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Department of Finance

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Ms. Blanca Rodriguez Galindo  
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Regional Aid  
European Commission  
Competition DG.

21 December 2009

**Subject: State Aid N 660/2008 – Ireland – LIP – Hotel Capital Allowances in respect of the Ritz Carlton, Powerscourt, Co. Wicklow.**

Dear Ms. Rodriguez Galindo,

I wish to also acknowledge the recent email which I received from Andras Tari in which he submitted a number of additional questions seeking clarification /additional information. I trust that this letter and the Exhibits attached will comprehensively address and serve to bring clarity to the questions in the email.

- (1) I have attached a final copy of the reply to the questions sent on 23 July 2009.  
Appendix A
- (2) The condition at p.4.10 of the Guidelines on national regional aid, that aid for initial investment must be made conditional, through its method of payment or through the conditions associated with its acquisition on the maintenance of the investment in question for a minimum period of five years, is met by virtue of Section 274 Taxes Consolidation Act 1997.  
Under the provisions of this section, the hotel capital allowances granted will be withdrawn by the Irish tax authorities where the property is sold within seven years of the building's first use (i.e. 1 October 2008) and are therefore conditional on the maintenance of the investment for a minimum of 7 years through the conditions associated with the relief, thus meeting the minimum period of five years contained in the condition at p.4.10 referred to above.

(3). The project satisfies the criteria of p.24 (a) and p.24 (b) of the MSF 2002 as it accounts for an additional 200 rooms to the national hotel room stock of 4 and 5 star hotels of 10,739 in 2004 and 24,129 in 2008. The proportion of the additional capacity relative to the relevant market in 2004 is in the order of 1.86% and in 2008 is in the order of 0.83%.

As set out in our response of 19 October 2009, the Treasury Holdings Group is not involved in the operation of the [REDACTED] and the [REDACTED]

As owner of the properties, Treasury Holdings receives a rent from the occupant and is not connected or involved in any way with the hotel operations carried out on the premises. It therefore, is not privy to the commercial information of its tenants, the hotel operators.

[However, even taking account of the [REDACTED] (5 star – [REDACTED] rooms) and the [REDACTED] (4 star – [REDACTED] rooms), the criteria of p. 24 (a) and p. 24 (b) MSF 2002 continue to be satisfied. In this instance the proportion of additional capacity relative to the relevant market in 2004 is 3.67% and in 2008 is 1.63%]. See Appendix B. Data compiled from Bórd Fáilte (Irish Government Tourism Authority).

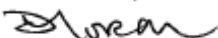
The turnover figures for hotel operations for the Ritz Carlton, Powerscourt, Co. Wicklow for the first 3 months of operation i.e. 1 October 2007 – 31 December 2007 turnover was [REDACTED] and for the 2008 calendar year was [REDACTED] (These figures are commercially sensitive).

## CONCLUSION

The Irish Authorities would welcome the opportunity to clarify any remaining matters in relation to this project before the Commission comes to a decision.

Yours sincerely

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Derek Moran  
Assistant Secretary  
Budget, Taxation and Economic Division.