



CAK DECISION ON PROPOSED ACQUISITION OF CERTAIN ASSETS OF RHEA HOLDINGS LIMITED (UNDER RECEIVERSHIP) BY SHALIMAR FLOWERS KENYA LIMITED

1. The Competition Authority of Kenya has approved the proposed acquisition of the certain assets of Rhea Holdings Limited (under receivership) by Shalimar Flowers Kenya Limited unconditionally.
2. **Shalimar Flowers Kenya Limited, the acquiring undertaking,** is involved in the business of growing flowers in various flower farms in Kenya for export.
3. **Rhea Holdings Limited, the target undertaking,** is involved in land leasing to Karuturi for horticultural purposes.
4. The proposed transaction involves the acquisition of certain assets (Land) of Rhea Holdings Limited (under receivership) by Shalimar Flowers Kenya Limited. The transaction therefore qualified as a merger within the meaning of Section 2 and 41 of the Competition Act No. 12 of 2010.
5. The parties' combined and relevant turnover/assets for the preceding year was **over Sh1 billion**. The transaction therefore met the threshold for full merger analysis as provided in the **Merger Threshold Guidelines**.
6. The acquiring undertaking holds land for cultivation of flowers in Naivasha,



Rumuruti, Ol Kalou and Thika whereas the target holds land suitable for flower farming in Naivasha. Therefore, for purposes of analysing the proposed transaction the relevant product market was determined to be the market for holding land for cultivation of flowers. Flower farming is undertaken in various parts of the country and therefore the relevant geographic market was determined to be national.

7. According to the *2019-2020 Validated Horticulture Report*, the total area of land under flower cultivation in the country is 3,850 hectares (Ha). The acquirer has 94Ha dedicated to flower farming in Naivasha, Thika, Ol Kalou and Rumuruti. Prior to being placed under receivership, the target had 100.80Ha of land in Naivasha under flower cultivation.
8. During merger analysis, the Authority considers the impact that the proposed transaction will have on competition in the specific market/sector and whether it raises any public interest concerns. **Thereafter, the Authority may approve the transaction with conditions, approve it without conditions, or reject it.**
9. Post-merger, the land held by the merged entity will increase from the current 94Ha to 194.8Ha, accounting for approximately 5% of the land dedicated to flower farming in the country. Based on this low market share, the proposed transaction is unlikely to lead to substantial lessening or prevention of competition in the market for land held for flower cultivation in Kenya.
10. During merger analysis, the Authority also considers the impact that a proposed transaction will have on public interest. The public interest concerns considerations include;



- i. extent to which a proposed merger would impact employment opportunities;
- ii. impact on competitiveness of small and medium enterprises (SMEs);
- iii. impact on particular industries/sectors; and
- iv. impact on the ability of national industries to compete in international markets.

11. With regard to public interest issues, the proposed transaction positively impacts the public since it will occasion creation of employment opportunities when the acquirer commences cultivating flowers for export in the acquired land which has been dormant. Further, the acquisition will also increase the merged entity's ability to compete in international markets through flower exports.

12. Premised on the foregoing, the Authority approved the acquisition of the **certain assets of Rhea Holdings Limited (under receivership) by Shalimar Flowers Kenya Limited** unconditionally.