



DETERMINATION OF MERGER NOTIFICATION M/18/076 - APOLLO/TIFCO

Section 21 of the Competition Act 2002

Proposed acquisition by Trident Bidco Designated Activity Company of Bohrmount Limited, Cherrybeach Limited, Octavale Limited and Rhomway Limited

Dated 04 October 2018

Introduction

1. On 10 September 2018, in accordance with section 18(1)(a) of the Competition Act 2002, as amended (the “Act”), the Competition and Consumer Protection Commission (the “Commission”) received a notification of a proposed acquisition whereby Trident Bidco Designated Activity Company (“Trident Bidco”), an Irish-incorporated company indirectly controlled by investment funds managed by affiliates of Apollo Capital Management L.P., would acquire sole control of Bohrmount Limited, Cherrybeach Limited, Octavale Limited and Rhomway Limited (collectively, the “Target Companies”) (the “Proposed Transaction”).

The Proposed Transaction

2. The Proposed Transaction is to be implemented pursuant to a share purchase agreement dated 6 September 2018 between the Target Companies’ existing shareholders and Trident Bidco. Trident Bidco will acquire the entire issued share capital of each of the Target Companies, such that, following completion of the Proposed Transaction, Apollo Capital Management L.P. will have indirect sole control, via Trident Bidco, of the Target Companies.

The Undertakings Involved

The Acquirer – Apollo

3. Apollo Global Management, LLC is a global alternative investment manager with offices located in North America, Europe and Asia. Apollo Capital Management, L.P. (“Apollo”), a Delaware Limited Partnership established under the laws of the United States, is a subsidiary of Apollo Global Management, LLC. Trident Bidco is incorporated in Ireland and is ultimately owned and controlled by investment funds managed by affiliates of Apollo.



- a. Tifco Operated Hotels: The Target Companies own and operate eleven hotels (either on a freehold or long-leasehold basis) and operate a further four hotels on the basis of short-term leases in the State. These hotels are operated under the *Crowne Plaza*, *Travelodge*, *Hilton* and *Holiday Inn Express* brands. Table 1 below sets out an overview of the hotels that are owned/leased by the Target Companies in the State.

Table 1: Tifco Operated Hotels in the State

Hotel	Freehold (inc. long lease) or short lease	Number of rooms	Star rating
Crowne Plaza Dublin Airport	Freehold	209	Four
Crowne Plaza Blanchardstown, Dublin	Freehold	188	Four
Crowne Plaza Dundalk, Co. Louth	Freehold	129	Four
Hilton Kilmainham, Dublin	Freehold	120	Four
Holiday Inn Express Dublin Airport	Freehold	114	Three
Travelodge Dublin Airport	Freehold	130	Three
Travelodge Ennis Road, Limerick	Freehold	72	Three
Travelodge Phoenix Park, Dublin	Freehold	100	Three
Travelodge Galway City	Freehold	76	Three
Travelodge Waterford City	Freehold	56	Three
Travelodge Rathmines, Dublin	Freehold	54	Three-star standard
Travelodge Dublin Airport South, Ballymun, Dublin	Short lease	125	Three



Travelodge Castletroy, Limerick	Short lease	70	Three
Travelodge Cork Airport, Co. Cork	Short lease	60	Three
Travelodge St Stephen's Green, Dublin	Short lease	41	Three

Source: Information provided by the Target Companies to the Commission.

- b. Tifco Managed Hotels: The Target Companies are also involved in the management of hotels in the State. This involves the day-to-day management of the relevant hotel, e.g., management of staff and suppliers, marketing and promotional activities, the setting of prices and room rates, maintenance and improvement of hotel assets, and accounting and finance. Tifco does not own these hotels. Table 2 provides an overview of the four hotels in the State which the Target Companies currently manage pursuant to hotel management contracts.

Table 2: Tifco Managed Hotels in the State

Hotel	Owner	Number of rooms	Star rating
The Hendrick ² Smithfield, Dublin	[...]	175	TBC
Clontarf Castle Clontarf, Co. Dublin	[...]	111	Four
Innisfallen Hotel Killarney, Co. Kerry	[...]	73	Four
Hotel Killarney Killarney, Co. Kerry	[...]	190	Three

Source: Information provided by the Target Companies to the Commission.

- c. Tifco Serviced Hotels: The Target Companies are also active in the provision of services to hotels in the State. These services do not include day-to-day management, but include activities such as, financial reporting and procurement services. The Target Companies currently provide such services – pursuant to a service agreement – to one three-star hotel and two four-star hotels, all located in County Cork. Table 3 provides an overview of these hotels.

Table 3: Tifco Serviced Hotels in the State

² The parties informed the Commission that “The Hendrick is currently being developed and is due to be completed by [...]”.



Hotel	Owner	Number of rooms	Star rating
Cork International Hotel Cork Airport, Co. Cork	[...]	145	Four
Cork Airport Hotel Cork Airport, Co. Cork	[...]	80	Four
The Metropole Hotel Cork City	[...]	108	Three

Source: Information provided by the Target Companies to the Commission.

- d. Hotel Developments: The Target Companies are also involved in hotel development in the Dublin area. The Target Companies are currently involved in the development of two hotel developments, i.e., the Hard Rock Hotel, a 120-room four-star hotel which is due to be completed in quarter 1 of 2020, and [...].
8. For the financial year ending 31 December 2017, the Target Companies' estimated³ worldwide turnover was approximately €[...], of which approximately €[...] was generated in the State.

Rationale for the Proposed Transaction

9. The parties state the following in the notification:

"The Proposed Transaction is consistent with Apollo's investment strategy and represents an attractive opportunity to invest in the hotel sector in Ireland, a category in which it does not have any interest at present, and which has strong growth potential. From the perspective of the Target Companies' current shareholders, the Proposed Transaction represents an opportunity to sell the business to an experienced and well-resourced professional investor."

Third Party Submissions

10. No submissions were received from third parties.

Competitive Analysis

³ Following an informal information request from the Commission, the Target Companies noted the following, "... the Target Companies are holding companies and do not trade or generate turnover. The aggregate turnover which is referred to was generated by the trading subsidiaries of the Target Companies in the financial year ended 31 December 2017, prior to the incorporation of the Target Companies. The aggregate turnover figures in the notification are consolidated group figures."



Horizontal Overlap

11. There is no horizontal overlap between the business activities of the parties in the State. None of the [...] portfolio companies currently controlled by investment funds managed by affiliates of Apollo and which generated turnover in the State in 2017 are engaged in the same business activities as the Target Companies, namely the supply of hotel accommodation in the State. In addition, none of the Target Companies are active in the provision of timeshare services in the State.⁴ Therefore, the Proposed Transaction does not raise any horizontal competition concerns in the State.

Vertical Relationship

12. The parties have stated in the notification that there is no vertical relationship between Apollo and the Target Companies in the State. The Commission has not identified any vertical relationship between the parties. On this basis, the Commission considers that the Proposed Transaction does not raise any vertical competition concerns in the State.

Conclusion

13. In light of the above, the Commission considers that the Proposed Transaction will not substantially lessen competition in any market for goods or services in the State.

Ancillary Restraints

14. No ancillary restraints were notified.

⁴ Please see footnote 1, above, for additional information regarding timeshare activities conducted in the State by a portfolio company of Apollo.



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 transaction whereby Trident Bidco Designated Activity Company, an Irish-incorporated company indirectly controlled by investment funds managed by affiliates of Apollo Capital Management L.P., would acquire sole control of Bohrmount Limited, Cherrybeach Limited, Octavale Limited and Rhomway 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

Brian McHugh
Member
Competition and Consumer Protection Commission