



# DETERMINATION OF MERGER NOTIFICATION M/19/026 HENDERSON PARK/ GREEN REIT

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## Section 21 of the Competition Act 2002

### Proposed acquisition by Hpref Dublin Office Bidco Limited of sole control of Green REIT Public Limited Company

Dated 19 September 2019

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#### Introduction

1. On 27 August 2019, in accordance with section 18(1)(a) of the Competition Act 2002, as amended (the “Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed acquisition whereby Hpref Dublin Office Bidco Limited (“Bidco”) an indirect wholly-owned subsidiary of the Henderson Park Funds,<sup>1</sup> (together with all of its affiliates and affiliated investment funds and investment managers and advisers, Henderson Park (“the Acquirer”)) would acquire sole control of Green REIT Public Limited Company (“Green REIT”) (the “Target”) (the “Proposed Transaction”).

#### The Proposed Transaction

2. The terms and conditions upon which the Proposed Transaction is to be implemented are recorded in a transaction agreement between Henderson Park Real Estate Management Ltd, Bidco and Green REIT dated 13 August 2019, (the “Transaction Agreement”).<sup>2</sup>

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<sup>1</sup> Henderson Park Real Estate Fund I US LP, Henderson Park Real Estate Fund I Non US LP, Henderson Park Real Estate Fund I TE LP and Henderson Park Real Estate Fund I US TE LP are collectively referred to as the Henderson Park Funds.

<sup>2</sup> The Proposed Transaction was announced on 14 August 2019 pursuant to Rule 2.5 of the Irish Takeover Rules. <https://www.investegate.co.uk/henderson-park/rns/recommended-cash-offer-for-green-reit-plc/201908140705059908/>.



3. It is intended that the Proposed Transaction will be effected by a scheme of arrangement,<sup>3</sup> although Henderson Park Real Estate Management Ltd may elect, subject to the terms and conditions of the Transaction Agreement, to implement the Proposed Transaction by way of a takeover offer.
4. Pursuant to the Proposed Transaction, Bidco will acquire the entire issued and to be issued share capital of Green REIT from its existing shareholders and thereby sole control of Green REIT.

### The Undertakings Involved

#### *The Acquirer – Henderson Park*

5. Henderson Park is a European real-estate asset management platform, headquartered in the United Kingdom.
6. Henderson Park (through two of its controlled portfolio companies, Hpeif Hsq Investments Limited and Hpref Hsq Investments Limited) is active in the State in the property sector following the purchase of a number of properties within the mixed use premises at Heuston South Quarter (“HSQ”), Dublin 8, in July 2019. Table 1 below outlines these investments.

**Table 1: Henderson Park’s Property Interests in the State, 2019**

Use	Property	Floor Space (Sq.ft)
Office	HSQ, Dublin 8	(...)
Residential	HSQ, Dublin 8	(...)
Retail	HSQ, Dublin 8	(...)
Undeveloped Land	HSQ, Dublin 8	(...)

Source: Based on Information provided by parties

<sup>3</sup> In accordance with Chapter 1 of Part 9 of the Companies Act 2014, which can be accessed at <http://www.irishstatutebook.ie/eli/2014/act/38/enacted/en/pdf>.



7. For the financial year ending 31 December 2018, Henderson Park's worldwide turnover was approximately, €(...), of which approximately €(...) was generated in the State.

*The Target Assets – Green REIT*

8. Green REIT is an Irish real estate investment trust listed on Euronext Dublin and on the London Stock Exchange. It invests in commercial properties and its portfolio is made up predominately of office buildings in the Dublin area. The Target Assets are listed in Table 2 below.

**Table 2: the Target Assets**

Use	Property	Location	Floor Space (Sq.ft)
Office	George's Quay Plaza	Dublin 2	151,538
	George's Quay House	Dublin 2	102,438
	George's Court <sup>4</sup>	Dublin 2	99,044
	5 Harcourt Road	Dublin 2	50,027
	76-78 Harcourt Street	Dublin 2	24,382
	84-93 Lower Mount Street	Dublin 2	49,353
	30-33 Molesworth Street	Dublin 2	57,989
	2 Burlington Road	Dublin 2	85,266

<sup>4</sup> George's Court floor area also includes (...) apartments.



	Fitzwilliam Hall	Dublin 2	30,758
	One Molesworth Street <sup>5</sup>	Dublin 2	89,548
	Central Park <sup>6</sup>	Dublin 18	962,953
	One Albert Quay	Cork	166,264
Retail	1-2 College Green	Dublin 2	2,478
	4-5 College Green	Dublin 2	3,070
Mixed-Use	The Arena Centre	Dublin 24	327,468 <sup>7</sup>
	INM Building	Dublin 24	65,274
Industrial	Horizon Logistics Park	Dublin Airport	459,226

Source: Based on Information provided by parties

9. For the financial year ended 30 June 2018, Green REIT had a worldwide turnover of approximately €78.9 million, all of which was generated in the State.

#### Rationale for the Proposed Transaction

10. The parties state the following in the notification:

*“The acquisition of Green REIT offers a rare opportunity to invest in a large institutional quality office portfolio and a strategic logistics park through a*

<sup>5</sup> One Molesworth Street lettable area also includes (...) retail units comprising (...) sq. ft. of rentable commercial retail property

<sup>6</sup> Central Park lettable area also includes (...) retail units comprising (...) sq. ft. of rentable commercial retail property.

<sup>7</sup> Of which (...) sq. ft. relates to rentable commercial retail property (four retail warehouse units and five smaller retail units), (...) sq. ft. relates to rentable commercial office property and (...) of which relates to the Maldron Hotel.



*single transaction. The portfolio offers exposure to high-quality properties located predominantly in Dublin, leased to blue chip tenants, and two strategic development sites. We believe in the short-term and long-term prospects of the Irish market with its strong macroeconomic backdrop and underlying real estate fundamentals”.*

### Third Party Submissions

11. No submission was received.

### Competitive Analysis

#### *Horizontal Overlap*

12. There are minor overlaps between the activities of Henderson Park and the Target Assets in the State with respect to the supply of rentable commercial and residential space.
13. The Commission has previously assessed the competitive impact of transactions involving the acquisition of rentable commercial and/or residential space<sup>8</sup> and has followed a similar approach in this case.
14. 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 product markets. The Commission’s conclusion concerning the competitive effects of the proposed transaction would be unaffected whether:
  - a) the market for the supply of rentable property is distinguished into separate markets for rentable commercial property and rentable residential property, or

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<sup>8</sup> Please see, for example, merger determinations *M/17/046 – Hammerson/Teba*, which can be assessed at: <https://www.ccpc.ie/business/mergers-acquisitions/merger-notifications/m17046-hammersonteba/>, *M/15/070 - Starwood/Elm Park* which can be assessed at: <https://www.ccpc.ie/business/mergers-acquisitions/merger-notifications/m15070-starwood-elm-park/> and *M/19/015 Irish Residential Properties/XVI Portfolio* which can be assessed at: <https://www.ccpc.ie/business/mergers-acquisitions/merger-notifications/m-19-015-irish-residential-properties-reit-xvi-portfolio-marathon/>.



- b) the market for the supply of rentable commercial property is further distinguished into separate markets for commercial office premises and other commercial premises (i.e., commercial retail premises).
15. Similarly, it is also not necessary for the Commission to define precise relevant geographic markets in this instance since the choice of geographic market will not materially alter the competitive impact of the proposed transaction in the State.
16. For the purposes of the review of the Proposed Transaction, the Commission has analysed the effects of the Proposed Transaction based on the narrowest possible relevant product and geographic market, namely the market for the supply of (i) rentable commercial office property, (ii) rentable commercial retail property and (iii) rentable residential property, in the Greater Dublin Area (“GDA”).
17. Henderson Park’s pre-existing property interests are all in one location in the GDA region.
18. The respective shares of Henderson Park and the Target Assets in the market for rentable commercial office property in the GDA are set out in Table 3. On this basis, following implementation of the Proposed Transaction, Henderson Park’s market share in the potential market for the supply of rentable commercial office property in the GDA will be less than (0-5%).

**Table 3: Share of rentable commercial office property in the GDA**

Party	Size Sq.ft.	% market share
Henderson Park	(...)	(0-5)%
Green REIT	(...)	(0-5)%
Combined	(...)	(0-5)%
Market Total	40,041,747	100%

Source: Based on Information provided by parties



19. Henderson Park has an ownership interest in a small amount of rentable commercial retail properties in the HSQ (...). The target has (...) sq.ft. of retail property. The notification stated that there is approximately 18,706,029 sq.ft. of rentable commercial retail space in the GDA.<sup>9</sup> On this basis, following implementation of the Proposed Transaction, Henderson Park's share in the potential market for the supply of rentable commercial retail property in the GDA will be approximately (0-5)%.
20. Similarly in the potential market for rentable residential property Henderson Park has a small presence with (...) residential rental property units. The target has just (...) residential rental property units. Based on information provided by the parties there were an estimated (110,000 -120,000) rentable residential property units in Dublin.<sup>10</sup> On this basis, following implementation of the Proposed Transaction, Henderson Park's share in the potential market for the supply of rentable residential retail property in the GDA will be less than (0-5)%.
21. In light of the above, the Commission considers that the Proposed Transaction does not raise any horizontal competition concerns with respect to the supply of rentable commercial or rentable residential property in the GDA, or in the State.

#### *Vertical overlap*

22. The parties have stated in the notification that there is no vertical relationship between Henderson Park and the Target Assets. The Commission has not identified any vertical relationship between the parties. On this basis, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.

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<sup>9</sup> This figure was provided in the notification on the basis of the Commission's determination in *M-17-046 – Hammerson/Teba*. Footnote 17 of the Commission's determination in *M-17-046 – Hammerson/Teba* states that: "Hammerson states the following in the notification, "[...] estimates that at the end of 2016 (and into Q1 2017) there was a total of 1,737,847 square metres of retail space in the GDA. This consists of the following; 992,973 square metres of shopping centres >5,000 square metres, 390,453 square metres of retail parks >5,000 square metres, 111,186 square metres of retail schemes <5,000 square metres, 59,458 square metres of retail space in Grafton Street, 119,357 square metres of retail space on Henry Street and 64,420 square metres of retail space on O'Connell Street. It does not include i) Kildare Village or ii) any other retail space on the high street in any other street in Dublin other than the three main retail streets above."

<sup>10</sup> (...).



### **Conclusion**

23. In light of the above, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.

### **Ancillary Restraints**

24. 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 Hpref Dublin Office Bidco Limited, an indirect wholly-owned subsidiary of the Henderson Park Funds (together with all of its affiliates and affiliated investment funds and investments managers and advisers, Henderson Park) would acquire sole control of Green REIT Public Limited Company 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

**Brian McHugh**  
**Member**  
**Competition and Consumer Protection Commission**