

**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 (the ‘Act’) to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority (‘CMA’) on 28 April 2022.

Acquisition by Riviera Bidco Limited (‘Riviera’) of Dental Partners Group Limited (‘Dental Partners’) (the ‘Acquisition’).

We refer to your submissions of 7 April 2022 and 20 April 2022 requesting that the CMA consents to derogations from the Initial Enforcement Order of 28 April 2022 (the ‘**Initial Order**’). Unless otherwise stated, 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, CapVest Equity Partners IV SCSp, CapVest Strategic Opportunities 8 SCSp, CapVest Partners LLP, Riviera TopCo Limited, Riviera, and Rodericks Dental Limited (referred to together as the ‘**Acquirer Group**’); and Dental Partners (together with the Acquirer Group, the ‘**Addressees**’) are required to hold separate the Acquirer Group business from the Dental Partners business and refrain from taking any action which might prejudice a reference under sections 33 or 22 of the Act or impede the taking of any remedial action following such a reference.

After due consideration of your request for a derogation from the Initial Order, based on the information received from you and in the particular circumstances of this case, the CMA consents to the Addressees carrying out the following actions, in respect of the specific paragraphs:

1. Paragraph 6(a) – Riviera making financial resources available to Dental Partners

The CMA understands that financing of Dental Partners will need to be restructured as at completion of the Acquisition as Dental Partners’ current financing arrangements will be terminated. To ensure Dental Partners can meet its financial obligations as and when they fall due (e.g. payments to dentists, nurses and other staff, rent payments and costs relating to the Acquisition) and has sufficient working capital to maintain itself as a viable business and implement its pre-merger business plans, Riviera will need to provide

financing to Dental Partners. Accordingly, Riviera intends to undertake the following actions:

- (i) terminate and refinance Dental Partners' existing financing arrangements (including eliminating any inter-company balances owed to the vendor group);
- (ii) provide ongoing finance to Dental Partners in line with Dental Partners' pre-merger business plans;
- (iii) provide guarantees and/or security support in respect of any liabilities or obligations of Dental Partners, in each case, in order to maintain Dental Partners as a viable business and inject it with working capital when required (including, for example, through capital injections or the provision of intergroup loans); and
- (iv) permit repayments under the new financing arrangements, including the payment of interest as required.

The CMA consents to a derogation from paragraph 6(a) of the Initial Order to permit Riviera to undertake the above actions. The CMA grants this derogation strictly on the basis that:

- (a) Any funding provided under this derogation will be used exclusively for the purposes of sustaining Dental Partners as a going concern and enabling it to pursue its pre-merger business plans. Accordingly:
 - no conditions will be attached to any funding provided by Riviera under this derogation which would force Dental Partners to diverge from its pre-merger business plans; and
 - prior to such a decision being communicated to Dental Partners, Riviera will inform the CMA of any instances in which it is proposed that a funding request from Dental Partners would be denied.
- (b) None of the actions listed in (i) to (iv) above will be difficult or costly to reverse.
- (c) This derogation will not prevent any remedial action which the CMA may need to take regarding the Acquisition.
- (d) This derogation will not result in any integration between Riviera and Dental Partners.

2. Paragraph 6(a) – Riviera including Dental Partners in its intra-group cash

pooling arrangement

The CMA understands that Riviera has a cash pooling arrangement comprising each of its subsidiaries. Under this arrangement, Riviera transfers cash between its subsidiaries to ensure that at all times each of its subsidiaries have enough capital available to meet all of their financial obligations.

The CMA consents to a derogation from paragraph 6(a) of the Initial Order to permit Riviera to include Dental Partners in the above-mentioned cash pooling arrangement. The CMA grants this derogation strictly on the basis that:

- (a) Any funding provided under this derogation will be used exclusively for the purposes of sustaining Dental Partners as a going concern and enabling it to pursue its pre-merger business plans. Accordingly:
 - no conditions will be attached to any funding provided by Riviera under this derogation which would force Dental Partners to diverge from its pre-merger business plans; and
 - prior to such a decision being communicated to Dental Partners, Riviera will inform the CMA of any instances in which it is proposed that a funding request from Dental Partners would be denied.
- (b) At no point will a transfer of funds out of Dental Partners lead to Dental Partners having insufficient funding available to pursue its pre-merger business plans.
- (c) This derogation will not prevent any remedial action which the CMA may need to take regarding the Acquisition.
- (d) This derogation will not result in any integration between Riviera and Dental Partners.

3. Paragraphs 6(c), 6(i) and 6(k) – Non-executive director resignations

The CMA understands that [X], each representatives of Dental Partners' seller, August Equity (the '**August Equity Representatives**'), will resign from the board of Dental Partners. The August Equity Representatives were appointed as non-executive directors of Dental Partners for the purpose of oversight of Dental Partner on behalf of August Equity. Riviera submits that the August Equity Representatives' main function is oversight on behalf of August Equity (i.e. protecting August Equity's interests in Dental Partners).

In the past 6 months, the August Equity Representatives' strategic input has been limited to financing and August Equity exit strategy.

Riviera further submits that the resignation of the August Equity Representatives will have no impact on the day-to-day operations of the Dental Partners business as they do not provide any input relevant to the day-to-day commercial operations of Dental Partners. The main issues on which the August Equity Representatives provided input on, i.e. financing and exit, have now been resolved as a result of the Acquisition. Accordingly, Dental Partners has no intention of replacing the August Equity Representatives.

The CMA consents to a derogation from paragraphs 6(c), 6(i) and 6(k) of the Initial Order to permit the resignation of the August Equity Representatives. The CMA grants this derogation strictly on the basis that:

- a) The departure of the August Equity Representatives will not have an impact on Dental Partners' operations or strategic direction, which will continue to be the responsibility of Dental Partners' existing management.
- b) The remaining board members will continue to perform the board functions which will continue to be necessary for Dental Partners.
- c) This derogation will not affect the viability of the Dental Partners business.
- d) This derogation will not result in any integration between the Acquirer Group business and the Dental Partners business.
- e) This derogation shall not prevent any remedial action which the CMA may need to take regarding the Acquisition.

Yours sincerely,

Cristina Caballero

Assistant Director, Mergers

28 April 2022