

Personal and Confidential

July 11, 2016

RE: The Great Atlantic & Pacific Tea Company, Inc. – Sale of Liquor Stores and Related Assets

Dear Prospective Bidder:

On behalf of The Great Atlantic & Pacific Tea Company, Inc. and certain of its affiliates (collectively, the “**Company**”), as debtors and debtors in possession in the chapter 11 cases captioned *In re The Great Atlantic & Pacific Tea Company, Inc., et al.*, Case. No. 15-23007 (RDD), pending before the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”), we would like to thank you for your interest in purchasing assets of the Company.

In connection with the sale of the Company’s stores and related assets pursuant to the global bidding procedures approved by the Bankruptcy Court, the Company received bids and indications of interests for the purchase of the liquor stores identified on Exhibit A hereto (each, a “**Liquor Store**” and collectively, the “**Liquor Stores**”) including the related store lease agreements, permits and/or licenses, inventory and other assets (the “**Assets**”).

In November 2015, the Company commenced a sale process for the Liquor Stores that was subsequently terminated. The Company is now reinitiating a process for the sale of the Assets and has set forth herein (this “**Process Letter**”) the process and deadlines in connection therewith.

The ultimate sale of the Assets is subject to approval of the Bankruptcy Court pursuant to sections 363 and 365 of the Bankruptcy Code.

The Company reserves the right to extend any of the deadlines set forth in this Process Letter and modify any of these procedures, subject to providing notice of the same to potential bidders. The Company reserves the right to not, and is under no obligation to, sell any of the Assets or select any bid submitted for the Assets and may, in its discretion, elect not to proceed with the sale to any bidder.

Access to Diligence

The Company has posted copies of all leases and any other material documents related to the Assets to the Company’s confidential electronic data room (the “**Data Room**”).

To access the Data Room, a party must submit to the Company or its advisors:

- (A) an executed confidentiality agreement in form and substance reasonably satisfactory to the Company (unless such party is already a party to an existing confidentiality agreement with the Company, in which case such agreement shall govern, and such party must provide a statement extending the term of such agreement until July 20, 2017); and
- (B) sufficient information, as reasonably determined by the Company, to allow the Company to determine that the interested party has the financial wherewithal to close a sale for the Assets.

If the Company determines that an interested party has satisfied the above requirements, the Company will provide such party access to the Data Room; *provided* that such access may be terminated by the Company in its sole discretion at any time for any reason whatsoever, including that a potential bidder does not become a “Qualified Bidder” (as defined below) or these procedures are terminated.

If you have not previously been in contact with Hilco Real Estate LLC or Weil, Gotshal & Manges LLP and wish to submit a bid for any of the Liquor Stores and/or the Assets, please contact one of those parties immediately at the contact information provided below. Potential bidders should access the Company’s form of purchase agreement in the Data Room (the “**Form APA**”), which will be made available shortly, and submit a marked agreement as soon as possible and in no event later than the Bid Deadline (as defined below). To the extent you intend to submit a marked agreement containing any material revisions to the Form APA, you are strongly encouraged to speak with the Company’s financial and/or legal advisors before doing so. Any material revisions to the Form APA could adversely impact whether your bid is determined to be a qualified bid for the relevant Assets.

Submission of a Bid; Bid Deadline

Bidders must deliver the following items to the Company no later than **July 20, 2016 at 5:00 p.m. (Eastern Time)** (the “**Bid Deadline**”):

- an executed copy of your marked Form APA;
- a list of the Liquor Store(s) and/or specific Assets proposed to be acquired and the value allocated to each Liquor Store and/or Asset;
- written responses to the following questions:
 - Do you currently hold licenses to sell alcoholic beverages? If yes,
 - Where (Municipality, City, State)?
 - How many?
 - What type (please list each license)?
 - Are you aware of any reason the acquiring entity or any individual principals would be found ineligible to hold a license?
 - Criminal or licensing violations?
 - Tied house restrictions?
 - License limitations?
- completed copies of each of the following forms, which are available in the Data Room:
 - Consent to Transfer
 - Bulk Sales Form
 - Tax Clearance Form
- unless the bid includes a credit bid, a statement confirming that the bid is an all cash offer;
- a statement that the bid is formal, binding and unconditional (except for those conditions expressly set forth in your marked Form APA) and is not subject to any due diligence or

financing contingency and is irrevocable until the earlier of (a) the first business day following the closing of the proposed sale transaction or (b) January 31, 2017;

- a statement that the bid does not entitle the bidder to any breakup fee, termination fee, expense reimbursement or similar type of payment or reimbursement, and a waiver of any substantial contribution administrative expense claim under section 503(b) of the Bankruptcy Code, related to bidding for the Assets;
- a statement that the bidder agrees to be bound by the procedures set forth in this Process Letter; and
- a deposit equal to 10% of the aggregate purchase price for the Assets, together with an executed escrow agreement.

To the extent that you have already (a) submitted the items set forth above pursuant to the earlier sale process for the Assets and (b) negotiated the terms of an agreement with the Company with respect to a final Form APA, the Company will separately send you an updated draft of the final Form APA. Following receipt of such correspondence from the Company, please (i) re-confirm your acceptance of the terms and conditions of such revised final Form APA as soon as possible and (ii) re-submit the remainder of the items set forth above (updated to reflect any changes since the initial submission) prior to the Bid Deadline.

Please note that to the extent the bidder is a shell company or otherwise does not have sufficient assets to stand behind the obligations under a final Form APA, including adequate assurance of future performance under lease(s) (as determined by the Company), the Company will require a guarantee from a creditworthy entity of all of the bidder's obligations under such final Form APA.

Designation of Qualified Bids

The Company will evaluate timely submitted bids and may engage in negotiations with bidders who timely submitted bids complying with the preceding paragraphs as the Company deems appropriate in the exercise of its business judgment, based on the Company's evaluation of the content of each bid.

A bid will be considered a "**Qualified Bid**" and each bidder that submits a Qualified Bid will be considered a "**Qualified Bidder**" if the Company determines prior to **August 2, 2016** (the "**Qualified Bid Deadline**") that such bid:

- Meets the requirements set forth in this Process Letter;
- Proposes a purchase price for Assets that would be acceptable to the Company or the Company believes such bid should proceed to the Auction (as defined below);
- Contains sufficient information to satisfy the Company that the Qualified Bidder can close on the proposed sale; and
- Includes an executed Form APA that is acceptable to the Company.

The Company reserves the right to work with any bidder in advance of the Auction to cure any deficiency in a bid that is not initially deemed a Qualified Bid.

Auction Procedures

The Company intends to auction each of the Liquor Stores on **August 3, 2016 at 10:00 a.m. (Eastern Time)** at the offices of Weil, Gotshal & Manges, LLP, 757 Fifth Avenue, New York, New York 10153 (the “**Auction**”). Only the Company, the Creditors’ Committee, the majority PIK noteholders, the majority convertible noteholders and Qualified Bidders and the respective financial advisors and counsel of each of the foregoing may attend and observe the Auction. A Qualified Bidder may submit a bid on any Liquor Store at the Auction, subject to satisfying the deposit requirements set forth in this Process Letter.

In evaluating a Qualified Bid submitted at the Auction, the Company may consider, among other things and without limitation, the amount of cash to be paid or delivered, the liabilities to be assumed or otherwise satisfied, the speed and certainty of consummating a transaction, and any other relevant factor. Upon such determination, the Company shall announce on the record that it has determined in its business judgment that it has received the highest or otherwise best Qualified Bid, and the Qualified Bidder that had submitted such Qualified Bid (the “**Successful Bid**”) shall be declared the winning bidder (the “**Successful Bidder**”) for the Liquor Store(s) in question. The Qualified Bidder that submitted the next highest or otherwise best Qualified Bid (the “**Back-Up Bid**”) shall be declared the “**Back-Up Bidder.**” If a transaction with a Successful Bidder is terminated prior to January 31, 2017 (the “**Back-Up Bid Expiration Date**”), the Back-Up Bidder shall be deemed the Successful Bidder and shall be obligated to consummate the Back-Up Bid as if it were the Successful Bid.

Treatment and Return of Deposits

Within fifteen (15) business days after the Auction, the Company shall direct the escrow agent to return the deposit of any bidder, together with interest accrued thereon, who is not declared a Successful Bidder or Back-up Bidder. Within five (5) business days after the Back-Up Bid Expiration Date, the Company shall direct the escrow agent to return the deposit of such Back-Up Bidder, together with interest accrued thereon. Upon the authorized return of such potential bidder’s deposit, the bid of such potential bidder shall be deemed revoked and no longer enforceable.

The deposit of a Successful Bidder shall be applied against the cash purchase price of such bidder’s successful bid upon the consummation of the sale transaction.

The deposit of a Qualified Bidder will be forfeited to the Company if (a) the Qualified Bidder attempts to modify, amend or withdraw its Qualified Bid, except as permitted herein, during the time the Qualified Bid remains binding and irrevocable, or (b) the Qualified Bid is selected as the Successful Bidder and fails to enter into the required definitive documentation or to consummate the transaction according to these procedures.

Consent to Jurisdiction

All potential bidders shall be deemed to have (a) consented to the core jurisdiction of the Bankruptcy Court relating to these procedures or its bid, (b) waived any right to a jury trial in connection with any disputes relating to these procedures or its bid, and (c) consented to the entry of a final order or judgment in any way related to these procedures or its bid.

Contact

If you are interested in purchasing any of the Liquor Stores or other specific Assets or have any questions regarding the foregoing, please contact Hilco Real Estate LLC, the Company's real estate advisors, at:

Matt Tabloff

MTabloff@hilcoglobal.com

Office: 847-849-2983; Cell: 847-275-9800

Ed Beck

ebeck@hilcoglobal.com

Office: 847-313-4753; Cell: 720-335-3238

Any questions regarding the Form APA should be directed to Weil, Gotshal & Manges LLP, the Company's legal advisors, at:

Gavin Westerman

gavin.westerman@weil.com

212-310-8747

Joanna Bliss

joanna.bliss@weil.com

212-310-8367

Beatriz Azcuy-Diaz

Beatriz.azcuy@weil.com

305-577-3286

We look forward to working with you.

Sincerely,

Hilco Real Estate LLC,
on behalf of the Company

Exhibit A
Liquor Stores