

Consent to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority (CMA) on 22 December 2016

Completed acquisition by JD Sports Fashion PLC (JD Sports) of Go Outdoors Topco Limited (Go Outdoors)

We refer to your emails of 23 and 31 March 2017 and related discussions regarding a request by Go Outdoors that the CMA grant certain derogations to the Initial Enforcement Order served on Pentland Group PLC (**Pentland**) and JD Sports on 22 December 2016 (the **Order**). The terms defined in the Order have the same meaning in this letter.

Under the Order, save for the written consent of the CMA, Pentland and JD Sports are required to hold separate the Pentland business from the Go Outdoors business and refrain from taking any action which might prejudice a reference under section 22 of the Act or impede the taking of any remedial action following such a reference.

After due consideration of your requests for derogations from the Order, based on the information received from you, and in the particular circumstances of this case, JD Sports may carry out the following actions, in relation to the specific paragraphs of the Order listed below:

Paragraphs 4(a) and 5(a) of the Order

In order to preserve the viability of Go Outdoors' Chatham store, [X] JD Sports shall be permitted to enter into an agreement with Go Outdoors to sublet from Go Outdoors an adjacent unit to Go Outdoors' Chatham store site and for use by its JD Gym operations.

The CMA would not typically allow merging Parties to enter into any significant commercial agreement during the course of its review which could be considered outside the ordinary course of business. However, in the particular circumstances of this case, the CMA grants the derogation in view of evidence that the Go Outdoors Property Committee commenced efforts to sublet the adjacent unit in January 2016 and that this was an ongoing commercial process entirely distinct from the Merger. Moreover, the offer received by Go Outdoors from JD Gyms was the most commercially attractive and the activities of the Go Outdoors Chatham store and JD

Gyms do not overlap. As part of their request, the Parties submitted that there is no risk created of pre-emptive integration action here as:

- a) these are commercial terms which would be put in place with any suitable subtenant;
- b) the terms would remain in place whether the Merger proceeds or not; and
- c) if the Merger were not to proceed, then if JD Gyms does not meet its commitments under the terms of the agreement then it is expected that under the terms of the agreement any new owner of Go Outdoors would be able to bring the agreement to an end.

Greg Bonne
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5 April 2017