



THE PROPOSED ACQUISITION OF INDIRECT CONTROL OF ABRAAJ INVESTMENT MANAGEMENT LIMITED BY ACTIS INTERNATIONAL LIMITED

1. The Competition Authority of Kenya (CAK) **approved** the acquisition of indirect control of Abraaj Investment Management Limited by Actis International Limited.
2. Actis International Limited (Actis), the acquirer, is an Investment Fund under Actis LLP. In Kenya, the Actis Group manages several private equity funds.
3. Abraaj Investment Management Limited (Abraaj Investment), the target undertaking, which is in provisional liquidation, indirectly controls Star Foods Holding Limited, which ultimately controls Java House Limited in Kenya.
4. The proposed transaction is an acquisition of control by Actis of the management rights over Abraaj Investment Limited's funds, effectively giving Actis complete control rights over their portfolio of companies which are currently being controlled by the target funds.
5. The combined turnover of the parties is over **Ksh. 1 Billion for the preceding year (2017)** and qualified the transaction for full merger analysis as provided in the **Merger Threshold Guidelines**.
6. The proposed transaction qualified as a merger within the meaning of Section 2 and 41 of the Competition Act No.12 of 2010.
7. Actis' activities in Kenya are restricted to management of private equity funds while the target, through the entity it controls in Kenya, is involved in restaurant services. For purposes of the proposed transaction, the relevant product market is the provision of restaurant services.
8. The target has outlets in several towns and cities across the country namely; Nairobi, Naivasha, Nakuru, Kwale, Eldoret, Mombasa and Nanyuki. Therefore, the relevant **geographic market was determined as national**.

9. Some of the major restaurants in Kenya are; Java House, Innscor, Café Deli, Artcaffé, Subway, Savannah Coffee, Big Square, Wimpy, Debonairs Pizza, Dominos, Steers, and KFC among others. Java House is the leading market player with 53 establishments.
10. It is the Authority's assessment that the proposed transaction will not impact competition negatively since only the target is active in the Kenyan market. Further, the transaction only involves a change in the fund managers.
11. The Authority anticipates that Actis' new business will face competition from other players in the market such as Innscor (25 branches), Subway (12 branches), KFC (32 branches) which are currently expanding.
12. The merged entity is also expected to face competition from supermarkets offering dining services such as Tuskys, Naivas, Carrefour, and Choppies. Additionally, there are several upcoming stand-alone competitor restaurants like Pronto, Peperoni, Charlies, and CJs.
13. Based on the foregoing, the proposed transaction is unlikely to raise competition concerns.
14. With regards to public interest issues, the target is undergoing liquidation and this implies that, absent this merger, the target is likely to exit the market. Such an eventuality will negatively impact public interest through loss of employment.
15. Since the transaction is unlikely to raise negative competition or public interest concerns, the Authority approved the proposed **acquisition of indirect control of Abraaj Investment Management Limited by Actis International Limited.**