

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 26 October 2022.

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

We refer to your submissions of 28 April 2023 requesting that the CMA consents to derogations from 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 with the written consent of the CMA, Mr Zuber Issa, Mr Mohsin Issa, TDR Capital LLP (as manager of TDR Capital III Portfolio No. 2 L.P. and TDR Capital III Investments (2019) L.P.), Asda Group Limited and Asda (together, the **“Acquirers”**) as well as the 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 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:

1. Paragraph 6(c) – corporate reorganisation

The CMA understands that EG Group Limited (**“EG”**) and certain of its subsidiaries intend to implement an intra-group share transfer to rationalise the holding structure of a company within the EG group (the **“Reorganisation”**).

It is proposed that pursuant to the Reorganisation EG's indirect wholly-owned subsidiary Euro Garages Limited (**“Euro Garages”**) will sell or otherwise transfer the entire issued share capital of Beehive Equity Limited (**“Beehive”**) (an entity which serves as a holding company for certain minority investments in companies that are not part of the EG group)

to EG Finco Limited (“**EG Finco**”), a company incorporated in England and Wales which is a direct wholly-owned subsidiary of EG and an indirect parent of Euro Garages.

The main purpose of the Reorganisation is to consolidate the holding structure of the core operating business of the EG group in the United Kingdom and Republic of Ireland [§<].

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

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

- a) The Reorganisation is not connected to the Arthur acquisition, and will have no impact on the Arthur business.
- b) There will be no overall change to the operations or business of EG as a result of the Reorganisation (other than as described above in respect of the change of the holding company of Beehive).
- c) There will be no change to the ultimate ownership of the Asda business, the EG business, or the Arthur 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

[✂]

Matteo Alchini

Assistant Director

Remedies Business and Financial Analysis

12 May 2023