Western Gate Private Investment Limited

To the attention of Pedro Falcão and Francisco Santos

Las Rozas, 28 May 2021

Ref: Exercise of the right of information regarding the General Shareholders' Meeting to be held on 31 May 2021.

Dear Sirs,

On behalf of the Board of Directors of Distribuidora Internacional de Alimentación, S.A. ("**DIA**" or the "**Company**"), please find below the response to the two questions you made in your communication dated 14 May 2021 in the exercise of your information right in relation to the next general shareholders' meeting of DIA:

1. *Information, clarification and justification, respectively, of the mechanism or economic calculation followed by the Board of Directors of DIA to propose €0.02 as the subscription price per share of the new shares.*

   The issue price of €0.02 per share proposed for the capital increase, both for the credit capitalisation tranche for L1R Invest1 Holdings, S.à r.l. ("**L1R**"), and for the cash tranche, has been considered appropriate for the following reasons:

   (i) Considering that the capital increase has been structured in such a way that all shareholders are going to be voluntarily offered the possibility to exercise preferential subscription rights pro-rata to their current stake in the share capital at the same price as the majority shareholder L1R in the credit capitalisation tranche, and that the average trading price of the DIA shares during the last 3 months has been in the region of EUR 0.12 per share, it is expected that the proposed issue price of EUR 0.02 per share will be perceived by the Company's shareholders as an opportunity to subscribe shares at an attractive price, and that this will contribute to maximise the participation of the current shareholders in the capital increase, as well as of those investors who, if applicable, acquire preferential subscription rights in the market, in the cash tranche of the capital increase, with the objective that such tranche is covered to the greatest extent possible.

   In this regard, it should be noted that in the last capital increase of year 2019, minority shareholders did not exercise all of their preferential subscription rights, and in order for the 2019 capital increase to be fully subscribed, L1R ultimately acquired a significant portion of unsubscribed shares (in particular a total amount of EUR 37,664,187.60 out of a cash tranche of EUR 186,997,247). Given that the cash tranche in this capital increase is larger than that of 2019, it is considered appropriate to encourage subscription by existing shareholders by offering the proposed issue price.

(ii) Maximising the subscription of the cash tranche in the capital increase would, in turn, entail several benefits for the Company, including the following:

(a) It would result in the Company obtaining greater liquidity, which would allow it to accelerate the execution of its transformation plan and the achievement of its business plan.

(b) It would also maximise the Company's equity increase, which would allow the Company to move further away from the negative equity situation it is currently in, and therefore move further away from a possible mandatory legal dissolution cause or mandatory share capital reduction cause under the Spanish Companies Act.

(c) It would facilitate the DIA group's access to a higher amount of potential additional financing lines from the Syndicated Lenders within the basket of up to EUR 50 million of the so-called Super Senior Incremental Facility (via confirming term loans and/or revolving commitments (which could be used through certain ancillary facilities)), to the extent that, in accordance with the provisions of the agreement reached with the Syndicated Lenders, the maximum amount of such basket depends on the amount raised in the cash tranche of the capital increase (the higher the amount raised in the cash tranche of the capital increase, the higher the amount of the basket).

(d) It would contribute to the DIA group being able to benefit from a reduction of the interest margin to be paid to the Syndicated Lenders under the syndicated facilities (from 325 basis points per annum to 300 basis points per annum) which, in accordance with the provisions of the agreement with the Syndicated Lenders, would apply only if at least EUR 125 million is raised in the cash tranche.

(iii) Taking into account DIA's current negative equity position of EUR 41.8 million, the proposed issue price would provide DIA with an equity "buffer" that is considered adequate to absorb possible future losses. Thus, in the most adverse hypothetical extreme case (which is not expected to occur) in which no shareholder was to subscribe shares in the cash tranche of the capital increase, the share capital would be increased by EUR 384.5 million and the share premium by EUR 384.5 million, which would provide DIA with a buffer of (a) more than EUR 426 million to absorb losses without incurring a mandatory share capital reduction due to losses and (b) more than EUR 500 million to absorb losses without incurring a mandatory legal dissolution cause due to losses. On the other hand, in the most optimistic scenario in which the cash tranche of the capital increase is fully subscribed, the share capital would be increased by EUR 514 million and the share premium by EUR 514 million, and DIA would have an even greater buffer, which would allow it to (a) absorb losses in excess of EUR 598 million without incurring a mandatory share capital reduction due to losses and (b) absorb losses in excess of EUR 695 million without incurring a mandatory legal dissolution cause due to losses.

(iv) For the abovementioned reasons, the proposed price of EUR 0.02 per share is fair and reasonable from the perspective of DIA’s corporate interest. Likewise, the proposed price is also justified from the perspective of those DIA shareholders other than L1R. As indicated above, in the cash tranche of the capital increase, preferential subscription rights will be voluntarily offered to all shareholders, and the possibility of exercising such preferential subscriptions rights in first instance will be reserved exclusively to those shareholders other than L1R. This fully guarantees the principle of equal treatment for all shareholders and will allow those shareholders other than L1R to exercise their preferential subscription rights if they wish to maintain their pro rata stake at an attractive price (at the same price at which L1R will subscribe its shares in the credit compensation tranche). Likewise, all those shareholders other than L1R who do not wish to or are not capable of exercising their preferential subscription rights could also benefit from the sale of such preferential subscription rights in the market.

2. *Information and clarification, as the case may be, as to whether within the framework of the "global refinancing and recapitalisation transaction" expressly referred to in the Board of Directors' report, DIA or LetterOne have assumed vis-à-vis the Syndicated Lenders or any third parties the express commitment not to promote the de-listing of DIA's shares.*

Neither the Company nor, to the best of the Company’s knowledge, its majority shareholder L1R, have assumed any commitment *vis-à-vis* the Syndicated Lenders or any third parties not to promote the de-listing of DIA's shares in the framework of the global refinancing and recapitalisation transaction.

Notwithstanding the foregoing, the syndicated facilities agreement currently in place sets forth that DIA cannot voluntarily de-list its shares from the stock exchange unless the majority of lenders set out in such agreement is obtained (such consent not to be withheld unless the aforesaid majority of lenders provide to the Company an opinion from a reputable Spanish law firm or financial adviser confirming that the de-listing would have a material adverse effect on the lenders). This contractual provision would not be altered in the framework of the global refinancing and recapitalization transaction, and would therefore survive in the same terms after the completion of such transaction.

Sincerely,

Signed by:
Secretary to the Board of Directors of DIA

Mr. Álvaro López-Jorrín

Signed by:
Chief Financial Officer
Grupo DIA

Mr. Jesús Soto Cantero