

**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 Orders made by the Competition and
Markets Authority ('CMA') on 17 November 2022**

**COMPLETED ACQUISITIONS BY INDEPENDENT VETCARE LIMITED OF
MULTIPLE INDEPENDENT VETERINARY PRACTICES**

Dear Bertrand Louveaux,

We refer to your emails and accompanying notes dated 1 and 8 February 2023 requesting that the CMA consents to a derogation to the Initial Enforcement Orders (the '**Initial Orders**') dated 17 November 2022. The terms defined in the Initial Orders have the same meaning in this letter.

The CMA issued Initial Orders addressed to Independent Vetcare Limited ('**IVC**'), Acquisition Pikco Ltd ('**Pikco**'), IVC Acquisition Topco Limited ('**IVC Topco**'), Islay New Group Holding S.A. ('**Islay**'), Société Des Produits Nestlé S.A. ('**Nestle**'), EQT Fund Management S.à r.l. ('**EQT**') and Berkshire Partners LLC ('**Berkshire**') (together, the '**Acquirer Group**'). 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 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, based on the information received from you and in the particular circumstances of this case, IVC and the relevant Target Entity may carry out the following actions, in respect of the specific paragraphs:

1. Paragraph 5(l) of the Initial Orders in respect of the actions described below

IVC's acquisition of Penrose Veterinary Group Limited, Kevin Castle (Pet Care) Ltd, Swayne & Partners Ltd, Treforest Veterinary Clinic Ltd, Mercer & Hughes Limited, Swaffham Veterinary Centre Limited, Anglesey Pet Clinic Ltd, Chiltern Equine Clinic (including Chiltern Veterinary Services Limited & Chiltern Bury Farm Limited) (the '**Target Entities**') (the '**Transactions**') completed between 16 September 2021 and 22 March 2022.

IVC submits that, in order for IVC to plan for a potential undertakings in lieu of a reference remedy process in respect of certain Target Entities (together, the **'Divestment Target Entities'**),¹ it is required to:

- (a) prepare for the transfer of the business, assets and liabilities associated with the Divestment Target Entities and/or the Divestment Target Entities;
- (b) enter into discussions with landlords of the properties [X]; and
- (c) enter into discussions with third parties who are counterparties to contracts or arrangements with the Divestment Target Entities to obtain consent to a change of control where the sale of the Divestment Target Entities would trigger such a right.

On consideration of the specific facts and circumstances of this case and in the context of the current stage of the CMA review process, the CMA consents to a derogation from paragraph 5(l) strictly on the basis that:

- (a) the actions outlined above are strictly necessary for the purposes of preparation for the divestment of the Divestment Target Entities;
- (b) the actions outlined above will not result in any changes being made to the businesses of the Divestment Target Entities;
- (c) no organisational or management changes will be made to the Acquirer Group business as a result of the proposed changes;
- (d) this derogation will not lead to any integration of the Acquirer Group business and the Target Entities' business;
- (e) IVC will seek a derogation from the CMA prior to transferring any business, assets and liabilities; and
- (f) this derogation will not result in any pre-emptive action which might prejudice the outcome of a reference or impede the taking of any action which may be justified by the CMA's decision on a reference.

Yours sincerely,

Faye Fullalove
Assistant Director, Mergers
15 February 2023

¹ More specifically, the CMA understands that these are: [X]. However, the definition of Divestment Target Entities in this derogation includes any or all Target Entities in respect of which IVC is considering offering undertakings in lieu.