Distribuidora Internacional de Alimentación, S.A. ("**DIA**" or the "**Company**"), in accordance with Article 17 of the Market Abuse Regulation EU No. 596/2014 and Article 226 of the consolidated text of the Securities Market Law (the "**Securities Market Act**"), hereby announces the following

INSIDE INFORMATION

Reference is made to the notices dated 28 and 29 March 2019 (under registration numbers 276,519 and 276,548, respectively) in which the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores*) disclosed the authorisation and acceptance period of the voluntary takeover bid (the "**Bid**") launched by L1R Invest1 Holding S.à r.l. (the "**Bidder**") for all the shares representing DIA's share capital at an initial price of 0.67 euros per share.

In accordance with article 134.4 of the Securities Market Act and article 24 of Royal Decree 1066/2007 of 27 July on the rules applicable to takeover bids for securities, the Company submits the mandatory Report from DIA's Board of Directors in connection with the Bid, unanimously approved at the Board meeting held on the date hereof with all the Directors being present.

Such report also includes in section 8.1 a trading update comprising provisional information on the evolution of the like-for-like sales during the first quarter of 2019.

Madrid, 9 April 2019

DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A.

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Mr. Miguel Ángel Iglesias Peinado

Vice-Secretary of the Board of Directors

REPORT BY THE BOARD OF DIRECTORS OF DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A. IN RELATION TO THE TAKEOVER BID MADE BY L1R INVEST1 HOLDINGS S.à r.l.

The Board of Directors of Distribuidora Internacional de Alimentación, S.A. (hereinafter the "**Board of Directors**" and "**DIA**" or the "**Company**", respectively), at its meeting of 9 April 2019, has drawn up and approved the present report in relation to the voluntary takeover bid made by L1R Invest1 Holdings S.à r.l. ("**LetterOne**" or the "**Bidder**") in respect of the entire share capital of DIA (hereinafter the "**Offer**" or the "**Takeover Bid**"). This report is issued pursuant to article 134.4 of the consolidated text of the Securities Market Law, approved by Royal Legislative Decree No. 4/2015, of 23 October (*Texto refundido de la Ley del Mercado de Valores aprobado por Real Decreto Legislativo 4/2015, de 23 de octubre*) (the "**Securities Market Law**"), and article 24 of Royal Decree No. 1066/2007, of 27 July, on the regime governing takeover bids (*Real Decreto 1066/2007, de 27 de julio, de régimen de las ofertas públicas de adquisición de valores*) (hereinafter "**Royal Decree 1066/2007**").

It is hereby stated that all the members of the Board of Directors attended, present or represented, to the abovementioned meeting, and that the present report has been approved by the favourable vote of all the attendants.

The Offer was authorized by the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) on 28 March 2019, and published by means of release of the National Securities Market Commission (registry number 276,519). The terms and conditions of the Offer are described in the prospectus of the Offer prepared by the Bidder and approved by the National Securities Market Commission, which has been made available to the public on the website of the National Securities Market Commission (www.cnmv.es) and on the website of DIA (https://www.diacorporate.com/es/accionistas-e-inversores/opa-de-letterone/) (the "**Prospectus**"), in accordance with article 22 of Royal Decree 1066/2007.

The Board of Directors of DIA recalls the mandatory but non-binding nature of the present report and of the opinions included herein, and that it is up to each shareholder, based on their particular interest and situation, to decide whether or not to accept the Offer.

1. MAIN FEATURES OF THE OFFER

As described in the Prospectus, the main features of the Offer are the following:

1.1 Bidder

The Bidder is L1R Invest1 Holdings S.à r.l., a Luxembourg limited liability company (*société à responsabilité limitée*), with its registered offices at 1 - 3 Boulevard de la Foire, L-1528 Luxembourg, registered with the Trade and Company Register of Luxembourg (*Registre de Commerce et des Sociétés*) under number B215109. LetterOne's Legal Entity Identification code (LEI) is 549300G4OIV6YAK6ZY63.

In accordance with the Prospectus, the Bidder is a special purpose vehicle originally incorporated to acquire the shares of the Company.

For the purposes of article 42 of the Commercial Code (*Código de Comercio*) by reference to article 5 of Securities Market Law, the Bidder states in the Prospectus that it is wholly owned by L1 Retail Portfolio S.C.Sp. (whose general partner is L1R General Partner S.à r.l. (the "**General Partner**")), which is likewise owned in more than 99% by L1R Holdings S.à r.l.

(also the sole shareholder of the General Partner). In addition, L1R Holdings S.à r.l. is directly owned by Letterone Core Investments S.à r.l. which is also fully and directly owned by Letterone Investment Holdings S.A. ("**LIHS**") (collectively, "**Group LIHS**").

In accordance with the Bidder's statements included in the Prospectus, all the companies of the LIHS Group are Luxembourg companies with registered offices at 1-3 Boulevard de la Foire, L-1528 Luxembourg, there is no shareholder which controls LIHS, neither individually nor acting in concert, and the ultimate beneficiaries of the economic interests in the LIHS Group are: Mr. Mikhail Fridman, Mr. German Khan, Mr. Alexey Kuzmichev, Mr. Petr Aven, Mr. Andrei Kosogov, The Mark Foundation for Cancer Research, and certain of their charitable foundations and family members. As indicated in the Prospectus, none of these individuals hold a share of 50% or more in LIHS and there is no concerted action amongst them.

1.2 Securities to which the Offer is addressed

As indicated in the Prospectus, the Offer is targeted to the entire share capital of the Company, comprising 622,456,513 shares of a nominal value of EUR 0.10 each, excluding the shares held by the Bidder (and which amount to 180,518,694 shares, representing 29.001% of the issued share capital, taking into account the treasury shares of the Company, and 29.43% of the voting rights of DIA, excluding 9,082,519 treasury shares at the date of this report). These shares will be locked up until the settlement of the Offer and, therefore, the Offer will effectively be addressed to a total of 441,937,819 shares of DIA, representing 70.999% of its share capital (including the referred 9,082,519 treasury shares currently held by the Company).

There are no further securities in the Company other than the shares covered by the Offer to which the Offer must be targeted, given that DIA has not issued pre-emptive subscription rights, non-voting shares, bonds or debentures convertible into shares, exchangeable securities or warrants, nor any other similar instrument that could give any direct or indirect right to acquire or subscript shares of DIA, notwithstanding the commitments assumed by the Company vis-à-vis the beneficiaries of its share-based incentive plan approved by the Company's General Shareholders' Meeting on 22 April 2016. Once DIA has delivered 365,590 shares to the beneficiaries of the referred plan after the announcement of the Offer, the date scheduled for the delivery of the shares pending liquidation corresponding to the referred plan is January 2020. In respect to the second plan approved by the Company's General Shareholders' Meeting approved on 20 April 2018, given the current situation of the Company, the Board of Directors has decided not to implement it. The incentive plan approved in 2016 does not establish its early liquidation as a result of the announcement of the Offer but it does foresee early liquidation in the event that, as a result of the Offer, the Bidder acquires more than 50% of the share capital of DIA or if a delisting public takeover bid is launched.

The Offer is solely made in Spain and it is addressed at all the holders of shares of the Company, in terms provided in the Prospectus and subject to the applicable law, provided that neither it nor its content constitute an extension of the Offer to the United States of America, Australia, Canada, Hong Kong, Japan, South Africa, Switzerland or any other jurisdiction where launching of the Offer required the distribution or registration of any documentation additional to the Prospectus or the observance of the applicable law of such jurisdiction. The Bidder advises in the Prospectus the shareholders of the Company who reside outside of Spain and decide to accept the Offer that the Offer may be subject to legal and regulatory restrictions other than those contemplated in Spanish law. In this regard, the Bidder has not confirmed in the Prospectus whether it has taken any action to comply with any laws regarding the verification,

application and the implications of the Offer in jurisdictions different from the Spanish and, therefore, it will be under the exclusive responsibility of those shareholders residing abroad who decide to accept the Offer to ensure compliance with aforementioned laws and, therefore, the verification, application and implications thereof.

The terms of the Offer are identical for all the shares of DIA to which it extends, offering the consideration described in the section II.2 of chapter II of the Prospectus.

1.3 Type of Bid

The Offer is voluntary, for the purposes of article 137 of the Securities Market Law and article 13 of Royal Decree 1066/2007, since the Bidder, as expressed in the Prospectus, is not affected by any situation that would oblige it to make a mandatory takeover bid.

1.4 Consideration offered

The Offer is structured as a sale and purchase of shares, currently offering to DIA's shareholders a consideration of EUR 0.67 per share fully in cash (the "**Offer Price**"). If prior to the settlement of the Offer DIA makes any distribution of dividends, reserves, premium, share capital reduction with a refund of contributions or any other form of distribution or remuneration of any kind to the holders of the securities to which the Offer is aimed, the Offer Price will be reduced by an amount equivalent to the gross amount of such payment per share.

In the event that the thresholds for mandatory squeeze-out indicated in Section 1.8 below are met, the Bidder will oblige the shareholders of the Company who have not accepted the Offer to squeeze-out all their shares in exchange for cash consideration per share equal to the Offer Price. Likewise, shareholders of the Company who, in the event the thresholds for the squeeze-out are met, decide to force the sell-out their shares shall also receive a consideration equal to the Offer Price. In both cases the Bidder establishes that the consideration will also be reduced in the gross amount per share of any distributions carried out between the settlement of the Offer and the dates on which the squeeze or sell out transactions are settled even if the ex-dividend date coincides with or is prior to the settlement of the mandatory sales.

The Offer is a voluntary bid and, therefore, the consideration does not require the qualification of equitable price. In fact, as expressed by the Bidder in the Prospectus, the Bidder understands that the Offer Price does not qualify as "equitable price" for the purposes of the provisions contained in article 9 of Royal Decree 1066/2007, as it is lower than all the prices paid by the Bidder for shares of the Company in the twelve months preceding the initial announcement of the Offer. This aspect has been confirmed by the National Securities Market Commission in its release dated 28 March 2019 (registry number 276,519).

Moreover, as stated by LetterOne in the Prospectus, the Offer Price (EUR 0.67 per share) represents approximately a 56.1% premium to the closing market price of the Company's shares on 4 February 2019 (EUR 0.43 per share), the day prior to the filing of the initial announcement of the Offer. In addition, it represents a 19.4% premium to the intraday volume weighted average share price of the quarter prior to the aforementioned date (EUR 0.56 per share). However, the Bidder points out that the Offer Price represents a 34.2% discount on the intraday volume weighted average share price of the six months prior to the aforementioned date (EUR 1.02 per share).

1.5 Acceptance period

As provided in the Prospectus, the Offer's acceptance period has been set by the Bidder at 23 calendar days starting on 1 April 2019, which is the trading day following the publication date of the initial announcement of the Offer, and will expire at 24:00 (CET) on 23 April 2019, as informed by the National Securities Market Commission in its release dated 29 March 2019 (registry number 276,548).

1.6 Financing of the offer

In the Prospectus, the Bidder expresses its intention to finance the Offer with funds provided by entities of the LIHS Group and without relying on external financing.

As indicated by the Bidder in the Prospectus, and in accordance with article 15 of Royal Decree 1066/2007, payment of consideration offered is guaranteed by a bank guarantee issued by UBS Switzerland AG, for an amount of EUR 296,098,339.00.

1.7 Conditions to which the Bid is subject

The Bidder indicates in the Prospectus that the effectiveness of the Offer is subject to the fulfilment of the following conditions:

1.7.1 Minimum acceptance level

The effectiveness of the Offer is conditional on the acceptance of shareholders of the Company whom, together, hold at least 50% of the shares to which the Offer is effectively addressed, implying the acceptance of at least, 220,968,910 shares, representing 35.499% of the share capital of the Company, that, together with the 180,518,694 shares representing 29.001% of the share capital held by the Bidder, would enable LetterOne to achieve a minimum stake of 64.50%.

In relation to the abovementioned, the Bidder states in the Prospectus that, for the purposes of the observance of the requisite set forth in Article 8 f) of Royal Decree 1066/2007, the shares held by GSI, or by any entity within the group headed by The Goldman Sachs Group, Inc., and which are tendered in acceptance of the Offer, shall be excluded both from the numerator and the denominator for the purposes of calculating the minimum acceptance ratio (50%) as per Article 8 f) of Royal Decree 1066/2007, since GSI and LIHS Corporate Advisor Limited (a member of the LIHS Group) have executed the Advisory Agreement (as defined in Section 4.4 below). Likewise, the Bidder indicates in the Prospectus that the shares that are tendered in acceptance of the Offer and whose voting rights are already attributable to LIHS pursuant to Article 5 of Royal Decree 1066/2007 will be excluded, as it is the case of the shares of DIA held by Mr. Karl-Heinz Holland (7,083 shares representing 0.001% of the share capital of the Company), former director of the Company appointed at request of the Bidder.

In accordance with the provisions of Article 8 f) of Royal Decree 1066/2007, if this condition is fulfilled, the Bidder will not have to launch a mandatory takeover bid over the shares of the Company at an equitable price.

1.7.2 Non-issuance of any shares or instruments convertible or exchangeable into Company shares

In accordance with Article 13.2 d) of Royal Decree 1066/2007, the effectiveness of the Offer is conditional on the Company not issuing shares, pre-emptive rights or other instruments which may confer the right to convert or exchange them into shares (including warrants), or not

opening a period for the subscription of shares, before the end of the acceptance period of the Offer.

1.7.3 Provisions for a waiver of the conditions to which the Offer is subject and impact of such waivers

The Bidder has indicated in the Prospectus that is has no intention to waive the minimum acceptance level condition described in Section 1.7.1 above, and, consequently, in the event such level is not reached, the Offer will expire, and the Bidder, LIHS, any other entity within the LIHS Group, its shareholders, directors or senior management shall not be entitled to launch another takeover bid in respect of the shares of DIA, except in accordance with the provisions of Chapter IX of Royal Decree 1066/2007, until six months have passed from the publication of the result of the Offer, nor acquire securities or put themselves in any of the events which determine the obligation to launch a public takeover bid as set forth in Royal Decree 1066/2007 during the referred six-month period.

Likewise, even though the Bidder has indicated that, taking into account that the 2019 General Shareholders' Meeting held on 20 March 2019 approved the execution of the share capital increase proposed by the Bidder (that, if the rest of the conditions to which it is subject are completed, shall be executed once the Offer has been settled) and rejected the share capital increase proposed by the Board of Directors of the Company, it appears unlikely that this condition foreseen in Section 1.7.2 will not be fulfilled, the Bidder has expressly reserved the right to do so which will be communicated no later than the date prior to the expiry of the acceptance period.

Also, the Bidder expresses in the Prospectus that, even if certain transactions implying the breach of the condition described in Section 1.7.2 above occur and the Bidder waived it, the Bidder would request authorisation from the National Securities Market Commission to modify the Offer in order to extend it to all the holders of subscription rights of shares and instruments convertible into shares, and shall make any other necessary amendments to the terms, conditions and guarantees of the Offer, and would publish the additional relevant information by means of a supplement to the Prospectus, extending the acceptance period to the extent necessary.

The Bidder indicates in the Prospectus that it is not subject to any regulatory limitations or restrictions, either of its own or imposed, by the Bidder itself or by third parties, and that there are no other obstacles limiting the power of the Bidder to waive or not the conditions.

1.7.4 Other fulfilled conditions

Prior to the authorisation of the Offer, the Bidder obtained the relevant competition authorisations by (i) the CADE (*Conselho Administrativo de Defensa Econômica*); and (ii) the European Commission; thus, considering completed the conditions related to competition matters to which the Offer had been subject when publishing the initial announcement of the Offer.

1.8 Squeeze-out right

The Bidder states in the Prospectus that, if the conditions foreseen in article 136 of the Securities Market Law and article 47 of Royal Decree 1066/2007 (i.e., that as a result of the Offer (i) LetterOne holds shares representing at least 90% of the share capital of DIA carrying voting rights; and (ii) the Offer has been accepted by shareholders representing at least 90% of the

voting rights subject to the Offer), it will exercise its squeeze-out rights on the shareholders of the Company. This mention implies that, for LetterOne to enforce its squeeze-out, the Offer shall have been accepted by shareholders which hold, together, at least 397,744,038 shares, representing 90% of the 441,937,819 shares to which the Offer is addressed (excluding the shares held by the Bidder, which have been locked up). The referred figure of 397,744,038 shares, added to the 180,518,694 Company's shares (29.001% of the share capital) that are already held by the Bidder or are otherwise attributed to it, would represent 92.90% of the share capital with voting rights of the Company.

The Bidder expresses that, in the event (i) DIA did not accept the Offer in respect to the treasury shares of the Company; (ii) such shares were maintained in treasury until the settlement of the Offer and (iii) the Bidder decided to execute a share capital reduction of DIA by redeeming such shares and were meanwhile locked up; the thresholds referred to in the preceding paragraph to force the squeeze-out of the remaining shares held by the remaining shareholders of the Company would be adjusted.

The squeeze-out, if applicable, would imply the automatic delisting of DIA and would be effective form the date in which the squeeze-out would be settled.

1.9 Delisting

The Bidder expresses in the Prospectus that it does not have any plan regarding the delisting of the Company by any other method different from the exercise of the squeeze-out right, as long as the thresholds are met and in accordance with Section 1.8 above and articles 47 and 48 of Royal Decree 1066/2007.

If the conditions for the exercise of the squeeze-out right are not met, the Bidder indicates in the Prospectus it has no intention to promote any measure aimed at the maintenance or the delisting of the shares of DIA. Further, the Bidder notes that, if the delisting of the Company was to be promoted in the future, such delisting would be executed by means of a delisting public takeover, having previously obtained the relevant valuation report set forth in article 10 of Royal Decree 1066/2007.

1.10 Authorisations to which the Offer is subject

1.10.1 Merger control authorisations

The initial announcement of the Offer stated that the concentration arising from the Offer was subject to authorisation from the European Commission, in accordance with Regulation (CE) 139/2004, of 20 January 2004 on the control of concentrations between undertakings ("**Regulation 139/2004**"); and authorisation from the CADE (*Conselho Administrativo de Defensa Econômica*), in accordance with Federal Law Nº12,529, of 30 November 2011 (*Lei Nº 12.592, de 30 de novembro de 2011*, the "**Federal Law 12,529**").

In this sense, the CADE and the European Commission authorised on 21 February 2019 and 13 March 2019, respectively, the concentration arising from the Offer.

Also, the Bidder understands, as indicated in the Prospectus, that in accordance with Competition Law No. 27,442, of the Argentine Republic, the concentration arising from the Offer is subject to authorisation from the National Commission for the Defence of Competition in Argentina once the Offer has been settled.

Notwithstanding the foregoing, the Bidder considers that no further merger control authorisations of no other competent authority are required.

1.10.2 Other administrative authorisations different from the authorisation of the National Securities Market Commission

The Bidder understands that, in accordance with Law 10/2014, of 26 June, on the organisation, supervision and solvency of credit institutions (*Ley 10/2014, de 26 de junio, de ordenación, supervisión y solvencia de las entidades de crédito*) ("**Law 10/2014**") applicable pursuant to Article 7 of Law 5/2015 of 27 April on the development of business financing (*Ley 5/2015, de 27 de abril, de fomento de la financiación empresarial*) ("**Law 5/2015**"), is obliged to previously notify the Bank of Spain for its non-opposition to a potential acquisition of an increased indirect significant shareholding (in accordance with Article 17 of Law 10/2014) in Finandia, EFC S.A. – owned 50% by the Company and 50% by CaixaBank Consumer Finance, E.F.C., S.A.- which could occur as a result of the settlement of the Offer.

The Bidder indicates that the Bank of Spain's non-opposition does not have the status of authorisation or non-opposition for the purposes of Article 26.2 of Royal Decree 1066/2007. The Bidder submitted the non-opposition request to the Bank of Spain on 26 February 2019.

Otherwise, the Bidder considers that it is under no obligation to notify any Spanish or foreign authority other than the National Securities Market Commission for the purposes of issuing this Offer.

2. PURPOSE OF THE OFFER AND THE BIDDER'S PLANS AND INTENTIONS REGARDING DIA

2.1 Purpose of the Bid

According to the advices of the Bidder contained in the Prospectus, the purpose of the Offer consists in the acquisition of the entire issued share capital of the Company. Moreover, as announced by the Bidder the past 5 February 2019 when publishing the initial announcement of the Offer, the Bidder ratifies in the Prospectus that the Offer is part of the Bidder's comprehensive rescue plan for DIA ("**LetterOne's Rescue Plan**"), which it is understood to offer a long-term viable solution for the current financial situation of the Company.

In particular, the Bidder considers in the Prospectus that the Company requires a minimum of approximately EUR 130 million to restore its equity balance (negative 99 million) lower than half of its share capital (31 million) at the end of 2018 period and remove the cause of dissolution in which the Company is immersed. The Bidder also highlights in the Prospectus that the Company finds itself in a difficult situation, due to a decreasing performance.

The Bidder admits that the recapitalisation of the Company is a condition to start the turnaround of DIA, but adds that the solution to the current situation of the Company also requires a deep shift regarding value proposition and investment in commercial real estate needs. In the same vein, the Bidder believes that the Company needs to renovate the current management team and Board of Directors and, to pursue such objectives, the Bidder indicates in the Prospectus it has prepared an integral transformation plan whose six-pillar are broken-down in the Prospectus and that it is willing to lead and supervise upon obtaining control over the Company ("**LetterOne's Transformation Plan**"). As a result of such plan, the Bidder expects to obtain a complete reconversion of the Company in the following five years, although the Bidder indicates that during the first two years LetterOne's Transformation Plan will not generate

neither cash nor positive results. It also considers unrealistic to generate expectations on the shareholders regarding the value creation until five years have passed from the launching of the abovementioned Plan. The main characteristics of LetterOne's Transformation Plan are summarised in Section 2.2 below.

Additionally to the launching of the Offer and the preparation of LetterOne's Transformation Plan, the Bidder reiterates in the Prospectus its commitment to subscribe its pro-rata share and to underwrite (or cause a bank to underwrite) the rest of the EUR 500 million share capital increase approved by the Shareholders' General Meeting held on 20 March 2019 (the "**2019 Shareholders General Meeting**") as proposed by the Bidder ("**LetterOne's Capital Increase**"). Further, it reminds that the execution of LetterOne's Capital Increase is subject to the fulfilment of certain conditions before 18 July 2019: (i) positive settlement of this Offer and appointment of a majority of the members of the Board of Directors of the Company as proposed by the Bidder, and (ii) an agreement being reached by the Company with the creditors holding the bank debt of the Company and that the effectiveness of such agreement will be subject to the settlement of the Offer and the appointment of the majority of the members of the Board of Directors of the Company proposed by the Bidder. The terms and conditions of the Bidder's proposal to the financial entities of the Company are summarised in Section 4.5 of the Prospectus.

Ultimately, the Bidder conditions the implementation of LetterOne's Rescue Plan (comprising the Offer, LetterOne's Capital Increase and LetterOne's Transformation Plan) to obtaining a positive result in the Offer, appointing the majority of the members of the Board of Directors of the Company and reaching an agreement with the financial lenders of the Company.

In relation to the abovementioned, and taking into account the possible results of the Offer, the Bidder points out:

- In the event that the Offer has a positive result and the Bidder reaches a refinancing agreement with the main financial creditors of DIA and the Company satisfactory to the Bidder (and, consequently, the conditions to execute LetterOne's Capital Increase are fulfilled), the Bidder understands that the EUR 99 million negative equity situation would be solved. The rest of the proceeds received from LetterOne's Capital Increase would be allocated to repay the 2014 Bonds (as defined below) at its maturity and, together with the proceeds obtained from the disposal of the Clarel and Max Descuento assets, to finance LetterOne's Transformation Plan.

  Further, the Bidder indicates in the Prospectus that, if the conditions to execute LetterOne's Capital Increase are met, but the Company requires funds before the relevant share capital increase can be executed, the Bidder will be open to immediately inject funds in the form of a profit participating subordinated loan if needed. The Bidder remarks that such a profit participating subordinated loan would be repaid with the proceeds of the EUR 500 million share capital increase once executed.

- In the event the Offer does not have a positive result, or any of the conditions to the execution of LetterOne's Capital Increase are not met, the Bidder states in the Prospectus that it will explore, together with the Company and its creditors, appropriate alternatives to solve the negative equity balance situation (insofar as it has not yet been solved by other means).

In this situation, the Bidder also expresses in the Prospectus that it understands that the Board of Directors of the Company would have to find solutions to solve the negative equity situation of the Company and comply with its financial obligations, which may even imply being forced to adopt certain measures in respect to the financial situation of the Company as, for example, the declaration of insolvency (*concurso de acreedores*) or debt capitalisation by the financial creditors in the term of two months from the date of the 2019 General Shareholders Meeting to avoid the dissolution of the Company.

2.2 Strategic plans and intentions of the future activities and the location of its places of business, employee and managerial positions, asset portfolio, indebtedness, issuance of securities, restructuring, dividends policy, board of directors, management and control, by-laws of the Company and the companies belonging to its group

The objectives and plans of the Bidder in relation to DIA are described in Chapter IV of the Prospectus. In particular, the Bidder has expressed that its strategic plans and intentions of the future activities and the location of its places of business, employee and managerial positions, asset portfolio, indebtedness, issuance of securities, restructuring, dividends policy, board of directors, management and control, by-laws of the company and the companies belonging to its group are those summarised below:

(i) That it agrees with the current Board of Director's decision to divest, together with its employees, operations, assets and liabilities, the assets Clarel and Max Descuento due to its non-strategic nature, and it does not have the intention to sell strategic assets of the Company. Moreover, the Bidder intends that the proceeds from the disposal of such assets are allocated to finance LetterOne's Transformation Plan.

(ii) That, except for LetterOne's Transformation Plan and the divestment of Clarel and Max Descuento, the Bidder plans, within a twelve month horizon from the settlement of the Offer, to maintain the location of the current activity centres of the Company and the companies of its group.

(iii) That, upon completion of the Offer, the Bidder intends to implement under its supervision and leadership LetterOne's Transformation Plan based on the six integrated pillars described in the Prospectus of the Offer.

(iv) That it does not foresee that the collective redundancies communicated by the Company shall affect a higher number of employees than those already announced by the Company and it expects that the labour terms and conditions of the remaining employees will be maintained with no significant variations over the twelve months after the Offer has been settled. Nevertheless, it advices that it cannot take a stance on whether further or fewer closures and dismissals may be carried out until it has analysed in detail the situation of the commercial real estate, which will immediately be analysed after taking control of the Company.

(v) That, in relation to the composition of the top management team, the first pillar of LetterOne's Transformation Plan aims at implementing a new management structure and a new leadership culture. In this sense, the Bidder intends to replace the current CEO and review the current personnel of the Company to carry out changes and appropriate incorporations at all levels.

(vi) The Bidder has committed to subscribe its pro-rata share and underwrite (or cause a bank to underwrite) the rest of LetterOne's Capital Increase subject to the conditions mentioned in Section 2.1 above and, taking into account this, has the intention to support the current Board of Directors in all conversations or negotiations carried out with the financial creditors of the Company to restore the equity structure of DIA and remove the cause of dissolution in which is currently immersed.

(vii) That it has initiated conversations with the financial creditors of the Company (not with the bondholders) and has made a proposal aimed at reaching an agreement in terms satisfactory to the Bidder (the "**Proposed Bank Agreement**"). Unlike the New Refinancing Agreement (as defined in Section 3.2 below), the Proposed Bank Agreement with the banks does not include the obligation of the Company to early prepay financial debt from the proceeds of a share capital increase or the disposal of non-strategic assets (including Max Descuento and Clarel). Moreover, the Bidder indicates that it foresees the repayment at maturity of the EUR 305,7 million, issued on 22 July 2014 under a Euro Medium Term Note Programme at a 1,5% interest and maturity 22 July 2019 (the "**2014 Bonds**"), the EUR 300 million, issued on 28 April 2016 under Euro Medium Term Note Programme at a 1% interest with maturity 28 April 2021 (the "**2016 Bonds**"), EUR 300 million, issued on 7 April 2017 under a Euro Medium Term Note Programme at a 0.875% interest rate and with a maturity date of 6 April 2023 (the "**2017 Bonds**" and, together with the 2014 Bonds and the 2016 Bonds, the "**Bonds**"). In relation to the 2014 Bonds, the Bidder expects to repay with the proceeds obtained from LetterOne's Capital Increase. Also, the Bidder considers that the settlement of the Offer does not trigger any early prepayment of the Bonds for change of control.

(viii) That it could analyse the convenience of carrying a corporate transaction or corporate restructuring in the framework of LetterOne's Transformation Plan, that, as of this date, has not yet been identified.

(ix) That it agrees on the suspension of the dividend policy announced by the Board of Directors and that it does not consider reasonable that the Company distributes dividends during the forthcoming years and that it will await until positive results from LetterOne's Transformation Plan arise before taking any decision related to dividend distribution. Moreover, the Bidder highlights that, upon the Offer being settled, it does not commit to maintain the former dividend policy of the Company and that the future dividend policy to be fixed by its Board of Directors may not offer a revenue as high as the one historically offered or that, eventually, it may not distribute dividends at all.

(x) That it is its intention to acquire a position of control in DIA and, therefore, it intends to reflect the majority shareholding obtained in the management bodies of DIA and the companies within its group, proposing the appointment of a majority of the members of DIA's Board of Directors, and a majority or totality of the members of the governing bodies of the other companies within its group, ensuring at the same time due representation of any shareholders who are entitled to representation on the Board of Directors of DIA, as well as the presence of a certain number of independent directors on DIA's Board of Directors to comply with the applicable law as long as the shares of the Company continue to be listed. Also, it has also expressed its intention to promote the renovation of the two Commissions of the Board of Directors to adjust them to the

new Board of Directors' structure and to the corporate governance best-practices. The Bidder has stated that, once the Offer is settled, it will propose Mr. Stephan DuCharme, Mr. Karl-Heinz Holland y Mr. Sergio Antonio Ferreira Dias (former directors of the Bidder in the Company) as members of the Board of Directors. Nevertheless, the Bidder indicates in the Prospectus that it does not except to request a position in the Board of Directors of the Company.

(xi) That it has no intention to promote an amendment to the Articles of Association of the Company or the companies of the group, different from those amendments required as a result of the share capital increase and, if applicable, the delisting of the shares of the Company as a result of the exercise of the squeeze-out rights.

(xii) That it has no intention to transfer its share in the Company, nor in the companies of the group, unless, if applicable, it is carried in favour of a company of the LIHS Group and has not entered into any agreement with third parties nor it is currently under negotiations for such purposes.

3. ACTIONS OF DIA'S BOARD OF DIRECTORS

3.1 Actions carried out before the initial announcement of the Offer

In the context of the financial debt refinancing process whose negotiation was for the first time communicated to the market by the Board of Directors on 11 December 2018 (registry number 272,384), the Board of Directors advanced on 12 December 2018 (registry number 272,404) the possibility of strengthening the share capital structure of the Group by means of a share capital increase with pre-emptive subscription rights to be submitted to the General Shareholders' Meeting. Upon such event, the Board of Directors communicated in the same day the execution of an underwriting commitment agreement with Morgan Stanley & Co. International plc ("**Morgan Stanley**") in relation to a potential share capital increase with pre-emptive subscription rights for an amount of EUR 600 million.

Thereafter, as communicated to the market on 28 December 2018 (registry number 273,424) and 31 December 2018 (registry number 273,463), the Board of Directors reached an agreement with its main financial syndicated lenders to extend the maturities of the existing credit lines and provide DIA with new financing for an amount of EUR 896 million to ensure the working capital needs to support the business of the Company, with maturity up to 31 May 2019 (except for certain tranches of minor amounts with maturity in 2020 and 2022) (the "**Refinancing Agreement**"). The Refinancing Agreement implied, among other issues, the call of the General Shareholders Meeting to approve the share capital increase with pre-emptive subscription rights for an amount of at least EUR 600 million (share capital increase to which the relevant fact dated 12 December 2018 and with registry number 272,404 is referred to) (the "**Board of Directors' Capital Increase**"). Further, in the framework of the Refinancing Agreement a divestment plan of non-strategic assets was foreseen (Clarel and Max Descuento).

3.2 Actions further to the initial announcement of the Offer

From the initial announcement of the Offer, the Board of Directors has diligently observed the applicable law in relation to the public takeover bids. In particular, the director's general duty to safeguard the Company's and shareholders' interests has been at all times been fulfilled. Also, the Board of Directors has observed the action framework foreseen on article 28 of Royal Decree 1066/2007. The Board of Directors is not aware of the management team of the

Company not observing the applicable law in relation to public takeover bids and, in particular, the applicable passivity duties.

Notwithstanding the foregoing, due to its relevance, the following actions carried out by the Board of Directors as from the initial announcement of the Offer are highlighted:

a) By means of its communication of relevant fact dated 6 February 2019 (registry number 274,557), the Board of Directors of the Company took a stand on the initial announcement of the Offer expressing that, as a result of a preliminary review and notwithstanding the opinion to be granted by the Board of Directors when appropriate, the Offer evidenced the attractiveness of the business of the Company. The Board of Directors also highlighted the alignment of the LetterOne's Transformation Plan and the business plan of DIA and took a stand on LetterOne's Capital Increase.

b) In relation to the foregoing, the Board of Directors communicated in such relevant fact the head of terms reached with its main financial syndicated lenders by which they supported the extension of the syndicated financial lines maturities maintained further to the Board of Directors' Capital Increase for an amount of EUR 765 million, until March 2023, subject to certain conditions (the "**Head of Terms**").

c) At the time the presentation delivered to the Securities Market Commission dated 8 February 2019 (relevant information release with registry number 274,603) in relation to the results of 2018 period formulated by the Board of Directors of DIA on the same date, the Company announced the new business plan 2018-2023 for DIA (the "**Board of Directors' Business Plan**") and the dissolution of the Strategic Commission for considering it had accomplished its objectives.

d) Additionally, the Company delivered on the same date a relevant fact (registry number 274,597) in which the commencement of a collective redundancies legal procedure for DIA and its affiliate Twins Alimentación, S.A. ("**Twins**"), contemplating the extinction of a maximum of 2,100 employment contracts.

e) On 17 February 2019 the Board of Directors of the Company convened the 2019 General Shareholders Meeting, including in the Agenda the Board of Directors' Capital Increase proposed resolution.

f) Following the request to supplement the call for the General Shareholders Meeting of the shareholder LetterOne published on 21 February 2019 (registry number 274,976), the Company published on 1 March 2019 (registry number 275,638) the announcement of supplement to the call of the Shareholders General Meeting 2019 including the LetterOne's Capital Increase proposal and its justifying report.

g) On 19 March 2019 (registry number 276,199) and following the communication regarding the Head of Terms on 6 February 2019, the Company communicated it had executed a commitment letter (the "**Commitment Letter**") with its financial syndicated lenders to amend the terms and conditions of the current financing syndicated lines which at that date amounted to a maximum of EUR 912,199,190 (the "**New Refinancing Agreement**"). Amongst the terms and conditions of the Commitment Letter, the following were set forth: an extension of the ordinary maturity of all the tranches of the Refinancing Agreement up to 31 March 2023, the obligation to early prepay, no later than 21 April 2021, up to EUR 100 million with proceeds obtained from

the disposal of the non-strategic assets Clarel and Max Descuento, and the mandatory refinancing of the 2016 Bonds with maturity in 2021 in such a way that its maturity is postponed to a date not earlier than 2023. In any case, the subscription and disbursement of the Board of Directors' Capital Increase and the cancellation of certain tranches of the existing financial syndicated debt under the current Refinancing agreement with part of the funds obtained therefrom were a condition precedent to the effectiveness of the New Refinancing Agreement.

h) On 20 March 2019 the Company informed the market (registry number 276,261) the voting results of the proposed resolutions submitted to the 2019 General Shareholders Meeting including, among others, the rejection of the Board of Directors' Capital Increase proposal and the approval of LetterOne's Capital Increase proposal.

3.3 Advice received by the Board of Directors

DIA's Board of Directors has relied on the financial advisory of Houlihan Lokey EMEA LLP ("**Houlihan Lokey**") and RothschildCo España, S.A. ("**Rothschild & Co**") in connection with the process of refinancing of its financial debt commenced in the last quarter of 2018, as well as, in the case of Rothschild & Co, in relation to the Offer.

Following instructions from the Board of Directors, upon the announcement of the Offer, Rothschild & Co, in its condition as financial advisor to DIA in relation to the Offer, has been identifying and approaching potential investors, both industrial and financial, aiming at exploring their possible interest in launching a public takeover bid for the entire share capital of the Company at a higher price to the one offered by the Bidder, or in other strategic alternatives, though to this date no positive result has been obtained. In addition, the possibility of the Bidder increasing the Offer Price has been explored with LetterOne's financial advisor, although the Bidder has stated that it has no intention to consider an increase of the Offer Price.

Likewise, both Houlihan Lokey and Rothschild & Co, as financial advisors to the Company in respect of the refinancing of its financial debt, as well as advising DIA in the negotiations with the syndicated financial lenders, have analysed the different alternatives for obtaining profit participating financing aiming at the restoration of DIA's equity balance as well as senior financing to globally refinance its debt, without success as of this date.

Furthermore, following market standards for these kind of transactions, the Board of Directors of the Company has requested its financial advisor in relation to the Offer, Rothschild & Co, the drawing up and issuance of its fairness opinion as to whether the Offer Price is fair to DIA's shareholders different from the Bidder and its related entities from a financial point of view. Additionally, the Board of Directors has considered convenient, following market practice for these transactions, and due to the situation of the Company, the relevance of the statement and the different roles played by Rothchild & Co in the context of the refinancing and the Offer, to request the fairness opinion of an additional financial advisor as to whether the Offer Price is fair to DIA's shareholders different from the Bidder and its related entities from a financial point of view, having engaged Bank of America Merrill Lynch International Limited exclusively for the drawing up and issuance of its fairness opinion. The fairness opinions of Bank of America Merrill Lynch International Limited and Rothschild & Co are included in Annex I of this report, and shall be read in its integrity taking into account the scope, the assumptions and limitations, the information and experience in which they are based, the proceedings, the issues considered and not considered and the limitations to the review carried

out, to adequately evaluate the conclusions therein expressed. These opinions are not addressed to DIA's shareholders and, therefore, do not contain a recommendation to the shareholders as to whether they shall accept the Offer or how they must act in respect to any aspect of the Offer.

Also, DIA's Board of Directors has relied in the advisory of Clifford Chance, S.L.P.U. and Uría Menéndez Abogados, S.L.P. as legal advisors of the Company to meet the legal advisory need of the board of directors during the process of the Offer.

4. AGREEMENTS BETWEEN DIA AND THE BIDDER, ITS SHAREHOLDERS OR DIRECTORS, OR BETWEEN THE DIRECTORS OF DIA AND THE BIDDER, ITS SHAREHOLDERS OR DIRECTORS

4.1 Agreements between DIA and the Bidder in relation to the Offer

On 2 November 2018, DIA and LIHS entered into a confidentiality agreement, further amended on 9 November 2018, to enable the Company and a LIHS to exchange confidential information in the course of a series of negotiations aimed at evaluating the possibility of the Bidder to finance the Company, due to the impairment of its financial situation. The referred confidentiality agreement and any information received thereunder are not related to the Offer.

At the Bidder's request, on 10 February 2019, DIA, LIHS and the Bidder entered into a second confidentiality agreement for the purposes of receiving confidential information in relation to the Company and its Group in a manner that the Bidder could (i) advance and complete the Offer (including, without limitation, the preparation of the Prospectus and the preparation and promotion of whichever proposed resolutions to the general shareholders meeting, and manage conversations with shareholders, creditors, clients, suppliers, labour unions and other stakeholders related to the Company); and (ii) understand with further detail and engage in conversations with the Company in respect to any item related to the Offer or with the Company (including, without limitation, the negative equity balance of the Company, its financial needs, its capital structure, the detail of its current net debt and the agreements with its financing entities).

4.2 Agreements between DIA and the shareholders or directors of the Bidder in relation to the Offer

At the date of this report, no agreement between DIA and the shareholders or directors of the Bidder in relation to the Offer exist.

4.3 Agreements between the directors of DIA and the Bidder, its shareholders or its directors in relation to the Offer

In the same way, as of this date, no agreement between DIA's shareholders and the Bidder, the shareholders or directors of the Bidder in relation to the Offer different from the one mentioned in 4.1 above exist.

4.4 Agreements between the shareholders of DIA and the Bidder in relation to the Offer

Finally, and independently from what is indicated below, the Board of Directors of DIA has no knowledge of any agreement between the shareholders of the Company and the Bidder, its shareholders and its directors, in relation to the Offer.

As explained by the Bidder in the Prospectus, on 1 February 2019, Goldman Sachs International ("**GSI**") was engaged as financial advisor by LIHS Corporate Advisor Limited, a member the

LIHS Group, via an agreement (the "**Advisory Agreement**") to advise exclusively on financial options in connection with the investment in the Company. Said Advisory Agreement includes standard financial advisory engagement terms for financial advisory agreements. LIHS Corporate Advisor Limited provides advisory services within the LIHS Group related to the investment in the Company utilizing the advice received from GSI. GSI is also shareholder of DIA.

5. SECURITIES OF THE BIDDER POSSESSED, DIRECTLY OR INDIRECTLY, BY DIA, BY THE PERSONS WITH WHOM IT ACTS IN CONCERT OR BY THE MEMBERS OF ITS BOARD OF DIRECTORS

5.1 Securities of the Bidder possessed, directly or indirectly, by DIA and the persons with whom it acts in concert

Neither DIA nor the companies of its group have title, directly or indirectly, or in concert with third parties, over:

(i) shares in the Bidder or in the companies of the LIHS Group;

(ii) securities or any other instruments granting the right to acquire or subscribe shares of the Bidder or of the companies the LIHS Group.

5.2 Securities of the Bidder possessed, directly or indirectly, by the members of the Board of Directors

None of the members of the Board of Directors, as personally manifested by each of term, has title over:

(i) shares or any other securities issued by the Bidder or by the companies of the LIHS Group; nor

(ii) securities or any other instrument granting the right to acquire or subscribe shares or any other instruments of the Bidder or the companies of the LIHS Group.

6. SECURITIES OF DIA POSSESSED OR REPRESENTED, DIRECTLY OR INDIRECTLY, BY THE MEMBERS OF THE BOARD OF DIRECTORS

The shares of DIA held, directly or indirectly, by the members of the Board of Directors, according to individual declarations made by each of them, are the following:

Members of the Board of Directors	Category	Number of voting rights	% over the total voting rights
Julián Díaz González	Independent	70,373	0.011%
María Luisa Garaña Corces	Independent	13,973	0.002%
Richard Golding	Independent	947,494	0.152%
Angela Lesley Spindler	Independent	26,384	0.004%
Mariano Martin Mampaso	Independent	70,429	0.011%
Antonio Urcelay Alonso	Other external	49,563	0.008%
Jaime García-Legaz Ponce	Independent	0	0.00%

Members of the Board of Directors	Category	Number of voting rights	% over the total voting rights
Borja de la Cierva Álvarez de Sotomayor	Executive	29,077	0.005%

7. CONFLICTS OF INTERESTS OF THE MEMBERS OF THE BOARD OF DIRECTORS OF DIA AND INDICATION OF ITS NATURE

It must be noted that none of the members of the Board of Directors of DIA has expressed to be in a conflict of interest situation.

8. OBSERVATIONS AND OPINION OF THE BOARD OF DIRECTORS OVER THE OFFER

8.1 General remarks

The shareholders of the Company, gathered in the 2019 General Shareholders Meeting, with the decisive vote of the Bidder, have not supported the Board of Directors' Capital Increase proposal and have endorsed LetterOne's Capital Increase proposal. The Company had negotiated and implemented a sustainable refinancing and recapitalising plan that could have been immediately put in place (comprised by the Board of Directors' Business Plan, the New Refinancing Agreement and the Board of Directors' Capital Increase proposal) which cannot be implemented anymore and has to be reconsidered.

As a consequence, at the date of this report, the only available alternative approved by DIA shareholders that could ensure the sustainable capital structure urgently and globally required by the Company and the Group, is the execution of the LetterOne's Rescue Plan. However, this alternative, as it is currently set, requires that, previously, the Offer has a positive result, the Bidder reaches an agreement with the financial lenders of the Company and LetterOne's Capital Increase is implemented.

In the view of the Board of Directors, the essential and immediate problems the Company faces are the following:

- The current negative equity situation of the Company, which has to be solved in due time and manner to avoid the potential declaration of insolvency or mandatory dissolution of the Company by the Board of Directors in the term of two months from the date on which the 2019 General Shareholders Meeting was held, as prescribed by the Spanish Companies Act; i.e. on 20 May 2019.
- The maturity of DIA's debt under the Refinancing Agreement that, although it has an ordinary maturity on 31 May 2019, could be early terminated by the financial syndicate from 30 April 2019 due to the absence of a capital increase for an amount of EUR 600 million (or any other equity instrument, to the financial creditors' satisfaction), and upon the potential change of control in DIA.
- The maturities of the 2014 Bonds on 22 July 2019 in the event LetterOne's Capital Increase cannot be executed due to the non-fulfilment of the conditions to which it is subject, and their potential early prepayment due to a cross-default arising from the early prepayment event under the Refinancing Agreement, as indicated above.

- The need to revert the negative business trend which the Group is facing, mainly, due to the negative impact arising from the existing uncertainty over the financial and equity situation of the Company, as illustrated by the fact that, pending confirmation of the figures (with the publication of the 2019 first quarter interim management statement, likely to occur on 14 May 2019), the provisional like-for-like sales (*declaración intermedia de gestión*) for the 2019 first quarter was -4.3% consolidated and -4.4% in Spain, with a progressive decline during the period.
- Absence, as of this date, of any global and rapidly implementable alternative solution to the capital structure, in the event the Offer is not successful.

Thus, if LetterOne does not obtain control over DIA (being this a requirement to the execution of LetterOne's Capital Increase), or if, having obtained it, it is not able to reach a satisfactory agreement with the financial syndicate, LetterOne's Rescue Plan would not be implemented. In the first of these cases, the Board of Directors, in defence of the Company's interest, will analyse together with its shareholders, bank creditors, suppliers and other stakeholders, other alternatives that could enable the Company to solve its equity imbalance and would grant the required financial stability. In spite of the above, there is a high risk that, in such event, the Company may have to face a complete financial restructuring or may be obliged to submit to the insolvency regime, measures which would have to be implemented (without any guarantee) in a very demanding time-frame entail the shares representing the share capital would be deprived of value.

All these observations, together with those developed in Sections 8.2 to 8.4, have been essential for the Board of Directors when issuing its favourable opinion in relation to the Offer included in Section 8.5 of this report.

8.2 Strategic and industry considerations

In accordance with the information provided by the Bidder in the Prospectus of the Offer, the Board of Directors would like to leave proof of the following remarks on the implications of the Offer in the industrial and strategic plan of the Company:

a) **Divestment of non-strategic assets**: the Board of Directors expresses that the New Refinancing Agreement required the mandatory prepayment of the syndicated bank debt in an amount no lesser than EUR 100 million no later than 21 April 2021 with the disposal of non-strategic assets (among which Max Descuento and Clarel). On the contrary, LetterOne has expressly excluded such obligation of mandatory prepayment in its Proposed Bank Agreement, with a view of using the proceeds of such divestment to finance LetterOne's Transformation Plan.

b) **LetterOne's Transformation Plan**: the Bidder expresses in its Prospectus it has the intention to implement LetterOne's Transformation Plan which is, in the Bidder's opinion, essentially different from the Board of Directors' Business Plan made public on 8 February 2019, although both plans rely on the same business drivers.

c) **Personnel and management team**: the Board of Directors acknowledges the statements of the Bidder that it does not expect the collective redundancies to affect a higher number of employees than those already announced by the Company and it foresees that the labour terms and conditions of the remaining employees will be maintained with no significant variations over the twelve months after the Offer has

been settled. In relation to the new management structure that the Bidder wishes to establish once the Offer has been settled, the Board of Directors would like to express that, in the past months significant changes have already been introduced in the composition of the management team.

d) **Board of Directors composition**: the Board of Directors acknowledges the Bidder's intention to procure the appointment, after the Offer, of a number of directors representing its majority stake obtained as a result of the Offer, as well as to transfer such representation of its majority stake to the remaining Commissions within the Board of Directors. Notwithstanding this, the Board of Directors takes note of the Bidder's expressed intention that the Company maintains a Board of Directors that ensures the relevant representation of those shareholders entitled to have representation in the Board of Directors of DIA, and expects that, after the Offer, the number of independent directors of the Company will remain proportional to the free float of the Company, without being below one third of the directors in any case.

e) **Corporate governance**: the Board of Directors acknowledges the Bidder's intention to continue to apply the best policies and to comply with corporate governance best practices as long as the shares of the Company are admitted to trading.

f) **LetterOne's Capital Increase**: considering the existing uncertainties lying over the Offer's calendar arising from external circumstances beyond LetterOne's control that could delay or even frustrate the success of the Offer, the Board of Directors hereby states that LetterOne's Capital Increase does not ensure an immediate implementation that assures: (i) the capacity of the Company to comply with the short-term debt maturities under the Refinancing Agreement in the absence of an agreement with the financial syndicated lenders at the Bidder's satisfaction; (ii) the removal of the mandatory cause of dissolution within the strict time frame provided in the current regulations and (ii) being able to face payment of the 2014 Bonds at maturity.

   Moreover, the Board of Directors highlights that, the delay in the entry of funds of LetterOne's Capital Increase, even if it is executed, could also delay its allocation to the uses and needs forecasted in LetterOne's Transformation Plan, which would defer the transformation project of the Company.

   Finally, the Board of Directors echoes the Bidder's expressed intention to work, together with the Company and its creditors, to explore if there are suitable alternatives to resolve any negative equity situation (to the extent it has not already been solved through other means), intention which is positively valued and in which the Board of Directors has been working actively with the Bidder since the initial announcement of the Offer. In spite of the above, the Board of Directors would like to leave proof of fact that the analysis of the accounting solutions to which the Bidder refers in the Prospectus has been fruitless to date

g) **Proposed Bank Agreement**: in relation to the indication of the Bidder in the Prospectus that new terms and conditions for the amendment to the current Refinancing Agreement have been proposed to the bank syndicated lenders of the Company, process in which the Board of Directors and the management team of the Company are collaborating, it must be noted that LetterOne has not yet expressed whether such agreement has been reached to avoid a breach of the debt maturity on 31 May 2019

under the Refinancing Agreement, that can be early terminated if decided by the financial syndicate in absence of a share capital increase of DIA for an amount of EUR 600 million or upon the occurrence of a change of control of DIA arising from the Offer.

h) **Value creation prospects**: the Bidder considers unrealistic the financial outlooks presented by the management team of the Company in the Board of Directors' Business Plan, as it believes that DIA's results have suffered a significant deterioration in the last years and that no rapid solution exists to solve the complicated situation in which the Company is immersed in its main markets. Also, it considers unrealistic to promise shareholders any value creation before five years after the launch of the Transformation Plan. In this respect, the Board of Directors does not count with sufficient elements to take a stand regarding the implementation of the referred Plan since it ignores the details of such Plan and the management team that will implement it.

i) **Impact of the Offer in contracts of DIA and companies of its group including a change of control clause**: the Board of Directors confirms that DIA and the companies of the group are part of certain agreements that contain change of control clauses which may be triggered as a result of the Offer and depending on its result. Among others, and without limitation, the following may be highlighted:

   i. Refinancing Agreement: as informed by the Bidder in the Prospectus, the Proposed Bank Agreement made by the Bidder to the banks includes that these provide a waiver for the exercise of their rights arising from the relevant existing change of control clauses in the Refinancing Agreement as a consequence of the change of control that would arise from the settlement of the Offer. However, the Board of Directors would like to state that such waiver has not yet been obtained.

      In the event of a change of control as a consequence of the settlement of the Offer and unless a prior agreement with the lenders is reached, the Refinancing Agreement establishes that none of the financial lenders thereunder will be obliged to attend to any financial disposal, that the obligations to make funds disposables under the financing will be cancelled and all the drawn and due funds at such date by virtue of the Refinancing Agreement (including interests, fees and any other pending amounts) will immediately become due and payable.

   ii. Bonds: issues of DIA Bonds contain early voluntary prepayment clauses at the bondholders discretion under the occurrence of a change of control entailing a decrease in the investment grade rating of the Company (which is currently Caa1 by Moody's and CCC+ by Standard & Poor's), that imply the obligation of the Company to offer bondholders, in such circumstances, the repurchase of their Bonds at a price equivalent to the face value of the bonds plus the incurred and unpaid interest at the date of the repurchase.

      Notwithstanding the above, as stated by the Bidder in the Prospectus, the Bidder considers that the Offer does not cause an event of early prepayment of DIA's Bonds due to the occurrence of the change of control.

      The Company's Bonds issues also contain cross-default clauses related to the occurrence of early prepayment under other indebtedness instruments of the

Company for amounts greater than EUR 50 million (or its equivalent in other currencies), including the Refinancing Agreement.

j) **Dividends policy**: the Board of Directors highlights that the Bidder is aligned with the suspension of the current dividend policy of the Company and echoes the Bidder's opinion that it believes it would not be reasonable for the Company to distribute dividends during the next years or, at least, until the results of LetterOne's Transformation Plan arise. The Board of Directors also points out that the Bidder does not commit to maintain the former dividend policy of the Company and that it could fix a dividend policy offering a return lower than the historic one or even not distribute dividends at all.

k) **Corporate restructuring and maintenance of DIA as part of the LIHS Group**: the Board of Directors acknowledges the Bidder's statement regarding the fact that it could analyse the convenience of carrying out a corporate transaction or corporate restructuring in the framework of LetterOne's Transformation Plan without having identified any of these yet. However, the Board of Directors highlights the intention of the Bidder to maintain the Company within LIHS Group and that it has no agreement with any third party and it is not negotiating any agreement with the aim of transferring its holding in the Company.

DIA's Board of Directors of DIA is convinced that, with the driving of a new strategic plan which relaunches the Company, future prospects for shareholders, employees, creditors, suppliers, franchisees and the rest of stakeholders interested in the Company's progress, are positive.

For further information regarding the impact of the Offer in the strategic plan of the Company and the main intentions of the Bidder in respect of such matters, please refer to Chapter IV of the Prospectus of the Offer.

8.3 Remarks related to the consideration offered

In relation to the Offer Price of EUR 0.67 per share paid in cash, the Board of Directors would like to reiterate the Bidder' remarks accordingly included in its Prospectus (and summarised in Section 1.4 of this report) with respect to the consideration offered in the Offer, not only in relation to the fact that the Offer Price does not qualify as "equitable price", but also in relation to the premium and discounts related to the market average share prices of DIA's shares in the representative periods preceding the initial announcement of the Offer.

Likewise, as referred to in Section 3.3 above, Bank of America Merrill Lynch International Limited and Rothschild & Co. have issued fairness opinions in relation to the Offer addressed to DIA's Board of Directors, which are attached as Annex I to this report.

Bank of America Merrill Lynch International Limited concludes that, as of the date of issuance, based upon and subject to the assumptions and limitations set forth therein, the Offer Price of EUR 0.67 per share offered under the Offer to holders of DIA's shares is fair from a financial point of view to holders, other than the Bidder, its affiliates and/or concerted parties.

Rothschild & Co. concludes that, as of the date of issuance, based upon and subject to the assumptions and limitations set forth therein, the Offer Price of EUR 0.67 per share offered under the Offer to holders of DIA's shares should not be considered fair in ordinary

circumstances from a strict from financial point of view to the shareholders of the Company other than the Bidder.

Nevertheless, Rothschild & Co. highlights in its report:

- the negative equity position of the Company and the consequences to which such situation exposes the Company (mandatory dissolution);
- the maturity of DIA's financial debt for an amount of EUR 912 million no later than 31 May 2019 and the maturity of the 2014 Bonds (for an amount of EUR 306 million) on 19 July 2019, that the Company would not be able to repay or refinance in lack of a sufficient injection of capital;
- the commitment assumed by the Bidder in relation to the underwriting of LetterOne's Capital Increase (subject to several conditions over which uncertainty continues to exist); and,
- that, in the event the Offer is not successful, LetterOne's Capital Increase would not be implemented and, in such case, the Company would not be able to reach an alternative short-term recapitalisation agreement to address the negative equity situation or a refinancing of its debts. Failure to do so may lead the Company to enter into a forced restructuring, including a distressed debt for equity exchange, or even to seek immediate protection of the Courts by filing for insolvency and/or dissolution and liquidation.

In light of the above, Rothschild & Co. considers that the Offer may represent an opportunity for DIA's shareholders looking for immediate liquidity or that may not want to incur the risks referred to which could derive in the complete loss of their investment, in the event that the Offer is not successful or LetterOne's Capital Increase is not implemented.

8.4 Considerations related to the intentions of the Bidder in relation to the purpose of the Offer and the context in which it is launched

DIA's Board of Directors wants to make the following remarks in respect to the Bidder's statements regarding the purpose of the Offer and the context in which it is launched.

The Board of Directors has always been available to LetterOne, prior to the publication of the initial announcement of the Offer, to collaborate in achieving a sustainable financial and capital structure that would enable the Company to overcome the difficult circumstances that it is undergoing.

In this sense, although the Bidder has preferred to sponsor LetterOne's Rescue Plan as an alternative in an independent manner as opposed to the alternatives proposed by the Board of Directors, DIA's Board of Directors, as already stated, very much appreciates the volume of economic resources that the Bidder commits to invest in the acquisition of the shares of the Company through the Offer and LetterOne's Capital Increase, which reflect the attractiveness of the business of the Company and its future prospects.

The Board of Directors also recognises that the Offer exposes DIA shareholders to the dilemma of (i) accepting the Offer and totally or partially liquidate their investment in DIA at the Offer Price, thus giving up its right to participate in the future value creation that the Bidder legitimately expects to achieve, or (ii) not accepting the Offer, in order to keep their shares and participate in the future value creation presented by the Bidder; though incurring the risk, in the

event the Offer did not succeed, that LetterOne's Rescue Plan fails, with the consequences indicated in Section 8.1 above.

Furthermore, if the Offer has a positive result but the acceptance of the Offer does not meet the necessary thresholds for the exercise by the Bidder of a squeeze-out, shareholders who decide not to accept it and do not sell their DIA shares in the market, would become minor shareholders of a listed company leaded and supervised by a new management team and a new Board of Directors.

In the event the Offer has a positive result, the Board of Directors will cooperate with the Bidder for the purposes of carrying out the possible resignations and appointments of Directors needed for the Bidder to compose the board of directors in accordance with its intentions and preferences.

8.5 Opinion of the Board of Directors

In accordance with article 24 of Royal Decree 1066/2007, the Board of Directors is obliged to draft a detailed and justified report in relation to public takeover bids over securities of the Company authorised by the National Securities Market Commission, which shall contain its remarks in favour or against, and expressly state if there are any agreements between the target company and the bidder, its directors or shareholders, or between any of them and the members of the board of directors of the target, as well as their opinion in respect of the Offer, and the intention of those who hold shares of the company of accepting or not the offer.

Based on the remarks contained in this report and the fairness opinions issued by Bank of America Merrill Lynch International Limited and Rothschild & Co., as well as on the information contained in the Prospectus, taking into account the terms, characteristics, advantages and disadvantages of the Offer and its impact in the interest of the Company, the Board of Directors issues the following opinion:

Taking into account the current circumstances of the Company, since there is no other alternative as of the date of this report that has been supported by the shareholders gathered in a General Shareholders Meeting, and in light of the high risks that could entail for the Company, its shareholders, employees, franchisees and suppliers if the Offer did not succeed and the Company and the Bidder were not in a position to execute LetterOne's Capital Increase, the Board of Directors expresses a FAVOURABLE OPINION in respect of the Offer, on the understanding that it is the best existing alternative for all the stakeholders.

In any case, shareholders should decide whether they accept or not the Offer in light of their particular situation and interests.

8.6 Individual opinion of the Directors

This report has been unanimously approved by the attendants, with none of the members of the Board of Directors having expressed a particular dissenting opinion in respect to the one collegiately adopted by the Board of Directors throughout this report.

9. INTENTION TO ACCEPT OR NOT THE OFFER IN RELATION TO THE SHARES

In respect to the treasury shares of the Company, that, as of the date of this report, amount to 9,082,519 shares, representing 1.45% of the share capital, the Board of Directors expresses its

decision to accept the Offer, in line with its opinion expressed in relation to the Offer, except for 1,238,790 shares to be maintained by the Company to comply with the Company's commitments vis-à-vis the beneficiaries of the share-based incentive plans referred to in Section 1.2 of this report, as well as other commitments assumed in relation to the delivery of the directors' and certain managers' remuneration.

10. INTENTION OF THE DIRECTORS TO ACCEPT OR NOT THE OFFER

In respect of the intention of the directors holding shares of the Company on whether to accept or not the Offer, as described below, the directors may be holders of DIA's shares received either as remuneration for the performance of their duties, or due to their acquisition or by any other title.

10.1 Shares received as remuneration for the performance of their duties

With respect to these shares, as stated in article 39.4 of the Articles of Association of DIA (according to which directors shall maintain the shares received as long as they hold their position as directors) and the current conditions at the time of their delivery, those Directors which express their intention to accept the Offer and, therefore, to transfer their shares, make public at this moment their decision to present its resignation to their position in the event the settlement of the Offer succeeds, with effects from the moment that shall be agreed with the Bidder upon completion of the Offer. This decision is justified with the intention of the directors to facilitate the control of the Board of Directors by the Bidder, in accordance with its expressed intention in the event the Offer is successfully settled.

a) Mr. Julián Diaz González, holder of 70,373 shares, representing 0.011% of DIA's share capital, expresses his decision to accept the Offer with respect to these shares which are all the shares he holds;

b) Mrs. Maria Luisa Garaña Corces, holder of 13,973 shares, representing 0.002% of DIA's share capital, expresses her decision to accept the Offer with respect to these shares which are all the shares she holds;

c) Mr. Richard Golding, holder of 57,494 shares, representing 0.009% of DIA's share capital, expresses his decision to accept the Offer with respect these shares;

d) Mrs. Angela Lesley Spindler, holder of 26,384 shares, representing 0.004% of the share capital of DIA, expresses her decision to accept the Offer with respect to these shares which are all the shares she holds;

e) Mr. Mariano Martín Mampaso, holder of 7,429 shares, representing 0.011% of the share capital of DIA, expresses his decision to accept the Offer with respect to these shares which are all the shares he holds;

f) Mr. Antonio Urcelay Alonso, holder of 49,563 shares, representing 0.008% of the share capital of DIA, expresses his decision to accept the Offer with respect to these shares which are all the shares he holds; and,

g) Mr. Borja de la Cierva Álvarez de Sotomayor, holder of 19,077 shares, representing 0.003% of DIA's share capital, expresses his decision not to accept the Offer with respect to these shares, as he will continue as Chief Executive Officer to facilitate the management of the Company pending the resolutions that the Board of Directors may

adopt once the Bidder decides on the Board's new composition, in the event the Offer has a positive result.

Consequently, in the event that the Offer is successfully settled, the directors Mr. Díaz, Mrs. Garaña, Mr. Golding, Mrs. Spindler, Mr.Martin and Mr. Urcelay will resign to their positions.

10.2 Shares acquired by any other title

a) Mr. Borja de la Cierva Álvarez de Sotomayor, holder of 10,000 shares, representing 0.001% of DIA's share capital, expresses his decision to accept the Offer with respect to these shares; and,

b) Mr. Richard Golding, holder of 890,000 shares, representing 0.143% of DIA's share capital, expresses his decision to accept the Offer with respect to these shares.

11. INFORMATION TO THE EMPLOYEES

It is hereby noted that, pursuant to article 25.2 of Royal Decree 1066/2007, DIA's Board of Directors and management team informed the employee's representatives about the Offer as soon as it was made public, and delivered the relevant Prospectus as soon as it was published. According to that same legal provision, it is hereby informed that a copy of this report will be made available to all employees.

As of the date of this report the Company has not received from the employee's representatives any report or opinion regarding the impact of the Offer over the employment.

* * *

Madrid, 9 April 2019

Annex I. Fairness Opinions of the Financial Advisors

Bank of America Merrill Lynch

April 9th, 2019

The Board of Directors
Distribuidora Internacional de Alimentación, S.A.
C/ Jacinto Benavente, 2 A
28232, Las Rozas, Madrid

Members of the Board of Directors:

We understand that the Board of Directors of Distribuidora Internacional de Alimentación, S.A., ("DIA") is required to issue a report on the voluntary public tender offer launched by L1R Invest1 Holdings S.à r.l. ("L1") for the entire issued share capital of DIA (the "Offer"), as documented in the offer document authorized by the Spanish Comisión Nacional del Mercado de Valores on March 28th, 2019 (the "Offer Document"), pursuant to which, among other things, shareholders of DIA accepting the Offer shall receive in consideration for each ordinary share of DIA, with a nominal value of €0.10 ("DIA Shares"), €0.67 in cash (the "Consideration"). The terms and conditions of the Offer are more fully set forth in the Offer Document.

You have requested our opinion as to the fairness, from a financial point of view, to the holders of DIA Shares other than L1 or its affiliates or connected or concerted parties of the Consideration offered under the Offer.

In connection with this opinion, we have, among other things:

a. reviewed certain publicly available business and financial information relating to DIA;

b. reviewed certain non-public financial and operating information with respect to the business, operations and prospects of DIA furnished to or discussed with us by the management of DIA, including certain financial forecasts relating to DIA prepared by the management of DIA (such forecasts, "DIA Forecasts");

c. discussed the past and current business, operations, financial condition and prospects of DIA with members of the senior management of DIA, including their long-term views on the financial performance of DIA;

d. reviewed the trading history for DIA Shares and for DIA publicly traded debt instruments and a comparison of that trading history with the trading histories of other companies we deemed relevant;

e. compared certain financial and stock market information of DIA with similar information of other companies we deemed relevant, including the credit rating evolution of DIA; compared certain financial terms of the Offer to financial terms, to the extent publicly available, of other transactions we deemed relevant;

f. reviewed the communication from the Board of Directors of DIA to its shareholders regarding the supplement to the call to the general shareholders meeting of the company convened for March 19th, 2019 on first call, and for March 20th, 2019 on second call (the "Board Communication"), as well as other documentation made available in connection with this

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general shareholders meeting, and reviewed the attendance levels of such meeting where holders of DIA shares were given the opportunity to vote on (i) the capital increase proposed by the Board of Directors and (ii) the capital increase proposed by L1 which was subject to (a) the effective settlement of the Offer and (b) an agreement being reached between DIA and credit entities holding the bank debt of DIA in the terms set out by L1 in its proposal, and noted the outcome of such general shareholders meeting;

g. reviewed the presentation from the management of DIA of March 3rd, 2019 regarding L1's recapitalization plan (the "Recapitalisation Presentation");

h. reviewed the Offer Document; and

i. performed such other analyses and studies and considered such other information and factors as we deemed appropriate.

In arriving at our opinion, we have assumed and relied upon, without independent verification, the accuracy and completeness of the financial and other information and data publicly available or provided to or otherwise reviewed by or discussed with us and have relied upon the assurances of the management of DIA that they are not aware of any facts or circumstances that would make such information or data inaccurate or misleading in any material respect. With respect to the DIA Forecasts, we have been advised by DIA, and have assumed, that they have been reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of the management of DIA as to the future financial performance of DIA. We have not made or been provided with any independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of DIA, nor have we made any physical inspection of the properties or assets of DIA. We have not evaluated the solvency or fair value of DIA under any laws relating to bankruptcy, insolvency, liquidation or similar matters. However, in arriving at our opinion, we have taken into consideration the fact that the Board of Directors of DIA indicates in the Board Communication, among other things, that DIA is currently immersed in legal cause of dissolution deriving from the negative equity situation of DIA and that if the capital increase referred to in the Board Communication is not approved and the Offer is not successful, DIA may be unable to put together the stable capital structure it needs and may thus face adverse consequences that may affect its viability and expose DIA to dissolution. Furthermore, we have taken into consideration the Recapitalisation Presentation, according to which, if the plan of the Board of Directors of DIA was not approved by the shareholders and L1 does not achieve control of DIA, there may not be a viable alternative for DIA other than a comprehensive debt restructuring, insolvency or dissolution. We have assumed that if the Offer were to be completed, it would be done in accordance with its terms, without waiver, modification or amendment of any material term, condition or agreement and that, in the course of obtaining the necessary governmental, regulatory and other approvals, consents, releases and waivers for the Offer, no delay, limitation, restriction or condition, including any divestiture requirements or amendments or modifications, will be imposed that would have an adverse effect on DIA or the Offer.

We express no view or opinion as to any terms or other aspects of the Offer (other than the Consideration to the extent expressly specified herein), including, without limitation, the conditions, term, form or structure of the Offer. We express no view or opinion as to any such matters. We were not requested to, and we did not, participate in any negotiation of the terms of the Offer, nor were we requested to, and we did not, provide any advice or services in connection with the Offer other than the delivery of this opinion. We express no view or opinion as to any such matters. As you are aware, we were not requested to, and we did not, solicit indications of interest or proposals from third parties regarding a possible acquisition of all or any part of DIA or any alternative transaction. Our opinion is limited to the fairness, from a financial point of view, of the Consideration offered to holders of DIA Shares other than L1 or its affiliates or connected or concerted parties under the Offer and no opinion or view is expressed with respect to any other consideration, if any, to be

offered or received in connection with the Offer by the holders of any class of securities, creditors or other constituencies of any party. In addition, no opinion or view is expressed with respect to the fairness (financial or otherwise) of the amount, nature or any other aspect of any compensation, if any, to any of the officers, directors or employees of any party to the Offer, or class of such persons, relative to the Consideration. Furthermore, no opinion or view is expressed as to the relative merits of the Offer in comparison to other strategies or transactions that might be available to DIA or in which DIA might engage or as to the underlying decision of the Board of Directors of DIA on whether to recommend the Offer to the holders of DIA Shares; nor does it address any legal, regulatory, tax or accounting matters. We are not expressing any opinion as to what the prices at which DIA Shares or publicly traded debt instruments of DIA will trade at any time, including following announcement or consummation of the Offer. In addition, we express no opinion or recommendation as to how any holder of the DIA Shares should act in connection with the Offer or any related matter.

We have acted as financial advisor to the Board of Directors of DIA in connection with the Offer solely to render this opinion and will receive a fee for our services, payable upon the rendering of this opinion. In addition, DIA has agreed to reimburse our expenses and indemnify us against certain liabilities arising out of our engagement.

We and our affiliates comprise a full service securities firm and commercial bank engaged in securities, commodities and derivatives trading, foreign exchange and other brokerage activities, and principal investing as well as providing investment, corporate and private banking, asset and investment management, financing and financial advisory services and other commercial services and products to a wide range of companies, governments and individuals. In the ordinary course of our businesses, we and our affiliates may invest on a principal basis or on behalf of customers or manage funds that invest, make or hold long or short positions, finance positions or trade or otherwise effect transactions in equity, debt or other securities or financial instruments (including derivatives, bank loans or other obligations) of DIA, L1 and certain of their respective affiliates.

We and our affiliates in the past have sought to provide, currently are providing, and in the future may provide, investment banking and other financial services to DIA and in the future may receive compensation for the rendering of these services.

In addition, we and our affiliates in the past have sought to provide, currently are seeking to provide, and in the future may provide, investment banking and other financial services to L1, its affiliates and shareholders and other interested parties and in the future may receive compensation for the rendering of these services.

It is understood that this letter is for the benefit and use of the Board of Directors of DIA (in its capacity as such) in connection with and for purposes of its evaluation of the Offer and is not rendered to or for the benefit of, and shall not confer rights or remedies upon, any person other than the Board of Directors of DIA.

This opinion may not be disclosed, referred to, or communicated (in whole or in part) to any third party, nor shall any public reference to us be made, for any purpose whatsoever except with our prior written consent in each instance, except that (i) a complete copy of this letter may be attached to the Board of Directors' report on the Offer (if any) and may so be disclosed to DIA's shareholders alongside such report or at the request of any competent regulatory authority and (ii) references to our opinion, which are not a complete copy of this letter, may also be included in any communication sent to shareholders of DIA in connection with the Offer, subject to our prior approval, which shall not be unreasonably denied or withheld; such prior approval shall not be required to reference the fact that "BofA Merrill Lynch has issued an Opinion in connection with the Offer" and that "according thereto, and based upon and subject to the assumptions and limitations set forth therein, the Consideration offered under the Offer to holders of DIA Shares is fair, from a financial point of

view, to such holders, other than L1, its affiliates and/or connected or concerted parties", provided that a complete copy of this letter is included alongside the document which makes such reference.

Our opinion is necessarily based on financial, economic, monetary, market and other conditions and circumstances as in effect on, and the information made available to us as of, the date hereof. It should be understood that subsequent developments may affect this opinion, and we do not have any obligation to update, revise, or reaffirm this opinion. The issuance of this opinion was approved by our EMEA Fairness Opinion Review Committee.

This opinion is issued in English and this English language version shall prevail over any translation.

Bank of America
Merrill Lynch

Based upon and subject to the foregoing, including the various assumptions and limitations set forth herein, we are of the opinion on the date hereof that the Consideration offered under the Offer to holders of DIA Shares, other than L1 or its affiliates or connected or concerted parties, is fair, from a financial point of view, to such holders.

Yours faithfully,

Strictly private and confidential

9th April 2019

The Board of Directors
Distribuidora Internacional de Alimentación, S.A.
C/ Jacinto Benavente 2 A
28232 Las Rozas (Madrid)
Spain

Voluntary Tender Offer for Distribuidora Internacional de Alimentación, S.A. by L1R Invest1 Holdings S.à r.l.

Dear Sirs,

As part of our engagement as financial adviser to Distribuidora Internacional de Alimentación, S.A. ("***DIA***" or the "***Company***") in relation to the above and pursuant to the terms agreed between us in the engagement letter (the "***Engagement Letter***") dated October 19th 2018 ("***Project Delta II***"), you have requested the opinion of RothschildCo España, S.A. (formerly Rothschild, S.A., hereinafter "***Rothschild & Co***") as to whether the cash consideration of EUR 0.67 per ordinary share (the "***Tender Offer Price***") to be received by the holders of ordinary shares in the Company (the "***Shares***") pursuant to the terms and subject to the terms and conditions of the public offer announced on February 5th 2019 by L1R Invest1 Holdings S.à r.l. ("***Letterone***" or the "***Offeror***"), as set out in the offer announcement document dated February 5th 2019 (the "***Offer***"), is fair to such shareholders from a financial point of view. The terms and conditions of the Offer are more fully set forth in the announcement and the prospectus approved by the Securities Markets National Commission (Comisión Nacional del Mercado de Valores or "***CNMV***") on 28th March 2019.

We would like to note that Rothschild & Co will receive fees in relation to Project Delta II (which, among other financial advisory services, includes the issuance of this Fairness Opinion), irrespective of the outcome of the Offer. In addition, the Company has agreed to indemnify Rothschild & Co for certain liabilities as agreed in our Engagement Letter.

In addition to the above, Rothschild & Co is also providing investment banking services to DIA in relation to the implementation of a sustainable solution to the Company's capital structure, for which Rothschild & Co has received and will continue to receive fees in accordance with a separate engagement letter dated December 20th 2018.

In arriving at the opinion set out below, we have, among other things:

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28046 Madrid, Spain

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1. reviewed the financial terms of the Offer as disclosed in the relevant fact dated February 5th 2019 and in the prospectus approved by the CNMV on March 28th 2019;

2. reviewed the annual audited financial statements provided by DIA corresponding to the 2011-2018 period, including the 2017 and 2016 restated financial statements included for comparison purposes in the 2018 audited financial statements;

3. reviewed the quarterly interim financial statements of the Company corresponding to the 2016-2018 period;

4. reviewed the internal monthly financial (including full P&L, balance sheet and cash flow) and quarterly operating reporting by country, for the 2016-2018 period

5. reviewed the most recent management information on recent and current trading;

6. reviewed DIA's 2019E-2023E business plan approved by DIA's Board of Directors on January 30th, 2019;

7. held discussions with members of the senior management of the Company to discuss the methodology and hypothesis used in the preparation of the 2019E-2023E business plan and understand the past and current business operations, of the Company;

8. reviewed certain reports prepared by a leading international business consulting firm on DIA's business model including strengths, weaknesses and market positioning;

9. reviewed the execution versions of the interim refinancing agreement between the Company and its main lenders dated December 31st, 2018;

10. reviewed the long-term refinancing terms agreed (in the form of a commitment letter and a term-sheet) between the company and its main lenders on March 19th, 2019;

11. reviewed the information publicly available about DIA, the food retail sector and the markets in which DIA operates, including the most recent inside information notices published by the Company in the official website of the CNMV;

12. reviewed the reported price and trading activity for ordinary shares of the Company on the Spanish stock exchange where such shares are traded;

13. compared certain financial, and other material information for the Company with similar information for certain other companies the securities of which are listed and traded publicly;

14. reviewed the financial information available for a number of M&A transactions conducted over food retail companies the activity of which we believe is comparable, in general terms, to the one of DIA;

15. reviewed certain financial projections for the Company contained in certain securities analysts' research reports and from databases such as Bloomberg and Factset;

16. reviewed the financial terms, to the extent publicly available, of certain recent takeovers in Spain; and

17. reviewed such other financial studies and analyses, performed such other investigations and took into account such other matters as we deemed appropriate, including our assessment of current general economic, market and monetary conditions.

As agreed with you:

1. we have relied, without independent verification, upon the accuracy, correctness and completeness of all of the financial and other information discussed with or reviewed by us and have assumed such accuracy and completeness for the purposes of providing this opinion;

2. we have assumed that the financial forecasts furnished by the Company, have been reasonably prepared on bases reflecting the best available estimates and judgments of the future financial performance of the Company by the senior management of the Company;

3. we have assumed that the current and/or future senior management team of the Company is able to implement and execute the actions and measures foreseen in the 2019E-2023E business plan of DIA as well as the 2019 outturn without significant delays and/or underachievement; and

4. we have assumed that all governmental, regulatory and other consents and approvals necessary for the Offer will be obtained without any adverse effect on the Company.

We have not assumed any responsibility to independently investigate or verify and have not independently investigated or verified, or made an independent evaluation or appraisal of the 2019E-2023E business plan of the Company, the assets and liabilities of the Company or its subsidiaries and we have not been furnished with any such evaluation or appraisal. We have not conducted any taxation analysis of the Company

and we have not been furnished with any such analysis. With respect to the financial forecasts provided by the Company and examined by us, we note that projecting future results of any company is inherently subject to uncertainty. Our opinion is based on economic, monetary, regulatory, market and other conditions existing and which can be evaluated and the information made available to us as of the date hereof. It should be understood that subsequent developments and other information that becomes available after this date may affect our opinion. We expressly disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting our opinion of which we become aware after the date hereof and we have not assumed any responsibility to update, revise or reaffirm our opinion. The opinion and all information and views given by us, is based on our assessment of relevant matters and conditions in effect on, and the information and documents available to us as of the date of this letter. Our opinion would be outdated in the event of occurrence of any changes or variations in the terms of the Project Delta II or the Offer after the date of this letter.

The opinion is only given for the purpose of providing information and assistance to you in connection with your evaluation of the Offer. Under no circumstances do we accept any responsibility to any person other than you in connection with this letter and our opinion.

This opinion does not constitute a recommendation in connection with the Offer. Our opinion does not address the relative merits of the Offer as compared to any alternative business strategies that might exist for the Company or the effect of any other transaction in which the Company might engage.

Based upon, and subject to, the foregoing, and based upon such other matters as we consider relevant as of the date of this letter, we are of the opinion that in ordinary circumstances the proposed cash consideration to be offered to the shareholders of the Company pursuant to the terms of the Offer should not be considered fair, from a financial point of view, to the shareholders of the Company, other than Letterone.

Notwithstanding the above, as reflected in the financial statements of the Company as of 31 December 2018 and accompanying notes, the company's net equity is negative, which, in accordance with Sections 362 *et seq* of the Spanish Capital Companies Act (approved by Royal Legislative Decree 1/2010 of July 2nd (the "***Companies Act***")) is a cause of mandatory dissolution if not remedied in the term set forth in the Companies Act. In addition, the Company faces debt maturities of Euro 912 million as of May 31st 2019 and of Euro 306 million as of July 19th 2019, and has expressed that, in lack of a sufficient injection of capital, the Company will not be in a position to repay or refinance such debts.

Also, pursuant to the terms of the Offer announced on February 5th 2019, Letterone has indicated it will promote and underwrite a 500 million capital increase by way of a rights offering at a price of no less than EURO 0.10 per share (the "Capital

Increase"). This Capital Increase is subject to the success of the Offer, the appointment by Letterone of a majority of the directors of the Company and DIA reaching a satisfactory refinancing agreement with the banks from Letterone's perspective that allows for a viable long term capital structure of the Company. As of the date of this opinion, and to the best of our knowledge, none of these conditions has been met.

We would like to stress that in the event that the proposed Offer is not successful for the failure to attract a sufficient level of acceptance by the shareholders of DIA or to satisfy the other conditions to which it is subject, the conditional Capital Increase proposed by Letterone and approved by the shareholders on March 20th 2018, will not be launched and in such scenario the Company may not be able to reach an alternative short term recapitalisation agreement to address the negative equity position nor a refinancing agreement with its creditors. Failure to do so may lead the Company to enter into a forced restructuring, including a distressed debt for equity exchange, or even to seek immediate protection of the Courts by filing for insolvency and/or dissolution and liquidation.

As a consequence of all of the above, we consider the Offer may represent an opportunity for shareholders looking for immediate liquidity or that may not want to incur the refinancing, recapitalisation and/or insolvency risk derived from either this Offer not being accepted by a majority of shareholders, or the conditions for the Capital Increase proposed by Letterone not being met.

This letter is for use only by the Board of Directors of DIA in connection with and for the purposes of its evaluation of the Offer, and may not be used or relied on for any other purpose by any other person. This letter may solely be used by way of disclosure in its entirety by the Company in its communications with the shareholders of the Company in relation to the Offer.

Specifically, this opinion does not constitute a recommendation to any shareholder of the Company as to whether or not to accept the Offer. Shareholders of the Company should independently weigh all of the circumstances surrounding the Offer and the Company before taking a decision in relation with the Offer. In addition, we are not expressing any opinion in this letter as to the price at which the Company's shares may trade before or after the Offer is completed.

Rothschild & Co provides a full range of financial, advisory and securities services and, in the course of its normal activities, may from time to time effect transactions and hold securities, including derivative securities, of the Company or the Offeror for its own account and for the account of customers.

The governing law of this letter (and any non-contractual obligations arising out of or in connection with this letter) is that of the Kingdom of Spain.

Yours truly,

On behalf of:
RothschildCo España, S.A.