

## OFFICE FOR COMPETITION

15 June 2015

### **COMP-MCCAA/9/2015 – Acquisition of Island Hotels Group Holdings plc by International Hotel Investments p.l.c.**

**Decision on acquisition in terms of regulations 6 (1) (ii) and 12(4) of the Control of Concentrations Regulations (LN 294 of 2002 as subsequently amended)**

**The Office for Competition,**

**Having considered the notification dated 20 May 2015 pursuant to regulation 5 of the Control of Concentrations Regulations,**

**Having considered the provisions of the Control of Concentrations Regulations**

#### **Facts**

1. On the 30 April 2015, the Office for Competition received notification of a proposed concentration pursuant to regulation 5 of the Control of Concentrations Regulations (hereinafter referred to as “the Regulations”) whereby International Hotel Investments plc (hereinafter referred to as “Buyer”) will acquire sole control of Island Hotels Group Holdings plc. , (hereinafter referred to as “Seller”).
2. The notification was filed on the 30 April 2015, and accepted on the 20 May 2015 as a complete notification. It was notified to the public through a notice that appeared simultaneously in Government Gazette Number 19,432 and a daily newspaper on the 29 May 2015.

#### **Parties**

3. The Notifying Party with registered office at 22 “Europa Centre”, Floriana , FRN 1400 Malta is a company that carries on the business of an investment company in connection with the ownership, development and operation of hotels, leisure facilities and other activities related to the tourism industry and commercial centres.

4. The Seller is a company registered in Malta, with registered address at Island Hotels Group Holdings p.l.c., Radisson Blu Resort St.Julians, Louis V. Farrugia Street, St.George's Bay, St.Julians STJ 3391. The group's business comprises the ownership and operation of one 5-Star Radisson Blu Hotel in Malta and one 5-Star Radisson Blu Vacation ownership resort in Malta, as well as, the provision of timeshare ownership marketing services. It is a holding company that acts as an investment company, together with its subsidiaries and jointly controlled entities.

#### **Transaction**

5. Pursuant to the Shareholders' Circular dated 20 May 2015, it is proposed that International Hotel Investments plc., shall acquire all of the issued share capital in Island Hotels Group Holdings p.l.c.(C-44855) (the "Transaction"), which Transaction forms the subject of the shareholders' Circular dated 20 May 2015 issued by the Company in accordance with the requirements of Listing Rule 5.163.2. The transaction if approved by the shareholders, duly authorises the Directors to conclude the transaction and to carry out all ancillary actions in order to execute and implement the transaction.

#### **Notifiable Concentration**

6. In terms of regulation 2 of the Control of Concentrations Regulations, a concentration refers to the acquisition by one or more undertakings or by one or more persons already controlling at least one undertaking, whether by purchase of securities or assets, by contract or by any other means, of direct or indirect control of the whole or parts of one or more undertakings.
7. The proposed transaction brings about a permanent change of control over the assets transferred from the Seller to the Notifying Party. The assets to be transferred constitute a business to which a market turnover can be attributed.
8. Therefore the proposed transaction constitutes a concentration within the meaning of regulation 2 of the Regulations.

#### **Threshold for Notification**

9. The aggregate turnover of the undertakings concerned in the preceding financial year exceeds €2,329,373.40 and each of the parties concerned had a turnover in Malta equivalent to at least 10% of the combined aggregate turnover of the undertakings concerned.
10. The notified concentration, therefore, meets the notification threshold as set out in regulation 2 of the Regulations.

### **Assessment**

11. Given that a) the relevant market is accommodation in hotels restricted to 5-Star accommodation as defined under regulation 2(1) of the Tourism Accommodation Establishment Regulations; b) This market definition excludes farm houses, guesthouses, 'heritage' buildings, and hostels; c) This market definition excludes all other hotels not being classified as 5-Star; d) The classification criteria followed to define a 5-star hotel are those listed under Regulation 7(2) (a), 7(3)(g) of the said Tourism Accommodation Establishment Regulations. It is to be noted that as per the latter mentioned regulations, a hotel will be classified as 5-star if, and only if, a minimum of 570 points are reached in accordance with criteria established therein; and, finally, e) Hotels must abide by the conditions listed under 7(4)(a), that are incorporated in the First, Second and Third Schedule; the market shares of the parties to the Concentration do not raise concerns.
12. Given that the market share affected in the event-catering sector is less than 15%, the concentration does not raise concerns.

### **Conclusion**

For the above mentioned reasons and in terms of regulations 6 (1) (ii) and 12(4) of the Regulations, it is decided:

- (1) that the Concentration falls within the scope of the Regulations on Control of Concentrations;
- (2) that the Concentration does not raise serious doubts as to its lawfulness;
- (3) not to oppose the notified Concentration and to declare it a lawful Concentration.



**Godwin Mangion**

Acting Director General