



ΚΥΠΡΙΑΚΗ ΔΗΜΟΚΡΑΤΙΑ



ΕΠΙΤΡΟΠΗ ΠΡΟΣΤΑΣΙΑΣ
ΤΟΥ ΑΝΤΑΓΩΝΙΣΜΟΥ

Decision CPC: 59/2019

Case Number: 8.13.019.41

**THE CONTROL OF CONCENTRATIONS BETWEEN ENTERPRISES LAW
No. 83(I)/2014**

**Notification of a concentration concerning the acquisition of Olympic Lagoon
Hotels Limited share capital by Kanika Group Ltd, through Kanika Hotels Ltd.**

Commission for the Protection of Competition:

Mrs. Loukia Christodoulou	Chairperson
Mr. Andreas Karidis,	Member
Mr. Panayiotis Oustas,	Member
Mr. Aristos Aristidou Palouzas,	Member

Date of decision: 24 October 2019

SUMMARY OF THE DECISION

On the 27th of September 2019, the Commission for the Protection of Competition (hereinafter the “Commission”) received on behalf of Kanika Group Ltd (hereafter “Kanika Group”) 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 concerns the acquisition of part of the share capital of Olympic Lagoon Hotels Limited (hereafter “Olympic Lagoon” or the “Target”) by Kanika Group, through its wholly owned subsidiary, Kanika Hotels Ltd (hereafter “Kanika Hotels”).

Olympic Lagoon Hotels Limited is company duly registered under the laws of the Republic of Cyprus and is active in the hotel management chain with the name Olympic Lagoon. Kanika Hotels owns 78,4% of the issued capital of Target Company, while the remaining 21,6% is held by Amathus Public Limited.

Kanika Group Ltd is company duly registered under the laws of the Republic of Cyprus and is active through its subsidiaries in the operation and management of hotels, land development, real estate management and real estate rentals.

Kanika Hotels Ltd is a subsidiary of the Kanika Group. Kanika Hotels is company duly registered under the laws of the Republic of Cyprus and is active in the hotel management.

The transaction is based on the «Agreement» dated 22/8/2019, (hereafter the “Agreement”) between Amathus Public Limited and Kanika Hotels. According to the Agreement, Kanika Hotels will acquire the 21,6% share capital of the Target. It is noted that Kanika Hotels already owns the 78,4% of the Target. The Commission notes that although Amathus Public Limited had a minority capital in Target, as a result of reserved matters existing in the Shareholders Agreement, it had joint control of Target Company together with Kanika Hotels. After the completion of this transaction, Kanika Group will hold 100% of the share capital of The Target Company, i.e. the exclusive management of Olympic Lagoon Resort Hotel in Ayia Napa.

The Commission, taking into account the facts of the concentration, has concluded that this transaction constitutes a concentration within the meaning of section 6(1)(a)(ii) of the Law, since it leads to a permanent change of control of the Target.

Furthermore, based on the information contained in the notification, the Commission found that the criteria set by section 3(2)(α) of the Law were satisfied and therefore the notified transaction was of major importance under the Law.

The Commission, for the purposes of evaluating this concentration, defined the relevant product/service market as the operation and management of four stars and five stars hotels. For the purposes of the present case, the geographic market was defined as that of the Famagusta District.

According with the undertaking concerned, this concentration does not lead to a horizontal overlap in the market of the operation and management of four stars and five stars hotels. According to the parties, the post transaction market share in Cyprus will be 5-10%. Therefore, the Commission concluded that there is no affected market.

In addition, there is no vertical relationship or other markets which the notified concentration may have significant impact.

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