



MERGER DECISION NO 25 OF 2024

MERGER DECISION ON THE ASSESSMENT OF THE PROPOSED ACQUISITION OF 100% SHAREHOLDING AND SHAREHOLDERS CLAIMS IN PEERMONT HOLDINGS (PTY) LTD BY SUN INTERNATIONAL (SOUTH AFRICA) 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 100% shareholding and shareholders claims in Peermont Holdings (Pty) Ltd ("Peermont" or the "Target Enterprise") by Sun International (South Africa) Limited ("SISA" or the "Acquiring Enterprise"). Following the implementation of the Proposed Transaction, SISA will hold 100% of the ordinary shares and existing shareholders claims in Peermont. The transaction was notified to the Authority on the 12th March 2024 and the merger assessment was completed on 22nd July 2024.

The Acquiring Enterprise is a company incorporated in accordance with the Laws of the Republic of South Africa ("RSA"). SISA is a wholly owned subsidiary of Sun International Limited ("SIL"), a company incorporated in accordance with the Laws of the Republic of South Africa. SIL and its subsidiaries, including SISA (collectively the "Acquiring Group") do not directly or indirectly control any enterprises in Botswana.

The Target Enterprise, Peermont is a company incorporated in accordance with the Laws of RSA. Peermont is jointly controlled by GoldenTree Asset Management Lux S.a.r.l. ("GoldenTree") and MIC Leisure (Pty) Ltd ("MIC Leisure"). Peermont is the ultimate holding company of Peermont Global, a company incorporated in accordance with the Laws of RSA. Peermont conducts business in Botswana solely through Peermont Global (Botswana) Limited ("PGB"), a company registered in Botswana. PGB is controlled by Peermont Global at 60% and by Botswana Development Corporation Limited ("BDC") at 40%. This means that Peermont has an indirect 60% stake in PGB through Peermont Global. Peermont Global exercises managerial control over PGB.

Relevant Markets

In terms of the activities of the Merging Parties, the Acquiring Group is a gambling, hospitality and entertainment group that, through SISA, controls various entities that operate as casinos, hotels (including a timeshare scheme) conferencing and entertainment complexes in RSA. The Acquiring Group also owns and operates the Federal Palace Hotel and Casino in Lagos, Nigeria. The primary business of the Acquiring Group has always been the ownership and operation of casinos, which

are well complemented by ancillary offerings such as short-term accommodation and conferencing facilities. In addition, some of the entities in the Acquiring Group offer alternative forms of gambling in RSA (i.e. these subsidiaries either operate as Limited-Pay Out Machine (LMPs) operators or as online gambling platforms under SIL's SunBet brand). The Acquiring Group has no presence or activities in Botswana

The Target Enterprise, through PGB owns and operates various properties in Botswana including casinos, short-term accommodation offerings (hotels) and a convention centre. In Gaborone, PGB operates the Peermont Mondior and the Grand Palm "Hotel Casino Convention Resort" ("The Grand Palm"). In Francistown it operates the Peermont Metcourt Hotel & Sedibeng Casino.

The assessment indicates that the Acquiring Enterprise and the Target Enterprise both operate in gambling (casinos), short term accommodation and ancillary offerings and thus have an implication of a horizontal overlap. However, there is lack of geographical overlap as the Acquiring Enterprise has no presence in Botswana. As a result, the Proposed Transaction is not expected to result in any competition concerns. The competition landscape in the relevant market would not change in Botswana upon the implementation of the proposed merger.

Competitive Analysis and Public Interest

The analysis of the facts of the merger have shown that there are no substantive competition concerns that will arise in the *market for the provision of short term accommodation and casino gaming in Botswana*, given that:

- a) Although the merger would result in the merged entity indirectly attaining a dominant position in the casino gaming market, the dominance is purely as a result of the pre-existing position of the target entity. As such, there is no market share accretion as the acquiring entity is currently not present in Botswana; and
- b) The merger would not enhance the merged entity's ability to abuse a dominant position because both markets are regulated. Moreover, there are other players in both markets to provide competitive pressure on the merged entity.

The Authority is alive to the potential public interest concerns that may arise from the merger regarding the risk for merger specific retrenchments; the citizen shareholder exiting the shareholding structure of PGB, resulting in citizen disempowerment; the likelihood that the merged entity might divest of some or all of its operations in Botswana; and the likelihood of the merged entity sourcing goods and/or services from foreign based companies and/or individuals without giving an opportunity to Botswana and citizen-owned companies to supply those goods and services.

The Authority is actively facilitating for citizen empowerment as well as the enhancement of citizen participation in these markets.

Pursuant to the provision of section 53 of the Act, the Authority has decided to **conditionally** approve the proposed acquisition of 100% shareholding and shareholders claims in Peermont Holdings (Pty) Ltd by Sun International (South Africa) Limited, subject to the following conditions;

- a) The Merged Enterprise shall inform the Authority of the date of implementation of the proposed merger within sixty (60) business days of receiving other outstanding regulatory approvals. However, if the Merging Parties fail to implement the merger within twenty-four (24) months from the date of approval, the consummation of the acquisition post this period will require a new merger filing to the Authority for re-assessment;
- b) Where the Merged Enterprise wishes to dispose of all or part of its business operations in Botswana, including Peermont Global (Pty) Ltd's shareholding in Peermont Global (Botswana) (Pty) Ltd, the merged enterprise shall first offer the relevant shares or assets to the Botswana Development Corporation ("BDC") in compliance with the procedure provided for the disposal of shares in clause 10 of the shareholders agreement entered into between Global Resorts SA Proprietary Limited, Global Resorts (Botswana) Proprietary Limited and the BDC, with clause 10 operating *mutatis mutandis* in respect of any disposal of assets;
- c) The Merged Enterprise shall inherit all employees of the Target Enterprise on the same or better terms and conditions of employment;
- d) There shall be no merger specific retrenchments that may affect the employees of the merged enterprise. For clarity, merger specific retrenchments or redundancies do not include (the list is not exhaustive):
 - i. Voluntary retrenchment and/or voluntary separation arrangements;
 - ii. Voluntary early retirement packages;
 - iii. Unreasonable refusals to be redeployed;
 - iv. Resignations or retirements in the ordinary course of business;
 - v. Retrenchments lawfully effected for operational requirements unrelated to the Merger; and
 - vi. Terminations in the ordinary course of business, including but not limited to, dismissals as a result of misconduct or poor performance.
- e) The Merged Enterprise shall provide details (Full name; Identification number; Gender; Position; Contact number) of all its employees post-implementation of the merger and for every annual anniversary of the implementation date for at least three (3) years;
- f) The Merged Enterprise shall share a copy of the conditions of approval with all employees of the Target Enterprise in Botswana and/or their respective representatives within ninety (90) business days from the approval date;
- g) The merged entity shall give priority to local and/or citizen Botswana or citizen-owned companies in the supply of goods and/or services to the

merged entity in Botswana in compliance with relevant Government Laws and Policies;

- h) The Merged Enterprise shall provide details (Full name, Contact details and services or goods supplied) of all service and goods suppliers post-implementation of the proposed merger and for every annual anniversary of the implementation date for at least three (3) years;
- i) The Merged Enterprise shall for a period of (three) 3 years from the implementation date submit to the Authority, a report on each anniversary of the implementation date, detailing its compliance with the conditions of approval and demonstrate its contribution to citizen empowerment, SMMEs and employment in addition to its current commitments to these highlighted areas; and
- j) The Merging Parties shall satisfy any other mandatory statutory approvals or processes that any of the parties to this merger must comply with under the Laws of Botswana as section 61 of the Act upholds that:

“An approval of a merger granted by the Authority shall not relieve an enterprise from obtaining such other approvals as may be required from other bodies in the exercise of their statutory responsibilities.”

Dated at Gaborone on this 22nd day of July 2024.

Tebelelo Pule, Chief Executive Officer, Competition and Consumer Authority,
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