

**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 10 February 2021

Completed acquisition by Bellis Acquisition Company 3 Limited, jointly controlled by Mr. Mohsin Issa and Mr. Zuber Issa (the Issa Brothers), and funds managed by TDR Capital LLP (TDR Capital), of Asda Group Limited (Asda), (the Acquisition).

We refer to your submissions of 5 February 2021 requesting that the CMA consents to a derogation to the Initial Enforcement Order of 10 February 2021 (the '**Initial Order**'). Unless otherwise stated, 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, Mr Mohsin Issa, Mr Zuber Issa, TDR Capital III Holdings L.P., TDR Capital III Investments (2019) L.P., TDR Capital, and Asda (the **Addressees**) are required to hold separate the Asda business from the EG business and refrain from taking any action which might prejudice a reference under section 22 or 33 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 Order, based on the information received from you and in the particular circumstances of this case, the CMA consents to the Addressees carrying out the following actions, in respect of the specific paragraphs:

1. Paragraphs 5(b), 6(b), 6(c), 6(e), 6(h) 6(i), 6(k), and 9 of the Initial Order

The Addressees have sought the CMA's consent to limit the application of the above mentioned provisions of the Initial Order so that they shall apply only to EG entities which engage in activities relating to the UK ('**EG UK Business**'). Accordingly, every other business and legal entity within EG (together the '**EG Excluded Businesses**') would be exempt from the provisions contained in paragraphs 5(b), 6(b), 6(c), 6(e), 6(h) 6(i), 6(k), and 9 of the Initial Order. The EG Excluded Businesses are as follows:

- i. EG Dutch Finco B.V.
- ii. EG Holdings BV, and its subsidiaries.
- iii. EG AsiaPac Ltd, and its subsidiaries.

iv. EG America, LLC, and its subsidiaries.

The Addressees confirmed that none of the above legal entities have any activities that affect the UK, their roles being confined to their respective jurisdictions. In particular, none of these entities: (i) employ UK-based EG staff; (ii) hold UK customer/supplier contracts, (iii) hold assets used for EG's UK operations, (iv) are in any other way active in EG's UK operations, (v) provide EG's UK Business with funding or key support services, (vi) interact professionally with EG's UK Business, (vii) share tangible or intangible assets with EG's UK Business, or (viii) share IT systems with EG's UK Business which cannot be effectively ringfenced.

Therefore, based on the information provided to the CMA by the Addressees, the CMA consents to the obligations in paragraphs 5(b), 6(b), 6(c), 6(e), 6(h) 6(i), 6(k), and 9 of the Initial Order, ceasing to apply to the EG Excluded Businesses. For the avoidance of doubt, these obligations continue to apply to EG and every one of its subsidiaries bar the EG Excluded Businesses and their respective subsidiaries. The CMA's consent is conditional on the understanding that:

- a) EG's UK Business will ringfence IT systems in order to prevent employees of the EG Excluded Businesses from accessing UK-related commercially sensitive information, and will ensure that this is implemented through EG's training and guidance on implementing compliance with the Initial Order.
- b) Granting this derogation will not have any impact on EG's UK Business operations or on the Asda business.
- c) There will be no integration between the EG Excluded Businesses and the Asda business.
- d) Granting this derogation will not prejudice the CMA's remedial options.

Yours sincerely,

Ricardo Zimbron

Assistant Director, Mergers

17 February 2021