



Distribuidora Internacional de Alimentación, S.A. (“**DIA**” o the “**Company**”), in accordance with article 227 of the Consolidated Text of the Spanish Securities Markets Act, provides the following:

RELEVANT INFORMATION

Following the communications related to the call to DIA’s Shareholders General Meeting likely to be held on second call on 20 March 2019 (Official Registry Number 274,777) and to the request to supplement the call submitted by the Company shareholder L1R Invest1 Holdings S.à r.l. (Official Registry Number 275,638), it is hereby disclosed to the market L1R Invest1 Holdings S.à r.l.’s information request in relation to items one, four, five and six of the agenda of the Shareholders General Meeting pursuant to articles 197 and 520 of the Spanish Companies Act, as well as the Company’s response that, in accordance with the latter, will be published in the website of the Company.

Madrid, 13 March 2019

DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A.

Mr. Miguel Ángel Iglesias Peinado
Director and Vice-Secretary of the Board of Directors

[Translation for informative purposes only]

Distribuidora Internacional de Alimentación, S.A.
C/ Jacinto Benavente nº2-A
Parque Empresarial de las Rozas, Edificio Tripark
28232 Las Rozas (Madrid)
Att.: Asesoría Jurídica

Madrid, 27 February 2019

Ref. Information request prior to the General Shareholders' Meeting

Dear Sirs,

In accordance with articles 197 and 520 of Royal Legislative Decree 1/2010, of 2 July, approving the consolidated text of the Spanish Companies Act (the "**Spanish Companies Act**"), article 19 of the Articles of Association and article 13 of the General Shareholders' Meeting Regulation of Distribuidora Internacional de Alimentación, S.A. (the "**Company**"), LIR Invest1 Holdings S.à r.l., effective holder of 180,518,694 Company shares, representing 29.001% of its share capital, by means of this document hereby submits the following information requests related to the First, Fourth, Fifth and Sixth Items of the Agenda prior to the Company Ordinary General Shareholders' Meeting being held, which has been convened to be held on 19 and 20 March 2019, in first and second call respectively.

1. First Item of the Agenda:
 - (a) Explain whether any internal or external investigations have taken place, and, if applicable, the conclusions and recommendations of the investigations.
 - (b) Explain whether the circumstances which led to the 2017 financial information being reviewed have been identified and corrected.
2. Fourth Item of the Agenda: Explain the motive and causes which have led to the proposal included in Items 4.1 and 4.2 of the Agenda, pursuant to which during 2019 there could be two accounting firms acting at the same time. Please state whether this has any relation to the questions in 1 above.
3. Fifth Item of the Agenda: Confirm that the proposal to decrease the nominal value of the shares of the Company to EUR 0.01 is not necessary for removing the dissolution cause. Likewise, explain whether such decrease of the nominal value of the Company shares has been requested by any third party and whether it is a condition of the potential underwriting of the share capital increase referred to in question 4 below.
4. Sixth Item of the Agenda: The Company has disclosed information to the market with regards to a potential underwriting of the share capital increase proposed in Item 6.1 of the Agenda. In this respect, the 12 December 2018 relevant fact (*hecho*

[Translation for informative purposes only]

relevante) discloses that “DIA has entered into a standby underwriting commitment with Morgan Stanley & Co. International plc, for an amount of EUR 600 million, under which, subject to certain conditions, the latter would undertake to place and, failing that, to subscribe 100% of such amount”. Likewise, in the individual annual accounts which are submitted to this shareholders’ meeting approval, the following is included: “Regarding the capital increase stated above, on 28 November 2018, the Group secured a commitment of an underwriting agreement with Morgan Stanley & Co. International plc, with a total limit of Euro 600 million, subject to certain conditions. These conditions include, essentially: (i) the approval of the relevant documentation and authorizations for the capital increase, (ii) the subscription of a financing agreement which allows DIA obtain an adequate capital structure (this is, that it provides the Group sufficient liquidity for their midterm Business Plan while meeting the requirements of certain financial ratios and the maximum possible amount of debt once the funds obtained through the capital increase have been applied); (iii) that there is no (A) insolvency situations in which DIA or any of its relevant subsidiaries are involved nor assumptions of maturity of the debt, (B) causes of force majeure which are typical in these agreements that would prevent the Group from increasing its capital; (C) inside information or unknown findings which would imply material corrections in the published financial information which would prevent the capital increase from happening; (iv) that DIA and Morgan Stanley & Co. International plc reach an agreement over the price of the shares within the framework of the capital increase and over the underwriting agreement terms in common terms for these types of operations.”

With regards to the foregoing, we request that you confirm whether Morgan Stanley & Co. International plc (“**Morgan Stanley**”) continue to provide an underwriting commitment. If so, please provide full details of all of the conditions to this commitment, and with regard to each condition, confirm whether such condition has been satisfied. To the extent a condition has not been satisfied, please explain how the Company expects to satisfy the condition. We further request that you disclose and publish any placement and underwriting agreement that has been entered into with Morgan Stanley and any other agreement, commitment or offer, subscribed or received from Morgan Stanley or any other person, related to the placement and/or underwriting of the share capital increase.

5. Sixth Item of the Agenda: With regards to Item 6.2 of the Agenda, that is, the “authorization to combine in a single capital increase such capital increase with another capital increase that may be approved by the board of directors in the exercise of the delegation”; explain under which circumstances the Board of Directors could use said authorization and under which circumstances the Board of Directors intends to use said authorization.

[Translation for informative purposes only]

In this sense, a copy of the certificate that evidences the ownership over the aforementioned shares, which represent more than 25% of the Company's share capital, is enclosed.

Yours faithfully,

L1R Invest1 Holdings S.à r.l.

P n



L1R Invest1 Holdings S.à r.l.

Atn. Mr

1 - 3 Boulevard de la Foire

L1528-Luxembourg

cc/

PEREZ-LLORCA ABOGADOS

Mr

Paseo de la Castellana 50

Madrid 28046

Spain

Las Rozas, 13 March 2019

Dear Sirs,

Reference is made to your letter dated 27 February 2019, enclosed to the notarial notice (*cédula de notificación*) issued by the Notary Public of Madrid, Mr Pedro Muñoz-García Borbolla and delivered in the domicile of Distribuidora Internacional de Alimentación, S.A. (“**DIA**” or the “**Company**”) on 1 March 2019.

In the referred letter, and asserting the right to receive information in its capacity as shareholder of the Company, the shareholder L1R Invest1 Holdings S.à r.l. (“**L1**”) has requested certain information regarding issues related to the Annual Shareholders Meeting convened to be held on 19 March 2019, in first call, and on 20 March 2019, in second call (the “**General Shareholders Meeting**” or the “**AGM**”).

In accordance with articles 197 and 520 of the current Spanish Companies Law (“**SCL**”), article 19 of the Articles of Association of DIA and article 13 of the Shareholders Meeting Regulations, we hereby respond to L1’s information request. With the aim of simplifying the reading, we reproduce the requests in the order followed in the letter (the questions are copied literally, except for the request related to question no. 4, which content is summarised).

Lastly, it is hereby noted that this response, accompanied with the information request, shall be made available to the shareholders in the website of the Company.



1. Item One of the Agenda

- a) *Explain whether any internal or external investigations have taken place, and, if applicable, the conclusions and recommendations of the investigations.*
- b) *Explain whether the circumstances which led to the 2017 financial information being reviewed have been identified and corrected.*

The Notes (*Memoria*) to the Company's individual annual accounts submitted to the AGM (note (1) - *Relevant events in 2018*, note 2(3) - *Comparability*) include a description of the review process conducted over the financial closing estimates for the 2018 period as well as the financial statements corresponding to the 2017 period, process which led to the correction and subsequent restatement of the figures corresponding to this last period. The referred review processes were coordinated by the internal services of the Company with the active intervention of EY in its capacity as external accountant. Similarly, the processes and results were timely disclosed to the market by way of several regulatory releases published during the last quarter of 2018 and, in the occasion of the preparation of the 2018 annual accounts, in February of this year.

Likewise, the audit report issued by KPMG Auditores, S.L. (in which the auditor expresses its clean and unqualified opinion) has identified as “key audit matter” the referred restatement of the comparative figures confirming that “*Note 1 provides details of the measures adopted by the Company's Board of Directors as well as the effects that the events described have had on the Company's financial and equity position which, inter alia, have led to the restatement of the comparative figures to correct the effects thereon of the misstatements identified. Consequently these figures differ from those included in the Company's approved annual accounts for 2017*”. Similarly, the referred report indicates “*Note 1 to the annual accounts provides details of the origin and nature of the adjustments made to the comparative figures.*”

In the context of the above mentioned processes and as part of the measures undertaken by the Company, certain internal investigations have been conducted in Spain and Brazil aiming at shedding light on the events that led to the referred accounting adjustments (attributable both to irregularities and errors) and identifying, if applicable, the persons responsible. The referred investigations have been effected by the competent departments of the firm EY, as forensic advisors, in accordance with the highest international standards. The investigation in Spain has been completed, while the one directed in Brazil is still ongoing.

The report prepared by EY has concluded:

- that the DIA Group has a diligent Internal Control System whose objective is to assure that the potential risks, financial or non-financial (including operative, technological, legal, tax, social, environmental and reputational risks) to which it is exposed in its activity are covered;



- that, as part of this Internal Control System, the DIA Group has implemented in Spain and its subsidiaries an Internal Control System of Financial Information (ICSFI). The ICSFI is mandatory in all listed companies, such as DIA. The ICSFI is the set of processes that the Board of Directors, the Audit and Compliance Committee, the Senior Management and the employees involved in the DIA Group carry out to provide reasonable assurance in respect to the reliability of the financial information published and revealed to the market;
- that the ICSFI is audited by the Internal Audit Department of DIA, that has audited the full process in Spain. Also, the external auditor (KPMG) carries out reviews of the ICSFI information, such review not having identified inconsistencies or incidents in the last years;
- that the DIA Group has a Corporate Governance System, a Risk Management System and a Compliance System, the main objective of which is setting a compliance and due diligence culture, with an specific Corporate Policy on crimes and anti-corruption prevention, which determines the code and principles of conduct that shall be observed by employees, managers and directors of the DIA Group in the performance of their duties in respect to the prevention, identification, investigation and remediation of whatever corrupt practice is carried out within the Group.

At the same time, the investigations conducted have revealed the existence of irregular practices that had been carried out by certain employees and managers (including several former senior managers), overriding the internal controls established by the Company, despite those having been qualified as robust and diligent by EY.

As a consequence, the Company, following the advice of its legal counsel, has taken and will continue to take whatever disciplinary and legal measures that it may deem appropriate in respect of any unlawful actions and behaviours, in accordance with the Company's compliance policies and the current regulations. Disciplinary measures have been taken according to the levels of responsibility and the degree of knowledge of the managers and the employees involved in the performance of the irregular accounting practices, and the Company has undertaken and will undertake whatever legal actions are deemed appropriate, following the assessment of facts by the Company's legal advisors. As of today, the individuals that, according to the investigation, may have participated in the carrying out of irregular practices no longer provide services nor hold positions in the Company.

Similarly, and even though the Company has appropriate and diligent internal control systems, it will review and, if necessary, implement whatever policies and additional internal procedures deemed necessary with the aim of further strengthening its internal control.

Having completed the investigation conducted in Spain and as per the principles of diligence, responsibility and maximum transparency as applied from the moment in which the Company first acknowledged the need to effect the accounting adjustments, the Company has notified



the Spanish Securities Market Commission (*Comisión Nacional del Mercado de Valores - CNMV*) of the result of the internal investigation, and has delivered it to the regulator together with all the information requested to the Company over the facts and accounting adjustments. Similarly, the Company has filed a complaint (*denuncia*) before the Anti-Corruption Public Attorney Office (*Fiscalía Anticorrupción*).

2. Item Four of the Agenda

Explain the reason and causes which have led to the proposal included in Items 4.1 and 4.2 of the Agenda, pursuant to which during 2019 there could be two accounting firms acting at the same time. Please state whether this has any relation to the questions in 1 above.

The reasons that have led the Board of Directors to submit this proposal are the following:

- The current auditor (KPMG) has audited the Company for more than 27 consecutive periods. It has been deemed appropriate to anticipate the mandatory substitution contemplated in the current regulations (foreseen originally for 2021), particularly in light of the challenges that the Group is facing, the internal rotation of the teams and individuals within the Group, and the need to tap the capital markets again for capital-raising purposes, which requires renewing the confidence of investors and financial partners. In the Board of Directors' view, the proposal contributes to send an unequivocal sign of renovation to the different stakeholders (investors, creditors, suppliers, etc.), as well as facilitating an organised and efficient transition.
- The co-auditing or joint audit scheme (already put in practice by listed companies such as Técnicas Reunidas, Grifols and Logista) proposed for the 2019 period enables the incorporation of EY as new auditor, as well as allows the Company to benefit from KPMG's experience during this period, and facilitates the administrative process and accounting procedures customarily associated with securities offerings, that should be followed in case a share capital increase is approved which requires a prospectus.
- Lastly, this arrangement facilitates the transition of auditors which, despite been legally foreseen in cases of replacements of audit firms, exposes the Company to the risk of delays in the customary audit process, as well as to the difficulties inherent to the transfer of information and rest of processes normally dealt by the departing and incoming firms.

3. Item Five of the Agenda

Confirm that the proposal to decrease the nominal value of the shares of the Company to EUR 0.01 is not necessary for removing the dissolution cause. Likewise, explain whether such decrease of the nominal value of the Company shares has been requested by any third party and whether it is a condition of the potential underwriting of the share capital increase referred to in question 4 above.



As explained in detail in the justifying report prepared by the Board of Directors and made available to the shareholders with the call to the AGM, the share capital reduction proposed under Item 5.2 of the Agenda aims to partially offset the balance of the account “*negative results from prior periods*” once the legal and voluntary reserves have been applied for such purpose (if the proposal contemplated under Item 5.1 of the Agenda is approved).

The proposal of the Board of Directors –consisting of the share capital reduction in an amount of EUR 56,021,086.71 (this is, from the current amount of EUR 62,245,651.30 to EUR 6,224,565.13) by reducing in the amount of €0.09 the par value of each and all of the 622,456,513 outstanding shares of the Company–, while not sufficient *per se* to remove the grounds for mandatory dissolution of the Company set forth in article 363 of the SCL, contributes decisively to facilitating the restoration of the equity balance of the Company.

As indicated in the justifying report prepared by the Board of Directors in relation to the share capital increase proposal (item 6.1 of the Agenda), the losses incurred during the period finalised on 31 December 2018 have left the equity balance of the Company reduced to the (negative) amount of - EUR 98,829,013.03, thus requiring the Company, in accordance with article 363.1(e) of the SCL, to adopt the necessary measures to restore the equity balance and remove the cause of dissolution in which it is currently immersed.

As set forth in article 363.1(e) of the SCL, “*a corporate shall be dissolved (...) due to losses that reduce its net equity to an amount lower than one half of the share capital, except where the capital is increased or decreased as required, and to the extent insolvency protection is not appropriate*”.

The rule or ratio set forth in the referred article 363.1(e) of the SCL operates over the share capital figure. Therefore, the higher the share capital figure is, the higher the requirements of additional funds will be for the Company to restore the referred ratio.

For this reason, it is a customary practice that, in similar circumstances, companies approve capital reductions aiming to absorb the losses in an appropriate amount, as set forth in the relevant rule of the SCL, thus reducing the basis of the calculation of the referred ratio without causing any detriment to the shareholders, given that such reduction is a mere accounting entry which does not affect the net book value of the shares of the company in question, which remains the same before and after such transaction.

In the case of DIA, this measure, combined with the share capital increase, would allow the Company to remove the cause of dissolution and provide it with the capital structure necessary to meet the financial needs and develop its business plan.

As explained, the measures have been proposed by the Board of Directors taking into account the advice received and as part of a global recapitalisation plan for the Group. While the reduction of the par value of the shares is contemplated as one of the conditions set forth in the stand-by underwriting commitment (please see paragraph 4 below), such condition would



only be triggered by a formal prior requirement of Morgan Stanley. Such formal requirement has not been received.

4. Item Six of the Agenda

[In relation to the information disclosed by the Company regarding the potential underwriting of the share capital increase proposed in Item 6.1 of the Agenda], confirm whether Morgan Stanley & Co International plc (“Morgan Stanley”) continues to provide such underwriting commitment. If so, please provide full details of all the conditions to this commitment, and with regard to each condition, confirm whether such condition has been satisfied. To the extent a condition has not been satisfied, please explain how the Company expects to satisfy the condition. We further request that you disclose and publish any placement and underwriting agreement that has been entered into with Morgan Stanley and any other agreement, commitment or offer, subscribed or received from Morgan Stanley or any other person, related to the placement and/or underwriting of the share capital increase.

As informed by the Company, on 28 November 2018 the Company entered into an agreement with Morgan Stanley & Co. International plc (“MS”) by virtue of which MS committed to underwrite a share capital increase of the Company for an amount of EUR 600 million, subject to certain conditions (the “**Agreement**”) and in consideration for a fee agreed in a separate fee letter. The terms and conditions of the Agreement and the fee letter were acknowledged by the Board of Directors of the Company (which, at that time, included the three directors appointed at the request of the LetterOne Group).

The Agreement is currently in force.

According to the Agreement and subject to the conditions set forth therein, MS has committed to act as global coordinator and bookrunner of a share capital increase of the Company (with pre-emptive subscription rights) for an amount not higher than EUR 600 million, amount whose subscription and disbursement MS undertakes to underwrite in full.

The commitments assumed by MS under the Agreement extend until 31 May 2019 (or any prior date in which any person or persons acting in concert acquires control of more than 50% of the voting rights of the Company or the right to appoint or remove the majority of the members of the Board of Directors) and are subject to the execution of a definitive underwriting agreement in terms customary for this type of transaction. According to market standards, the underwriting agreement is due to be signed once the required corporate authorizations are passed by the relevant bodies (AGM and Board of Directors) of the Company.

The commitments undertaken by MS under the Agreement are additionally subject to the fulfilment or waiver of the conditions attached in Annex A to the Agreement prior to the execution of the Underwriting Agreement (the Agreement and Annex A are originally drafted



in English; accompanied to this response is a non-official and non-binding Spanish translation of Annex A).

As of today, the Company has not entered into any agreement or commitment with any other third party related to the underwriting or placement of the share capital increase.

5. Item Six of the Agenda

With regards to Item 6.2 of the Agenda, explain under which circumstances the Board of Directors could use said authorization and under which circumstances the Board of Directors intends to use said authorization.

The referred authorization is proposed for standard technical reasons in this type of transactions and aims at allowing that, where necessary and if deemed appropriate, the share capital increase set forth in Item 6.1 of the Agenda may be combined with any other that could be approved by the Board of Directors in accordance with the authorizations already granted by the General Shareholders Meeting in its session held on 22 April 2016 (Item 4 of the Agenda), resulting in a single share capital increase for an amount greater than that provided in Item 6.1.

As of today, the Board of Directors has no intention to exercise the referred authorization, although such possibility cannot be excluded should the conditions occur that so justify it.

Yours faithfully,



Annex A

- (a) the Capital Increase Amount not exceeding €600 million and the Equity Raise being fully underwritten by Morgan Stanley and/or a third party in an amount equal to the Capital Increase Amount (and any such third party underwriting not being subject to conditions other than those set out herein and not having been withdrawn or terminated);
- (b) the definitive subscription price of the new ordinary shares of DIA to be issued in the Equity Raise having been fixed on terms mutually acceptable to DIA and Morgan Stanley (it being understood that such price shall be no lower than €0.01 per share);
- (c) to the extent required by Morgan Stanley, DIA having effected a reduction of the nominal value of its shares to €0.01 per share;
- (d) entry into the definitive Underwriting Agreement prior to launch of the Equity Raise on terms to be mutually agreed by DIA and Morgan Stanley, each acting in good faith, and in line with market standards and customary for international securities offerings of the type contemplated herein offered to international and US institutional investors by global investment banks of international repute (and including the delivery of 10b-S disclosure letters and provision for delivery of unqualified comfort letters with negative assurance, opinions and reports as are customarily provided for this type of transaction and a 180-day lock-up undertaking for DIA in respect of any issue of new shares or other related securities);
- (e) all requisite regulatory, governmental, shareholder and other third party and corporate approvals required to consummate the Transaction, having been duly received by DIA and not having been suspended, revoked or withdrawn;
- (f) the approval of the prospectus relating to the Equity Raise by the *Comisión Nacional del Mercado de Valores* having been obtained;
- (g) in the course of Morgan Stanley's continued due diligence on DIA as customary in securities offerings such as the Equity Raise, there having been no findings of actual or alleged illegal activities, fraud or a requirement for further material restatements of the 2017 reported EBITDA or the H1 2018 reported EBITDA of DIA (beyond what has been disclosed by DIA to the market or to Morgan Stanley as of the date of this letter), or any criminal proceedings against DIA in respect of the matters previously disclosed by DIA to the market or to Morgan Stanley as of the date of this letter, that in Morgan Stanley's good faith judgement, would make it inadvisable or impracticable to proceed with the Equity Raise;
- (h) any acquisition of DIA shares by Morgan Stanley as a result of Morgan Stanley's commitments pursuant to the Underwriting Agreement not triggering any acceleration, early repayment, covenant breach, default or other adverse consequences under any of the documents governing the financial indebtedness of DIA;
- (i) The Refinancing¹ providing DIA with a sustainable capital structure that is adequate to support the Equity Raise, which condition shall be deemed to be satisfied if:

¹ Refinancing is defined for these purposes as “a long-term refinancing of the Company's existing capital structure through new facilities.”



- (i) at the time of launch of the Equity Raise, DIA has available cash, cash equivalents and committed facilities (with market standard terms and documents) which are unconditional (other than any conditionality relating to the closing of the Equity Raise) providing DIA, as shall be confirmed by an internationally recognised accounting firm to be mutually agreed between DIA and Morgan Stanley, sufficient liquidity to fund DIA's business plan for a period of at least 18 months from the closing of the Equity Raise;
- (ii) DIA's ratio of net debt (proforma for the Transaction) to last-twelve-month EBITDA (which shall be adjusted for any non-cash impact of IAS 29 in Argentina) being equal to or lower than 2.25x at the time of and based on each of the following:
 - (A) the most recent quarterly financial statements published by DIA ahead of execution of the Underwriting Agreement;
 - (B) the most recent monthly management accounts produced by DIA ahead of execution of the Underwriting Agreement; and
 - (C) the accounts referred to in (B) above, as adjusted for any variation in net debt and/or EBITDA occurring after the date of such accounts, that is quantifiable and would require disclosure in the prospectus or has otherwise been disclosed to Morgan Stanley; and
- (iii) and following application of the Equity Raise proceeds as disclosed in the prospectus, there being no more than €25 million of DIA's total financial indebtedness falling due or being payable before 1 April 2021;
- (j) (i) neither DIA nor any of its material subsidiaries being insolvent, or having taken any action or, to DIA's knowledge, any steps having been taken or legal proceedings started or threatened against DIA or any of its material subsidiaries for its or their bankruptcy, insolvency, administration, receivership or *concurso* under Spanish law or the applicable law of the jurisdiction of incorporation, (ii) no event of default having been declared on any of DIA's financial indebtedness and (iii) no debt-to-equity swap or similar arrangement having been effected by DIA with any of its financial creditors, that in Morgan Stanley's good faith judgement, would make it inadvisable or impracticable to proceed with the Equity Raise;
- (k) as at the date hereof (other than in relation to information on the Transaction that will be promptly disclosed to the market) and as at the time immediately prior to the execution of the Underwriting Agreement, DIA not being in possession of "inside information" in relation to itself or its securities, as such term is defined under Regulation (EU) No. 596/2014; and
- (l) there not having occurred since the date of this letter until the signing of any Underwriting Agreement:
 - (i) any suspension or material limitation of trading on, or by, as the case may be, Nasdaq, the New York Stock Exchange, the London Stock Exchange or the Madrid Stock Exchange or any setting of minimum prices for trading on any such exchange, by any such exchange or by any other governmental authority having jurisdiction;
 - (ii) any withdrawal of admission to listing of DIA's shares or suspension of trading of DIA's shares on the Spanish Stock Exchanges lasting two or more consecutive trading days;
 - (iii) a material disruption in securities settlement, payment or clearance services in Spain, the United States or the United Kingdom;



- (iv) any moratorium on commercial banking activities declared by Spain, the United States or United Kingdom authorities; or
- (v) any outbreak or escalation of hostilities or acts of terrorism involving Spain, the United States, the United Kingdom or any other EEA state, any declaration of war by the government of Spain, the United States Congress, the United Kingdom Parliament, or any EEA state, or any material change in the international financial, political or economic conditions, G7 currency exchange rates or exchange controls or any other national or international calamity or crisis.

that, in the judgment of Morgan Stanley, acting in good faith, would make it impracticable or inadvisable to proceed with the Equity Raise on the terms and in the manner contemplated in this letter.