



DETERMINATION OF MERGER NOTIFICATION M/16/061 IPUT / WILTON PARK HOUSE

Section 21 of the Competition Act 2002

Proposed acquisition by IPUT Public Limited Company of sole control of certain assets constituting Wilton Park House

Dated 05 January 2017

Introduction

1. On 28 November 2016, in accordance with section 18(1) of the Competition Act 2002, as amended (“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 constituting Wilton Park House, a commercial office property situated at Wilton Place, Dublin 2 (“Wilton Park House”).

The Proposed Transaction

2. The proposed transaction is to be implemented pursuant to a sale agreement dated 28 November 2016 between IPUT, New Ireland Assurance Company plc (“New Ireland”) and EPUT Property Trust Nominees Limited (“EPUT”)¹, each of which currently owns one third of Wilton Park House. As a result of the proposed transaction, IPUT would acquire each of New Ireland’s and EPUT’s current interests in Wilton Park House such that, post-transaction, IPUT’s ownership interest in Wilton Park House would increase to 100%.²

The Undertakings Involved

Acquirer - IPUT

3. IPUT, headquartered in Dublin, is an unlisted property vehicle.³ IPUT’s commercial real estate interests in the State are comprised of [98] properties, which are located predominantly in Dublin city and surrounding areas⁴ as well as in Counties Cork and Limerick. IPUT’s commercial real estate interests cover the office, retail and industrial sectors.

¹ EPUT is wholly-owned by State Street Corporation.

² The parties have informed the Commission that [...].

³ 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 99% of the properties in IPUT’s portfolio is located in Dublin city and surrounding areas. For more information see <http://www.iput.ie/portfolio>.



4. For the financial year ending 31 December [2015], IPUT's turnover was approximately €85.8 million, all of which was generated in the State.

The Target - Wilton Park House

5. Wilton Park House consists of a six storey office block extending to approximately 13,191 square meters ("sq. m."), which is situated at Wilton Place, Dublin 2.
6. The title to Wilton Park House also includes certain ancillary interests which will be acquired by IPUT as part of the proposed transaction, namely: (i) a long-term leasehold interest in respect of certain small parts of the building adjacent to Wilton Park House, known as Gardner House, which is required in order to access the basement carpark which is common to both Wilton Park House and Gardner House⁵; and (ii) a plaza known as Wilton Square situated in front of Wilton Park House, which is for public use.
7. For the financial year ending 31 December 2015, Wilton Park House generated rental turnover of approximately €[...], all of which was generated in the State.

Rationale for the Proposed Acquisition

8. The parties state in the notification:

"The [p]roposed [t]ransaction represents an investment opportunity for [IPUT] 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."

Third Party Submissions

9. No submission was received.

Competitive Analysis

10. 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 broadly as all rentable commercial property or more narrowly as rentable commercial office premises. Similarly, it is also not necessary in this instance to define a precise geographic market in this instance since the size of the geographic market will not materially alter the competitive impact of the proposed transaction in the State. However, for the purposes of its review of the proposed transaction the Commission has examined the narrowest possible relevant product and geographic markets, namely the potential market for the supply of rentable commercial office premises in Dublin city and surrounding areas.⁶
11. There is a horizontal overlap in the activities of the parties to the extent that IPUT and Wilton Park House are both involved in the supply of rentable commercial office

⁵ The owners of Gardner House have similar rights and easements over Wilton Park House.

⁶ This is in line with the Commission's Determination in previous matters, such as M/16/028 for instance.



premises. The horizontal overlap in this instance, comprising one building, does not appear to be significant. In addition, IPUT already owns one third of Wilton Park House.

12. The parties estimate that, of the approximately 3,357,950 sq. m. of rentable commercial office premises (i.e. in terms of office space) located in the Dublin area, IPUT supplies approximately [...] % of the total floor space for rentable commercial office premises in the Dublin area⁷ and Wilton Park House comprises approximately 0.26% of all rentable commercial office premises in the Dublin area. Consequently, the market share of IPUT subsequent to the completion of the proposed transaction would be [...] % (with an increase in IPUT's existing market share of only approximately 0.26% as a result of the proposed transaction).
13. In addition, there are currently (and there would remain after the proposed transaction is put into effect) a number of other suppliers of rentable commercial office premises in Dublin city and surrounding areas, such as Green REIT, Kennedy Wilson, Blackstone, Hibernia REIT, Irish Life and others.
14. The minimal increase in IPUT's existing market share and the presence of a large number of other suppliers of rentable commercial office space supports the conclusion that the proposed transaction would not result in a substantial lessening of competition in the potential market for the supply of rentable commercial office premises in Dublin city and surrounding areas.
15. The proposed transaction does not raise any vertical competition concerns.
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.

⁷ The parties state that these estimates are based on the Sherry Fitzgerald Irish Office Market Report for Q3 2016 which estimates the stock of office property in the Dublin area to be 3,357,950 sq. m.: http://www.sherryfitz.ie/files/p_20161115050724Cushman%20%20Wakefield%20Irish%20Office%20Report_Overview.pdf.



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 IPUT Public Limited Company would acquire sole control of certain assets constituting Wilton Park House, a commercial office property at Wilton Place, Dublin 2, 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

Patrick Kenny
Member
Competition and Consumer Protection Commission