

DEROGATION LETTER IN RESPECT OF INITIAL ENFORCEMENT ORDER ISSUED PURSUANT TO SECTION 72(2) ENTERPRISE ACT 2002

Consent under section 72(3c) of the Enterprise Act 2002 (the Act) to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority (CMA) on 3 February 2026

Completed acquisition by Welltower Inc. (through its subsidiary Horizon Topco Limited) of HC-One Topco Limited (the Transaction)

We refer to your email and accompanying submissions dated 8, 14 and 29 January 2026 and 20 March 2026 requesting that the CMA consents to derogations to the Initial Enforcement Order of 3 February 2026 (the **Initial Order**). 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, Welltower Inc. (**Welltower**), Horizon Topco Limited (**Horizon**) and HC-One Topco Limited (**HC-One**) are required to hold separate the HC-One business from the Welltower 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 requests for derogations from the Initial Order, based on the information received from you and in the particular circumstances of this case, Welltower, Horizon, and HC-One may carry out the following actions, in respect of the specific paragraphs:

Paragraphs 5(b), 5(c), 5(e)(ii), 5(e)(iii), 5(h), 5(i) and 5(j) of the Initial Order – Transfer of certain HC-One operations

The CMA understands that, in order to [X] ensure the management of the HC-One care homes is improved for the benefit of residents, Welltower needs to transfer the operations of the Target care homes to new operators (the **Management Transfers**).

Pursuant to derogations granted by the CMA on 3 February 2026 and 13 February 2026, Welltower is able to continue the Management Transfers to [X] and [X], while the Initial Order is in place.

However, [X] has since indicated to Welltower that it no longer wishes to undertake the management of [X] of the HC-One homes which were part of its proposed allocation when

the CMA granted its derogations. Of these [X] care homes, Welltower now proposes to reallocate an additional [X] homes to [X] and [X] to [X] (the **Reallocated Homes**).

Since [X] is a new entrant to Great Britain, the transfer of the Reallocated Homes will not create any new operator level overlaps and, based on the information available to the CMA at this stage of the investigation (including its own calculations based on conservative assumptions), the CMA currently considers that the transfer of any of the additional [X] is unlikely to give rise to pre-emptive action.

Welltower further submits that in order to effect the Management Transfers in relation to the Reallocated Homes, it will need to:

- (a) Progress regulatory registrations associated with the transfer of operations to the incoming operators;
- (b) Negotiate and agree business transfer documentation with the incoming operators;
- (c) initiate [X];
- (d) negotiate and agree Care Services Agreements (**CSAs**) with the incoming operators, the execution of which will [X];
- (e) terminate the licenses in place as part of the current transitional arrangements; and
- (f) terminate the [X].

Welltower submits that this derogation does not seek to integrate the Welltower and HC-One businesses nor to enable Welltower to control the HC-One business. Welltower also submits that this derogation does not prejudice the outcome of a CMA reference or impede the taking of any remedial actions which may be justified by the CMA's decision on a reference.

Paragraph 5(e) of the Initial Order – [X] Disposal

The CMA understands that Welltower leases a care home, [X], from [X] which is operated by HC-One ([X]). [X], as landlord, would like to appoint a different operator, [X].

Welltower submits that since [X] is not an operator with whom Welltower has worked previously, and given [X] request as landlord, Welltower intends to surrender the lease to [X] and sell the business of the operation of [X] to [X] (the [X] **Disposal**).

Welltower further submits that following the [X] Disposal, Welltower will no longer have an interest in the home.

Derogations

Based on the representations of Welltower, the CMA therefore consents to derogations from paragraphs 5(b), 5(c), 5(e)(ii), 5(e)(iii), 5(h), 5(i), and 5(j) of the Initial Order to the Management Transfers of the Reallocated Homes. The CMA consents to the derogations strictly on the basis that:

- (a) The entry into CSAs with the new operators, and the associated reduction in scope of the TSA, will be subject to the prior written consent of the CMA (which can be provided via email). Welltower must obtain written confirmation from the CMA before executing CSAs with the new operators.

The CMA consents to a derogation from paragraph 5(e) of the Initial Order to permit Welltower to progress the [✂] Disposal. The CMA consents to the derogation strictly on the basis that:

- (a) The CMA shall be notified as soon as possible in advance and no later than one week ahead of the planned disposal and in order for the specific consent for that to be obtained. Welltower shall provide the CMA with any such information the CMA may reasonably require for the purpose of providing its approval under this derogation.

It is a criminal offence under section 117 of the Enterprise Act 2002 for a person to recklessly or knowingly supply to the CMA information which is false or misleading in any material respect. Breach of this provision can result in fines, imprisonment for a term not exceeding two years, or both (Section 117 of the Enterprise Act 2002). In addition, the CMA can impose penalties if a person has, without reasonable excuse, supplied to the CMA information which is false or misleading in any material respect (Section 110(1A)) as described in the Annex and the Administrative penalties: Statement of Policy on the CMA's approach (CMA4).

Yours sincerely

Oliver Norden

Director, Mergers

Competition and Markets Authority

27 March 2026