment holding company generating revenue through rental income from Buffalo Mall, Naivasha.
4. The proposed transaction, involves the acquisition of fifty percent (50%) shareholding in Buffalo Mall Naivasha Limited by Abland Diversified Holdings Limited. Prior to the transaction, Abland Diversified Holdings Limited owned the other 50%. The outstanding shareholding was held by two separate shareholders.
5. The transaction therefore, qualified as a merger within the meaning of Section 2 and 41 of the Competition Act No. 12 of 2010. The Act stipulates that a merger, or takeover,



may occur when an undertaking directly or indirectly acquires control over another business within Kenya. This may happen through, among others, purchase/lease of shares, exchange of shares, vertical integration.

6. Further, merging parties whose combined turnover or assets, whichever is higher, is over Ksh. 1 Billion are required to seek approval from the Authority prior to implementing the transaction. The transaction between Abland and Buffalo Mall met this threshold for mandatory notification and full analysis as provided in the [Competition \(General\) Rules, 2019](#).
7. The parties indicated that their rationale for the proposed transaction is streamlining the acquirer's retail sector exposure in Africa, increasing shareholder value and efficiently extracting asset management and leasing knowledge from the target's ultimate controller - Grit Real Estate Income Group.
8. In order to assess the impact a transaction will have on competition in a specific market, the Authority determines the relevant product market and the relevant geographic market as part of the merger analysis process.
9. The **relevant product market comprises products/services that are interchangeable or substitutable by the consumer** due to characteristics, prices and/or intended use. Based on this criteria, and the fact that the transacting parties activities overlap, the relevant product market for the proposed transaction was determined to be the market for real estate (commercial space).



10. Determination of the relevant geographic market seeks to understand the marketplace within which the parties to a merger transaction are involved in supplying their goods or services and in which the competition conditions are similar. With regard to this transaction, the property held by the target is located in Naivasha and, therefore, the **relevant geographical market is Naivasha and its environs.**
11. Subsequently, the Authority reviews the undertakings' (pre- and post-merger) business performance within the relevant product and geographic market in order to understand their current competitiveness as well as any positive or negative outcomes (**structure or concentration of the market**) that may result from the transaction.
12. Kenya's real estate market has grown exponentially over the past decade as evidenced by its contribution to GDP (10.5% in 2000; 20% in 2021). New product offerings such as Real Estate Investment Trust (REIT) have also been introduced in the market as investors compete and innovate (differentiate product offerings) to attract customers.
13. Commercial real estate is used exclusively for business-related purposes as opposed to home ownership. It includes categories such as retailers, office space, hotels and resorts, shopping malls, restaurants, stalls and healthcare facilities, among others.
14. According to industry data, the market for management of property (commercial spaces) for rent in Naivasha has over 100 players. Some notable entities are Ryden International Limited, Primeland Properties, Durian Property Consult, Pamakars Properties, Dominion Realtors and CityLife Real Estate Kenya.



15. Post-merger, there will be no change in the structure and concentration of the market for real estate in Naivasha since the proposed transaction simply involves acquisition of additional shareholding in an existing company (the target)
16. From the foregoing, the Authority is of the view that the proposed transaction is unlikely to **substantially lessen or prevent competition** in the market for commercial real estate in Naivasha and its environs.
17. During merger analysis, the Authority also considers the impact that a proposed transaction will have on public interest. Public interest in this case refers to various economically-inclined concepts that, when considered, protect the welfare of the Public. Per the Competition Act, some of the public interest considerations are;
- extent to which a proposed merger would impact employment opportunities;
  - impact on competitiveness of SMEs;
  - impact on particular industries/sectors; and
  - impact on the ability of national industries to compete in international markets.
18. The transaction is unlikely to lead to any negative public interest issues. It is envisaged that it will not result to redundancies of any employees of the target as the acquirer is only increasing shareholding in the target.
19. Premised on the above reasoning, the Competition Authority of Kenya approved the proposed acquisition of the remaining 50% shareholding in Buffalo Mall Naivasha Limited by Abland Diversified Holdings Limited unconditionally.