



COMESA Competition Commission  
Kang'ombe House, 5th Floor-West Wing  
P.O. Box 30742  
Lilongwe 3, Malawi  
Tel: +265 (0) 1 772 466  
Email- compcom@comesa.int



Common Market for Eastern  
and Southern Africa

Staff Paper No. 2018/12/RR/09

**Decision<sup>1</sup> of the Fiftieth (50<sup>th</sup>) Committee Responsible for Initial Determination on the Application for Authorisation of the proposed merger involving African Development Partners II L.P., International Facilities Services Mauritius Ltd and International Facilities Services South Africa (Pty) Limited**

**ECONOMIC SECTOR: Facilities Services**

7<sup>th</sup> December, 2018

<sup>1</sup> In the published version of this decision, some information has been omitted pursuant to Rule 73 of the COMESA Competition Rules concerning non-disclosure of business secrets and other confidential information. Where possible the information omitted has been replaced by ranges of figures or a general description.

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## Background

1. On 27<sup>th</sup> September, 2018, the COMESA Competition Commission (the "Commission") received an application for authorisation of a merger involving African Development Partners II L.P. ("ADP II LP"), International Facilities Services Mauritius Ltd ("IFS Mauritius"), and International Facilities Services South Africa (Pty) Limited ("IFS SA"). The transaction was notified with the Commission under Article 24(1) of the Regulations. The proposed transaction relates to the acquisition of control by ADP II LP of IFS Mauritius and IFS SA (PTY) Ltd.
2. The Committee Responsible for Initial Determination (hereinafter referred to as the "CID") established that the parties operate in more than one COMESA Member State and they meet the prescribed notification thresholds. This therefore means that the regional dimension requirement under Article 23(3) of the Regulations is satisfied and asserts jurisdiction on the Commission to assess the transaction.

### The Parties

#### *The Acquiring Group – ADP II LP*

3. The CID noted that ADP II LP, is a limited partnership registered in Guernsey with its address at Ground Floor, Cambridge House, Le Truchot, St. Peter Port, Guernsey, GY1 1WD. It is an investment vehicle for institutional and professional investors that seek long-term investment return through equity and equity related investments whilst also aiming to achieve a positive development impact for all its stakeholders. ADP II LP has operations in one COMESA Member State only namely Egypt.
4. The CID noted that the acquiring group through companies in which it has controlling interests is involved in two "active markets" which include: the provision of water supply and drainage solutions in Egypt; and the supply and retail of household appliances and electronics in Egypt. The Acquiring does not control any undertakings in any other COMESA Member State except Egypt.

#### *The Target Undertaking – IFS*

5. The CID noted that the primary target undertakings are International Facilities Services Mauritius Limited ("IFS Mauritius") and International Facilities Services South Africa (Pty) Ltd ("IFS SA") and are currently directly controlled by Imbewu SPV 5 (Pty) Ltd ("Imbewu 5"). Imbewu 5 is in turn controlled by Imbewu SPV 6 (Pty) Ltd ("Imbewu 6"). Imbewu 6 is jointly controlled by Stratone Investments 1002 (Pty) Ltd ("Stratone") and Imbewu Capital Partners (Pty) Ltd ("ICP") (Stratone, ICP, Imbewu 6 and Imbewu 5, collectively, the "Controlling Shareholders"). Stratone is controlled by Chris Wells, a British citizen resident in South Africa. Chris Wells does not control any other undertaking or undertakings. ICP is not controlled by any undertaking or undertakings.
6. The CID further noted that the target undertaking is active in the Democratic Republic of Congo (the "DRC"), Mauritius; Seychelles, Zambia and Zimbabwe and it is involved in the provision of the following services:

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- catering and canteen services for companies, which includes industrial catering, the set up and operating of deli bars at companies, corporate banquets, corporate canteens facilities and services. Catering and canteen services make up the bulk of facilities services;
- maintenance of camps for, inter alia, labour forces having to work in remote areas, remote clinics and recreational sites;
- housekeeping services, which includes corporate housekeeping services, cleaning services for offices, warehouses and accommodation units; and
- corporate laundry services, which includes laundry services for workforces.

#### Details of the Merger

7. The CID noted that in terms of the transaction, ADP II LP, will acquire control of the Target Group. Specifically, the proposed merger will involve the following interconditional, indivisible and contemporaneous transactions - ADP II 13 will subscribe for 2 178 ordinary shares, and 6 533 C ordinary shares with special voting rights, in IFS Mauritius (the "Subscription"); IFS Mauritius will buy 4 255 ordinary shares back from its current shareholders; IFS Mauritius will acquire all the issued shares of IFS SA from IFS SA's current shareholders; IFS Mauritius will become entitled to require ADP II 13 to subscribe for up to 6 533 C additional ordinary shares in IFS Mauritius by no later than 12 months after the closing of the proposed merger, subject to the fulfilment of certain conditions (the "Drawdowns").

#### Competition Analysis

##### Consideration of the Relevant Markets

8. The CID defined the relevant market as follows:
  - National market for catering and canteen services for companies, which includes industrial catering, the set up and operating of deli bars at companies, corporate banquets, corporate canteens facilities and services. Catering and canteen services make up the bulk of facilities services.
  - National market for maintenance of camps for, inter alia, labour forces having to work in remote areas, remote clinics and recreational sites;
  - National market for housekeeping services, which includes corporate housekeeping services, cleaning services for offices, warehouses and accommodation units; and
  - National market for corporate laundry services, which includes laundry services for workforces.
9. The CID noted that the proposed transaction is not likely to affect trade between Member States since it does not result in any change in the market structure neither does it foreclose competition in the identified relevant markets.

#### Determination

10. The CID determined that the merger is not likely to substantially lessen competition in the Common Market and/or negatively affect trade between Member States.
11. The CID therefore approved the transaction.
12. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 7<sup>th</sup> day of December, 2018



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Commissioner Patrick Okilangole (Chairperson)



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Commissioner Brian Lingela  
(Member)



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Commissioner Thembelihle Dube  
(Member)