

## TO THE NATIONAL SECURITIES MARKET COMMISSION

Pursuant to article 226 of the consolidated text of the Securities Market Act and development regulation, L1R Invest1 Holdings S.à r.l. (“**LetterOne**”) hereby informs about and discloses the following:

### PRIVILEGED INFORMATION

1. The Annual General Shareholders’ Meeting of Distribuidora Internacional de Alimentación, S.A. (“**DIA**”) held on 20 March 2019 approved a share capital increase with the purpose of increasing the equity of the company by an amount of EUR 500 million, delegating in favour of the Board of Directors the relevant faculties to implement the share capital increase resolution. In the context of such resolution, LetterOne committed to exercise its preferential subscription right pro rata to its percentage in the share capital of DIA, and to underwrite entirely the share capital increase, subscribing that part of the capital increase which is not subscribed by the rest of shareholders, or procure the underwriting by one or more financial entities.
2. The implementation of the share capital increase and the underwriting commitment from LetterOne were subject to the fulfilment of three conditions precedent:
  - (i) the settlement of the public tender offer over 100% of the shares in DIA (the “**Offer**”);
  - (ii) an agreement being reached between DIA and its syndicated facility lenders, which allows for a restructuring or refinancing of the debt which guarantees its financial stability; and
  - (iii) the appointment of a majority of members of the Board of Directors as proposed by LetterOne.
3. The imminent fulfilment of the first of the aforesaid conditions is an actual and certain fact. On Friday 17 May 2019, the National Securities Market Commission (the “**CNMV**”) officially announced that the Offer has been accepted by a number of shares representing 40.76% of the share capital of DIA, which, together with those shares held by LetterOne before the Offer, make LetterOne hold 69.76% of the share capital of DIA. The stock exchange transaction date is today, Monday 20 May 2019, and therefore, the Offer will be settled on Wednesday 22 May 2019.
4. Regarding the fulfilment of the second of the aforesaid conditions, on the date hereof, LetterOne has reached an agreement (the “**Lock-Up Agreement**”) with all syndicated facility lenders which provides a path to a restructuring and refinancing of the existing syndicated bank debt of DIA, to establish the

company's financial stability. The terms and conditions of such agreement are detailed in a term-sheet attached to the Lock-Up Agreement. The most relevant terms of the term-sheet and the Lock-Up Agreement are summarised in Schedule 1 hereto.

5. Regarding the third of the aforesaid conditions, LetterOne hereby publicly urges the Board of Directors of DIA to carry out immediately the relevant appointments which have been communicated to them, so that such condition is fulfilled.
6. LetterOne acknowledges that:
  - (i) upon fulfilment of the aforesaid three conditions, the EUR 500 million share capital increase is sufficient to remedy the mandatory dissolution cause due to losses, since DIA's net equity would be restored in accordance with article 363.1 e) of the Capital Companies Act; and
  - (ii) the share capital increase, together with the new facilities for an aggregate amount of EUR 380 million contemplated in the Lock-Up Agreement and related term-sheet, constitute a solution to the liquidity problems that DIA has been experiencing, and provide a viable long-term capital structure.

In light of the foregoing, LetterOne hereby urges the Board of Directors to abstain from taking any steps contemplated under the Insolvency Act, which would impede the implementation of all the aforesaid rescue measures, would be detrimental for shareholders, employees, financial creditors and suppliers of DIA, would be seriously adverse to the corporate interest of DIA, and consequently would constitute an action against the Law.

Luxembourg, 20 May 2019.

**L1R Invest1 Holdings S.à r.l.**

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Mr. Tanel Saari  
*Manager*

## Schedule 1 – Main terms and conditions

1. The main terms and conditions of the amendment and restatement of the existing syndicated facilities (the “**Existing Syndicated Facilities**”) agreed in the term-sheet are the following:
  - (i) extension of the maturity date of all of the Existing Syndicated Facilities until 31 March 2023;
  - (ii) permission to raise new super senior secured facilities, in an amount of up to EUR 380 million (the “**New Facilities**”), in order to fund DIA’s liquidity needs of its business, consisting of:
    - (a) a EUR 200 million facility with a 3-year term;
    - (b) a EUR 100 million facility with a 3-year term, which shall be drawn only after the EUR 200 million facility described in paragraph (a) above has been fully drawn; and
    - (c) an ancillary facility with a 1-year term (but with an option to extend by up to 2 years in the event that the facility continues to be required by DIA) in an amount of up to EUR 80 million, to be used to fund liquidity needs for suppliers.

The New Facilities described in paragraphs (b) and (c) are to be provided by some or all of the syndicated lenders (the “**Syndicated Lenders**”) (but with no obligation on any individual lender to participate).

Those Syndicated Lenders that participate in the granting of New Facilities would be entitled to an elevation of their existing commitments under the Existing Syndicated Facilities, to senior or super senior priority relative to the other facilities comprising the Existing Syndicated Facilities, and a higher margin on their commitments under the Existing Syndicated Facilities, as more fully described in the term-sheet;

- (iii) no obligation to prepay the Existing Syndicated Facilities with (a) the proceeds of any disposal (including, without limitation, the proceeds of any sale of the Max Descuento and Clarel businesses), (b) the funds obtained in the proposed EUR 500 million share capital increase, or (c) any profit participating loan that LetterOne at its discretion might elect to advance prior to the share capital increase;
- (iv) bilateral debt owed by DIA or any of its affiliates to a Syndicated Lender or its affiliates must be extended on terms to be proposed by DIA or its affiliates relating to tenor and amount which are satisfactory to Syndicated Lenders representing 70% by value;

- (v) prohibition to repay certain existing bilateral facilities granted by the Syndicated Lenders or their affiliates with (a) any proceeds from drawings under the New Facilities or the Existing Syndicated Facilities, (b) any proceeds that have been generated by operations of affiliates of DIA based in different jurisdictions of incorporation as the relevant borrowers of such bilateral facilities, or (c) through local facilities raised in a different jurisdiction as the relevant borrower;
  - (vi) permission to raise up to EUR 400 million (subject to certain conditions, on a secured basis) for the purposes of, amongst other things, refinancing the existing notes maturing in 2021. For the avoidance of doubt, DIA assumes no obligation to refinance the existing notes maturing in 2021;
  - (vii) a financial covenant holiday until 31 December 2020 (save only for a minimum liquidity covenant set at EUR 30 million in cash and cash equivalents, to be verified quarterly starting in December 2019), following which a leverage covenant shall apply set at levels including 35% headroom to the Restated Net Debt/Restated EBITDA ratio established in the business plan / budget, to be tested semi-annually as from 31 December 2020;
  - (viii) implementation of a “hivedown” transaction, pursuant to which (a) new subsidiaries of DIA will be incorporated, (b) certain assets (including a number of DIA’s stores representing at least 60% of Restricted EBITDA (as such term is defined in the Existing Syndicated Facilities)) and liabilities will be transferred to a new Spanish subsidiary, (c) the new Spanish subsidiary will become the borrower of the Existing Syndicated Facilities and New Facilities and (d) new guarantees and security will be granted;
  - (ix) any change of control deriving from (a) the settlement of the Offer, (b) further acquisitions of DIA shares by LetterOne following the settlement of the Offer, or (c) the appointment of directors by LetterOne shall not trigger the change of control provisions in the Existing Syndicated Facilities;
  - (x) no dividends shall be made by DIA until the Existing Syndicated Facilities and the New Facilities have been repaid in full (subject to customary exceptions); and
  - (xi) annual cash sweep of free cash flow from the second quarter of 2022 in respect of 50% of free cash flow, after investment in capital expenditure and restructuring costs have been fully funded pursuant to the business plan.
2. The amendment and restatement of the Existing Syndicated Facilities on the terms set out above is subject to certain conditions precedent, including (i) the settlement of the Offer, (ii) an injection of EUR 490 million to DIA pursuant to a share capital increase or profit participating loans, (iii) the appointment of new members of the Board of Directors of DIA in a number satisfactory to LetterOne,

and (iv) the New Facilities having been fully committed and being fully available to DIA.

3. The Lock-Up Agreement provides, amongst other things, that (i) upon settlement of the Offer, appropriate actions will be taken for DIA to accede to the Lock-Up Agreement as soon as possible, (ii) the parties will negotiate and proceed to execute the necessary documentation relating to the amendment and restatement of the Existing Syndicated Facilities in the manner contemplated by the Lock-Up Agreement and the term-sheet, and to take other actions necessary to support, facilitate, implement, consummate or otherwise give effect to the overall restructuring, (iii) while the Lock-Up Agreement is in force, the Syndicated Lenders shall not take any enforcement actions against DIA (including any action to accelerate any payments or file for the insolvency of DIA) or other action which could delay, impede or prevent the contemplated restructuring, and (iv) the Syndicated Lenders instruct the Agent to agree to certain amendments, waivers and consents in respect of provisions of the Existing Syndicated Facilities to facilitate implementation of the contemplated transactions.
4. The Lock-Up Agreement sets out certain termination events, including:
  - (i) in the event that the Offer is not settled on or before 24 May 2019, the Lock-Up Agreement shall be automatically terminated, except as otherwise agreed;
  - (ii) in the event that the form of the amended and restated facilities agreement relating to the Existing Syndicated Facilities has not been agreed (and/or certain related documentation has not been signed) by all parties by 22 May 2019 (or such later date as may be agreed by LetterOne in its sole discretion), LetterOne would be entitled to terminate the Lock-Up Agreement;
  - (iii) in the event that binding commitments have not been entered into between DIA and the relevant lenders on or before 31 May 2019 in relation to the EUR 100 million and EUR 80 million New Facilities, LetterOne would be entitled to terminate the Lock-Up Agreement;
  - (iv) in the event that binding long-form documentation has not been entered into between DIA and the relevant lenders in respect of all New Facilities on or before 15 June 2019, LetterOne would be entitled to terminate the Lock-Up Agreement;
  - (v) in the event that DIA has not received at least EUR 490 million following completion of a share capital increase, through the incurrence of profit participating loans, or otherwise, on or before 19 July 2019, the Lock-Up Agreement shall be automatically terminated, except as otherwise agreed;

- (vi) in the event that 70% by value of the Syndicated Lenders have not agreed on or before 31 May 2019 to certain key terms relating to any proposed arrangement relating to the continuation of any bilateral debt owed by DIA or any of its affiliates to a Syndicated Lender or its affiliates, the Lock-Up Agreement shall be automatically terminated, except as otherwise agreed;
- (vii) in the event that LetterOne provides DIA with a profit participating loan for the purpose of restoring the net worth position of DIA, and such profit participating loan is cancelled or terminated for any reason other than its repayment by LetterOne by way of a capital injection, a new profit participating loan, or a conversion into shares of said profit participating loan, the Lock-Up Agreement shall be automatically terminated, except as otherwise agreed;
- (viii) in the event that DIA files for insolvency, or pre-insolvency pursuant to article 5 bis of the Insolvency Act, or any third-party files for insolvency and such application is not dismissed or withdrawn within the period set forth in Lock-Up Agreement, or any enforcement actions are carried out in relation to DIA, the Lock-Up Agreement shall be automatically terminated, except as otherwise agreed; and
- (ix) in the event that the transactions contemplated in the Lock-Up Agreement have not been fully implemented by the longstop date of 19 July 2019, the Lock-Up Agreement shall be automatically terminated, except as otherwise agreed.