



DETERMINATION OF MERGER NOTIFICATION M/10/016 -

RBS Group Plc/Priory Investments

Section 21 of the Competition Act 2002

Proposed acquisition by RBS Group Plc of Priory Investments Holdings Limited and its subsidiaries.

Dated 04 June 2010

Introduction

1. On 21 May 2010, in accordance with section 18 of the Competition Act 2002 (the "Act"), the Competition Authority (the "Authority") received a notification of a proposed transaction whereby The Royal Bank of Scotland Group Plc ("RBS") would acquire sole control of Priory Investments Holdings Limited ("PIHL") and its subsidiaries. Currently, PIHL is jointly controlled by Global Health Partner Limited ("GHP")¹, Coburg Business Corp ("Coburg")² and RBS³.

The Undertakings Involved

The Acquirer

2. RBS is the holding company of a global banking and financial services group, listed on the London Stock Exchange and headquartered in Edinburgh, Scotland, United Kingdom ("U.K."). RBS operates through two principal subsidiaries, the Royal Bank of Scotland and NatWest. RBS's business divisions include: global & banking markets, U.K. retail, U.K. corporate, RBS retail & commercial banking, Europe & Middle East, RBS insurance, citizens financial group and business services.
3. RBS operates in the State through its wholly owned subsidiary, Ulster Bank Group. Ulster Bank Group has 146 branches in the State, which provide retail banking services⁴ and foreign exchange services. For the year ending 31 December 2009, RBS generated a turnover in the State of approximately €[...].

¹ GHP is a healthcare company headquartered in Stockholm, Sweden. GHP operates a number of healthcare clinics in Europe specialising in spine surgery, specialist dentistry, bariatrics (obesity treatment and surgery) and orthopaedics.

² Coburg is a non-trading company incorporated in the British Virgin Islands whose sole investments are shares and loan notes issued by PIHL and Priory New Investments Ltd.

³ GHP and Coburg, due to common interests, exercise their control of PIHL together.

⁴ Retail Banking services include the provision of loans, mortgages and savings schemes to the general public. Ulster Bank Group also operates a corporate markets division which provides services to business customers, corporate and institutional markets.

The Target

4. PIHL is a holding company which is registered in the Cayman Islands. PIHL through its subsidiaries is active in the healthcare sector in the U.K. The group provides the following services: neuro-rehabilitation services, care and nursing homes, fostering services, educational services and secure mental health facilities.
5. PIHL is not active in the State and only operates in Northern Ireland, through a subsidiary, one residential care home "Ben Madigan Care Home" in Newtownabbey, County Antrim.

Third Party Submissions

6. No submissions were received.

The Proposed Transaction

7. RBS is acquiring sole control of PIHL through the exercise of an option contained within an Agreement executed by GHP, Coburg and RBS. This option allows RBS to purchase the equity and control in PIHL from GHP and Coburg. Effectively, ownership of PIHL will change from joint control to sole control by RBS.

Analysis

8. There is no horizontal or vertical overlap between the activities of the Acquirer and PIHL in the State. Neither RBS nor any of the companies controlled by it are active in the State in the market(s) for the provision of residential care and nursing homes.
9. The Authority considers that the proposed merger will not raise any competition concerns in the State as there is no overlap of the activities of the parties in the State.

Determination

The Competition Authority, 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 The Royal Bank of Scotland Group Plc would acquire sole control of Priory Investments Holdings Limited and its subsidiaries will not be to substantially lessen competition in markets for goods or services in the State, and accordingly, that the acquisition may be put into effect.

For the Competition Authority

Dr. Stanley Wong

Member of the Competition Authority