

**THE CONTROL OF CONCENTRATIONS  
BETWEEN ENTERPRISES LAWS 1999 TO 2000**

**Notification of concentration regarding the creation of a joint venture between the  
companies Kanika Group Ltd and Claridge Public Ltd**

Commission for the Protection of Competition:

Mrs. Loukia Christodoulou,	Chairperson
Mrs. Eleni Karaoli,	Member
Mr. Andreas Karides,	Member
Mr. Charis Pastellis,	Member
Mr. Christos Tsingis	Member

Date of decision: 12 September 2013

**SUMMARY OF THE DECISION**

On 2 August 2013, the Commission for the Protection of Competition (hereinafter the «Commission») received notification of a proposed concentration by Kanika Group Ltd (hereinafter "Kanika") and Claridge Public Ltd (hereinafter "Claridge"), in accordance with section 13 of the Control of Concentrations between Enterprises Law (Number 22(I)/99) (hereinafter the «Law»). The notification concerns the creation of a joint venture between the companies Kanika and Claridge.

Kanika Group Ltd is a private limited liability company, duly registered under the laws of Cyprus. This company is a holding company whose sole activity is to invest in companies. The main activities of its subsidiaries are: hotel management through ownership or lease, land development, property management on behalf of customers and rental of office complexes. The following subsidiaries of Kanika are active in the provision of hotel services: a) Kanika Olympic Ltd (hereafter the «Kanika Olympic»), a company duly registered under the laws of Cyprus, which will participate in the joint

venture that is the subject of this notification and b) Kanika Hotels Ltd, a private limited liability company duly registered under the laws of Cyprus, which operates and manages hotels through ownership, lease or management agreements.

Claridge Public Ltd is a public limited liability company listed on the Cyprus Stock Exchange, which is active by itself or through its subsidiaries, in the hotel ownership and management sector, construction and sale of luxury villas and apartments.

This transaction is based on a Shareholders Agreement (hereinafter the «Agreement»), dated 26 July 2013, between Kanika and Claridge. According to the said Agreement, Kanika Olympic and Claridge will create a joint venture, which will manage and run the hotels Olympic Lagoon Resort and Amathus Beach Hotel Paphos.

The Commission, taking into account the above facts and events concerning this concentration has concluded that this transaction constitutes a concentration within the meaning of section 4 (1) (c) of the Law, since it results in the creation of a joint venture between the companies Kanika and Claridge.

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 under the Law. According to the notification, the aggregate turnover achieved by Kanika and Claridge for the year 2012, exceeded, in relation to each one of them, 3.417.203 euro. In addition, all of Kanika's subsidiaries and some of Claridge engage in commercial activities within the Republic of Cyprus. The aforementioned turnover of Kanika relates to activities in Cyprus while the turnover of Claridge in the Republic for the year 2012 exceeded 3.417.203 euro.

The main activities of Kanika's subsidiaries are the following: hotel management through ownership or lease, land development, property management on behalf of customers and rental of freehold office complexes.

Claridge is active by itself or through its subsidiaries, in the hotel ownership and management sector, construction and sale of luxury villas and apartments.

The joint venture will offer hotel services to foreign and domestic tourism in Cyprus and especially in the districts of Famagusta and Paphos. The hotel services that will be offered by the joint venture will be through the hotels Olympic Lagoon Resort (4 \*) and Amathus Beach Hotel Paphos (5 \*).

The Commission considers that for purposes of evaluating this concentration the relevant product/service market is the management and operation of four (4 \*) and five (5 \*) stars hotels. The geographical market in this case is defined as the territory of the Republic of Cyprus.

In the present case, the new company created will be active in the management and operation of the hotels Olympic Lagoon Resort and Amathus Beach Hotel Paphos. These two hotels, of the parent companies, whose operation will be conducted by the new company, belong to the same relevant market and therefore there is a horizontal relationship. The Commission, based on the evidence provided by the parties, noted that the pancyprian market share based either on the number of (4 \*) and (5 \*) hotels or based on beds of (4 \*) and (5 \*) hotels or based on the number of nights in (4 \*) and (5 \*) hotels is much lower than 15%. As a result, the concentration does not create any affected markets. Therefore, the concentration does not create any affected markets as determined in Annex I of the Law.

The Commission, on the basis of the factual and legal circumstances, applying the relevant provisions of the Law and taking into consideration the report of the Service, 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 competitive market.

Therefore, the Commission, acting in accordance with section 18 of the Law, unanimously decided not to oppose the notified concentration and declare it as being compatible with the requirements of the competitive market.

Mrs. Loukia Christodoulou  
Chairperson of the Commission for the Protection of Competition