

**DEROGATION LETTER  
IN RESPECT OF UNDERTAKINGS IN LIEU OF A REFERENCE  
PURSUANT TO SECTION 73(2) ENTERPRISE ACT 2002**

**Completed acquisition by Wm Morrison Supermarkets Ltd ('Morrisons') of certain assets of McColl's Retail Group plc, Martin McColl Limited, Clark Retail Limited, Dillons Stores Limited, Smile Stores Limited, Charnwait Management Limited, and Martin Retail Group Limited (these assets are collectively referred to as 'McColl's') (the 'Acquisition').**

**Consent to certain actions for the purposes of the Undertakings in Lieu of a Reference ('UILs') approved by the CMA pursuant to section 73(2) of the Enterprise Act 2002 ('Act') on 27 October 2022.**

We refer to your submission of 11 July 2023 requesting that the CMA consents to a derogation to the UILs. Unless otherwise stated, the terms defined in the UILs have the same meaning in this letter.

On 9 May 2022, Morrisons completed the Acquisition of McColl's via Alliance Property Holdings Limited, a wholly-owned previously non-trading subsidiary the purpose of which, since completion of the Acquisition, has been solely to act as the holding company for McColl's.

On 27 October 2022, the CMA accepted UILs from Morrisons under section 73(2) of the Act. Under paragraph 9.1 of the UILs, save for written consent by the CMA, Morrisons is required to minimise as far as possible any risk of loss of competitive potential of the 28 McColl's sites which it is required to divest.

After due consideration of your request for a derogation from paragraph 9.1(a) of the UILs, based on the information received from Morrisons and in the particular circumstances of the case, Morrisons may carry out the following actions, in respect of the specific paragraph of the UILs listed below.

**1. Paragraph 9.1(a) of the UILs**

The CMA is considering whether to commence a review of the UILs (the '**UILs Review**') which, following a public consultation, may result in the CMA taking a decision to release Morrisons from its obligation to divest the McColl's site located at 36 High Street, Pewsey

(**'Divestment Site'**) for the reasons set out in Morrisons' request submitted to the CMA on 23 June 2023 (**'Variation Request'**).

Morrisons has submitted that it is strictly necessary for Morrisons to discuss the Variation Request with the McColl's staff employed at the Divestment Site at least two full business days in advance of the CMA announcing its decision on whether to conduct the UILs Review. [§<].

On the basis of Morrisons' representations, the CMA consents to a derogation from paragraph 9.1(a) of the UILs to permit Morrisons to undertake the steps set out above strictly on the basis that:

- (a) Morrisons and McColl's shall not implement any organisational or staff changes prior to the CMA's approval of the Variation Request.
- (b) This derogation will not result in any integration between the Morrisons business and the Divestment Site prior to the approval of the Variation Request.
- (c) The grant of this derogation will not affect the viability of the Divestment Site.
- (d) This derogation will not lead to a deterioration of the Divestment Site or otherwise risk the loss of competitive potential of the Divestment Site.

Yours sincerely,

Matteo Alchini

Assistant Director, RBFA

11 July 2023