

DETERMINATION OF MERGER NOTIFICATION M/24/050 - HPS/CHORUS AVIATION

Section 21 of the Competition Act 2002

Proposed acquisition by HPS Investment Partners, LLC of [...] of the aviation leasing business of Chorus Aviation Inc.

Dated 9 September 2024

1. On 26 August 2024, in accordance with s18(1)(a) of the Competition Act 2002, as amended (the “Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed acquisition, whereby HPS Investment Partners, LLC (“HPS”) through its [...] subsidiaries, Cruise Bidco ULC (the “Bidco Buyer”) and Falko Holdings Limited (the “Holdco Buyer” and, together with the Bidco Buyer, the “Buyers”), would acquire sole control of Chorus Aviation Leasing Inc. (“CALI”), Chorus Aviation Investment Holdings LP (“CAIH”) and Chorus Aviation Holdings GP Inc. (“CAHG” and, together with CALI and CAIH, the “Target Group”) (the “Proposed Transaction”).¹
2. The Proposed Transaction will be implemented by way of a share purchase agreement dated 30 July 2024 (the “SPA”), pursuant to which:
 - Chorus will sell its limited partnership units in CAIH [...] to the Holdco Buyer;
 - Chorus will sell its shares in CAHG to the Bidco Buyer; and,
 - Chorus Aviation Capital Corp (“CACC”), which is a wholly owned subsidiary of Chorus, will sell its shares in CALI to the Bidco Buyer.

Following the implementation of the Proposed Transaction, HPS will acquire [...] of the Target Group through the Buyers.²

¹ The Target Group comprises the aviation leasing business of Chorus Aviation Inc. (“Chorus”).

² Falko Holdings Limited and Cruise Bidco ULC are in(...).

3. The parties involved in the following business activities:

The Acquirer – HPS

- HPS is a global investment management firm, headquartered in the United States of America, managing various strategies across the capital structure, including privately negotiated senior debt; privately negotiated junior capital solutions in debt; preferred and equity formats; liquid credit including syndicated leveraged loans; collateralised loan obligations and high yield bonds; asset-based finance and real estate.

The Target Group

- The Target Group is currently controlled by Chorus, a publicly traded company which specialises in regional aviation services and regional aircraft leasing.³ Chorus' primary business activities include contract flying, aircraft leasing, managing aircraft on behalf of fund investors and other third-party aircraft investors and/or owners, as well as maintenance, repair and overhaul services and pilot training.
- The Target Group (i.e., each of CALI, CAIH and CAHG) is incorporated or otherwise formed in Canada. The Target Group comprises the regional aircraft leasing business of Chorus, including Falko Regional Aircraft Limited and Falko (Ireland) Limited (collectively, "Falko"). Headquartered in Hatfield, United Kingdom, and in Dublin, Ireland, Falko is active in aircraft leasing, including the leasing and management of aircraft assets in Ireland.

4. After examination of the notification, the Commission has concluded that the Proposed Transaction falls within the scope of paragraph 2.1 of the Simplified Merger Notification Procedure Guidelines for assessing certain notifiable mergers or acquisitions under section 18(1)(a) of the Act since:

- one or more undertakings involved in the merger/acquisition are active in any market(s) which is upstream or downstream to a market(s) in which another undertaking involved is active, but the market share of each in each market is less than 25%

³ For more information about Chorus, see the following link: [Chorus Aviation Inc. \(CHR.TO\) Company Profile & Facts - Yahoo Finance](#).

5. This conclusion was reached on the basis that, although there is potential for a future vertical overlap between the Target Group and one of HPS' portfolio companies, which provides aviation insurance brokerage as part of a wider insurance brokerage service to customers in the State – including, to a limited extent, aviation leasing companies, such as [...] – the revenue generated by the portfolio company in sales of aviation insurance in 2023 was minimal.
6. In the light of this, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.

Ancillary Restraints

7. The Commission notes that Clause 10.14 of the SPA contains a [...] on the Vendors. The scope of the obligations does not exceed the maximum duration acceptable to the Commission.⁴ The Commission considers these restrictions to be directly related to and necessary for the implementation of the Proposed Transaction, insofar as they relate to the State.

⁴ In this respect the Commission follows the approach adopted by the European Commission in paragraphs 20 and 26 of its Notice on restrictions directly related and necessary to concentrations (2005) OJ C56/03. For more information see [http://eurlex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305\(02\)&from=EN](http://eurlex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305(02)&from=EN).

Determination

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, as amended, has determined that, in its opinion, the result of the proposed acquisition whereby HPS Investment Partners, LLC through its [...] subsidiaries, Cruise Bidco ULC and Falko Holdings Limited, would acquire sole control of Chorus Aviation Leasing Inc., Chorus Aviation Investment Holdings LP, and Chorus Aviation Holdings GP Inc. will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

For the Competition and Consumer Protection Commission

Ibrahim Bah

Director

Competition Enforcement and Mergers