

From:

3F Holding
Moez-Alexandre Zouari
Xavier Niel
Matthieu Pigasse

To:

BTSG & Thevenot Partners

Rothschild & Co

Weil, Gotshal & Manges

Groupe Casino

Lazard Frères

Gibson Dunn

On 3 July 2023

STRICTLY CONFIDENTIAL

RE: OFFER - PROJECT GREEN – NEW MONEY INVESTMENT AND GLOBAL FINANCIAL RESTRUCTURING

Dear Madams, Sirs,

On behalf of 3F Holding (“**3F**”) and some of Casino existing creditors (the “**Partners**”) (together with 3F, the “**Consortium**” or “**we**”), we would like to thank you for inviting us to submit an offer (the “**Offer**”) with respect to an equity investment in Casino, Guichard-Perrachon (the “**Company**” or “**CGP**”) and all its directly or indirect subsidiaries (the “**Group**”) (the “**Transaction**”). This proposal is made on behalf of (i) 3F, a dedicated NewCo created for this Transaction by Moez-Alexandre Zouari, Xavier Niel, and Matthieu Pigasse and (ii) their Partners.

The Consortium is pleased to present this Offer, based on our deep industry knowledge in the grocery and retail sector and the information received to date, including in the Project Lumières Virtual Data Room.

We are confident in our ability to add value as partners to Casino and its employees, leveraging our second-to-none industry expertise at 3F under the leadership of Moez-Alexandre Zaouri, one the most reputable retail expert with a unique track record in the grocery industry and as one of the largest franchisee of the Casino Group.

The Partners of 3F are Attestor Limited (“**Attestor**”), Davidson Kempner European Partners, LLP (“**DK**”) and Farallon Capital Europe LLP (“**Farallon**”), who are existing creditors of the Company, with significant financial exposure thereto, demonstrating their trust in 3F’s project. The creditors have signed this letter on their own behalf and do not represent, act for or bind any other creditor or creditor group of the Company.

We look forward to reaching a successful outcome for all stakeholders in a reliable manner.

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1. **Presentation of the Offerors**

This Offer is made jointly by 3F and the Partners (on behalf of entities managed or advised by the Partners as the case may be, as is customary for institutions such as the Partners) (together, the “**Offerors**”).

The Offerors hereby confirm that they are not acting on behalf of any other third party.

a. **3F**

3F Holding is a French-registered investment vehicle created recently by Moez-Alexandre Zouari, Xavier Niel and Matthieu Pigasse for the purpose of the Transaction.

Moez-Alexandre Zouari, Xavier Niel and Matthieu Pigasse are seasoned French entrepreneurs with extensive experience and a unique range of highly complementary expertise.

As a historic and major franchise operator for the Company, Moez-Alexandre Zouari has an intimate knowledge of CGP’s operations, and a broader expertise in managing and transforming food retailers, as evidenced notably by the outstanding performance of the French frozen food retailer Picard since his acquisition of a large stake in 2019. He has an ambitious vision for the Company, and is committed to supporting CGP and its management in implementing a swift turnaround of its operations and returning to profitable growth.

Xavier Niel is the founder and major shareholder of Iliad, which is one of the largest alternative telecom operators in Europe with 46.5 million subscribers, €8.4 billion in revenues in 2022, and employing nearly 17,000 people. He is also the founder and unique shareholder of NJJ, an investment vehicle focused on telecom companies that has launched 4 new operators and acquired 8 telecom operators in various geographies, such as Salt in Switzerland, eir in Ireland, or Monaco Telecom. He has a unique track record as an investor, with a recognized strength in guiding companies and helping them create value for their entire ecosystem.

Through his long career as a civil servant and an investment banker, Matthieu Pigasse has advised companies and governments in a range of strategic situations, including mergers, acquisitions, disposals, and distressed financing operations, gathering a unique experience that will help 3F Holding support the Company in navigating its current situation.

United by a shared vision that the French food retail market must evolve towards a renewed customer-centered offering, the trio of entrepreneurs has already successfully achieved ambitious projects in the retail industry, as evidenced notably by the raising of the 2MX Organic SPAC in 2020, the completion of its initial business combination with garden store operator InVivo Retail, and its development in other areas of retail through the acquisition of the French bakeries network operator Louise.

b. **The Partners to 3F**

➤ **Attestor**

Attestor Limited is a London-based asset manager that manages in excess of \$7.5bn of invested capital. Founded in 2012 Attestor invests capital on behalf of university endowments and sophisticated family offices who share Attestor’s long-term investment philosophy and principles.

Attestor pursues a flexible global fundamental value mandate with a focus on opportunistic credit, real estate and corporate restructuring. Its focus is typically on complex situations which require significant fundamental and legal expertise as well as risk appetite.

Attestor has significant experience in complex financial restructurings and has been acquiring debt and claims related to these situations over many years. Its capital is deployed from an evergreen investment fund, thus

affording the ability to take a long-term position, which is particularly important in a corporate restructuring which has an uncertain timeframe.

Relevant experience:

- Attestor was one of the lead investors in the recent corporate restructuring of Europcar, Europe's largest car rental company, including a significant new money commitment. A consortium comprising Volkswagen Group, Attestor and Pon Holdings subsequently launched a recommended takeover offer of Europcar.
- Working alongside the German government, Attestor secured majority ownership (51%) of leisure airline Condor in July 2021. This partnership guaranteed to safeguard all 4,050 jobs and enables Condor to modernize the fleet through an additional investment commitment.
- Attestor has undergone a rigorous approval process with the European Central bank to acquire significant equity stakes in licensed commercial banks. As one of a small number of investment firms to have received such approval, Attestor has acquired ownership interests in several European commercial banks, including Kommunalkredit AG in Austria.

➤ **DK**

DK is an affiliate of and sub-advisor to Davidson Kempner Capital Management LP ("DKCM"), formed and registered in England (Companies House No. OC308054) and is regulated by the Financial Conduct Authority (No. 401821). DKCM is a US-based, Securities and Exchange Commission registered institutional investment management firm with 39 years of experience, currently managing assets in low volatility, multi-strategy and long term strategies with a focus on fundamental investing in real assets and event driven strategies. DKCM currently has over \$36 billion in assets under management with over 500 employees in seven offices (New York, Philadelphia, London, Hong Kong, Shenzhen, Mumbai and Dublin), including over 150 investment professionals. DK has a long-term, value-based strategy, which is supported by the flexibility of our multiple fund offerings. For the past decade, DK has been a long-term investor in the UK, Europe, the United States and Asia, investing across the capital structure in both equity and credit.

DK has a long-term, value-based strategy, which is supported by the flexibility of our multiple fund offerings. For the past decade, DK has been a long-term investor in the UK, Europe and the United States and Asia, investing across the capital structure in both equity and credit. Furthermore, DK has a long track record of building and maintaining successful management teams and fostering the growth of business in its over 39 years of investing.

Relevant experience includes:

- DK was one of the lead investors in the recent corporate restructuring of Steinhoff Europe AG and its key subsidiaries including Conforama in France, PepCo Group in Poland and Mattress Firm in the US.
- DK has been actively involved in French restructuring with equity positions in animation company Technicolor (2019), aerospace company Latecoere (2014), transport company Via Location (2019) and Joa Casino (2017).

➤ **Farallon**

Farallon, together with Farallon Capital Management, L.L.C. and its affiliates, manages over \$39 billion in capital on behalf of a range of institutional investors including college endowments, charitable foundations, and pension plans, as well as high net worth individuals.

Founded in 1986 and headquartered in San Francisco, Farallon is an experienced global institutional asset management firm with a long history of investing across Europe. Farallon invests globally across asset classes, seeking to achieve balanced risk-adjusted returns through bottom-up fundamental analysis that emphasizes capital preservation. Our team has substantial experience transacting in France across a wide range of sectors.

Relevant Experience includes:

- Farallon was one of the lead investors in the recent corporate restructuring of Steinhoff Europe AG and its key subsidiaries including Conforama in France, Pepco Group in Poland and Mattress Firm the US.

- Farallon has been an active participant in French restructurings, providing new money financing across a host of sectors including Retail and Media.

2. Strategic rationale

3F is joining forces with existing creditors of the Group which are willing to further invest in Casino to help restructure and relaunch in a sustainable way the Company. The current situation will be solved by proposing jointly both a financial plan to reset the capital structure of the Group and industrial plan that will aim at regaining profitability. This is our intimate view that the current challenges cannot be faced only through the resetting of the capital structure of the Group. The Group has been recently facing eroding market share, high price positioning and loss of customers. With the right industrial plan, that we can bring and implement, we all believe we can turnaround the Company's trajectory.

Moez-Alexandre Zouari's unique experience in grocery retail is pivotal to our strategic plan for the Group and will leverage Casino existing's strength and management to implement its strategic vision which will revamp the Group's performance and trajectory. We will rely on his strong knowledge and expertise in retail, his vision of evolving consumer trends and expectations, his 25-year partnership with Casino and in particular his track record in the turnaround that he has led on several occasions on numerous multi-format portfolios of Casino sites, whether Casino Supermarkets, Leader Price, Monoprix or Franprix.

We collectively believe that Casino possesses unique assets, well-recognized brands and strong skillsets within the teams and in stores. The Group is strategically positioned in specific regions in France (the Paris area, Rhône-Alpes, and PACA regions) and command attractive market share. Across all formats, the Group has well-identified brands.

- In the convenience format, Monoprix and Franprix are the crown jewels. Franprix offers a dense network of convenient stores in city centers strategically positioned. Monoprix benefits from a premium positioning with high quality and well-recognised offer.
- In the rural area, Casino is one of the only retailer to offer adapted format and offering under various banners. In addition, Casino rely on different logistic networks able to deliver across multiples formats and regions.

While super-markets and hyper-markets have been suffering recently from under-investment and inadequate price positioning, we believe that the following actions would turnaround the recent under-performance of the banners:

- Refocusing the footprint into three priority areas;
 - Repositioning the product offering by giving meaning to the offer (adapting the local offering, local products);
 - Restoring value to the product;
 - Creating differentiation in offering attractive corners and new experience;
 - Investing in price.

Casino encompasses all the assets and teams to activate our Plan and to get back to Casino's DNA: a constant drive to enhance the value of the product and the consumer, powerful marketing support to create the difference and make the offer, the product and the experience attractive and exclusive.

We have carefully reviewed the Group current pocket of underperformance and the ways to address them and we also recognized the strengths and the potential of certain assets of the Group that would benefit from a new leadership.

By re-adapting the Group's capital structure and refocusing the Group on the core business, we will be able to offer a new business proposition in line with clients' expectations which will help the Group grow again and start regaining market share.

Finally, we consider that in order to restore the profitability of the Group, we will need to implement our Industrial Plan as quickly as possible. We believe that we can bring a positive dynamic to Casino's employees and the company's desire for stability and support.

3. **Business plan**

We have carefully reviewed the information provided in data room including the different volumes and addendum of the Independent Business Review (“IBR”) prepared by Accuracy and Advancy. Based on the documents and information provided as well as our expertise and understanding of the Company and the sector, we have translated our business ambition into our own Business Plan.

We have spent significant time to build our strategic plan. We benefit from strong understanding of the industry as well as the Company thanks to Moez-Alexandre Zouari experience and success in the space. We believe the Company will need a rejuvenated industrial vision which we can bring and implement. Our industrial plan has been built on a thorough assessment of the Group's current situation both in term of format, geographic and price positioning but also in term of product mix and broader competitive positioning.

The aim of our industrial plan is to give back meaning to consumers and position Casino as an attractive quality/price brand. By promoting a customer offer-centric model, we want to put customers at the center of what we do and live up to meet their expectations again. And, as a result, to reposition the fundamentals of the business, using the strengths of the current network and teams to restore sales per square meter up to the average level of the competition.

To achieve this objective, our vision is articulated around 3 pillars:

- **Refocus on core business**
 - Rationalize the hypermarkets and supermarkets integrated store network to focus on core geographic areas where the Groupe is already well implemented and holds strong competitive positioning (Ile-de-France, Auvergne-Rhône Alpes and Provence Alpes Côte d'Azur). This rationalization would be conducted through the agreed disposal to Groupement Les Mousquetaires and be accelerated with the disposal of additional stores that are not profitable and not located in the priority regions.
 - Launch an adapted franchisee expansion plan managed by Moez-Alexandre Zouari's who holds a strong expertise in this store model (Moez-Alexandre Zouari is currently managing the highest number of Franprix franchises in France). This expansion would enable the Group to reach a balanced portfolio by focusing on strategic areas and high-quality sites.
 - Centralize logistics networks in core regions (IDF, AURA, PACA) by combining current networks:
 - Adjust logistics to the new footprint (disposal of ITM, dead-end stores);
 - Concentrate effort to the core areas to enhance operational excellence (adapt quickly to offer changes, better react to shortages, ...) mechanically increasing customer satisfaction and reducing logistic costs (decrease of warehouses and disposal of non-strategic networks).
 - Launch a city and convenience Casino brand rationalization project through the assessment of the different brands on multiple axis such as quality positioning, price positioning, customer satisfaction, profitability in order to define a target brand portfolio. Yet, brand has its own specificity and rebranding will be a long-term project.
- **Reposition the Group and start re-gaining market share**
 - Continue price decrease strategy started early 2023 by Casino to realign with a “fair market price” in line with competitors, adapted and local. To do so, a dedicated team will be put in place to ensure good execution of pricing strategy and leverage revenue management opportunities.
 - Improve perception of value and correct correlation between brand image and price. In particular, launch a major brand image campaign laying emphasis on the “right price” strategy, continuously reinvest in advertising and promotional spend.

- Generate traffic in stores, by repositioning offer in line with consumers expectations on offering, level of service and store maintenance:
 - Investing in fresh and local products (e.g. circuit court, made-in-France) through dedicated partnerships (e.g. Louise-Teract) and catering expertise development (bakery, meat, fish);
 - Enhance in-store customer experience with major revamping of the store network, notably on Monoprix and Convenience stores.
 - Strongly develop private labels, reaching market best practices by leveraging:
 - Moez Zouari's past experience in Picard;
 - Leader Price label tools that were proven successful in the past;
 - Intermarché partnership as an accelerator on specific categories;
 - The highly reputed Monoprix private labels in the food and non-food segments for the premium segment.
 - Keep-on developing e-commerce while making it sustainable and profitable, in line with consumers expectations.
- **Adapt the Group's structure to the new business proposition**
 - Rethink the purchasing organization to an offer-centric model versus the current Business Unit model through the creation of extended purchasing platforms that are responsible and sustainable (offer designed through customer expectations vs. pushed by purchasers) in order to:
 - Regroup offer, marketing, purchasing and demand management;
 - Strengthen relationships with supplier partners and develop synergies;
 - Develop customer proximity through a hiring plan for in-store resources by realigning with market standards and giving them more meaning and responsibility.
 - Pursue the current management savings plan on HQ and adapt the DCF structure to the rationalized integrated store footprint.

4. Enterprise valuation

Based on a pro-forma equity value of €882m and an estimated pro-forma net debt as of Dec-23 of €2,895m (excl IFRS leases) and –€44m of debt adjustments, we value the company at €3,733m pre IFRS leases.

5. Equity Transactions (incl. New Money Equity Injection)

The equity transactions shall consist in the following at the level of CGP:

- a. Equitization of the Perpetual Bonds: a c. €1,350m reserved share capital increase¹ to be subscribed by way of set off with the Perpetual Bonds, with the newly issued shares representing 0.28% of the pro forma non-fully diluted share capital (the “**First Equitization Capital Increase**”) noting that:
 - (i) accrued and unpaid interest on the Perpetual Bonds will be fully equitized with the principal and increase the amount of the reserved share capital increase accordingly, and
 - (ii) the issue price of the First Equitization Capital Increase will be revised so that the equitization of such interest does not affect the pro-forma shareholding of the holders of Perpetual Bonds,
- b. Equitization of the Unsecured Debt: a c. €2,173m reserved share capital increase² to be subscribed by way of set off with the Unsecured Debt (as defined below), with the newly issued shares representing c.

¹ Amount to be increased by the amount of equitized interest

² Amount to be increased by the amount of equitized interest

2.46% of the pro forma non-fully diluted share capital (the “**Second Equitization Capital Increase**”), noting that:

- (i) accrued and unpaid interest on the Unsecured Debt will be fully equitized with the principal, and
 - (ii) the issue price of the Second Equitization Capital Increase will be revised so that the equitization of such interest does not affect the pro-forma shareholding of the holders of Unsecured Debt,
- c. Consortium New Money Capital Increase: a €400m share capital increase to be subscribed in cash, at a 20% discount on the issue price of the Second New Money Capital Increase (as defined below), with the newly issued shares representing a maximum of 57.19% of the pro forma non-fully diluted share capital, reserved to (the “**Consortium New Money Capital Increase**”), split as follows:
- 3F, for a total amount of €175m,
 - Attestor, for a total amount of €175m,
 - the steering committee of TLB creditors and DK for a combined total amount of €50m (in aggregate) noting DK and Farallon intend to subscribe to the full €50m (in such proportions to be agreed between them) in the absence of other subscribers.
- d. Second New Money Capital Increase: a €50m share capital increase to be subscribed in cash, with the newly issued shares representing a maximum of 5.72% of the pro forma non-fully diluted share capital, backstopped by the Offerors (pro rata their commitments under the Consortium New Money Capital Increase) (the “**Second New Money Capital Increase**”) and reserved to the following beneficiaries by order of priority and terms to be determined : Groupement Les Mousquetaires (“**ITM**”), the Secured Creditors, the Unsecured Creditors, the Perpetual Bondholders and the existing shareholders (together, the “**Possible NM Subscribers**”).
- e. Secured Deleveraging Capital Increase: a c. €300m reserved share capital increase, at the same issue price as the Second New Money Capital Increase, with the newly issued shares representing 34.32% of the pro forma non-fully diluted share capital (the “**Secured Deleveraging Capital Increase**”) to be subscribed:
- to the extent there are subscription demands for the Second New Money Capital Increase in excess of its amount, in cash up to €150m by, by order of priority and terms to be determined, the Possible NM Subscribers (noting that the proceeds of such subscriptions shall be allocated to the repayment of the Equitized Secured Debt to be equitized under the following paragraph),
 - for the balance (including any portion not subscribed in cash under the preceding paragraph), by way of set off with the Equitized Secured Debt (as such term is defined below).
- f. Issuance of Backstop Warrants: a free allocation of penny warrants to the Offerors in consideration for the above-mentioned backstop commitments related to the Second New Money Capital Increase only (pro rata such commitments) entitling the Offerors to 0.8% of the pro forma share capital on a fully diluted basis (the “**Backstop Warrants**”).

Please note that the above construct is indicative, in particular:

- the sequencing of the above equity transactions is to be confirmed, and additional steps will be required (e.g. share capital reduction, share nominal value reduction, share consolidation);
- as and if required, the equity transactions may be adapted to provide for any other priority right to the benefit of the existing shareholders under terms to be defined.

6. Debt Restructuring

Existing debt will be restructured in order to give the Company a sustainable pro forma debt structure.

The existing financial debt of the Group shall be treated as follows:

a. Perpetual Bonds

All amounts (including interest and fees) owed under the Perpetual Bonds (holders thereof, the “**Perpetual Bondholders**”) shall be fully equitized under the First Equitization Capital Increase (see above).

b. Unsecured Debt

All amounts (including interest and fees) owed under the NEU CP, HYN 2026, HYN 2027, EMTN 2024, EMTN 2025 and EMTN 2026 (as such terms are defined in Annex 1) (together, the “**Unsecured Debt**”, and holders thereof, the “**Unsecured Creditors**”) shall be fully equitized under the Second Equitization Capital Increase.

c. Secured Debt (TLB and RCF)

The TLB and the RCF (as defined in Annex 1) (together, the “**Secured Debt**”, and holders thereof, the “**Secured Creditors**”) shall be restructured as follows:

- Partial Renewal up to €1,000m³: Secured Debt commitments to be renewed for a total amount of €1,000m (with priority given to lenders committing to provide working capital lines in an aggregate amount sufficient to satisfy the minimum operating needs of the Company, and remaining amount to be allocated by agreement with the Offerors), under the following terms (the “**Renewed RCF**”):
 - *Maturity*: December 2028,
 - *Availability period*: until one month prior to Maturity,
 - *Pricing*: the Renewed RCF shall bear cash interest at a rate equal to EURIBOR + 2%, 0.25% utilization fee and 35% of the margin as commitment fee on the undrawn amount,
 - *Cleardown*: none,
 - *Security package*: First lien over the France Perimeter (scope to be determined),
 - *Ranking*: Super senior (*pari passu* with the New Money Debt),
 - *Other key terms*: other key terms to be determined.
- Partial Reinstatement: A total amount of €1,476m under the Secured Debt shall be reinstated as follows (the “**Reinstated Term Loan**”):
 - *Maturity*: December 2028 (bullet),
 - *Prepayable*: at par,
 - *Call*: after 1 year, repayment at par thereafter 100% (i.e., NC1/100),
 - *Pricing*: EURIBOR + 4% cash (pay if you can) + 3.5% PIK (with interest fully capitalized during initial 2 years) (potential de minimis cash coupon - e.g., 5-10bps – to be determined),
 - *Security package*: First lien over the France Perimeter,
 - *Ranking*: Junior to the Renewed RCF and New Money Debt,
 - *Other key terms*: other key terms to be determined.

³ Other figures in this section assume that the Renewed RCF is subscribed in full.

- **Partial Exchange for Mandatory Convertible Notes:** A total amount of €700m under the Secured Debt shall be exchanged for Mandatory Convertible Notes with the following key terms (the "**Mandatory Convertible Notes**")⁴:
 - *Form of the Mandatory Convertible Notes:* to the extent not prepaid under the mandatory prepayment events (see below), notes automatically convertible into equity at Maturity at the average of (i) the Second New Money Capital Increase subscription price and (ii) the 3-month VWAP,
 - *Maturity:* June 2026,
 - *Buyback:* CGP to be entitled to buy back or refinance the Mandatory Convertible Notes prior to Maturity at par plus accrued interest (no redemption fee),
 - *Pricing:* PIK interest equal to 8% in year 1, 10% in year 2 and 12% thereafter (potential de minimis cash coupon - e.g., 5-10bps – to be determined),
 - *Mandatory prepayment:* mandatory prepayment from 100% of certain non-core asset net disposal proceeds (excluding Quatrim real estate),
 - *Security package:* none
 - *Other key terms:* other key terms to be determined.
- **Partial Equitization:** A total amount of €300m under the Secured Debt shall be (i) up to €150m, repaid in cash by the proceeds of the Secured Deleveraging Capital Increase (if any) and (ii) for the balance (i.e. up to €300m in the absence of any cash subscription), equitized as part of the Secured Deleveraging Capital Increase (with the same issue price as the Second New Money Capital Increase) (the "**Equitized Secured Debt**").
- **Interests:** all interest accrued under the Secured Debt until the closing date of the Transaction shall be paid in cash on the closing date of the Transaction.

d. Quatrim HYN

The Quatrim HYN shall be reinstated as follows:

- *Maturity:* January 2028
- *Redemption:* in full at Maturity
- *Pricing:* interests under the Quatrim HYN to be capitalized as from the closing date of the Transaction until the second anniversary
- *Voluntary prepayment:* at par,
- *Mandatory prepayment:* mandatory prepayment from net disposal proceeds of assets within security package,
- *Other terms:* to be determined

e. Fidera Bonds

The Fidera Bonds shall be treated under terms to be agreed with the Company.

⁴ As and if required, the equity transactions may be adapted to provide for any priority right to the benefit of the existing shareholders under terms to be defined

f. **Other Operating Company Debt**

The other debt at operating company level (i.e., subject to completeness of the list, RCF Monoprix Exploitation, CDiscout PGE, LCL Loan and BRED Loan) shall be treated as follows:

- *Maturity*: December 2028
- *Other terms*: To be determined

7. **Operating Financings, Credit Insurers and Swaps**

a. **Renewal of Operating Financing**

The amount of pre-existing operating financings (factoring, reverse factoring and overdrafts) shall be automatically renewed until December 2028 (subject to early termination based on certain material events of default) in line with volume 1 of the Independent Business Review prepared by Accuracy (including reinstatement of commitments cancelled during 2023) subject to due diligence.

b. **Credit Insurers**

Credit insurers and other working capital financing providers shall maintain their coverage and continue providing ongoing 'business-as-usual' support.

c. **Swaps**

The Group's swaps shall be crystallized into a €155m payment obligation (in line with mark-to-market) paid over 5 years in equal annual instalments, subject to due diligence.

8. **New Money**⁵

We have conducted extensive analysis to assess the investment required to carry out our Business Plan. While we still require additional information (in particular on short-term trading and working capital movements) as set out below, we present a proposal which delivers a committed €900m of new money investment in line with what the Company has presented on 26 June 2023.

€900m shall be backstopped and/or provided (as applicable) by the Offerors in the form of:

- Equity: a total of €450m, of which:
 - €400m shall be provided by the Offerors under the Consortium New Money Capital Increase, as described above,
 - €50m shall be provided by other parties under the Second New Money Capital Increase, fully backstopped by the Offerors, as described above
- Debt: €450m shall be provided under a new money debt with the following indicative terms (the "**New Money Debt**"):
 - *Form*: notes,
 - *Issuer*: the Company,
 - *Maturity*: December 2028,

⁵ Excluding for the avoidance of doubt cash subscriptions (if any) to the Secured Deleveraging Capital Increase.

- *Prepayment*: NC 2, then repayment at par,
- *Pricing*: the New Money Debt shall bear:
 - Cash interest at a rate equal to EURIBOR + 4% (pay if you can during the first two years),
 - PIK interest equal to 5%,
- *Security package*: First lien over the France Perimeter,
- *Ranking*: Super senior (*pari passu* with the Renewed RCF),
- *Subscription to the New Money Debt*: opened to all Secured Creditors,
- *Backstop*: To be backstopped by the members of the steering committee of the TLB and the ad hoc committee of the RCF (including Attestor), with commitments to be finalized by 5 July 2023 at noon CET. In case of insufficient demand, the Partners have agreed in principle to support any shortfall to ensure that the full New Money Debt amount is to be backstopped,
- *Warrants*: new money backstoppers/providers to receive CGP equity warrants of 7.5% of share capital stack on a fully diluted basis with an exercise price equal to the issue price of the Consortium New Money Capital Increase,
- *Other terms*: To be determined.

9. Tax and social liabilities

The tax and social liabilities due between May and September 2023, representing an amount of c. €300m deferred in agreement with the French State (the “**Tax and Social Liabilities**”) shall be fully repaid in cash at the closing of the Transaction and the security interests granted to secure the Tax and Social Liabilities shall be released.

10. Prospective share capital structure

At the closing of the Transaction⁶, the new shareholding structure shall be the following (pre-dilution by the Backstop Warrants):

- Existing Shareholders: 0.03%
- Equitized Creditors: 37.06% %, split between:
 - *Perpetual Bonds creditors*: 0.28%
 - *Unsecured Debt creditors*: 2.46%
 - *Secured Debt creditors*: 34.32%
- Equity New Money Providers: 62.91%, split between:
 - *Offerors*⁷: 57.19%
 - *Possible NM Subscribers*: 5.72%

11. Sources and Uses

The following table summarizes the contemplated sources and uses for the Transaction, assuming a closing at December 31, 2023, based on information provided the Company or by Accuracy in its Independent Business Review. This information, in particular the starting liquidity in December 2023 of €1,606m less €582m of projected

⁶ Assuming that (i) no priority right applies, (ii) the Possible NM Subscribers fully subscribe to their reserved portion of the Second New Money Capital Increase but do not subscribed to the Secured Deleveraging Capital Increase (i.e. there is a full equitization of the Equitized Secured Debt).

⁷ Under the Consortium New Money Capital Increase only

additional working capital adjustments, are critical assumptions for a bid where we have received limited information from the Company and are subject to confirmation as laid out below. We reserve the right to adjust our offer as required should any change arise as a result of additional information received or ongoing current trading.

	€m		€m
Dec-23 liquidity pre-transaction (as per IBR Vol.3)	1,034	Standstill interest repaid (estimated as per IBR Vol.1 ⁸)	210
New Money Equity	450	Social and tax liabilities repaid (estimated as per IBR Vol.1)	303
New Money Debt	450	Dec-23 liquidity post-transaction	1,421
Total sources	1,934	Total uses	1,934

For the avoidance of doubt, any net proceeds from potential asset disposals would be allocated to (i) the repayment of the outstanding Quatrim bond for real estate assets pledged under its facility agreement, (ii) the repayment of the Mandatory Convertible for assets pledged under its facility agreement, or (iii) any relevant uses deemed by the Company's Board of Directors or Management, as the case may be and depending on the quantum of such proceeds, which could include further prepayment of debt or investment in the Company's development. The Offerors do not contemplate the payment of any dividend for the coming years

12. Governance and Management

We intend to put in place a governance which will be substantially in line with the AFEP MEDEF Code. The governance of the Company will be based on a supervisory board (conseil de surveillance) (the "Supervisory Board") and a management board (directoire).

The founders of 3F will play a decisive role in the governance of the Company. Indeed, MZ will be appointed as CEO (président du directoire) for a 4-year term given his extensive experience and deep knowledge of the group. In addition, the Supervisory Board will comprise Xavier Niel and Matthieu Pigasse.

The representatives of 3F and of the Partners will represent the majority of the Supervisory Board. The Supervisory Board will comprise an equal number of representatives designated by 3F and the Partners. The Supervisory Board will also include a minimum of one third of independent Board members.

The General Executive Committee ("GEC") will be nominated by the CEO with Supervisory Board approval. The board and future CEO intend to rely on the talented management team in place and in accordance with the "best person for the job" principle.

13. Lock-up period

In order to ensure stability, our proposal includes a 24-month lock-up period applicable to the Offerors, subject to reasonable exceptions.

⁸ Assumes interests related to TLB and RCF paid in cash at closing; interest related to Hybrid and TSSDI and bond coupons capitalized at closing.

14. Certainty of funds

The Offerors confirm that they will fund their respective investments in the Company out of funds readily available to them. No contingent additional financing will be required by any of the Offerors for the purpose of the Transaction.

15. Headquarter / Employment

We intend to maintain the Company's headquarters in Saint-Etienne, which has been an important site for the company for decades. We recognize the value of these headquarters, given their strategic location at the center of France, and its significance in fostering CGP's strong corporate culture.

Additionally, we are committed to maintaining the current employment levels within the company. We have an ambitious plan for the Company, which we intend to carry out with the support of all its collaborators, capitalizing on their expertise and collective knowledge. Our goal is to build upon the strong foundation already established within CGP to accelerate its development. As soon as practicable, we would aim to discuss in detail our plan for CGP with its management and employees, to ensure our full alignment and our clear and common focus on successfully implementing it.

16. Relationship with Other Financial Creditors

We consider that maintaining a good faith and constructive relationship with the financial creditors of the Group in the negotiation of the Transaction will be instrumental to deliver a fair and balanced outcome for all stakeholders in an expedited timeframe.

To that end, we would like to coordinate with you on the communication made to the financial creditors with regards to our Offer, with a view to submitting a fully implementable final binding offer.

17. Approval

This Offer has been approved by the investment committees (or equivalent required internal authorities) of the Offerors.

18. Conditions precedent

This Offer is subject to satisfaction or waiver of the following conditions precedent:

- agreement of the Offerors with the Company (and any relevant company of the Group) and its financial creditors and/or a sufficient portion of its financial creditors to implement the deal in the context of a subsequent accelerated safeguard proceedings on the terms of the Offer or on reasonably appropriate adjustments thereto, and execution of resulting mutually agreeable long form binding legal documentation on the terms of the Offer or on reasonably appropriate adjustments thereto;
- bilateral agreement with relevant stakeholders to the extent necessary to implement this Offer;
- final grant (*purgée de tous recours*) by the AMF of (i) an exemption to the obligation to launch a tender offer (covering all securities to be issued in the context of the proposed Transaction or upon exercise or conversion thereof) and (ii) a visa on any required securities notes (*notes d'opération*);
- final approval (*purgée de tous recours*) of an accelerated sauvegarde plan by the commercial court of Paris to implement the Offer;
- receipt of an independent expert's report confirming the terms of the Binding Offer (including a favorable fairness opinion in relation to the capital issue prices) as usual for transactions of this nature;
- to the extent necessary, antitrust and FDI (*contrôle des investissements étrangers*) clearance;
- confirmation that no financing (other than the Existing Debt, as listed in Annex 1) nor any material contract may incur any termination, default or repayment event as a result of the Transaction where such event would have a material adverse effect on the operations of a Group company or on the turnaround or restructuring terms contemplated in this Offer (in each case as reasonably appreciated by the Offerors),

- short-term cash flow due diligence: review and diligence to the satisfaction of each of the Offerors of critical assumptions disclosed in recent company updates primarily related to short-term cash flow projections. We are confident to complete such due diligence within 3 business days after receipt of information, on the following items:
 - current trading update,
 - validation of projected expected available cash balance December 2023 (and forecast),
 - supplier dynamics and balance of overdue payables,
 - review of cancelled and remaining working capital financing lines,
 - review of any ongoing strategic actions or disposals for consistency with the Offerors' business plan, including the recently announced industrial partnership with Prosol and the ongoing franchise expansion plan,
 - any other issues arising out of recently released, and future additional, due diligence information, such as additional volumes an addendums of IBR by Accuracy and Advancy, and the PwC IBR review.

The Offerors are willing to work expeditiously in order to satisfy the abovementioned conditions precedent as early as possible and do not expect any substantive issue in relation to antitrust and FDI clearances.

Offerors reserves the right to change the allocation and implementation in respect of the New Money Equity, New Money Debt and debt reduction of the Secured Debt to result in similar liquidity and deleveraging to the Company following the acceptance of the Offer, in order to be responsive to preferences of various holders and changes in market conditions.

19. Calendar

The Offerors are fully aware of the condensed timeline of the ongoing proceedings and are prepared to implement the Transaction within the timeframe provided for by the Company at the 28 June 2023 plenary meeting (including entering into a binding agreement in principle with the Group and its main creditors on the final terms of this Offer by 27 July 2023).

20. Primary Contacts

Would you have any questions on this Offer, please contact the following individuals:

3F	Moez-Alexandre Zouari Xavier Niel Matthieu Pigasse	
Attestor	David Alhadeff Thomas Doerane	
DK	Chris Krishanthan JB de Boissieu Johann Malaper	
Farallon	Wissam Charbel Francesco Gouigoux	

21. No Waiver

Nothing in this letter shall be construed as a waiver of any of the Offerors' rights in relation to their financial exposure to the Group.

22. Liability

For the avoidance of doubt (i) each Offeror shall only be liable for its own funding or backstop commitment, (ii) in no event shall any liability of an Offeror under this letter exceed the amount of its commitments (*limitation de responsabilité*) and (iii) without limitation to the foregoing, in no event shall the Offerors be jointly and severally (*solidairement*) liable.

23. Validity

Without prejudice to paragraph 28 of this Offer, this Offer is irrevocable and can be accepted by you by return of a duly countersigned copy thereof until 23:59 CET on 07 July 2023 (the "**Offer Expiry Date**"). If you do not accept this Offer by the Offer Expiry Date and unless we grant an extension, this Offer will lapse and may no longer be accepted, and all provisions of this Offer (other than paragraphs 21, 22, 23, 25, 26, 27 and 29) shall be of no further force and effect. Notwithstanding the above, the Offer Expiry Date shall be extended until 23:59 CET on 27 July 2023 if the Company grants us exclusivity on the terms set forth below before the initial Offer Expiry Date.

24. Exclusivity

Upon acceptance of the Offer by the Company, you grant us (jointly) an exclusivity right to carry out the Transaction from the period starting from the date of your acceptance until the earliest of (i) 27 July 2023 (or such later date agreed between the Company and us) (the "**Longstop Date**"), (ii) the final consummation of the Transaction, and (iii) the termination of the Offer in accordance with paragraph 28 below (the "**Exclusivity Period**").

During the Exclusivity Period, you undertake and procure that each Company's subsidiary and you and each of your and their respective majority shareholder, directors, managers, officer and employees will not, directly or indirectly, including through their professional advisors:

- (i) initiate, solicit, encourage or facilitate any inquiry, proposal or offer by any person other than us with respect to the Offer, or having a similar purpose as the Offer, or which, if implemented, would frustrate the purposes of the Offer (any such inquiry, proposal or offer, a "**Competing Proposal**");
- (ii) enter into, continue, or participate in any discussions, negotiations, marketing activity and any other agreement with any person concerning a Competing Proposal, or make any offer to, or enter into any agreement with, any person in respect of any Competing Proposal;
- (iii) disclose any information or documentation related to the Offer to any person other than in accordance with paragraph 26 below;
- (iv) solicit, initiate, encourage or take any action or carry out any transaction which could be inconsistent with, jeopardize, frustrate or negatively affect the feasibility or the economic terms of the Transaction; or
- (v) otherwise cooperate in any way, assist or participate in, facilitate or encourage any effort or attempt by any person to seek to do anything contrary to the foregoing,

in each case without our prior joint written consent.

Without limitation to the foregoing, upon accepting this Offer the Company shall immediately terminate any agreement and cease all discussions with competing offerors.

25. Fees, Costs and Expenses

The reasonable fees and expenses of our financial and legal advisors in connection with the structuring, negotiation, preparation and execution of the Transaction shall be borne by the Group, as customary for transactions of this nature, in line with fee cover letters to be entered into separately.

A work and structuring fee (amount to be determined) shall be paid by the Company to the Offerors upon completion of the Transaction.

Customary lock-up fees shall be agreed.

26. Confidentiality

This Offer is delivered to you with the understanding, and on the condition, that neither its content, nor its substance, shall be disclosed by you except with the consent of the Offerors and unless otherwise required by applicable laws, regulation or a court of competent authority. The same confidentiality also applies to any written communication and verbal conversations we have had or may continue to have.

27. Miscellaneous

A person who is not a party to this Offer has no right to enforce any term of this Offer, but the foregoing shall not affect any third-party right or remedy which exists or is available.

If any provision of this Offer is held to be invalid or unenforceable by any judicial or other competent authority:

- all other provisions of this Offer will remain in full force and effect and will not in any way be impaired; and

- the parties shall negotiate in good faith with a view to agree on the replacement of such provision by a provision which is legal, valid and enforceable and which is, to the extent practicable, in accordance with the intents and purposes of this Offer.

Except in the case of fraud or breach of the terms of this Offer, no party shall have any right of action against any other party arising out of or in connection with any draft, agreement, undertaking, representation, warranty, promise, assurance or arrangement of any nature whatsoever, whether or not in writing, relating to the subject matter of the Offer, made or given by any person at any time prior to the date of this Offer except to the extent it is expressly incorporated in the Offer.

28. Termination

Notwithstanding anything to the contrary in this Offer, the Offer may be terminated:

- by the mutual consent of the Company and the Offerors at any time;
- by the occurrence of the Longstop Date without entry into a binding agreement with required stakeholders to implement the Transaction,
- by the Company, in the event that its board of directors determines in good faith that their fiduciary duties require them to terminate the Exclusivity Period in order to consider an alternative offer providing better turnaround prospects for the Group and better recovery prospects for its creditors (an “**Alternative Offer**”),
- by any of the Offerors
 - at any time until the Company grant the Offerors an exclusivity right to carry out the Transaction
 - at any time if any governmental authority shall have issued an order or taken any other action (which order or other action the parties shall use their commercially reasonable efforts to lift) which permanently restrains, enjoins or otherwise prohibits the completion of the Transaction and such order or other action shall have become final and non-appealable; or
 - at any time in case of (i) event or fact that has or is reasonably likely to have a material negative effect, exceptional or recurring, on the value, results, prospects or credit worthiness of the Company or its Group or (ii) without limitation to item (i), a material adverse change of the business or cash situation of the Group (for instance a decrease in trade insurer coverage), in each case as reasonably appreciated by the Offeror.

In the event that this Offer is terminated or lapses, all provisions of this Offer (other than paragraphs 21, 22, 23, 25, 26, 27, 28 and 29) shall be of no further force and effect.

In the event that (i) the Company terminates the Offer for the purposes of considering an Alternative Offer or (ii) the Exclusivity Period lapses without the Offer being reiterated into a binding agreement with required stakeholders to implement the Transaction, the Company shall pay to the Offerors (pro rata their commitment under the Consortium New Money Capital Increase) an indemnity calculated by using a time-based interpolation from €4m to €12m over the time period from the date hereof to the earlier of (x) the termination date and (y) 27 July 2023.

29. Applicable Law – Jurisdiction

This Offer shall be governed and construed under French law and all disputes in connection therewith shall be submitted exclusively to the Paris Commercial Court and Paris Court of Appeal.

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Should you agree with the terms of this Offer, we kindly ask you to return a copy of this Offer duly signed by the Company in sign of its acceptance.

We confirm our strong interest in the Transaction and we or our advisors remain at your disposal for any further information you may require.

We look forward to hearing from you soon.

Yours faithfully,

[Signature pages follow]

[Project Green – Offer dated 03 July 2023 – Signature page of 3F]

3F

By: Moez-Alexandre Zouari

[Project Green – Offer dated 03 July 2023 – Signature page of 3F]

3F

By: Xavier Niel

[Project Green – Offer dated 03 July 2023 – Signature page of 3F]

3F

By: Matthieu Pigasse

Position: *Président*

[Project Green – Offer dated 03 July 2023 – Signature page of Attestor]

Attestor

By: David Alhadeff

Position: *Director*

DK

By: Jogeesharan (Chris) Krishanthan

Position: Authorised Signatory

[Project Green – Offer dated 03 July 2023 – Signature page of Farallon]

Farallon Capital Europe LLP

for and on behalf of funds, accounts and entities managed or advised by it

By: Wissam Charbel

Position: Managing Member

Annex 1 – Existing Debt

Finance Agreement	Relevant borrower(s)
Term Loan B - senior facilities agreement dated 1 April 2021 (such as amended and/or restated from time to time) and entered into between, amongst others, (i) CGP as Original Borrower and Company (ii) the financial institutions listed therein as Physical Global Coordinators, Global Coordinators and Arrangers, (iii) Credit Suisse (Deutschland) Aktiengesellschaft as Agent, (iv) Citibank, N.A., London Branch as Security Agent and (v) the financial institutions listed therein as Original Lenders (as these terms are defined therein) (the “ TLB ”)	CGP
RCF - French law governed revolving facility agreement dated 18 November 2019 (such as amended and/or restated on 5 February 2021, 3 March 2021, 4 June 2021 and 16 July 2021 and as further amended and/or restated from time to time) and entered into between, amongst others, (i) CGP as Original Borrower and Company (ii) the financial institutions listed therein as Mandated Lead Arrangers and Bookrunners (iii) Crédit Agricole Corporate and Investment Bank as Agent, (iv) Citibank, N.A., London Branch as Security Agent and (v) the financial institutions listed therein as Original Lenders (as these terms are defined therein) (the “ RCF ”)	CGP Casino Finance Monoprix
Negotiable European Commercial Paper – Titre Négociable à court terme issued on 24 February 2023 with common code 259401461 and ISIN number FR0127851899 TCN CASINO 26062023 pursuant to a €2bn unsecured program launched by CGP under finance documentation dated 9 June 2022 (the “ NEU CP ”)	CGP
HYN 2026 - Indenture dated 22 December 2020 relating to the 6.625% Senior Notes due 2026 entered into between, inter alios, (i) CGP as Issuer and (ii) Citibank, N.A., London Branch as Trustee, Paying Agent, Transfer Agent and Registrar (the “ HYN 2026 ”)	CGP
HYN 2027 - Indenture dated 13 April 2021 relating to the 5.250% Senior Notes due 2027 entered into between, inter alios, (i) CGP as Issuer and (ii) Citibank, N.A., London Branch as Trustee, Paying Agent, Transfer Agent and Registrar (the “ HYN 2027 ”)	CGP
EMTN 2024 – Final terms dated 28 February 2014 relating to €900,000,000 Notes and the related Base Prospectus dated 3 December 2013 (the “ EMTN 2024 ”)	CGP
EMTN 2025 – Final terms dated 4 December 2014 relating to €900,000,000 Notes and the related Base Prospectus dated 1 December 2014 (the “ EMTN 2025 ”)	CGP
EMTN 2026 – Final terms dated 1 August 2014 relating to €900,000,000 Notes and the related Base Prospectus dated 3 December 2013 (the “ EMTN 2026 ”)	CGP
TSSDI – EUR 600,000,000 Undated Deeply Subordinated and EUR 750,000,000 Undated Deeply Subordinated Notes (the “ Perpetual Bonds ”)	CGP
Quatrim HYN – EUR 800,000,000 5.875 % Senior Secured Notes due 2024 (the “ Quatrim HYN ”)	Quatrim SAS
Fidera/Regera Bonds - French law governed bonds subscription agreement dated 29 March 2023 (such as amended and/or restated from time to time) and entered into between, inter alios, (i) Monoprix Exploitation as Issuer and (ii) Regera SARL as Subscriber to which are attached the terms and conditions of the Bonds. (the “ Fidera Bonds ”)	Monoprix Exploitation
Monoprix Exploitation - revolving facility agreement dated 6 July 2021 entered into between, inter alios, (i) Monoprix Exploitation as borrower, (ii) the financial institutions listed therein as lenders and (iii) Natixis as agent (the “ RCF Monoprix Exploitation ”)	Monoprix Exploitation
PGE – state guaranteed credit agreement dated 8 July 2020 entered into, inter alios, (i) Cdiscount as borrower, (ii) Crédit Lyonnais as Agent and Coordinator and (iii) the financial institutions mentioned therein as original lenders (the “ CDiscount PGE ”)	CDiscount

LCL Loan – loan agreement dated 28 June 2022 entered into, inter alios, (i) Distribution Casino France and Monoprix Holding respectively borrower A and borrower B and (ii) Crédit Lyonnais as mandated arranger, agent and original borrower, as amended from time to time (as these terms are defined therein) (the “ LCL Loan ”)	Distribution Casino France Monoprix Holding ⁹
Bred bilateral facility – facility agreement dated 12 July 2021 entered into between (i) Monoprix Holding as borrower and (ii) Bred Banque Populaire as lender (the “ BRED Loan ”)	Monoprix Holding

⁹ Borrower to be confirmed, according to the IBR Volume 1 this financing would be held by Casino Finance (p. 19).