L1R Invest1 Holdings S.à r.l.
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NATIONAL SECURITIES MARKET COMMISSION

In accordance with the provisions of Article 226 of the Consolidated Text of the Securities Market Act, approved by Royal Legislative Decree 4/2015 of 23 October, and enacting regulations, L1R Invest1 Holdings S.à r.l. hereby announces the following

INSIDE INFORMATION

In accordance with the provisions of Article 16 of Royal Decree 1066/2007, of 27 July, on the rules for public tender offers for securities, please find attached herewith the announcement prior to the request for authorisation of the launching of a voluntary tender offer by L1R Invest1 Holdings S.à r.l. for the acquisition of shares of Distribuidora Internacional de Alimentación, S.A. and which shall be presented by this entity to the National Securities Market Commission. The aforementioned prior announcement contains the main characteristics of the offer, which is subject to authorisation by the National Securities Market Commission.

Luxembourg, 5 February 2019

L1R Invest1 Holdings S.à r.l.

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Tanel Saari
Manager

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PRIOR ANNOUNCEMENT OF THE VOLUNTARY TENDER OFFER LAUNCHED BY L1R INVEST1 HOLDINGS S.À R.L. FOR THE ACQUISITION OF THE SHARES OF DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A.

*This announcement is released in compliance with Royal Decree 1066/2007, of 27 July, on the rules for public tender offers for securities ("**Royal Decree 1066/2007**") and contains the main terms of the offer, which is subject to authorisation by the National Securities Market Commission (Comisión Nacional del Mercado de Valores or "**CNMV**").*

*The terms and conditions of the offer described below will be included in the offer prospectus (the "**Prospectus**") which will be published once the referred authorisation has been obtained.*

1. Identification of the 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 at the Trade and Company Register of Luxembourg (*Registre de Commerce et des Sociétés*) with number B215109 ("**LetterOne**" or the "**Bidder**"). The Bidder's legal entity identification code is 549300G4OIV6YAK6ZY63.

The current share capital of LetterOne is EUR 12,500, represented by 1,250,000 shares. The Bidder shares are all of a single class and each share has a nominal value of EUR 0.01. The Bidder shares are held in registered form.

For the purposes of Article 5 of the restated text of the Securities Market Act, approved by Royal Legislative Decree 4/2015, of 23 October (the "**Securities Market Act**") and the laws of Luxembourg, it is hereby stated that the Bidder is controlled, indirectly through a Luxembourg partnership and Luxembourg companies[1], by Letterone Investment Holdings S.A., a Luxembourg company (*société anonyme*), with its registered offices at 1 - 3 Boulevard de la Foire, L-1528 Luxembourg registered at the Trade and Company Register of Luxembourg (*Registre de Commerce et des Sociétés*) with number B181082.

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[1] The Bidder is 100% owned by L1 Retail Portfolio S.C.Sp., whose general partner is L1R General Partner S.à r.l. L1R General Partner S.à r.l. is 100% owned by, and more than 99% of the limited partnership interests of L1 Retail Portfolio S.C.Sp. is owned by, L1R Holdings S.à r.l., which, in turn, is 100% owned by Letterone Core Investments S.à r.l., which, in turn, is 100% owned by Letterone Investment Holdings S.A. All the companies in the aforementioned chain of control are of Luxembourg nationality, with registered office at 1-3 Boulevard de la Foire.

It is hereby stated that there is no individual shareholder or ultimate beneficial owner that controls Letterone Investment Holdings S.A. The board of directors of Letterone Investment Holdings S.A. comprises the following members: Lord Davies of Abersoch (Chairman), Mr. Petr Aven, Mr. Richard Burt, Mr. Mikhail Fridman, Mr. David Gould, Mr. German Khan, Mr. Andrey Kosogov, Mr. Alexey Kuzmichev, Mr. Jonathan Muir and Mr. Wulf von Schimmelmann.

2. Decision to launch the Offer

The decision to launch a public tender offer over Distribuidora Internacional de Alimentación, S.A. (the "**Offer**") has been adopted by the Bidder pursuant to the resolutions adopted by its board of managers on 4 February 2019. The launching of the Offer does not require any other decision or resolution to be passed by any other entity within the group to which the Bidder belongs.

3. Filing of the Offer

The Bidder shall file with the CNMV the application for the authorisation of the Offer, together with the Prospectus and the rest of the documents that must be submitted in accordance with Article 17 of Royal Decree 1066/2007, within the month following the publication of this announcement. It is foreseen that the filing shall take place in the first half of such period.

4. Type of offer

The Offer is a voluntary offer, in accordance with Article 137 of the Securities Market Act and Article 13 of Royal Decree 1066/2007.

5. Share held by the Bidder in the Target Company

As of the date of this announcement, the Bidder currently holds a direct stake of 180,518,694 shares in Distribuidora Internacional de Alimentación, S.A. (the "**Target Company**" or "**DIA**"), representing 29.001% of its issued share capital. Considering that, in accordance with the publicly available information as of the date of this announcement[2], the Target Company holds a total of 10,310,633 treasury shares, the Bidder holds 29.489% of the voting rights of the Target Company, according to the calculation rules of Article 5 of Royal Decree 1066/2007.

It is hereby stated that the Bidder is not acting in concert with any other entity or individual regarding the Offer or the Target Company.

In the 12 months prior to the date of this announcement, the Bidder acquired all of the 180,518,694 shares in the Target Company it holds, representing 29.001% of its issued share capital. The Bidder acquired all of these shares on 19 October 2018 through an intra-group transfer from its affiliate, LTS Investment S.à r.l.

[2] Information published on DIA's website.

Such transfer of 180,518,694 shares, representing 29.001% of DIA's issued share capital, comprised transfers of (i) a total of 93,374,781 shares, representing a 15.001% stake in DIA at a price of USD 5.52 per share (equivalent to EUR 4.80 per share at the time of the transfer), and (ii) a total of 87,143,913 shares, representing a 14% stake in DIA, at a price of USD 4.29 per share (equivalent to EUR 3.73 per share at the time of the transfer). The prices paid in these intra-group transfers were based on the costs incurred by LTS Investment S.à r.l. in acquiring the shares over the 17-month period during which it acquired the 29.001% stake in DIA, plus intra-group costs incurred in relation to the acquisition.

Of the 180,518,694 shares that LTS Investment S.à r.l. transferred to the Bidder as described above, LTS Investment S.à r.l. acquired the aforementioned 87,143,913 shares, representing 14% of the issued share capital of the Target Company, during the 12-month period prior to the date of this announcement. LTS Investment S.à r.l. acquired these 87,143,913 shares on 19 October 2018, and the prices that it paid for these shares ranged from EUR 3.42 to EUR 3.73 per share.

Prior to that 12-month period, LTS Investment S.à r.l. already held 93,374,781 shares, representing 15.001% of the share capital of the Target Company.

Therefore, the Bidder considers that the "equitable price" of the Target Company shares would be, in accordance with Article 9.1 of Royal Decree 1066/2007 and without any potential applicable adjustments, EUR 3.73 per share, since it is the highest price paid by the companies belonging to the same group as the Bidder in the 12 months prior to the date of this announcement, not considering the intra-group transactions carried out in such period.

According to the calculation rules of Article 5 of Royal Decree 1066/2007, there are no shares, other than the aforementioned 180,518,694 shares, representing 29.001% of DIA's share capital, that must be attributed to the Bidder or its controlling shareholder.

None of the current directors or managers of the Target Company has been appointed by the Bidder.

6. Information regarding the Target Company

The Target Company is Distribuidora Internacional de Alimentación, S.A., commercially known as DIA, a Spanish public limited company (*sociedad anónima*), with registered offices at Calle Jacinto Benavente 2, Edificio Tripark, Parque Empresarial de Las Rozas, 28232 Las Rozas (Madrid), registered with the Commercial Registry of Madrid under volume 22.265, sheet 75, page M-183.762, and Tax Identification Number (*N.I.F*) A-28164754. DIA's legal entity identification code is 54930063C6K2TNFL6H10.

The current share capital of DIA is EUR 62,245,651.30 divided into 622,456,513 shares (including 10,310,633 treasury shares as of the date of this announcement), of EUR 0.10 nominal value each, all of a single class and series, fully subscribed and paid up.

The shares of DIA are represented in book-entry form, and the corresponding registry is kept by *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear)* and its participating entities. DIA's shares are listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Automated Quotation System (*Mercado Continuo*).

DIA has not currently issued any pre-emptive subscription rights, bonds convertibles into shares, securities exchangeable for shares, or any other similar security or financial instrument which might entitle the holder to, directly or indirectly, subscribe for or acquire DIA's shares.

7. Securities and markets targeted by the Offer

The Offer targets all the issued shares into which DIA's share capital is divided, namely 622,456,513 shares (including 10,310,633 treasury shares as of the date of this announcement), although the Offer excludes the shares owned by the Bidder (180,518,694 shares, representing 29.001% of issued share capital), which shall be locked up. Therefore, taking into account the current number of outstanding shares of the Target Company, the Offer targets a total of 441,937,819 shares in the Target Company, representing 70.999% of its share capital.

The Offer is exclusively launched on the Spanish market, which is the only jurisdiction where DIA's shares are publicly listed. The Offer is open to acceptance by all the shareholders of DIA, regardless of their nationality or place of residence.

This announcement and its content do not constitute the formulation or distribution of the Offer in any jurisdiction or territory other than Spain. Consequently, this announcement and the Prospectus, to be published upon the approval of the Offer by the CNMV, must not be published or distributed in, or delivered to, any jurisdiction or territory in which the Offer could be considered illegal or where the filing of additional information may be required, and the persons receiving either this announcement or the future Prospectus may not publish or distribute them in, or deliver them to, said jurisdictions or territories.

Specifically, this announcement shall not be disclosed or distributed, nor shall this Offer be carried out, directly or indirectly, in the United States of America, or through the use of the postal system or any other interstate or international means of commerce or instruments, or through the mechanisms of the United States' stock exchanges, nor through any other method or means sent or distributed in or to the United States of America. This announcement is not a purchase bid nor does it constitute an offer to purchase or a bid or offer to sell or tender shares in the United States of America.

8. Offer consideration

The Offer is structured as a share purchase. The consideration offered by the Bidder to the holders of the Target Company shares is EUR 0.67 in cash for each of DIA's shares (the "**Price per Share**"). Therefore, the maximum total amount to be disbursed by the Bidder will be EUR 296,098,339, which is the result of multiplying the Price per Share times the number of shares in the Target Company to which the Offer is addressed, therefore excluding the shares already owned by the Bidder (the "**Offer Consideration**").

The Price per Share of EUR 0.67 offered by LetterOne represents a premium of approximately 56.1% to the closing market price of the Target Company's shares on 4 February 2019 (EUR 0.43 per share), a premium of approximately 52.5% to the volume-weighted average price ("**VWAP**") of the Target Company's shares for the one-month period ending on 4 February 2019 (EUR 0.44 per share), and a premium of approximately 19.4% to the VWAP of the Target Company's shares for the three-month period ending on 4 February 2019 (EUR 0.56 per share).

LetterOne will obtain from within the Letterone Investment Holdings S.A. group the necessary funds to cover the Offer Consideration that shall be made available fully in cash.

Given that the Offer is a voluntary offer, the price does not need to have the consideration of "equitable price" as defined in Article 9 of Royal Decree 1066/2007.

The Offer Consideration and the Price per Share have been determined on the basis of the Target Company not making 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 extended prior to the settlement of the Offer. Consequently, should the Target Company carry out before the settlement of the Offer any payment to the holders of the securities to which the Offer is extended in the terms indicated above, the Offer Consideration will be reduced by an amount equivalent to the gross amount of such payment, and the Price per Share will be adjusted accordingly.

9. Offer conditions

In accordance with the provisions of Article 13 of Royal Decree 1066/2007, the Offer is subject to the following conditions:

9.1 Minimum Acceptance Level

In accordance with Article 13.2.(b) of Royal Decree 1066/2007, the effectiveness of the Offer is conditional on its acceptance by shareholders of the Target Company who together hold, at least, 50% of the shares to which the Offer is effectively addressed, which implies, at least, 220,968,910 shares, representing approximately 35.499% of the share capital of the Target Company, which together with the 29.001% held by the Bidder, would enable LetterOne to achieve a minimum stake of 64.50%.

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 tender offer.

9.2 Non-issuance of any shares or instruments convertible into Target Company shares

In accordance with Article 13.2 d) of Royal Decree 1066/2007, the effectiveness of the Offer is conditional on the Target Company not issuing any shares or other instruments which may confer the right to convert them into shares, before the CNMV informs about the result of the Offer further to Article 36.2 of Royal Decree 1066/2007.

As of the date of this announcement, the Bidder does not intend to vote in favour of any decision of the Target Company to issue shares or other instruments convertible into shares whose execution takes place before the CNMV informs about the result of the Offer further to Article 36.2 of Royal Decree 1066/2007.

If the Bidder decides to waive this condition, it shall request authorisation from the CNMV to modify the Offer, extending 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 and conditions of the Offer.

9.3 Antitrust authorisations

In accordance with Article 26.1 of Royal Decree 1066/2007, the Offer is subject to the condition of the Bidder being granted the following antitrust authorisations:

(i) The authorisation of the concentration by the European Commission in accordance with Regulation 139/2004. If the EU Commission makes a referral under Regulation 139/2004 to the competent authorities of one or more Member States, all the proposed concentrations to be approved in each Member State.

(ii) The authorisation of the concentration arising from the Offer by the Administrative Council for Economic Defence (*Conselho Administrativo de Defensa Econômica*, "**CADE**") in Brazil according to Article 88 of Law No. 12,529 and CADE's clearance decision being published and becoming final according to Article 65 of Law No. 12,529.

10. <u>Antitrust filings and authorisations required</u>

10.1 European Union

The Bidder considers that, in accordance with Council Regulation (EC) 139/2004, of 20 January 2004, on the control of concentrations between undertakings ("**Regulation**

139/2004”), the concentration arising from the Offer is subject to authorisation by the European Commission.

The procedure to request an authorisation with the European Commission, including the pre-notification, will begin as soon as practicable from the publication of this announcement.

Article 7(1) of Regulation 139/2004 provides that a concentration subject to notification to the European Commission shall not be consummated before it is notified and has been authorised. Nonetheless, Article 7(2) of Regulation 139/2004 provides for an exception to such suspension rule to allow for the consummation of a tender offer or of a series of transactions in securities, by which control within the meaning of Article 3 of Regulation 139/2004 is acquired from various sellers, provided that (i) the concentration is notified to the European Commission without delay; and (ii) the acquirer does not exercise the voting rights attached to the securities in question until authorisation is obtained, or does so only to maintain the full value of its investments based on a derogation granted by the European Commission upon reasoned request.

10.2 Brazil

The Bidder considers that, in accordance with Federal Law Nr. 12,529/2011 of 30 November 2011 (*Lei Nº 12.529, de 30 de novembro de 2011*, the “**Law No. 12,529**”), the concentration arising from the Offer is subject to authorisation by the CADE.

The procedure to request an authorisation with CADE will begin as soon as practicable from the publication of this announcement.

The Law No. 12,529 provides for the closing of a public bid transaction prior to CADE clearance provided that the voting rights attached to the acquired shares are not exercised by the acquirer until clearance is received, or are exercised only to the extent necessary to protect the value of the investment made by the acquirer and upon approval from CADE.

The Bidder considers that there are no further obligations to obtain any other antitrust authorisation prior to the settlement of the Offer.

Moreover, the Bidder considers that the Offer, in accordance with Article 26.2 Royal Decree 1066/2007, does not require authorisation or non-opposition by any other regulatory body nor prior communication of the transaction to any other regulatory body.

10.3 Effects of the communications over the Offer

In accordance with Article 26.1 of Royal Decree 1066/2007, in the event that before the expiration of the acceptance period of the Offer, any of the EU Commission or CADE finds the transaction inadmissible, the Bidder shall withdraw the Offer. If before the expiration of the acceptance period of the Offer, no express or tacit resolution has been issued, the Bidder may withdraw the Offer. If the authorisations were to be subject to any condition, the Bidder may withdraw the Offer.

11. Agreements related to the Offer

LetterOne has not reached any agreement with any shareholders of the Target Company, with its Board of Directors or with any board members in connection with the Offer.

12. Measures regarding listing

In the event that the requirements provided under Article 136 of the Securities Market Act and Article 47 of Royal Decree 1066/2007 are fulfilled, the Bidder intends to exercise the squeeze-out right.

The execution of the transaction of forced sale resulting from the exercise of the aforementioned right will give rise to, in accordance with articles 47 and 48 of Royal Decree 1066/2007 and the related regulations, the exclusion of the shares of the Target Company from the stock markets of Madrid, Barcelona, Bilbao and Valencia. Said exclusion will be effective from the date on which the transaction of forced sale is settled.

In the event that the squeeze-out thresholds are not met, the Bidder does not consider any measure regarding the listing of the Target Company.

13. Other Information

LetterOne considers that, as of the date of this announcement, there is other information that may be needed for an adequate understanding of the announced Offer, which is the following.

The Bidder considers that the Target Company is demonstrably undergoing serious financial difficulties and requires the implementation of a comprehensive transformation plan. As part of ensuring a viable long-term capital structure that addresses the funding requirements of the transformation plan and up-coming debt maturities, the Bidder intends to promote a share capital increase in the Target Company, which approval will be submitted to the DIA Annual General Meeting. The share capital increase will amount to EUR 500 million (including nominal value and share premium) and the price per share will be no less than EUR 0.10 per share, subject to pre-emption rights as per law in favour of shareholders at the time of execution. LetterOne would commit to subscribe its pro-rata share of such capital increase and underwrite (or cause a bank to underwrite) the balance thereof. Execution and underwriting would be conditional on, and would only take place after, the Offer is settled once the result of the Offer is declared positive, and the Target Company has reached an agreement with its lending banks regarding a viable, long-term capital structure for the Target Company that is satisfactory to LetterOne.

If the squeeze-out requirements included in Section 12 above are fulfilled, the Bidder will become the sole shareholder of the Target Company, and, the share capital increase, if applicable, will be executed once the squeeze-out transaction has been settled and the Target Company shares have been de-listed.

In accordance with Section 30.6 of Royal Decree 1362/2007 of October 19, from the date of this announcement, those shareholders of Distribuidora Internacional de Alimentación, S.A. that acquire securities carrying voting rights must notify said acquisition to the CNMV if the percentage of voting rights held by them reaches or exceeds 1%. Likewise, shareholders already holding 3% of the voting rights will be required to notify any transaction that involves a change in such holding.

In accordance with paragraph 2.b) of the fifth rule of Circular 1/2017 of April 26 of the CNMV, from the date of this announcement onwards if the Target Company has entered into a market making agreement, it shall be suspended.

As annex to this initial announcement there are enclosed the press release and the investor presentation that have been prepared in connection with this Offer.

Luxembourg, 5 February 2019

L1R Invest1 Holdings S.à r.l.

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Tanel Saari
Manager

L1 Retail lanza una opa voluntaria y una ampliación de capital condicionada como parte de un Plan de Rescate Integral para DIA

El plan de rescate de L1 Retail para asegurar el futuro de DIA para todos los grupos de interés:

1. **Oferta pública de adquisición de acciones (opa), de carácter voluntario, sobre la totalidad de las acciones de Distribuidora Internacional de Alimentación, S.A. ("DIA" o la "Compañía"), a un precio ofertado de 0,67 euros por acción, que representa una prima del 56,1% sobre el precio a cierre de mercado del 4 de febrero de 2019**
2. **Compromiso de respaldar una ampliación de capital de 500 millones de euros tras la finalización de la opa voluntaria**
3. **Implementación de un plan de transformación integral a cinco años, basado en la reconocida capacidad de gestión del equipo de L1 Retail en el sector del comercio minorista de alimentación**

Madrid, 5 de febrero de 2019: L1 Retail, firma internacional de inversión con una reconocida experiencia global en el sector de la distribución y en la transformación integral de empresas del sector, y propietaria del 29% de DIA, el distribuidor minorista de alimentación español, anuncia hoy una opa voluntaria y un *Plan de Rescate Integral* para garantizar el futuro de DIA. L1 Retail considera que, bajo el liderazgo y el gobierno corporativo adecuados, DIA puede conseguir la transformación que le permitirá restablecer su posición de liderazgo en España para beneficio de la economía española. Para lograr este objetivo, L1 Retail se compromete a respaldar una ampliación de capital de 500 millones de euros tras la liquidación de su opa voluntaria.

El Plan de Rescate Integral elaborado por L1 Retail, titulado '***HACER DE DIA UN LÍDER***', se compone de tres partes integradas entre sí. Primero, una opa voluntaria por la totalidad de las acciones de DIA de las que no es poseedor, a un precio de 0,67 euros por acción, lo que representa una prima significativa del 56,1% sobre el precio a cierre de mercado del 4 de febrero de 2019. Segundo, el compromiso de respaldar una ampliación de capital de 500 millones de euros para dotar de una estructura de capital viable a largo plazo, que está condicionada al resultado positivo y la posterior liquidación de la opa voluntaria y a que DIA alcance un acuerdo satisfactorio con su banca acreedora. Tercero, un plan de transformación integral basado en seis pilares, liderado y supervisado por L1 Retail, que resulte en la reconversión integral de la Compañía en los próximos cinco años.

¿Por qué L1 Retail lanza el plan ahora?

Es constatable que DIA pasa por serias dificultades financieras, y L1 Retail considera que necesita, urgentemente, un plan de transformación llevado a cabo por un equipo directivo de reconocida experiencia a nivel mundial en el sector de la distribución. La Compañía necesita una nueva visión, una nueva estrategia y una solución financiera que resuelva los requerimientos de liquidez a corto plazo y garantice el futuro de DIA a largo plazo.

En los últimos años, DIA ha pasado por alto los principales cambios en las tendencias del consumidor, su desempeño ha sido inferior al de sus competidores, y ha perdido cuota de mercado, especialmente en el mercado español. La Compañía está, actualmente, en un declive estructural y su marca se ha deteriorado de manera significativa. Más recientemente, en octubre de 2018, DIA anunció una reexpresión de sus cuentas de 2017 y un significativo *profit warning* para 2018. Estos hechos, junto con el elevado nivel de endeudamiento de DIA, han limitado la capacidad de la Compañía para operar de manera efectiva en el día a día y para invertir en su futuro.

Como resultado de lo anterior, DIA ha sufrido siete rebajas de calificación crediticia de BBB- a CCC+ desde octubre de 2018. El precio de las acciones de la Compañía ha caído hasta un 89,3% en los últimos 12 meses.

L1 Retail considera que el plan de recapitalización indicativo de 600 millones de euros que actualmente contempla la Compañía no aborda los desafíos estratégicos, de liderazgo y de estructura de capital fundamentales a los que se enfrenta DIA, y expone a los accionistas de DIA al riesgo de una dilución significativa sin una estructura de capital viable a largo plazo.

Plan de Rescate Integral de L1 Retail – HACER DE DIA UN LÍDER

Bajo el liderazgo de L1 Retail, DIA puede resurgir como actor líder en el sector de la distribución minorista de alimentos en España, Brasil, Argentina y Portugal para el beneficio de todos los grupos de interés, incluidos clientes, empleados, franquiciados, proveedores, acreedores y accionistas.

1. El precio de la oferta pública de adquisición voluntaria de 0,67 euros ofrecido por L1 Retail representa:
    a. una prima de aproximadamente el 56,1% sobre el precio de cierre de las acciones de la Compañía el 4 de febrero de 2019 (0,43 euros por acción);
    b. una prima de aproximadamente el 52,5% sobre el precio promedio ponderado por volumen (VWAP) de las acciones de la Compañía para el período de un mes finalizado el 4 de febrero de 2019 (0,44 euros por acción); y
    c. una prima de aproximadamente el 19,4% sobre el precio promedio ponderado por volumen (VWAP) de las acciones de la Compañía para el período de tres meses finalizado el 4 de febrero de 2019 (0,56 euros por acción).

    La oferta pública de adquisición voluntaria, que necesita la aprobación de la CNMV, está supeditada a que los accionistas (diferentes de L1 Retail) que representen al menos el 35,5% del total de las acciones de DIA acepten la opa, y a las aprobaciones de competencia pertinentes. También está condicionada a que no se amplíe capital antes de la conclusión de la opa voluntaria.

2. L1 Retail se compromete a respaldar una ampliación de capital de 500 millones de euros, tras la liquidación de la opa voluntaria, para dotar a DIA de una estructura de capital viable a largo plazo. L1 Retail se comprometería a suscribir la parte de la ampliación de capital que le corresponde pro-rata y a asegurar el balance restante. La ejecución y el aseguramiento de la ampliación de capital estarían condicionadas a, y solo se realizarán posteriormente a, que la opa voluntaria se convierta en incondicional de acuerdo con sus términos, y que DIA llegue a un acuerdo con los bancos acreedores de la Compañía en lo referente a una estructura de capital viable a largo plazo para DIA.

3. L1 Retail tiene un plan de transformación integral basado en seis pilares fundamentales que incluye: una nueva propuesta de valor comercial; reajuste de precios y promociones; una estrategia de red de tiendas adecuada; reclutar nuevo liderazgo y desarrollar el talento interno; mejorar la ejecución de operaciones minoristas; e invertir en la marca y en marketing. La ejecución del plan requiere liderazgo, un adecuado gobierno corporativo y una estructura de capital viable a largo plazo, que pueda respaldar la transformación de la Compañía en los próximos cinco años. L1 Retail compartirá planes más detallados en el folleto de la oferta pública de adquisición, que se publicará a su debido tiempo.

L1 Retail está dispuesto a trabajar con el Consejo de Administración de DIA, sus bancos acreedores, y demás grupos de interés en la implementación de este Plan de Rescate Integral.

Stephan DuCharme, Socio Director de L1 Retail, dijo: *"DIA se enfrenta a un futuro incierto. Este plan de rescate no sólo aborda los requerimientos de estructura de capital de DIA, sino que proporciona la base para que DIA resurja como un líder español del comercio minorista de alimentación. L1 Retail está firme y totalmente comprometido con el mercado español y consideramos que nuestra oferta ofrece una prima atractiva para los accionistas. El plan de rescate de L1 Retail asegura un futuro a largo plazo para todos los grupos de interés, incluidos clientes, empleados, franquiciados, proveedores y acreedores. Juntos podemos lograr este cambio, que requerirá liderazgo, mucho trabajo, experiencia, compromiso y paciencia".*

Sobre LetterOne

L1 Retail es la división de comercio minorista de LetterOne, que es una empresa de inversión internacional, liderada por emprendedores de éxito y ex consejeros delegados y empresarios internacionales que han dirigido sus compañías con el mejor gobierno corporativo. LetterOne es un inversor activo a largo plazo que invierte su propio capital en compañías donde considera que su experiencia en el sector y su conocimiento estratégico y geográfico mejorarán el rendimiento y crearán valor para todos los socios y grupos de interés. LetterOne está presidida por Lord Davies de Abersoch, el ex Secretario de Estado de Comercio, Inversión y Pequeñas Empresas del Reino Unido.

L1 Retail cuenta con las mejores habilidades de transformación y comercio minorista en todo el mundo y tiene las credenciales necesarias para implementar con éxito el plan de reconversión. El equipo de L1 Retail incluye a Stephan DuCharme, quien es ex CEO y actual presidente de la cadena de supermercados rusa X5 Retail Group, y quien supervisó la compañía durante un período de sólido crecimiento, que permitió a la compañía pasar de 3.800 tiendas a las más de 14.000 tiendas en la actualidad. El equipo también incluye a Sergio Dias, ex Director Financiero Adjunto del Grupo Carrefour. Stephan y Sergio cuentan con el respaldo de un Consejo Asesor altamente experimentado, que incluye a Karl-Heinz Holland, el ex CEO de LIDL Stiftung & Co. KG, que aporta un conocimiento y una experiencia de liderazgo en el comercio minorista sin precedentes.

Otras inversiones del sector del comercio minorista de L1 Retail incluyen a Holland & Barrett, que fue adquirida por £ 1,77 mil millones. Holland & Barrett es el comercio minorista de salud y bienestar más grande de Europa, con más de 1.000 tiendas propias y más de 500 franquicias o puntos de venta en 20 países de todo el mundo. La transacción se financió con capital de LetterOne y 900 millones de libras de financiación de deuda senior, que se suscribió y posteriormente sindicado con éxito por CitiGroup, HSBC, UBS, Société Générale y Barclays.

Habrá una convocatoria para analistas e inversores a las 13.30 CET. La presentación se puede encontrar en la página web de la CNMV en www.cnmv.es. Para conectarse, marque el número: +34 910 956778; Pin del participante: 528628.

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L1 Retail launches Voluntary Tender Offer and €500m conditional capital increase as part of a comprehensive rescue plan for DIA

L1 Retail rescue plan to secure the future of DIA for all stakeholders

1. **Voluntary tender offer (the "VTO") for the acquisition of all the issued shares in Distribuidora Internacional de Alimentación, S.A. ("DIA" or the "Company") - offer of €0.67 per share represents a premium of 56.1% to the closing price on 4 February 2019**
2. **Commitment to support a €500m capital increase following completion of the VTO**
3. **Implementation of 5-year transformation plan based on world-class retailing expertise**

Madrid, 5 February 2019: L1 Retail, an international investment business with proven world-class retailing and retail transformation expertise, and owner of 29% of DIA, the Spanish food retailer, today announces a voluntary tender offer and comprehensive rescue plan to secure the future of DIA. L1 Retail believes that under the right leadership and governance, DIA can deliver a transformation and re-establish its leading position in Spain to the benefit of the Spanish economy. To achieve this, L1 Retail is committed to support a €500m capital increase following the successful completion of its VTO.

The L1 Retail rescue plan, '***MAKE DIA A CHAMPION'***, consists of three integrated components. First, a VTO for the acquisition of all the shares in DIA that it does not already own at a price of €0.67 per share, a significant premium of 56.1% to the closing price on 4 February 2019. Second, a commitment to support a capital increase of €500m to achieve a viable long-term capital structure, which is conditional upon the completion of the VTO and reaching a satisfactory agreement with DIA's lending banks. Third, a comprehensive six-pillar transformation plan, led and overseen by L1 Retail, which is expected to deliver a turnaround of the business over the next 5 years.

Why L1 Retail is taking action now

DIA is demonstrably undergoing serious financial difficulties, and L1 Retail believes DIA urgently requires a transformation driven by a world-class management team with proven retail expertise. The Company needs fresh thinking, a new strategy and a financing solution that both addresses short-term liquidity requirements and secures DIA's long-term future.

Over the last few years, DIA has missed relevant customer trends, underperformed against its competitors and lost market share, particularly in the Spanish market. The company is currently in structural decline and its brand has been tarnished. More recently, DIA in October 2018 announced a restatement of its 2017 accounts and a significant profit warning for 2018. These developments, combined with DIA's high level of debt, have constrained the Company's ability to operate effectively day-to-day and invest in its future.

As a consequence, DIA has suffered seven credit ratings downgrades from BBB- to CCC+ since October 2018. The Company's share price has fallen by 89.3% over the past 12 months.

L1 Retail believes that the indicative €600m recapitalisation plan currently being contemplated by the Company does not address the fundamental strategic, leadership and capital structure challenges that DIA is facing and exposes DIA shareholders to the risk of significant dilution without a viable long-term capital structure.

L1 Retail Rescue Plan – *MAKE DIA A CHAMPION*

Under L1 Retail leadership, DIA can re-emerge as a leading player in food retail in Spain, Brazil, Argentina and Portugal for the benefit of all stakeholders including customers, employees, franchisees, suppliers, lenders and shareholders.

1. The voluntary tender offer price of €0.67 offered by L1 Retail represents:
    a. a premium of approximately 56.1% to the closing market price on 4 February 2019 (€0.43 per share);
    b. a premium of approximately 52.5% to the volume-weighted average price (VWAP) of the Company's shares for the 1-month period ended on 4 February 2019 (€0.44 per share); and
    c. a premium of approximately 19.4% to the volume-weighted average price (VWAP) of the Company's shares for the 3-month period ended on 4 February 2019 (€0.56 per share).

   The voluntary tender offer, which needs to be authorised by the CNMV, is conditional upon acceptance by shareholders (other than L1 Retail) holding at least 35.5% of DIA's shares and relevant anti-trust approvals. It is also conditional on no equity being issued before the end of the completion of the VTO.

2. L1 Retail is committed to supporting a capital increase of €500m, following the completion of the VTO, to achieve a viable long-term capital structure for DIA. L1 Retail would commit to subscribe its pro-rata share of the capital increase and to underwrite the remaining balance. Execution and underwriting of the capital increase would be conditional on, and would only take place after, the voluntary tender offer becoming unconditional in accordance with its terms, and on reaching an agreement with DIA's lending banks regarding a viable, long-term capital structure for DIA.

3. L1 Retail has a comprehensive six-pillar transformation plan which includes: a new commercial value proposition; re-set pricing and promotions; an appropriate store network strategy; recruitment of new leadership and development of existing talent; improvement in retail operations execution; and investment in brand and marketing. The execution of the plan requires leadership, governance and a viable long-term capital structure, which can support the turnaround of the Company over the next 5 years. L1 Retail will share more details of its plans in the tender offer prospectus, which will be published in due course.

L1 Retail is willing to work with the Board of DIA, its lending banks and other stakeholders on the implementation of this comprehensive rescue plan.

Stephan DuCharme, L1 Retail's Managing Partner, said: *"DIA is facing an uncertain future. This rescue plan not only addresses DIA's capital structure requirements but provides a base for DIA to re-emerge as a champion of Spanish food retail. L1 Retail is fully committed to the Spanish market and we believe our tender offer provides an attractive premium to shareholders. The L1 Retail rescue plan secures a long-term future for all stakeholders including customers, employees, franchisees, suppliers and lenders. Jointly we can achieve this turnaround, which will require leadership, hard work, expertise, commitment and patience."*

About LetterOne

L1 Retail is the retail division of LetterOne, an international investment business led by successful entrepreneurs and former CEOs and international businesspeople with best in class governance. It is a long-term active investor, investing its own capital in companies where it believes its sector experience and strategic and geographic expertise will improve performance and create value for all partners and *stakeholders. LetterOne is chaired by Lord Davies of Abersoch, the former UK Minister of State for Trade, Investment and Small Business.*

L1 Retail brings with it world-class retailing and transformation skills and has the requisite credentials to successfully implement the turnaround plan. The L1 Retail team includes Stephan DuCharme, who is the former CEO and current Chairman of Russian food retailer X5 Retail Group and oversaw a period of strong growth from 3,800 stores to over 14,000 stores today. The team also includes Sergio Dias, the former Deputy CFO of Group Carrefour. Stephan and Sergio are supported by a highly experienced Advisory Board, which includes Karl-Heinz Holland, the former CEO of LIDL, who brings unparalleled retailing leadership knowledge and experience.

L1 Retail's other retail investments include Holland & Barrett which it acquired for £1.77bn. Holland & Barrett is Europe's largest health and wellness retailer, with over 1,000 owned stores, and over 500 franchise or store-in-stores in 20 countries globally. The transaction was funded with equity from LetterOne and £900m of senior debt financing which was underwritten and then successfully syndicated by Citigroup, HSBC, UBS, Société Générale and Barclays.

There will be a call for analysts and investors at 13.30 CET. The presentation can be found on the CNMV website at www.cnmv.es. Dial in number: +34 910 956778; Participant pin: 528628.

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Voluntary Tender Offer and €500m Conditional Capital Increase

The L1 Retail Rescue Plan for DIA

5 February 2019

Disclaimer

This presentation has been prepared by L1R Invest1 Holdings S.à r.l. and/or its affiliates (together, “LetterOne”) and is strictly provided for information purposes in connection with the proposed voluntary tender offer (the “Offer”) over the shares of Distribuidora Internacional de Alimentación, S.A. (the “Target Company” or “DIA”) announced by LetterOne on the date hereof. Consequently, it may not be sufficient or appropriate for the purpose for which a third party might use it.

The terms and conditions of the Offer will be set out in the corresponding tender offer document (folleto explicativo), and the supporting documentation thereto, once it is duly filed with and authorised by the Comisión Nacional del Mercado de Valores, the Spanish securities markets regulator.

This presentation has been provided for information purposes only. Receipt of this presentation constitutes an express agreement to be bound by the terms set out herein.

This presentation includes statements, estimates, opinions and projections of LetterOne with respect to the present or future performance of Distribuidora Internacional de Alimentación, S.A. (“forward-looking statements”) which reflect various assumptions taken from LetterOne’s current view of a potential business plan or from public sources which have not been independently verified or assessed by LetterOne and which may or may not prove to be correct. Any forward-looking statements reflect current expectations based on various assumptions and involve significant risks and uncertainties and should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not such results will be achieved. Any forward-looking statements only speak as of the date this presentation. It is up to the recipient of this presentation to make its own assessment of the validity of any forward-looking statements and assumptions, and no liability is accepted by LetterOne in respect of the achievement of such forward-looking statements and assumptions.

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L1 Retail Rescue Plan

- Voluntary Tender Offer of €0.67 per share
  - 56.1% premium to closing market price on 4-Feb-2019
  - 52.5% premium to 1-month VWAP to 4-Feb-2019
  - 19.4% premium to 3-month VWAP to 4-Feb-2019
- Voluntary Tender Offer, to be authorised by the CNMV, conditional upon
  - Acceptance by shareholders (other than L1 Retail) holding at least 35.5% of DIA's shares
  - Anti-trust approvals
  - No new equity issuance prior to completion of VTO
- Commitment to support a €500m capital increase following completion of the VTO
  - Conditional upon reaching a satisfactory agreement with DIA's lending banks regarding a viable, long-term capital structure for DIA

Introduction to L1 Retail Team for DIA

LETTERONE Retail

Industry Leading Experience with Proven Track Record of Transformation

- The L1 Retail team is a group of retail and investment professionals with more than 100 years of combined retail operation experience
- Team members have held leadership positions in European food retail players such as X5, Lidl and Carrefour
- Together they have a combination of retail transformation experience and deep functional expertise across retail operations, technology and data

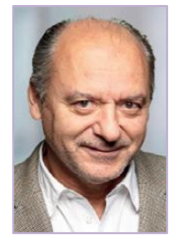
Stephan DuCharme

- CEO of food retailer X5 Retail Group for 4 years
  - Grew revenues and profits c.75%
  - Increased customer visits by c.50%
  - Doubled the numbers of stores (c.3,500 stores in 3-4 years)
  - Generated a 47% increase in jobs
- Proprietary director of DIA from April 2018 to December 2018

Karl-Heinz Holland

- CEO of Lidl Group for 6 years (2008 to 2014) and Chief Commercial Officer previous 6 years
  - Over this period increased revenues by c.60% and doubled the Net Income margin
- Proprietary director of DIA from April 2018 to December 2018

Sergio Dias



- Deputy CFO of Groupe Carrefour and subsequently CFO of the team that created eCommerce business of Carrefour in 1999
- Over 15 years of entrepreneurship in eCommerce and retail in Europe
- 7 years at LVMH group
- Proprietary director of DIA from October 2018 to December 2018

L1 Retail is the retail division of LetterOne, an international investment business led by successful entrepreneurs and former CEOs. L1 Retail's other investments include Holland & Barrett, Europe's largest health & wellness retailer with c.1,100 stores in 20 countries

L1 Retail's Long-Term Vision for DIA

1

Re-establish DIA as a champion in the Spanish food retail sector

- Strategy focused on proximity store format based on freshness, quality and value for money, aligned with favourable underlying end-customer trends globally

2

Based on the solid foundation of a viable long-term capital structure

- Reset the capital structure to give DIA the necessary headroom and strategic flexibility to deliver 5-year transformation plan

3

Build a success story for all stakeholders

- Implementation of our 5-year transformation plan for the benefit of all stakeholders including customers, employees, franchisees, suppliers and lenders

L1 Retail Six-Pillar Transformation Plan

Overview of Key Strategic Initiatives (I/II)

1
2
3
4
5
6

L1 Retail Transformation Plan

1	**Recruit New Leadership & Talent**	✓ New leadership team to steer DIA to the next level ✓ Attract and develop talent with modern retail expertise and secure uncompromising leadership attitude
2	**Real Estate Strategy**	✓ Improve sales densities (€/sqm) and traffic ✓ Active management of store locations and formats ✓ Maximize EBITDA profitability through investment in store estate
3	**New Commercial Value Proposition**	✓ Key elements: freshness, quality and value for money ✓ Develop best-in-class private label offering ✓ Become market leader in fresh food ✓ Install a new and collaborative relationship with suppliers to create long term partnerships ✓ Optimise store formats

L1 Retail Six-Pillar Transformation Plan

Overview of Key Strategic Initiatives (II/II)

1
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3
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L1 Retail Transformation Plan

4 **Reset Pricing & Promotions**	✓ Implement value for money price strategy ✓ Use promotion to drive traffic ✓ Reinvent loyalty beyond coupon pricing ✓ Reduce and repurpose promotions to improve price perception
5 **Retail Operations Execution**	✓ Develop DIA's talent ✓ Efficient organisation and management with New Operational Excellence Programme (OEP) ✓ Identify high performing franchisees and partners for a new and improved long-term franchisee model
6 **Investment in Brand & Marketing**	✓ Revamp DIA brand ✓ Use the format refresh as a platform for the new DIA branding statement

Merits of L1 Retail's Rescue Plan

We are Proposing a Comprehensive Rescue Plan to the Benefit of DIA and all its Stakeholders

1 **Voluntary Tender Offer (VTO)**: Offer price of €0.67 per share implies a 56% premium to the last closing share price(1)

- An attractive proposition offering a significant premium
- The VTO, which requires authorisation by the CNMV, is conditional upon acceptance by shareholders (other than L1 Retail) holding at least 35.5% of DIA's shares, anti-trust approvals and no new equity issuance prior to the completion of the VTO

2 **Commitment of New Capital:** Proposed capital increase of €500m via rights issue, fully underwritten by L1 Retail

- Capital increase to achieve a viable long-term capital structure for DIA
- The proposed capital increase is conditional on the completion of the VTO and on reaching a satisfactory agreement with the Company's lending banks

3 **Six-Pillar Transformation Plan:** clearly defined retail transformation and turnaround plan

- Enhance Company leadership and governance: instatement of world-class leadership team with deep experience in food retailing and transformation situations
- Renew the commercial value proposition for DIA's customers and reinvest in existing retail platform to overhaul the customer experience
- Operating playbook that addresses every major aspect of store-level and digital operations and reinvigorates DIA's competitiveness

L1 Retail is willing to work with the Board of DIA, its lending banks and other stakeholders on the implementation of this comprehensive rescue plan

(1) Closing share price as at 4 February 2019.

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