

OFFICE FOR COMPETITION

24 June 2019

COMP-MCCAA/06/2019- Joint Venture between M&Z Group Limited and BPM Limited

Decision on acquisition in terms of Regulations 6 (1) (ii) and 12(4) of the Control of Concentrations Regulations (LN 294 of 2002 as subsequently amended)

The Office for Competition,

Having considered the notification filed on 24 May 2019 pursuant to Regulation 5 of the Control of Concentrations Regulations,

Having considered the provisions of the Control of Concentrations Regulations,

Having considered Commission Notice on a simplified procedure for treatment of certain concentrations under Regulation (EC) No 139/2004

Facts

1. On 24 May 2019, pursuant to Regulation 5 of the Control of Concentrations Regulations (hereinafter referred to as “the Regulations”), M&Z Group Limited and BPM Limited (hereinafter referred to as “the Notifying Parties”) notified the Office for Competition (hereinafter referred to as “the Office”) with a Joint Venture Agreement (hereinafter referred to as “the Agreement”), whereby the Notifying Parties intend to develop a land in Marsa (hereinafter referred to as “the Transaction”).
2. The notification was filed on 24 May 2019 and accepted as a complete notification on 27 May 2019. The proposed joint venture was notified to the public through a notice that appeared in a daily newspaper on 4 June 2019 and a notice that appeared in the Government Gazette No.20,206 on 4 June 2019.

Parties

3. i. The Notifying Parties are both present and actively involved in Malta in separate markets. M&Z Group Limited is a registered company having

registration number C 9208 with registered address at 93, Mill Street, Qormi. M&Z Group Limited is the parent undertaking of a group of companies and is effectively a holding company that provides financing to the group. This group of companies consists of Business Park Development Limited, Micallef & Zammit Limited and M&Z Marketing Limited.

ii. BPM Limited is a registered company having registration number C 83935 with registered address at Ballut Blocks, Triq Wied Filep, San Pawl tat-Targa l/o Naxxar. BPM Limited is part of Ballut Blocks Group and was formed to hold the long-term immovable assets of Ballut Blocks Group. Its main objective is to acquire, develop and dispose of, by any title, any immovable property or rights over such immovable property and to deal, promote and invest in immovable property.

Transaction

4. Pursuant to the Agreement, the Notifying Parties intend to jointly control Business Park Development Limited (hereinafter referred to as "BPDL"), which is a limited liability company, having its registration number C 40270 with registered address 93, Mill Street, Qormi. BPDL's objective is that of owning and operating industrial or commercial premises or sites, carrying on the business of property developers and contractors in the construction industry and to provide management, supervision and consultancy services in relation to the aforementioned services.
5. BPDL only holds a land in Marsa (hereinafter referred to as "the Site") and currently BPDL is a subsidiary of M&Z Group Limited.
6. The purpose of this proposed joint venture is for the Notifying Parties to develop the Site together. Pursuant to this, M&Z Group Limited and BPM Limited will, respectively, be transferring and acquiring shares in BPDL. The development is intended to be a mixed commercial development.
7. The Notifying Parties will in all cases hold jointly the shareholding of BPDL.

Notifiable Concentration

8. The proposed transaction brings about the acquisition of joint control by the Notifying Parties of a fully functioning joint venture within the meaning of regulation 2(d) (ii) of the Regulations.
9. The Office considers that the proposed transaction constitutes a concentration within the meaning of Regulation 2 of the Regulations.

Threshold for Notification

10. The aggregate turnover of the concerned undertakings concerned in the preceding financial year exceeds €2,329,373.40 and each of the parties had a turnover in Malta equivalent to at least 10% of the combined aggregate turnover of the undertakings concerned.
11. The notified concentration, therefore, meets the notification threshold as set out in Regulation 2 of the Regulations.

Simplified Procedure

12. Following the examination of the notification, it is considered that the notified concentration falls within the scope of Regulation 12(1) of the Regulations, whereby it is provided that:

“The simplified procedure will apply to the following categories of concentrations that are deemed not to raise serious doubts as to their legality in terms of the provisions of these regulations...:

(ii) two or more undertakings merge, or one or more undertakings acquire sole or joint control of another undertaking, provided that none of the parties to the concentration are engaged in business activities in the same product or geographical market, or in a product market which is upstream or downstream of a product market in which any other party to the concentration is engaged”.

Conclusion

In view of the above and in terms of Regulations 6 (1) (ii) and 12 (4) of the Regulations, it is therefore decided:

- (1) that the Concentration falls within the scope of the Regulations on Control of Concentrations;
- (2) that the Concentration does not raise serious doubts as to its lawfulness;
- (3) not to oppose the notified Concentration and to declare it a lawful Concentration.



Godwin Mangion
Director General