



DETERMINATION OF MERGER NOTIFICATION M/15/031 INVESCO / FRASCATI CENTRE

Section 21 of the Competition Act 2002

Proposed acquisition by Invesco Mortgage Recovery Fund II LP, through IMRF II HoldCo S.a.r.l., of certain assets of Frascati Investments Company 2015 Limited and Frascati Developments Limited

Dated 10 August 2015

Introduction

1. On 29 June 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 transaction whereby IMRF II HoldCo S.a.r.l. (“IMRF”), a wholly-owned subsidiary of Invesco Mortgage Recovery Fund II LP (“Invesco”), part of the wider Invesco group of investment funds (collectively “Invesco Group” or the Acquirer), would acquire certain assets, namely the Frascati Shopping Centre and lands and premises surrounding the shopping centre (collectively “the Frascati Centre”), situated in Blackrock, County Dublin, from Frascati Investments Company 2015 Limited and Frascati Developments Limited (collectively “the Vendors”).

The Transaction

2. The proposed transaction is the subject of agreements for sale by private treaty of the Frascati Centre in Blackrock, County Dublin, entered into between and by IMRF and the Vendors on 8 June 2015.
3. As part of the proposed transaction, Invesco is to acquire ownership and thus sole control of the Frascati Centre for a total purchase price of €[...].

The Undertakings Involved

The Acquirer – Invesco

4. IMRF is a company incorporated in Luxembourg and a wholly owned subsidiary of Invesco and part of the Invesco group of funds, which are advised by Invesco Advisors, [Inc], another entity within the Invesco Group.
5. Invesco is focused on real estate, mortgage and mortgage-related interests and structured securities. The objective of Invesco is to achieve returns by capitalizing on

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.



opportunistic and distressed transactions in both U.S. and non-U.S. real estate markets, including but not limited to, the commercial real estate market, commercial and residential mortgage loan markets and the structured securities market.

6. In the State, the Invesco Group is active, through a number of portfolio companies/funds.² [Invesco also has indirect commercial real estate interests in a hostel³ in Dublin.]
7. For the financial year ending 31 December 2014, the Invesco Group had a worldwide turnover of approximately €3.9 billion and a turnover in the State of approximately €[...].

The Target Assets – Frascati Centre

8. The Target Assets consist of the property known as the Frascati Shopping Centre, located in Blackrock, County Dublin.
9. The Frascati Centre comprises a fully enclosed shopping centre of over 100,000 square feet. The centre is anchored by Marks & Spencer and Debenhams with further retailers including Boots, Pamela Scott, McDonalds, Carl Scarpa and Peter Mark. There are approximately 520 surface car parking spaces at the centre.
10. For the financial year ending 31 December 2014, the Frascati Centre generated turnover in the State, consisting of rental income received, in the amount of €[...].

The Vendors

11. The Frascati Centre is currently owned by Frascati Investments Company 2015 Limited and Frascati Developments Limited, both being property investment/management companies and both having their registered addresses at Unit 13, The Courtyard, Carmenhall Road, Sandyford Industrial Estate, Dublin 18.

Rationale for the Proposed Acquisition

12. The notification states:

“Invesco views its potential acquisition of the Target as being in line with its commercial objective to achieve attractive returns by capitalizing on opportunistic and distressed transactions ...”

Third Party Submissions

13. No submission was received.

Competitive Analysis

14. [Invesco’s commercial real estate interest in the State comprises indirect interest in the Generator Hostel, situated at Smithfield Square, Dublin 7.] The hostel occupies a gross

² These include: [...].

³ The Generator Hostel, situate at Smithfield Square, Dublin 7.



internal area of 5,876 sq. m over 6 floors. Approximately €[...] of Invesco's turnover in the State is attributable to real estate assets and in particular to the hostel.

15. The Frascati Centre is a shopping centre located in Blackrock, County Dublin, details of which are set out at paragraph 9 above.
16. [While there is a minor horizontal overlap between the parties in the market for rentable commercial property in Dublin⁴, the hostel in which Invesco has an indirect controlling interest and the Frascati Centre do not actually operate or compete in the same market.]
17. The proposed transaction does not raise any vertical competition concerns.
18. 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

19. No ancillary restraints were notified.

⁴ 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.



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 IMRF II HoldCo S.a.r.l., a wholly-owned subsidiary of Invesco Mortgage Recovery Fund II LP, part of the wider Invesco group of investment funds, would acquire certain assets, namely the Frascati Shopping Centre and lands and premises surrounding the shopping centre, situated in Blackrock, County Dublin, from Frascati Investments Company 2015 Limited and Frascati Developments 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