

DEPARTMENT OF TRADE, INDUSTRY AND COMPETITION

NO. 6010

20 March 2025

NOTIFICATION TO APPROVE WITH CONDITIONS THE TRANSACTION INVOLVING:

IPIC PROPERTIES (PTY) LTD

AND

COUNTRY HOTELS SA (PTY) LTD

CASE NUMBER: 2024NOV0047

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 18 November 2024, the Competition Commission ("Commission") received notice of an intermediate merger wherein Ipic Properties (Pty) Ltd ("Ipic Properties") intends to: (i) acquire joint control in Country Hotels SA (Pty) Ltd ("Country Hotels"); and (ii) acquire a property portfolio of 16 hotels, lodges and inns ("Target Properties") held by Country Hotels. The merging parties indicate that Ipic Properties will simultaneously lease-back the Target Properties to Country Hotels. After implementation of the proposed transaction, Ipic Properties will wholly own the Target Properties, exercise joint control over Country Hotels and lease-back the Target Properties to Country Hotels.
2. The Commission considered whether the proposed merger constitutes an indivisible transaction. In line with the *Guidelines on Indivisible Transactions*, the Commission found that the proposed transaction constitutes a single indivisible transaction. This is because the acquisition of the Target Properties by Ipic Properties and the acquisition by Ipic Properties of joint control over Country Hotels are inextricably linked and will be implemented simultaneously.
3. The primary acquiring firm is Ipic Properties, a private company incorporated in South Africa. **[confidential]**.

4. **[confidential]**.
5. Ipic Properties controls numerous firms in South Africa, **[confidential]**.
6. At the time of the merger notification, Ipic Properties did not have any shareholding held by historically disadvantaged persons (“HDPs”) as contemplated in section 3(2) of the Competition Act 89 of 1998, as amended (“the Act”).
7. Ipic Properties, its controlled firms, the firms controlling it and all the firms controlled by the firms that control it are collectively referred to as the “Acquiring Group”.
8. The Acquiring Group develops and invests in commercial properties. Through Ipic Properties, the Acquiring Group owns and manages eight (8) shopping centres and one (1) office block (i.e., Heritage House) situated in the Western Cape.
9. The primary target firms are: (i) Country Hotels, a private company incorporated in South Africa; and (ii) the Target Properties. The Target Properties are controlled by Country Hotels. Country Hotels is jointly controlled by Hotel 55 Cape Town (Pty) Ltd **[confidential]** and the Leisure Charitable Trust **[confidential]**. The remaining **[confidential]** (non-controlling) issued share capital of Country Hotels is held by Ipic Properties (i.e., the primary acquiring firm).
10. Country Hotels wholly owns Orange River Rafting Lodge (Pty) Ltd, a private company incorporated in South Africa. On the other hand, the Target Properties do not control any firm/s.
11. Country Hotels, the Target Properties and all the firms controlled by Country Hotels, are collectively referred to as the “Target Group”.
12. At the time of the merger notification, the Target Group did not have any shareholding held by HDPs.
13. The Target Group operates within the tourism and hospitality market in South Africa, particularly focusing on the Northern Cape province. The Target Group provides hospitality and corporate accommodation with its property portfolio of 16 hotels, lodges and inns (i.e., the Target Properties).

Competition Assessment

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

Public interest considerations

15. To address the public interest concerns arising from the proposed merger, the parties have tendered the conditions set out in **Annexure A**.

Conclusion

16. The Commission approves the proposed merger subject to the conditions set out in **Annexure A** attached hereto.

ANNEXURE A
IPIC PROPERTIES (PTY) LTD
AND
COUNTRY HOTELS SA (PTY) LTD
CASE NUMBER: 2024NOV0047

CONDITIONS

1. DEFINITIONS

- 1.1 The headings to the clauses of these Conditions are for reference purposes only and shall in no way govern or affect the interpretation of or modify or amplify the terms of these Conditions or any clause hereof.
- 1.2 Unless inconsistent with the context, the words and expressions set forth below shall bear the following meanings assigned to them and cognate expressions shall bear corresponding meanings:
- 1.2.1 "**Approval Date**" means the date on which the Merger is approved by the Commission in terms of the Competition Act;
- 1.2.2 "**Commission**" means the Competition Commission of South Africa, a statutory body established in terms of section 19 of the Competition Act;
- 1.2.3 "**Commission Rules**" means the Rules for the Conduct of Proceedings in the Commission;
- 1.2.4 "**Competition Act**" means the Competition Act, 89 of 1998, as amended;
- 1.2.5 "**Conditions**" means these conditions;
- 1.2.6 "**Country Hotels**" means Country Hotels Proprietary Limited, a private company incorporated under the laws of the Republic of South Africa with its principal

business address at Unit 57, Northgate Business Park, 20 Gold Street, Northgate Estate, Brooklyn, Western Cape;

1.2.7 "**Days**" means any calendar day other than a Saturday, a Sunday or an official public holiday in South Africa;

1.2.8 "**HDPs**" means historically disadvantaged persons as contemplated in section 3(2) of the Competition Act;

1.2.9 "**Implementation Date**" means the date occurring after the Approval Date, on which the Merger is implemented;

1.2.10 "**Ipic Properties**" means Ipic Properties Proprietary Limited, a private company incorporated under the laws of the Republic of South Africa, having its principal business address at Unit 28 1st Floor, Ipic Shopping Centre Aurora, Cnr Aurora Street and Burton Road, Aurora, Durbanville, Western Cape;

1.2.11 "**Leisure Charitable Trust**" means a charitable trust duly incorporated in accordance with the laws of the Republic of South Africa, with registration number: IT1095/2014 and principal business address at Ground Floor, Milestone Building, 201 Main Road, Wynberg, Western Cape;

1.2.12 "**Merger**" means the intermediate merger in terms of which Ipic Properties intend to: (i) acquire joint control in Country Hotels; and (ii) acquire the Target Properties. Ipic Properties will simultaneously lease-back the Target Properties to Country Hotels. After implementation of the Merger, Ipic Properties will have sole control over the Target Properties, lease-back the Target Properties to Country Hotels and exercise joint control over Country Hotels;

1.2.13 "**Merging Parties**" means, jointly, Ipic Properties and Country Hotels;

1.2.14 "**Profit Share Scheme**" means monthly profit share allocations to all employees of Country Hotels calculated based on the net monthly cash flow of the specific hotel where the employee works, after all payments, including bond financing, have been settled. The profit share allocation is calculated on a per-hotel basis and is designed to ensure that each and every employee at every hotel receives a profit share allocation. At each hotel, profit share allocations are paid out to employees based on the percentage allocation granted to their specific department. In addition to the department-specific profit share allocations, each employee at every hotel shares in the hotel-specific profit share allocation, which

is equal to 5% of the net profit of the specific hotel where the employee works. Profit share allocations are disbursed via EFT payments to the employee's designated bank account 15 days after the end of each month.

1.2.15 “**South Africa**” means the Republic of South Africa;

1.2.16 “**Target Properties**” means the property portfolio of 16 hotels, lodges and inns held directly and indirectly by Country Hotels;

1.2.17 “**Tribunal**” means the Competition Tribunal of South Africa, a statutory body established in terms of section 26 of the Competition Act; and

1.2.18 “**Tribunal Rules**” means the Rules for the Conduct of Proceedings in the Tribunal.

2. PROFIT SHARE SCHEME

2.1 The Merging Parties undertake that the Profit Share Scheme of Country Hotels will continue post Implementation Date on an evergreen basis on the same terms and conditions and maintaining the same structure as currently implemented.

3. BURSARY FUND

3.1 Within three months of the Implementation Date, Country Hotels will establish a bursary fund to the value of R 100 000 to be accessed and utilised by its employees under the following broad terms and conditions:

3.1.1 Any employee, excluding those in managerial positions, may apply for an allocation from the bursary fund.

3.1.2 Allocations are limited to a maximum of R 5 000 per employee.

3.1.3 Allocations will be utilized for purposes of any hospitality related workshop, education course or training or skills development programme.

4. THE LEISURE CHARITABLE TRUST DISBURSEMENT

4.1 Within three months of Implementation Date, the Leisure Charitable Trust will utilize a portion of the proceeds of the Merger to sponsor 200 school learners through their 5 (five) years of high school, selected from disadvantaged areas in the informal settlements of Cape Town, for environmental awareness training. The total

disbursement by the Leisure Charitable Trust would amount to R 4 million, with the contribution towards each scholar over a five-year period amounting to R 20 000.

5. CONTINUATION AND EXPANSION OF THE MERGING PARTIES' CURRENT PUBLIC INTEREST COMMITMENTS

5.1 After the Implementation Date, the Merging Parties undertake to continue and expand their current HDP procurements and donations.

5.2 In particular, Country Hotels undertakes to:

5.2.1 Introduce a rewards-based contest across all its hotels, lodges and inns and all departments through which performant employees will receive additional compensation.

5.2.2 Introduce an employee benefits scheme whereby employees and their spouses/partners will be offered accommodation and meals free of charge at all hotels, lodges and inns on a rotational basis.

5.2.3 Not spend less than R **[confidential]** million annually on HDP procurement. This being the average spent for the past 3 years.

6. MONITORING

6.1 The Merging Parties shall inform the Commission in writing of the Implementation Date within 5 (five) Days of its occurrence.

6.2 The Merging Parties shall, within 30 (thirty) Days of the first anniversary of the Implementation Date, and for a period of 3 (three) years thereafter, submit to the Commission a Compliance Report detailing compliance with these Conditions. The Compliance Report shall be accompanied by an affidavit from a senior official attesting to the correctness of the report.

6.3 The Commission may request additional information from the Merging Parties, which the Commission may reasonably deem necessary for the purposes of monitoring the extent of compliance with these Conditions.

7. VARIATION OF THE CONDITIONS

- 7.1 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.

8. APPARENT BREACH

- 8.1 Should the Commission receive any complaint in relation to non-compliance with the above Conditions, or otherwise determines that there has been an apparent breach by the Merging Parties of these Conditions, the breach shall be dealt with in terms of Rule 39 of the Commission Rules.

9. GENERAL

- 9.1 All correspondence concerning the Conditions must be submitted to the following e-mail address: 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 3200.