TO THE NATIONAL SECURITIES MARKET COMMISSION

Pursuant to article 226 of the consolidated text of the Securities Market Act and development regulation, Distribuidora Internacional de Alimentación, S.A. ("**DIA**" or the "**Company**") hereby informs about and discloses the following:

PRIVILEGED INFORMATION

Further to (i) the communication of 20 May 2019 from the Company's controlling shareholder, L1R Invest1 Holdings S.à r.l. ("**LetterOne"**) (registration number 278438), informing the market of the agreement reached between LetterOne and all existing creditors (the "**Syndicated Lenders**") of DIA's syndicated bank debt, which provided a path to achieving a viable long-term capital structure for DIA (the "**Lock-Up Agreement**") and (ii) the communication of 17 June 2019 from the Company (registration number 279209), DIA hereby informs and discloses to the market that, in furtherance of the provisions of the Lock-Up Agreement, and subject to the condition precedent referred to in paragraph (vi):

(i) the Company has reached an agreement with all the Syndicated Lenders as to the terms on which DIA's existing syndicated bank facilities (the "**Syndicated Facilities**") will be amended and restated;

(ii) the Company has also reached an agreement with respect to the terms on which all bilateral facilities granted by Syndicated Lenders or their affiliates (other than Syndicated Lenders that have through an arm's length transaction at fair market value ceased to hold any economic interest in the Syndicated Facilities) to DIA or its subsidiaries will be amended so as to, amongst other things, extend the maturity dates under those facilities until a date falling no earlier than 2021, with the exception of a bilateral facility which has been initially extended until May 2020 and certain bilateral facilities which have been extended on a six month rolling basis, whereby maturity dates will be automatically extended in the absence of an event of default, in all cases subject to an obligation on each lender to negotiate in good faith with respect to a further extension thereof;

(iii) the Company has agreed with the Syndicated Lenders that it is permitted to raise new super senior secured facilities, on satisfactory terms for the Company, in a total amount of up to EUR 280 million (the "**New Facilities**"), out of which, as of the date hereof, the Company has already obtained binding commitments for a total amount of c. EUR 270.8 million. The main characteristics of the New Facilities for which the Company has obtained the aforementioned binding commitments are summarized in <u>Schedule 1</u> hereto. Likewise, the main terms and conditions that apply to both the amended Syndicated Facilities and the New Facilities are summarized in <u>Schedule 2</u> hereto;

(iv) the Company and the Syndicated Lenders have agreed to propose to the General Shareholders' Meeting of DIA an increase by EUR 100 million of the total amount of equity initially agreed to be injected into the Company by means of the capital increase approved by the Annual General Shareholders' Meeting held on 20 March 2019. For this purpose, a new capital increase resolution will be submitted to the approval of DIA's General Shareholders' Meeting, which will replace the capital increase resolution approved by the Annual General Shareholders' Meeting held on 20 March 2019. By virtue of this new share capital increase resolution, the Company's equity will be increased by an effective amount of up to EUR 600 million, instead of the EUR 500 million initially projected. In relation to this new capital increase, LetterOne has communicated DIA its commitment to vote in favour of the relevant resolution, to exercise its preferential subscription right pro rata to its percentage in the share capital of DIA, and to underwrite (or procure the underwriting by one or more financial entities of) the share capital increase partially, in an amount of up to EUR 500 million;

(v) in order for the Company to have available liquidity while the formalities required to execute the capital increase referred to in the foregoing paragraph are completed, LetterOne has communicated the Company that it will advance funds to DIA, up to a total aggregate of EUR 490 million, by way of one or more profit participating loans, and/or pre-funding the capital increase which, in the case of profit participating loans, may be fully or partially capitalised in the capital increase, and in the case of the pre-funding (and also of the profit participating loans in the portion that cannot be capitalised in the capital increase) will be repaid to LetterOne out of the proceeds of the capital increase; and

(vi) the effectiveness of the agreement reached with the Syndicated Lenders and therefore of all the commitments and actions contemplated in paragraphs (i) to (v) above are subject to certain conditions precedent (the "**Conditions Precedent**"). These include (a) conditions precedent customary for this type of agreement (such as documentation delivery and confirmation that no event of default has occurred and is continuing), (b) the Company having received at least EUR 490 million from the capital increase and/or from profit participating loans as mentioned above (after deduction of associated fees), and (c) binding commitments having been obtained in an aggregate amount of EUR 80 million to cover in full the Supplier Tranche (as defined in Schedule 1) (the "**Supplier Tranche Condition Precedent**"), provided that the Company may, at its sole election, choose to waive the Supplier Tranche Condition Precedent and proceed on the basis that the Supplier Tranche shall be in an amount equal to the total binding commitments in respect thereof obtained by that time with a floor of the existing binding commitments of c. EUR 70.8 million. The longstop date for the fulfillment or waiver of the Conditions Precedent will be the earlier of (a) the date on which the Lock-Up Agreement is terminated in accordance with its terms and (b) 15 July

2019 (or such later date as consented to by the Majority Lenders, as defined in the Syndicated Facilities).

Upon the fulfilment or waiver of the Conditions Precedent, the amendment and restatement of the Syndicated Facilities on the agreed terms, together with the obtaining of the aforesaid binding commitments for the New Facilities, and the projected capital increase, in DIA’s view, will ensure a viable long-term capital structure for DIA, will consolidate the removal of the dissolution cause due to losses, and will constitute a solution to the liquidity needs of the Company.

Madrid, 25 June 2019.

Distribuidora Internacional de Alimentación, S.A.

Álvaro López-Jorrín
Secretary to the Board of Directors

Schedule 1 – Main characteristics of the New Facilities

The main characteristics of the New Facilities are the following:

(i) the New Facilities shall be in an aggregate amount of up to EUR 280 million, in order to fund DIA's general liquidity needs, consisting of:

(a) a EUR 200 million facility with a 3-year term (the "**TL Tranche**"); and

(b) an ancillary facility with a one-year term (but with an option to extend by two further one-year terms in the event that the facility continues to be required by DIA) in an amount of up to EUR 80 million, to be used to fund working capital shortfalls arising due to tightening of supplier credit terms (the "**Supplier Tranche**"), in respect of which, as of the date hereof, the Company has obtained binding commitments for a total amount of c. EUR 70.8 million;

(ii) LetterOne will procure that the TL Tranche is committed by new financial lenders, and has provided an underwriting/backstop commitment in any case. The Supplier Tranche is committed by certain Syndicated Lenders;

(iii) the Supplier Tranche is a revolving credit facility to be drawn by way of confirming lines and the TL Tranche is a delayed draw term loan facility;

(iv) the Syndicated Lenders that have committed to provide above a certain proportion of the New Facilities will be entitled to a higher margin on their commitments under the Syndicated Facilities; and

(v) the ability for the Company to draw down the Supplier Tranche is subject to the satisfaction or waiver of the Conditions Precedent including, amongst other things: (a) the Company having received at least EUR 490 million from the capital increase referred to in paragraph (iv) of the main body of this communication and/or from profit participating loans granted by LetterOne as set forth in paragraph (v) of the main body of this communication, (b) full utilisation of such amount as well as all amounts available under the Syndicated Facilities (other than, prior to 22 July 2019, any amount allocated for repayment of the existing notes maturing in 2019) and (c) the TL Tranche being committed and available for drawing in accordance with its terms or the terms of an associated commitment letter.

Schedule 2 - Main terms and conditions of the amendment of the Syndicated Facilities and the New Facilities

The main terms and conditions applicable to both the Syndicated Facilities and the New Facilities (apart from the Conditions Precedent) are the following:

(i) an extension of the maturity date of all of the Syndicated Facilities until 31 March 2023;

(ii) no obligation to prepay the Syndicated Facilities or the New Facilities with (a) the proceeds of any disposal (including, without limitation, the proceeds of any sale of the Max Descuento and Clarel businesses), (b) the funds obtained in the proposed share capital increase of up to EUR 600 million, or (c) any profit participating loan that LetterOne, at its discretion, might elect to advance prior to the share capital increase;

(iii) permission to raise up to EUR 400 million (subject to certain conditions, on a secured basis) for the purposes of, amongst other things, refinancing the existing notes maturing in 2021. For the avoidance of doubt, DIA assumes no obligation to refinance the existing notes maturing in 2021;

(iv) implementation of a "hivedown" transaction, pursuant to which (a) new subsidiaries of DIA will be incorporated, (b) certain assets, liabilities and contracts of DIA will be transferred to certain subsidiaries indirectly owned by DIA and, in particular, as a first milestone, no later than 31 December 2019, (1) the legal titles and rights relating to certain specified stores operated by DIA representing at least 58% of the Restricted EBITDA (as such term is defined in the Syndicated Facilities, and to be calculated on the basis of certain assumptions set out in the Syndicated Facilities), as well as DIA's real estate properties located in Spain, shall be transferred to the Spanish operating subsidiary, and (2) to the extent feasible from a legal, tax and regulatory point of view, all shares held by or on behalf of DIA in Brazilian, Argentinian and Portuguese subsidiaries will be transferred to other subsidiaries, (c) the Spanish operating subsidiary and a further Spanish financing subsidiary will become additional borrowers under the Syndicated Facilities and New Facilities, and (d) new guarantees will be granted by, and security granted over the shares in, the subsidiaries incorporated during the "hivedown" transaction, the Spanish operating company and the Spanish financing subsidiary;

(v) no dividends shall be made by DIA until the Syndicated Facilities and the New Facilities have been repaid in full (subject to customary exceptions);

(vi) from 31 December 2021, an annual cash sweep shall apply (with the first repayment, if any, to be made in Q2 2022) in respect of 50% of free cash flow after investment in capital expenditure and restructuring costs have been fully funded in accordance with the business plan, and any such proceeds will be used to prepay and cancel any outstanding commitments in the following order: (a) first, the Supplier Tranche, (b) second, any other New Facilities (if required under the terms of those New Facilities), and (c) third, the Syndicated Facilities;

(vii) at least 80% of the cash of the group must be credited to bank accounts subject to transaction security and held with Syndicated Lenders (if any) that provide deposit-taking services in the jurisdiction in which a member of the group operates;

(viii) permission to raise the New Facilities and, subject to certain conditions, up to a further EUR 100 million on a super senior secured basis;

(ix) a minimum liquidity covenant set at EUR 30 million in cash and cash equivalents (less any trapped cash) to apply until 31 December 2020, to be verified quarterly on a 12-month look forward basis starting in December 2019;

(x) from 31 December 2020, a leverage covenant set at levels including 35% headroom to the Restated Total Net Debt/Restated EBITDA ratio established in the business plan (as defined in the Syndicated Facilities), to be tested semi-annually;

(xi) capex and restructuring costs covenants fixed at 112.5% and 120%, respectively of the aggregate amounts of capex and restructuring costs included in the business plan to be submitted to the Syndicated Lenders by the Company in December 2019, subject (in the case of the capex covenant) to an increase in that aggregate amount by the amount of any retained cash, additional equity or profit participating loan that is made available to the group at any time; and

(xii) interest margins (excluding customary financing fees) agreed are as follows: (a) the preexisting Syndicated Facilities is of 2.5%, (b) the new Supplier Tranche will have a margin of 5.5%, and (c) the new TL Tranche will have a margin of 7.0%.