



DETERMINATION OF MERGER NOTIFICATION M/15/044 - THORNMONT/HILTON KILMAINHAM

Section 21 of the Competition Act 2002

Proposed acquisition by Thornmont Limited of the Hilton Hotel Kilmainham

Dated 17 September 2015

Introduction

1. On 13 August 2015, in accordance with section 18(1) of the Competition Act 2002, as amended¹ (“the Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed transaction whereby Halstonville Limited (“Halstonville”), via its wholly owned subsidiary Thornmont Limited (“Thornmont”), would acquire the business, assets and land associated with the Hilton Hotel Kilmainham (“Hilton Kilmainham”) from Kilmainham Square Hotel Limited (“Kilmainham Square”). Halstonville is jointly controlled by Goldman Sachs International (“GSI”) and Piershine Limited (“Piershine”).

The Proposed Transaction

2. The proposed transaction is pursuant to a business asset sale and purchase agreement (“BASPA”) between Kilmainham Square, Mr John Lally and Thornmont and a contract for sale (“CFS”) between Kilmainham Square, Mr John Lally and Thornmont in respect of the purchase of the lands and premises comprising the Hilton Kilmainham. The BASPA and the CFS are both dated 13 August 2015.
3. Subsequent to implementation, the proposed transaction would ultimately result in the Hilton Kilmainham being jointly controlled by Goldman Sachs International (“GSI”), a wholly-owned subsidiary of Goldman Sachs Group, Inc. (“Goldman Sachs”), and Piershine, through their joint control of Halstonville.²

¹ 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.

² Subsequent to M/15/029 – *Goldman Sachs/Piershine/Tifco*, Halstonville is jointly owned and controlled by GSI and Piershine. See

<<http://www.ccpic.ie/enforcement/mergers/merger-notices/m15029-goldman-sachs-piershine-tifco>>.



The Undertakings Involved

The Acquirers – Goldman Sachs, GSI, Piershine, Halstonville, Thornmont

Goldman Sachs and GSI

4. 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.³
5. GSI, headquartered in London in the United Kingdom, is a wholly-owned subsidiary of Goldman Sachs. GSI is an unlimited liability company involved in the supply of financial services to clients in the UK and worldwide.⁴
6. Goldman Sachs has no controlling interests in the State other than GSI's joint controlling interest (with Piershine) in Tifco Limited ("Tifco"), a wholly owned subsidiary of Halstonville, which is in turn jointly controlled by GSI and Piershine.⁵
7. For the financial year ending 31 December 2013, Goldman Sachs' worldwide turnover was approximately €[...] billion, of which €[...] million was generated within the State.

Piershine

8. Piershine is a Dublin based trust company established in September 2014 for the purposes of *M/14/031 - Goldman Sachs/Tifco*.⁶ Piershine jointly owns and controls (with GSI) 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 Tifco,⁷ which is described further below in paragraphs 17 and 18.

Halstonville

9. Halstonville, is a Dublin-based holding company, jointly owned and controlled by GSI and Piershine. Halstonville holds 100% of the shares in Tifco and generates no turnover (other than that which would be attributable to Tifco).

³ For more information on Goldman Sachs see <<http://www.goldmansachs.com>>.

⁴ For more information on GSI see for example <<http://www.goldmansachs.com/investor-relations/financials/archived/subsidiary-financial-info/gsi-hy-6-30-14.pdf>>.

⁵ Also as stated in *M/15/029 – Goldman Sachs/Piershine/Tifco*, at paragraph 7, Goldman Sachs no longer has a controlling interest in any of the three portfolio companies referred to in paragraph 5 of *M/14/031 - Goldman Sachs/Tifco*.

⁶ See <<http://www.cpc.ie/enforcement/mergers/merger-notices/m14031-goldman-tifco>>.

⁷ Notification Tifco Confidential Annex 2. For the financial year ending 31 July 2013, Tifco's worldwide turnover was €[...] million, all of which was generated in the State.



Thornmont

10. Thornmont is a special purpose vehicle established for the purposes of the proposed transaction.

The Target – Hilton Kilmainham

11. The business and assets to be acquired comprise the Hilton Kilmainham, a four star hotel situated in Kilmainham, Dublin. The Hilton Kilmainham's facilities include 120 bedrooms, 8 meeting rooms, a restaurant, bar and a health club.⁸
12. For the financial year ending 31 December 2014, Hilton Kilmainham's worldwide turnover was €[...] million, all of which was generated in the State.

The Vendor – Kilmainham Square

13. Kilmainham Square is a private company based in Dublin. Mr John Lally is the sole shareholder of Kilmainham Square.

Rationale for the Proposed Transaction

14. Thornmont states that

"The property is being acquired in order to expand Tifco's existing interests in the hotel sector in Ireland."⁹

Third Party Submissions

15. No submission was received.

Competitive Analysis

16. There is a horizontal overlap in the activities of the parties to the extent that Halstonville, through its wholly-owned subsidiary Tifco and the Hilton Kilmainham are both involved in the hotel sector within the State.
17. Tifco, headquartered in Dublin owns and operates¹⁰ four hotels within the State:

⁸ Notification page 10.

⁹ Notification page 9.

¹⁰ As stated in M/15/029 – Goldman Sachs/Piershine/Tifco and confirmed in correspondence from Thornmont, dated 7 September 2015, Tifco operates these hotels under franchise agreements with Hotel Intercontinental Group.



- Crowne Plaza Dundalk – a four star hotel located in Dundalk, County Louth.
 - Crowne Plaza 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 (and adjacent to the Crowne Plaza Northwood).
18. Also within the State, Tifco operates eight hotels owned by other parties in various locations:¹¹
- 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.
 - Johnstown House Hotel and Spa – a four star hotel located in Enfield, County Meath.
 - Metropole Hotel – a three star hotel located in Cork City.
 - The Heritage Resort – a five star hotel located in Killenard, County Laois.

Market Definition

19. 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.¹²
20. 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, through its wholly-owned subsidiary Tifco, and the Hilton Kilmainham are currently active, and

¹¹ As stated in *M/15/029 – Goldman Sachs/Piershine/Tifco*, at paragraph 12, some of these hotels have changed names recently and so may be recorded in the Failte Ireland Hotels Register under previous names.

¹² 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 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. 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 choice of geographic market, e.g., a national market or a local market such as Dublin City or Dublin and surrounding areas.



in which there may be some overlap, namely, the supply of hotel accommodation and the food service sector.

Hotel Accommodation

21. Halstonville, through its wholly-owned subsidiary Tifco, owns and operates the four hotels, listed in paragraph 17. Three of these hotels, the Crowne Plaza Northwood, Crowne Plaza Blanchardstown and Holiday Inn Santry, are located in Dublin close to or inside of the M-50 motorway. Tifco also operates the 8 hotels listed in paragraph 18 which are owned by other parties. One of these hotels, the Clontarf Castle Hotel, is located in Dublin close to or inside of the M-50 motorway. This does not, however, imply that the Clontarf Castle Hotel, Crowne Plaza Northwood, Crowne Plaza Blanchardstown or the Holiday Inn Santry are close competitors of the Hilton Kilmainham.
22. While the Clontarf Castle Hotel, Crowne Plaza Northwood, Crowne Plaza Blanchardstown and the Holiday Inn Santry are located in Dublin, travel distances and travel times indicate that the Hilton Kilmainham is not a particularly close competitor of any of (i) Clontarf Castle Hotel (ii) Crowne Plaza, Northwood, (iii) Crowne Plaza, Blanchardstown or (iv) Holiday Inn Santry.
23. There is also some degree of difference in the range and quality of services supplied by the various hotels. For example, the Hilton Kilmainham is a four star hotel whereas the Holiday Inn Santry is a three star hotel.
24. In addition, there are currently (and there would remain after the proposed transaction is put into effect) approximately 100 other suppliers of hotel accommodation in Dublin within similar distances and drive times to those described above which would compete with the hotels of the merged entity. These hotels would include, for example, four star hotels such as the Aisling Hotel, O'Callaghan Stephen's Green, Radisson Blu Royal Hotel and Red Cow Moran Hotel; and three star hotels such as the Harcourt Hotel, Jurys Inn Christchurch, Phoenix Park Hotel, and Fitzsimons Hotel. Thus, post-acquisition, the merged entity would face competition from a significant number of hotels, including and in addition to the hotels mentioned above.
25. 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

26. Both the Hilton Kilmainham and the hotels listed in paragraphs 17 and 18 are food service operators (e.g., through hotel restaurants providing dining services to hotel guests and other paying customers). However, there are currently (and there would remain after the proposed transaction is put into effect) a significant number of other suppliers of hotel restaurant services, including hotels listed above in paragraph 24. 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.



27. 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

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

Conclusion

29. 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.



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, via its wholly owned subsidiary Thornmont Limited, would acquire the business, assets and land associated with the Hilton Hotel Kilmainham from Kilmainham Square Hotel 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

Isolde Goggin
Chairperson
Competition and Consumer Protection Commission