



DETERMINATION OF MERGER NOTIFICATION M/18/026 – BROOKFIELD/LCH

Section 21 of the Competition Act 2002

Proposed acquisition by Brookfield Credit Partners Limited of joint control of LCH European Portfolio Holdings Limited

Dated 8 May 2018

Introduction

1. On 3 April 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 Brookfield Asset Management Inc. (“Brookfield”), through its wholly-owned subsidiary Brookfield Credit Partners Limited (“Brookfield Credit”), would acquire joint control of LCH European Portfolio Holdings Limited (“LCH”) (the “Proposed Transaction”).

The Proposed Transaction

2. The Proposed Transaction is to be implemented pursuant to a Share Sale Agreement (the “SSA”) between the Sellers,¹ the Warrantors,² Brookfield Credit and BHAL Global Corporate Limited (“BHAL”)³ dated 16 March 2018. Pursuant to the SSA, Brookfield Credit would acquire 25% of the issued share capital of LCH. The parties also submitted a draft Shareholders’ Agreement (“SHA”) between LCH, the initial manager shareholders (the “Manager Shareholders”),⁴ Brookfield Credit and BHAL. The parties have informed the Commission that, pursuant to the SHA, Brookfield Credit’s 25%

¹ [...].

² [...].

³ BHAL Global Corporate Limited is a subsidiary of Brookfield.

⁴ [...].



shareholding in LCH will give it joint control of LCH within the meaning of section 16(1)(b) of the Act.⁵

The Undertakings Involved

The Acquirer – Brookfield Credit

3. Brookfield Credit, a limited company incorporated in England and Wales, is ultimately owned and controlled by Brookfield, a global alternative asset manager.
4. Brookfield manages assets on behalf of its clients and invests alongside its clients. Brookfield focuses on investing in assets across real estate, infrastructure, renewable power and private equity. Brookfield's capital is invested in its four listed partnerships: (i) Brookfield Property Partners; (ii) Brookfield Infrastructure Partners; (ii) Brookfield Renewable Partners; and (iv) Brookfield Business Partners.
5. Brookfield is mainly involved in the renewable energy sector in the State. Brookfield owns some investment funds, through its BIM business group, which are involved in infrastructure or real estate investments (e.g., acquiring stakes in infrastructure assets or real estate investment trusts) in the State. Brookfield informed the Commission that its BIM business group is not engaged in the provisioning or servicing of loans. The following portfolio companies owned and controlled by Brookfield ("Brookfield Portfolio Companies") are registered in the State:

Portfolio Company	Business Activity
[...]	Renewable Energy
[...]	Renewable Energy
[...]	Renewable Energy
[...]	Renewable Energy
[...]	Renewable Energy
[...]	Renewable Energy
[...]	Renewable Energy
[...]	Renewable Energy
[...]	Renewable Energy
[...]	Renewable Energy
[...]	Renewable Energy
[...]	Renewable Energy
[...]	Renewable Energy
[...]	Renewable Energy

⁵ [...].



services and/or engaged in managing loan services on behalf of third parties in the State in 2017.⁷

7. For the financial year ending 31 December 2016, Brookfield's worldwide turnover was approximately €[...] billion, of which approximately €[...] million was generated in the State.⁸

The Target - LCH

8. LCH, a private limited company, registered in the State, is an alternative investment manager (operating under the "LCM Partners" name) and loan servicer (operating primarily under the "Link Financial" and "Everyday Finance" names in the State).
9. LCH invests in performing, rescheduled and non-performing credit assets. LCH's investments include consumer, small and medium enterprise ("SME") and commercial loans. These loans include credit cards, mortgages, personal and commercial loans, retail credit, automobile loans, leasing and asset finance, utility bills and consumer (including student) loans. LCH also provides loan management and administration services to financial institutions and other credit providers.
10. The parties confirmed to the Commission that the following companies owned and controlled by LCH generated turnover in the State in 2017:

Company	Business Activity
[...]	Loan Servicing
[...]	Owns loans, including loans to customers located in the State
[...]	Owns loans, including loans to customers located in the State
[...]	Owns loans, including loans to customers located in the State
[...]	Owns loans, including loans to customers located in the State

Source: Parties

⁷ The parties state in the notification that none of Brookfield's portfolio companies which generate turnovers in the State are active in the servicing of loans as at the date of the notification.

⁸ One of Brookfield's portfolio companies, Greenergy International Limited, completed the acquisition of Inver Energy Limited in November 2017. For detail of this acquisition, please see Case M.8601 Greenergy/ Inver at http://ec.europa.eu/competition/mergers/cases/decisions/m8601_116_3.pdf.

For the financial year ending 31 December 2016, Inver Energy Limited's turnover in the State was €[...] million.



11. For the financial year ending 30 November 2017, LCH's worldwide turnover was approximately €[...] million, of which approximately €[...] million was generated in the State.

Rationale for the Proposed Transaction

12. The notification states:

"[...] The Target's objective is to grow the business in the asset management and loan servicing markets to create shareholder value. It also sees potential for commercial cooperation on transactions and fundraising following the completion of the proposed transaction."

Third Party Submissions

13. No submission was received.

Competitive Analysis

Horizontal Overlap

14. 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 and geographic markets since the Proposed Transaction does not raise competition concerns in any potential market in the State. As described above, LCH is active in the servicing of loans and management of loans on behalf of third parties in the State. None of the Brookfield Portfolio Companies which generated turnover in the State in 2017 are engaged in the same business activities as LCH, i.e., providing loan services or managing loan services on behalf of third parties in the State.
15. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns in the State.

Vertical Relationship

16. The parties informed the Commission that there is no vertical relationship in the State between LCH and any of the Brookfield Portfolio Companies which generated turnover



in the State in 2017. The Commission has not identified any vertical relationship between the parties. Therefore, the Proposed Transaction does not raise any vertical competition concerns in the State.

Conclusion

17. 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

18. The parties have informed the Commission that the SHA contains non-compete, non-solicitation and confidentiality obligations on [...] and [...]. The duration of those restrictive obligations does not exceed the maximum duration acceptable to the Commission.⁹ The Commission considers these non-compete, non-solicitation and confidentiality obligations to be directly related to and necessary for the implementation of the Proposed Transaction insofar as they relate to the State.

⁹ In this respect, the Commission follows the approach adopted by the EU Commission in paragraphs 20 and 26 of its “Commission Notice on restrictions directly related and necessary to concentrations” (2005). For more information see [http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305\(02\)&from=EN](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52005XC0305(02)&from=EN)



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 Brookfield Asset Management Inc, through its wholly owned subsidiary Brookfield Credit Partners Limited, would acquire joint control of LCH European Portfolio Holdings Limited, 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