

## JLA/WASHSTATION MERGER INQUIRY

### Summary of hearing with Forbes Professional on 22 August 2018 at 3:30pm – 4:00pm

1. Forbes Professional (**Forbes**) explained that it had read the CMA's provisional findings in the JLA/Washstation merger phase 2 investigation, published on 10 August 2018 (the **PFs**). Forbes said that it agreed with the findings and had no further comments on the PFs.
2. Forbes said that the divestiture of the Washstation business would be an effective remedy to address the competition problems found in the PFs.
3. Forbes told us that the following items should be included in the divestiture package:
  - a. rental assets,
  - b. payment systems and associated software,
  - c. all assets associated with the laundry rooms,
  - d. the Washstation website and brand name,
  - e. the rental agreements,
  - f. the Washstation bank account,
  - g. full benefit and income of the rentals accounts at the date of purchase.
4. Forbes told us that it was important that during the transitional period, service and support was being delivered to Washstation customers by JLA and that service level agreements were being met. Forbes told us that, ideally, Washstation should be run by an independent administrator during the transitional period, as this would give the purchaser greater confidence that it was buying a viable business.
5. Forbes said that a transition period was necessary to enable the purchaser to familiarise themselves with the Washstation business. Forbes told us that a transition period of 5-6 months would be necessary.
6. Forbes said that [REDACTED].
7. Forbes said that there were third parties that would be interested in acquiring the Washstation business, for example, [REDACTED] and [REDACTED], although it noted that

the latter was not currently active in the commercial laundry sector. Forbes said that smaller dealers were unlikely to be interested in acquiring Washstation.

8. Forbes told us that existing expertise or presence in the market was not essential, but that knowledge of the sector was required to successfully operate a managed laundry service business.
9. Forbes said that the following procedural safeguards would be necessary during the divestiture process: a monitoring trustee and hold separate manager who were independent from JLA and who would ensure that the JLA and Washstation business were held separate and that Washstation was maintained as a going concern. Forbes said that a possible concern might be that Washstation contracts were being re-assigned to JLA before the divestiture would take place. Other key issues flagged by Forbes were the need for separate JLA and Washstation bank accounts and the report of service KPI to ensure that JLA was meeting the service obligations included in the Washstation contracts.
10. Forbes told us that the divestiture of Washstation would bring competition back to the market.