



DETERMINATION OF MERGER NOTIFICATION M/18/010 - SCIF/MCWILLIAM PARK HOTEL

Section 21 of the Competition Act 2002

Proposed acquisition by Strategic Capital Investment Fund ICAV of the property and business operations constituting McWilliam Park Hotel, Claremorris, Co Mayo

Dated 7 March 2018

Introduction

1. On 31 January 2018, in accordance with section 18(1)(a) of the Competition Act 2002, as amended (“the Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed acquisition whereby Strategic Capital Investment Fund ICAV, through SCIF Hotels Limited Partnership acting by its general partner, SCIF Hotels General Partner (collectively the “SCIF Group”), would acquire the property and business operations constituting the McWilliam Park Hotel, Claremorris, Co Mayo (the “Target Assets”) (the “Proposed Transaction”).

The Proposed Transaction

2. The Target Assets comprise the McWilliam Park Hotel property in Claremorris Co. Mayo (the “Hotel Property”) and the business and certain trade assets of the McWilliam Park Hotel (the “Business and Assets”). The parties have informed the Commission that the Proposed Transaction involves (i) a contract for sale agreement dated 19 January 2018 concluded between MOPB Developments Limited and Claremorris Tourism Limited (together, the “Vendors”) and SCIF Hotels General Partner (the “Property Contract”) and (ii) a business transfer agreement dated 19 January 2018 concluded between the Vendors, McWilliam Park Hospitality Limited¹ and SCIF Hotels General Partner (the “BTA”).

¹ McWilliam Park Hospitality Limited is a wholly owned subsidiary of the SCIF Group.



3. The parties state that pursuant to the Property Contract, the SCIF Group would acquire the Hotel Property, while under the BTA the SCIF Group would acquire the Business and Assets currently held by the Vendors.

The Undertakings Involved

The Acquirer - SCIF Group

4. Strategic Capital Investment Fund ICAV, formerly Strategic Capital Investment Fund Public Limited Company, was registered and came into operation as an Irish Collective Asset-management Vehicle (“ICAV”) on 21 December 2017². The SCIF Group comprises SCIF Hotels Limited Partnership, an Irish registered limited partnership which operates through its Isle of Man-registered general partner (i.e. SCIF Hotels General Partner). The SCIF Group comprises a number of operating companies in the State which operate the hotels in its portfolio³.
5. The SCIF Group currently owns the following eight hotels in the State:
 - The Mount Wolseley Hotel, Spa & Golf Resort which offers 143 rooms in Co. Wicklow and is classified as a *4 star* hotel by Fáilte Ireland⁴;
 - The Diamond Coast Hotel which offers 95 rooms in Enniscrone, Co. Sligo and is classified as a *4 star* hotel by Fáilte Ireland;
 - The Anner Hotel which offers 95 rooms in Thurles, Co. Tipperary and is classified as a *4 star* hotel by Fáilte Ireland;
 - The Metro Hotel Dublin Airport, which offers 88 rooms in Ballymun, Dublin 9 and is classified as a *3 star* hotel by Fáilte Ireland;

² The Irish Collective Asset-Management Vehicles Act 2015 (“the Act of 2015”) allows for, *inter alia*, the conversion of companies that were incorporated under the Companies Act 2014 or previous acts to an ICAV upon authorisation by the Central Bank. The procedure for registration and authorisation of Irish Collective Asset-Management Vehicles (“ICAVs”) is outlined at Part 2 of the Act of 2015. Chapter 1 empowers the Central Bank of Ireland to make a registration order in respect of an ICAV. A Registration order was issued by the Central Bank of Ireland in respect of Strategic Capital Investment Fund on 21 December 2017.

³ Mount Wolseley Hospitality Ltd., Diamond Coast Hospitality Ltd., Anner Hospitality Ltd., Metro Santry Ltd., Waterford Hospitality Ltd., Cavan Crystal Hospitality Ltd., Farnham Hospitality Ltd., and Aghadoe Hospitality Ltd.

⁴ Fáilte Ireland Classification Scheme - http://www.failteireland.ie/Failteireland/media/WebsiteStructure/Documents/2_Develop_Your_Business/4_Quality_Assurance/Hotel-Classification-Matrix.pdf



- The Fitzwilton Hotel which offers 90 rooms in Waterford city and is classified as a *4 star* hotel by Fáilte Ireland;
- The Cavan Crystal Hotel which offers 85 rooms in Cavan town and is classified as a *4 star* hotel by Fáilte Ireland;
- The Farnham Estate Spa & Golf Resort which offers 158 rooms in Co. Cavan and is classified as a *4 star* hotel by Fáilte Ireland; and
- The Aghadoe Heights Hotel & Spa which offers 74 rooms in Killarney, Co. Kerry and is classified as a *5 star* hotel by Fáilte Ireland.

Management of the SCIF Group Hotels

6. In the case of each of the eight hotels referred to in the preceding paragraph, SCIF Hotels Limited Partnership, acting by its general partner SCIF Hotels General Partner, has entered into a long term operating lease with an operating company for each hotel. The operating companies (which are listed in footnote 3 above) are part of the SCIF Group. A third party service provider (Windward Management Limited) is used to provide management services to six of the hotels in the SCIF Group. SCIF Group itself manages the other two hotels in its portfolio, namely, the Diamond Coast Hotel and the Metro Hotel.
7. Following implementation of the Proposed Transaction, the SCIF Group intends to appoint [...] to provide management services to the McWilliam Park Hotel.
8. Windward Management Limited provides management services to five other hotels in the State. These hotels are: Fleet Street Hotel, Dublin; the Radisson Blu Hotel and the Hilton Hotel at Dublin Airport; the Tullamore Court Hotel in Tullamore; and The Park Inn Hotel at Shannon Airport⁵. None of these hotels is located in close proximity to the McWilliam Park Hotel in Claremorris or its surrounding areas. Windward Management Limited does not own any hotels in the State.
9. For the financial year ending 31 December 2017, the SCIF Group's estimated combined turnover for its existing hotels is €[...], all of which was generated in the State.

⁵ See <https://www.winmgt.ie/hotels.html>



The Target Assets

10. The Target Assets consist of the Hotel Property and the Business and Assets comprising the McWilliam Park Hotel, as well as the car park at Kilcolman Road, Claremorris, Co Mayo.
11. The Target Assets comprise a 4 star hotel located in Claremorris, Co. Mayo with 103 bedrooms, a leisure centre (including swimming pool), a bar and a restaurant, and function and meeting rooms. Claremorris Tourism Limited (i.e. one of the Vendors) had previously appointed Glide Path Limited to provide management services to the McWilliam Park Hotel.⁶
12. For the financial year ended December 2017, the Target Assets' turnover was approximately €[...] all of which was generated in the State.

Rationale for the Proposed Acquisition

13. The SCIF Group state the following in the notification:

"The objective of the SCIF Group is to add to their portfolio a promising asset in an area in which they do not have an existing presence with a view to providing a profitable hotel and hospitality offering to customers in the Claremorris and the surrounding area."

Third Party Submissions

14. No submission was received.

Competitive Analysis

Horizontal Overlap

15. There is a horizontal overlap in the State between the activities of the SCIF Group and the Target Assets with respect to the supply of hotel accommodation.

⁶ A management agreement was concluded between Claremorris Tourism Limited and Glide Path Limited to that effect on 25 February 2016.



Product Market

16. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. With respect to the relevant product market, it is not necessary for the Commission to define the precise relevant markets in this instance because the product market definition adopted will not alter the Commission's assessment of the competitive impact of the Proposed Transaction.
17. In previous merger determinations in the hotel sector,⁷ the Commission has left open the precise product market while recognising the possibility of defining separate product markets for the supply of different star-rating hotel accommodation (such as 3 star, 4 star or 5 star) or, alternatively, a combined product market for the supply of hotel accommodation for a grouping of these star-ratings. The Commission considers that there are no reasons to depart from its previous view in relation to the relevant product market in this instance.
18. For the purposes of reviewing the competitive impact of the Proposed Transaction, the Commission assessed its impact by reference to (i) the potential market for the supply of hotel accommodation generally and (ii) the potential market for the supply of 4 star hotel accommodation, given that the McWilliam Park Hotel is a 4 star hotel.

Geographic Market

19. With respect to the geographic scope of the market, the European Commission has, in previous decisions, noted that the relevant geographic market for the potential market for the supply of hotel accommodation and the supply of 4 star hotel accommodation may be assessed both in respect of local and national markets.⁸ In previous cases, the Commission has left open the precise geographic market, while recognising the

⁷ See, for example, the Commission's merger determination in *M/17/027 – Dalata/Clarion Liffey Valley/Clayton Cardiff Lane* <https://www.ccpic.ie/business/wp-content/uploads/sites/3/2017/05/M-17-027-Dalata-Clarion-Clayton-Public-1.pdf>

⁸ See, for example, the European Commission's decision in Case No COMP/M.4624 – EQT/Scandic which can be accessed at http://ec.europa.eu/competition/mergers/cases/decisions/m4624_20070425_20310_en.pdf



possibility of separate local or regional geographic markets, for example, County Dublin⁹, and Galway City and surrounding areas¹⁰.

20. The Commission does not need to come to a definitive view on the precise relevant geographic market in this instance, since its conclusion on the competitive impact of the Proposed Transaction will be unaffected whether the precise relevant geographic market is national or local (e.g. hotels within a 20 minute drive from the McWilliam Park Hotel).
21. As outlined above, the SCIF Group is not active in Claremorris and its surrounding areas. Therefore, from a local geographic market perspective the Proposed Transaction does not raise any horizontal competition concerns.
22. The Commission will however assess the likely competitive effects of the Proposed Transaction with respect to potential market for (i) the supply of hotel accommodation generally in the State, and (ii) more specifically, the supply of 4 star hotel accommodation in the State¹¹.
23. On a national basis, the recent Fáilte Ireland quarterly register estimates that there are approximately 58,400 hotel rooms in the State.¹² In respect of 4 star hotels, it is estimated that there are approximately 30,300 rooms in the State.
24. SCIF Group currently has [...] rooms and the McWilliam Park Hotel has 103 rooms, representing approximately [...] % and [...] % market share of the total number of hotel rooms in the State, respectively. Therefore, following implementation of the Proposed Transaction the parties combined share would be approximately [...] % of the total number of hotel rooms in the State.

⁹ See, for example, the Commission's merger determination in *M/17/027 – Dalata/Clarion Liffey Valley/Clayton Cardiff Lane*
<https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/05/M-17-027-Dalata-Clarion-Clayton-Public-1.pdf>

¹⁰ See the Commission's merger determination in *M/14/037 – Dalata/Pillo Hotel*
<https://www.ccpc.ie/business/wp-content/uploads/sites/3/2017/05/M-14-037-Dalata-Pillo-Hotel-Determination.pdf>

¹¹ Hotel accommodation as measured by the number of hotel rooms.

¹² Fáilte Ireland Quarterly Register – Q4 2017
http://www.failteireland.ie/FailteIreland/media/WebsiteStructure/Documents/2_Develop_Your_Business/4_Quality_Assurance/Quarterly-4-Register-2017.pdf



25. In respect of 4 star hotel accommodation, following implementation of the Proposed Transaction the parties' total of [...] rooms will represent a market share of approximately [...] % with an accretion of approximately [...] %. Therefore from a national geographic market viewpoint the Proposed Transaction is not likely to raise any horizontal competition concerns.
26. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in the State in respect of the supply of hotel accommodation.

Vertical Relationship

27. There is no identifiable vertical relationship between the parties in the State. Therefore the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.

Conclusion

28. In light of the above, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.

Ancillary Restraints

29. 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 Strategic Capital Investment Fund ICAV, through SCIF Hotels Limited Partnership acting by its general partner SCIF Hotels General Partner, would acquire the property and business operations constituting the McWilliam Park Hotel, Claremorris, Co Mayo, 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

Brian McHugh

Member

Competition and Consumer Protection Commission