

Bogotá, August 12, 2015

Miss
LUZ STELLA SÁNCHEZ MORENO
Director of Issuers Oversight
COLOMBIAN SUPERINTENDENCE OF FINANCE

SUBJECT: Filing number 2015078547
058-006 Almacenes Éxito S.A.
433 Control Proceedings over Issuers
06 Answer to a requirement of information

CARLOS MARIO GIRALDO MORENO, of legal age, identified with ID #71.590.612, acting in my capacity as legal representative of ALMACENES ÉXITO S.A. NIT 890.900.608-9, as reflected in the good standing certificate enclosed herein, I hereby answer the information requirement referenced in the subject of this letter regarding the transactions that will be brought for the consideration of the General Shareholder Meeting that will take place on August 18, 2015, in the following terms:

1. How the price of each one of the transactions was determined.

Almacenes Éxito S.A. (acting as purchaser) and Casino, Guichard Perrachon (acting as seller) hired Rotschild & Cie (henceforth “Rotschild”) to act as the joint advisor of both companies in the structuring of the transaction, including the valuation of the transactions in Brazil and Argentina through the different corporate vehicles as previously disclosed to the market. The Rothschild report can be found at the company’s website. Shareholders can find it in the following link:

http://www.grupoexito.com.co/files/inversionistas/pdf/Asamblea_Extra_Agosto_2015/Multicriteria_Valuation_Rotchild_130815.pdf.

It is important to note that, even though a share purchase agreement was executed for each one of the transactions, the agreements are linked between themselves through the inclusion of measures that assume that the Brazil transaction is a condition precedent for the Argentina transaction.

The Discounted Cash-Flow (“DCF”) methodology was used in the determination of the price range, starting from the business plan adopted by the management of the Grupo Pao de Azucar (henceforth, “GPA”) and Libertad, which was reviewed by Almacenes Éxito S.A., as well as the business plan originating from market consensus. The DCF methodology is the most widely used locally and internationally for the valuation of companies, being accepted for the Colombian Superintendence of Finance for those purposes. The DCF methodology was complemented with additional ones, such as: (i) Comparable multiples (the sum of the parties, taking into account the comparable multiples of GPA and Libertad’s different

businesses), (ii) Target Pricing, which is the analysis of minimum and maximum prices projected by analysts and experts, and (iii) the share performance analysis during the last 6 and 3 mobile months in the case of GPA, which allowed to confirm that the proposed price range by the main methodology was appropriate from a financial standpoint.

Based on the aforementioned range determined by the joint advisor, the parties negotiated the finally agreed price, which was subject to scrutiny by Bank of America Merrill Lynch (henceforth, “BofA Merrill Lynch”), who was hired exclusively by Almacenes Éxito S.A. with the purpose of rendering an opinion (“Fairness Opinion”) for its Board of Directors, about the reasonability of the agreed price from a financial standpoint. BofA Merrill Lynch rendered its written opinion, directed to the Board of Directors of Almacenes Éxito S.A., in the sense that for the 29th of July of 2015, and subject to the assumptions, limitations, qualifications and other matters considered therein, the total compensation to be paid by Éxito to Casino for the transactions in Brazil and Argentina described therein, is fair from a financial standpoint for Éxito. BofA Merrill Lynch’s opinion was considered by the Board of Directors of Almacenes Éxito S.A. to reach its conclusion of recommending the same price to the shareholders of Éxito.

The management of the company has made available to all the shareholders for consultation the Fairness Opinion rendered by BofA Merrill Lynch together with the supporting presentation, and it can be reviewed at the company’s website, including a Spanish translation of the original document in English, as it was previously disclosed to the market as relevant information.

2. Criteria for the appointment to the valuator companies, as well as their independence features.

The joint hiring of the Rothschild firm was based on its wide knowledge and experience on valuation processes for companies on the international front, which evidences its capacity to carry out the jointly requested task with professionalism.

You may find all the information regarding its experience, the processes and clients with whom they have worked in the company’s website https://www.rothschild.com/global_financial_advisory, where you may verify the features we considered decisive for hiring them.

BofA Merrill Lynch, the advisor exclusively hired by Almacenes Éxito S.A. to support the analysis of the Board of Directors with a Fairness Opinion, is also a firm with extensive international experience in the valuation of companies. As it was shown in the Fairness Opinion, BofA Merrill Lynch and its affiliates is a group of firms that provide securities and commercial banking services, are involved in securities, commodities, derivatives trading, currencies and other brokerage and capital investment activities, carries out and provides investment, corporate and private bank services, asset management and investment, financing and financial advisory services and other commercial products and services, to a wide range of companies, governments and individuals. As part of its investment banking business, BofA Merrill Lynch is constantly involved in the valuation of companies and securities regarding mergers and acquisitions, negotiated underwritings, secondary

placements of shares listed or non-listed on a stock exchange, private offerings and valuations for corporate and other purposes.

As it is described in the Fairness Opinion, BofA Merrill Lynch and its affiliates have provided, currently are providing, and in the future could provide investment banking services, commercial banking and other financial services to Casino and some of its affiliates in exchange of a compensation.

Nevertheless, neither BofA Merrill Lynch nor any other subsidiary of the Bank of America Corporation has rendered financial mergers and acquisitions advisory services to Casino regarding the transaction.

Based on what has been disclosed and represented by BofA Merrill Lynch, the management of Almacenes Éxito S.A. valued that situation and concluded that the aforementioned advisor accomplishes the independence and impartiality criteria that would allow it to render an objective expert opinion about the transactions submitted for its consideration.

3. Bearing in mind that the transaction will be carried out between related parties, support the existence of the control premium on a technical and legal basis.

In strict sense, the price was determined within the value ranges obtained from the analysis conducted through the application of different company valuation methodologies, and particularly the application of the DCF methodology, which was the main method applied. In such a context, once the finally agreed price was met within the established value range, we could conclude that it is a Fair Market Value.

When comparing that price with the average trading price of GPA shares during the previous ninety (90) days to the transaction (standard average for companies listed in a stock exchange), it follows that the aforementioned trading average in the public securities market is lower to the price finally agreed by the parties.

This difference is what has been called as the premium, which is justified on one hand, in the fact that Almacenes Éxito would be purchasing 18.8% of GPA's equity, represented in all of its ordinary shares (with voting rights), which represent the 50% of the political rights as a shareholder of that company, while those traded in the market are shares without voting rights. In the other hand, it is justified on the special rights that Almacenes Éxito would obtain over GPA as a consequence of the transaction. Those rights would consist on: (i) the possibility of appointing and removing the CEO of GPA, defining its remuneration and proposing the three-candidate shortlist for its replacement, (ii) approving the budget and the business and investment plan, (iii) approving the dividend distribution above the 25%, which constitutes GPA's actual dividend policy up to a 60%, and (vi) appointing half of the non-independent members of its Board of Directors. Based on the foregoing, Almacenes Éxito would be consolidating GPA's financial statements through a global integration method under international accounting standards.

Accordingly, even though the price to be paid would constitute a Fair Market Value according with the valuation methodology, it is also important to highlight that the amount

of the aforementioned premium would also be in line with the historic averages of the premium paid for companies in Brazil, according with what is informed as follows:

Premia analysis of public offers in Brazil during the last 3 years

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Year	Target	Buyer	Premium / (discount)		Excha
			30 days before	90 days before	
2015	Abril Educação	Tarpon	16.2%	9.1%	
2015	Abril Educação	Tarpon	25.0%	35.6%	
2015	Souza Cruz	British American Tobacco	20.2%	33.1%	
2014	Companhia Providencia Ind e Comercio	PGI Polimeros	25.9%	24.2%	
2014	BHG	GP Investments /Razuya	42.8%	36.9%	
2014	Cacique Café Solúvel	Horácio Sabino Coimbra	79.7%	69.4%	
2014	Docas investimentos	Santa Maria Participações	15.0%	15.0%	
2014	Brookfield Incorporações	Brookfield	44.7%	43.5%	
2014	Cia Iguaçu de Café	MBC Europe	107.3%	96.2%	
2014	Autometal	Autometal	27.1%	20.0%	
2014	M&G Poliester	Mossi % Ghisolfi	52.8%	56.2%	
2014	Santander	Santander	12.5%	16.4%	
2014	Cremer	Tarpon	51.1%	41.3%	
2013	Vigor	FB participações	27.4%	17.7%	
2013	Vicunha Textil	Vicunha Textil	20.9%	19.1%	
2013	Arteris	BROOKFIELD AYLESBURY S.A.R.L	10.3%	18.6%	
2013	Redentor Energia	Redentor Energia	33.5%	54.3%	
2013	Amil	United Health	31.3%	44.6%	
2013	Comgás	Cosan	34.7%	31.5%	
2013	NET	Embratel	43.2%	77.4%	
2013	Rasip	Dramd Participações	10.6%	12.3%	
2012	Ampla investimentos	LatinoAmérica S.A	(0.4%)	(0.4%)	
2012	Ampla energia e serviços	LatinoAmérica S.A	4.5%	1.2%	
2012	Marisol	GFV Holding	(7.6%)	(7.6%)	
2012	Confab	Tenaris	(0.8%)	(0.8%)	
2012	JBS / Vigor	JBS	3.0%	16.6%	
2012	Redecard	Itaú	(0.5%)	(0.5%)	
2012	CCDI	CCDI	50.3%	42.4%	
Average			27.9%	29.4%	
Median			25.4%	22.1%	

Source: Rotschild.

4. Explain the corporate governance practices implemented by the issuer in the performance of this transaction to guarantee the transparency and equal treatment for the shareholders.

With the purpose of assuring a strict compliance for the applicable rules in transactions between related parties and conflicts of interest, as well to guarantee the monitoring of the different Corporate Governance standard adopted by the company, the management requested for a concept to the law firm Gómez-Pinzón Zuleta about the different steps that should be accomplished in order to obtain the approval of the proposed transactions.

Based on that concept, and in compliance with what was provided in the by-laws and in the Corporate Governance Code (*Compendio de Gobierno Corporativo*) approved by the Board of Directors, the transaction was assessed in the first instance at the joint meeting of the Board of Directors' Audit and Nomination, Remuneration and Corporate Governance committees, which took place last July 28.

The Audit Committee was in charge of reviewing the projected transactions from a related-parties transactions standpoint. Based on this, the Committee issued recommendations about the measures to be adopted by the Board of Directors to guarantee the shareholders' interests and verified the market conditions of the transaction. That is how such committee: (i) Expressed its agreement with the Corporate Governance measures adopted by the company to the date, as well as the other measures to be adopted in the future; (ii) Expressed its agreement with the professional qualities of the legal and financial advisory firms that have assisted the company in the different jurisdictions, as well as its agreement with the general conditions of the documents that support the transaction (shareholder agreement and share purchase agreement); and (iii) due to the above, recommended to the Board of Directors to validate the Corporate Governance process adopted by the company, as well as the legal and economic conditions under which it intends to carry out the transaction.

On the other hand, the Nomination, Remuneration and Corporate Governance Committee, in front of a potential conflict of interest for some members of the management and Board of Directors of the Company, summoned the Conflicts of Interest Committee for making it aware of the projected transaction and adopt the measures deemed appropriate in order to resolve the aforementioned conflict. According with the Corporate Governance standards adopted by the company, such Conflicts of Interest Committee would be integrated by the non-conflicted members of the Board of Directors.

On the 29th of July the Conflicts of Interest Committee met and rendered as its main recommendation to the Board of Directors the following one: *"it is recommended to the Board of Directors to call for an Extraordinary Shareholders Meeting, so that such corporate body is the one who authorizes the potential transaction and in this way the aforementioned conflict of interest is resolved. In the event in which the Board of Directors decides to recommend the approval of the transaction to the General Shareholders Meeting, we suggest that such recommendation is adopted without the participation of conflicted members"*.

On the other hand, the Board of Directors on its meeting of July 29th and without the participation of the conflicted members, decided:

- i. To recognize the existence of the conflict of interest,
- ii. To submit the transaction to the General Shareholders Meeting for its approval, pursuant article 23 of Law 222 of 1995,
- iii. To recommend the approval of the transactions to the shareholder, based on the recommendations of the committees and the opinion of the financial and legal advisors,
- iv. To authorize the management to execute the transaction documents, subject to the approval of the General Shareholders Meeting
- v. To ratify the acts of the management in relation with the transactions.

The company disclosed information deemed as relevant information under the rules of the Colombian securities market. Additionally, it made available for the shareholders and the market a report in regarding the transactions submitted for the General Shareholders Meeting consideration, which can be found at the company's website in the following link: <http://www.grupoexito.com.co/en/investors>. Such report has been being complemented to the extent in which we have received requests, questions or comments from the Superintendence or from investors, with whom the company has been willing to meet since the same moment in which the transaction was announced to the market.

Finally, the President of the Company, jointly with the CFO and the staff of the Investor Relations department, have been available for those shareholders and investors in order to explain the transaction and answer any doubts they may have.

5. Cost-benefit of the transactions, both for the majority and the minority shareholders.

In our opinion, the proposed transactions must be assessed as if they were being carried out with a third-party for the purpose of determining if they are convenient or not for the company, and consequently for their shareholders. In such a context, if this transaction in the terms proposed was carried out with a seller other than Casino, Guichard Perrachon, the management team would also be recommending to the General Shareholders Meeting to carry out the transaction for the following reasons:

- a) It will generate exposure to other markets, resulting in the following approximate composition: 75% between Colombia and Uruguay, and 25% between Brazil and Argentina. This allows Almacenes Éxito to acquire a national leadership position in the Brazilian market and a regional one in the Argentinian. Additionally, it will allow Éxito to maintain a risk, geography, trademarks and formats balance, including a powerful access to knowledge in e-commerce.
- b) The Brazil transaction is proposed in a multiple of 6.6 times Ebitda, when the transactions of comparable companies in the region have closed on an average of 12.5 times Ebitda, and the best competitors of the region are traded between 13 and 15 times Ebitda.

Additional Materials on Comparables

Precedent Transactions | LatAm Retail Sector

	Date Announced	Acquirer	Target	Trans. Value (USDmm)	EV / Sales	EV / EBITDA
Brazil	May-13	Falabella	Dicico (50.1%)	5377	1.1x	11.3x
	Nov-11	Cencosud	Freemix	495	0.5	11.7
	Oct-10	Cencosud	Bretas	815	0.8	18.7
	Dec-09	GPA	Casas Bahia	1,180	0.1	n.a.
	Jul-09	GPA	Asai (40%)	100	0.3	7.1
	Jun-09	GPA	Globes	421	0.4	9.4
	Nov-07	Cencosud	Garbosa	450	0.7	13.6
	Nov-07	GPA	Asai (40%)	119	0.8	n.a.
	Apr-07	Carrefour	Azcardes	1,123	0.6	11.0
	Jan-07	GPA	Sendas (51)(bodega (50%))	234	0.4	9.4
	Jun-02	GPA	Se Supermercados	88	0.4	0.6
	Nov-01	GPA	ABC Supermercados	33	0.3	n.a.
	Sep-99	Casino Group	GPA (24%)	808	1.1	14.9
	Feb-99	GPA	Peraisa	78	n.a.	n.a.
	Jun-98	GPA	Banheiro	43	n.a.	n.a.
	Feb-98	GPA	Millic Commercial Caixa	37	0.4	0.4
	Brazil Average				1400	0.5x
Brazil Median				1204	0.4x	11.2x
Rest of LatAm	Jan-15	Soriana	Comercial Mexicana	\$2,888	1.1x	12.7x
	Sep-14	Falabella	Maestro	714	1.4	16.1
	May-14	Alliance Boots	Farmacias Ahumada	750	0.5	10.3
	Sep-13	Aldi	Vijon (Wal-Mex)	850	1.3	8.5
	Jun-13	Grupo Gigante	Office Depot Mexico (50%)	692	1.1	11.4
	Feb-13	CVS Pharmacy	Oronite	338	n.a.	13.0
	Oct-12	Cencosud	Carrefour Colombia	2,624	1.2	19.5
	Jun-12	Cencosud	Jumbo Retail Argentina S.A.	484	0.4	n.a.
	Jun-12	Centro Wholesale Corp	Costco de Mexico (50%)	763	0.7	n.a.
	Jun-11	Exito	Devoto (96.5%) and Dicco (62.5%)	746	1.0	14.0
	Jan-11	InRetail	InfaFarm	400	0.9	13.5
	May-10	Grupo Casa Saba	Farmacias Ahumada	632	0.4	13.2
	Dec-09	Wal-Mex	Wal-Mart Centroamerica	2,872	0.8	11.9
	Dec-08	Wal-Mart	Distribución y Servicios	3,667	1.0	11.4
	Dec-07	Cencosud	Wong	500	0.7	13.5
	Oct-07	Soriana	Grupo Gigante	1,390	0.7	11.3
	May-07	Casino Group	Almacenes Exito	320	0.9	10.6
Aug-06	Almacenes Exito	Califa Vivero	470	0.7	9.8	
Rest of LatAm Average				\$1,347	0.9x	12.5x
Rest of LatAm Median				\$703	0.8x	13.3x
Average				\$795	0.7x	13.3x
Median				\$488	0.7x	11.9x

Source: Dealogic, company filings, press releases.

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Source: Dealogic, company filings, press releases.

c) Almacenes Éxito S.A. would have the opportunity of implementing combined synergies, which is estimated could reach benefits valued in USD\$160 million per year after full implementation. This value creation will be distributed in the following way: 45% in Colombia and 55% in Brazil, and it will mainly develop through:

- Additional sales and margins (such as Textiles, E-commerce, premium formats, proximity and Cash & Carry).
- Economies of scale in purchases (Own trademarks, non-food), and
- Expense and investment optimization (Shared services centers, advertisement expenses – Marketing and Corporate Expenses).

d) It represents an improvement in the capital structure of the company due to the use of excess of cash, in addition to an improvement in the financial results of the company and a positive impact on the following financial ratios:

- Increase in the earnings per share between 5% (without synergies) and over 30% (including synergies).
- An improvement in the ROE of +300bps (including synergies).

- e) In relation with the indebtedness, even though the transaction implies that Almacenes Éxito must incur in debt, it is considered that with the cash-flow, expected dividends, plus the Colombian cash, the ratio will be at 0.2x net debt/Ebitda in the consolidated financial statements for the end of 2015. For the holding, taking into account the cash-flow, the ratio will be at 3.2x at the end of 2015, and thereafter at the end of the third year, a decrease to 1.7x net debt/Ebitda is expected. These indebtedness levels are comparable with companies from the same industry.

We will gladly provide any additional information.

Best regards,

CARLOS MARIO GIRALDO MORENO
President

Copy: Colombian Stock Exchange (*Bolsa de Valores de Colombia*)
Deceval