



THE PROPOSED ACQUISITION OF CONTROL OF KINGDOM 5-KR-185, LIMITED BY MADISON HOTELS AND RESORTS LIMITED

1. The Competition Authority of Kenya has approved the proposed acquisition of control of Kingdom 5-KR-185, Limited by Madison Hotels and Resorts Limited unconditionally.
2. Madison Hotels and Resorts Limited (Madison), the acquirer, is a limited liability company incorporated as a Special Purpose Vehicle (SPV) for the purposes of the proposed transaction and hotel investments. Madison is a non-operating company with no subsidiaries in Kenya.
3. Kingdom 5-KR-185, Limited (Kingdom), the target, is a holding company and does not undertake any commercial activity. The target has two subsidiaries in Kenya; The Fairmont Norfolk Hotel in Nairobi and the Fairmont Mara Safari Club in Maasai Mara. The two facilities are operated by Fairmont Hotels and Resorts.
4. Kingdom conducts its business through its principal subsidiaries, which are involved in hotel operation, providing safari, leisure and other related travel services in Nairobi and Narok (Maasai Mara).
5. The proposed transaction involves acquisition of 100% of the issued share capital of Kingdom Kenya 01 Limited by Madison Hotel and Resort Limited. 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 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**.
7. The acquirer is non-operating while the target, through its subsidiaries provides hotel services by offering safari and leisure activities and other related services. Therefore, for purposes of analysing the proposed transaction, the relevant product market was determined as the market for hotels and related services.
8. With regard to the relevant geographic market, the target currently undertakes its activities in Nairobi and Narok. Therefore, this was determined as the relevant geographic market for purposes of analysing the proposed transaction.
9. Hotels around the world are classified based on different criteria, with the star criterion being the most common. Hotels in Kenya offer a range of services aimed at attracting customers



who have diverse tastes and needs, including on class, ambiance and quality services. The higher the star rating a hotel has the higher its luxury level. Hotels in Kenya are classified in star-rating system (5-star, 4-star, 3-star, 2-star and 1-star) by the Tourism Regulatory Authority. The target is a 5-star hotel and compete with other similarly ranked hotels in both Nairobi and Maasai Mara.

10. The main 5-star players in **Nairobi** and their market share based on room capacity is: Intercontinental Nairobi 13.79%; Hilton 10.67%; Sarova Stanley 8.06%; Laico Regency 7.73%; Nairobi Serena Hotel 6.80%; Windsor Hotel & Golf Club 5.05%; Panafric 6.02%; and Fairmont-Norfolk Nairobi 4.23%.
11. Similarly, the main 5-star players in **Maasai Mara** and their market share based on room capacity is: Olare Mara Kempinski Masai Mara 3.48%; Fairmont Mara Safari Club 14.53%; Mara Serena Safari Lodge 21.51%; Sarova Mara Game Camp 21.82%; Neptune Mara Rianta Luxury Camp 5.81%; Sanctuary Olonana 4.07%; and Keekorok Lodge 28.78%.
12. Post-merger, there will be no change in market structure and concentration since the acquirer is an investment firm and has no similar business in Kenya. Therefore, the proposed transaction is unlikely to lead to substantial lessening and prevention of competition in the market for hotel and related services in Nairobi and Maasai Mara.
13. The entity will face competition from other 5-star hotels in Nairobi and Maasai Mara. Additionally, there are new entrants setting up facilities across the country, including Hilton Garden Inn, Radisson Blu, among others. These businesses will also offer competitive pressure on the merged entity.
14. Therefore, the transaction is unlikely to negatively affect competition in the market for hotel and related services in Nairobi and Maasai Mara.
15. 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.



16. With regard to public interest issues, the proposed transaction is not likely to result in any negative public interest concerns.
17. Based on the foregoing, the Authority approved the proposed acquisition of control of Kingdom 5-KR-185, Limited by Madison Hotels and Resorts Limited unconditionally.