

**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, 15 February 2021, and 22 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 (the **Acquirers**), and Asda (together with the Acquirers, 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 6(a), 6(c) and 6(l) of the Initial Order**

The Acquirers submit that they will need oversight of certain actions by Asda outside the ordinary course of business (set out in Annex 1 and collectively referred to henceforth as **Non-Standard Acts**) in order to protect their investment in Asda and to ensure that Asda remains a going concern. The Acquirers also submit that some Non-Standard Acts will become reportable only above specific thresholds (as also set out in Annex 1), thereby ensuring infrequent reporting which does not restrict the ability of the Asda business to operate independently from the Acquirers.

Accordingly, the Acquirers have sought the CMA's consent for (i) Asda to report to the Acquirers each time it proposes to undertake a Non-Standard Act and (ii) share limited commercially-sensitive information with the Acquirers (as also described in Annex 1) in order for the Acquirers to take an informed decision on the proposed Non-Standard Act.

The CMA consents to a derogation from paragraphs 6(a), 6(c) and 6(l) of the Initial Order to permit the Acquirers to exercise oversight of any Non-Standard Act proposed by Asda, strictly on the basis that:

- (a) Asda's information is shared with the Acquirers only where it specifically relates to requests for approval by the Acquirers of any one of the Non-Standard Acts.
- (b) The information which the Acquirers will be given access to will be limited to that which is strictly necessary (as described in Annex 1) to allow the Acquirers to reach a view on the specific matter at hand, and will not include any other commercially-sensitive information beyond that described in Annex 1.
- (c) Requests will be raised by Asda with, and information provided only to, the following employees of the Acquirers: (i) [X], Investment Director at TDR Capital; (ii) [X], Operating Partner at TDR Capital; and (iii) [X], General Counsel at EG (together, the **Authorised Individuals**). None of the Authorised Individuals have, or will have for the duration of the Initial Order, any responsibility for the commercial or strategic operations of EG, and shall not use any information provided by Asda in any way to intervene in the management or operation of Asda.
- (d) The Authorised Individuals must not consult with any other individual at the Acquirers in taking decisions on the Non-Standard Acts;
- (e) The CMA will be notified at least 24 hours in advance of each instance of reporting of a Non-Standard Act, and the Acquirers will provide to the CMA a template for sharing information should the CMA request one. In the event of a proposed veto by the Acquirers, the Acquirers will notify the CMA of their reasons for vetoing at least 24 hours in advance of any such veto being exercised;
- (f) The CMA can amend each of the Non-Standard Acts at any time in writing (including via email) if it subsequently reaches a view that any one of the Non-Standard Acts, as defined in Annex 1, is impacting upon the independent operation of the Asda business;
- (g) The Authorised Individuals shall enter into an NDA in a form approved by

the CMA;

- (h) Firewalls and/or other ring-fencing measures will be put in place to prevent any unauthorised individuals within the Acquirers from accessing the information shared with the Authorised Individuals for the purposes of this derogation;
- (i) [X] shall remain the only Authorised Individuals. No additions or changes to the individuals providing Non-Standard Acts oversight of Asda shall be made under this derogation without the prior written consent of the CMA (including via email);
- (j) This derogation shall not prevent any remedial action which the CMA may need to take regarding the Acquisition; and
- (k) Should the Acquisition be prohibited, or remedies required, the Acquirers will ensure that any confidential information received from Asda for the purposes of this derogation will be returned to the Asda business and any copies destroyed, except to the extent that record retention is required by law or regulation.

Yours sincerely,

Ricardo Zimbron

Assistant Director, Mergers

3 March 2021

**Annex 1 – Non-Standard Acts (The terms defined in the sale and purchase agreement dated 2 October 2020 (the SPA) have the same meaning in this Annex).**