



DETERMINATION OF MERGER NOTIFICATION M/15/014 – IRISH PROPERTY / BALLSBRIDGE HOLDCO

Section 21 of the Competition Act 2002

Proposed acquisition of Ballsbridge Holdco1 Limited by Irish Property QIAIF plc

Dated 22 April 2015

Introduction

1. On 18 March 2015, in accordance with section 18(1) of the Competition Act 2002, as amended¹ (“the 2002 Act”), the Competition and Consumer Protection Commission (“the Commission”) received a notification of a proposed transaction whereby Irish Property QIAIF plc (“Irish Property”) would acquire sole control of Ballsbridge Holdco1 Limited (“Ballsbridge Holdco”).

The Undertakings Involved

The Acquirer

2. Irish Property is an Irish domiciled fund which is wholly owned by Irish Holdings II LLC (“Irish Holdings”) and which is also a partner in College Green Hotel Partnership (“College Green”).
3. College Green comprises a partnership of (i) College Green Hotel Limited (“General Partner”), (ii) Paul Higgins, Propvur Limited and Dovas Property & Investment Limited (“Lalco”), and (iii) Irish Property. Lalco and Irish Property are limited partners in College Green. The General Partner is wholly owned by Irish Holdings, and in turn, Irish Holdings is wholly owned and controlled by John Malone / Leslie Malone.
4. John Malone has an interest in a number of undertakings which are active either directly or indirectly in a variety of businesses in the State. These include:
 - **Liberty Global plc:** UPC Ireland; Virgin Media.
 - **Discovery Communications Inc:** Discovery Channel; TLC; Animal Planet; Investigation Discovery; Science; Velocity (known as Turbo outside of the U.S.); Eurosport

¹ It should be noted that the Competition and Consumer Protection Act 2014 made a number of important amendments to the merger review regime set out in the Competition Act 2002.



- **Liberty Interactive Corporation:** QVC, Inc.; Backcountry.com, Inc.; Bodybuilding.com, LLC.; CommerceHub; Evite, Inc.; Expedia, Inc.; HSN, Inc.; FTD Companies, Inc.; Interval Leisure Group, Inc.; LendingTree, Inc.
 - **Liberty Media Corporation:** Sirius XM Holdings Inc.; Atlanta National League Baseball Club, Inc.; Live Nation Entertainment, Inc.; Time Warner Inc.; Viacom Inc.
 - **Liberty TripAdvisor Holdings:** TripAdvisor; BuySeasons.
5. Within the State, College Green owns the Westin Hotel in Dublin. Also within the State, Irish Holdings owns Trinity City Hotel in Dublin, the Strand Hotel in Limerick and the Hilton Hotel (Charlemont) in Dublin.² Separately, John Malone through Irish Holdings LLC (a separate LLC to Irish Holdings) also controls Ballylinch Stud Farm which operates as a commercial stud farm in Thomastown, Kilkenny, Ireland.
6. For the year ended 31 December 2014, College Green's worldwide turnover³ was approximately €[...], all of which was generated in the State.

The Target

7. Ballsbridge Holdco is a holding company held by London & Regional Group Trading No.3 Limited.
8. The only trading assets of Ballsbridge Holdco and thus the ultimate subject of the proposed transaction are: (i) the hotel operating under the "InterContinental" brand located at Simmonscourt Road, Dublin 4 (previously operated as the "Four Seasons"), and (ii) Simmonscourt Residences Management Company Limited, an entity set up to manage the affairs of the residential apartments at the hotel.⁴ These assets are operated by a wholly owned and controlled subsidiary of Ballsbridge Holdco, namely, Ballsbridge Hotel Unlimited ("Ballsbridge Hotel"), which is a private company registered in Ireland.
9. For the year ended 31 December 2014, Ballsbridge Hotel generated worldwide turnover of €[...], all of which was generated in the State.

² The notifying parties consider that Irish Holdings does not "control" the Hilton Hotel within the meaning of section 16 of the 2002 Act. Rather, the Hilton Hotel, Dublin is operated under a long term management agreement by Hilton Corporation (with approximately 20 years left to run). In particular, the parties state that the management agreement relating to the Hilton Hotel, Dublin provides that "[Hilton Corporation] shall have full control and discretion in the management and operation of the hotel".

³ The parties included in the turnover of College Green, on "an abundance of caution basis", the combined turnover of: (i) the Westin Hotel, Dublin (ii) the Strand Hotel, Limerick, (iii) the Trinity City Hotel, Dublin, (iv) the Hilton Hotel, Dublin, and (v) Ballylinch Stud.

⁴ Ballsbridge Hotel provides four residential apartments at the hotel.



Rationale for the Proposed Acquisition

10. As stated by Irish Property

“Irish Property’s strategic rationale for the Proposed Transaction is to expand its property holdings in Ireland.”

Third Party Submissions

11. No submission was received.

Competitive Analysis

Product and Geographic Market Definitions

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 the precise relevant markets.⁵
13. While there are differences in the quality and range of services supplied by hotels of different ratings and also differences in relationships between hotel owners and hotel operators, it is not clear in this instance that these differences necessarily imply distinctly separate markets.⁶
14. However, for the purposes of reviewing the proposed transaction, the Commission considers the narrowest relevant product market to be the market for the supply of 5 star hotel accommodation and the narrowest relevant geographic market to be County Dublin.

Horizontal Overlap

15. College Green (via the Westin Hotel, Dublin) and Ballsbridge Hotel (via the InterContinental Hotel, Dublin – formerly known as the Four Seasons) are both active in the provision of 5 star hotel accommodation in County Dublin.⁷ Table 1 below sets out the 5 star hotel rooms provided in County Dublin⁸. Post transaction the merged entity will control 21.4% of the 5 star hotel rooms available in County Dublin.

⁵ For more discussion on the nature of the product and geographic markets in the hotel sector see the Commission’s published determinations in M/14/035, M/14/036, M/14/037 and M/14/040.

⁶ See

<http://www.failteireland.ie/FailteIreland/media/WebsiteStructure/Documents/2_Develop_Your_Business/4_Quality_Assurance/2014-Hotels-Register.pdf>.

⁷ The acquisition of Simmonscourt Residences Management Company Limited (which operates four residential apartments on the site of Ballsbridge Hotel) does not give rise to any overlap given that College Green does not currently offer residential / serviced apartment lettings. Likewise no overlap arises as a result of John Malone’s control of Ballylinch Stud Farm which operates as a commercial stud farm in Thomastown, Kilkenny, Ireland.

⁸ For the purpose of this Determination, “County Dublin” includes the City of Dublin.



Table 1: County Dublin 5 Star Hotel Rooms - Market Shares

Hotel	No. of Rooms	%
Westin Hotel, Dublin	163	9.7
InterContinental Hotel, Dublin	197	11.7
The Shelbourne Dublin (Renaissance)	262	15.6
Westbury Hotel (Doyle Collection)	205	12.2
The Dylan Hotel	44	2.6
The Merrion Hotel	142	8.4
The Conrad Hotel	191	11.4
The Marker Hotel	187	11.1
The Fitzwilliam Hotel	139	8.3
Radisson St Helens	151	9.0

Source: Parties notification pp 14-16 and Failte Ireland Hotel Register 2014

Competitive Effects

16. The market shares presented in Table 1 do not suggest that a substantial lessening of competition will occur as a result of the proposed transaction. Although the merged entity would be the largest supplier in a market for 5 star hotel services, strong competition would remain from the other 5 star hotels located in County Dublin.
17. The Commission's recent review of the operation of hotel markets in both Dublin and elsewhere in the State as part of a number of recent merger reviews (see footnote 5 above) has also highlighted the impact of increased availability of consumer information e.g., on-line pricing and rating information, as a competitive constraint on hotel operators. The availability of on-line information and comparison websites, and the extent to which these provide a competitive constraint, can be expected to remain unchanged by the implementation of the proposed transaction.
18. Furthermore, top end 4 star hotels may also act as a competitive constraint on the merged entity. In a combined market for 4 and 5 star hotel accommodation in County Dublin the merged entity would have a market share of 13.1%.

Vertical Issues

19. While John Malone does have minority interests in Expedia (the online hotel booking site) and Tripadvisor (the online travel planning and booking site) the proposed transaction does not give rise to vertical competition concerns.
20. 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

No ancillary restraints were notified.



Determination

The Competition and Consumer Protection Commission, in accordance with section 21(2)(a) of the Competition Act 2002, has determined that, in its opinion, the result of the proposed acquisition whereby Irish Property QIAIF plc would acquire sole control of Ballsbridge Holdco1 Limited will not be to substantially lessen competition in any market for goods or services in the State and, accordingly, the acquisition may be put into effect.

For the Competition and Consumer Protection Commission

Gerald FitzGerald
Member
Competition and Consumer Protection Commission