



DETERMINATION OF MERGER NOTIFICATION M/07/025 -

3i/Foster Group

Section 21 of the Competition Act 2002

Proposed acquisition by 3i Group plc of a minority shareholding in Foster Group (International) Limited

Dated 29/05/2007

Introduction

1. On 14 May 2007 the Competition Authority (the "Authority"), in accordance with Section 18(1)(a) of the Competition Act, 2002 ("the Act") was notified, on a mandatory basis, of a proposed acquisition by 3i Group plc ("3i") of a minority shareholding in Foster Group (International) Limited ("Foster Group").

The Proposed Transaction

2. 3i has acquired, either directly or through investments funds managed by an indirect subsidiary of 3i, approximately [...] % of the shares in Amber Holdco Limited, a newly incorporated company formed especially for the purpose of this acquisition ("NewCo"). NewCo has acquired all of the shares in Foster Group from their current owners, Lord Foster, and three other senior partners of Foster Group.
3. The remaining [...] % of the shares in Newco will be held by the management team and senior employees of Foster + Partners Limited ("Foster + Partners"), the operating subsidiary of Foster Group, Lord Foster, the three other current shareholders of the Foster Group and the employee share trust.

The Undertakings Involved

The Acquirer

4. 3i is a venture capital and private equity investor which is listed on the London Stock Exchange and is the ultimate parent company of the companies within the 3i Group. Its portfolio of companies consists of businesses in a wide range of industry sectors and services, including communications, engineering, food, healthcare, IT services, leisure, media, oil and gas, software and internet, support services and transport and logistics.
5. 3i is active as a provider of private equity and venture capital investing across Europe, the United States and Asia, either directly or through funds organised as English limited partnerships managed by 3i Investments plc, an indirect subsidiary of 3i which is regulated by the Financial Services Authority. The structure of ownership and control of 3i will not change as a result of this transaction.

The Target

6. Foster Group is a holding company which, through its 100 % subsidiary Foster Holdings Limited, UK holds all shares in Foster + Partners. Foster + Partners is a private architecture practice based in the UK with subsidiaries in the UK, Germany, the Netherlands, Spain, Turkey, Hong Kong, Singapore and the USA. The Dutch subsidiary will be transferred out of the Group prior to completion of the transaction and hence is not part of the notified concentration. Together with its subsidiaries, Foster + Partners is engaged in providing architectural services on a global basis mainly to commercial property developers, corporate clients and the public sector.
7. Foster + Partners activities extend to residential and commercial buildings and public infrastructure projects such as airports, railway stations, bridges, etc., focusing on the "high end" of the market characterised by large projects related to "landmark" buildings and other structures gaining high levels of public recognition or associated with renowned individual architects or otherwise generating public interest.
8. Foster Group only recently established an office in Dublin in February 2007. This office is intended primarily to be a liaison office providing clients involved in Irish projects with a local point of contact. Some architecture, design and planning services are provided from this office but the majority of these services relating to Irish projects are provided from the Foster Group's London office.

Analysis

9. There are no horizontal or vertical overlaps between Foster Group and any of 3i's controlled portfolio companies in Ireland. The Authority therefore considers that the proposed transaction does not raise competition concerns in the State.

Determination

The Competition Authority, in accordance with Section 21(2)(a) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by 3i Group plc of a minority shareholding in Foster Group (International) Limited will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

For the Competition Authority

Dr. Paul Gorecki

Member of the Competition Authority

