



DETERMINATION OF MERGER NOTIFICATION M/15/065 - GREEN REIT/CENTRAL PARK LIMITED

Section 21 of the Competition Act 2002

Proposed acquisition by Green REIT plc of sole control of Central Park GP Co Limited and by Green REIT (Central Park) Limited of sole control of The Central Park Limited Partnership.

Dated 23 December 2015

Introduction

1. On 19 November 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 Green REIT plc (“Green REIT”) would acquire sole control of Central Park GP Co Limited (“Central Park GP”) and whereby Green REIT (Central Park) Limited (“Green LP”) would acquire sole control of The Central Park Limited Partnership (“Central Park LP”).

The Proposed Transaction

2. Green REIT currently holds 50% of the issued share capital of Central Park GP and Green LP currently holds a 50% limited partner interest in Central Park LP. Green REIT, Green LP, LVS II SPE V LLC (“PIMCO GP Shareholder”) and PIMCO Funds Ireland plc (acting on behalf of its sub-fund, PIMCO Property Fund II (“PIMCO LP”)) entered into an acquisition agreement in relation to the proposed transaction on 18 November 2015.
3. The proposed transaction involves:
 - i. The acquisition by Green REIT of 50% of the issued share capital of Central Park GP currently held by PIMCO GP Shareholder.

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.



- ii. The acquisition by Green LP of a 50% limited partner interest in Central Park LP currently held by PIMCO LP; and
 - iii. The novation from PIMCO LP to Green LP of the right to repayment in relation to certain loans advanced by PIMCO LP to Central Park LP.
4. As a result of the proposed transaction, Green REIT will hold 100% of the issued share capital of Central Park GP and Green LP will hold a 100% limited partner interest in Central Park LP.

The Undertakings Involved

Green REIT and Green LP

5. Green REIT is an Irish real estate investment trust (“REIT”) and is listed on the Irish and London Stock Exchanges. It was the first REIT established in Ireland following the introduction of REIT legislation pursuant to the Finance Act 2013. Green REIT invests in commercial properties in prime locations, mainly around Dublin², that require capital and asset management expertise and its portfolio is made up predominantly of office buildings. Green REIT is also involved in the development of property and is currently developing the following 4 sites: Block H in Central Park; 32 Molesworth Street; Horizon Logistics Park; and, 13-17 Dawson Street.
6. Green LP, which is a wholly-owned subsidiary of Green REIT, was specifically formed to hold the 50% limited partner interest in Central Park LP.
7. Preliminary results for the financial year ending 30 June 2015 show that Green REIT generated gross rental and related income of approximately €45.9 million, all of which was generated within the State.

The Vendors

8. The vendors (i.e. PIMCO GP Shareholder and PIMCO LP) are funds which are wholly owned by a fund that is advised and managed by PIMCO (Pacific Investment Management Company LLC and its affiliates). PIMCO is a global investment

² See footnote*5* for a list of Green REIT’s current commercial property portfolio in Dublin City and surrounding areas. Green REIT’s commercial property portfolio also includes 2 property assets outside of Dublin City, namely Globe Retail Park, Co. Kildare and Parkway Retail Park, Limerick.



management firm headquartered in Newport Beach, California, USA that manages investments for institutions, financial advisors and individuals including central banks, universities, endowments and foundations, and public and private pension and retirement plans. PIMCO employs over 2,300 employees in 12 countries and has over \$1.47 trillion in assets under management.

The Targets

9. Central Park LP was established to acquire a portfolio of commercial real estate property known as Central Park which is located in Dublin (the “Central Park portfolio”) from receivers appointed by the National Asset Management Agency (NAMA) on 20 February 2014.³ The Central Park portfolio comprises five modern office buildings and a retail/restaurant building, all of which are currently fully let to a variety of businesses including Vodafone, Bank of America Merrill Lynch, Ulster Bank, Leaseplan, Tullow Oil plc, Salesforce, Web Reservations International, Sage Hibernia (Services) Limited and MasterCard Ireland Limited.
10. Central Park LP is also currently involved in the construction of Block H, a new office block in Central Park in Dublin, with completion expected in December 2016. Central Park LP also owns additional land which has been earmarked for future development.
11. For the financial year ending 31 December 2014, Central Park LP generated gross rental and related income of approximately €[...], all of which was generated within the State.

Rationale for the Proposed Transaction

12. The parties state in the notification:

“PIMCO’s commercial objective is to crystalize a return on its investment in the Target [Central Park GP and Central Park LP]. Green REIT’s commercial objective is to acquire sole control of the Target [Central Park GP and Central Park LP].”

³ In the notification, the parties have noted that the legal interest in the Central Park portfolio is held by Central Park GP Co PropCo Ltd (the “Nominee”), in trust for Central Park LP. Green LP and PIMCO LP each beneficially own 50% of the Nominee through their respective interests in Central Park LLP which holds the legal interest in the Nominee through Central Park GP. Once Green LP acquires PIMCO LP’s interest in Central Park LP and Green REIT acquires PIMCO GP Shareholder’s shares in Central Park GP, Green REIT and Green LP will own and control the Nominee.



Third Party Submissions

13. No submission was received.

Competitive Analysis

14. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case. In this case it is not necessary for the Commission to define precise relevant product and geographic markets since the Commission's review of the competitive effects of the proposed transaction would be the same irrespective of the precise product and geographic market definition. However, in order to determine whether the proposed transaction might result in a substantial lessening of competition, the Commission analysed its impact by reference to a potential market for the supply of rentable commercial office property in Dublin City and surrounding areas since both parties control property portfolios in this geographic area.⁴
15. In addition to its 50% holding in Central Park LP (through Green LP), Green REIT controls a property portfolio comprising 14 rentable commercial office properties in Dublin City and surrounding areas⁵ which, together with its 50% holding of the office square footage in the Central Park portfolio, gives Green REIT control over [...] square feet of rentable commercial office space in Dublin City and surrounding areas. The 50% of office space in the Central Park portfolio that Green REIT is acquiring pursuant to the proposed transaction accounts for [...] square feet. Since the overall market for supply of rentable commercial office property in Dublin City and surrounding areas is estimated to be approximately [...] square feet⁶, this would give Green REIT an existing market share of

⁴ There is also a potential market for the supply of rentable commercial retail property in Dublin City and surrounding areas. However, since the retail element of Central Park comprises only 6,779 square feet, or less than 1% of the total rentable floor area of Central Park (i.e. 691,214 square feet), the increment as a result of the proposed acquisition of 50% of this 6,779 square feet by Green REIT will have no material impact on competition in relation to the supply of rentable commercial retail property in Dublin City and surrounding areas. Further, in the notification, the parties estimated that, following the proposed transaction, the merged entity will have a share of substantially less than 5% of the supply of rentable commercial retail property in Dublin City and surrounding areas.

⁵ Green REIT's commercial property portfolio in Dublin City and surrounding areas comprises: 4 & 5 Harcourt Road, Dublin 2; 76-78 Harcourt Street, Dublin 2; 2 Burlington Road, Dublin 4; Arena Centre, Tallaght, Dublin 24; Horizon Logistics Park, Co. Dublin; 30-33 Molesworth St, Dublin 2; Fitzwilliam Hall, Dublin 2; Classon House, Dublin 14; 84-93 Mount Street, Dublin 2; Ormond Building, Dublin 7; Parnell Car Park, Dublin 1; INM Building, Citywest, Co. Dublin; 1-2 College Green, Dublin 2; 4-5 College Green, Dublin 2; 13-17 Dawson Street, Dublin 2; George's Quay, (Block A) Dublin 2; George's Quay, (Block E&F) Dublin 2; George's Court, Dublin 2; Westend Retail Park, Dublin 15; Westend Office Park, Dublin 15; Westend Commercial Village, Dublin 15.

⁶ This estimate of the total square footage of the greater Dublin office market was provided, at the request of the parties, by Savills Ireland.



[0-5]% while the 50% of the Central Park portfolio being acquired by Green REIT pursuant to the proposed transaction would have a market share of [0-5]%.

16. Thus, post-transaction, Green REIT will control approximately [0-5]% of the market for supply of rentable commercial office property in Dublin City and surrounding areas which is unlikely to lead to competition concerns. Furthermore, there are a number of other large international and national companies active in the market for supply of rentable commercial office property in Dublin City and surrounding areas (such as PIMCO, Lone Star, Davy, Hibernia, IPUT, Kennedy Wilson, Green Property and Irish Life), all of which hold significant property portfolios and act as a competitive constraint on Green REIT and will continue to do so post-transaction.
17. There is no vertical relationship between the parties and the proposed transaction does not raise vertical competition concerns.
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.



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 Green REIT plc would acquire sole control of Central Park GP Co Limited and Green REIT (Central Park) Limited would acquire sole control of The Central Park Limited Partnership, 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