



Case M1250J

Proposed acquisition of Liberation Group by
Caledonia TLG Bidco Limited

Decision

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22 August 2016

Jersey Competition Regulatory Authority

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Summary

1. Caledonia TLG Bidco Limited (“Caledonia”), a wholly owned subsidiary of Caledonia Investments Plc, proposes to acquire the entire share capital of Liberation Group Limited (“Liberation”), which has a majority shareholder LGV 6 Private Equity Fund Limited Partnership (“LVG6”) and a number of management shareholders holding minority interests (Graham Turner, Mark Crowther, Declan Hearne, John Kenrick Brooks, Edmund Daubeney, David Robilliard and Timothy Hubert).
2. The transaction has been notified to the Jersey Competition Regulatory Authority (the “JCRA”) for approval pursuant to Article 21 of the Competition (Jersey) Law 2005 (the “Law”).
3. The JCRA has determined that the proposed acquisition will not lead to a substantial lessening of competition in any relevant market in Jersey and therefore approves the acquisition.

The Notified Transaction

4. On 28 July 2016, pursuant to Article 21 of the Law, the JCRA received a joint application from Caledonia and LGV6 for approval of Caledonia’s acquisition of 100% of the shares of Liberation Group Limited.
5. The JCRA registered receipt of the application by posting a notification on its website on 28 July 2016 and invited comments by 15 August 2016. No submissions were received.

The Parties

6. Caledonia in is a special purpose vehicle registered in England and Wales with number 10246125. It is a wholly owned subsidiary of Caledonia Investments Plc, which is incorporated in England and Wales and is listed on the London Stock Exchange. Approximately 45% of the shares in Caledonia are held between The Cayzer Trust Company Limited, Caytrust Finance Company Limited and The Dunchurch Lodge Stud Company – which are, to an extent, related to one another.
7. Caledonia maintains a portfolio of international investments and funds concentrated in the leisure and care home sectors.
8. Liberation is a company incorporated in Jersey with company registration number 100864. Liberation has a majority shareholder, LGV 6 Private Equity Fund Limited Partnership (registered in England and Wales with number LP013231) (LGV6) and a number of minority shareholders. LGV6 is a member of the Legal and General Group with ultimate parent Legal and General PLC which is listed on the London Stock Exchange.

9. Liberation is involved with brewing, pubs, eateries and associated activities.

Requirement for JCRA Approval

10. Under Article 2(1)(b) of the Law, a merger occurs where a person who controls an undertaking acquires direct or indirect control of the whole or part of another undertaking.
11. On completion of the notified transaction Caledonia will acquire 100% of the shares in, and as a result direct control over, Liberation. The transaction therefore constitutes a merger as defined by the Law.
12. Under 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.
13. Article 4 of the Competition (Mergers and Acquisitions) (Jersey) Order 2010 provides that if one or more of the parties to the proposed merger or acquisition has an existing share of 40% or more of the supply or purchase of goods or services of any description supplied to or purchased from persons in Jersey, then that merger or acquisition must be notified to the JCRA under Article 20(1) of the Law.
14. Liberation owns and operates the only brewery in Jersey and thus has a 100% share of supply of locally brewed beer in the island.
15. Therefore in accordance with Article 20(1) of the Law, the approval of the JCRA is required prior to the completion of this transaction.

Market Definition

16. The parties have identified the following relevant markets:

- (a) Brewing in the whole of Jersey
- (b) Wholesaling in the whole of Jersey
- (c) Hospitality in the whole of Jersey
- (d) Accommodation in the whole of Jersey

These are in line with the JCRA's decision M1057J/14 (acquisition of The Old Court House Inn, St Aubin, Jersey by The Liberation Group Limited).

17. For the reasons set out below, it is not necessary to come to a conclusion on the precise definition of the relevant markets, since the transaction does not lead to competition concerns on the basis of any plausible market definition.

Effect on Competition

18. Pursuant to Article 22(4) of the Law, the JCRA must determine if the proposed acquisition would substantially lessen competition in Jersey or any part of it.
19. The parties have provided information that shows that certain of Caledonia's controlled investee companies have business interests in Jersey; these are in the areas of wealth and asset management, UK residential care homes and a UK private members club. They do not overlap with those of Liberation and there is therefore no horizontal overlap in any market in Jersey.
20. The same information confirms that there is no upstream or downstream relationship between the parties and therefore the transaction will not give rise to anti-competitive vertical foreclosure in Jersey.
21. The transaction will not therefore lead to any substantial lessening of competition in Jersey.

Third Party Views

22. No third party concerns were raised in respect of the transaction.

Conclusion

23. Based on the preceding analysis, there is no substantial lessening of competition in the island of Jersey or any part of Jersey, and the JCRA hereby approves the proposed acquisition under Article 22(1) of the Law.

22 August 2016

By order of the JCRA Board