



DETERMINATION OF MERGER NOTIFICATION M/15/030 IPUT / RIVERSIDE ONE

Section 21 of the Competition Act 2002

Proposed acquisition by IPUT Public Limited Company of sole control of certain assets, comprising a majority interest in Riverside One, from Harcourt Life Assurance Company Limited (in Receivership)

Dated 29 July 2015

Introduction

1. On 24 June 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 IPUT Public Limited Company (“IPUT”) would acquire sole control of certain assets, comprising an interest of approximately 70.8% in a commercial property at Riverside One, Sir John Rogerson’s Quay, Dublin (“Riverside One”) from Harcourt Life Assurance Company Limited (in Receivership) (“Harcourt”).

The Transaction

2. The proposed transaction is pursuant to a sale agreement between IPUT and Harcourt dated 13 June 2015. The effect of the proposed transaction is that IPUT would acquire Harcourt’s approximately 70.8% interest in Riverside One. The remaining interest of approximately 29.2% in Riverside One, held by Aviva Life & Pensions UK Limited (“Aviva UK”), is not affected by the proposed transaction.

The Undertakings Involved

Acquirer - IPUT

3. IPUT, headquartered in Dublin, is a regulated property fund.² IPUT’s commercial real estate interests in Ireland are comprised of 85 properties in various locations throughout the State, mostly in County Dublin and also in Counties Cork and Limerick. IPUT’s commercial real estate interests cover the office, retail and industrial sectors.

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 IPUT was established as an exempt unit trust in 1967 and converted to a regulated property fund in January 2014. The notifying parties state that IPUT is “authorised by the Central Bank of Ireland as a qualifying investor alternative investment fund (QIAIF) and as an internally managed alternative investment fund under the European Union (AIFM) Regulations 2013. IPUT promotes one sub-fund, the IPUT Property Fund, which is the successor fund to the Irish Property Unit Trust.” For more information on IPUT see <<http://www.iput.ie>>.



4. For the financial year ending 31 December 2014, IPUT's turnover was approximately €62.70 million, all of which was generated in the State.

Vendor – Harcourt

5. Harcourt, headquartered in Dublin, is a private limited company involved in the financial services sector, particularly the supply of life assurance and pension products to individual customers in Ireland. Harcourt is closed to new customers, but its contractual and regulatory obligations are unchanged with respect to existing customers.³

Riverside One

6. Riverside One consists of one office building (comprising approximately 10,200 square meters, including 58 basement car parking spaces) located in Dublin City. It is currently occupied by McCann FitzGerald Solicitors pursuant to a letting agreement.
7. Riverside One is currently co-owned by Harcourt and Aviva UK. Harcourt's interest of approximately 70.8% in Riverside One would be acquired by IPUT subsequent to the completion of the proposed transaction.
8. For the financial year ending 31 December 2014, Riverside One generated turnover of approximately €5.15 million, all of which was generated in the State.⁴

Rationale for the Proposed Acquisition

9. IPUT states that its

“principal objective is to provide investors with a consistent and stable income yield from Irish commercial real estate.”⁵

10. IPUT also states that

“The Proposed Transaction represents an investment opportunity for the Purchaser which is consistent with its strategy of investing in high quality assets to provide its investors with a consistent and stable income yield from Irish commercial property.”⁶

Third Party Submissions

11. No submission was received.

³ For information on Harcourt see <<http://harcourtlife.ie/about.php>>.E.g., Harcourt states that “Consistent with its business plan submitted to the Central Bank of Ireland in May 2011 and an updated resolution plan in March 2014, the Company is closed to new business and continues to pursue the orderly run off of its business.”

⁴ Calculated on a pro rata basis, €3.65 million turnover is attributable to Harcourt's approximately 70.8% interest in Riverside One.

⁵ Notification page 2.

⁶ *Ibid.* page 5.



Competitive Analysis

12. 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. The Commission's conclusion concerning the competitive effects of the proposed transaction would be unaffected whether the relevant product market is defined as all rentable commercial property or rentable commercial office premises. However, for the purposes of its review of the proposed transaction the Commission has examined the narrower product market of the supply of commercial office premises for rent in Dublin City and surrounding areas.
13. There is a horizontal overlap in the activities of the parties to the extent that IPUT and Harcourt, through its interest in the Riverside One, are both involved in the supply of commercial property including commercial office premises for rent. The horizontal overlap in this instance, comprising one building, is not significant.
14. The parties estimate that IPUT supplies approximately [0-5]% of the total floor space for commercial office premises for rent in Dublin. The parties estimate that, in comparison, Riverside One comprises approximately [0-5]% of the total floor space for commercial office premises for rent in Dublin.⁷ Consequently the market share of IPUT subsequent to the completion of the proposed transaction would be less than [0-5]% (with an increment in market share of only approximately [0-5]% arising from the proposed transaction).
15. In addition there are currently (and there would remain after the proposed transaction is put into effect) a number of other suppliers of commercial office premises for rent in Dublin City and surrounding areas, such as Blackstone, Green REIT, Kennedy Wilson, Hibernian, Irish Life and others.
16. The minimal overlap and the presence of a large number of successful competitor suppliers of commercial office space for rent supports the conclusion that the proposed transaction would not result in a substantial lessening of competition in the supply of commercial office premises for rent in Dublin City and surrounding areas.
17. The proposed transaction does not raise any vertical competition concerns.

Conclusion

18. 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

19. No ancillary restraints were notified.

⁷ The parties state that these estimates are based on confidential data from Jones Lang LaSalle Inc. Notification pages 3 and 12.
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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 acquisition whereby IPUT Public Limited Company would acquire sole control of certain assets, comprising an approximately 70.8% interest in a commercial property at Riverside One, Sir John Rogerson's Quay, Dublin from Harcourt Life Assurance Company Limited (in Receivership) 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