



Case M995G

Proposed acquisition of St Pierre Park Hotel
by Mr Guy Hands

Decision – Preliminary Review

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*Guernsey Competition and Regulatory Authority
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1. On 13 June 2013, the Guernsey Competition and Regulatory Authority (**GCRA**) received a shortened merger application form (**MAF**) in respect of the proposed acquisition by SPP Holdings Limited, a company controlled by Mr Guy Hands, of the hotel and business known as St Pierre Park Hotel in St Peter Port, Guernsey. The vendor in the transaction is St Pierre Park Limited, a wholly-owned subsidiary of SandpiperCI Limited.
2. Section 13(1) of *The Competition (Guernsey) Ordinance, 2012* provides that certain mergers prescribed by regulations are prohibited except with, and in accordance with the conditions of, approval of the GCRA. Mr Hands applied for preliminary review of the proposed acquisition under section 4 of *The Competition (Prescribed Mergers and Acquisitions) (Guernsey) Regulations, 2012 (PMA Regulations)*.
3. The target business is active in the provision of hotel, restaurant and conference services to business, local and tourist consumers through a 4 star hotel in St Peter Port, Guernsey.
4. For the purposes of *The Competition (Calculation of Turnover) (Guernsey) Regulations, 2012*, the applicable turnover of Mr Hands includes the turnover of the Terra Firma Group, which is active in the provision of investment advisory and management services to pension funds, financial institutions, sovereign wealth funds, endowments, and family offices based in the US, Europe and Asia. These parties invest directly or indirectly through Terra Firma's Guernsey registered and authorised private equity funds. The funds in turn control portfolio companies which are registered in jurisdictions outside Guernsey and undertake the following businesses: the sale and leasing of UK residential properties, the sale and leasing of German residential properties, worldwide aircraft leasing, Australian cattle farming, US wind power, UK care homes, UK renewable energy, European cinema group, Irish national gas distribution and supply, Italian solar energy, German autobahn services and a UK garden centres business.
5. While none of the activities or sales of these portfolio companies occur in Guernsey, entities within the Terra Firma Group are “financial institutions” for the purposes of the PMA Regulations and are registered in Guernsey. Mr Hands therefore has attributable turnover arising in Guernsey under section 1(2)(b) of those regulations.
6. The applicable turnover of Mr Hands also includes the Hand Picked Hotels Group. According to the MAF, the Handpicked Hotels Group is not active in markets in Guernsey.

7. Given that the only turnover of Mr Hands arising in Guernsey stems from the existence of “financial institutions” located in Guernsey, the GCRA has determined that the proposed acquisition satisfies the criteria for preliminary review under section 4(1) of the PMA Regulations.
8. In accordance with the preliminary review process outlined in *CICRA Guideline 6 – Mergers and Acquisitions*, the GCRA noted its receipt of the application for approval of the proposed acquisition on its website, with a deadline for comments of 20 June 2013. No comments were received.
9. The acquirer submits that there are no areas of overlap between its activities and those of the target business, whether horizontally or vertically. The target business will represent the acquirer’s sole interest in the market/s in Guernsey for hotel, restaurant and conference services. The acquirer also contends that the proposed acquisition will enhance the economic development and well-being of the Bailiwick. The management of the hotel by the Hand Picked Hotels Group will give further exposure to Guernsey as a tourist and business destination through the promotion of the Island to the extensive database and marketing distribution at its disposal, thereby increasing visitor numbers to Guernsey. It is also submitted by the acquirer that the presence of Hand Picked Hotels in Guernsey and the cross-marketing opportunities which that presents will also mean that Guernsey residents will be able to benefit from additional travel destinations in the UK at preferential rates in conjunction with its loyalty schemes.
10. Based on the evidence in the MAF – in particular, the absence of any overlap whatsoever between the activities of the acquirer and those of the target business - the GCRA is satisfied that the proposed acquisition will not substantially lessen competition in the markets in Guernsey in which the target business is active, and will not act to the prejudice of consumers (or any class or description thereof), the economic development and well-being of the Bailiwick, or the public interest.
11. The GCRA therefore approves the notified acquisition under section 17(1) of *The Competition (Guernsey) Ordinance, 2012*.

By order of the GCRA Board

28 June 2013