

**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 17 May 2022**

**ACQUISITION BY GXO LOGISTICS, INC. (GXO) OF  
CLIPPER LOGISTICS PLC (Clipper)**

Dear Josh Chamberlain,

We refer to your submission dated 1 September 2022 requesting that the CMA consents to derogations to the Initial Enforcement Order of 17 May 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, the Acquirer Group and its subsidiaries are required to hold separate the Acquirer Group business from the business of Clipper 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.

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, the CMA consents to GXO carrying out the following actions, in respect of the specific paragraphs:

**1. Paragraphs 6(e)(i) and 6(e)(ii) of the Initial Order**

The CMA understands that GXO currently leases the warehouse site at [X] (total sq ft = [X]) (the **Site**) under a long lease of [X] entered into with the [X] from [X]. GXO services [X] customers, namely [X], out of the Site.

The CMA understands that in order to [X], GXO is seeking to sell the long leasehold of the Site to [X] ([X]), with whom GXO will, in parallel, enter into a standard occupational leaseback agreement to continue to operate out of the Site. The new lease will be a [X] lease with a [X], and [X]. GXO confirms that [X] by the sale and leaseback arrangement.

The CMA understands that the restrictions on the assignment of the lease contained in the proposed lease are industry standard restrictions and do not go beyond what is commercial practice with regards to warehouse leases. [X]:

- (1) [REDACTED];
- (2) [REDACTED]
- (3) [REDACTED].

Therefore, GXO has requested a derogation from paragraphs 6(e)(i) and 6(e)(ii) the Initial Order to enable it to conclude the sale and leaseback of the Site. For the avoidance of doubt, GXO confirms that [REDACTED] as part of the leaseback arrangement.

After due consideration, the CMA consents to this derogation on the basis that:

- (1) the restrictions on the transferability of the proposed Site lease could not plausibly adversely impact the CMA's remedial options, and specifically, a divestment whereby GXO has to transfer the lease to a suitable third party;
- (2) the sale and leaseback will not negatively impact on GXO's or Clipper's operations, nor will it affect the ongoing viability of GXO or Clipper; and
- (3) this derogation will not prejudice a CMA reference or impede the taking of any action which may be justified by the CMA's decision on a reference.

Yours sincerely,

Shantanu Kafle  
Assistant Director  
Mergers  
6 September 2022