

# Anticipated acquisition by GIC (Realty) Private Limited and Greystar Real Estate Partners, LLC of Student Roost via Roost Bidco Limited

## Decision that undertakings might be accepted

**ME/7005/22**

The CMA's decision under section 73A(2) of the Enterprise Act 2002 that undertakings might be accepted, given on 22 November 2022. Full text of the decision published on 30 November 2022.

Please note that [X] indicates figures or text which have been deleted or replaced in ranges at the request of the parties for reasons of commercial confidentiality.

### Introduction

1. GIC (Realty) Private Limited (**GIC**) and Greystar Real Estate Partners, LLC (**Greystar**) via Roost Bidco Limited (**Roost Bidco**), an indirectly wholly-owned subsidiary of Roost JV LP (**Roost JV**), have agreed to indirectly acquire the entire issued share capital of the legal entities together comprising Student Roost (**Student Roost**) (the **Merger**).<sup>1</sup> Roost JV is an English private fund limited partnership, in which Euro Devon Private Limited (an entity indirectly owned and controlled by GIC) and GS Roost Holdings (UK) I, LLC (a Greystar entity) are limited partners. GIC, Greystar, Roost JV, Roost Bidco, and Student Roost are together referred to as the **Parties**.
2. On 8 November 2022, the Competition and Markets Authority (**CMA**) decided under section 33(1) of the Enterprise Act 2002 (the **Act**) that it is or may be the case that the Merger consists of arrangements that are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation, and that

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<sup>1</sup> These entities (PBSA Portfolio Advisor Limited, BSREP II PBSA Mezz Holdco S.À.R.L., PBSA Group Holdings S.À.R.L., Roost Mezz Holdco S.À.R.L., PBSA Nelson Street S.À.R.L., PBSA Little Patrick Street S.À.R.L., PBSA Calton Road S.À.R.L., PBSA St Davids III S.À.R.L.) together with their respective subsidiaries form Student Roost.

this may be expected to result in a substantial lessening of competition (**SLC**) within a market or markets in the United Kingdom (the **SLC Decision**).

3. On the date of the SLC Decision, the CMA gave notice pursuant to section 34ZA(1)(b) of the Act to the Parties of the SLC Decision. However, the CMA did not refer the Merger for a phase 2 investigation pursuant to section 33(3)(b) on the date of the SLC Decision in order to allow the Parties the opportunity to offer undertakings to the CMA in lieu of such reference for the purposes of section 73(2) of the Act.
4. Pursuant to section 73A(1) of the Act, if a party wishes to offer undertakings for the purposes of section 73(2) of the Act, it must do so within the five working day period specified in section 73A(1)(a) of the Act. Accordingly, on 15 November 2022, the Parties offered undertakings to the CMA for the purposes of section 73(2) of the Act.
5. The CMA now gives notice, pursuant to section 73A(2)(b) of the Act, to the Parties that it considers that there are reasonable grounds for believing that the undertakings offered, or a modified version of them, might be accepted by the CMA under section 73(2) of the Act and that it is considering the offer.

### **The undertakings offered**

6. Under section 73 of the Act, the CMA may, instead of making a reference, and for the purpose of remedying, mitigating or preventing the SLC concerned or any adverse effect which has or may have resulted from it or may be expected to result from it, accept from such of the merger parties concerned as it considers appropriate undertakings to take such action as it considers appropriate.
7. The SLC Decision found that the Merger gives rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the provision of corporate purpose-built student accommodation (**PBSA**) in 15 Higher Education Institution campuses in Birmingham (the **SLC Areas**). Student Roost offers corporate PBSA in Birmingham from two separate sites: The Heights and The Old Fire Station (together, the **Assets**).
8. To address this SLC, the Parties have offered to give undertakings in lieu of a reference (**UILs**) that will result in the divestment of Student Roost's PBSA sites in Birmingham. The Parties have in the first instance offered to divest Student Roost's The Heights site (the **Partial Divestment**); or alternatively to divest both Assets (ie Student Roost's entire PBSA presence in Birmingham, hereafter referred to as the **Complete Divestment**) in the event the CMA considers that the Partial Divestment is not an effective and clear-cut remedy (the **Proposed Undertakings**).
9. Both the Partial Divestment and the Complete Divestment include all core assets, staff, local site management, customers contracts and records for each respective site, as well as a transitional service agreement (**TSA**) to the extent that such

services are required by the divestment purchaser(s), in order to ensure the continuity of the Assets immediately post-divestiture, and for a maximum duration of up to six months or for such time as reasonably required by the CMA.<sup>2</sup>

10. The Parties have proposed that the CMA accept the Proposed Undertakings without an upfront buyer condition, but submitted an alternative version of the Proposed Undertakings that included an upfront buyer condition in the event the CMA considered one necessary.<sup>3</sup>

## The CMA's provisional views

11. When considering whether to accept UILs, the CMA has an obligation under the Act to have regard to the need to achieve as comprehensive a solution as is reasonable and practicable to the SLC and any resulting adverse effects.<sup>4</sup> The CMA considers that UILs are appropriate when they are clear-cut and capable of ready implementation.
12. The CMA's starting point when assessing undertakings is to seek an outcome that restores competition to the level that would have prevailed absent the merger.<sup>5</sup> The Partial Divestment would not restore the pre-merger market structure, as the merged entity would retain the Old Fire Station in addition to the properties in which GIC and Greystar have existing interests. While the Partial Divestment would result in the merged entity passing the CMA's filter rule at the 15 sites in Birmingham at which the CMA identified the SLC, the CMA does not believe that this remedy would clearly and comprehensively remove the SLC that has been identified. In particular, different university student populations occupy different proportions of the accommodation offered by each of the Student Roost properties in Birmingham. The Partial Divestment would not cover all relevant university student populations to the same extent and, based on the evidence available, to the CMA would result in the merged entity retaining control over PBSA properties that are used by a significant portion of students belonging to one university in particular. On this basis, the CMA believes that there are material doubts that the remedy-taker for the Partial Divestment business would be able to compete as effectively within all of the SLC areas. The CMA does not therefore consider the Partial Divestment to constitute a clear-cut and effective resolution of the CMA's competition concerns.
13. By contrast, the CMA believes that the Proposed Undertakings consisting of the Complete Divestment of both Assets, or a modified version of them, might be acceptable as a suitable remedy to the SLC identified by the CMA, given that the Complete Divestment would remove entirely the overlap between the Parties in the

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<sup>2</sup> Remedies Form for Offers of Undertakings in Lieu of Reference submitted on 15 November 2022 (**Remedies Form**), paragraphs 24-27.

<sup>3</sup> [Mergers remedies](#), December 2018 (**CMA87**), footnote 60.

<sup>4</sup> Section 73(3) of the Act and [CMA87](#), December 2018, paragraph 3.30.

<sup>5</sup> [CMA87](#), Chapter 3 (in particular paragraphs 3.27, 3.28 and 3.30).

provision of corporate PBSA in the SLC Areas (and in Birmingham more generally). As such, the Complete Divestment Proposed Undertakings may result in replacing the competitive constraint provided by Student Roost that would otherwise be lost following the Merger.

14. The CMA currently believes that the Proposed Undertakings consisting of the Complete Divestment, may be capable of amounting to a sufficiently clear-cut and effective resolution of the CMA's competition concerns in that they would fully eliminate the increment in Birmingham brought about by the merger. The CMA also believes, at this stage, that the Proposed Undertakings consisting of the Complete Divestment may be capable of ready implementation, particularly in light of the way in which the Assets are held and operated within the Student Roost structure, and in light of the investor demand for corporate PBSA assets sold both on a standalone basis and in multi-asset portfolios which the Parties have evidenced in the market generally, and in terms of current purchaser interest for the Assets.
15. The CMA considers that an upfront buyer is not required in this case. The Parties have provided evidence that there are multiple potential suitable purchasers, that several potential suitable purchasers have already expressed or confirmed their interest, and that multiple potential purchasers have experience acquiring and operating PBSA sites. The CMA understands that the Student Roost Assets are structured in a manner which would facilitate a relatively straightforward sales process and that their current operational and marketing plans are largely already in place. The CMA also notes that financial data provided to the CMA supports the commercial attractiveness of the Student Roost Assets. Finally, as indicated above, the Parties have provided the CMA with evidence that similar acquisitions of individual or small numbers of PBSA sites are a common occurrence in the UK, and that the market is highly liquid.
16. For these reasons, the CMA currently considers that there are reasonable grounds for believing that the Proposed Undertakings, or a modified version of them, might be accepted by the CMA under section 73(2) of the Act.
17. The CMA's decision on whether ultimately to accept the Complete Divestment Proposed Undertakings or refer the Merger for a phase 2 investigation will be informed by, among other things, third party views on whether the Complete Divestment Proposed Undertakings are suitable to address the competition concerns identified by the CMA.

## **Consultation process**

18. Full details of the undertakings offered will be published in due course when the CMA consults on the undertakings offered as required by Schedule 10 of the Act.<sup>6</sup>

## **Decision**

19. The CMA therefore considers that there are reasonable grounds for believing that the Proposed Undertakings based on a Complete Divestment of both Assets offered by the Parties, or a modified version of such undertakings, might be accepted by the CMA under section 73(2) of the Act. The CMA now has until 20 January 2023 pursuant to section 73A(3) of the Act to decide whether to accept the undertakings, with the possibility to extend this timeframe pursuant to section 73A(4) of the Act to 17 March 2023 if it considers that there are special reasons for doing so. If no undertakings are accepted, the CMA will refer the Merger for a phase 2 investigation pursuant to sections 33(1) and 34ZA(2) of the Act.

**Colin Raftery**  
**Senior Director, Mergers**  
**Competition and Markets Authority**  
**22 November 2022**

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<sup>6</sup> [Mergers Guidance on the CMA's jurisdiction and procedure](#) (CMA2revised), January 2021, paragraph 8.29.