

COMPLETED ACQUISITION BY ZPG PLC OF WEBSKY LIMITED

Initial Enforcement Order made by the Competition and Markets Authority pursuant to section 72(2) of the Enterprise Act 2002 (the Act)

Whereas:

- (a) the Competition and Markets Authority (CMA) has reasonable grounds for suspecting that it is or may be the case that Zoopla Limited and Websky Limited (Websky Limited) have ceased to be distinct;
- (b) the CMA is considering, pursuant to section 22 of the Act, whether it is or may be the case that a relevant merger situation has been created and whether the creation of that situation has resulted or may be expected to result in a substantial lessening of competition in any market or markets in the United Kingdom (UK);
- (c) the CMA wishes to ensure that no action is taken pending final determination of any reference under section 22 of the Act which might prejudice that reference or impede the taking of any action by the CMA under Part 3 of the Act which might be justified by the CMA's decisions on the reference; and
- (d) the circumstances set out in section 72(6) of the Act do not apply and the reference has not been finally determined in accordance with section 79(1) of the Act.

Now for the purposes of preventing pre-emptive action in accordance with section 72(2) of the Act the CMA makes the following order addressed to ZPG plc, company registration number 09005884 and registered office The Cooperage, 5 Copper Row, London, England, SE1 2LH (ZPG plc) and Zoopla Limited, company registration number 06074771 and registered office The Cooperage, 5 Copper Row, London, England, SE1 2LH (Zoopla Limited) (Order).

Commencement, application and scope

1. This Order commences on the commencement date: 29 March 2017.
2. This Order applies to ZPG plc and Zoopla Limited.

3. Notwithstanding any other provision of this Order, no act or omission shall constitute a breach of this Order, and nothing in this Order shall oblige ZPG plc or Zoopla Limited to reverse any act or omission, in each case to the extent that it occurred or was completed prior to the commencement date.

Management of the ZPG plc and Websky Limited businesses until determination of proceedings

4. Except with the prior written consent of the CMA, ZPG plc and Zoopla Limited shall not, during the specified period, take any action which might prejudice a reference of the transaction under section 22 of the Act or impede the taking of any action under the Act by the CMA which may be justified by the CMA's decisions on such a reference, including any action which might:
 - (a) lead to the integration of the business with the ZPG plc business;
 - (b) transfer the ownership or control of the ZPG plc business or the Websky Limited business or any of their subsidiaries; or
 - (c) otherwise impair the ability of the Websky Limited business or the ZPG plc business to compete independently in any of the markets affected by the transaction.
5. Further and without prejudice to the generality of paragraph 4 and subject to paragraph 3, ZPG plc and Zoopla Limited shall at all times during the specified period procure that, except with the prior written consent of the CMA:
 - (a) the Websky Limited business is carried on separately from the ZPG plc business and the Websky Limited business's separate sales or brand identity is maintained;
 - (b) the Websky Limited business and the ZPG plc business are maintained as a going concern and sufficient resources are made available for the development of the Websky Limited business and the ZPG plc business, on the basis of their respective pre-merger business plans;
 - (c) except in the ordinary course of business, no substantive changes are made to the organisational structure of, or the management responsibilities within, the Websky Limited business or the ZPG plc business;
 - (d) the nature, description, range and quality of goods and/or services supplied in the UK by each of the two businesses are maintained and preserved;

- (e) except in the ordinary course of business for the separate operation of the two businesses:
 - (i) all of the assets of the Websky Limited business and the ZPG plc business are maintained and preserved, including facilities and goodwill;
 - (ii) none of the assets of the Websky Limited business or the ZPG plc business are disposed of; and
 - (iii) no interest in the assets of the Websky Limited business or the ZPG plc business is created or disposed of;
- (f) there is no integration of the information technology of the Websky Limited or ZPG plc businesses, and the software and hardware platforms of the Websky Limited business shall remain essentially unchanged, except for routine changes and maintenance;
- (g) the customer and supplier lists of the two businesses shall be operated and updated separately and any negotiations with any existing or potential customers and suppliers in relation to the Websky Limited business will be carried out by the Websky Limited business alone and for the avoidance of doubt the ZPG plc business will not negotiate on behalf of the Websky Limited business (and vice versa) or enter into any joint agreements with the Websky Limited business (and vice versa);
- (h) all existing contracts of the Websky Limited business and the ZPG plc business continue to be serviced by the business to which they were awarded;
- (i) no changes are made to key staff of the Websky Limited business or ZPG plc business;
- (j) no key staff are transferred between the Websky Limited business and the ZPG plc business;
- (k) all reasonable steps are taken to encourage all key staff to remain with the Websky Limited business and the ZPG plc business; and
- (l) no business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to either of the two businesses shall pass, directly or indirectly, from the Websky Limited business (or any of its employees, directors, agents or affiliates) to the ZPG plc business (or any of its employees, directors, agents or affiliates), or vice versa, except

where strictly necessary in the ordinary course of business (for example, where required for compliance with external regulatory and/or accounting obligations) and on the basis that, should the transaction be prohibited, any records or copies (electronic or otherwise) of such information that have passed, wherever they may be held, will be returned to the business to which they relate and any copies destroyed.

Compliance

6. ZPG plc and Zoopla Limited shall procure that each of their subsidiaries complies with this Order as if the Order had been issued to each of them.
7. ZPG plc and Zoopla Limited shall provide to the CMA such information or statement of compliance as it may from time to time require for the purposes of monitoring compliance by ZPG plc and Zoopla Limited and their subsidiaries with this Order. In particular, on 12 April 2017 and subsequently every two weeks (or, where this does not fall on a working day, the first working day thereafter) the Chief Executive Officer of ZPG plc and Zoopla Limited or other persons of ZPG plc and Zoopla Limited as agreed with the CMA shall, on behalf of ZPG plc and Zoopla Limited, provide a statement to the CMA in the form set out in the Annex to this Order confirming compliance with this Order.
8. At all times, ZPG plc and Zoopla Limited shall, or shall procure that Websky Limited shall, actively keep the CMA informed of any material developments relating to the Websky Limited business or the ZPG plc business, which includes but is not limited to:
 - (a) details of key staff who leave or join the Websky Limited business or the ZPG plc business;
 - (b) any interruption of the Websky Limited or ZPG plc business (including without limitation its procurement, production, logistics, sales and employee relations arrangements) that has prevented it from operating in the ordinary course of business for more than 24 hours;
 - (c) all substantial customer volumes won or lost or substantial changes to the customer contracts for the Websky Limited or ZPG plc business including any substantial changes in customers' demand; and
 - (d) substantial changes in the Websky Limited or ZPG plc business's contractual arrangements or relationships with key suppliers.
9. If ZPG plc or Zoopla Limited has any reason to suspect that this Order might have been breached it shall immediately notify the CMA and any monitoring

trustee that ZPG plc and/or Zoopla Limited may be directed to appoint under paragraph 10.

10. The CMA may give directions to a specified person or to a holder of a specified office in any body of persons (corporate or unincorporated) to take specified steps for the purpose of carrying out, or ensuring compliance with, this Order, or do or refrain from doing any specified action in order to ensure compliance with the Order. The CMA may vary or revoke any directions so given.
11. ZPG plc and Zoopla Limited shall comply in so far as they are able with such directions as the CMA may from time to time give to take such steps as may be specified or described in the directions for the purpose of carrying out or securing compliance with this Order.

Interpretation

12. The Interpretation Act 1978 shall apply to this Order as it does to Acts of Parliament.
13. For the purposes of this Order:

'the Act' means the Enterprise Act 2002;

'an affiliate' of a person is another person who satisfies the following condition, namely that any enterprise (which, in this context, has the meaning given in section 129(1) of the Act) that the first person carries on from time to time and any enterprise that the second person carries on from time to time would be regarded as being under common control for the purposes of section 26 of the Act;

'business' has the meaning given by section 129(1) and (3) of the Act;

'commencement date' means 29 March 2017;

'control' includes the ability directly or indirectly to control or materially to influence the policy of a body corporate or the policy of any person in carrying on an enterprise;

'the decisions' means the decisions of the CMA on the questions which it is required to answer by virtue of section 35 of the Act;

'key staff' means staff in positions of executive or managerial responsibility and/or whose performance affects the viability of the business;

'the ordinary course of business' means matters connected to the day-to-day supply of goods and/or services by Websky Limited or ZPG plc and does not include matters involving significant changes to the organisational structure or related to the post-merger integration of Websky Limited and ZPG plc;

'specified period' means the period beginning on the commencement date and terminating in accordance with section 72(6) of the Act;

'subsidiary', unless otherwise stated, has the meaning given by section 1159 of the Companies Act 2006;

'the transaction' means the transaction by which Zoopla Limited and Websky Limited have ceased to be distinct within the meaning of section 23 of the Act;

'the two businesses' means the ZPG plc business and the Websky Limited business;

'Websky Limited' means Websky Limited which has its registered office at 140 Wales Farm Road, London, W3 6UG (company number 03975262);

'the Websky Limited business' means the business of Websky Limited and its subsidiaries carried on as at the commencement date;

'the ZPG plc business' means the business of ZPG plc and its subsidiaries but excluding the Websky Limited business, carried on as at the commencement date;

'Zoopla Limited' means Zoopla Limited which has its registered office at The Cooperage, 5 Copper Row, London, England, SE1 2LH (company number 06074771);

'ZPG plc' means ZPG plc which has its registered office at The Cooperage, 5 Copper Row, London, England, SE1 2LH (company number 09005884).

unless the context requires otherwise, the singular shall include the plural and vice versa.

Compliance statement for ZPG plc / Zoopla Limited

I [insert name] confirm on behalf of ZPG plc / Zoopla Limited that:

Compliance in the Relevant Period

1. In the period from [insert date] to [insert date] (the Relevant Period):
 - (a) ZPG plc / Zoopla Limited has complied with the Order made by the CMA in relation to the transaction on 29 March 2017 (the Order).
 - (b) ZPG plc / Zoopla Limited's subsidiaries have also complied with this Order.
2. Subject to paragraph 3 of the Order, and except with the prior written consent of the CMA:
 - (a) No action has been taken by ZPG plc / Zoopla Limited that might prejudice a reference of the transaction under section 22 of the Act or impede the taking of any action by the CMA which may be justified by its decision on such a reference, including any action which might:
 - (i) lead to the integration of the Websky Limited business with the ZPG plc business;
 - (ii) transfer the ownership or control of the ZPG plc business or the Websky Limited business or any of their subsidiaries; or
 - (iii) otherwise impair the ability of the Websky Limited business or the ZPG plc business to compete independently in any of the markets affected by the transaction.
 - (b) The Websky Limited business has been carried on separately from the ZPG plc business and the Websky Limited business's separate sales or brand identity has been maintained.
 - (c) The Websky Limited business and the ZPG plc business have been maintained as a going concern and sufficient resources have been made available for the development of the Websky Limited business and the ZPG plc business, on the basis of their respective pre-merger business plans.
 - (d) No substantive changes have been made to the organisational structure of, or the management responsibilities within, the Websky Limited

business or the ZPG plc business, except in the ordinary course of business.

- (e) The nature, description, range and quality of goods and/or services supplied in the UK by the Websky Limited business and the ZPG plc business have been maintained and preserved.
- (f) Except in the ordinary course of business for the separate operation of the two businesses:
 - (i) all of the assets of the Websky Limited business and the ZPG plc business, including facilities and goodwill, have been maintained and preserved as at the start of the Relevant Period;
 - (ii) none of the assets of the Websky Limited business or the ZPG business have been disposed of; and
 - (iii) no interest in the assets of the Websky Limited business or the ZPG plc business has been created or disposed of.
- (g) There has been no integration of the information technology of the Websky Limited or ZPG plc businesses, and the software and hardware platforms of the Websky Limited business have remained essentially unchanged, except for routine changes and maintenance.
- (h) Subject to integration which had occurred prior to the commencement date, the customer and supplier lists of the two businesses have been operated and updated separately and any negotiations with any existing or potential customers and suppliers in relation to the Websky Limited business have been carried out by the Websky Limited business alone and, for the avoidance of doubt, the ZPG plc business has not negotiated on behalf of the Websky Limited business (and vice versa) or entered into any joint agreements with the Websky Limited business (and vice versa).
- (i) All existing contracts of the Websky Limited business and the ZPG plc business have been serviced by the business to which they were awarded, except to the extent novated, assigned or subcontracted prior to the commencement date.
- (j) No changes have been made to key staff of the Websky Limited business or the ZPG plc business.
- (k) No key staff have been transferred between the Websky Limited business and the ZPG plc business.

- (l) All reasonable steps have been taken to encourage all key staff to remain with the Websky Limited business and the ZPG plc business.
- (m) Except as permitted by the Order, no business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature relating to either of the two businesses, has passed, directly or indirectly, from the Websky Limited business (or any of its employees, directors, agents or affiliates) to the ZPG plc business (or any of its employees, directors, agents or affiliates), or vice versa.
- (n) Except as listed in paragraph (o) below, there have been no:
 - (i) key staff that have left or joined the Websky Limited business or the ZPG plc business;
 - (ii) interruptions of the Websky Limited business or the ZPG plc business (including without limitation procurement, production, logistics, sales and employee relations arrangements) that have prevented it from operating in the ordinary course of business for more than 24 hours;
 - (iii) substantial customer volumes won or lost or substantial changes to the customer contracts for the Websky Limited business or the ZPG plc business; or
 - (iv) substantial changes in the Websky Limited or ZPG plc business's contractual arrangements or relationships with key suppliers.
- (o) *[list of material developments]*

- 3. ZPG plc / Zoopla Limited and its subsidiaries remain in full compliance with the Order and will, or will procure that Websky Limited, continue actively to keep the CMA informed of any material developments relating to the Websky Limited or the ZPG plc business in accordance with paragraph 8 of the Order.

Interpretation

- 4. Terms defined in the Order have the same meaning in this compliance statement.

FOR AND ON BEHALF OF ZPG plc / Zoopla Limited

Signature

Name

Title

Date