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Endeavour's proposed acquisition of Beachfront Hotel raises preliminary concerns

The ACCC has outlined preliminary competition concerns with Endeavour Group Limited's (ASX:EDV) proposed acquisition of the Beachfront Hotel in Rapid Creek, just north of Darwin, in a statement of issues published today.

Endeavour Group has a large number of liquor related assets throughout Australia. It owns BWS stores and Dan Murphy's stores, and manages over 330 licenced venues.

The Beachfront Hotel includes a hotel and adjoining independent bottle shop operating under the 'Cellarbrations' brand. Endeavour Group already operates four BWS stores within 5 kilometres of the Beachfront Hotel.

"We are concerned that this proposed acquisition is likely to substantially lessen competition in the supply of takeaway liquor in the local area," ACCC Commissioner Liza Carver said.

Endeavour's existing BWS Nightcliff store is the closest large format liquor store with a comparable size and range to the Beachfront hotel.

"It is important that local consumers in the Rapid Creek area benefit from competition between large liquor stores with different promotions, range and service offerings," Ms Carver said.

The ACCC is also investigating the impact of the acquisition on the competitiveness of other independent liquor stores in Darwin. In particular, whether removing the Beachfront Hotel liquor store from the Cellarbrations banner network, and removing it as a wholesale customer of Metcash-owned Australian Liquor Marketers (ALM), impacts the efficiency and competitiveness of other stores that operate under the Cellarbrations banner, or receive wholesale supply from ALM.

The ACCC invites submissions from interested parties in response to the statement of issues by 16 January 2023.

The ACCC also invites customers of the Beach Hotel Cellarbrations to <u>complete a short</u> survey on their shopping habits.

The ACCC's final decision is currently scheduled for 9 March 2023. More information, including the statement of issues, is available at: Endeavour Group Limited - Beachfront Hotel.

Background

Endeavour is a major Australian alcoholic drinks retailer and hotel operator that operates a portfolio of brands including BWS, Dan Murphy's, Jimmy Brings, Shorty's Liquor and Langton's. Endeavour also manages over 330 licensed hotels across Australia, through its subsidiary, ALH Hotels. Endeavour operates several liquor stores (including BWS Nightcliff and BWS Casuarina) and hotels (including Airport Tavern) near Beachfront Hotel.

The Beachfront Hotel is located in Rapid Creek, NT. It is currently owned by companies ultimately controlled by local businessperson Doug Sallis. It sits on a block of 7,500 sqm and includes a bistro offering on-site food and beverage, a public sports bar (with TAB), 20 gaming machines, and a drive-through liquor store. The liquor store has a trading area of approximately 270 sqm and currently operates under the Cellarbrations brand.

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