



THE PROPOSED ACQUISITION OF 25% INTEREST IN MACQUARIE AIRFINANCE LIMITED BY SUNSUPER PTY LTD

1. The Competition Authority of Kenya has approved the proposed acquisition of 25% interest in Macquarie Airfinance Limited by Sunsuper Pty Limited unconditionally.
2. Sunsuper Pty Limited (Sunsuper), the acquiring undertaking, is incorporated in Australia. Sunsuper provides fund management services and does not have operations in Kenya. Therefore, it had no turnover or assets in for the preceding year, 2019.
3. Macquarie Airfinance Limited, the target, is incorporated in England and Wales as a holding company which owns, manages, and leases aircraft internationally. Specifically, in Kenya Macquarie is involved in the provision of aircraft leasing and maintenance services, including Kenya Airways Plc.
4. The proposed transaction involves the acquisition of 25% interest in Macquarie Airfinance Limited by Sunsuper Pty Limited. The transaction therefore qualified as a merger within the meaning of Section 2 and 41 of the Competition Act No. 12 of 2010.
5. The parties' combined and relevant turnover for the preceding year was **over Sh1 billion**. The transaction therefore met the threshold for mandatory notification and full merger analysis as provided in the **Competition (General) Rules, 2019**.
6. The acquirer offers fund management services while the target provides aircraft leasing services in Kenya. Therefore, for purposes of analysing the transaction, the relevant product market was determined as the market for leasing of aircrafts.
7. In regard to the relevant geographic market, the target provides its activities throughout Kenya and therefore the relevant geographical market for purposes of analysing the transaction is national.
8. Leasing in the aviation sector is a common concept where an entity hires an aircraft on temporary basis or long term. The lessor will be responsible for aircraft, crew, and maintenance and insurance while the lessee is responsible for costs such as fuel, landing clearance, crew validation license, work permits, accommodation, among other expenses.



9. The major players in the market for aircraft leasing in Kenya are; Kenya Airways, Africa Aviation Company Limited, Aircraft Leasing Services (ALS), Aero Centaury, Yellow Wings, Stelios Haji Loannou, and Hainan Airlines among others.
10. Post-merger, the structure and concentration of the market for aircraft leasing unlikely to be affected since the parties' activities do not overlap. Therefore, the proposed transaction is unlikely to lead to a substantial lessening or prevention of competition in the market for leasing of aircrafts in Kenya
11. During merger analysis, the Authority also considers the impact that a proposed transaction will have on public interest. The public interest concerns considerations include;
 - i. extent to which a proposed merger would impact employment opportunities;
 - ii. impact on competitiveness of small and medium enterprises (SMEs);
 - iii. impact on particular industries/sectors; and
 - iv. impact on the ability of national industries to compete in international markets.
12. The proposed transaction is unlikely to lead to any redundancies since the target does not have a physical presence in the country and its employees are only seconded to Kenya on need basis. Additionally, the parties have indicated that their current lease contract with Kenya Airways will not be varied.
13. Based on the foregoing, the Authority approved the proposed acquisition of 25% interest in Macquarie Airfinance Limited by Sunsuper Pty Limited unconditionally.