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Case No COMP/M.1975 - DEUTSCHE BANK / EUROBANK / LAMDA DEVELOPMENT / JV

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REGULATION (EEC) No 4064/89
MERGER PROCEDURE

Article 6(1)(b) NON-OPPOSITION
Date: 15/06/2000

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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 15.06.2000

PUBLIC VERSION

MERGER PROCEDURE
ARTICLE 6(1)(b) DECISION

Subject: Case No COMP/M.1975 - Deutsche Bank / Eurobank / Lamda Development / JV
Notification of 10.05.2000 pursuant to Article 4 of Council Regulation No 4064/89

1. On 10.05.2000, the Commission received a notification of a proposed concentration pursuant to Article 4 of Council Regulation (EEC) No 4064/89 by which the undertakings, REIB Europe Investments Limited (a special investment vehicle formed for the purpose of participating in the notified transaction, a wholly owned subsidiary of Deutsche Bank AG) EFG Eurobank SA, and Lamda Development SA acquire joint control of EFG Eurobank Properties SA.

2. After examination of the notification, the Commission has concluded that the notified 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' ACTIVITIES AND THE OPERATION

3. Deutsche Bank AG (Germany) is one of the world's largest banks with substantial activities in retail and private banking, corporate and institutional banking and investment banking. EFG Eurobank SA (Greece) is one of the leading banks in Greece, it provides a wide range of banking and financial services, and its ultimate parent company is EFG Bank European Financial Group (Switzerland). Lamda Development SA (Greece) operates in the following sectors: investments in commercial real estate projects, property management services and services to large sized luxury yachts.

4. The target company, EFG Eurobank Properties SA, currently owned by EFG Eurobank SA, is active in the real estate business for commercial uses in different areas throughout Greece.

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5. The transaction is structured as a share capital increase by means of a new share issue. After completion EFG Eurobank SA , Lamda Development SA and REIB Europe Investments Limited will hold 50.1%, 29,9% and 20% of the total share capital of EFG Eurobank Properties SA.

6. Pursuant to the Shareholders' Agreement, each of the three parties above mentioned is accorded veto rights over a number of strategic business decisions requiring a unanimous vote by the parties, such as the approval of annual budgets, business plans, and making of substantial investments. Thus, the notifying parties will exercise joint control in the sense of the dispositions in Article 3(3) of the Council Regulation.

7. The proposed joint venture has, and will continue to have, its own management dedicated to its day-to-day operations and sufficient resources including finance, staff and assets. It will perform, on a lasting basis, all the functions of an autonomous economic entity in order to conduct its business activities on Greek real estate market. Thus, the proposed joint venture constitutes a concentration in accordance with the dispositions of Article 3(2) of the Council Regulation.

II. COMMUNITY DIMENSION

8. The notifying undertakings have a combined aggregate worldwide turnover in excess of EUR 5,000 million[1] (Deutsche Bank AG, EUR 47,067 million, of which EUR 11,205 million was achieved within Germany; EFG Bank European Financial Group SA, EUR 1,592 million of which 1,368 was achieved within Greece; and Lamda Development SA , EUR 3.6 million). Deutsche Bank AG and EFG Bank European Financial Group SA, have a Community-wide turnover in excess of EUR 250 million but they do not achieve more than two-thirds of their aggregate Community-wide turnover within one and the same Member State. The notified operation therefore has a Community dimension, according to Article 1(2) of the Merger Regulation. It does not constitute a cooperation case under the EEA Agreement, pursuant to Article 57 of that Agreement.

III. COMPETITIVE ASSESSMENT

A. Relevant product and geographic markets

9. The notifying parties state that the operation involves the Greek real estate sector (owning, maintaining, operating and letting real estates). EFG Properties owns 16 properties located in 15 cities across Greece.

10. This sector may be divided in to two segments : properties for commercial use (offices, shops and industrial properties) and properties for residential use (housing). With respect to the geographic market, the market can be segmented into local areas, such as municipalities. However the exact definition of the product market and geographic market can be left open

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[1] Turnover calculated in accordance with Article 5(1) of the Merger Regulation and the Commission Notice on the calculation of turnover (OJ C66, 2.3.1998, p25). To the extent that figures include turnover for the period before 1.1.1999, they are calculated on the basis of average ECU exchange rates and translated into EUR on a one-for-one basis.

since even in the narrowest possible options, the operation will not have any appreciable competitive impact[2].

B. Assessment

11. The parties submit that there are no vertical or horizontal affected markets. The concentration concerns the Greek real estate segment for properties for commercial use and it will have an insignificant competitive impact irrespective of the exact definition of the relevant product market and the relevant geographic market. The market share of the joint venture, EFG Eurobank Properties SA, does not in any case exceed 0,2 per cent in any market, even if the market would be so narrowly defined as properties for commercial use within any Greek City/municipality. The property owned by the parent companies, EFG Eurobank SA and Lamda Development SA are insignificant, the first does not in any case exceed of 0,1 per cent market share in any market and the later does not in any case exceed 0,05 %.

12. In view of the market position of the parties to the concentration, it appears that the proposed concentration does not create or strengthen a dominant position as a result of which effective competition would be significantly impeded in the EEA or any substantial part of that area.

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,
signed by
M. MONTI
Member of the Commission

2 (See the Case No COMP/M. 1937 – Skandia Life/Diligentia, Commission decision 12.05.2000, paragraph 8).