



## DETERMINATION OF MERGER NOTIFICATION M/15/015 BLACKSTONE (CARBON) / COLEBRIDGE

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### Section 21 of the Competition Act 2002

### Proposed acquisition by The Blackstone Group L.P., through Carbon Holdings One Sarl, of the entire share capital of Colebridge International Limited

Dated 10 April 2015

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#### Introduction

1. On 20 March 2015, in accordance with section 18(1) of the Competition Act 2002, as amended<sup>1</sup> (“the Act”), the Competition and Consumer Protection Commission (“the Commission”) received a notification of a proposed transaction whereby The Blackstone Group L.P. (“Blackstone”), through its wholly-owned indirect subsidiary Carbon Holdings One S.à r.l. (“Carbon”), would acquire the entire issued share capital of Colebridge International Limited (“Colebridge”).

#### *The Transaction*

2. The proposed transaction involves the acquisition by Blackstone, through Carbon, of: (i) the entire issued share capital of Colebridge; (ii) all debt interests, subordinated or otherwise, of the sellers<sup>2</sup> (or their affiliates or related parties) in Colebridge; and (iii) all claims or interests in Colebridge held (directly, indirectly, legally or beneficially) by any seller or their affiliates or related parties.

#### The Undertakings Involved

##### *The Acquirer – Blackstone*

3. Carbon is indirectly controlled by funds managed and advised by affiliates of Blackstone. Blackstone is a US based global alternative asset manager and provider of financial advisory services. Blackstone operates as an investment management firm and, through various investment vehicles, makes private equity, real estate, credit and hedge fund investments all over the world.<sup>3</sup>
4. In the State, Blackstone is active, through a number of portfolio companies, in various sectors including manufacturing, IT solutions, hospitality, helicopter leasing, outdoor

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<sup>1</sup> 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.

<sup>2</sup> The “sellers” in this context are the beneficial owners of Colebridge, being: [...].

<sup>3</sup> <http://www.blackstone.com/the-firm/overview>



clothing and equipment, pharmaceuticals, retail and media.<sup>4</sup> Blackstone has an office presence in Dublin through its credit platform GSO<sup>5</sup> and it currently has commercial real estate interests in four office buildings<sup>6</sup> and a hotel<sup>7</sup> in Dublin.

5. For the financial year ending 31 December 2013, Blackstone had a worldwide turnover of approximately €[...] and a turnover in the State (including its controlled portfolio companies) of approximately €[...].

### **The Target**

6. Colebridge, a company incorporated in the British Virgin Islands is the holding company of the O'Flynn Group. The O'Flynn Group is a property and construction company which is headquartered in the State. It is involved in business activities in the State, in the United Kingdom and in Europe.
7. The O'Flynn Group can be divided into three divisions:
  - O'Flynn Construction, which focuses on residential and commercial property development in the State.
  - Tiger Developments, which operates in commercial investment and development in the UK and Europe. It is active in all sectors including industrial, office, retail, leisure, hotel and residential. On the investment side, its focus is on the acquisition of assets where value can be enhanced through restructuring, rent reviews, rationalisation, development or subsequent sales.
  - Victoria Hall, which is a student accommodation provider in the UK and Europe. It develops, owns and operates large student schemes which operate independently and in partnership with universities.
8. For the year ending 31 December 2014, Colebridge, through the activities of the O'Flynn Group, had a worldwide turnover of approximately €[...] and a turnover in the State of approximately €[...].

### **Rationale for the Proposed Acquisition**

9. The notification states:

*“The Proposed Transaction represents an investment opportunity for Blackstone which is consistent with its strategy of investing in attractive companies or assets to increase their value with a view to profiting from their eventual sale at a profit for the investing Blackstone affiliated fund. Blackstone invests on behalf of funds and their underlying investors rather than on behalf of Blackstone.”*

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<sup>4</sup> These include: [...], Catalent Pharma Solutions Inc., [...], Hilton Hotels Corporation, Intertrust Group, [...], Polymer Group Inc, RGIS Holdings LLC, Tangerine Confectionary Ltd. and [...].

<sup>5</sup> <http://www.blackstone.com/businesses/aam/credit-%28gso%29>

<sup>6</sup> Hume House on Pembroke Road, Ballsbridge, Dublin 4; Bloodstone Building on Sir Rogerson's Quay, Dublin 2; Block B, Riverside IV, Britain Quay, Dublin 2; and The Atrium Buildings, Sandyford Business Park, Dublin 18.

<sup>7</sup> DoubleTree by Hilton Burlington, Burlington Road, Upper Leeson Street, Dublin 4.



### Third Party Submissions

10. No submission was received.

### Competitive Analysis

11. There is a minor horizontal overlap between the parties in the market for rentable commercial property in the State.<sup>8</sup> Post-transaction, Blackstone will own a combined [0-5]% of rentable commercial property in the State.
12. Blackstone's commercial real estate interests in the State comprise four office blocks located in Co. Dublin<sup>9</sup> totalling [...] sq. ft. which, according to the parties, is approximately [0-5]% the 60 million sq. ft. of commercial property space in the State.<sup>10</sup>
13. The O'Flynn Group, through its ownership of sixty commercial properties, controls approximately [...] sq. ft. (i.e. [0-5]%) of total commercial property space in the State. The vast majority of these properties are located in Co. Cork.
14. Despite this minor horizontal overlap, the Commission is of the view that the proposed transaction does not raise any substantial horizontal competition concerns. There is a large supply of commercial property in the State. In addition, the Irish commercial property sector is highly fragmented, with a large number of international and domestic players. Thus large international property investors<sup>11</sup> who are active in the market for rentable commercial property in the State hold large property portfolios and local competitors, such as IPUT, Kennedy Wilson, Green Property and Irish Life, have significant interests in commercial property.
15. While there is a vertical relationship between the parties [...], the Commission is of the view that the proposed transaction does not raise any vertical competition concerns. The O'Flynn Group does not provide any services to any of the Blackstone controlled portfolio companies that generate turnover in the State.
16. 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

17. No ancillary restraints were notified.

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<sup>8</sup> 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>9</sup> See M/15/004 Blackstone/Atrium Buildings

<sup>10</sup> Based on estimates and research by CBRE; [http://www.cbre.ie/ie\\_en/](http://www.cbre.ie/ie_en/)

<sup>11</sup> Pimco, Lone Star, Davy, F&C and Hibernia.



## **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 The Blackstone Group L.P., through its wholly-owned indirect subsidiary Carbon Holdings One S.à r.l., would acquire the entire issued share capital of Colebridge 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**