



DETERMINATION OF MERGER NOTIFICATION M/15/032 IRISH LIFE ASSURANCE/ROYAL LONDON MUTUAL INSURANCE SOCIETY LIMITED

Section 21 of the Competition Act 2002

Proposed acquisition of certain assets of the Royal London Mutual Insurance Society Limited by Irish Life Group Limited

Dated 10 August 2015

Introduction

1. On 3 July 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 acquisition by Irish Life Assurance Plc of certain assets from the Royal London Mutual Insurance Society Limited.

The Transaction

2. The proposed transaction consists of an agreement for sale by private treaty dated 8 July 2015 whereby Irish Life Assurance Plc will acquire 17 property portfolios (the “Target Assets”) from the Royal London Mutual Insurance Society Limited.
3. Section 18(1A)(b)(ii) of the Act allows for parties to make a notification to the Commission where the parties have demonstrated to the Commission a good faith intention to conclude an agreement. In this case, the Commission considers that the undertakings involved demonstrated to the Commission a good faith intention to conclude an agreement for the purposes of section 18(1A)(b)(ii) of the Act. The parties notified the Commission on 3 July 2015 of their intention to conclude an agreement and subsequently concluded that agreement on 8 July 2015.

The Undertakings Involved

The Acquirer

4. Since July 2013, Irish Life Assurance Plc has been part of the Great-West Lifeco Inc (“Great-West Lifeco”) group of companies. Great-West Lifeco is a financial services holding company with interests in the life insurance, health insurance, retirement savings, and investment management and reinsurance businesses. Great-West Lifeco has operations in Canada, the United States, Europe and Asia through Great-West Life,

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.



London Life and Canada Life, Irish Life, Great-West Financial and Putnam Investments. Great-West Lifeco and its companies are members of the Power Financial Corporation.

5. In the State, Great-West Lifeco operates through Irish Life Group Limited and its subsidiaries, Irish Life Assurance Plc and Irish Life Investment Managers Limited (together “Irish Life”). Irish Life is a life and pensions company that provides protection, pensions and savings products to clients across retail, corporate and investment management businesses.
6. Great-West Lifeco’s worldwide turnover for the year ending 31 December 2014 was approximately €[...]. Its turnover generated in the State for the same period amounted to €[...].

The Target Assets

7. The Target Assets consist of properties located at:
 - 7/8 Grafton Street, Dublin 2
 - 9-11 Grafton Street, Dublin 2
 - 85/86 Grafton Street, Dublin 2
 - 6 Dawson Street, Dublin 2
 - 7 Dawson Street, Dublin 2
 - 56 Dawson Street, Dublin 2
 - 57/58 Dawson Street, Dublin 2
 - 51 Henry Street, Dublin 1
 - 52 Henry Street, Dublin 1
 - 5 GPO Buildings, Dublin 1
 - 43/44 O’Connell Street, Dublin 1
 - 11 Patrick Street, Cork
 - 2-4 Merrion Row, Dublin 2
 - Block 1, Blanchardstown Corporate Park, Dublin
 - Block B Liffey Valley Office Campus, Dublin
 - 17-21 Westmoreland Street (otherwise known as Ballast House), Dublin 2
 - Block 4 Eastgate Business Park, Cork.
8. The Target Assets mainly comprise commercial retail units and office space in Dublin with one retail unit in Cork and one office space in Cork. The Dublin retail units and



offices include properties located at some of the main streets in Dublin city centre, such as Grafton Street, Henry Street, O'Connell Street, Dawson Street and Merrion Row.

9. The Target Assets had turnover in the State of approximately €[...] for the financial year ended 31 December 2014.

The Vendor

10. The Royal London Mutual Insurance Society Limited, trading as Royal London Group, was established in 1861 by Henry Ridge and Joseph Degge. It is the UK's largest mutual life and pensions company with over 5 million customers and half a million members. It operates from offices in Edinburgh, Wilmslow, London, Bath, Reading, Glasgow and Dublin.
11. In 2011, the Royal London Group acquired Caledonian Life, an Irish-based life insurance company. In December 2014, Caledonian Life was rebranded as the Royal London. In the State, Royal London offers a range of income protection, pensions and savings products.

Rationale for the Proposed Acquisition

12. The notification states:

“Irish Life provides collective investment vehicles, allowing individual investors to get exposure to a professionally managed diversified property portfolio. The fund invests in prime retail, office and industrial properties on a long term basis. The assets of the target portfolio meet the fund's investment criteria, providing a sectoral and geographical mix of well-located high street and suburban retail and office properties.”

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 instance, it is not necessary for the Commission to define precise relevant markets. However since there is a horizontal overlap between the parties in the market for rentable commercial property in Dublin and Cork, respectively, the Commission has reviewed the competitive impact of the proposed transaction on the markets for commercially rented retail and office space in (a) Dublin City and surrounding areas and (b) Cork City and surrounding areas.

Dublin City and Surrounding Areas

15. In Dublin City and surrounding areas, Irish Life has approximately [...] sq. ft. of **retail floor space** (approximately [0-10]% of the total rentable retail floor space in those areas). The Target Assets in Dublin City and surrounding areas consist of [...] sq. ft. of



retail floor space (approximately [0-5]% of the total rentable retail floor space in those areas).²

16. In Dublin City and surrounding areas, Irish Life has approximately [...] sq. ft. of **office space** (approximately [0-10]% of the total office space for rent in those areas). The Target Assets in Dublin City and surrounding areas consist of [...] sq. ft. of office space (approximately [0-5]% of the total office space for rent in those areas).³

Cork City and Surrounding Areas

17. In Cork City and surrounding areas, Irish Life has approximately [...] sq. ft. of **retail floor space** (approximately [0-5]% of the total retail floor space for rent in those areas) while the Target Assets in the Cork City and surrounding areas comprise [...] sq. ft. (approximately [0-5]% of the total retail floor space for rent in those areas).⁴
18. In Cork City and surrounding areas, Irish Life controls approximately [...] sq. ft. ([0-5]% of the total **office space** for rent in those areas) compared to [...] sq. ft. ([0-5]%) which is held by the Target Assets.⁵
19. While there is a horizontal overlap between the parties in the commercial rental property sector in both Dublin City and surrounding areas and Cork city and surrounding areas, there is no significant increase in the market share as a result of the proposed transaction even if the proposed transaction is analysed by reference to narrow potential product and geographical markets. The increments in market share arising from the proposed transaction are minimal.
20. In addition, there are a number of other large international and local property investors active in the market for commercial property in the State, many holding significant property portfolios, such as, IPUT, Lone Star, Blackstone, Kennedy Wilson, Hibernia REIT.
21. The proposed transaction does not raise any vertical competition concerns.
22. In light of the above, the Commission is of the view that the proposed acquisition will not substantially lessen competition in the any market for goods or services in the State.

Ancillary Restraints

23. No ancillary restraints were notified.

² Based on estimates provided by the parties, notification Annex 5.2.

³ Based on estimates provided by the parties, notification Annex 5.2.

⁴ Based on estimates provided by the parties, notification Annex 5.2.

⁵ Based on estimates provided by the parties, notification Annex 5.2.



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 Irish Life Assurance Plc would acquire certain assets from the Royal London Mutual Insurance Society 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