



## DETERMINATION OF MERGER NOTIFICATION M/16/010 - HALSTONVILLE / DIMINUTO

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### Section 21 of the Competition Act 2002

### Proposed acquisition by Halstonville Limited of the entire issued share capital of Diminuto Limited and land adjacent to the Parliament Hotel

Dated 30 March 2016

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#### Introduction

1. On 18 February 2016, in accordance with section 18(1) of the Competition Act 2002, as amended (“the Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed transaction whereby Halstonville Limited (“Halstonville”) would acquire the entire issued share capital of Diminuto Limited (“Diminuto”), from OCSAS Holdings Limited (“OCSAS”) and, through its wholly-owned subsidiary Rockyvale Limited (“Rockyvale”), would acquire land and property from O’Mole Investments International Limited (“O’Mole”). Both OCSAS and O’Mole are wholly-owned subsidiaries of Cregagh Investment Company (“Cregagh”).

#### The Proposed Transaction

2. The proposed transaction is pursuant to a share purchase agreement (“SPA”) between Halstonville and OCSAS for the entire issued share capital of Diminuto, which owns and operates the Parliament Hotel located at 16 – 18 Lord Edward Street, Dublin 2, and a contract for sale (“CSA”) between Rockyvale and O’Mole for the adjacent property located at 18 Upper Exchange Street, Dublin 8, which is known as the Fashion House.<sup>1</sup>
3. After the completion of the proposed transaction, the Parliament Hotel<sup>2</sup> and adjacent property would ultimately be jointly controlled by ELQ Investors VI Limited (“ELQ VI”), a wholly-owned subsidiary of Goldman Sachs Group, Inc. (“Goldman Sachs”), and Piershine Limited (“Piershine”), which currently jointly control Halstonville.<sup>3</sup>
4. In the notification to the Commission, the parties provided copies of the draft SPA and draft CSA. Section 18(1A)(b)(ii) of the Act allows for parties to make a notification to the Commission where the parties have demonstrated to the Commission a good faith intention to conclude an agreement. In this case, the Commission considers that the undertakings involved have demonstrated to the Commission a good faith intention to conclude an agreement for the purposes of section 18(1A)(b)(ii) of the Act.

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<sup>1</sup> The SPA refers to the adjacent land and property as the Fashion House.

<sup>2</sup> The Parliament Hotel was formerly known as the Arlington Hotel, Temple Bar.

<sup>3</sup> [...].



## The Undertakings Involved

*The Acquirers – Goldman Sachs, ELQ VI, Piershine, Halstonville*

### Goldman Sachs and ELQ VI

5. Goldman Sachs, headquartered in New York and registered in Delaware, USA, is a global financial services firm involved in a wide range of areas, including investment banking and securities and investment management services. Goldman Sachs' customers include corporations, financial institutions, governments and high-net-worth individuals.<sup>4</sup>
6. Goldman Sachs has no controlling interests in the State other than its joint controlling interest (with Piershine), through ELQ VI, in Tifco Limited ("Tifco"), a wholly owned subsidiary of Halstonville<sup>5</sup>. Halstonville is in turn jointly controlled by ELQ VI and Piershine.
7. ELQ VI, a wholly-owned subsidiary of Goldman Sachs, is headquartered in London in the United Kingdom. ELQ VI is a private limited company involved in the supply of financial services.<sup>6</sup>
8. For the financial year ending 31 December 2013, Goldman Sachs' worldwide turnover was approximately €[...] billion, of which €[...] million was generated within the State.

### Piershine

9. Piershine is a Dublin-based trust company established in September 2014 for the purposes of the transaction notified in *M/14/031 - Goldman Sachs/Tifco*.<sup>7</sup> Piershine jointly owns and controls (with ELQ VI) Halstonville. Piershine is jointly owned and controlled by Aidan Crowe and Gerald Houlihan who each hold a 50% share in Piershine. Piershine generates no turnover, other than that which would be attributable to Halstonville's wholly-owned subsidiary Tifco.

### Halstonville

10. Halstonville is a Dublin-based holding company, jointly owned and controlled by ELQ VI and Piershine. Halstonville holds 100% of the shares in Rockyvale, Tifco and Thornmont Limited ("Thornmont") and generates no turnover within the State other than that which would be attributable to Tifco.

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<sup>4</sup> For more information on Goldman Sachs see <<http://www.goldmansachs.com>>.

<sup>5</sup> For further information about Tifco, see paragraphs 11-13 below.

<sup>6</sup> Halstonville, in correspondence with the Commission dated 25 February 2016, states [...].

<sup>7</sup> See <<http://www.cpc.ie/enforcement/mergers/merger-notices/m14031-goldman-tifco>>.



## Tifco

11. Tifco, headquartered in Dublin, operates twelve hotels within the State. Five of these are owned by either Tifco or Thornmont:
  - Crowne Plaza Dundalk – a four star hotel located in Dundalk, County Louth.
  - Crowne Plaza Dublin Northwood – a four star hotel located near Dublin Airport (and adjacent to the Holiday Inn) in Santry, County Dublin.
  - Crowne Plaza Blanchardstown – a four star hotel, located in Blanchardstown, County Dublin.
  - Holiday Inn Santry – a three star hotel located near Dublin Airport.
  - Hilton Hotel Kilmainham (“Hilton Kilmainham”) - a four star hotel situated in Kilmainham, Dublin.<sup>8</sup>
12. Also within the State, Tifco operates seven hotels owned by other parties in various locations:<sup>9</sup>
  - Athlone Spring Hotel – a four star hotel located in Athlone, County Westmeath.
  - Clontarf Castle Hotel – a four star hotel located in Dublin.
  - Cork Airport Hotel – a four star hotel located near Cork Airport.
  - Cork International Hotel – a four star hotel located near Cork Airport.
  - Hotel Killarney – a three star hotel located in Killarney, County Kerry.
  - Metropole Hotel – a three star hotel located in Cork City.
  - The Heritage Resort – a five star hotel located in Killenard, County Laois.
13. For the financial year ending 31 December 2014, Tifco’s worldwide turnover was €[...] million, all of which was generated in the State.<sup>10</sup>

### *The Target – Parliament Hotel and Adjacent Land*

14. The business and assets to be acquired comprise the Parliament Hotel, Dublin, together with adjacent land. The Parliament Hotel is a three star hotel located at 16–18 Lord Edward Street, Dublin City. It has 63 rooms, a bar, a restaurant, a function room and a nightclub. The parties state that the property, located on the adjacent land at 18 Upper

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<sup>8</sup> Tifco owns the three Dublin-based Crown Plaza hotels and the Holiday Inn Santry and operates them under franchise agreements with Hotel Intercontinental Group. Thornmont owns the Hilton Hotel Kilmainham and holds a franchise agreement with Hilton. There is an operating agreement between Tifco and Thornmont whereby Tifco operates the Hilton Kilmainham.

<sup>9</sup> These hotels are operated pursuant to management agreements of between 1 and 5 years duration.

<sup>10</sup> Notification Tifco Confidential Annex 3.



Exchange Street, also known as the Fashion House, has the potential for development into 127 four star rooms.<sup>11</sup>

15. For the financial year ending 30 June 2014, the Parliament Hotel's worldwide turnover was approximately €[...] million, all of which was generated in the State.<sup>12</sup>

#### *The Vendor – Cregagh / Fitzgerald Group*

16. Cregagh is a private limited holding company for the group of companies known as the Fitzgerald Group. The Fitzgerald Group is involved in the hotel and pub sectors operating three hotels in Dublin and 16 pubs located mainly in Dublin but also in Galway and Maynooth.<sup>13</sup>
17. Both OCSAS, which currently owns and operates the Parliament Hotel, and O'Mole, which currently owns the adjacent property also known as the Fashion House, are wholly-owned subsidiaries of Cregagh.

#### **Rationale for the Proposed Transaction**

18. The notification states that:

*"The Target [Diminuto] is being acquired in order to expand Tifco's existing interests in the hotel sector in Ireland."<sup>14</sup>*

#### **Third Party Submissions**

19. No submission was received.

#### **Competitive Analysis**

20. There is a horizontal overlap in the activities of the parties to the extent that Halstonville, through its wholly-owned subsidiary Tifco, and the Parliament Hotel are both involved in the hotel sector and the food service sector within the State.

#### *Market Definition*

21. 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 markets.<sup>15</sup>

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<sup>11</sup> Notification page 9.

<sup>12</sup> The adjacent property is almost vacant and generates minimal rental income. Diminuto states, in correspondence with the Commission dated 15 March 2016, that the "Fashion House" has two tenants remaining each of whom are under 6 month licences which have a licence fee of €10 each.

<sup>13</sup> Diminuto states, in correspondence with the Commission dated 14 March 2016, that Cregagh, in which Mr. Louis Fitzgerald holds the controlling interest, is the legal name for the group of companies commonly referred to as the Fitzgerald Group. See, for example, <<http://www.louisfitzgerald.com>> for more information on Cregagh and the Fitzgerald Group.

<sup>14</sup> Notification page 9.

<sup>15</sup> The Commission's conclusion concerning the competitive effects of the proposed transaction would be unaffected whether the relevant product market in the hotel sector is defined broadly in the present case to include all hotel accommodation and services



22. However, for the purposes of its analysis, the Commission has reviewed the impact of the transaction in the two most relevant business sectors in which Halstonville and the Parliament Hotel are currently active, and in which there may be some overlap, namely, the supply of hotel accommodation and the food service sector.

#### *Hotel Accommodation*

23. Halstonville, through its wholly-owned subsidiary Tifco, operates the (i) Clontarf Castle Hotel, (ii) Crowne Plaza Northwood, (iii) Crowne Plaza Blanchardstown, (iv) Hilton Kilmainham, (v) the Holiday Inn Santry (collectively the “Tifco Dublin hotels”), all of which are located in Dublin close to or inside of the M-50 motorway. This does not, however, imply that the proposed transaction will give rise to a substantial lessening of competition for the reasons set out below.
24. Travel distances and travel times indicate that the Parliament Hotel is not a particularly close competitor to any of the Tifco Dublin hotels. The Hilton Kilmainham is the nearest at to the Parliament Hotel at 3 kilometres and approximately 10 minutes’ drive time away. In contrast the remaining Tifco Dublin hotels are between 6.2 and 11.7 kilometres and approximately 20 to 30 minutes’ drive time away from the Parliament Hotel.
25. Also, there is some degree of difference in the range and quality of services supplied by the various hotels. For example, the Parliament Hotel and the Holiday Inn Santry are three star hotels whereas the remaining Tifco Dublin hotels are four star hotels.
26. In addition, there are currently (and there would remain after the completion of the proposed transaction) approximately 100 other suppliers of hotel accommodation in Dublin within similar distances and drive times to those described above in, which would compete with the hotels of the merged entity. These hotels would include, for example, three star hotels such as the Harcourt Hotel, Jurys Inn Christchurch, the Paramount Hotel and Fitzsimons Hotel, and four star hotels such as the Clarence Hotel, O’Callaghan Stephen’s Green and Radisson Blu Royal Hotel Golden Lane. Thus, post-acquisition, the merged entity would face competition from a significant number of hotels including, and in addition to, the hotels mentioned above.
27. In light of the above, the Commission considers that the proposed acquisition will not substantially lessen competition in the supply of hotel accommodation within the State.

#### *Food Service<sup>16</sup>*

28. The Parliament Hotel and the Tifco Dublin hotels are all food service operators (e.g., through hotel restaurants they provide dining services to hotel guests and other paying customers). However, there are currently (and there would remain after the proposed

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or narrowly, e.g., to distinguish between (i) three, four or five star hotel accommodation, or (ii) hotels which are owner-operated and hotels where the operator and the owner are separate undertakings.

<sup>16</sup> The Commission’s conclusion concerning the competitive effects of the proposed transaction would be unaffected whether the relevant product market in the food service sector is defined broadly to include all segments of the food service sector or narrowly to include only a distinct hotel restaurant market. Likewise, the Commission’s conclusion would be unaffected by whether the geographic market is defined narrowly as Dublin City, or broadly as Dublin City and surrounding areas, County Dublin (including Dublin City) or a national market.



transaction is put into effect) a significant number of other suppliers of hotel restaurant services, including hotels listed above in paragraph 26. Within a broader food service market (i.e., broader than hotel restaurants) there are numerous other competing food service operators in the Dublin City and greater Dublin area, including restaurants and cafes that operate independently from hotels.

29. In light of the above, the Commission considers that the proposed acquisition will not substantially lessen competition in the food service sector within the State.

#### *Vertical Issues*

30. There is no vertical overlap in the activities of the parties and the proposed transaction does not give rise to vertical competition concerns.

#### **Conclusion**

31. 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**

32. 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 transaction whereby Halstonville Limited would acquire the entire issued capital of Diminuto Limited from OCSAS Holdings Limited and, through its wholly-owned subsidiary Rockyvale Limited, would acquire land and property from O'Mole Investments International 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

**Gerald FitzGerald**  
**Member**  
**Competition and Consumer Protection Commission**