

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

Please note that [X] 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 31 July 2020.

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

We refer to your email dated 19 August 2020 requesting that the CMA consents to a derogation to the Initial Enforcement Order of 31 July 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 and Breedon Southern Limited (together, "**Breedon**") are required to hold separate certain assets acquired from Cemex Investments Limited (the "**Target**") from the Breedon 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 request for derogations from the Initial Order, based on the information received from you and in the particular circumstances of this case, Breedon may carry out the following actions, in respect of the specific paragraphs:

1. Paragraphs 5(e)(i), (ii) and (iii) of the Initial Order

Breedon submits that Lagan Materials Ltd. ("**Lagan**"), a Breedon subsidiary in Ireland, previously extracted minerals from lands at [X] pursuant to a licence agreement with [X] (the "**Licence Agreement**"). Further that, given the lands have been exhausted of minerals, Lagan proposes to surrender that Licence Agreement.

The CMA understands that the surrender of Licence Agreement in respect of the lands at [X] is unrelated to and would not affect the proposed acquisition by Breedon of the Target business.

The CMA therefore consents to Breedon/Lagan surrendering the Licence Agreement in respect of the lands at [X] and grants a derogation from paragraphs 5(e)(i), (ii) and (iii) of the Initial Order based on Breedon's submission that:

- (i) the lands at [X] have been exhausted of minerals.
- (ii) the Licence Agreement is not currently used by Breedon/Lagan to produce aggregates, RMX or asphalt.

- (iii) all of the Target assets to be acquired by Breedon pursuant to the Breedon/Cemex transaction are located in Great Britain and the surrender of the Licence Agreement contemplated by Breedon/Lagan in [X], Ireland is entirely unrelated to the Breedon/Cemex transaction.
- (iv) the derogation requested would not prejudice the outcome of a CMA reference or impede the taking of any remedial action which may be justified by the CMA's decision on a reference.

Yours sincerely,

Assistant Director, Mergers

21 August 2020