



THE PROPOSED ACQUISITION OF 22.32% OF THE ISSUED SHARE CAPITAL WITH CONTROLLING RIGHTS OF THE RIARA GROUP OF SCHOOLS LIMITED BY ACTUS EDUCATION HOLDINGS AB

1. The Competition Authority of Kenya has approved the proposed acquisition, with controlling rights, of 22.32% of the issued share capital of the Riara Group of Schools Limited by Actus Education Holdings AB.
2. Actus Education Holding AB (Actus Holding), the acquirer, is a wholly-owned subsidiary of Actus Equity. Actus Holding was incorporated for the purpose of the proposed transaction and does not have business activity in Kenya.
3. The Riara Group of Schools Limited (Riara Group), the target, is incorporated in Kenya. The target operates six (6) learning institutions in Kenya. The institutions offer the 8.4.4 and British Curriculum education.
4. The proposed transaction involves the acquisition of 22.32% of the issued share capital with controlling rights in Riara Group by Actus Holding. 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 turnover for the preceding year (2017) 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 was incorporated for the purposes of the proposed transaction. The target, on the other hand, operates education institutions.
7. The education institutions operated by Riara Group offer education based on the 8.4.4 curriculum with the exception of Riara International School which offers the British National Curriculum. Therefore, the relevant product markets for purpose of analyzing the proposed transaction are the market for the provision of education based on the; (i) British National Curriculum and (ii) 8.4.4 system.

8. Riara Group’s institutions are all based in Nairobi. Its students are typically from Nairobi County and neighbouring counties. Therefore, the relevant geographical market is Nairobi and surrounding counties for the provision of education based on the 8.4.4 system.
9. For the provision of education based on the British National Curriculum, the target competes with schools spread across the country and hence the relevant market is national. These schools also offer boarding facilities, attracting students from across the country.

a. Market for provision of education based on 8.4.4 system

10. The Ministry of Education’s data indicates that there are 28,566 primary schools in Kenya offering primary education. 7,600 (26.61%) of are privately-owned while 1,052 (13.84%) of these schools are based in Nairobi.
11. Post-merger, the market shares of the merged entity will not change since the acquirer does not operate a similar business in Kenya. Therefore, the proposed transaction is unlikely to affect the structure and concentration of the market for education based on the 8.4.4 Curriculum System in Kenya.

b. Market for provision of education based on British curriculum system

12. There are several British National Curriculum-based learning institutions in Kenya. A majority of them are located in Nairobi and its environs.
13. They include; International School of Kenya, Banda School, Kenton Preparatory School, Rosslyn Academy, Hillcrest, Gems Cambridge, Riara International School, Brookhouse and Braeburn. Others are; Braeside School, German School Nairobi, Rusinga School, Nairobi Internatinal School, Aga Khan Academy, Peponi School, St. Andrews Turi and Pembroke.
14. Those based outside Nairobi include: St. Andrews Turi in Molo, Greensteds International School (Nakuru) and Pembroke School (Naivasha).
15. Data from the Kenya Association of Independent International Schools (KAIIS) indicates that the total enrolment in schools offering the British National Curriculum in Kenya was 26,630 students as at December 2017. The schools with a market share of more than 3% are as indicated in the table below;

School	Enrolment	% market share
Braeburn Schools	2,720	10.2
Aga Khan Academy	1900	7.1

Srimad Premier Academy	1000	3.8
Oshwal Academy	900	3.4
Others(<3% market share)	20,110	75.5
Total	26,630	100

16. The target's estimated market share is less than 3%. Post-merger, the market share of the merged entity will not be altered since the acquirer does not have similar business activity in Kenya. Based on this, the proposed transaction is unlikely to affect the structure and concentration of the market for education based on the British National Curriculum in Kenya.
17. Based on the above, the proposed transaction is unlikely to lead to a substantial lessening or prevention of competition in the markets for education based on the British National Curriculum in Kenya and education based on the 8.4.4 Curriculum System in Nairobi.
18. Additionally, the transaction is unlikely to lead to any negative public interest concerns.
19. 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.
20. Premised on the fact that the transaction is unlikely to raise negative competition or public interest concerns, the Authority approved the proposed acquisition, with controlling rights, of 22.32% of the issued share capital of the Riaru Group of Schools Limited by Actus Education Holdings AB.