

**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 26 October 2022.

Completed acquisition by Asda Stores Limited ('Asda') of Arthur Foodstores Limited ('Arthur') ('the Acquisition').

We refer to your submissions of 15 March 2023 requesting that the CMA consents to a derogation to the Initial Enforcement Order of 26 October 2022 (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, Mr Zuber Issa, Mr Mohsin Issa, TDR Capital LLP, TDR Capital III Portfolio No. 2 L.P., TDR Capital III Investments (2019) L.P., Asda Group Limited, Asda (the '**Acquirers**'), as well as Co-operative Group Limited ('**Co-op**') and Arthur (together with the Acquirers, the '**Addressees**') are required to hold separate the Arthur business from the Asda 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 paragraph:

Paragraphs 6(c) – corporate reorganisation

The CMA understands that EG Group Limited ("**EG**") intends to implement an intra-group reorganisation to consolidate its holdings in the United Kingdom under one corporate group and therefore streamline its corporate structure (the "**Reorganisation**").

It is proposed that, pursuant to the Reorganisation, EG Finco Limited ("**EG Finco**"), a direct wholly owned subsidiary of EG, would sell the entire issued share capital in its direct wholly-owned subsidiary EG Foodservice Limited ("**EG Foodservice**") to

Euro Garages (Jersey) Limited ("**Euro Garages Jersey**"), a further direct wholly-owned subsidiary of EG Finco and an indirect wholly-owned subsidiary of EG. Following the Reorganisation, Euro Garages Jersey would be the direct parent of EG Foodservice and EG Finco, the direct parent of Euro Garages Jersey, would be the indirect parent.

The main purpose of the Reorganisation is to ensure that EG's UK businesses are contained within one group structure under Euro Garages Jersey rather than the parallel structure that currently exists.

The CMA therefore consents to a derogation from paragraphs 6(c) of the Initial Order to permit EG to implement the Reorganisation.

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

- a) The Reorganisation is not connected to the Arthur acquisition.
- b) There will be no overall change to the operations or business of EG as a result of the Reorganisation.
- c) There will be no change to the ultimate ownership of the Asda business.
- d) This derogation will not result in any integration or exchange of confidential information between Asda and Arthur.
- e) This derogation shall not prevent any remedial action which the CMA may need to take regarding the Acquisition.

Yours sincerely,

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Adam Phillimore

Assistant Director, Mergers

20 March 2023