



MERGER DECISION NO 18: 2015

DECISION ON THE PROPOSED ACQUISITION OF 100% INTEREST IN THE ISSUED SHARE CAPITAL OF MAXSHELL 114 INVESTMENTS (PTY) LTD (PEERMONT GROUP) BY SUN INTERNATIONAL SOUTH AFRICA (PTY) LTD

PURSUANT to section 60(4)(a)(ii) of the Competition Act (Cap 46:09), notice is hereby given on the decision made by the Competition Authority in respect of the proposed acquisition of 100% interest in the issued share capital of Maxshell 114 Investments (Pty) Ltd (Peermont Group) by Sun International South Africa (Pty) Ltd.

The Authority determined to conditionally authorise the proposed transaction in the markets for 3-4 star grading short-term accommodation and hotel facilities; as well as casino gaming in Botswana, with respect to the acquisition of Maxshell 114 Investments (Pty) Ltd by Sun International South Africa (Pty) Ltd, given the fact that:

- i) Though there are competition concerns that will arise with respect to the 3-4 star grading short-term accommodation and hotel facilities market, they are less likely to result in substantial lessening of competition, as the market under consideration is highly contested;
- ii) The Authority's analysis highlights the potential competition concerns which could arise in the casino and gaming market, due to the proposed transaction, given that it results in a reduction in the number of players in Gaborone and Francistown; and
- iii) No significant negative effect on public interest in Botswana has been identified, in relation to the provisions of section 59 (2).

Pursuant to the provisions of section 55 of the Competition Act, the Authority has approved the proposed merger, with the following undertakings:

- i) Sun International will, with immediate effect, remove its appointed director from the board of directors of Sun International Botswana (SIB) and will undertake all such steps as are necessary to remove any contractual right that it has to appoint such a director;
- ii) Sun International will, within six months of the date of implementation of the transaction, procure that the Operating Management Agreement in relation to the SIB casinos is amended to reflect that;

- a. Minor Hotel Group or any of its affiliates shall be solely responsible for determining all matters of any strategic importance in relation to the function, operation and marketing of the SIB casinos including in relation to price setting, promotions, giveaways and service standards;
 - b. Sun International shall not be called upon to provide any input into any such matter and it shall at all times refrain from providing any such input; and
 - c. Sun International will merely conduct the day to day operation of these casinos attending only to matters of no strategic or competitive importance or relevance.
- iii) Sun International will ensure that with immediate effect:
- a. None of its employees providing services within the operations of the SIB casinos will in any manner or capacity simultaneously be employed within the operations of any Peermont casino within Botswana (and vice versa); and
 - b. All employees within the SIB casinos and Peermont casinos in Botswana are subject to appropriate non-disclosure undertakings.

Given the undertakings, Sun international is expected to provide the Competition Authority with an annual and detailed report on execution of these undertakings, until such a time to be determined by the Authority. The report is to be compiled by an Independent Consultant approved by the Authority, and Sun International South Africa will bear the costs of engaging such consultant.

However, as stated under section 66 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 this 30th July, 2015

Thula Kaira, Chief Executive Officer, Competition Authority, P/Bag 00101, Gaborone, Plot 28, Matsitama Road, Tel: 3934278 Fax: 3121013