

DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION

NO. 5669

13 December 2024

COMPETITION COMMISSION

NOTIFICATION TO APPROVE WITH CONDITIONS THE TRANSACTION INVOLVING:

ACCORHOTELS SOUTH AFRICA (PTY) LTD

AND

GILTEDGE TRAVEL (PTY) LTD

CASE NUMBER: 2024JUN0018

The Competition Commission hereby gives notice, in terms of Rule 38 (3)(c) of the 'Rules for the Conduct of Proceedings in the Competition Commission', that it has approved the transaction involving the abovementioned firms subject to conditions set out below:

Background

1. On 11 June 2024, the Competition Commission (the "Commission") received notice of an intermediate merger whereby, AccorHotels South Africa (Pty) Ltd ("AccorHotels") intends to increase its shareholding in Giltedge Travel (Pty) Ltd ("Giltedge") from 50% to 100%. Pre-transaction, AccorHotels already has joint control of Giltedge as to 50%. Pursuant to the implementation of the proposed transaction, AccorHotels will exercise sole control over Giltedge.
2. The primary acquiring firm is AccorHotels, a private company incorporated in South Africa. AccorHotels is controlled by Accor Afrique SA ("Accor Afrique"), a limited liability company (société anonyme) organised under the Laws of France. Accor Afrique is in turn controlled by Accor SA ("Accor"), a limited liability company (société anonyme) organised under the Laws of France and listed on the Euronext Paris Stock Exchange. Accor is a public company and is therefore not directly or indirectly controlled by any single firm or combination of firms.
3. AccorHotels directly and indirectly controls the following firms: Giltedge Travel (Pty) Ltd ("Giltedge"), the primary target firm, as to 50%, Mantis Africa Holdings (Pty) Ltd ("Mantis") as to 100% and Zambezi Queen Collection ("ZQC") as to 50%. The remaining 50% interest in ZQC is held by Giltedge.

4. AccorHotels does not have any shareholding by historically disadvantaged persons (“HDPs”).
5. Accor, AccorHotels and its subsidiaries excluding Giltedge are herein after referred to as “Accor Group”.
6. Accor Group’s business activities comprise of 2 (two) main operating structures namely: (i) franchise or service agreements, and (ii) management agreements. With respect to franchise or service agreements, Accor Group provides services to hotel owners such as the use of its brands and access to booking systems. In return for these services, the Accor Group is paid a fee. With respect to the management agreements, the Accor Group operates hotels on behalf of the owners who remunerates the Accor Group.
7. In South Africa, the Accor Group manages a number of hotels under their Mercure Fairmont, Pullman and Mantis brand in Gauteng, Mpumalanga, Western Cape and the Eastern Cape. These hotels are graded as 3- and 5-star hotels.
8. The primary target firm is Giltedge, a private company incorporated in South Africa. Giltedge is jointly controlled by AccorHotels and Giltedge Africa Holdings (Pty) Ltd (“GAH”) with each holding an equal share of 50%.
9. Giltedge directly and/or indirectly controls the following firms in South Africa: Giltedge Incentives (Pty) Ltd ; Giltedge International (Pty) Ltd; Giltedge Ocean Islands (Pty) Ltd; Giltedge Travel LLC; and Zambezi Queen Holdings (Pty) Ltd.
10. Giltedge does not have any shareholding by HDPs.
11. Giltedge is a luxury South African tour operator operating across South Africa and parts of Southern Africa, East Africa and the Indian Ocean islands. Giltedge is a tour operator/travel agent and acts as intermediary between the hotels and the customers. Giltedge books hotels on behalf of its clients and can also book other travel-related activities offering clients a complete travel service that can include flights, hotels, activities and land arrangements.

Competition Assessment

12. The Commission found that the proposed transaction is unlikely to result in any substantial prevention or lessening of competition in any relevant markets.

Public Interest considerations

13. To address public interest concerns, the parties have tendered the commitments set out in **Annexure A**.
14. The Commission therefore conditionally approves the proposed transaction.

ANNEXURE A**ACCORHOTELS SOUTH AFRICA PROPRIETARY LIMITED****AND****GILTEDGE TRAVEL PROPRIETARY LIMITED****CASE NUMBER: 2024JUN0018**

CONDITIONS

1. DEFINITIONS

The following expressions shall bear the meanings assigned to them below and related expressions bear corresponding meanings: -

- 1.1 **"Act"** means the Competition Act, No. 89 of 1998 (as amended);
- 1.2 **"AccorHotels"** means AccorHotels South Africa Proprietary Limited
- 1.3 **"Approval Date"** means the date on which the Commission issues a Clearance Certificate in terms of the Competition Act;
- 1.4 **"Commission"** means the Competition Commission of South Africa, a statutory body established in terms of section 19 of the Act;
- 1.5 **"Commission Rules"** means the Rules for the Conduct of Proceedings in the Commission;
- 1.6 **"Conditions"** means these conditions;
- 1.7 **"CCFA"** means the not-for-profit Community Conservation Fund Africa;
- 1.8 **"Days"** means any calendar day which is not a Saturday, Sunday, or an official holiday in South Africa;
- 1.9 **"Giltedge"** means Giltedge Travel Proprietary Limited;
- 1.10 **"HDP"** means Historically Disadvantaged Person(s) as contemplated in section 3(2) of the Competition Act;

- 1.11 **"Implementation Date"** means the date, occurring after the Approval Date, on which the Merger is implemented by the Merger Parties;
- 1.12 **"Merger"** means the proposed transaction in terms of which AccorHotels will acquire sole control over Giltedge;
- 1.13 **"Merger Application"** means the merger application filed on 11 June 2024 under Case No. 2024Jun0018;
- 1.14 **"Merged Entity"** means AccorHotels acquisition of Giltedge following the Merger;
- 1.15 **"Merger Parties"** means the parties to the Merger, being AccorHotels South Africa Proprietary Limited and Giltedge Travel Proprietary Limited; ;
- 1.16 **"Tribunal"** means the Competition Tribunal of South Africa, a statutory body established in terms of section 26 of the Act;
- 1.17 **"Tribunal Rules"** means the Rules for the Conduct of Proceedings in the Tribunal.

2. CONDITIONS

HDP Procurement

- 2.1 The Merger Parties undertake to maintain the average percentage procurement spend from HDP-owned or related firms (determined with reference to the average spend of approximately [**CONFIDENTIAL**] in the preceding 12 months) for a period of 3 (three) years from the Implementation Date, subject to the requirements and service providers selected by customers.

Training and Development

- 2.2 Within 12 (twelve) months of the Implementation Date, the Merger Parties shall:

- 2.2.1 establish a training fund to the value of R1 000 000 per annum for a period of 3 (three) years (i.e., a total of R3 000 000) aimed at:
 - 2.2.1.1 upskilling and training employees of the Merger Parties using services procured by HDP-owned firms; and
 - 2.2.1.2 providing annual bursary funding to HDP high school graduates targeted at a Bachelor of Commerce or equivalent degrees in hospitality at South African universities.
 - 2.2.1.3 Subject to available vacancies or opportunities, the Merger Parties will offer employment within the Merger Parties' businesses to graduates who complete their degrees within the minimum time period.

Community Conservation Fund Africa

- 2.3 The Merger Parties shall donate [**CONFIDENTIAL**] of its annual revenue to the CCFA (or similar Not for Profit Organisations) for a period of 3 (three) years from the Implementation Date. Funding will be ring-fenced for projects that support community development and conservation efforts. These projects will include current local community initiatives and conservation projects. Future projects, yet to be identified, will be validated by the CCFA Board of Directors to ensure transparency and credible projects aligned with the objectives of the CCFA.

3. MONITORING AND REPORTING

- 3.1 AccorHotels shall inform the Commission in writing of the Implementation Date within 5 (five) Days of it becoming effective.
- 3.2 Within 30 (thirty) Days of each anniversary of the Implementation Date, for a period of 3 (three) years from the Implementation Date, AccorHotels, shall submit a detailed written report to the Commission, confirming compliance with the Conditions. Such report shall be accompanied by an affidavit deposed to by a director of AccorHotels attesting to the contents of the report. This report will include details of the projects and initiatives undertaken by the CCFA.
- 3.3 The Commission may at any time request any other documentation or information it deems necessary to monitor compliance with the Conditions.

4. APPARENT BREACH

- 4.1 If the Merged Entity appears to have breached the above Conditions or if the Commission determines that there has been an apparent breach by the Merged Entity of the Conditions, this shall be dealt with in terms of Rule 39 of the Commission Rules read with Rule 37 of the Rules for the Conduct of Proceedings in the Tribunal.

5. VARIATION

- 5.1 The Merging Parties may at any time, on good cause shown, apply to the Commission for the Conditions to be waived, relaxed, modified and/or substituted. Should a dispute arise in relation to the variation of the Conditions, the Merging Parties shall apply to the Tribunal, on good cause shown and on notice to the Commission, for the Conditions to be waived, relaxed, modified and/or substituted.

6. GENERAL

- 6.1 All correspondence in relation to the Conditions must be submitted to the following email addresses: mergerconditions@compcom.co.za and ministry@thedtic.gov.za

Enquiries in this regard may be addressed to the Manager: Mergers and Acquisitions Division at Private Bag X23, Lynnwood Ridge, 0040. Telephone: (012) 394 3298