



Distribuidora Internacional de Alimentación, S.A. (“**DIA**” or the “**Company**”), in accordance with article 227 of the consolidated text of the Securities Markets Law hereby announces the following

RELEVANT INFORMATION

Following the information revealed to the market on 21 February 2019 (Registry Number 274976), the Board of Directors, in relation to the request of the shareholder L1 Invest1 Holdings S.à r.l. received by the Company, and in accordance with article 519 of the Spanish Companies Act (*Ley de Sociedades de Capital*), the Board of Directors hereby publishes the announcement of the supplement to the call to the Shareholders General Meeting convened to be held at Casa de América, c/ Marqués del Duero, nº 2, 28001 (Madrid), on 19 March 2019 at 10:00 hours, in first call, and on 20 March 2019, at the same place and time, in second call.

Attached hereto is a copy of the announcement of the supplement to the call to the Shareholders General Meeting, together with the corresponding resolution proposal submitted by L1 Invest1 Holdings, S.à r.l., the report justifying the proposal submitted by L1 Invest1 Holdings, S.à r.l. and the observations of the Board of Directors addressed to the shareholders in respect. The other information regarding the General Shareholders’ Meeting is available to the shareholders through the Company’s website (www.diacorporate.com), as well as at the registered office, upon the terms set out in the announcement of the call to meeting

It is hereby stated for the record that the announcement of the supplement to the call to the Shareholders Meeting, as well as the corresponding resolution proposal submitted by L1 Invest1 Holdings, S.à r.l., the report justifying the proposal submitted by L1 Invest1 Holdings, S.à r.l. and the notice of the Board of Directors addressed to the shareholders in respect, and the.

The Ordinary General Shareholders’ Meeting will likely be held on second call, this is, on 20 March 2019.

In Madrid, 1 March 2019.

DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A.

Mr. Miguel Ángel Iglesias Peinado

Vice-Secretary of the Board of Directors



DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A.

SUPPLEMENT TO THE CALL OF THE GENERAL SHAREHOLDERS MEETING

In connection with the General Shareholders Meeting of DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A. (“DIA” or the “Company”) convened to be held at Casa América, c/ Marqués del Duero, nº2, 28001 (Madrid), on 19 March 2019 at 10:00, on first call, and the following day 20 March 2019, at the same place and time, on second call, by means of public announcement published on 17 February 2019 in the newspaper Diario ABC, in the Company’s corporate website (www.diacorporate.com) and in the Spanish National Stock Market Commission’s (*Comisión Nacional del Mercado de Valores*) website (www.cnmv.es), the Board of Directors of the Company, pursuant to article 519 of the Spanish Companies Act (*Ley de Sociedades de Capital*), article 18.6 of the Articles of Association and article 12 of the General Shareholders Meeting Regulations, publishes this supplement to the call requested by the LIR Invest1 Holdings S.à r.l., shareholder owning more than 3% of the share capital of DIA, on 21 February 2019, and immediately circulated by the Company by the corresponding relevant fact (*hecho relevante*).

Thereupon, it is included as a new item of the Agenda the following item 6.3, corresponding with the literal transcription of the request received from the referred shareholder at the corporate domicile.

(...)

6.3 Share capital increase with the aim of raising the Company’s own funds in an effective amount (par value plus share premium) of EUR 500,000,000.00, to be carried out through the issue and putting into circulation of new ordinary shares that shall be fully subscribed and paid up by means of a cash consideration, with the recognition of the shareholders’ preferential subscription rights and with a minimum issue price of EUR 0.10 (nominal plus, if applicable, share premium) per share. The Board of Directors shall determine (i) the par amount of the capital increase and the number of ordinary shares to be issued, and (ii) the issue rate or price of the new ordinary shares. Delegation of powers to the Board of Directors, with powers to subdelegate, to execute this resolution and to set those conditions not provided for by the General Shareholders’ Meeting, according to article 297.1(a) of the Spanish Companies Act, as well as to amend article 5 of the Company’s Articles of Association. The execution of the share capital increase would be subject to two conditions: (i) the effective settlement of the public takeover bid launched by LIR Invest1 Holdings S.à r.l. for all of the shares of the Company and the appointment of a majority of the members of the Board of Directors of the Company as proposed by LIR Invest1 Holdings S.à r.l., and (ii) an agreement being reached by the Company with the creditors holding the bank debt of the Company, in relation to a viable long-term capital structure of the Company.

(...)



PROXY DELEGATION AND VOTING BY REMOTE MEANS OF COMMUNICATION

The Company publishes a new attendance, proxy and voting card in order to include the new item 6.3 of the Agenda. Shareholders will be able to find the new form of attendance, proxy and voting card in the documents of the General Shareholders' Meeting published on the Company's website (www.diacorporate.com).

In this respect, if the Company received an attendance, proxy and voting cards following the model initially published with the call of the General Shareholders' Meeting or, following a different model or format not including reference to item 6.3 of the Agenda, the applicable voting rules in respect to such item will be those contained in the rules established in the General Shareholders Meeting Regulations and which are also described in the announcement of the call, in the document "Rules in relation to proxy, voting and request for information before the Annual General Meeting using remote means" published on the Company's website (www.diacorporate.com) and in the attendance, proxy and voting card.

Likewise, if Company has received the attendance, proxy and voting cards following the model initially published at the time of the call to the General Shareholders Meeting, and a new attendance, proxy and voting card is received containing the new item of the Agenda referred in this announcement, the content taken into consideration will be the one of the second attendance, proxy and voting card, and the first one will not be valid for these purposes.

For clarification purposes, in case of delegation of the representation, and unless otherwise indicated by the shareholder, the proxy will be extended to item 6.3 of the Agenda and the proxy representative, will cast a vote as indicated and, in absence of instructions, in the in the most favourable direction to the interests of the Company and the shareholder (for which purposes the proxy representative will follow the criteria that the Board of Directors may have expressed in respect of the referred proposals).

In case of remote voting, is not possible to vote regarding proposals not included in the Agenda and, unless otherwise instructed by the shareholder, a proxy shall be deemed to be granted indistinctly, jointly and severally and successively, in favour of the Chairperson of the Board of Directors, of the first Vice Chairman of the Board of Directors, of the second Vice Chairman of the Board of Directors (or, in the event of absence of the formers, the Director appointed as Chairperson of the General Meeting), the Chief Executive Officer or the Secretary of the Board of Directors. If the proxy is granted in relation to such resolution proposals, the proxy representative, in absence of instructions, will cast a vote in the most favourable direction to the interests of the Company and the shareholder (for which purposes the proxy representative will follow the criteria that the Board of Directors may have expressed in respect of the referred proposals).

RIGHT TO RECEIVE INFORMATION

Pursuant to articles 272, 287 and 518 of the Companies Act, 28.4(d) of the Royal Decree 1066/2007, of 27 July, on the rules governing takeover bids for securities, article 19 of the Articles of Association, and article 14 of the Regulations of the General Meeting, as from the date of publication of this announcement of the supplement to the call to meeting,

This document is a translation of an original text in Spanish and it is provided for information purposes only. In the event of any discrepancy between both texts, the original text in Spanish will prevail.



shareholders may examine at the registered office (and in the cases provided by law, request from the Company the immediate delivery or dispatch without charge), as well as the documentation described in the “Right to receive Information” in the announcement of the calling of the General Shareholders Meeting which has been made available to the shareholders at the registered office and through the Company’s website (www.diacorporate.com), a portion of which has also been sent to the National Securities Market Commission, the following additional documentation:

- The announcement of the supplement to the call.
- The proposal of agreement contained in the supplement to the call together with the report of L1 Invest1 Holding S.à. r.l. justifying the proposal of agreement included in the supplement to the call.
- The observations of the Board of Directors regarding the supplement to the call, the accompanying proposal and the report of L1 Invest1 Holding S.à. r.l.
- The form or model of attendance, proxy and absentee voting card, including the new item of the Agenda.
- The rules in relation to proxy, voting and request for information before the Annual General Meeting using remote means, including the new item of the Agenda.

In this regard, shareholders may exercise their rights of information in the terms and conditions described in the section “Right to receive Information” in the announcement of the calling, pursuant to article 197 and 520 of the Spanish Companies Act.

Madrid, 1 March 2019

Secretary of the Board of Directors

[Translation for informative purposes only]

**JUSTIFIED PROPOSED RESOLUTION WHICH IS SUBMITTED TO THE
2019 ORDINARY GENERAL SHAREHOLDERS' MEETING OF
DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A. IN
EXERCISE OF ITS RIGHT TO SUPPLEMENT THE AGENDA, IN
ACCORDANCE WITH ARTICLES 172 AND 516 OF THE SPANISH
COMPANIES ACT, ARTICLE 18.6 OF THE ARTICLES OF ASSOCIATION
AND ARTICLE 12 OF THE GENERAL SHAREHOLDERS' MEETING
REGULATIONS**

By exercising the right granted by articles 172 and 519 of Royal Legislative Decree 1/2010, of 2 July, approving the consolidated text of the Spanish Companies Act, (the “**Spanish Companies Act**”), article 18.6 of the Articles of Association and article 12 of the General Shareholders’ Meeting Regulation of Distribuidora Internacional de Alimentación, S.A. (the “**Company**”), the shareholder L1R Invest1 Holdings S.à r.l., effective holder of 180,518,694 Company shares, representing 29.001% of its share capital, has formally and timely requested the publication of a supplement to the call of the forthcoming Ordinary General Shareholders’ Meeting of the Company, which has been convened to be held on 19 and 20 March 2019, in first and second call respectively, so that the following additional item is included in the agenda:

Sole Item (which we propose to be included as a new item 6.3 in the agenda):

- “6.3 Share capital increase with the aim of raising the Company’s own funds in an effective amount (par value plus share premium) of EUR 500,000,000.00, to be carried out through the issue and putting into circulation of new ordinary shares that shall be fully subscribed and paid up by means of a cash consideration, with the recognition of the shareholders’ preferential subscription rights and with a minimum issue price of EUR 0.10 (nominal plus, if applicable, share premium) per share. The Board of Directors shall determine (i) the par amount of the capital increase and the number of ordinary shares to be issued, and (ii) the issue rate or price of the new ordinary shares. Delegation of powers to the Board of Directors, with powers to subdelegate, to execute this resolution and to set those conditions not provided for by the General Shareholders’ Meeting, according to article 297.1(a) of the Spanish Companies Act, as well as to amend article 5 of the Company’s Articles of Association. The execution of the share capital increase would be subject to two conditions: (i) the effective settlement of the public takeover bid launched by L1R Invest1 Holdings S.à r.l. for all of the shares of the Company and the appointment of a majority of the members of the Board of Directors of the Company as proposed by L1R Invest1 Holdings S.à r.l., and (ii) an agreement being reached by the Company with the creditors holding the bank debt of the Company, in relation to**

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a viable long-term capital structure of the Company.

For these purposes, the following documents are submitted together with this request: (i) the specific proposed resolution with regards to the aforementioned additional item to the agenda of the forthcoming General Shareholders' Meeting of the Company so that it may be subject to the relevant shareholders vote, and (ii) the relevant justification in accordance with the applicable law for the proposed resolution.

1. PROPOSED RESOLUTION

The following proposed resolution is submitted in relation to the additional agenda item:

Sole Item (which we propose to be included as a new item 6.3 in the agenda):

- “6.3 Share capital increase with the aim of raising the Company’s own funds in an effective amount (par value plus share premium) of EUR 500,000,000.00, to be carried out through the issue and putting into circulation of new ordinary shares that shall be fully subscribed and paid up by means of a cash consideration, with the recognition of the shareholders’ preferential subscription rights and with and a minimum issue price of EUR 0.10 (nominal plus, if applicable, share premium) per share. The Board of Directors shall determine (i) the par amount of the capital increase and the number of ordinary shares to be issued, and (ii) the issue rate or price of the new ordinary shares. Delegation of powers to the Board of Directors, with powers to subdelegate, to execute this resolution and to set those conditions not provided for by the General Shareholders’ Meeting, according to article 297.1(a) of the Spanish Companies Act, as well as to amend article 5 of the Company’s Articles of Association. The execution of the share capital increase would be subject to two conditions: (i) the effective settlement of the public takeover bid launched by L1R Invest1 Holdings S.à r.l. for all of the shares of the Company and the appointment of a majority of the members of the Board of Directors of the Company as proposed by L1R Invest1 Holdings S.à r.l., and (ii) an agreement being reached by the Company with the creditors holding the bank debt of the Company, in relation to a viable long-term capital structure of the Company.**

1. SHARE CAPITAL INCREASE

It is resolved to increase the share capital of the Company by an effective amount of EUR 500,000,000.00 with the recognition of the shareholders’ preferential subscription rights, through the issue and putting into circulation of new ordinary shares, of the same class and

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series as those currently outstanding, represented through book-entries (the “**Capital Increase**”).

It will correspond to the Board of Directors to determine, depending on market conditions at the time of the implementation of this resolution: (i) the nominal amount of the Capital Increase and the number of ordinary shares to be issued and (ii) the issue rate or the issue price of the new shares, subject to the minimum issue price of EUR 0.10 per share (par value plus, if applicable, share premium) and an effective amount of EUR 500,000,000.00 (par value plus, if applicable, share premium).

In addition, it is hereby resolved to authorise the Board of Directors to reduce the effective amount of EUR 500,000,000.00 of equity which is intended to be increased with the approved Capital Increase (i) if for purely technical reasons, such a reduction would be advisable in order to obtain a practicable ratio of the number of preferential subscription rights corresponding to shareholders for each share of the Company they hold, or (ii) if, prior to the execution of the Capital Increase, another share capital increase was to be executed, by the effective amount of such share capital increase.

The effective amount that is eventually determined by the Board of Directors when executing the Capital Increase in attention to the previous paragraphs will be referred to as the “**Effective Amount**”, and will be subject to, inasmuch as necessary, variations exclusively in the specified cases in this section or in the following section 2 of this resolution.

2. NOMINAL AMOUNT, ISSUE RATE AND NUMBER OF SHARES

The amount of share capital shall be increased, in one single transaction, by the amount corresponding to the nominal value of the new shares that are issued, deducting accordingly from the Effective Amount of the Capital Increase the amount corresponding to the share premium of the new shares, calculated in accordance with the issue rate (par plus share premium) per share determined by the Board of Directors (or by the person or persons to whom the Board of Directors delegates the relevant powers) in execution of the powers delegated in their favour under section 12 below of this resolution. Notwithstanding the above, the minimum issue price is set at EUR 0.10 (nominal plus, if applicable, share premium).

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Similarly, the final number of new shares issued in the Capital Increase will be determined as the result of dividing the Effective Amount by the issue rate per share that is determined, subject to the minimum issue price described in the paragraph above, by the Board of Directors (or by the person or persons to whom the Board of Directors delegates the relevant powers).

3. SHARE CAPITAL INCREASE CONDITIONS

Any actions by the Board of Directors of the Company related to the execution of the Capital Increase, as well as the underwriting commitment from L1R Invest1 Holdings S.à r.l. referred to in section 6 below, are subject to the fulfillment of the following conditions by no later than 18 July 2019:

- (1) Condition related to the effective settlement of the public takeover bid launched by L1R Invest1 Holdings S.à r.l. for all of the shares of the Company (the “Offer”) and the appointment of a majority of the members of the Board of Directors of the Company as proposed by L1R Invest1 Holdings S.à r.l.

The execution of the Capital Increase, as well as the underwriting commitment from L1R Invest1 Holdings S.à r.l. referred to in section 6 below, are subject to the effective prior settlement of the Offer and the appointment of a majority of the members of the Board of Directors of the Company as proposed by L1R Invest1 Holdings S.à r.l. It is hereby stated that the Offer is, in turn, subject to the following conditions: (a) the acceptance by shareholders of the Company who together hold, at least, 50% of the shares to which the Offer is effectively addressed, (b) the non-issuance by the Company of any shares or other instruments which may confer the right to convert them into shares, before the Spanish Securities Market Commission (the “CNMV”) informs about the result of the Offer, and (c) L1R Invest1 Holdings S.à r.l. obtaining the merger control clearances granted by the European Commission and the Administrative Council for Economic Defence of Brazil, all of it in accordance with what was published in the initial announcement of the Offer.

- (2) Condition related to an agreement being reached with the creditors holding the bank debt of the Company, in relation to a viable long-term capital structure of the Company

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The execution of the Capital Increase, as well as the underwriting commitment from L1R Invest1 Holdings S.à r.l. referred to in section 6 below, are subject to an agreement being reached, after the Offer has been effectively settled and a majority of the members of the Board of Directors of the Company as proposed by L1R Invest1 Holdings S.à r.l. has been appointed, between the Company and the lending banks holding the financial debt of the Company, which allows for a restructuring or refinancing of the bank debt which guarantees its financial stability.

In order for this condition to be fulfilled, said agreement will have to be entered into (or ratified by the Company) after the Offer has been settled and a majority of the members of the Board of Directors of the Company as proposed by L1R Invest1 Holdings S.à r.l. has been appointed, and:

- (i) maintain the Company's lending banks existing debt commitments. For clarification purposes, in order for the condition to be fulfilled, it is not required that there is a reduction in the principal of the financial debt held by the lending banks;
- (ii) provide for all payment commitments of the Company *vis-à-vis* the lending banks being extended until at least the end of March 2023;
- (iii) re-instate additional confirming/factoring lines, on a committed basis, in order to fund the expected liquidity requirements of the business over the period of the 5-year transformation plan described by L1R Invest1 Holdings S.à r.l. in the report for the justification of this share capital increase resolution;
- (iv) provide for a covenant relief in favour of the Company during the period of the 5-year transformation plan described by L1R Invest1 Holdings S.à r.l. in the report for the justification of this share capital increase resolution;
- (v) not provide for an obligation of the Company to a prepayment of the bank credit facilities derived from the proceeds obtained in any share capital increase or as a consequence of non-core asset disposals (including Max Descuento and Clarel), considering that such proceeds will be required to fund the business plan;

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- (vi) provide for fees and rates on agreed terms no worse than other facilities for the Company or other companies with comparable leverage; and
- (vii) provide for a waiver by the lending banks of the change of control provisions in the existing facilities agreements of the Company with respect to the change of control resulting from the settlement of the Offer.

4. DATE OF THE SHARE CAPITAL INCREASE

The Capital Increase resolution shall take place once both of the aforementioned conditions are fulfilled, and the Board of Directors of the Company shall establish all of its terms and conditions in relation to all matters not provided for in the resolution of this General Shareholders' Meeting, in accordance with Article 297.1(a) of the Spanish Companies Act.

5. PREFERENTIAL SUBSCRIPTION RIGHTS

Pursuant to article 304 of the Spanish Companies Act, shareholders shall have the right to subscribe a number of shares proportional to the amount of shares that they own on the assignment date of their respective preferential subscription rights.

The preferential subscription rights will be assigned to the shareholders of the Company that have acquired or subscribed their shares until the day the call for the Capital Increase is published in the Commercial Registry's Official Gazette, inclusive (*Last Trading Date*), and which acquisition transactions have been settled within the two trading days immediately following such date. The period for exercising the preferential subscription rights (the "**Preferential Subscription Period**") shall commence the day immediately following the referred call for the Capital Increase is published in the Commercial Registry's Official Gazette. This implies that the shareholders who tender all of their shares in the Offer will not be shareholders when the Capital Increase is executed, and, therefore, will not have preferential subscription rights in the Capital Increase.

Pursuant to article 306.2 of the Spanish Companies Act the preferential subscription rights shall be transferable on the same terms as the shares they derive from and shall be tradable on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Spanish Automated Quotation System. As a consequence, during the Preferential Subscription Period other investors different than the shareholders will be able to acquire enough preferential subscription

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rights and in the necessary proportion to subscribe new shares of the Company.

The Preferential Subscription Period shall be fifteen (15) calendar days following the next trading day after the call for the Capital Increase is published in the Commercial Registry's Official Gazette. In any event, the Board of Directors may set a longer Preferential Subscription Period if circumstances advise so at the time of the execution of the Capital Increase.

Shareholders holding preferential subscription rights, as well as investors or shareholders that purchase preferential subscription rights, may request for the subscription of additional shares in the event that the Capital Increase has not been fully subscribed after the lapse of the Preferential Subscription Period. The Board of Directors will be able to allow for additional periods or rounds so that the new shares that could be left unsubscribed and unpaid during the Preferential Subscription Period can be reassigned to those shareholders that, having executed their preferential subscription rights, express their interest in acquiring additional shares and/or other investors, setting, such an event, the procedure and the deadlines of these additional periods or rounds.

The Board of Directors will be able to conclude the Capital Increase when it has been fully subscribed.

To exercise the preferential subscription rights during the Preferential Subscription Period and the right to request the allocation of additional shares, the owners of the abovementioned rights will be able to take the exercise orders addressing the participant entities in Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. ("**Iberclear**") in whose registry the shares or the relevant rights are registered, indicating their willingness to exercise those rights and the number of shares they wish to subscribe. Orders placed in connection with the exercise of the preferential subscription rights and, if applicable, the request for allocation of additional shares right shall be understood to have been made firmly, irrevocably and unconditionally.

The documentation of the issuance and, in particular, the prospectus of the Capital Increase or securities note to be registered with the CNMV, shall regulate the terms and conditions in which the payment of the par value and the share premium corresponding to each class of the new shares, subject to the minimum issue price of EUR 0.10 (par value plus, if applicable, share premium), will take place and, if

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applicable, the allotment of additional shares and the allotment of discretionary shares.

6. SHAREHOLDERS AND INVESTORS' COMMITMENTS

It is hereby stated that L1R Invest1 Holdings S.à r.l. commits to: (i) exercise the preferential subscription right it is entitled to, pro rata to the percentage of share capital it holds, and, likewise (ii) underwrite the entirety of the Capital Increase, subscribing the part of the Capital Increase which is not subscribed, after exercising their preferential subscription rights, by the remaining shareholders, or procure the underwriting by one or more financial entities.

7. PAYMENT

Payment of the new shares, including its par value and the share premium which, if applicable, is set subject to the minimum issue price of EUR 0.10 (par value plus, if applicable, share premium), shall be made by means of cash contributions made in accordance with the Board of Directors instructions as to form and time, as provided for in this resolution.

In accordance with article 299.1 of the Spanish Companies Act, it is placed on record that the Company's previously issued shares are paid up in full.

8. REPRESENTATION OF THE NEW SHARES

The new shares to be issued shall be represented in book-entry form and the relevant record shall be kept by Iberclear and its participating entities.

9. RIGHTS OF THE NEW SHARES

As of the date when the Capital Increase is declared subscribed and paid, the new shares will confer their owners the same economic and political rights as the currently outstanding ordinary shares of the Company. In particular, as far as economic rights are concerned, the new shares will grant the right to the Company dividends, whether interim or definitive, the distribution of which is approved as from that date.

10. AMENDMENT OF ARTICLE 5 OF THE ARTICLES OF ASSOCIATION

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In accordance with the provisions of article 297.2 of the Spanish Companies Act, the directors are expressly delegated the faculty to amend article 5 of the Articles of Association relating to the share capital, once the proposed Capital Increase has been approved and executed, in view of its definitive result.

11. APPLICATION TO LISTING

It is resolved to apply for the listing of the new shares issued under the Capital Increase on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Automated Quotation System, expressly stating the Company's submission to the rules that are now in force or may be issued regarding stock exchange matters and, especially, on trading, listing and delisting.

Similarly, it is resolved to request the inclusion of the new shares in the book-entry registries of Iberclear and its participating entities.

12. DELEGATION OF POWERS FOR THE IMPLEMENTATION OF THE PRECEDING RESOLUTION

Without prejudice to the specific delegations of authority set forth in the preceding sections (which are to be understood as having been granted with express powers of substitution or subdelegation in the bodies and persons detailed herein), it is resolved to delegate to the Board of Directors with faculties as broadly as expressly stated in Article 297.1.(a) of the Spanish Companies Act, as well as all those powers that are expressly stated in this resolution and the authorization of establishing all those conditions that are not expressly provided in this resolution.

Likewise, it is resolved to authorise the Board of Directors, as broadly as required by law, with express authority to substitute or subdelegate to any member of the Board during a maximum period of one (1) year since the date of approval of this resolution, so that any of them may carry out any action or procedure that might be necessary or merely convenient to accomplish the execution and the successful implementation of the Capital Increase, and, in particular, by way of illustration and without limitation, the following:

- (i) indicate the date on which the Capital Increase resolution must take effect, as well as, if applicable, whether it will be carried out in one or more rounds;
- (ii) determine the duration of the Preferential Subscription Period, including the possibility of opening one or more additional

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periods for the allotment of shares that have not been subscribed and paid during the Preferential Subscription Period;

- (iii) determine the issue rate of the new shares, that is, their par value, the share premium and the number of shares to be issued subject to the minimum issue price of EUR 0.10 (par value plus, if applicable, share premium);
- (iv) establish any other points relating to the Capital Increase that have not been determined by this resolution, including the authority to propose one or various shareholders that they resign to preferential subscription rights in the amount necessary to ensure that the number of shares to be issued is proportional to the approved exchange ratio;
- (v) amend the wording of article 5 of the Articles of Association in light of the result of the Capital Increase, in accordance with the article 297.2 of the Spanish Companies Act;
- (vi) draft, subscribe and file, with the CNMV the Capital Increase prospectus, in compliance with the provisions included in the Spanish Securities Market Act, Commission Regulation (EC) No 809/2004 of 29 April 2004 and Royal Decree 1310/2005 of 4 November, partially implementing the revised text of the Securities Market Act, in relation to the admission to trading of securities on official secondary markets, public offers for sale or subscription and the prospectus required for such purposes, assuming, on behalf of the Company, the responsibility over the content of the referred documents, as well as, the faculty to draft, subscribe and file as many supplements to the aforementioned documents that may be necessary or convenient, requesting their review, approval and/or registry by the CNMV and communication of information that is deemed necessary or convenient;
- (vii) execute the Capital Increase of the Company, carrying out all the necessary or appropriate actions for the best execution thereof;
- (viii) draft, subscribe and submit any additional or complementary documentation or information required before the CNMV or any other national or foreign authority;
- (ix) take any action, make any declaration or deal with anything before the CNMV, the Governing Bodies of the Spanish Stock

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Exchanges, Sociedad de Bolsas, Iberclear and any other public or private body, entity or registry, national or foreign, in order to obtain the authorizations or verifications that are necessary for the execution of the Capital Increase;

- (x) appoint a broker entity, and, if applicable, underwriting entities, and negotiate the terms and conditions of its intervention;
- (xi) establish the proportion between preferential subscription rights and the new shares, according to the circumstances at the time the Capital Increase is carried out, depending on the issue rate and the Effective Amount that are established;
- (xii) declare executed the Capital Increase once the Preferential Subscription Period and the additional rounds for subscription of shares that, if applicable, are determined is over and once the payment of the shares subscribed is done, issuing as many public or private documents as may be appropriate for its execution;
- (xiii) negotiate, subscribe and grant as many public and private documents as may be convenient or necessary regarding the Capital Increase in accordance with the established practice in this type of operations, including, in particular, one or more placement and/or underwriting agreements, granting such guarantees and indemnities to the underwriters as may be necessary or convenient;
- (xiv) draft and publish whatever announcements may be necessary or advisable;
- (xv) draft, sign and execute, and where appropriate certify, documents of all kinds;
- (xvi) apply for the listing of the new shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Automated Quotation System (Mercado Continuo);
- (xvii) appear before the notary public of his choice and notarize this resolution into a public deed, as well as to carry out any necessary actions and to approve and formalize any public or private documents that may be necessary or convenient for the full effectiveness of this capital increase resolution in any of its aspects and contents and, in particular, to correct, clarify, interpret, complete or specify, as the case may be, the

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resolution adopted and, in particular, to correct any defects, omissions or errors that may be appreciated in the verbal or written qualification of the Mercantile Registry; and

(xviii) lastly, the Board of Directors is expressly authorized, in turn, to delegate to any of its members, or any proxies that may be determined, the powers conferred by virtue of this resolution that may be legally delegable and to grant to the employees of the Company that deems appropriate the pertinent powers for the development of said delegated powers.

2. **REPORT FOR THE JUSTIFICATION OF THE PROPOSED SHARE CAPITAL INCREASE WITH THE AIM OF RAISING THE COMPANY'S OWN FUNDS IN AN EFFECTIVE AMOUNT (PAR VALUE PLUS SHARE PREMIUM) OF EUR 500,000,000.00, TO BE CARRIED OUT THROUGH THE ISSUE AND PUTTING INTO CIRCULATION OF NEW ORDINARY SHARES THAT SHALL BE FULLY SUBSCRIBED AND PAID UP BY MEANS OF A CASH CONSIDERATION, WITH THE RECOGNITION OF THE SHAREHOLDERS' PREFERENTIAL SUBSCRIPTION RIGHTS AND WITH A MINIMUM ISSUE PRICE OF EUR 0.10 (NOMINAL PLUS, IF APPLICABLE, SHARE PREMIUM) PER SHARE. THE BOARD OF DIRECTORS SHALL DETERMINE (I) THE PAR AMOUNT OF THE CAPITAL INCREASE AND THE NUMBER OF ORDINARY SHARES TO BE ISSUED, AND (II) THE ISSUE RATE OR PRICE OF THE NEW ORDINARY SHARES. DELEGATION OF POWERS TO THE BOARD OF DIRECTORS, WITH POWERS TO SUBDELEGATE, TO EXECUTE THIS RESOLUTION AND TO SET THOSE CONDITIONS NOT PROVIDED FOR BY THE GENERAL SHAREHOLDERS' MEETING, ACCORDING TO ARTICLE 297.1(A) OF THE SPANISH COMPANIES ACT, AS WELL AS TO AMEND ARTICLE 5 OF THE COMPANY'S ARTICLES OF ASSOCIATION. THE EXECUTION OF THE SHARE CAPITAL INCREASE WOULD BE SUBJECT TO TWO CONDITIONS: (I) THE EFFECTIVE SETTLEMENT OF THE PUBLIC TAKEOVER BID LAUNCHED BY L1R INVEST1 HOLDINGS S.À R.L. FOR ALL OF THE SHARES OF THE COMPANY AND THE APPOINTMENT OF A MAJORITY OF THE MEMBERS OF THE BOARD OF DIRECTORS OF THE COMPANY AS PROPOSED BY L1R INVEST1 HOLDINGS S.À R.L., AND (II) AN AGREEMENT BEING REACHED BY THE COMPANY WITH THE CREDITORS HOLDING THE BANK DEBT OF THE COMPANY, IN RELATION TO A VIABLE LONG-TERM CAPITAL STRUCTURE OF THE COMPANY.**

[Translation for informative purposes only]

This report has a double purpose: on the one hand, to comply with articles 172 and 519 of the Spanish Companies Act, to the extent that the proposed resolution is made by a shareholder and, on the other hand, to comply with articles 286, 296 and 297.1(a) of the Spanish Companies Act, to the extent that the content of the proposed resolution is a share capital increase, and therefore an amendment to the Company's Articles of Association.

A. Purpose of the Capital Increase

The purpose of the Capital Increase is to achieve a viable long-term capital structure for the Company and grant it the necessary headroom and strategic flexibility to deliver a 5-year transformation plan (the “**Transformation Plan**”). This Transformation Plan is based on the following pillars:

(1) Recruit new leadership and develop existing talent

L1R Invest1 Holdings S.à r.l. will expect the Board of Directors of the Company to appoint a new CEO in the first 12 months following settlement of the Offer to steer the Company through the execution of the Transformation Plan. L1R Invest1 Holdings S.à r.l. plans to further develop existing talent from the Company as well as attract new retail professionals to join the organisation. L1R Invest1 Holdings S.à r.l. will use its extensive network of modern food retailing specialists to engage the right calibre of professionals with confirmed experience in executing transformation and uncompromising leadership attitude.

(2) Real estate strategy

L1R Invest1 Holdings S.à r.l. intends to improve the Company's sales densities to drive top-line growth, which in turn will help maximise its EBITDA (*Earnings Before Interest, Tax, Depreciation and Amortization*) margin. As a first step, L1R Invest1 Holdings S.à r.l. will reassess the retail estate of the Company and implement active management of store locations by store format that aims to maximize store traffic. L1R Invest1 Holdings S.à r.l. sees significant potential for new store openings in Spain, once the new commercial value proposition discussed below has been effectively implemented in the Company's existing network. Secondly, L1R Invest1 Holdings S.à r.l. expects the Company to invest in the existing store estate, particularly in Spain where a thorough programme of refurbishment is required. L1R Invest1 Holdings S.à r.l.'s store estate investment approach integrates the needs of current and future customers, store format, use of technology and the role the store can play in the Company's e-commerce channel strategy.

(3) New commercial value proposition

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In addition to increasing traffic, L1R Invest1 Holdings S.à r.l.'s Transformation Plan focuses on customers' needs, in order to improve conversion and top-line development. This pillar of the plan is the implementation of a new commercial value proposition based on freshness, quality and value for money, capitalising on the Company's unique proximity position and network to support and stimulate traffic and daily visits. L1R Invest1 Holdings S.à r.l. will work with the Company's commercial team to develop a new customer-centric assortment where fresh food and private label will be pivotal. Core principles of the new commercial offer include the rationalisation of the assortment of dry goods, the development of a best-in-class private label offering and becoming a market leader in fresh food. The Company would also foster a new and collaborative relationship with suppliers to create symbiotic and enduring partnerships with a shared focus on achieving long-term growth rather than short-term margin targets. The new commercial value proposition would be supported by the optimisation of the store formats, completing the 360° approach of the Company's new retail formula.

(4) Reset pricing and promotions

L1R Invest1 Holdings S.à r.l.'s objective is to dramatically improve the Company's price perception by implementing a value-for-money approach as opposed to the current high-low pricing strategy. L1R Invest1 Holdings S.à r.l. intends to change the promotions strategy to ensure the Company has the right level of promotions, with the ultimate goals of driving traffic and creating real customer loyalty. In practical terms, the number of promotions would be reduced and repurposed to effectively address consumers' needs. At the same time, the Company's loyalty program will be further developed beyond its current basic discount couponing.

(5) Retail operations execution

L1R Invest1 Holdings S.à r.l. believes that retail execution is key to improving customer satisfaction and loyalty, regardless of the stores being owned or franchised. Store operations and processes efficiency will be driven to support the store network and improve customer experience. L1R Invest1 Holdings S.à r.l. intends to develop the Company's talent and build an efficient organisation and management culture through a new Operational Excellence Programme (the "OEP"). The OEP will focus the entire organisation on store efficiency and ultimately customer experience excellence. As part of this OEP, the Company would increase the support to high-performing franchisees while looking for new partners, in order to solidify the franchise model through long-term, financially balanced and solid partnerships.

(6) Investment in brand and marketing

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As the first five pillars of its Transformation Plan come together, L1R Invest1 Holdings S.à r.l. will revamp the Company's brand, which has deteriorated in recent years. The format refresh explained above would become a platform for the new branding statement of the Company.

In order to execute the Transformation Plan, L1R Invest1 Holdings S.à r.l. will contribute its knowledge and expertise in the retail distribution sector including that of the following people: Mr. Stephan DuCharme, former CEO of food retailer X5 Retail Group, where he led the turnaround of the business, (ii) Mr. Karl-Heinz Holland, former CEO and Chief Commercial Officer of food retailer Lidl, where he led the international expansion and the transformation of the business to a new commercial value proposition and company culture and, (iii) Mr. Sergio Dias, former Deputy CFO of food retailer Groupe Carrefour, where he also co-lead the team that created its e-commerce businesses.

In order to achieve the aforesaid objectives, L1R Invest1 Holdings S.à r.l. proposes the execution of a Capital Increase by an effective amount of EUR 500,000,000.00, with a minimum issue price of EUR 0.10 (par value plus, if applicable, share premium) per share, with the recognition of the shareholders' preferential subscription rights, to be executed in one single transaction, through the issue and putting into circulation of new ordinary shares, of the same class and series as those currently outstanding, represented through book-entries.

The delegation in favour of the Board of Directors of the faculty to determine the total number of shares to be issued, as well as to determine the share premium amount, subject to the established limits, is necessary to defend the Company's interests and is the best procedure for the Company to execute the projected Capital Increase in the current circumstances, since (i) it allows it to adapt to the market conditions in the moment it is executed, and (ii) it will enable the Board of Directors to mitigate the shareholders' dilution in the Company, therefore facilitating that the Company receives, through this Capital Increase, the necessary funds to execute the Transformation Plan. The Capital Increase will be executed in one single transaction.

The Capital Increase preserves the right of the holders of the preferential subscription rights corresponding to the shares of the Company. The Board of Directors (with express powers of substitution or subdelegation) shall determine the date when this resolution shall be executed, which shall be within a maximum 1-year period since the General Shareholders' Meeting approved such resolution, and set the terms and conditions of such Capital Increase in all aspects not foreseen by the General Shareholders' Meeting, determining, in particular, the final number of shares which will be issued and the premium of such shares, subject to the established limits. In any event, L1R Invest1 Holdings S.à r.l. has committed to subscribe all shares which have not

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been subscribed, in exercise of their preferential subscription rights, by the remaining shareholders, therefore ensuring that the Company will receive 100% of the proceeds of the projected Capital Increase.

B. Reasons why the proposed Capital Increase is more beneficial than the share capital increase proposed by the Board of Directors

L1R Invest1 Holdings S.à r.l.'s proposed Capital Increase is significantly less dilutive and more certain than the rights issue proposed by the Company's Board of Directors.

As regards dilution, the minimum issue price of L1R Invest1 Holdings S.à r.l.'s proposed Capital Increase is of EUR 0.10 per share (par value plus, if applicable, share premium), whereas the Board of Director's proposed share capital increase contemplates an issuance price that could amount to a minimum of EUR 0.01 per share. This means that the share capital increase proposed by the Board of Directors could be 10 times more dilutive for shareholders than the Capital Increase proposed by L1R Invest1 Holdings S.à r.l.

As regards uncertainty, L1R Invest1 Holdings S.à r.l. has already confirmed its commitment to subscribe its pro-rata share of the Capital Increase proposed by L1R Invest1 Holdings S.à r.l. and to underwrite the remaining unsubscribed portion (if any), whereas, according to the information publicly disclosed by the Company, (i) the Board of Directors has foreseen the possibility of an incomplete subscription of the capital increase, and (ii) the standby underwriting commitment provided by Morgan Stanley & Co. International plc is subject to various conditions for which there is no certainty that they have been or will be fulfilled.

L1R Invest1 Holdings S.à r.l. considers that the alternative proposed by the Board of Directors leaves the Company's shareholders no choice but to either contribute additional funds to the Company into an uncertain and deeply discounted share capital increase, or to accept a very significant dilution in their current investment. In addition, L1R Invest1 Holdings S.à r.l. considers that the share capital increase proposed by the Board of Directors does not address the fundamental strategic, operational and leadership challenges that the Company is facing, nor does it resolve the Company's critical need for capital or set the foundation for a viable long-term capital structure for the Company.

In contrast, the Offer combined with the Capital Increase proposed by L1R Invest1 Holdings S.à r.l. represents an opportunity for the Company's shareholders to monetize their investment at a premium in the near term. It serves the interest of both shareholders and lenders in what is believed to be a

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balanced and fair manner, and will allow L1R Invest1 Holdings S.à r.l. to implement a comprehensive Transformation Plan led by an experienced team to successfully address the Company's significant challenges, all of it in the terms that have been described in more detail in section A above. Considering all factors described above, L1R Invest1 Holdings S.à r.l. considers that its Offer, combined with its proposed Capital Increase offers a much more attractive proposition for the Company's shareholders in terms of value and risk compared with the alternative proposed by the Board of Directors.

C. Justification for the delegation in favour of the Board of Directors

In accordance with the provisions of article 297.1(a) of the Spanish Companies Act and article 11 of the Articles of Association, the General Shareholders' Meeting, following the requirements established for the modification of the Articles of Association, may delegate in favour of the Board of Directors the faculty to set the conditions of the approved Capital Increase in all aspects not foreseen by the General Shareholders' Meeting. Thus, L1R Invest1 Holdings S.à r.l. considers that the proposed resolution which is submitted to the General Shareholders' Meeting is motivated by the convenience to grant a permitted instrument under the current companies legislation to the Board of Directors so that, without requiring the convening of a further General Shareholders' Meeting, the approved Capital Increase resolution may be executed, within the limits and the terms, periods and conditions approved by the General Shareholders' Meeting. This flexibility is especially relevant due to the current situation of the Company.



COMMUNICATION FROM THE BOARD OF DIRECTORS OF DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A. TO ITS SHAREHOLDERS REGARDING THE SUPPLEMENT TO THE CALL TO THE GENERAL SHAREHOLDERS MEETING OF THE COMPANY CONVENED FOR 19 MARCH 2019, ON FIRST CALL, AND FOR 20 MARCH 2019, ON SECOND CALL

The Board of Directors of Distribuidora Internacional de Alimentación, S.A. (“**DIA**” or the “**Company**”) has analysed the supplement to the call to the General Shareholders Meeting that will likely take place the next 20 March 2019 on second call, which has been requested by L1R Invest1 Holdings S.à r.l. (“**Letterone**”), shareholder owning 29.001% of the share capital. For this purpose, the Board of Directors has examined both the proposal of resolution referred to the new item 6.3 of the Agenda and the justifying report prepared by the proposing shareholder, in both cases referred to a share capital increase of DIA for an amount of Euro 500 million with the recognition of the shareholders’ preferential subscription rights, which execution is subject to: (i) the effective settlement of the voluntary takeover bid launched by Letterone (“**Voluntary Tender Offer**” or “**VTO**”) and the appointment of a majority of members of the Board of Directors of the Company; and (ii) an agreement being reached between DIA and the credit entities holding the bank debt of the Company in the terms set out by Letterone in its proposal of resolution.

Letterone expressed in the previous announcement of its VTO that, as of that date, it had no intention of voting in favour of the share capital increase of DIA for an amount of Euro 600 million with recognition of the shareholders’ preferential subscription rights, that had been submitted by the Board of Directors to the General Shareholders Meeting under item 6.2 of the Agenda.

Pursuant to articles 172 and 519 of the Spanish Companies Act (*Ley de Sociedades de Capital*) the Board of Directors of the Company will publish the supplement to the call as requested by Letterone.

In connection with this supplement to the call, the Board of Directors of DIA wishes to share the following remarks intended to facilitate the due assessment by shareholders of the proposals submitted to their decision:

1. The share capital increase proposed by Letterone does not solve the Group short term needs

As indicated in the directors’ report justifying the proposal, the share capital increase submitted by the Board of Directors to the General Shareholders Meeting under item 6.2 of the Agenda is part of a set of agreements and measures agreed by DIA with its financial creditors, that, if implemented as expected, would provide a global solution to the short and medium term financial needs of the Group and would establish a solid



basis to implement the new business plan for the benefit and interest of the Company and of all its shareholders and other stakeholders interested in the success of the Group.

In turn, the proposal of share capital increase of DIA as submitted by Letterone, together with its VTO and the announcement of its intention not to vote in favour of the proposal of share capital increase submitted by the Board of Directors, do not guarantee, as the Board of Directors already highlighted in its communication to the market dated 6 February 2019, that the short term needs and obligations of the Group are duly covered and discharged, insofar as:

- a) Considering the existing uncertainties surrounding the VTO calendar and the series of potential events beyond the control of Letterone that could delay or even prevent such takeover bid (non-acceptance of the offer by a sufficient number of shareholders, timing of the VTO approval by the Spanish authorities, timing required to obtain all requisite merger control clearances by the competent anti-trust authorities as well as the setting of potential conditions and remedies related therewith, the launching by third parties of potential competing takeover bids, etc.), there is no certainty as to whether the referred proposal may, in the strict time frame provided in the current regulations, solve the negative equity situation of the Company and remove the legal cause of dissolution in which the Company is currently immersed; further, no other effective alternative to restore the current negative equity balance is proposed, which could eventually force the Company into a judicial dissolution procedure;
- b) If eventually approved by the shareholders, Letterone's referred initiatives could result in a unilateral breach of the agreements reached by DIA with its financial creditors, both for an insufficient recapitalisation as well as a result of delays and other breaches in its undertakings. Note should be taken that those facilities do contemplate a significant maturity on 31 May 2019, as announced by the Company to the market on 31 December 2018 and further detailed in the notes to the 2018 individual annual accounts. In turn, Letterone has not indicated if it has reached any agreement with the financial creditors of the Company that may avoid such breaches;
- c) Under Letterone's proposal, cash inflow of the share capital increase may be significantly delayed in time, postponing its application to the uses and needs as contemplated in the Group Business Plan and Budget for the year; and
- d) Considering the factors referred to in previous paragraphs, the proposals do not provide certainty regarding the availability of funds needed to settle at maturity the Euro 306 million bonds due on July 2019.



2. The share capital increased proposed by Letterone is subject to uncertainties

Attention must be brought to the clear uncertainties which the share capital sponsored by Letterone is exposed to since it is conditional upon, no later than 18 July 2019, (i) the effective settlement of its VTO and its gaining control over the Board of Directors of the Company; and (ii) once condition (i) is fulfilled, an agreement being reached between DIA and its lending banks in the terms provided in Letterone's proposal.

As previously indicated, Letterone's VTO is subject to various conditions which remain uncertain, as well as to eventualities and delays resulting from the application of the existing legislation and the potential filing of competing takeover bids by third parties.

Likewise, the terms foreseen by the proposing shareholder for a potential agreement of DIA with its lending banks differ in very significant matters from the terms of the existing heads of agreement between the Company and its financial creditors as described on 8 February 2019, thus adding numerous uncertainties as they remain subject to negotiation with the financial creditors.

As a consequence, there is no guarantee that both conditions will be met, either by the given deadline (18 July 2019) or at all, which would render ineffective the resolution that may have been approved.

3. The share capital increase does not allow all shareholders to participate in the future value creation

Moreover, the proposal of share capital increase of DIA as submitted by Letterone, together with its VTO, would not allow all current shareholders of DIA from participating in the potential future value creation of the Company, as it subjects the VTO (and thus the share capital increase) to (i) the acceptance of Letterone's offer by such number of shareholders that would allow Letterone to control no less than 64.5% of the share capital (that is, that at least 50% of the share capital not controlled by Letterone be tendered in the VTO); and (ii) DIA not issuing new shares or other convertible securities before the outcome of the VTO is announced. Should these conditions (among others required by Letterone) not be met, the VTO could be rendered ineffective –for instance, in the event that the share capital increase proposed by the Board of Directors is approved even though Letterone decides not to vote in favour–.

4. The proposed share capital increase faces the shareholders of DIA with a difficult choice

In summary, in the view of the Board of Directors of the Company the proposal of share capital increase of DIA submitted by Letterone, combined with its VTO and the announcement of its intention not to vote in favour of the share capital increase presented by the Board of Directors, face the remaining shareholders of the Company with the dilemma of either supporting Letterone's share capital increase and accepting



the VTO, with the uncertainties that it is subject to and as much as they may believe in the ability of DIA to generate a medium term value greater than the consideration offered by Letterone; or not accepting the VTO and supporting the proposal of share capital increase of the Board of Directors, with the risk that if this share capital increase is not approved and the VTO is not successful, the Company may be unable to put together the stable capital structure it needs and may thus face the adverse consequences highlighted in section 1 above, that may affect its viability and expose it to dissolution.

In these circumstances and for the reasons indicated above, the Board of Directors of DIA can only maintain its recommendation to the shareholders of DIA to cast its vote in favour of the proposed resolution initially issued by the Board of Directors under item 6.2 of the Agenda.

Madrid, 1 March 2019