



THE PROPOSED ACQUISITION OF HILLCREST BETWEEN EDUCATION ASIA HOLDINGS LIMITED AND HILLCREST INVESTMENTS LIMITED

1. The Competition Authority of Kenya approved the proposed acquisition of 100% of the issued share capital of Hillcrest Investment Holdings by Education Asia Holdings Limited.
2. Education Asia Holdings Limited (Education Asia), the acquirer, is an investment holding company wholly owned by GEMS Global Schools Limited. The acquirer does not directly or indirectly control any undertakings in Kenya. However, its majority shareholder, GEMS Global Schools Limited, owns GEMS Cambridge International School, Nairobi (GEMS CIN). GEMS CIN is a Karen-based international school teaching the British curriculum to children aged between 2 and 18.
3. Hillcrest Investments Limited (Hillcrest), the target, is incorporated in Kenya. Hillcrest operates three learning institutions in Nairobi - Hillcrest Early Years, Hillcrest Preparatory School and Hillcrest Secondary School.
4. The proposed transaction involves the acquisition of 100% of the issued share capital of Hillcrest Investments Holdings by Education Asia Holdings Limited.
5. The transaction therefore qualified as a merger within the meaning of Section 2 and 41 of the Competition Act No.12 of 2010.
6. The parties' combined turnover for the preceding year (2017) was **over Sh1 billion** and, therefore, the transaction met the threshold for full merger analysis as provided in the **Merger Threshold Guidelines**.
7. The activities of the merging parties overlap in the provision of British-curriculum based primary and secondary education. Therefore, the relevant product market for the purpose

of this transaction was determined as the market for British-curriculum based education for primary and secondary schools.

8. The merging parties’ activities are in Nairobi and, therefore, the Authority determined that, for the purpose of the analysis of the proposed transaction, the relevant geographic market is Nairobi.
9. Existing competitors of the merging parties in Nairobi include; International School of Kenya, Banda School, Kenton Preparatory School, Rossyln Academy, Hillcrest, Brookhouse and Braeburn, German School Nairobi, Rusinga School, Nairobi International School, Aga Khan Academy, Peponi School.
10. Data from the Kenya Association of Independent International Schools (KAIIS) shows that the total enrolment in schools offering the British National Curriculum in Kenya as at 2017 was 26,630 students.
11. The major schools with a market share of more than 3% are as indicated below.

Table 1: Enrolment in International based British curriculum

School	% Market Share
Braeburn Schools	10.2
Aga Khan Academy	7.1
Srimad Premier Academy	3.8
Oshwal Academy	3.4
Others(<3% market share)	75.5
Total	100

12. The market shares of the transacting parties are less than 3%.
13. Post-merger, the merged entity will have a market share of less than 6%. The Authority anticipates that the more established schools with more significant market shares will continue to offer credible competition in this sector.
14. Based on this, it is the Authority's view that the transaction is unlikely to negatively affect competition in the market for British-curriculum based education for primary and secondary schools.
15. With regard to public interest issues, the transaction is unlikely to lead to any negative public interest issues.
16. Based on the foregoing, the Authority approved the proposed merger between Education Asia Holdings Limited and Hillcrest Investments Limited.