



## **DETERMINATION OF MERGER NOTIFICATION M/07/007 – BERNARD MCNAMARA/CONRAD INTERNATIONAL/ECHPL**

### **Section 21 of the Competition Act 2002**

#### **Proposed acquisition by Bernard McNamara and Conrad International Corporation of Joint Control of Earlsfort Centre Hotel Proprietors**

**Dated 21/02/07**

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#### **Introduction**

1. On 26 January 2007, the Competition Authority (“the Authority”), in accordance with section 18(1)(a) of the Competition Act, 2002 (“the Act”) was notified, on a mandatory basis, of a proposed acquisition by Bernard McNamara and Conrad International Corporation (“Conrad International”) of joint control of Earlsfort Centre Hotel Proprietors Limited (ECHPL”).
2. Under a share purchase agreement Bernard McNamara has agreed to purchase between 45% and [.]% of the issued share capital of ECHPL.<sup>1</sup> Conrad will continue to hold 25% of the issued share capital of ECHPL. The remaining shares will be dispersed among a number minority of shareholders.

#### **The Undertakings Involved**

3. Bernard McNamara, the acquirer, is the Executive Chairman of Michael McNamara & Company, a construction company. Bernard McNamara controls undertakings that generate turnover in excess of €40 million in the most recent financial year. Bernard McNamara has interests in a number of hotels in the State, including [.] in Dublin.<sup>2</sup>
4. Conrad International is a subsidiary of Hilton Hotels, a global hospitality company with nearly 2,800 hotels and 485,000 rooms in more than 80 countries. Apart from the Conrad Hotel, Hilton Hotels indirectly operates 6 Hotels in the State, including 3 in Dublin all of which trade under the Hilton name.
5. Conrad International currently holds and will retain 25% of the issued share capital of ECHPL. Conrad International has been ceded the management of the Conrad Hotel, Earlsfort Terrace, Dublin 2 (“the Dublin Conrad”) by ECHPL.
6. ECHPL, the target, is involved in the hospitality sector through ownership of a hotel, restaurant and bar business at the Dublin Conrad. It has ceded the management of this hotel to Conrad International, a subsidiary of Hilton Hotels.
7. ECHPL is currently controlled by a number of shareholders that include; Conrad International; [.]

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<sup>1</sup> [.]

<sup>2</sup> Bernard McNamara has the following hotel investments; [.]

8. [Certain shareholders] propose to sell at least part of their respective shareholdings to Bernard McNamara.

### **Analysis**

9. In the analysis of the competitive impact of the merger on the local hotel accommodation market it is possible to consider defining the relevant product market according to price and/or comfort level based on the grading or stars awarded to the particular hotel<sup>3</sup>. However, in the extant case given (a) the minimal overlap resulting from the proposed merger in the local hotel market, (b) the significant number of alternative hotels at each level in the market in the Dublin area, (c) the apparent ease of entry into the hotel accommodation market<sup>4</sup>, and the current levels of excess capacity in the hotel rooms<sup>5</sup> the Authority does not consider it necessary to define a relevant hotel market, in terms of quality or otherwise.
10. While there is some horizontal overlap in the hotel accommodation market it is considered minimal. Therefore, the Authority considers that the proposed transaction does not raise competition concerns.

### **Determination**

The Competition Authority, in accordance with section 21(2)(a) of the Competition Act, 2002, has determined that, in its opinion, the result of the proposed acquisition by Bernard McNamara and Conrad International of Earlsfort Centre Hotel Proprietors Limited will not be to substantially lessen competition in markets for goods and services in the State and, accordingly, that the acquisition may be put into effect.

### **For the Competition Authority**

**Dr. Paul K. Gorecki**  
**Member of the Competition Authority**

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<sup>3</sup> See Case No COMP/M.3858 – Lehman Brothers/SCG/Starwood/Le Meridien.

<sup>4</sup> Between 2001 and 2005 the number of hotels beds in Dublin increased by 17.2% - see *Dublin Tourism Facts 2005*, Failte Ireland, National Tourism Development Authority.

<sup>5</sup> In 2005 hotel room occupancy in the Dublin region stood at 72% - see *Preliminary Hotel Review 2005*, Failte Ireland, National Tourism Development Authority.