

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 (the 'Act') to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority ('CMA') on 25 May 2022.

Completed acquisition by Wm Morrison Supermarkets Ltd of certain assets of McColl's Retail Group plc ('MRG'), 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').

We refer to your submissions of 28 July 2022 and 9 August 2022 requesting that the CMA consents to a derogation to the Initial Enforcement Order of 25 May 2022 (the "**Initial Order**"). Unless otherwise stated, the terms defined in the Initial Order have the same meaning in this letter.

On 9 May 2022, Morrisons completed the acquisition of McColl's via Alliance Property Holdings Limited ("**Alliance**"), 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.

Under the Initial Order, save for written consent by the CMA, Clayton, Dubilier & Rice Holdings, LLC ("**CD&R**"); Motor Fuel Limited and CD&R Firefly Holdco Limited (referred to together as "**MFG**"); Market Bidco Limited, Market Topco Limited, and each of the subsidiaries of Morrisons other than Alliance (referred to collectively as the "**Acquirer Group**"); and Alliance (together with the Acquirer Group, the "**Addressees**") are required to hold separate the Acquirer Group business from the Alliance 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 derogations from the Initial Order, based on the information received from you and in the particular circumstances of this case, the CMA consents to the Acquirer Group carrying out the following actions, in respect of the specific paragraphs:

Paragraphs 5(c) and 5(i) of the Initial Order

The CMA understands that as part of the implementation of the New Incentive Plan (for which a derogation was granted on 12 May 2022), it is strictly necessary for certain

Morrisons directors to be appointed to the boards of the holding companies of the Morrisons group, namely Market Holdco 1 Limited, Market Holdco 2 Limited, Market Holdco 3 Limited, Market Bidco Limited, Market Parent Finco Plc, Market Bidco Finco Plc and Market Topco Limited. The proposed new board of directors are set out in CD&R derogation request dated 9 August 2022.

The CMA consents to a derogation from paragraphs 5(c) and 5(i) of the Initial Order to permit CD&R and Morrisons to implement the necessary steps to appoint the new board of directors to the relevant CD&R holding entities in the Acquirer Group strictly on the basis that:

- (a) the new directors have the necessary experience and expertise to be appointed as directors of Market Holdco 1 Limited, Market Holdco 2 Limited, Market Holdco 3 Limited, Market Bidco Limited, Market Parent Finco Plc, Market Bidco Finco Plc and Market Topco Limited;
- (b) this derogation will not lead to any exchange of commercially-sensitive information related to individual McColl's stores between Alliance and the Acquirer Group;
- (c) the grant of this derogation will not affect the viability of the Acquirer Group business and will not affect the viability of Alliance or of any of its stores, nor lead to any changes in the commercial strategy of Alliance;
- (d) this derogation will not result in any integration between Alliance and the Acquirer Group; and
- (e) this derogation shall not prevent any remedial action which the CMA may need to take regarding the Acquisition.

Yours sincerely,

Lasse Burmester

Assistant Director, Mergers

9 August 2022