



THE PROPOSED ACQUISITION OF THE BUSINESS AND CERTAIN ASSETS OF HILLCREST INVESTMENTS LIMITED BY BRAEBURN SCHOOLS LIMITED

1. The Competition Authority of Kenya has approved the acquisition of the business and certain assets of Hillcrest Investments Limited by Braeburn Schools Limited on condition that the acquirer retains 97% of the target's employees.
2. **Braeburn Schools Limited**, the acquiring undertaking, is incorporated in Kenya and is involved in the business of establishing, promoting and managing schools.
3. **Hillcrest Investments Limited**, the target undertaking, through its parent company, is in the business of establishing and maintaining schools or institutions of learning, instructing and training of students, providing and facilitating assessments. Under the brand Hillcrest International Schools, the target offers British curriculum education to children aged between 1.5 and 18 years.
4. The proposed transaction involves the acquisition of control of certain assets of Hillcrest Investments Limited by Braeburn Schools Limited including leasehold land, buildings, equipment, computers and office equipment, motor vehicles, furniture and fittings, textbooks, inventory, and outstanding school fees. 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 assets for the preceding year was **over Ksh. 1 billion**. The transaction, therefore, met the threshold for mandatory notification and full merger analysis as provided in the **Competition (General) Rules, 2019**.
6. Premised on the merging parties' activities, the relevant product market during analysis of the transaction was determined as the **market for British national curriculum comprising early years, preparatory, and secondary school education**. The parties provide their services across the country and therefore the relevant geographic market is **national**.
7. Educational trends in the country have been evolving over the past decade, particularly in the capital city, Nairobi. British and International curricula have gained popularity, as well as other alternatives such as German, French, Dutch, and American.
8. The main competitors of the merging parties' include; Braeburn Schools, Aga Khan Academy, Srimad Premier Academy, Peponi Schools, GEMS Cambridge, Kenton Preparatory School, Brookhouse Schools, Banda School, Rusinga School, Riara International school, among others.
9. Data from the Kenya Association of International Schools (KAIS) indicates that the total enrolment in schools offering the British National Curriculum in Kenya as of 2019 was 26,630 students.
10. The market shares and concentration of major schools in the market for the British curriculum are: Braeburn Schools (10.2%), Aga Khan Academy (7.1%), Srimad Premier Academy (3.8%), Oshwal Academy (3.4%), Hillcrest International Schools (2.6%), and others (87.2%).

11. During merger analysis, the Authority considers the impact that the proposed transaction will have on competition in the specific market/sector and whether it raises any public interest concerns. **Thereafter, the Authority may approve the transaction with conditions, approve it without conditions, or reject it.**
12. Post-merger, the acquirer's market share will marginally increase from 10.2% to 12.8% and would unlikely raise competition concerns since the merged entity's market share is low. Additionally, the merged entity will face competition from other players controlling the market. From the foregoing, it is the Authority's view that the proposed transaction is unlikely to lead to substantial lessening or prevention of competition in the market for British national curriculum in Kenya.
13. During merger analysis, the Authority also considers the impact that a proposed transaction will have on public interest. They 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.
14. In regard to public interest issues, the Authority is of the view that **this proposed transaction is likely to lead to negative public interest concerns.** Specifically, the merging parties have indicated that certain administrative functions of the target business will be partly handled by the acquirer's Head Office, including Finance and Human Resource Management. This overlap will affect the jobs of a maximum of five (5) employees out of the 180 employed by the target.



15. Premised on the foregoing, the Authority **approved the proposed acquisition of the business and certain assets of Hillcrest Investments Limited by Braeburn Schools Limited** on condition that the acquirer employs at least one hundred and seventy five (175) of the target's one hundred and eighty (180) employees on **terms that are not less favourable than what they are currently entitled to.**