

**DEROGATION LETTER  
IN RESPECT OF INITIAL ENFORCEMENT ORDERS ISSUED  
PURSUANT TO SECTION 72(2) ENTERPRISE ACT 2002  
COMPLETED ACQUISITION**

Dear [X]

**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 3 October 2024.**

**Completed acquisition by Topps Tiles Plc of certain assets of Tildist Realisations Limited (formerly CTD Tiles Limited) (the ‘Merger’)**

We refer to your email and accompanying derogation request memorandum dated 12 December 2024 requesting that the CMA consents to a derogation from the Initial Enforcement Order of 3 October 2024 (the **Order**). The terms defined in the Order have the same meaning in this letter.

Under the Order, save for written consent by the CMA, Topps and Tiles4Less are required to hold the Target separate from the Topps business 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 Order, based on the information received from you and the monitoring trustee the CMA directed Topps and Tiles4Less to appoint and taking account of the particular circumstances of this case, Topps and Tiles4Less may carry out the following actions, in respect of the specific paragraphs:

**1. Paragraphs 5(e) of the Order**

In the course of discussions between the monitoring trustee and Topps, it became apparent that certain actions regarding the following retail stores that Topps submitted it had considered "business as usual" in the context of managing its property portfolio may fall within paragraph 5(e) of the IEO:

- **Beckton store:** After [X], a decision was taken at Topps' estate review meeting on 13 June 2024 that the Beckton store should be closed down after

an orderly run-off period. On 1 November 2024, the Topps team responsible for managing store closures was given a proposed timetable for serving notice of termination on the landlord and undertaking various procedural aspects connected with store closure, such as stripping the site, doing any repairs needed and exiting the store in March 2025. Topps submits that as the Beckton store staff are already aware of Topps' intention to close the store, staff retention will become increasingly difficult while [§<].

- **Fulham store:** Topps' Fulham boutique store ceased trading on 30 January 2021, although Topps is still bound by the lease as it does not expire until 4 March 2025. Topps served notice on the landlord on 17 April 2024 that it does not intend to renew the lease on its expiry (i.e. several months before Topps acquired the Target).
- **Clacton store:** The lease on Topps's current Clacton-on-Sea store formally expired on 24 March 2021. While Topps has been holding over the lease since then, Topps submits that the store is now tired and would require substantial investment to bring it up to specification. Topps has been offered an opportunity to enter into a new lease of a store at the Clacton Trade & Leisure Park. The new store is of a similar size (4,000 sq ft compared to its current 4,495 sq ft) and is located 5 minutes' drive time from the existing store.

As such, Topps has requested that the CMA grants a derogation from paragraphs 5(e) of the Order to take the following actions:

- **Beckton store:** serve three months' notice on the landlord forthwith to terminate the lease with a view to [§<], winding down retail operations, making good dilapidations and handing back the store to the landlord by early April 2025;
- **Fulham store:** a derogation is requested on the basis that Topps does not intend to renew the Fulham lease on its expiry on 4 March 2025; and
- **Clacton store:** serve a s27 notice on the current landlord to terminate the lease at 105 Oxford Road, Clacton-on-Sea, CO15 3TH, enter into a new 10 year lease for Unit E (a 4000sq ft store) at the Clacton Trade and Leisure Park, CO15 1HX and take all necessary steps to effect the relocation with a minimum of store closure time.

The CMA consents to the derogation strictly on the basis that:

1. All reasonable efforts are made to keep the Beckton store trading until 31 January 2025.

2. The decision to serve notice on the Beckton store landlord is completely unrelated to the Merger.
3. The Clacton store relocation takes place with a minimum of store shut-down time.
4. Topps' selection of the location for the new Clacton store is completely unrelated to the Merger.
5. This derogation shall not prevent any remedial action which the CMA may need to take regarding the transaction.

Yours sincerely,

Philippa Allan

Assistant Director, Mergers

2 January 2025