



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 27.07.2000
SG(2000)D/

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 Where possible the information omitted has been replaced by ranges of figures or a general description.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 Madam/Sir,

Subject: Case No COMP/M. 2025 – GE Capital/BTPS/MEPC

Notification of 19.06.2000 pursuant to Article 4 of Council Regulation No 4064/89

1. The operation consists of the acquisition of joint control over the UK real estate company, MEPC plc (“MEPC”), by General Electric Capital Corporation (“GECC”) and BT Pension Scheme (“BTPS”).
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. The target, MEPC, is a UK real estate company. GECC is a diversified financial services organization incorporated in the US, of which the ultimate parent is the US General Electric Company (“GE”), which has diverse activities in the fields of manufacturing, technology and services. BTPS is an occupational pension scheme, established for the benefit of employees of British Telecommunications plc, which has investments in the real estate sector.
4. The operation consists of a recommended offer for the entire issued, and to be issued, share capital of MEPC, presented through a vehicle company, Leconport Estates, formed

for the purpose, and jointly controlled, by GECC and BTPS . Through their joint control of Leconport Estates, GECC and BTPS will acquire joint control over MEPC.

II. CONCENTRATION OF A COMMUNITY DIMENSION

5. The operation constitutes a concentration within the meaning of Article 3.1.b. of the Merger Regulation.
6. GE and BTPS have a combined aggregate worldwide turnover in excess of €5,000 million (GE, €104,719 million; BTPS, [...]). Each of them has a Community-wide turnover in excess of €250 million (GE, [...]; BTPS, [...]), 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

No affected markets

7. The concentration concerns the real estate sector in the UK, to which geographic area the activities of the target company, MEPC, are confined, and where both GECC and BTPS also have real estate activities. Within real estate, the activities of the acquirers, GECC and BTPS, and those of MEPC, concern commercial property. (None of them is active in residential property.) It appears that the combined market shares resulting from the operation, even if the shares of all three parties are aggregated, are typically below [...]%, and always less than [...]%, whether the geographic scope for commercial property is considered at the level of the UK as such, or narrower (e.g. regional, property-type, municipalities).
8. Thus, the overlaps arising from the proposed operation would not give rise to any horizontally affected market on any basis. The parties have not identified either any vertical relationships resulting from the operation, which might give rise to any vertically affected market. Furthermore, the notifying parties submit that the low level of market share enjoyed by both of them and by MEPC, their target, reflects the high degree of fragmentation which characterizes commercial property activities within the UK real estate sector.

No risk of co-ordination

9. Both GECC and BTPS will remain active in commercial property in the UK outside of the new joint venture constituted by the proposed transaction. However, each of them is active in a different area of commercial property, and the acquisition of MEPC will represent a small part of the overall activities of each of them. Furthermore, the very low level of market share they enjoy respectively (less than [...]% in all cases) means that there will be no scope for co-ordination between them, which could result in an appreciable restriction of competition.
10. Given the lack of any affected markets and in the absence of any other competition concerns arising from the proposed operation, it is considered that it will not lead to the

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

IV. CONCLUSION

11. 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 Mario Monti
(Member of the Commission)