



# DETERMINATION OF MERGER NOTIFICATION M/16/046 DEKABANK / ASSETS: DOUBLETREE BY HILTON DUBLIN-BURLINGTON

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## Section 21 of the Competition Act 2002

**Proposed acquisition by DekaBank Deutsche Girozentrale, through Deka Immobilien Investment GmbH, of certain assets constituting the fee simple in the hotel known as DoubleTree by Hilton Hotel Dublin-Burlington Road**

**Dated 02 November 2016**

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### Introduction

1. On 30 September 2016, in accordance with section 18(1) of the Competition Act 2002, as amended (“the Act”), the Competition and Consumer Protection Commission (“the Commission”) received a notification of a proposed transaction whereby Deka Immobilien Investment GmbH (“Deka Immobilien”), a wholly-owned subsidiary of DekaBank Deutsche Girozentrale (“DekaBank”)<sup>1</sup>, would acquire certain assets, namely the fee simple in the hotel known as the DoubleTree by Hilton Hotel Dublin-Burlington Road (“Hilton Dublin-Burlington”), which is situated at the junction of Sussex Road and Burlington Road, Dublin 4.

### The Proposed Transaction

2. The proposed transaction is to be implemented pursuant to an agreement for sale by private treaty of the Hilton Dublin-Burlington, entered into between the Blackstone Group L.P.<sup>2</sup> (“the Vendor”) and Deka Immobilien on 30 September 2016.
3. As part of the proposed transaction, DekaBank, through Deka Immobilien, is to acquire ownership and thus sole control of the Hilton Dublin-Burlington<sup>3</sup>.

### The Undertakings Involved

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<sup>1</sup> DekaBank and its subsidiaries and associated companies constitute the Deka Group.

<sup>2</sup> The legal owner of the fee simple in the Hilton Dublin-Burlington is Sussex Road Nominees Limited, which is ultimately controlled by the Vendor, while the beneficial owner of the fee simple in the Hilton Dublin-Burlington is BRE Ireland Property Fund, which is also ultimately controlled by the Vendor. Pursuant to the proposed transaction, Deka Immobilien is to acquire the fee simple in the Hilton Dublin-Burlington from Sussex Road Nominees Limited (as legal owner) and from BNY Mellon Trust Company (Ireland) Limited, as trustee for and on behalf of the beneficial owner.

<sup>3</sup> Following completion of the proposed transaction, the Hilton Dublin-Burlington will be managed by Deka Immobilien for the benefit of Deka-ImmobilienGlobal, a property investment fund managed by Deka Immobilien. Currently, DT Sussex Road Operations Limited, which is ultimately controlled by the Vendor, has the right to operate and manage the Hilton Dublin-Burlington pursuant to a lease agreement with Sussex Road Nominees Limited. On 30 September 2016, the Commission was notified of a separate but related transaction (reference number M/16/047) whereby Dalata Hotel Group p.l.c. (“Dalata”) will acquire the entire issued share capital of DT Sussex, and therefore the right to operate and manage the Hilton Dublin-Burlington. The parties intend that the proposed transaction would complete simultaneously with the proposed acquisition by Dalata of the entire issued share capital of DT Sussex. On completion, Deka Immobilien would grant a new lease to DHG Burlington Road Ltd (a subsidiary of Dalata) in respect of the Hilton Dublin-Burlington (the new lease would remain in place, subject to the lease held by DT Sussex, with DHG Burlington Road Ltd stepping into the shoes of the existing landlord).



### ***The Acquirer – DekaBank***

4. Deka Immobilien, a company incorporated in Germany, is a wholly-owned subsidiary of DekaBank and, as such, is part of the Deka Group.<sup>4</sup> Deka Immobilien is an alternative investment fund manager, with expertise in the provision of real estate-related services, and is involved in the management of property investment funds. In the State, Deka Immobilien is active in the provision of commercial property for rent, where it currently holds two property assets, namely, the Mahon Point Shopping Centre in Cork and the Whitewater Shopping Centre in Co. Kildare.<sup>5</sup>
5. DekaBank is a ‘Wertpapierhaus’, which is a provider of asset management and capital market solutions to savings banks in Germany. In the State, DekaBank provides finance to a small number of borrowers based in the State, which represent approximately 0.3% of the total value of DekaBank’s outstanding loans in the Eurozone.<sup>6</sup>
6. For the financial year ending 31 December 2015, the Deka Group had a worldwide turnover of approximately €3.4 billion. Although Deka Immobilien stated in the notification that it is difficult to determine exact turnover in the State because of the basis on which turnover is allocated by reference to customer location rather than branch, it is estimated that the Deka Group’s turnover in the State would be no more than [...] % of its worldwide turnover, which amounts to approximately €[...].

### ***The Target Assets – Hilton Dublin-Burlington***

7. The assets to be acquired by DekaBank, through Deka Immobilien, pursuant to the proposed transaction consist of the fee simple in the Hilton Dublin-Burlington, i.e. the land identified in folio 200926F of the Register of Freeholders County Dublin. The Hilton Dublin-Burlington is a four-star hotel situated at the junction of Sussex Road and Burlington Road, Dublin 4, comprising 501 guestrooms, conference rooms, a fitness centre and a restaurant and bar.
8. The Hilton Dublin-Burlington is currently ultimately owned and controlled by the Vendor.
9. For the financial year ending 31 December 2015, the Hilton Dublin-Burlington generated turnover in the State, consisting of rental charges in relation to the lease of the property, of approximately €8 million.<sup>7</sup>

### **Rationale for the Proposed Acquisition**

10. The parties state in the notification that:

*“From Deka Immobilien’s perspective, it wishes to invest in the Hotel as an income-producing asset for the benefit of the unit holders of Deka-*

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<sup>4</sup> [https://www.deka-immobilien.de/index\\_en.html](https://www.deka-immobilien.de/index_en.html)

<sup>5</sup> The Mahon Point Shopping Centre and the Whitewater Shopping Centre generate total turnover of approximately €[...] and €[...] per annum, respectively. The Commission approved DekaBank’s acquisition of the Whitewater Shopping Centre and associated residential accommodation units and car park on 03 March 2016 (see M/16/008 DekaBank/Whitewater Development).

<sup>6</sup> According to the Deka Group Annual Report 2014, DekaBank had €33 million in loans to the Irish Government, €274 million in loans to Irish corporates and €30 million in Irish debt securities.

<sup>7</sup> According to the 2015 Annual Report and Financial Statements of DT Sussex Road Operations Limited (part of The Blackrock Group L.P.), the current operators of the DoubleTree by Hilton Dublin-Burlington under lease, the rental charges paid to BRE Ireland Property Fund, (also part of The Blackrock Group L.P.) amounted to €8,067,850.



*ImmobilienGlobal. More specifically, Deka Immobilien intends, through this investment, to: generate a sustainable income with a long-term perspective, hold and administer the Hotel, and; to improve the income resulting from this investment and maintain or enhance its value.”*

### Third Party Submissions

11. No submission was received.

### Competitive Analysis

12. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this instance, it is not necessary for the Commission to define precise relevant product markets. The Commission’s conclusion concerning the competitive effects of the proposed transaction would be unaffected whether the relevant product market is defined broadly in the present case to include all rentable commercial property or narrowly, e.g. to distinguish between rentable commercial property for use as hotel accommodation or rentable commercial property for use as retail premises.
13. Similarly, it is also not necessary for the Commission to define precise relevant geographic markets in this instance since the choice of geographic market will not materially alter the competitive impact of the proposed transaction in the State.
14. However, for the purposes of its review of the proposed transaction, the Commission has examined the competitive impact of the proposed transaction by reference to the narrowest possible relevant market, namely the regional supply of rentable commercial property for use as hotel accommodation.
15. Currently, DekaBank’s only commercial real estate interests in the State (through Deka Immobilien) comprises the Mahon Point Shopping Centre, situated in Mahon Link Road in Cork and the Whitewater Shopping Centre and Development in Newbridge, Co. Kildare. The two shopping centres are both regional shopping centres and have geographic catchment areas with a drive time of 30 minutes and 40 minutes, respectively. The two shopping centres consist primarily of rentable commercial units for retail purposes and neither of them offer any hotel or similar accommodation. Therefore, if the relevant product market were to be defined as the supply of rentable commercial property for use as hotel accommodation, there would be no overlap between the activities of the parties in the State.
16. The Whitewater Shopping Centre is located more than an hour’s drive from the Hilton Dublin-Burlington<sup>8</sup>. The Mahon Point Shopping Centre is located even further away, at a drive time of approximately three hours from the Hilton Dublin-Burlington<sup>9</sup>. Therefore, if the relevant geographic market were to be defined as regional, there would be no overlap between the parties’ activities in the State.

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<sup>8</sup> See: <https://www.google.ie/maps/dir/DoubleTree+by+Hilton+Hotel+Dublin+-+Burlington+Road/Whitewater+Shopping+Centre,+Main+Street>

<sup>9</sup> See: <https://www.google.ie/maps/dir/DoubleTree+by+Hilton+Hotel+Dublin+-+Burlington+Road/Mahon+Point+Shopping+Centre,+Cork>



17. The proposed transaction does not raise any vertical competition concerns.
18. In light of the above, the Commission considers that the proposed acquisition will not substantially lessen competition in any market for goods or services in the State.

#### **Ancillary Restraints**

19. No ancillary restraints were notified.



## **Determination**

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, as amended, has determined that, in its opinion, the result of the proposed acquisition whereby Deka Immobilien Investment GmbH, a wholly-owned subsidiary of DekaBank Deutsche Girozentrale, would acquire certain assets, namely the fee simple in the hotel known as the DoubleTree by Hilton Hotel Dublin-Burlington Road, situated at the junction of Sussex Road and Burlington Road, Dublin 4, will not be to substantially lessen competition in any market for goods or services in the State, and, accordingly, that the acquisition may be put into effect.

For the Competition and Consumer Protection Commission

**Patrick Kenny**  
**Member**  
**Competition and Consumer Protection Commission**