

**DEROGATION LETTER IN RESPECT OF INITIAL ENFORCEMENT
ORDER ISSUED PURSUANT TO SECTION 72(2) ENTERPRISE ACT
2002**

**Anticipated acquisition of GHG Healthcare Holdings Limited by
Circle Health Holdings Limited**

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

Consent under section 72(3C) of the Enterprise Act 2002 to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority ('CMA') on 20 December 2019.

We refer to your letter dated 17 December 2019 requesting that the CMA consents to derogations to the Initial Enforcement Order of 20 December 2019 (the "**Initial Order**"). The terms defined in the Initial Order have the same meaning in this letter.

Under the Initial Order, save for written consent by the CMA, Circle Health Holdings Limited ("**Circle**") and Circle Health 4 Limited ("**Circle Health**") are required to hold separate the business of Circle and its subsidiaries (including Circle Health) from the business of GHG Healthcare Holdings Limited ("**GHG**") and its subsidiaries, 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. GHG is the parent company of BMI Healthcare Limited. GHG and its subsidiaries, including BMI Healthcare Limited are collectively referred to in this derogation as **BMI**.

After due consideration of your request for derogations from the Initial Order, based on the information received from you and in the particular circumstances of this case, Circle and Circle Health may carry out the following actions, in respect of the specific paragraphs of the Initial Order:

1. Surrender of the Non-Core property leases - Paragraph 6(e) of the Initial Order

The CMA understands that, prior to the acquisition of BMI by Circle, the company that owns the freehold reversions of 35 of the hospitals that BMI operates, GHG PropCo Holdco Limited, ("**PropCo**"), agreed to sell [a small number of] PropCo hospitals that had previously been closed or were out of commission, being the [✂] (the "**Non-Core Properties**"). The sale of these Non-Core Properties is expected to occur in the near future. As BMI is currently the tenant of a separate lease of the whole of each of the Non-Core Properties, BMI must surrender the leases to the Non-Core Properties before the sales of the Non-Core Properties can be completed. Based on the

information provided to the CMA, the CMA understands that the Non-Core Properties do not support the ongoing operation or viability of the BMI hospital properties which are being acquired by Circle pursuant to the Circle/BMI transaction. As such, the CMA considers that such a derogation would not prejudice a CMA reference or impede the taking of any action which may be justified by the CMA's decision on a reference. On this basis, if completion of the sales of the Non-core Properties takes place after completion of the Circle/BMI transaction, the CMA consents to BMI and/or Circle surrendering the leases of the Non-Core Properties.

Alexandra Zachmann
Assistant Director
6 January 2020