

Doc 2 Part B

PISEDDU Dino (COMP)

From: on behalf of COMP STATE AID GREFFE
Subject: FW: NN 30/2009 - Hotel capital allowances in respect to Ritz Carlton Powerscourt - additional questions following meeting of 3.9.2009
Attachments: Additional questions_03 Sept 09.doc
Who: 35-qp

D/53731:

From: TARI Andras (COMP)
Sent: Friday, September 04, 2009 10:11 AM
To: COMP STATE AID GREFFE
Subject: FW: NN 30/2009 - Hotel capital allowances in respect to Ritz Carlton Powerscourt - additional questions following meeting of 3.9.2009

For registration under NN 30/2009, please

From: TARI Andras (COMP)
Sent: Friday, September 04, 2009 10:09 AM
To: [REDACTED]
Cc: [REDACTED] RODRIGUEZ GALINDO Blanca (COMP); VAN HEECK Stefan (COMP)
Subject: NN 30/2009 - Hotel capital allowances in respect to Ritz Carlton Powerscourt - additional questions following meeting of 3.9.2009

Dear [REDACTED]

please find herewith our additional questions - sorry for the delay.

Maybe the best would be to answer these questions when you submit your formal reply to our questionnaire sent on 23 July 2009.

Please do not hesitate to contact me or my colleague if you need further information (I will be away from 7 until 21 September).

You will find the email addresses for Blanca and Stefan in the Cc field of this email.

Kind regards,
 András

András TARI
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DISCLAIMER

NN 30/2009 – Ireland – MSF 2002 – Hotel capital allowances in respect of Ritz Carlton
Questions to the Irish authorities following the meeting of 3 September 2009

1. BENEFICIARIES OF THE AID

[REDACTED]

Please clarify the following:

- Please provide a step-by-step description of the project from its inception until the opening of the hotel (i.e. who initiated the project? was it [REDACTED] who started building the hotel and sought to involve third party investors to get the necessary financing or did the investors contract [REDACTED] to build the hotel on their behalf? Did the financial contribution of the investors precede the signing of the investor lease agreements? etc.)
- It appears that some of the beneficiaries were involved from the outset and contributed towards the *construction* of the hotel whereas other investors stepped in at a later stage and acquired *ownership* in the hotel. In this respect, do the eligible costs specified by the Irish authorities refer to the construction costs or the costs of acquiring the ownership (the two are not necessarily the same). Please indicate the figures for construction costs, costs of acquiring ownership and the eligible costs.
- Did the price of acquiring ownership by the Investors potentially take into account the fact that the Investors will be eligible for the capital allowance (i.e. did this price contain a premium through which part of the benefit resulting from the capital allowance was transferred to [REDACTED]) or did it simply cover the construction costs?
- As not all the Investors were present at the time the investment started back in 2005, who covered the remaining part of the construction costs? [REDACTED]?

▪ [REDACTED]

▪ [REDACTED]

▪ [REDACTED]

- [illegible]

- [illegible]

2. AMOUNT AND INTENSITY OF THE AID

- [illegible]

[REDACTED]

- [REDACTED]

Ireland is invited to resubmit the table in p. 1 of the draft reply of 25 August 2009 with a breakdown of expenditure incurred by the three groups of beneficiaries showing separately expenditure made by beneficiaries subject to personal income tax and those subject to corporate income tax in order to calculate the aid element.

3. MARKET ANALYSIS

- In order to substantiate Ireland's position that the relevant geographic market in this case should be the EEA, please explain what the main attraction of the area is, capable of drawing visitors from all over the EEA (in the Atlantica case referred to by Ireland, for instance, there was a theme park)
- Please provide information on the country of origin of the guests since the opening of the hotel in 2007 and their percentage share in the total.

- [REDACTED]
- Regarding the question of the relevant product market, it seems that the data provided by Ireland include all types of accommodation. However, the Commission services consider at this stage that not all hotels in the EEA/Ireland are a real substitute. According to the hotel website, the Ritz-Carlton Powerscourt is a *'luxury hotel showcasing Palladian-style architecture and offering guests a host of amenities. Two championship-calibre golf courses on the grounds, a 30,000-square-foot luxury spa and a Gordon Ramsay signature restaurant are among this Ireland luxury hotel's distinctive attractions.'* Thus Ritz-Carlton Powerscourt is arguably best suited for guests looking for remoteness and proximity to nature and specific amenities rather than city travellers.

In light of this, please provide arguments as to which types of hotel could be considered close substitutes for Ritz-Carlton Powerscourt and submit new data enabling the calculation of market share and capacity increase pursuant to p. 24 (a) and (b) of the Multisectoral Framework 2002 on this possibly narrower market.

¹ P. 29 of the decision in the case N 832/2000 indicates that the aid intensity depends on certain parameters such as the corporate and personal tax rates.