



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No: LM051Jun16

In the matter between:

KKR DVB AVIATION CAPITAL LIMITED

Primary Acquiring Firm

and

**AerCap HOLDINGS N.V. IN RESPECT OF
A PORTFOLIO OF 37 AIRCRAFT**

Primary Target Firm

Panel	: Norman Manoim (Presiding Member)
	: Medi Mokuena (Tribunal Member)
	: Andiswa Ndoni (Tribunal Member)
Heard on	: 20 July 2016
Order Issued on	: 20 July 2016
Reasons Issued on	: 17 August 2016

Reasons for Decision

Approval

- [1] On 20 July 2016, the Competition Tribunal ("Tribunal") approved the proposed transaction between KKR DVB Aviation Capital Limited and AerCap Holdings N.V. in respect of a portfolio of 37 aircraft.
- [2] The reasons for approving the proposed transaction follow.

Parties to proposed transaction

Primary acquiring firm

- [3] The primary acquiring firm is KKR DVB Aviation Capital Limited ("KKR DVB"), a special purpose vehicle created for the purpose of the proposed transaction.
- [4] KKR DVB is controlled by KDAC Aircraft Finance Limited ("KDAC"), a special purpose vehicle created for the purpose of the proposed transaction.
- [5] KKR DVB and KDAC are ultimately controlled by KKR, a limited partnership incorporated in accordance with the laws of the state of Delaware, United States of America.¹
- [6] KKR is a global investment firms that offer a broad range of alternative asset funds and other investment products to investors and provide capital market solutions for the firm, its portfolio companies and other clients. Through its various subsidiaries, KKR manages investments across multiple asset classes including private equity, real estate, energy, infrastructure, manufacturing, IT, healthcare, credit strategies, hedge funds and capital markets.

Primary target firm

- [7] The primary target firm is AerCap Holdings N.V. ("AerCap") in respect of a portfolio of 37 aircraft. AerCap is a company incorporated under the law of the Netherlands. The portfolio of 37 aircraft will collectively be referred to as the "Transferred Firm".²
- [8] The Transferred Firm is ultimately controlled by AerCap, a public company listed on the New York Stock Exchange and as such is not controlled by any firm.
- [9] The Target Firm comprise of a portfolio of 37 aircrafts, of which only one (1) is located in South Africa.

¹ KKR is ultimately controlled by KKR Management LLC, a general partner of KKR.

² The Transferred Firm is active in aircraft leasing and aviation finance with a fleet of over 1.200 owned and managed aircraft. All aircraft are passenger aircraft used for civilian purposes and leased to third parties.

Proposed transaction and rationale

- [10] The Acquiring Group intends to acquire the Transferred Firm from AerCap through its subsidiary KKR DVB. On completion of the transaction, the Acquiring Group will control the Transferred Firm through KKR DVB.
- [11] The Acquiring Group submits that the proposed transaction presents an attractive investment opportunity to expand its current portfolio of commercial aircraft.
- [12] AerCap submits that the proposed transaction will enable the Transferred Firm to realise that certain of the aircrafts in its portfolio of aircraft at optimal values, which in turn results in financial benefits to its shareholders.
- [13] As noted, with regards to South Africa, the transaction only involves the transfer of ownership of one aircraft, which is presently leased to Comair South Africa Limited ("Comair").

Impact on competition

- [14] The Competition Commission ("Commission") considered the activities of the merging parties and found that no overlap exists between the parties in respect of South Africa. This is because the Acquiring Group is not active in the ownership or leasing of aircraft in South Africa..
- [15] Given the above the Commission concluded that the proposed transaction is unlikely to substantially prevent or lessen competition in any market in South Africa.
- [16] We concur with the Commission's conclusion.

Public interest

- [17] The merging parties confirmed that the proposed transaction will have no negative effect on employment.
- [18] The proposed transaction further raises no other public interest concerns.

Conclusion

[19] In light of the above, we conclude that the proposed transaction is unlikely to substantially prevent or lessen competition in any relevant market. In addition, no public interest issues arise from the proposed transaction. Accordingly, we approve the proposed transaction unconditionally.



Mr. Norman Manoim
Ms Medi Mokuena and Ms Andiswa Ndoni concurring

17 August 2016
DATE

Tribunal Researcher:	Busisiwe Masina
For the merging parties:	Shawn van der Meulen of Webber Wentzel
For the Commission:	Billy Mabatamela and Xolela Nokele