

DEROGATION LETTER

IN RESPECT OF INITIAL ENFORCEMENT ORDERS ISSUED PURSUANT TO SECTION 72(2) ENTERPRISE ACT 2002

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 January 2020, as varied on 11 February 2020.

Anticipated acquisition by Breedon Group plc of certain assets of Cemex Investments Limited

We refer to your submissions of 3 February, 29 April and 12 June 2020 requesting that the CMA consents to a derogation to the Initial Enforcement Order of 20 January 2020 as amended by the Variation Order of 11 February 2020 (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, Breedon Group plc, Breedon Southern Limited (together, "**Breedon**") and Cemex Investments Limited ("**Cemex**") are required to hold separate certain assets of Cemex Investments Limited (the "**Target**") from the Breedon business and refrain from taking any action which might prejudice a reference under section 22 or 33 of the Act or impede the taking of any remedial action following such a reference. 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, Breedon and Cemex may carry out the following actions, in respect of the specific paragraphs:

1. Paragraphs 5(a), 6(a) and 6(g) of the Initial Order

The CMA understands that Breedon and Cemex (the **Parties**) are legally required to take certain steps in order for Breedon to ensure the continuation of utilities at the Target sites immediately following completion of the transaction.

Further, in accordance with the Business Purchase Agreement entered into by the Parties on 8 January 2020, Cemex has agreed to transfer existing telephone and fax numbers used by the Target sites to Breedon with effect on completion of the transaction. Breedon submits that these actions are necessary to avoid any disruption to the Target business activities following completion of the transaction and ensure it can operate viably.

1. On this basis, the CMA consents to Breedon and Cemex carrying out the actions strictly necessary for:

Utilities:

- (i) Cemex and Breedon to complete the relevant documentation as regards change in tenancy and utilities;
- (ii) Cemex to terminate each utility supply contract with suppliers at each Target property with effect from completion;
- (iii) Breedon to ensure the continuation of utilities at the Target sites following completion, including through arranging for the Target properties to be brought within Breedon's existing arrangements with its third party utility service providers and/or appointing new third party utility service providers to supply the Target properties with effect from completion;

Telephone and fax numbers:

- (iv) Cemex to transfer existing telephone and fax numbers used by the Target sites to Breedon, for use by the Target sites with effect from completion;
- (v) Subject to the hold-separate plan to be agreed with the CMA in advance of completion, Breedon will ensure the continuation of telephone and fax lines at the Target sites following completion, including through arranging for the Target telephone and fax lines to be brought within Breedon's existing arrangements with its third party service providers and/or appointing new third party service providers for the Target with effect from completion.

2. This derogation is granted strictly on the basis that:

- (i) Legal transfer to Breedon of all utilities supply contracts and telephone and fax lines in accordance with the transaction will not occur until completion; and
- (ii) This derogation will have no impact on any remedial action that the CMA may need to take regarding the transaction.

Yours sincerely,

Assistant Director, Remedies, Business and Financial Analysis
17 June 2020