



Decision CPC: 17/2021

Case Number: 08.05.001.021.004

**THE CONTROL OF CONCENTRATIONS BETWEEN ENTERPRISES LAW**

**No. 83(I)/2014**

**Notification of a concentration concerning the acquisition of the share capital of The Cyprus Development Company Ltd from Invel Real Estate Partners Three Ltd, Prodea Real Investment Company SA and Papabull Investments Ltd, via Vibrana Holdings Ltd**

Commission for the Protection of Competition:

Mrs. Loukia Christodoulou,	Chairperson
Mr. Andreas Karydis,	Member
Mr. Panayiotis Ousta	Member
Mr. Aristos Aristeidou Palouzas	Member
Mr. Polynikis-Panagiotis Charalambides	Member

Date of Decision: 29<sup>th</sup> of March 2021

**SUMMARY OF THE DECISION**

On 18/1/2021, the Commission for the Protection of Competition (hereinafter the “Commission”) received on behalf of Invel Real Estate Three Ltd (hereinafter the “IREP3”), Prodea Real Investment Company SA (hereinafter the “Prodea”) and Papabull Investments Ltd (hereinafter the “Papabull”) a notification of a proposed concentration. The notification was filed according to Section 10 of the Control of Concentrations between Enterprises Law 83(I)/14 (hereinafter the “Law”).

The notification concerned a concentration, according to which, Prodea (former NBG Pangaea Real Estate Investment Company) would sell to Papabull 45% of the share capital of Vibrana Holdings Limited (hereinafter the "Vibrana"), resulting to IREP3, Prodea and Papabull controlling Vibrana. Vibrana holds 100% of the share capital of Cyprus Tourism Development Public Company Limited which is the ultimate target in this transaction (hereinafter the "Target Company").

Companies participating at this merger are the following:

1. H IREP3 is a company duly registered in accordance with the laws of Channel Islands. The company acts as a co-investment body for the Invel Group. The affiliated company of the IREP3 group based in Cyprus is Invel Real Estate Management (Cyprus) Limited (hereinafter the "IREM Cyprus").

Invel Real Estate Management Limited (hereinafter the "IREM") is also a member of Invel Group with main operations the decision-making processes for the investment management and asset management of the Invel group.

Based on a past concentration, the Commission declared on 1/3/19 the acquisition of the share capital of Aphrodite Hills Resort Ltd and Aphrodite Springs Public Ltd by Pangaea compatible with the market(Case Number: 8.13.019.04). In the said transaction, IREP3 would have sole control of the Target Enterprises (Aphrodite Hills Resort Limited and Aphrodite Springs Public Limited) after acquiring control of Pangaea. According to the participants, agreement was not fully completed, ending up, Pangaea having the sole control of Aphrodite Hills Hotel (5\*).

Additionally, on another concertation performed Commission on the 23/3/2019, declared the notification by which IREP3, through Vibrana, would acquire the share capital of Cyprus Tourism Development Public Company Limited as being compatible with the market.

2. Flowpulse is a company duly registered in accordance with the laws of Cyprus Republic. Flowpulse is a subsidiary of IREP3 and has a share capital in Vibrana. It was noted that according to the notification file number 08.05.001.021.004, IREP3 via Flowpulse, Papabull and Prodea will have joint control of Vibrana.
3. Prodea (formerly known as NBG Pangaea Real Estate Investment Company) is a company duly registered in accordance with the laws of Hellenic Republic and also listed in Athens Stock Exchange Market.

Prodea and its subsidiaries invest in the real estate market and actively manage and operate real estate agencies in Greece, Italy, Cyprus, Bulgaria and Romania. Currently, Prodea has also share capital on The Cyprus Tourism Development Public Company Ltd (via Vibrana).

The Cyprus Tourism Development Public Company Ltd owns and operates the five-star (5\*) hotel The Landmark Nicosia Hotel (hereinafter “Landmark”) in Nicosia.

Prodea through various subsidiaries has income from:

- Landmark (5\*) in Nicosia,
  - Aphrodite Hills Hotel (5\*) in Paphos,
  - Althea Hotel (4\*) in Protaras
  - Other rental income from renting offices in Larnaca, Limassol, Nicosia and Paphos and from renting retail stores in Limassol, Nicosia and Paphos.
4. Papabull is a company duly registered in accordance with the laws of Cyprus Republic. Company’s activities are in the field of real estate investment and hospitality.
  5. Vibrana is a company duly registered in accordance with the laws of Cyprus Republic. Vibrana’s shareholders are Prodea and IREP3 via Flowpulse Limited. Vibrana holds a certain share capital of Cyprus Tourism Development Company Limited and has no other operations.

Based on concentration with case number 08.05.001.021.004, Prodea (former NBG Pangaea Real Estate Investment Company) will sell to Papabull her share capital of Vibrana. Additionally, IREP3 (via Flowpulse) will acquire veto rights in decisions of strategic importance.

Based on that, Prodea, IREP3 (via Flowpulse) and Papabull will hold on joint control over Vibrana, who acquires the share capital of Cyprus Tourism Development Public Company Limited.

6. The Target company is a company duly registered in accordance with the laws of the Republic of Cyprus. Current shareholders of the target are Vibrana Holdings Limited and Bank of Cyprus Public Company.

Target company owns and operates a five-star (5\*) hotel, which operates under the name The Landmark Nicosia Hotel (hereinafter "Landmark"), in Nicosia.

The Commission, after taking into consideration the above mentioned facts and events which affect the current concentration, and based on the concept of concentration as defined in the above article, concluded that this operation within the meaning of Article 6 (1) (b) of the Law, fulfills the meaning of the merger, since Vibrana as a "vehicle" controlled by Prodea, will be jointly controlled by Prodea, IREP3 (via Flowpulse) and Papabull, and eventually the Target company will be controlled by Vibrana and will be an autonomous joint venture.

Furthermore, based on the information contained in the notification, the Commission found that the criteria set by section 3 (2) (a) of the Law were satisfied and therefore the notified concentration was of major importance falling within the scope of the Law.

In the current merger, IREM, IREM Cyprus of the Invel group, Prodea, Vibrana and the Target Company are active in the territory of the Republic of Cyprus.

The Commission, having taken into account all the elements of the administrative file as well as relevant case law, concluded that, for the purposes of evaluating this concentration, the relevant product market and geographic market are:

- i. Management and operation of five (5\*) star hotels in Paphos and Nicosia.
- ii. Rental of real estate for commercial purposes to all Cyprus districts.
- iii. Real estate consulting services with a geographical market in the territory of the Republic of Cyprus.

#### Manage and operate five (5\*) star hotels in Paphos and Nicosia

Prodea, operates a five-star (5\*) hotel in Paphos, Aphrodite Hills Hotel and in the district of Nicosia the hotel Landmark via Vibrana.

IREP3 maintains a share capital at Aphrodite Hills Resort Limited but has no control over Aphrodite Hills Hotel in Paphos.

Papabull, who has joint control over Vibrana, does not operate in the Hotel market.

Based on the above, Commission concludes that there is no additional horizontal relationship with this concentration other than the existing one between Prodea and the Target Company.

The participants submit that there is only one possible vertical relationship between the activities of IREP3 and Target company from the consulting services provided by IREM Cyprus to IREM in relation to the hotels on behalf IREP3 towards Target.

The Commission noted that there isn't any additional vertical relationship with the current concentration, in addition to the existing one between IREP3 and Target.

The Commission, taking into account all the facts before it, concludes that in the present merger there is no horizontal, vertical or even neighbor relation to the activities of the participants in this merger, other than the existing ones.

#### Rental of real estate and Real estate consulting services

Based on the notification, the Target company has earnings from the leasing of shops within Landmark properties.

Prodea is renting properties all over Cyprus.

Papabull, who has joint control over Vibrana, does not operate in the current market.

IREP3 maintain a share capital at Aphrodite Hills Resort Limited, leading to the fact of gaining earnings from the leasing of shops within Aphrodite Hills Hotel properties.

The Commission noted that there isn't any additional vertical relationship with the current concentration, in addition to the existing one between Prodeas and Target.

There is only one possible vertical relationship between the activities of IREP3 and Target company from the consulting services provided by IREM Cyprus in relation to real estate.

The Commission noted that there isn't any additional vertical relationship with the current concentration, in addition to the existing one between IREP3 and Target.

The Commission also notes that at the same time has been notified regarding the merger of the acquisition of joint control of Parklane Hotels Ltd in Limassol district from Invel Real Estate Partners Three Ltd, Prodea Real Investment Company SA and Papabull Investments Ltd, via Vibrana Holdings Ltd (case number. 08.05.001.021.003).

Considering the above, the Commission concludes that there is no affected market based on Annex I of the Law.

According to the provisions of the Law, and more precisely Articles 20 and 21, the criteria on the basis of which a concentration is declared compatible or incompatible with the requirements of the competitive market concerns the significant obstruction of effective competition in the Republic or in a significant part of it, especially as a result of establishing or strengthening a dominant position in the affected markets.

In addition, the Commission concluded that there are no other markets where the notified concentration is likely to have a significant impact, under the provisions of the Law.

The Commission, on the basis of the factual and legal circumstances, unanimously decided that this concentration does not create or strengthen a dominant position and therefore the concentration does not raise serious doubts as to its compatibility with the operation of the competition in the market.

Therefore, the Commission, acting in accordance with section 22 of the Law, unanimously decided not to oppose the notified concentration and declare it as being compatible with the operation of the competition in the market.

Loukia Christodoulou

Chairperson of the Commission for the Protection of Competition