



COMESA Competition Commission

Kang'ombe House, 5th Floor

P.O. Box 30742

Lilongwe 3, Malawi

Tel: +265 111 772 466/529/530

Email- compcom@comesacompetition.org



**Common Market for Eastern
and Southern Africa**

Case File No. CCC/ MER/02/9/2025

**Decision¹ of the 120th Meeting of the Committee Responsible
for Initial Determinations Regarding the Proposed
Acquisition of Sole Control by Grit Real Estate Income Group
Limited over DH3 Holdings Ltd and Diplomatic Housing 1 Ltd**

ECONOMIC SECTOR: Real Estate

23 September 2025



¹ 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 Where possible, the information omitted has been replaced by ranges of figures or a general description.

The Committee Responsible for Initial Determinations,

Cognisant of Article 55 of the Treaty establishing the Common Market for Eastern and Southern Africa (the “**COMESA Treaty**”);

Having regard to the COMESA Competition Regulations of 2004 (the “**Regulations**”), and in particular Part 4 thereof;

Mindful of the COMESA Competition Rules of 2004, as amended by the COMESA Competition [Amendment] Rules, 2014 (the “**Rules**”);

Conscious of the Rules on the Determination of Merger Notification Thresholds and Method of Calculation of 2015;

Having regard to the COMESA Merger Assessment Guidelines of 2014;

Recalling the overriding need to establish a Common Market;

Recognising that anti-competitive mergers may constitute an obstacle to the achievement of economic growth, trade liberalization and economic efficiency in the COMESA Member States;

Considering that the continued growth in regionalization of business activities correspondingly increases the likelihood that anti-competitive mergers in one Member State may adversely affect competition in another Member State;

Desirous of the overriding COMESA Treaty objective of strengthening and achieving convergence of COMESA Member States’ economies through the attainment of full market integration;

Determines as follows:

Introduction and Relevant Background

1. On 11 June 2025, the COMESA Competition Commission (“**the Commission**”) received a notification regarding the proposed acquisition of sole control by Grit Real Estate Income Group Limited (“**Grit**”), through Diplomatic Holdings Africa Ltd (“**DHA**” or the “**acquiring firm**”), together with its subsidiaries and controlled joint venture (collectively, the “**acquiring group**”) over DH3 Holdings Ltd (“**DH3**”) and Diplomatic Housing 1 Ltd (“**DH1**”), (collectively, the “**target undertakings**”), pursuant to Article 24(1) of the Regulations.
2. Pursuant to Article 26 of the Regulations, the Commission is required to assess whether the transaction between the parties would or is likely to have the effect of substantially preventing or lessening competition or would be contrary to public interest in the Common Market.



3. Pursuant to Article 13(4) of the Regulations, there is established a Committee Responsible for Initial Determinations, referred to as the CID. The decision of the CID is set out below.

The Parties

DHA (the “acquiring firm”)

4. The parties submitted that DHA is the direct acquiring firm, a company limited by shares incorporated under the laws of Mauritius. DHA is indirectly solely controlled by Grit, a pan-African property income group, together with its subsidiaries and controlled joint ventures, are referred to as the “**acquiring group**”.
5. The parties submitted that Grit is a company limited by shares incorporated in accordance with the laws of Guernsey. Grit is also registered as a foreign branch holding a Global Business Licence registered under the laws of Mauritius. Grit is listed on both the London Stock Exchange and the Stock Exchange of Mauritius and focuses on real estate assets in Africa.
6. The parties submitted that acquiring group is active in real estate investment and development and offers completed property assets to third party tenants for rental. It invests in and develops portfolios of income-generating properties assuming the role of the ultimate owner or controller. The acquiring group is primarily active in the hospitality, retail, office and industrial property sectors and through Gateway Real Estate Africa Limited, in the corporate accommodation and retail sectors.
7. The parties submitted the acquiring group’s² activities in the Common Market as per Table 1 below. Among the subsidiaries are some with holding company functions.

Table 1: The acquiring group’s activities in the Common Market

Member State	Name of portfolio company	Description of activities
Kenya	Buffalo Mall Naivasha Limited	Provision of retail property
	Warehousely Limited	Provision of industrial properties
	Stellar Warehousing and Logistics Limited	Provision of industrial properties
	Gateway CCI SEZ Limited	Provision of mixed-use office and retail property

² The acquiring group includes the SPV, all undertakings that will directly or indirectly control the SPV and all undertakings directly or indirectly controlled by such undertakings.



Mauritius	Grit Services Limited	Provision of office property
	Mara Delta Mauritius Property Limited	Provision of hospitality property
	Coromandel Hospital Co Ltd	Provision of hospital property
	Gr1t House Limited	Provision of office property
Uganda	Gateway Metroplex Limited	Provision of retail property
Zambia	Cosmopolitan Shopping Centre Limited	Provision of retail property
	Kafubu Mall Limited	Provision of retail property
	Mukuba Mall Limited	Provision of retail property

8. The parties submitted Grit's controlled portfolio of properties which it manages and rents to third parties in the Common Market as per Table 2 below.

Table 2: Grit's controlled properties and their respective property types in the Common Market³

Member State	Name of portfolio company	Description of activities
Kenya	Imperial Distribution Center	Industrial
	Orbit Africa Warehousing and Manufacturing Facility	Industrial
	Buffalo Mall	Retail
	ENEO	Mixed-use office and retail
Mauritius	MDML – Tamassa Resort	Hospitality
	St Helene Hospital	Hospital
	The Precinct	Office
Uganda	Metroplex Mall	Retail
Zambia	Cosmopolitan Mall	Retail
	Kafubu Mall	Retail
	Mukuba Mall	Retail

³ It is further noted that the Acquiring Group currently jointly controls DH3, which controls a single property located in Nairobi, Kenya, and DH1, which controls a single property located in Addis Ababa, Ethiopia.



DH1 and DH3 (the “target firms”)

9. The parties submitted that DH1 is a firm incorporated under the laws of British Virgin Islands. DH1 controls one firm in the Common Market, namely, DH One Real Estate, PLC, a company incorporated under the laws of Ethiopia.
10. The parties submitted that DH3 is a company limited by shares and incorporated under the laws of Mauritius. DH3 controls one firm in the Common Market, namely DH3 Kenya Limited, a company incorporated under the laws of Kenya.
11. The parties submitted that DH3's sole activity is the ownership and management of Rosslyn Grove, a property in Nairobi, Kenya, which provides [REDACTED]⁴
12. The parties further submitted that DH1's only activity is the ownership and management of Elevation Diplomatic Residences, a property in Addis Ababa, which provides [REDACTED] in Ethiopia and other corporate tenants. Completed in 2021, Elevation Diplomatic Residences [REDACTED] in Addis Ababa.

Jurisdiction of the Commission

13. Article 24(1) of the Regulations requires 'notifiable mergers' to be notified to the Commission. Rule 4 of the Rules on the Determination of Merger Notification Thresholds and Method of Calculation (the “**Merger Notification Thresholds Rules**”) provides that:

“Any merger, where both the acquiring firm and the target firm, or either the acquiring firm or the target firm, operate in two or more Member States, shall be notifiable if:

- a) the combined annual turnover or combined value of assets, whichever is higher, in the Common Market of all parties to a merger equals or exceeds USD 50 million; and*
 - b) the annual turnover or value of assets, whichever is higher, in the Common Market of each of at least two of the parties to a merger equals or exceeds USD 10 million, unless each of the parties to a merger achieves at least two-thirds of its aggregate turnover or assets in the Common Market within one and the same Member State”.*
14. The undertakings concerned have operations in two or more Member States. The undertakings concerned held a combined annual asset value of more than the threshold of USD 50 million in the Common Market and they each held asset value of more than USD 10 million in the Common Market. In addition, the parties do not hold more than two-thirds of their respective aggregate turnover or asset value in

⁴ Information claimed as confidential by merging parties.



one and the same Member State. The CID was thus satisfied that the transaction constitutes a notifiable transaction within the meaning of Article 23(5)(a) of the Regulations.

Details of the Merger

15. The transaction will entail DHA indirectly holding 99.999% of the issued shares in DH3 and DH1.

Competition Analysis

Consideration of the Relevant Markets

Relevant Product Market

16. Paragraph 7 of the Commission's Guidelines on Market Definition states that a ***"relevant product market comprises all those products and/or services which are regarded as interchangeable or substitutable by the consumer/customer, by reason of the products' characteristics, their prices and their intended use"***.
17. The CID observed that the acquiring group is active in real estate investment and development. It offers completed property assets to third party tenants for rentals. Further, the acquiring group is also active in the provision of industrial properties, office property, retail property, and hospitality property. On the other hand, the target firms are active in the provision of corporate accommodation property services.
18. The CID observed that from the activities of the merging parties, the proposed transaction raises a horizontal overlap from the broader real estate property market perspective since the merging parties are both involved in the rental of real estate properties. Thus, the assessment focused on the real estate property market as further discussed below.

Rental of real estate properties

19. The CID observed that rental of real estate properties can be segmented into residential and commercial properties on account of the nature of the property and the intended use. For instance, commercial property is any property used for business purposes, whereas residential property is exclusively intended for living space.⁵ The two can also be distinguished on account of the leasing structures and legal frameworks governing each. Residential properties are rented by individuals for personal use, while commercial properties are investment assets leased by various entities for business operations. In residential leasing, the parties to a lease agreement are mostly individual owners (landlords) and individuals or families

⁵ <https://www.forbes.com/advisor/in/investing/commercial-vs-residential-real-estate-investing>, accessed on 1 September 2025.



(tenants). On the contrary, in commercial leasing, the parties are both corporate entities, such as a business entity leasing the property from another business or individuals leasing the property for business purposes. The CID further considered that the type of tenant differs in residential and commercial properties, where commercial properties are typically leased to businesses, while residential properties are leased to individuals or families.⁶

20. Accordingly, the CID considered that residential and commercial properties constitute separate markets given their distinct nature and purpose. In the **GIAP/ALP merger**⁷, the CID similarly recognized that the provision of real estate properties to commercial customers (companies) and residential customers (individuals) were separate markets due to the differences in specific customer needs, governing regulations and property characteristics. The CID observed that residential real estate properties were limited largely to either homeowners or tenants who use the properties as a living space while commercial real estate properties were an investment property used by different entities for different business activities.
21. The CID further observed in **GRIT/GREA**⁸ that there exist distinct sub-markets within the real estate, namely the commercial retail property market, the office property market, the corporate accommodation property market and the industrial property market which were distinguished from a demand perspective.
22. The CID noted that from a demand perspective, the above sub-markets are sufficiently differentiated to meet the specific needs and requirements of clients in each product sub-segment. For instance, retail properties such as malls are not comparable to industrial warehouse properties due to their distinct functionalities. Retail properties⁹ are designed to market and sell consumer goods and services and often require significant parking space, whereas industrial properties are primarily used for inventory storage and distribution. Conversely, office properties are designed with rentable spaces for workspaces, conference rooms, and reception areas to accommodate the requirements of an office. On the other hand, corporate accommodation properties provide living space with accommodation facilities such that their design is unlikely to be suitable for clients wishing to set up an office, a shopping mall or a factory. Further, corporate accommodation properties operate on a business-to-business model, providing furnished, temporary housing for professionals, executives, and relocating employees of corporate companies or government agencies. This is confirmed from the parties' submissions that DH1 in Addis Ababa and DH3 in Nairobi provide high-end,

⁶ See <https://www.axisproperty.com.au/news>, accessed on 9 September 2025.

⁷ see case file no. CCC/MER/1/2/2023, the CID decision dated on 26 June 2023, on the proposed merger involving GIAP Western Portfolio Limited, ALP One Ltd, ALP North TWO Mauritius Ltd, and ALP North THREE Ltd.

⁸ See Case no. CCC/MER/12/30/2021, CID Decision in the Merger Involving Grit Real Estate Income Group Limited and Gateway Real Estate Africa Limited issued on 3 May 2021.

⁹ <https://www.hi-reit.com>, accessed on 1 September 2025.



secure, [REDACTED]

23. The CID observed that from a supply perspective, significant differences in zoning, safety regulations, town planning, and building characteristics exist across these commercial property sub-markets. Retail properties, as compared to corporate accommodation properties, are located in malls, or as standalone buildings, prioritize high visibility and foot traffic.¹⁰ Further, industrial properties are typically situated on the outskirts of cities in designated industrial zones to ensure easy access for large trucks and to separate them from corporate accommodation property locations.
24. For example, industrial zones are often more segregated and distant from urban centres. Kenyan legal instruments, such as the Physical and Land Use Planning Act, 2019, defines industrial use broadly to include manufacturing, warehousing, and power generation.¹¹ Regulations for heavy industrial activities specifically address environmental concerns like noise, pollution and waste. Therefore, retail properties, office properties, industrial properties and corporate accommodation properties are considered distinct markets. Similarly, the CID in its prior case¹² considered that retail, office, corporate accommodation and industrial properties belong to distinct sub-markets since each property is well-suited to meet specific client needs from demand, while differing regulations and characteristics across sectors create supply-side distinctions.
25. Based on the foregoing and given that the target firms are only active in the corporate accommodation properties market, the CID considered that the provision of corporate accommodation property constitutes a distinct product market.
26. Therefore, for the purposes of conducting the competitive assessment in the current transaction, the CID determined the relevant product market as **the provision of corporate accommodation property**.

Relevant Geographic Market

27. The COMESA Guidelines on Market Definition define the relevant geographic market as follows:

“The relevant geographic market comprises the area in which the undertakings concerned are involved in the supply and demand of products or services, in which the conditions of competition are sufficiently homogeneous and which can

¹⁰ See <https://rorymack.co.uk/news/posts/a-guide-to-commercial-property-types-office-retail-industrial-and-more>, accessed on 2 September 2025.

¹¹ See www.wicklaw.com/2015/05/14/what-is-the-difference-between-commercial-and-industrial-zoning, accessed on 1 September 2025.

¹² See case no. CCC/MER/12/30/2021, the CID decision dated on 3 May 2022, on the proposed merger involving Grit Real Estate Income Group Limited and Gateway Real Estate Africa Limited.



be distinguished from neighbouring areas because the conditions of competition are appreciably different in those areas”.

28. The CID noted that the target firms’ (DH1 and DH3) corporate accommodation properties were located in Addis Ababa and Nairobi respectively. In real estate property markets, competition is localized, due to the geographic location of the asset.¹³ Thus, location of the property is an important characteristic when determining substitutability of competing properties as it is very often linked to profitability, target market and the products or services to be rendered to its customers.¹⁴
29. The CID noted from a demand perspective, corporate accommodation properties often required catering to the specific security, structural and amenity needs of diplomatic missions or government representatives and their staff within specific radius/locations from their respective offices. For instance, the CID noted from the parties’ submission that DH3 provides corporate accommodation property in Nairobi, Kenya and DH1 provides corporate accommodation property in Addis Ababa, Ethiopia.
30. The CID noted that from a supplier perspective, corporate accommodation properties are fixed assets which are immovable by their nature. The immovable nature of the target firm’s corporate accommodation properties limits switching to different locations, thus localising the market.
31. The CID observed that the corporate accommodation properties of the target firms are located in Addis Ababa and Nairobi. Therefore, for the purpose of the competitive assessment in this transaction and in line with its decisional practice, the CID considered the relevant geographic market for the provision of corporate accommodation properties to be Addis Ababa and Nairobi.
32. In view of the above, the CID considered that the geographic scope for **the provision of corporate accommodation properties is Addis Ababa, Ethiopia, and Nairobi, Kenya.**

Conclusion on Relevant Markets

33. Based on the foregoing assessment, and without prejudice to its approach in similar future cases, the CID identified the relevant markets as:
 - a. **the provision of corporate accommodation properties in Addis Ababa, Ethiopia; and**

¹³ see case file no. CCC/MER/1/2/2023, the CID decision dated on 26 June 2023, on the proposed merger involving GIAP Western Portfolio Limited, ALP One Ltd, ALP North TWO Mauritius Ltd, and ALP North THREE Ltd; and Grit Real Estate Income Group Limited and Stellar Warehousing and Logistics Limited, decision dated 31 May 2022.

¹⁴ Ibid.



- b. the provision of corporate accommodation properties in Nairobi, Kenya.

Consideration of Substantial Lessening of Competition or “Effect” Test Market Shares and Concentration

34. The CID observed that the transaction was not likely to result in a change in the market structure given the absence of a horizontal overlap in the merging parties’ activities.
35. Notwithstanding that the proposed transaction will not result in a change in the market structure, the CID confirmed that the market was fragmented with several competitors as per the parties’ submissions presented in Table 3 below.

Table 3: Estimated market shares of DH3 and its competitors in the provision of corporate accommodation property in Nairobi

Competitors	Estimate market share (%)
Fedha Group - Capital M and Best Western Serviced Apartment	[5-10]
Britam Asset Managers Somerset Westview Serviced Apartments	[5-10]
Trademark - Trademark Suites Enaki serviced apartments	[0-5]
Dusit International - Dusit Princess serviced apartments	[0-5]
DH3	[0-5]
Gem Investments - Gem Suites	[0-5]
Others	[60-65]
Total	100

36. The CID noted that the corporate accommodation property market in Nairobi was characterised by the presence of numerous players and was highly fragmented. Additionally, the CID observed that the market concentration ratio (CR3) stood at 22%, indicating that the market is not concentrated and is thus competitive.
37. Similarly, in Addis Ababa, the CID considered that although precise market share data was unavailable, the market is fragmented. The CID noted that the major players in the relevant market include Grand View Addis Real Estate and La Gare One Real Estate.¹⁵ The CID also observed that the market was characterised by the presence of other players, such as Sunrise Real Estate, Tsehay Real Estate,

¹⁵ Information claimed as confidential by merging parties.



ROPAK International, Noah Real Estate, Sunshine Investment Group, Metropolitan Real Estate and Alsam Properties. The CID further noted that the proposed transaction will not lead to any market share accretion since there are no horizontal or vertical overlaps in the activities of the merging parties.

38. The CID considered that the absence of market share accretion, coupled with the insignificant market shares of the target firms in the corporate accommodation property market, was an indication that the proposed transaction is unlikely to raise competition concerns. The CID further considered that given that the transaction entails a movement from joint to sole control whereby Grit will exercise sole control over both DH1 and DH3, the proposed transaction is unlikely to raise any competition concerns.
39. The CID concluded that the proposed transaction was unlikely to raise competition concerns in the Ethiopian and Kenyan markets. The merged entity will continue to face competitive pressure from existing market players.

Determination

40. The CID determined that the merger was not likely to substantially prevent or lessen competition in the Common Market or a substantial part of it, nor would it be contrary to public interest. The CID further determined that the transaction was unlikely to negatively affect trade between Member States.
41. The CID, therefore, approved the transaction.
42. This decision is adopted in accordance with Article 26 of the Regulations.

Dated this 23rd day of September 2025

Commissioner Mahmoud Momtaz (Chairperson)

Commissioner Lloyds Vincent Nkhoma

Commissioner Vipin Naugah

