



DETERMINATION OF MERGER NOTIFICATION M/16/028 - STANDARD LIFE / BLOCK B ELM PARK

Section 21 of the Competition Act 2002

Proposed acquisition by Standard Life Investments European Property Growth Fund L.P. of sole control of the landholding known as Block HQ2, also known as Block B, Elm Park, Merrion Road, Dublin

Dated 14 July 2016

Introduction

1. On 9 June 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 Standard Life Investments European Property Growth Fund L.P. (“Standard Life IEPGF”), through its wholly-owned indirect subsidiary EPGF Elm Park S.a.r.l. (“EPGF Elm”), would acquire sole control of Block HQ2, also known as Block B, Elm Park, Merrion Road, Dublin 4 (“Elm Park B”).
2. Standard Life IEPGF is ultimately controlled by Standard Life plc. Elm Park B is currently owned by Elm Real Estate Investments (“Elm REI”), a sub-fund of the Davy Platform Irish Collective Asset-management Vehicle (“Davy ICAV”). Davy ICAV is controlled by SOF-X International Holdings LP, which in turn is ultimately managed by Starwood Capital Group Global II L.P. On 18 January 2016, the Commission cleared the acquisition of landholdings known as the Elm Park Campus and Llandaff Terrace by SOF-X International Holdings LP.¹

The Proposed Transaction

3. The proposed transaction is to be implemented pursuant to a contract for sale (“CSA”), dated 9 June 2016, between EPGF Elm, Davy ICAV, acting on behalf of Elm REI, and Pemberton S.a.r.l. (“Pemberton”).²

The Undertakings Involved

Standard Life plc, Standard Life Investments Limited and Standard Life IEPGF

4. Standard Life plc is a public limited company headquartered in Edinburgh, UK and listed on the London Stock Exchange. Standard Life plc is involved in the financial services

¹ See <<http://www.ccpc.ie/enforcement/mergers/merger-notices/m15070-starwood-elm-park>>.

² The CSA identifies Davy ICAV as the seller and Pemberton, a wholly-owned direct subsidiary of Standard Life IEPGF, as the guarantor. EPGF Elm is a wholly-owned direct subsidiary of Pemberton.



sector, focussing on long term savings and investments, in the UK and over 40 countries in Europe, North America, Asia and Australia.

5. Standard Life plc, through its various subsidiaries, operates the following three main businesses:
 - a) Asset management - which manages investments across multiple asset classes (e.g., equities, bonds, real estate, private equity, multi-asset solutions, fund-of-funds and absolute return strategies) for global institutional investors.
 - b) UK and Europe Pensions and Savings - which offers pensions, savings products and benefits to (i) employees through workplace schemes and (ii) retail clients and/or financial advisers.
 - c) India and China - where its associate and joint venture businesses supply insurance and savings products.³
6. Standard Life Investments Limited (“Standard Life Investments”), a wholly-owned indirect subsidiary of Standard Life plc⁴, is the main company within the Standard Life group of companies which is involved in the asset management sector.
7. Within the State, and of greatest relevance to the proposed transaction, Standard Life Investments is involved in supplying asset management services. (Standard Life plc is also involved within the State in the provision of life insurance and pensions through other subsidiary companies.)
8. Within the State, Standard Life Investments generates turnover from the following five properties in the State:⁵
 - a) [...].
 - b) [...].⁶
 - c) [...].⁷
 - d) [...].
 - e) [...].
9. Standard Life IEPGF is a fund managed by entities within Standard Life Investments.⁸ Its wholly-owned indirect subsidiary EPGF Elm is a special purpose vehicle incorporated for the purposes of the proposed transaction.

³ For more information about Standard Life plc see <<http://www.standardlife.com>>.

⁴ Standard Life Investments is a wholly-owned direct subsidiary of Standard Life Investments (Holdings) Ltd, which in turn is a direct wholly-owned subsidiary of Standard Life plc.

⁵ The properties listed in paragraph 8 (a) to (c) are owned by Standard Life Assurance Limited and managed by Standard Life Investments for and on behalf of Standard Life Assurance Limited. The properties listed at paragraph 8 (d) and (e) are owned by Standard Life Investments Global Real Estate Fund.

⁶ Standard Life IEPGF states, in correspondence to the Commission dated 15 June 2016, that [...].

⁷ Standard Life IEPGF states, in correspondence to the Commission dated 15 June 2016, that [...].

⁸ [...].



10. For the financial year ending 31 December 2015, Standard Life plc's worldwide turnover was approximately €59 billion,⁹ of which €[...] was generated within the State.¹⁰

The Target –Elm Park B

11. Elm Park B comprises a single commercial office building located at Elm Park, Merrion Road, Dublin 4. Elm Park B generates rental income from [...].
12. For the financial year ending 31 December 2014 Elm Park B's worldwide turnover was approximately €[...] million, all of which was generated within the State.

Rationale for the Proposed Transaction

13. The notification states that:

“The Fund proposes to acquire the Target as an investment consistent with its investment objectives and strategy.”¹¹

Third Party Submissions

14. No submission was received.

Competitive Analysis

Market Definition

15. 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 product markets. The Commission's conclusion concerning the competitive effects of the proposed transaction would be unaffected whether the relevant product market is defined broadly in the present case to include all rentable commercial property or narrowly, e.g., to distinguish between rentable commercial office premises and rentable retail premises.
16. Similarly, it is also not necessary in this instance to precisely 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.
17. However, for the purposes of its review of the proposed transaction the Commission has focused its analysis on the effects of the proposed transaction on the narrowest possible relevant product market, namely the market for the supply of rentable commercial office property. The Commission has also examined the competitive impact of the proposed transaction by reference to the narrowest possible relevant geographic market, namely Dublin City and surrounding areas.

⁹ Calculated using the ECB annual average exchange rate for 2015 of €1= £0.72584.

¹⁰ Standard Life plc's turnover in the State includes approximately €[...] generated by Standard Life Investments in commercial office property in the State. Notification page 17.

¹¹ Notification page 10.



Competitive Effects

18. The parties estimate that Standard Life plc, through funds managed by Standard Life Investments, supplies approximately [0-5%] of the total floor space for rentable commercial office premises in Dublin City and surrounding areas.¹² The parties estimate that Elm Park B comprises approximately [0-5%] of the total floor space for rentable commercial office premises in Dublin City and surrounding areas. Consequently, the market share of Standard Life plc for the supply of rentable commercial office premises in Dublin City and surrounding areas subsequent to the completion of the proposed transaction would be less than [0-5%].
19. The market shares listed above do not indicate that the proposed transaction would lead to a substantial lessening of competition in a market for the supply of rentable commercial office premises in Dublin City and surrounding areas.
20. 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 property (including office and retail premises) in Dublin City and surrounding areas which act as a competitive constraint on Standard Life plc and would continue to do so post-transaction. Competitors include, for example, Green REIT, Hibernian REIT, IPUT, Irish Life and Starwood.
21. There is no vertical overlap in the activities of the parties and the proposed transaction does not give rise to vertical competition concerns.

Conclusion

22. 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

23. No ancillary restraints were notified.

¹² Standard Life IEPGF states, in correspondence to the Commission dated 5 July 2016, that these estimates are based on a total commercial office market in Dublin of [...], according to estimates by an independent research company, Property Market Analysis.



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 transaction whereby Standard Life Investments European Property Growth Fund L.P., through its wholly-owned subsidiary EPGF Elm Park S.a.r.l., would acquire sole control of Block HQ2, also known as Block B, Elm Park, Merrion Road, Dublin 4, 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