

Tsogo Sun in Cape casino owner revamp

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Tsogo Sun and Sun International have resuscitated plans for a reshuffling of casino ownership in the Western Cape.



Tsogo Sun CEO Marcel von Aulock.

Image credit: [BDive](#)

Less than a year after abandoning a more ambitious plan, Tsogo Sun has announced it will be acquiring a 20% interest in Sunwest International and Worcester Casino for R1.3bn.

The deal will allow Sun International to remain in control and will also allow Sun International's black empowerment partner, Grand Parade Investments (GPI), to remain invested in the casino industry.

Significantly, given the prolonged delays the previous more ambitious plan endured before the competition authorities, the latest proposal is likely to be classified as nonnotifiable.

Tsogo Sun CEO Marcel von Aulock said his company was not acquiring any influence in the management of the company and would not have rights to appoint directors.

If the deal is no more than the acquisition of an investment stake and is not notifiable in terms of the Competition Act, the

competition authorities will not investigate it.

In terms of the new deal, Tsogo Sun will acquire a 10% voting and economic interest in Sunwest and Worcester from Sun International for R675m. It will acquire an additional 10% in both from GPI, also for R675m. Tsogo Sun says the acquisition is an attractive investment opportunity providing it with an interest in quality casino assets in the Western Cape, where it has limited exposure.

The original plan, which was abandoned last June, would have seen Tsogo picking up a 40% stake in the casinos for R2.2bn. The deal would have given Tsogo, which already controls the Mykonos, Garden Route and Caledon casinos, influence over all five Western Cape casino licences. After an investigation, the Competition Commission recommended to the Competition Tribunal that it prohibit the proposed transaction.

Despite this recommendation, the merging parties persevered with the proposal, hoping it could persuade the tribunal it was not anticompetitive. In June, it abandoned this plan.

Analysts said GPI might have been keen to sell its casino interests and use the cash proceeds to fund the expansion of its fast-food venture, Burger King.

Source: Business Day

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