



CAK DECISION ON THE PROPOSED ACQUISITION AND SUBSCRIPTION OF SHARES IN IXAFRICA DATA CENTRE LIMITED BY LION INVESTMENT BIDCO LIMITED

1. The Competition Authority of Kenya has approved the acquisition and subscription of shares in IXAfrica Data Centre Limited by Lion Investment Bidco Limited unconditionally.
2. **Lion Investment Bidco Limited (Lion)**, the acquiring undertaking) is an investment holding company incorporated in Kenya.
3. **IXAfrica Data Centre Limited**, the target undertaking, undertakes computer-related services specifically the provision of independent co-location data center space, power and cooling facilities.
4. A co-location facility, or colo, is a data center facility where a business can rent space for servers and other computing hardware. Typically, a colo provides the building, cooling, power, bandwidth, and physical security, while the customer provides servers and storage. The target does not have operations in Kenya.
5. The proposed transaction involves the acquisition and subscription of majority shares in IXAfrica Data Centre Limited by Lion Investment Bidco 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 assets for the preceding year was **over Ksh. 1 billion**. The transaction, therefore, met the threshold for mandatory notification and full merger analysis as provided for in the **Competition (General) Rules, 2019**.
7. During analysis of the proposed transaction, it was noted that there are no overlaps between the parties' activities. Therefore, for purposes of analyzing the transaction the product market was determined as the market for the provision of independent co-location data center space, power and cooling. The parties provide their services across the country and therefore the relevant geographic market was determined as **national**.
8. The main competitors of the merging parties' include; Africa Data Centres, PAIX, Konza Technopolis, and Mwalimu Data Centre. Others are Cloudoon (Masinga Green Data Centre), Atos, Telkom's Kenya Data Centres, Safaricom's Kenya Data Centres, MTN's KenyaData Centres and Internet Solutions/NTT Kenya Data Centres.
9. Post-merger, the market share of the target will not change and, therefore, the structure and concentration of the market for colocation of data centres in Kenya will not be affected. Additionally, the merged entity will continue to face competition from other players in the sector.
10. Based on the foregoing, the proposed transaction is unlikely to lead to substantial lessening or prevention of competition in the market for colocation of data in Kenya.



11. 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.
12. With regard to public interest issues, the transaction is unlikely to lead to any negative public interest issues given that it will likely create more job opportunities once it becomes operational post-acquisition
13. Premised on the foregoing, the Authority has approved the acquisition and subscription of shares in IXAfrica Data Centre Limited by Lion Investment Bidco Limited unconditionally.