



## THE PROPOSED ACQUISITION OF CONTROL OF ABERCROMBIE & KENT GROUP OF COMPANIES BY HERITOUR LIMITED

1. The Competition Authority of Kenya has approved the acquisition of 100% of the shares in Abercrombie & Kent Group of Companies by Heritour Limited.
2. Heritour Limited (Heritour), the acquirer, is newly incorporated and does not have presence in Kenya and hence had no turnover for the preceding year.
3. Abercrombie & Kent Group of Companies S.A. (A&K), the target, has several subsidiaries in Kenya, one of them being Abercrombie & Kent Kenya Limited, a tour operator.
4. The proposed transaction involves the acquisition of 100% of the shares of the target by the acquirer and 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 turnover for the preceding year was **over Sh1 billion** and, therefore, the transaction met the threshold for full merger analysis as provided in the **Merger Threshold Guidelines**.
6. The acquirer is newly incorporated and does not have presence in Kenya. The target is involved in tour operation services, camping and hospitality. Therefore, for purposes of analysing this transaction, the relevant market was determined as; (i) tour operation services; and (ii) accommodation services targeting tourists.
7. In the market for tour operation services, A&K's services are throughout Kenya and therefore the relevant geographic market is national. The target offers tourist accommodation in Maasai Mara and thus the relevant geographic market is Maasai Mara.
8. The Kenya Association of Tour Operators (KATO) categorizes its 328 registered tour operators according to their gross earnings.
9. According to KATO's ranking, there are 36 companies, including the target firm, which post



annual gross earnings of over KES 120 Million.

10. It is the Authority's view that, post-merger, A&K's market share will not change since the acquirer is newly incorporated and does not have similar business in Kenya. The transaction is therefore unlikely to lead to substantial lessening of competition in the market for tour operation services.
11. According to Information Cradle, capacity-wise, there are more than 483 rooms and more than 965 beds available in the Maasai Mara as indicated in the data provided in the table below

**Major companies operating lodges in Maasai Mara, number of rooms and beds for each**

<b>Company</b>	<b>Number of rooms</b>	<b>Number of beds</b>
Keekorok Lodge	99	225
Sarova Mara Game	75	150
Mara Serena Safari Lodge	74	148
Maasai Mara Sopa Lodge	74	148
Ashnil Mara Camp	56	118
Mara Intrepids Camp	60	93
<b>Sanctuary Olonana Lodge</b>	<b>14</b>	<b>28</b>
Mara Explorer Camp	10	20
Olarro Lodge	9	18
Olare Mara Kempinski	12	17

*Source: <https://informationcradle.com/kenya/directory/hotels-in-masai-mara/>*

12. The merged entity will therefore face competition from other players offering accommodation in the relevant market. These include Sarova Mara Game Camp, Mara Serena Safari Lodge, Maasai Mara Sopa Lodge, Ashnil Mara Camp, Mara Intrepids Camp, among others.
13. Therefore, post-merger, the transaction is unlikely to lead to substantial prevention or lessening of competition in the market for accommodation for tourists in Maasai Mara.
14. With regard to public interest issues, the transaction is unlikely to lead to any negative public interest concerns.
15. Public interest concerns during merger analysis 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.

16. Premised on the fact that the transaction is unlikely to raise negative competition or public interest concerns, the Authority approved the proposed **Acquisition Of 100% Of The Shares In Abercrombie & Kent Group Of Companies By Heritour Limited.**

