



Case M1108J

Proposed acquisition of Jacksons Motor Group

By Ravenscroft Investments PCC Limited

Decision (Public Version)

Document No: CICRA 14/60

December 2014

Jersey Competition Regulatory Authority

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Summary

1. The Octane Cell of Ravenscroft Investments PCC Limited is proposing to acquire Jacksons Motor Group. This acquisition has been duly notified to the Jersey Competition Regulatory Authority (the **JCRA**) for approval under Articles 20 and 21 of the Competition (Jersey) Law 2005.
2. The JCRA has determined that the proposed acquisition will not lead to a significant lessening of competition in the relevant markets and hereby approves this acquisition.

The Notified Transaction

3. On 13 November 2014, the JCRA received an application (the **Application**) for approval under Articles 20 and 21 of the *Competition (Jersey) Law 2005* (the **Law**) concerning the proposed acquisition by Ravenscroft Investments PCC Limited (**Ravenscroft**) (the **Purchaser**), acting in respect of the Octane Cell, of the Jacksons Motor Group (the **Acquisition**), from Sealyham Investments Limited (**Sealyham**), [REDACTED] (together the **Vendors**).
4. The Acquisition comprises seven limited companies and certain freehold land and property interests in Jersey and Guernsey (together the **Targets**) as follows;
 - a. [REDACTED¹]

¹ In summary, the Acquisition principally involves the sale by Sealyham to the Purchaser of Jacksons (C.I.) Limited, which (directly and through its subsidiaries) operates the Jacksons and Motor Mall businesses in Jersey and Guernsey, the Trinity Tyres business in Jersey and the St Martins Tyres business in Guernsey. The Acquisition also involves the sale by Sealyham and certain of its subsidiaries and connected persons of (a) certain freehold properties which are used in connection with those businesses, (b) certain property holding companies that hold freehold and leasehold properties used in connection with those businesses and (c) certain companies which provide ancillary services to those business, including back-office services. The overall effect of the Acquisition is to sell the entirety of the Jacksons, Motor Mall, Trinity Tyres and St Martins Tyres businesses, including the properties and assets used in those businesses, to the Purchaser.

5. The JCRA registered a notice of its receipt of the Application on its website on 13 November 2014, inviting comments by 28 November 2014. No submissions were received.

Other Regulatory Notifications

6. In addition to notification to the JCRA, the Application states that the proposed Acquisition has been notified to the Jersey Financial Services Commission (the **JFSC**) and the Jersey Population Office (the **Population Office**) for the reasons set out below.
7. According to the Application confirmation will be required from the JFSC, pursuant to the terms of the consent issued to [REDACTED], by the Jersey Financial Services Commission pursuant to the Control of Borrowings (Jersey) Order 1958, that it has no objection to the change in ownership in the Company.
8. According to the Application confirmation will be required from the States of Jersey Population Office whose consent to the change of ownership of the Targets for the purposes of the Control of Housing and Work (Jersey) Law 2012 is required to ensure that each relevant Target will continue to have an appropriate licence pursuant to that law.
9. The Application states that these consents are expected to be obtained on or before 18 December 2014.

The Parties

Purchaser

10. The Purchaser, Ravenscroft, is a protected cell company incorporated in Guernsey. According to the Application, it was a newly formed investment entity for the purposes of acquiring the Targets.

11. Ravenscroft is owned by a sole corporate shareholder and a number of individual investors.
12. The sole corporate shareholder of the Purchaser is Bailiwick Investments Limited (**Bailiwick**), a Guernsey authorised closed-ended investment company listed on the Channel Islands Securities Exchange. Upon completion of the transaction Bailiwick is expected to hold in the range of a 25%-33% shareholding in the Purchaser. Bailiwick is owned by approximately 200 individual investors, none of which hold more than 10% of Bailiwick. Bailiwick does not have any other interests in the motor trade.
13. According to the Application, on completion the Vendors will take an equity stake (expected to be approximately 10%) in the Purchaser. This equity stake will be held for investment purposes and will not give the vendors control of the Purchaser.
14. The remaining shares in the Purchaser's share capital will be held by individual investors. According to the application no individual will have a controlling interest in the Purchaser however one individual investor is expected to take 40% of the shares.
15. Pre acquisition, the shares in the Octane Cell will be owned by Ravenscroft, however this shareholding relates only to management shares in the core of the Octane Cell. Post acquisition, the shares in Octane Cell will be owned by a predefined group of private investors who have been offered the opportunity to purchase shares by way of a subscription. The votes of the shareholders will ultimately control the Octane Cell.

Seller

16. According to the Application the principal holding company of the Targets is Sealyham, a company incorporated in Jersey. Sealyham is owned by [REDACTED].
17. The ultimate beneficial owners of Sealyham are [REDACTED].

The Requirement for JCRA Approval

18. According to Article 20(1) of the Law, a person must not execute certain mergers or acquisitions except with and in accordance with the approval of the JCRA. According to Article 2(1)(b) of the Law, a merger or acquisition occurs for the purposes of the Law if a person who controls an undertaking acquires direct or indirect control of the whole or part of another undertaking.
19. The parties applied for JCRA approval of the Acquisition on the basis that the Vendors have an existing share of supply of 40% or more of the market for the supply to individuals in Jersey of new cars in the “standard/luxury” class and 40% or more of the market for the supply to commercial and other undertaking of motor vehicle tyres, as a result of which the Acquisition falls within the conditions of Article 4 of the *Competition (Mergers and Acquisitions) (Jersey) Order 2010* (the **Order**).
20. On the basis of these facts, pursuant to the Order and Article 20(1) of the Law, the JCRA’s approval is required before the Acquisition is executed.

Defining the Affected Relevant Market(s)

21. *“A relevant product market comprises all those products and/or services which are regarded as interchangeable or substitutable by the consumer, by reason of*

the products' characteristics, their prices and their intended use."² The relevant geographic market is essentially the area in which competition takes place.

22. The Application details that Vendors are active in Jersey in

- a. *Car dealership*
- b. *Retail automotive fuel sales*
- c. *Vehicle maintenance*
- d. *Tyre sales*
- e. *Investment property holding*

23. According to the Application, the Purchaser is not involved in the motor trade and the JCRA has determined that, for the purposes of this Decision, it is not necessary to define the relevant product and geographic markets as there is no vertical relationship and no horizontal overlap between the activities of the Parties.

24. The JCRA has therefore concluded that the proposed Acquisition does not raise any competition concerns irrespective of the definition of the relevant markets.

Effect on Competition

25. According to the Application, there is no vertical relationship or horizontal overlap between the activities of the Parties in Jersey. The JCRA's investigation has provided no reason to doubt this statement. Nor has the JCRA identified any other potential competition concerns arising from the proposed Acquisition.

26. In the absence of either a horizontal overlap between the activities of the parties or a vertical relationship between the parties in Jersey, the JCRA concludes that

² European Commission Notice on the definition of the relevant product market for the purposes of Community competition law, O.J. C 372 at 2 (9 December 1997).

the proposed Acquisition will not result in a substantial lessening of competition in Jersey or any part of Jersey.

Conclusion

27. Based on the preceding analysis, the JCRA approves the Acquisition under Article 22(1) of the Law.

12 December 2014

By Order of the JCRA Board