

***Case No COMP/M.1937 -  
SKANDIA LIFE /  
DILIGENTIA***

Only the English text is available and authentic.

**REGULATION (EEC) No 4064/89  
MERGER PROCEDURE**

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Article 6(1)(b) NON-OPPOSITION  
Date: 11/05/2000

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels,

In the published version of this decision, some information has been omitted pursuant to Article 17(2) of Council Regulation (EEC) No 4064/89 concerning non-disclosure of business secrets and other confidential information. The omissions are shown thus [...]. Where possible the information omitted has been replaced by ranges of figures or a general description.

PUBLIC VERSION

MERGER PROCEDURE  
ARTICLE 6(1)(b) DECISION

To the notifying party

Dear Sirs,

**Subject: Case No COMP/M. 1937 – Skandia Life/Diligentia**

Notification of 04.04.12.2000 pursuant to Article 4 of Council Regulation No 4064/89

1. The operation consists of a public offer made on 20 March 2000 by the Swedish company, Skandia Life Insurance Company Ltd (publ) (“Skandia Life”), to the shareholders of the publicly-listed Swedish company, Diligentia AB (publ) (“Diligentia”). The offer is conditional upon Skandia Life becoming the owner of more than 90% of the total number of shares and votes in Diligentia.
2. After examination of the notification, the Commission has concluded that the proposed operation falls within the scope of Council Regulation (EEC) No 4064/89 and does not raise serious doubts as to its compatibility with the common market and the functioning of the EEA Agreement.

**I. THE PARTIES AND THE OPERATION**

3. Skandia Life belongs to the Skandia Group (“Skandia”), which has three strategic areas of activity i.e. long-term savings, property and casualty insurance, and asset management; it also operates a telephone and internet banking business. Skandia Life itself is active in direct life insurance and asset management, including real estate management.

4. Diligentia, the target company, is active in real estate, including ownership, management, acquisition, selling and leasing of real estate property.
5. The offer is formally made by a wholly-owned subsidiary of Skandia Life, Skandia Life Insurance Company Real Estate Investments Ltd. (“Skandia Life Investments”). After the acceptance of the bid, Diligentia would become a subsidiary of Skandia Life Investments. Skandia Life, with the ownership of more than 90% of the total number of shares and votes in Diligentia, on which its bid is conditional, would have sole control over Diligentia.

## **II. CONCENTRATION OF A COMMUNITY DIMENSION**

6. The operation constitutes a concentration within the meaning of Article 3.1.b. of the Merger Regulation.
7. Skandia and Diligentia have a combined aggregate worldwide turnover in excess of €5,000 million (Skandia, €1,967 million; Diligentia, €299.5 million). Each of them has a Community-wide turnover in excess of €250 million (Skandia, €1,161 million; Diligentia, €299.5 million), and they do not achieve more than two-thirds of their respective aggregate Community-wide turnovers within one and the same Member State. The notified operation, therefore, has a Community-wide dimension.

## **III. COMPATIBILITY WITH THE COMMON MARKET**

### **A. Relevant Markets**

8. A previous Commission decision in the real estate sector in Sweden (Case No IV/M.1637 – DB Investments/SPP/Öhman of 11.8.1999) considered that real estate may be divided between properties for commercial use and those for residential use, but left the product market definition open, given the lack of competition problems at any of the alternative levels. The geographic market definition was also left open in the said case, for the same reason of lack of competition concerns, even at the level of local geographic areas, such as municipalities.
9. In the present case, the precise definition of both the relevant product market and geographic market can, likewise, be left open due to the lack of any affected market at any of the alternative levels.

### **B. Assessment**

10. According to Skandia Life, the rationale of the operation is its search for high long-term return from its investment portfolio, in which real estate is an important element. The acquisition of Diligentia would give Skandia Life the opportunity to complement its current real estate holdings with a sizeable real estate portfolio.
11. The overlap between the real estate activities of Skandia Life and the target company, Diligentia, occur only in their home country, Sweden. Within Sweden, the shares of both Skandia Life and Diligentia combined would not achieve a 15% (or anything close to it) at the level of any of the possible alternative markets mentioned above. Thus no affected market would result from the proposed operation.
12. Given the lack of any affected market, and in the absence of any other type of competition concern, it is considered that the proposed concentration will not lead to the

creation or strengthening of a dominant position in the sector concerned, as a result of which effective competition would be significantly impeded in the common market or a substantial part thereof.

#### **IV. CONCLUSION**

13. For the above reasons, the Commission has decided not to oppose the notified operation and to declare it compatible with the common market and the EEA Agreement. This decision is adopted in application of Article 6.1.b. of Council Regulation (EEC) No 4064/89.

For the Commission,