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Wednesday, 10 August

**The Tribunal approves the merger Southern Sun Hotel and Hospitality Property with conditions**

The Competition Tribunal today approved the large merger between Southern Sun Hotels and the Hospitality Property Fund Ltd, subject to conditions related to potential information exchange.

Southern Sun Hotels, which is owned by Tsogo Sun Holdings Limited, operates various hotels throughout South Africa under several brand names, including Southern Sun, Garden Court, SunSquare and Sun1.

Hospitality Property Fund is a Real Estate Investment Trust which owns hotel properties and provides leasing services to third party hotel operators.

While the Commission found that in various geographic areas the merging parties would continue to face competition, it was concerned that since the Hospitality Property Fund leases hotel properties to Southern Sun Hotels competitors, the merged entity had the ability to potentially exclude competitors by not renewing their lease agreements and share sensitive competitive information.

The merger was approved subject to a number of conditions including that the merging parties ensure that the Hospitality Property Fund has its own executive management team, which will be responsible for day to day operations of the HPF. The team will not include anyone who is involved in management in any capacity at Southern Sun.

Any directors appointed to the board of Hospitality Property Fund will comply with their fiduciary duties in respect of the Fund and not disclose any information relating to any hotels leased from the Hospitality Property Fund by third parties to employees of Southern Sun.

The merging parties are required to submit a copy of the conditions to third party operators and send a copy of the confidentiality and information exchange policy to the Commission. Southern Sun is required for a period of three years from the approval date to notify the Commission of the termination of any change of the third party operators at a specific Hospitality Property Fund hotel.

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