



## DETERMINATION OF MERGER NOTIFICATION M/15/049- AIB / GERARD GANNON

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### Section 21 of the Competition Act 2002

### Proposed acquisition by Allied Irish Banks plc of certain property leasehold interests of Mr Gerard Gannon

Dated 23 September 2015

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#### Introduction

1. On 2 September 2015, in accordance with section 18(3) of the Competition Act 2002, as amended<sup>1</sup> (“the Act”), the Competition and Consumer Protection Commission (“Commission”) received a notification of a proposed transaction whereby Allied Irish Banks plc (“AIB”) would acquire certain property leasehold interests (the “Target Assets”) from Mr Gerard Gannon.

#### The Transaction

2. The proposed acquisition is to be implemented by way of surrenders of the leasehold interests in the Target Assets held by Mr Gannon back to his superior landlord i.e. AIB, thus terminating sale and lease-back arrangements previously put in place between AIB and Mr Gannon and giving full ownership of the Target Assets back to AIB. The Target Assets comprise:
  - 103/103a Upper George’s Street, Dun Laoghaire, Co. Dublin
  - 7/12 Dame Street, Dublin 2
  - 69/71 Morehampton Road, Donnybrook, Dublin 4
  - 62/64 St. Brigid’s Road, Artane, Dublin 5
  - 140 Lower Drumcondra Road, Dublin 9
  - 219 Crumlin Road, Dublin 12
  - 98 Sandymount Road, Dublin 4
  - 10 Main Street, Dundrum, Dublin 14
  - 37/38 Upper O’Connell Street, Dublin 1
  - The Plaza, Stillorgan, Co. Dublin

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<sup>1</sup> 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.



## Undertakings Involved

### *The Acquirer*

3. AIB is an Irish publicly quoted company and a licensed bank regulated by the Central Bank of Ireland with its headquarters at Ballsbridge, Dublin 4. AIB's main shareholder is the Government of Ireland. In addition to its activities within the State (i.e. mainline banking and other financial services), AIB also trades in Great Britain and Northern Ireland and transacts a level of commercial activity in New York, USA.
4. In the financial year ending 31 December 2014, AIB had worldwide turnover of approximately €2.532 billion, of which approximately €2.289 billion was generated in the State.

### *The Target Assets*

5. The Target Assets consist of the above mentioned portfolio of 10 commercial properties which are all currently held on long leases by Mr Gerard Gannon subject to occupational, full repairing and insuring, commercial leases in favour of wholly owned subsidiaries of AIB. In all cases, the properties are currently occupied by AIB and used as retail banking outlets. Mr Gannon is an Irish businessman, landlord and property developer with property interests in the State and elsewhere.
6. In the financial year ended 31 December 2014, the turnover generated by rent associated with the Target Assets was approximately €2.8 million, all of which was generated in the State.

## Rationale for the Proposed Acquisition

7. The notification states:

*"The Proposed Transaction represents a property ownership and consolidation opportunity for AIB whose subsidiaries are already in occupation of the Target Assets as commercial tenants. ... The aim is to eliminate the current rental liability in respect of each of the properties concerned and giving more flexibility to AIB in the management and control of its business as transacted from the locations concerned in the longer term."*

## Third Party Submissions

8. No submission was received.

## Competitive Analysis

9. There is no horizontal overlap between the activities of the parties in the State. AIB does not compete in the market for the sale or rent of commercial property, nor is it active in property development. Mr Gannon is not involved in providing a retail banking service.



10. 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**

11. 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 Allied Irish Banks plc would acquire certain property leasehold interests of Mr Gerard Gannon 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