



DETERMINATION OF MERGER NOTIFICATION M/17/027 - DALATA/CLARION LIFFEY VALLEY/CLAYTON CARDIFF LANE

Section 21 of the Competition Act 2002

Proposed acquisition by Dalata Hotel Group p.l.c. of the business and certain parts of the Clarion Hotel, Liffey Valley and certain parts of the Clayton Hotel, Cardiff Lane

Dated 29 August 2017

Introduction

1. On 17 May 2017, 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 transaction whereby Dalata Hotel Group p.l.c. (“Dalata”) would acquire the business and certain parts of the Clarion Hotel, Liffey Valley, Dublin 22 (the “Clarion Business and Assets”) and certain parts of the Clayton Hotel, Cardiff Lane, Dublin 2 (the “Clayton Assets”).

The Proposed Transaction

The Clarion Business and Assets

2. Pursuant to a business sale and purchase agreement dated 17 May 2017 between Kingsoak Taverns Limited (“Kingsoak”), Kieran Wallace, and DHG Eden Limited (“DHG Eden”), Dalata, through its wholly-owned subsidiary DHG Eden, proposes to purchase from Kingsoak, acting through Kieran Wallace of KPMG (who has been appointed as receiver over the Clarion Business and Assets and the Clayton Assets), the business of the operation of the Clarion Hotel, Liffey Valley and related assets. In addition, pursuant to a contract for sale dated 17 May 2017, Dalata, through DHGL Limited (“DHGL”) (which is the holding company for Dalata's group operations), proposes to acquire from various vendors, acting through Kieran Wallace of KPMG, certain leasehold interests relating to the Clarion Hotel, Liffey Valley.
3. A subsidiary of Dalata, Merzolt Limited, currently manages the day-to-day operations of the Clarion Hotel, Liffey Valley on behalf of Kingsoak,¹ pursuant to a management agreement.² The Clarion Hotel, Liffey Valley is a 4 star hotel with 353 bedrooms. Dalata

¹ Kingsoak is currently in receivership and is not active in the supply of hotel accommodation in the State.

² In its response to the Commission's Requirement for Further Information that was served on Dalata on 22 June 2017, Dalata informed the Commission that, pursuant to a transaction notified to the Commission on 29 January 2016 (M/16/006 – Dalata/Cavernford/Vizmol), Dalata acquired Merzolt Limited and, by extension, the latter's interest in the management agreement for the Clarion Hotel, Liffey Valley which was originally concluded between Kingsoak and Kasterlee [...] Limited. Dalata commenced its management of the Clarion Hotel, Liffey Valley on 11 March 2016. Dalata expressed the view to the Commission that, while Dalata manages the day-to-day running of the Clarion Hotel, Liffey Valley, it currently does not control the Clarion



does not currently own any bedrooms in the Clarion Hotel, Liffey Valley. Following completion of the proposed transaction, Dalata will acquire the long-term leasehold interests of the current lessees in 158 bedrooms in the Clarion Hotel, Liffey Valley.³ Dalata has informed the Commission that *“it is currently unclear how many bedrooms Dalata will manage [in the Clarion Hotel, Liffey Valley] on behalf of third parties following completion of the proposed transaction.”*

The Clayton Assets

4. Pursuant to a contract for sale dated 17 May 2017, Dalata, through DHGL, will acquire certain assets associated with the Clayton Hotel, Cardiff Lane from a number of vendors acting through Kieran Wallace of KPMG. Dalata currently leases and operates these assets in the Clayton Hotel, Cardiff Lane, albeit [mainly] under a number of short-term leases.⁴ The proposed transaction involves the acquisition by Dalata of long[er]-term [...] [interests] in these assets. Following the proposed transaction, Dalata will continue to [...] operate these assets in the Clayton Hotel, Cardiff Lane.
5. The Clayton Hotel, Cardiff Lane is a 4 star hotel with 304 bedrooms, all of which are currently leased by Dalata. Dalata has informed the Commission that its current leasehold interests in the Clayton Hotel, Cardiff Lane *“...allow it to control the business activities of those parts of the hotel which it leases within the meaning of [section] 16 of the 2002 Act.”* Dalata further informed the Commission that the proposed acquisition of its [...] interests in the Clayton Hotel, Cardiff Lane:

“[...]”

6. In the notification, Dalata provided the following explanation for the interconditionality of the proposed acquisition by Dalata of the Clarion Business and Assets and the Clayton Assets:

“The interconditionality of the Proposed Transaction is demonstrated by various factors, including that: (i) control is being acquired by the same entity (i.e., Dalata) in respect of both [the Clarion Business and Assets] and [the Clayton Assets]; (ii) commercial negotiations between the parties have been predicated on the understanding that one transaction would not proceed in the absence of the other; and (iii) Clause 2.3 of the Business Sale and Purchase Agreement relating to the Clarion Hotel Liffey Valley expressly deems the acquisition of [the Clarion Business and Assets] and [the Clayton Assets] to be interdependent on each other. Pursuant to Clause 2.3, none of the proposed

Hotel, Liffey Valley within the meaning of section 16 of the Act. The Commission’s merger determination in M/16/006 – Dalata/Cavernford/Vizmol can be accessed at <https://www.cpc.ie/business/wp-content/uploads/sites/3/2017/04/M-16-006-Dalata-Cavernford-Vizmol.pdf>.

³ Dalata will also acquire the current lessors’ interest in the long-term leases in the remaining bedrooms in the Clarion Hotel, Liffey Valley as part of the proposed transaction. Dalata expressed the view to the Commission that *“the lessors’ interest does not, however, grant Dalata the right to economically utilise these...bedrooms.”* Dalata informed the Commission that it is currently in negotiations to acquire the long leasehold interests of the current lessees of the remaining bedrooms in the Clarion Hotel, Liffey Valley. These negotiations are not part of the proposed transaction.

⁴ These short-term leases were originally entered into [...] at various dates during the period [...] [December] 2005 and August 2008.



acquisitions will be deemed to have been completed unless and until all of the others are completed on the same date.”

The Undertakings Involved

Dalata

7. Dalata is an Irish incorporated public limited company which is headquartered in Dublin and listed on the Irish Stock Exchange and the London Stock Exchange. Dalata owns and operates its own hotels and it also manages hotels on behalf of third parties in the State and in the United Kingdom.
8. In the State, Dalata currently has a portfolio of 29 hotels, of which 18 hotels⁵ are owned by Dalata, 8 hotels⁶ are leased by Dalata and 3 hotels⁷ are managed by Dalata on behalf of third parties under management agreements.
9. Dalata also operates 9 hotels in the United Kingdom, of which 7 are owned by Dalata, 1 is leased by Dalata and 1 is managed by Dalata on behalf of a third party⁸ under a management agreement.
10. Dalata owns the *Clayton* and *Maldron* hotel brands and operates most, but not all, of its portfolio of hotels under these two brands.⁹ Dalata has informed the Commission that the *Clayton* brand is targeted at business travellers while the *Maldron* brand is targeted at leisure travellers.
11. Dalata has informed the Commission that it currently holds no shareholdings in any competitor currently active in the supply of hotel accommodation in the State.
12. Dalata, through its wholly-owned subsidiary Dalata Management Services Limited (“DMS”), manages hotels on behalf of third parties. As noted in paragraph 8 above, Dalata currently manages 3 hotels in the State on behalf of third parties, namely:
 - Clarion Hotel, Liffey Valley (4 star) - Dalata currently manages this hotel on behalf of Kingsoak which is currently in receivership and is not active in the supply of hotel accommodation in the State;
 - Belvedere Hotel, Dublin 1 (3 star) - Dalata currently manages this hotel pursuant to a management agreement entered into with Bardolet Limited, which is

⁵ Clayton Hotel, Ballsbridge, Dublin (4 star); Clayton Hotel, Dublin Airport (4 star); Clayton Hotel, Leopardstown, Dublin (4 star); Maldron Hotel, Parnell Square, Dublin (3 star); Maldron Hotel, Pearse Street, Dublin (3 star); Maldron Hotel, Newlands Cross, Dublin (3 star); Tara Towers, Dublin (3 star); Clayton Hotel, Cork (4 star); Clayton Hotel, Silver Springs, Cork (4 star); Maldron Hotel, Cork (3 star); Clayton Hotel, Galway (4 star); Maldron Hotel Sandy Road, Galway (4 star); Clayton Hotel, Limerick (4 star); Maldron Hotel, Limerick (3 star); Clayton Hotel, Sligo (4 star); Clayton Whites Hotel, Wexford (4 star); Maldron Hotel, Wexford (3 star); and Maldron Hotel, Portlaoise (3 star).

⁶ Ballsbridge Hotel, Dublin (4 star); Clayton Hotel, Burlington Road, Dublin (4 star); Clayton Hotel, Cardiff Lane, Dublin (4 star); Maldron Hotel, Smithfield, Dublin (3 star); Maldron Hotel, Tallaght, Dublin (3 star); Maldron Hotel, Dublin Airport (4 star); The Gibson Hotel, Dublin (4 star); and Maldron Hotel, Galway (3 star).

⁷ Clarion Hotel, Liffey Valley, Dublin (4 star); Belvedere Hotel, Dublin (3 star); and Shearwater Hotel, Galway (4 star).

⁸ Dalata manages the Maldron Hotel, Belfast International Airport on behalf of Sanheath Limited, which, to the best of Dalata’s knowledge, does not have a shareholding in any hotel in the State.

⁹ 12 hotels in the State are operated by Dalata under the *Maldron* brand and 11 are operated by Dalata under the *Clayton* brand.



controlled by the Cassidy family. The Cassidy family also own Cassidy's Hotel, Upper O'Connell Street, Dublin 1, which is a 3 star hotel; and

- Shearwater Hotel, Galway (4 star) - Dalata currently manages this hotel on behalf of Myrtlevalle Limited, which is owned by Peter Melville and Patricia Melville. Dalata informed the Commission that, to the best of its knowledge, Myrtlevalle Limited, Peter Melville and Patricia Melville do not own or operate any other hotels in the State.

13. For the financial year ending 31 December 2016, Dalata's worldwide turnover was approximately €291 million, of which approximately €223 million was generated in the State.

The Clarion Business and Assets and the Clayton Assets

14. Pursuant to the proposed transaction, Dalata proposes to acquire the Clarion Business and Assets and the Clayton Assets. The Clarion Hotel, Liffey Valley and the Clayton Hotel, Cardiff Lane are hereafter referred to collectively as the "Target Hotels".
15. The Clarion Hotel, Liffey Valley is a 4 star hotel with 353 bedrooms, located approximately 11km from Dublin city centre. The facilities offered by the hotel include a bar, restaurant, health and fitness centre and a conference and events centre with 12 conference rooms.
16. The Clayton Hotel, Cardiff Lane is a 4 star hotel with 304 bedrooms, and is located approximately 1km from Dublin city centre. The facilities offered by the hotel include a bar, restaurant, leisure centre and 5 meeting rooms.
17. For the financial year ending 31 December 2016, the worldwide turnover generated by the Clarion Business and Assets was approximately €[...], all of which was generated in the State. For the same period, the worldwide turnover generated by the Clayton Assets was approximately €[...], all of which was generated in the State.

Rationale for the Proposed Transaction

18. The parties state the following in the notification:

"It is an integral part of the [Dalata's] strategy to acquire hotel assets and the hotels which form part of the proposed transaction will complement the [Dalata's] existing hotel offerings."

Preliminary Investigation ("Phase 1")

Contacts with the Undertakings Involved

19. On 22 June 2017, the Commission served a Requirement for Further Information ("RFI") on Dalata pursuant to section 20(2) of the Act. This adjusted the deadline within which the Commission had to conclude its assessment of the proposed transaction in Phase 1.



20. Upon receipt of the response to the RFI from Dalata on 14 July 2017, the “appropriate date” (as defined in section 19(6)(b)(i) of the Act) became 14 July 2017.¹⁰
21. During its investigation, the Commission requested and received, on an on-going basis, further information and clarifications from Dalata.

Third Party Submissions

22. No submission was received.

Competitive Analysis

23. There is a horizontal overlap between the business activities of Dalata and the Target Hotels in the State with respect to the supply of 4 star hotel accommodation in County Dublin.

The Supply of 4 Star Hotel Accommodation in County Dublin

24. The Commission defines markets to the extent necessary depending on the particular circumstances of a given case.
25. With respect to the relevant product market, it is not necessary for the Commission to define precise relevant markets in this instance because the product market definition adopted will not materially alter the Commission’s assessment of the competitive impact of the proposed transaction. In previous merger determinations in the hotel sector,¹¹ the Commission has left open the precise product market while recognising the possibility of separate product markets for the supply of 3 star and 4 star hotel accommodation or, alternatively, a combined product market for the supply of 3 star and 4 star hotel accommodation. The Commission considers that there are no reasons to depart from that view in this instance. For the purposes of reviewing the competitive impact of the proposed transaction, the Commission assessed its impact by reference to the potential market for the supply of 4 star hotel accommodation, given that the Target Hotels are both 4 star hotels.
26. With respect to the geographic scope of the relevant product market, the European Commission has, in previous decisions, noted that the relevant geographic market for the supply of hotel accommodation may be both national and local.¹² In a previous merger determination in the hotel sector, the Commission stated:

“...the appropriate geographic region in which to assess the competitive impact of the proposed transaction is County Dublin.”¹³

¹⁰ The “appropriate date” is the date from which the time limits for making both Phase 1 and Phase 2 determinations begin to run.

¹¹ See, for example, the Commission’s merger determination in M/16/047 – Dalata/Double Tree by Hilton Hotel Dublin Business which can be accessed at

<https://www.cpc.ie/business/mergers-acquisitions/merger-notifications/m16047-dalata-hotel-groupdouble-tree-hilton-hotel-dublin-business/>

¹² See, for example, the European Commission’s decision in Case No COMP/M.4624 – EQT/Scandic which can be accessed at http://ec.europa.eu/competition/mergers/cases/decisions/m4624_20070425_20310_en.pdf

¹³ See paragraph 22 of the Commission’s merger determination in M/13/011 – OIF/Mount Kellett/UBIL/Jurys Inn which can be accessed at



27. In order to determine whether the proposed transaction might result in a substantial lessening of competition, the Commission has analysed its competitive impact by reference to a potential geographic market comprising County Dublin since this is where both of the Target Hotels are located. However, the Commission does not need to come to a definitive view on the precise relevant geographic market in this instance since its conclusion on the competitive impact of the proposed transaction will be unaffected by whether the precise relevant geographic market is defined on a local, regional or national basis.
28. For the reasons set out below, the Commission considers that the proposed transaction raises no horizontal competition concerns in the potential market for the supply of 4 star hotel accommodation in County Dublin.
29. According to the Fáilte Ireland Hotel Register for 2017, there are 10,706 4 star hotel bedrooms in fifty-five 4 star hotels in County Dublin.¹⁴ As set out in Table 1 below, 3,189 (29.8%) of these 4 star hotel bedrooms in County Dublin are in nine 4 star hotels which are currently either owned, leased or managed by Dalata.

Table 1: 4 Star Hotels Owned, Managed or Leased by Dalata in County Dublin

Hotel	Owned, Managed or Leased by Dalata at the time of notification to the Commission	Number of Bedrooms: Pre-Proposed Transaction	Number of Bedrooms: Post-Transaction
Clayton Hotel, Ballsbridge	Owned	304	304
Clayton Hotel, Dublin Airport	Owned	469	469
Clayton Hotel, Leopardstown	Owned	354	354
Ballsbridge Hotel	Leased	400	400

<https://www.cpc.ie/business/mergers-acquisitions/merger-notifications/m13011-oif-mount-kellett-ulster-bank-jurys-inn/>

¹⁴ The Fáilte Ireland Hotel Register for 2017 can be accessed at

http://www.failteireland.ie/FailteIreland/media/WebsiteStructure/Documents/2_Develop_Your_Business/4_Quality_Assurance/2_017-Hotel-Register.pdf



Clayton Hotel, Burlington Road	Leased	502	502
Maldron Hotel, Dublin Airport	Leased	251	251
The Gibson Hotel	Leased	252	252
Clayton Hotel, Cardiff Lane	Leased	304	304
Clarion Hotel, Liffey Valley	Managed	353	158 ¹⁵

Source: Dalata

30. Following completion of the proposed transaction, 2,994 4 star hotel bedrooms will be either owned, leased or managed by Dalata in County Dublin. Dalata will have a 28% share of the potential market for the supply of 4 star hotel accommodation in County Dublin.¹⁶ Dalata will continue to face a competitive constraint post-transaction from a number of competing providers of 4 star hotel accommodation in County Dublin, including Tifco Hotel Group, Rezidor Hotel Group, Tetrarch Capital Limited and Irish Holdings II LLC. Post-transaction, there will be approximately 7,500 bedrooms (representing 70% of all 4 star hotel bedrooms in County Dublin) available in forty-six 4 star hotels in County Dublin that will be independent of Dalata. On this basis, the Commission considers that the proposed transaction does not raise any horizontal competition concerns in the potential market for the supply of 4 star hotel accommodation in County Dublin.
31. The Commission considers that the proposed transaction does not raise any vertical competition concerns.

The Potential for the Exchange of Competitively Sensitive Information

32. As described in paragraph 12 above, Dalata, through its wholly-owned subsidiary DMS, currently manages 3 hotels in the State on behalf of third parties, namely: Clarion Hotel, Liffey Valley (4 star); Belvedere Hotel, Dublin 1 (3 star) and Shearwater Hotel, Galway (4 star). Dalata has informed the Commission that it has significantly reduced its hotel

¹⁵ As noted in paragraph 3 above, following completion of the proposed transaction, Dalata will acquire the long-term leasehold interests of the current lessees in 158 bedrooms in the Clarion Hotel, Liffey Valley. Dalata informed the Commission that it is unclear what will happen in respect of the remaining bedrooms in the Clarion Hotel, Liffey Valley post-transaction.

¹⁶ Dalata's share of the potential market for the supply of 4 star hotel accommodation in County Dublin will decline from 29.8% to 28% post-transaction because, as noted in footnote 15 above, following completion of the proposed transaction, Dalata will acquire the long-term leasehold interests of the current lessees in 158 bedrooms (out of a total of 353 bedrooms) in the Clarion Hotel, Liffey Valley. Dalata informed the Commission that it is unclear what will happen in respect of the remaining 195 bedrooms in the Clarion Hotel, Liffey Valley post-transaction.



management activities in the State in recent years. For example, at the date of Dalata's initial public offering in March 2014, Dalata managed 26 hotels in the State.¹⁷ Some of these managed hotels have subsequently been acquired by Dalata through transactions that have been notified to and approved by the Commission.¹⁸

33. Dalata, through DMS, provides a full range of hotel management services, including financial management, operations, marketing and sales, revenue management, purchasing, property development and project management, and human resources.¹⁹
34. One of the hotel management services provided by DMS is "Revenue Management", which is described as follows on Dalata's website: *"The central revenue management team monitors room bookings on a daily and weekly basis and supports the local hotel revenue manager in making decisions on pricing and room allocations across the various market segments. Responsibility for the pricing decision rests with local hotel management but the central revenue management team provides support through analysis, critique and benchmarking of outcomes and strategies."*
35. The Commission has identified two competition concerns arising from Dalata's management of hotels on behalf of third parties in the State:
 - The potential that hotel management agreements between Dalata and third parties may provide Dalata (or any employee, representative or agent of Dalata) with access to competitively sensitive information (e.g., information relating to the current and future strategic intentions of the third party hotel owner in relation to the room rates) concerning the hotels that Dalata manages. Similarly, the potential that such hotel management agreements may provide the owners, employees, representatives or agents of the hotels that Dalata manages with access to competitively sensitive information (e.g., information relating to the current and future strategic intentions of Dalata in relation to the room rates) concerning the hotels owned, controlled, leased or operated by Dalata; and
 - The potential that such management agreements enable Dalata to exercise control, within the meaning of section 16 of the Act, over the hotels that it manages in the State.
36. For these reasons, the Commission had concerns that the hotel management agreements between Dalata and third parties have the potential to restrict and/or distort competition in the potential market for the supply of hotel accommodation in the State.²⁰

¹⁷ Dalata did not own any hotels in the State in March 2014.

¹⁸ [...]

¹⁹ A detailed description of DMS's management services can be accessed at <http://dalatahotelgroup.com/our-business/management-services/>

²⁰ While Dalata currently only manages 3 hotels in the State on behalf of third parties (2 hotels (3 star and 4 star, respectively) in County Dublin and 1 4 star hotel in County Galway), the Commission had concerns that Dalata could enter into additional management arrangements in future, thereby increasing the potential for Dalata to gain access to competitively sensitive information of a third party hotel owner and vice versa and/or to exercise control, within the meaning of section 16 of the Act, over a hotel that Dalata is appointed to manage. As a result, the Commission's competition concerns apply to a broad potential market for the supply of hotel accommodation in the State.



Proposals Submitted by Dalata

37. On 21 August 2017, Dalata submitted proposals (the “Proposals”) to the Commission in accordance with section 20(3) of the Act to address and resolve in a satisfactory manner the Commission’s competition concerns arising from the proposed transaction.
38. The Proposals submitted by Dalata are intended to:
 - prevent the exchange of competitively sensitive information, which would constitute a breach of section 4(1) of the Act, between a hotel which Dalata is to be appointed to manage and any hotel owned, controlled, leased or operated by Dalata which competes with such Dalata-managed hotel in the State; and
 - require Dalata to inform the Commission of any proposal by Dalata to begin operating a hotel in the State on behalf of a third party where this would not otherwise be notifiable compulsorily to the Commission, and if required to do so by the Commission, to notify voluntarily any such proposal (constituting a merger or acquisition under Part 3 of the Act) to the Commission if such proposal would not otherwise be notifiable compulsorily to the Commission or to the European Commission.
39. The Commission is of the view that the Proposals are appropriate and effective to address the competition concerns identified by the Commission in the potential market for the supply of hotel accommodation in the State. The Commission is of the view that the Proposals will ensure that the hotels which Dalata is to be appointed to manage in the State will be able to compete effectively with the hotels owned, controlled, leased and operated by Dalata in the supply of hotel accommodation in the State.
40. The Commission has taken the Proposals into account and in light of the said Proposals (which form part of the basis of its determination) has determined, in accordance with section 21(2)(a) of the Act, that the result of the proposed acquisition whereby Dalata would acquire the business and certain parts of the Clarion Hotel, Liffey Valley, Dublin 22 and certain parts of the Clayton Hotel, Cardiff Lane, Dublin 2 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.

Ancillary Restraints

41. No ancillary restraints were notified.



Determination

Pursuant to section 20(3) of the Competition Act 2002, as amended (“the Act”), Dalata Hotel Group p.l.c. (“Dalata”) has submitted to the Competition and Consumer Protection Commission (“the Commission”) the proposals set out below relating to the proposed acquisition by Dalata of the business and certain parts of the Clarion Hotel, Liffey Valley, Dublin 22 and certain parts of the Clayton Hotel, Cardiff Lane, Dublin 2, for the purpose of ameliorating any effects on competition in markets for goods or services, with a view to the proposals becoming binding on Dalata.

The Commission has taken the proposals into account and in light of the said proposals (which form part of the basis of its determination) has determined, in accordance with section 21(2)(a) of the Act, that the result of the proposed acquisition whereby Dalata would acquire the business and certain parts of the Clarion Hotel, Liffey Valley, Dublin 22 and certain parts of the Clayton Hotel, Cardiff Lane, Dublin 2 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

Patrick Kenny
Member
Competition and Consumer Protection Commission



PROPOSALS BY DALATA HOTEL GROUP P.L.C. TO THE COMPETITION AND CONSUMER PROTECTION COMMISSION RELATING TO THE PROPOSED ACQUISITION OF THE BUSINESS AND CERTAIN PARTS OF THE CLARION HOTEL LIFFEY VALLEY AND CERTAIN PARTS OF THE CLAYTON HOTEL CARDIFF LANE (“Proposals”)

RECITALS

- a) On 17 May 2017, the proposed acquisition by Dalata of the business and certain parts of the Clarion Hotel, Liffey Valley, Dublin 22 and certain parts of the Clayton Hotel, Cardiff Lane, Dublin 2 was notified to the Commission under Part 3 of the Act.
- b) Pursuant to section 20(3) of the Act, Dalata has submitted to the Commission these Proposals relating to the Proposed Transaction for the purpose of ameliorating any possible effect of the Proposed Transaction on competition in markets for goods or services, with a view to the Proposals becoming binding on Dalata.
- c) The Proposals submitted by Dalata are intended to:
 - a) prevent the exchange of competitively sensitive information, which would constitute a breach of section 4(1) of the Act, between a Managed Hotel and any hotel owned, controlled, leased or operated by Dalata which competes with such Managed Hotel in the State; and
 - b) require Dalata to inform the Commission of any proposal by Dalata to begin operating a hotel in the State on behalf of a third party where this would not otherwise be notifiable compulsorily to the Commission, and if required to do so by the Commission, to notify voluntarily any such proposal (constituting a merger or acquisition under Part 3 of the Act) to the Commission if such proposal would not otherwise be notifiable compulsorily to the Commission or to the European Commission.

A. Definitions

1. For the purpose of the Proposals, the following terms shall have the following meaning:

“**Act**” means the Competition Act 2002, as amended;

“**Commencement Date**” means the date of the Commission's Determination;

“**Commission**” means the Competition and Consumer Protection Commission and its successors;

“**Confidentiality Commitment**” means the commitments outlined at paragraphs 2 to 5 of these Proposals;

“**Dalata**” means Dalata Hotel Group p.l.c., a public limited company, incorporated under the laws of Ireland (Registration No. 534888), which has its registered address at 4th floor, Burton Court, Burton Hall Drive, Sandyford Industrial Estate, Dublin 18.



For the avoidance of doubt, this definition of “Dalata” includes all its subsidiaries, including without limitation Dalata Management Services Limited;

"Dalata Competitively Sensitive Information" means any specific disaggregated information concerning a hotel owned, controlled, leased or operated by Dalata in the State which competes with the Managed Hotel where the disclosure of such information (in particular information relating to the current and future strategic intentions in relation to the room rates at such a Dalata hotel) would constitute a breach of section 4(1) of the Act. For the avoidance of doubt, information that is available in any form to the public by lawful means, other than as a result of a breach of the Proposals, shall not be considered to constitute "Dalata Competitively Sensitive Information";

"Determination" means the Determination of the Commission pursuant to section 21(2)(a) of the Act that the Proposed Transaction may be put into effect;

"Managed Hotel" means a hotel in the State, and in particular in Cork City, Dublin City, Dun Laoghaire-Rathdown, Fingal, Galway City, Limerick City or South County Dublin, which Dalata would be appointed to manage for the first time, under a management contract, by a party who is independent of Dalata (i.e., a third party) during the Term;

"Managed Hotel Competitively Sensitive Information" means any specific disaggregated information concerning the Managed Hotel where the disclosure of such information would constitute a breach of section 4(1) of the Act, in particular information relating to the current and future strategic intentions of the owner of the Managed Hotel in relation to the room rates at such Managed Hotel. For the avoidance of doubt, information that is available in any form to the public by lawful means, other than as a result of a breach of the Proposals, shall not be considered to constitute "Managed Hotel Competitively Sensitive Information";

"Merger Notification Commitment" means the commitment outlined at paragraph 6 of these Proposals;

"Proposed Transaction" means the proposed acquisition by which Dalata will acquire the business and certain parts of the Clarion Hotel, Liffey Valley, Dublin 22 and certain parts of the Clayton Hotel, Cardiff Lane, Dublin 2 and which was notified to the Commission pursuant to Part 3 of the Act on 17 May 2017;

"Term" means the period beginning on the Commencement Date and ending five years after the Commencement Date.

B. Undertakings by Dalata

Confidentiality Commitment

2. In respect of a Managed Hotel, Dalata shall take all reasonable steps to ensure that the general manager and the revenue manager of such Managed Hotel (or persons holding



equivalent functions) (and all persons of whatever title and role acting on their behalf) shall not provide Managed Hotel Competitively Sensitive Information to Dalata or to any employee, representative or agent of Dalata. Dalata undertakes to inform the general manager and the revenue manager of each Managed Hotel of their responsibilities pursuant to this paragraph 2 of the Proposals and shall provide training to them in that regard. Dalata shall not request (and shall not permit its employees, agents or representatives to request) from the Managed Hotel's general manager or revenue manager (or any other employee, representative or agent of such Managed Hotel) any Managed Hotel Competitively Sensitive Information.

3. These Proposals shall not prevent any disclosure of Managed Hotel Competitively Sensitive Information to Dalata (or to any employee, representative or agent of Dalata) which is required in order for Dalata to comply lawfully with its duties or good commercial practices bearing in mind in particular, but without limitation, that the shares of Dalata are quoted publicly and Dalata is subject to various stock exchange and securities obligations. These Proposals are without prejudice to any disclosure required by applicable law or regulation, judicial or arbitral process of competent jurisdiction, or by a competent authority.
4. Notwithstanding the provisions of paragraph 2 of these Proposals, Dalata shall not disclose (and Dalata undertakes that it shall not permit any of its employees, representatives or agents to disclose) to any hotel business owned, controlled, leased or operated by Dalata in the State which competes with a Managed Hotel any Managed Hotel Competitively Sensitive Information that is provided to Dalata or to any employee, representative or agent of Dalata by any employee, representative or agent of a Managed Hotel.
5. Dalata hereby undertakes that it shall not discuss with the owner of or with any employee, representative or agent of the Managed Hotel any Dalata Competitively Sensitive Information. Dalata also hereby undertakes that it shall prohibit any of its employees, representatives or agents from discussing any Dalata Competitively Sensitive Information with the owner of or with any employee, representative or agent of the Managed Hotel.

Merger Notification Commitment

6. During the Term, Dalata undertakes to:
 - (a) inform the Commission in advance of any proposal by Dalata to begin operating on behalf of a third party, pursuant to a management agreement with such third party, a hotel in the State, and in particular in Cork City, Dublin City, Dun Laoghaire-Rathdown, Fingal, Galway City, Limerick City or South County Dublin, (such hotel would thereby become a Managed Hotel) (such arrangement is referred to hereafter as the "Proposed Management Arrangement") where the Proposed Management Arrangement would not otherwise be notifiable compulsorily to the Commission under Part 3 of the Act; and
 - (b) if required in writing to do so by the Commission, notify any such Proposed Management Arrangement to the Commission in accordance with section 18(3) of the Act (or its successor provision, if applicable) if such Proposed Management



Arrangement (constituting a merger or acquisition under Part 3 of the Act) is not required to be notified to the Commission under section 18(1) of the Act (or its successor provision, if applicable) by virtue of not meeting the turnover thresholds then applicable under the Act or to the European Commission under Council Regulation (EC) No 139/2004 on the Control of Concentrations between Undertakings.

C. Compliance

7. Dalata shall submit to the Commission within twelve (12) months of the Commencement Date, and, at intervals of one year thereafter during the Term, a written certificate in the form set out in the Schedule hereto (a “**Compliance Certificate**”), signed by the CEO of Dalata confirming that Dalata has complied with its obligations set out in these Proposals in the preceding period.
8. The Commission reserves the right to require Dalata to provide to the Commission, at any time and on reasonable notice, such additional information as the Commission requires which is necessary in order for the Commission to verify Dalata's compliance with its obligations set out in these Proposals. Dalata shall promptly provide to the Commission all such information in its possession.
9. The Commission may provide with reasonable notice and on reasonable terms such written directions to Dalata from time to time as needed to require compliance with these Proposals. Dalata shall comply promptly with any written direction issued by the Commission pursuant to these Proposals.
10. Dalata shall nominate an executive who will have responsibility for monitoring compliance by Dalata with these Proposals and for responding to any request for information received from the Commission in connection with these Proposals. Dalata shall provide the name and contact details of such executive to the Commission and shall promptly inform the Commission of any change of executive nominated pursuant to this paragraph 10 of the Proposals and shall promptly provide to the Commission the name and contact details of any executive who is to replace the prior nominated executive.
11. These Proposals will come into effect on the Commencement Date and will remain in force during the Term. For the avoidance of doubt, the Proposals shall have no retrospective effect.
12. In response to a reasoned request from Dalata, the Commission may at its sole discretion waive, modify, or substitute any provision in these Proposals. At any time, subject to providing Dalata 30 days' written notice (unless waived by the Commission at its discretion) and an opportunity for Dalata to provide a written submission to the Commission, the Commission may at its sole discretion waive, modify, or substitute any provision in these Proposals.



Dated __ August 2017

SIGNED for and on behalf of

DALATA HOTEL GROUP P.L.C., by its truly authorised representative

By: _____



SCHEDULE TO THE PROPOSALS

[Dalata Headed Paper]

[date]

Ibrahim Bah
Competition Enforcement and Mergers Division
Competition and Consumer Protection Commission
Bloom House
Railway Street
Dublin 1

Merger Notification M/17/027 Dalata/Clarion Liffey Valley/Clayton Cardiff Lane

Dear Mr. Bah,

I refer to Merger Notification M/17/027 in relation to the proposed acquisition by Dalata Hotel Group p.l.c. ("Dalata") of the business and certain parts of the Clarion Hotel, Liffey Valley, Dublin 22 and the Clayton Hotel, Cardiff Lane, Dublin 2 which was notified to the Competition and Consumer Protection Commission ("Commission") on 17 May 2017 ("the Proposed Transaction").

The Commission issued its Determination approving the Proposed Transaction on [] August 2017.

In accordance with the terms of the proposals given by Dalata to the Commission on [] August 2017 in relation to the Proposed Transaction which, in accordance with section 20(3), section 26(1) and section 26(4) of the Competition Act 2002, as amended, have become commitments binding upon Dalata ("the Commitments"), I hereby confirm Dalata's compliance with the terms of the Commitments during the period commencing on [the date of the Determination] / [date of the previous certificate issued by Dalata] and ending on the date hereof.

Yours faithfully,

[Name]

CEO

Dalata