

**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 21 December 2022 and 24 January 2023

COMPLETED ACQUISITIONS BY MEDIVET GROUP LIMITED OF THE ASSETS AND BUSINESS OF THE VETERINARY PRACTICE UNDER THE NAME 'CADDY VETERINARY SURGERY/PRACTICE' AND THE ASSETS AND BUSINESS OF THE VETERINARY PRACTICE UNDER THE NAME 'THE HOLLIES VETERINARY SURGERY'

Dear [3<]

We refer to your email and accompanying note dated 13 January 2023 requesting that the CMA consents to a derogation to the Initial Enforcement Orders of 21 December 2022 and 24 January 2023 in respect of the completed acquisitions by Medivet Group Limited of the assets and business of the veterinary practice under the name 'Caddy Veterinary Surgery/Practice' and the assets and business of the veterinary practice under the name 'Hollies Veterinary Surgery' (together the 'Initial Orders'). The terms defined in the Initial Orders have the same meaning in this letter. Further in this letter:

Caddy Country means the assets constituting the business under the name 'Caddy Veterinary Surgery/Practice'.

The Hollies means the assets constituting the business under the name 'Hollies Veterinary Surgery'.

Grove Vets Practice means Grove Vets Limited, Company Registered Number NI628673, 17 Grove Rd, Ballymena, County Antrim, BT43 6UB.

Medivet Loughborough means the Medivet practice at 20 Forest Road, Loughborough, LE11 3NP.

Under the Initial Orders, save for written consent by the CMA, the Acquirer Group is required to hold separate the Acquirer Group business from the Target Entities' businesses 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 a derogation from the Initial Orders, based on the information received from you and in the particular circumstances of this case, the Acquirer Group may carry out the following actions, in respect of the specific paragraphs:

1. Paragraphs 4(a), 4(c), 5(a), 5(b), 5(c), 5(f), 5(g), 5(h), 5(j), 5(l) of the Initial Orders

Medivet requests a derogation from paragraphs 4(a), 4(c), 5(a), 5(b), 5(c), 5(f), 5(g), 5(h), 5(j), 5(l) of the Orders to permit the assets of Caddy Country and The Hollies to continue to be operated by the Grove Vets Practice and Medivet Loughborough respectively.

Medivet submits that at the commencement date of the Initial Orders, Caddy Country and The Hollies were no longer operational and were fully integrated into other Medivet veterinary practices.

Caddy Country

Medivet acquired the assets constituting the business of the veterinary practice under the name "Caddy Veterinary Surgery/Practice" in 19 Caddy Road, Randalstown, Antrim, BT41 3DL from Caddy Country Practice Limited pursuant to the acquisition agreement of [REDACTED]. As submitted in Medivet's comments to the draft Initial Orders dated 18 November 2022, this acquisition was limited to [REDACTED].

The Caddy Country acquisition completed on [REDACTED]. Following the acquisition, the Caddy Country assets were integrated into the Grove Vets practice, a wholly owned subsidiary of Medivet. The Grove Vets practice operates across two sites in County Antrim, one in Randalstown and the other in Ballymena.

[REDACTED]. As a result, these Caddy Country assets are completely integrated into the Grove Vets practice and staff and equipment has been distributed among both sites. Further, the former Caddy Country customer base was acquired and transferred to the Grove Vets practice and is now served across both Grove Vets locations.

Although Medivet is unable to confirm that every former customer of the Caddy Country practice has become a customer of the Grove Vets practice, Medivet expects that the Grove Vets practice continues to serve the vast majority of the former Caddy Country practice's customers and intends to continue doing so. Further, from a practice management system perspective, [REDACTED].

The Hollies

Medivet acquired the assets constituting the business of the veterinary practice under the name “The Hollies Veterinary Surgery” by agreement of [REDACTED]. Similar to the Caddy Country acquisition, [REDACTED].

Following completion of The Hollies acquisition on [REDACTED], The Hollies’ assets were fully integrated into Medivet Loughborough, a Medivet practice at 20 Forest Road, Loughborough, LE11 3NP.

[REDACTED].

Further, although Medivet is unable to confirm that every customer has remained a customer of Medivet, Medivet expects that Medivet Loughborough continues to serve the vast majority of the former customers of The Hollies and intends to continue doing so.

In light of these circumstances, Medivet acknowledges the importance of the CMA being able to prevent pre-emptive action being taken (i.e. to preserve the CMA’s ability to ensure that no action is taken pending final determination of any reference under section 22 of the Act which might prejudice that reference or impede the taking of any action by the CMA under Part 3 of the Act), it considers that this derogation is strictly necessary to ensure that Caddy Country and The Hollies are preserved and maintained.

Specifically, Medivet submits that a derogation is strictly necessary in light of the unique circumstances pertaining to Caddy Country and The Hollies, and in particular that:

- a) Caddy Country and The Hollies are not businesses that can operate on a standalone basis – the acquisitions by Medivet were largely comprised of goodwill and limited tangible assets.
- b) As such, the acquired assets have been fully integrated and entirely subsumed within other Medivet veterinary practices.

The CMA consents to a derogation to paragraphs 4(a), 4(c), 5(a), 5(b), 5(c), 5(f), 5(g), 5(h), 5(j), 5(l) of the Initial Orders to permit Caddy Country and The Hollies to continue to be operated by the Grove Vets Practice and Medivet Loughborough respectively, strictly on the basis that:

- a) These derogations are strictly necessary to maintain and preserve Caddy Country and The Hollies.
- b) The Grove Vets practice will continue maintaining the customer list of Caddy Country [REDACTED].
- c) Medivet Loughborough will not dispose of the customer list of The Hollies [REDACTED].

- d) The Grove Vets practice and Medivet Loughborough will maintain the serviceable equipment that they acquired as part of the Caddy Country and The Hollies acquisitions respectively.
- e) The Grove Vets practice and Medivet Loughborough will continue to offer at least the same range and quality of services that the Caddy Country and The Hollies practices had offered pre-acquisition.
- f) Should the Acquirer Group be required to, or offer to, divest Caddy Country or The Hollies, the Acquirer Group will ensure that any records or copies (electronic or otherwise) of business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature, wherever they may be held, that were received from them for the purposes of this derogation will be returned to them and any copies destroyed, except to the extent that record retention is required by law or regulation. Similarly, Caddy Country and The Hollies will ensure that any records or copies (electronic or otherwise) of business secrets, know-how, commercially-sensitive information, intellectual property or any other information of a confidential or proprietary nature, wherever they may be held, that were received from Medivet for the purposes of this derogation will be returned to Medivet and any copies destroyed, except to the extent that record retention is required by law or regulation

Yours sincerely

[3<]

Faye Fullalove

Assistant Director

Mergers

25 January 2023