

25 April 2019

## Western Gate Private Investments Limited

### Western Gate's position following the latest information on LetterOne's Voluntary Tender Offer (VTO) for DIA

Following the recent information on LetterOne's Voluntary Tender Offer (VTO), the investment branch of the Family Office of Luís Amaral, which holds c. 2% of DIA, hereby states that the following:

1. It is Western Gate's opinion that the **lack of clarity** that LetterOne is providing on the future of the company is having a negative impact on all stakeholders and is contributing to its deteriorating situation:

- Customers

*A well-defined business model is yet to be developed, as well as a value-added proposition to customers. Negative news creates an adverse ambiance for sales.*

- Creditors

*In contrast to management, LetterOne has not yet managed to come to an agreement with DIA's creditors, namely banks. This continues to fuel uncertainty for both shareholders and credit holders.*

- Employees

*LetterOne has stated that it does not expect the redundancies to affect a higher number of employees than the number stated previously by the company. Although this provides some clarity, there has been no official confirmation. Employees will be more concerned about their future rather than focusing on serving clients.*

- Shareholders

*Shareholders are expected to accept, and therefore receive only €0.67, when it is our opinion that the company will be worth much more.*

2. **Alleged real value of 22 cents per share**

According to media reports, LetterOne allegedly claimed at a meeting with analysts on 23/04/19 that the true value of the company was €0.22, highlighting that this is 70% less than what LetterOne is offering. The lowest price the shares hit before the announcement was €0.36 (24/12/18).

This value was not pointed out at the announcement of the Offer, and Western Gate is curious as to why this figure has never before been mentioned by LetterOne. If this is the case, then Western Gate feels that, in its own opinion, there could only be three possible explanations:

1. *The market is irrational and believes wrongly that the value of the company is indeed higher,*
2. *there is some new information the market is not aware of,*
3. *or LetterOne's opinion is not correct*

The only information the market has received regarding DIA's operations is the provisional like-for-like sales growth of -4.3% in the first quarter of 2019. This is not a fair comparison as last year the first quarter included Easter, which has a significant effect on sales.

At any rate, Western Gate continues to believe in the value of DIA and that €0.67 does not adequately reflect the value of the company and, therefore, **confirms that it will not tender its shares.**

Western Gate understands that the success of the Offer and the subsequent capital increase is a way for DIA to restore its credibility and financial strength and looks to work constructively with LetterOne in order to help with the turnaround of the company.

In the event the Offer fails, management is obliged to find a solution that will further empower the already global brand and, more importantly, take care of the 44,000 people who work for the company.

The full presentation *Comments on News Concerning L1 Meeting*, as well as the previous presentations *A Roadmap for Shareholders* and *Western Gate's Views on DIA* and other relevant news articles are available at [www.westerngate.eu](http://www.westerngate.eu)

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