



**PROPOSED RESOLUTIONS FORMULATED BY THE BOARD OF DIRECTORS TO THE GENERAL SHAREHOLDERS' MEETING OF DISTRIBUIDORA INTERNACIONAL DE ALIMENTACIÓN, S.A. CALLED TO BE HELD ON 19 MARCH 2019, ON FIRST CALL, AND ON 20 MARCH 2019, ON SECOND CALL**

The resolutions that the Board of Directors of Distribuidora Internacional de Alimentación, S.A. (“DIA” or the “Company”) proposes for approval by the shareholders at the General Meeting are the following:

**PROPOSED RESOLUTIONS REGARDING ITEM ONE ON THE AGENDA. EXAM AND APPROVAL OF THE ANNUAL ACCOUNTS, ALLOCATION OF RESULTS AND CORPORATE MANAGEMENT**

**1.1 Exam and approval of the Company’s individual annual accounts and the annual accounts of the Company consolidated with those of its subsidiaries, as well as the Company’s individual management report and the management report of the Company consolidated with that of its subsidiaries, for the financial year ended 31 December 2018**

To approve the individual annual accounts of Distribuidora Internacional de Alimentación, S.A. (balance sheet, income statement, statement of changes in equity, statements of cash flows, and notes) and the annual accounts of the Distribuidora Internacional de Alimentación, S.A. consolidated with those of its subsidiaries (statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows, and notes, all consolidated), as well as the Company’s individual management report and the management report of the Company consolidated with that of its subsidiaries, all of them for the financial year ended 31 December 2018, as approved (“*formulados*”) by the Board of Directors.

**1.2 Approval of the non-financial statement included in the management reports for the financial year ended 31 December 2018**

To approve the individual and consolidated non-financial statements, included in the management reports for the financial year ended 31 December 2018, as approved (“*formulados*”) by the Board of Directors.

**1.3 Proposed allocation of the results of the Company for the financial year ended 31 December 2018**

Pursuant to the proposal made by the Board of Directors at the meeting held on 7 February 2019, to approve the allocation of the results of the Company as described below:

To distribute all of the negative individual results from financial year 2018, in the amount of one hundred and ninety one million two hundred and seventy-four thousand three hundred



and sixty euros and seventy-one euro cents (191,274,360.71 euros) to negative results from previous years.

**1.4 Exam and approval of the corporate management of the Board of Directors during the financial year ended 31 December 2018**

To approve the corporate management performed by the Board of Directors of the Company during the financial year ended on 31 December 2018.



**PROPOSED RESOLUTIONS REGARDING ITEM TWO ON THE AGENDA. COMPOSITION OF THE BOARD OF DIRECTORS: SETTING OF THE NUMBER OF DIRECTORS AND APPOINTMENT OF DIRECTOR, AND RATIFICATION AND RE-ELECTION OF DIRECTORS FOR THE STATUTORY PERIOD**

**2.1 Setting at ten the number of Directors and appointment of Director**

The General Shareholders' Meeting of DIA dated 20 April 2018 set (within the limits established in the Articles of Association) at twelve (12) the number of members of the Board of Directors, number that has not been modified by the General Meeting to date. Since then several directors have resigned, having these circumstances been disclosed to the public by the corresponding communications (relevant facts) to the CNMV. The referred resignations have resulted in that, to date, three positions of the Board of Directors remain vacant.

For the reasons explained in the report made available to the shareholders in relation to this item, the Board of Directors understands that ten (10) members is an appropriate number of Directors of the Company in the current circumstances, which implies the definitive elimination of two (2) unfilled vacancies, leaving one pending to be filled.

Notwithstanding the right of the General Meeting to fill the aforementioned vacancy at its choice in this session, the Board of Directors intends to otherwise fill the vacancy afterwards by appointing a new independent director (or another category if circumstances require so). The Board of Directors will carry out the necessary actions to promptly identify the candidate who complies with the appropriate conditions. It is planned that his/her appointment as director will be carried out by the Board of Directors on an interim basis ("*cooptación*") as legally permitted, being subsequently submitted for ratification to the first General Meeting to be held after his/her appointment.

By virtue of the foregoing, it is agreed to set at ten (10) the number of members of the Board of Directors of the Company's.

**2.2 Ratification and re-election of Mr Jaime García-Legaz Ponce as Independent Director**

To ratify the appointment on an interim basis (*cooptación*) of Mr Jaime García-Legaz Ponce, by means of a resolution of the Board of Directors at its meeting held on 28 December 2018 and to re-elect him as Director, for the three-year term provided for in the Articles of Association, upon the proposal from the Nominations and Remunerations Committee, with the classification of "independent Director".

**2.3 Ratification and re-election of Mr Miguel Ángel Iglesias Peinado as Executive Director**

To ratify the appointment on an interim basis (*cooptación*) of Mr Miguel Ángel Iglesias Peinado, by means of a resolution of the Board of Directors at its meeting held on 28



December 2018 and to re-elect him as Director, for the three-year term provided for in the Articles of Association, upon a favourable report from the Nominations and Remunerations Committee, with the classification of “executive Director”.



**PROPOSED RESOLUTION REGARDING ITEM THREE ON THE AGENDA.  
APPROVAL OF THE DELIVERY OF SHARES OF THE COMPANY AS PART OF  
THE REMUNERATION OF THE COMPANY'S BOARD OF DIRECTORS, IN  
THEIR CAPACITY AS BOARD MEMBERS**

A proposal is made to the shareholders at the General Meeting, pursuant to article 39.4 of the Articles of Association, to deliver 50% of the annual gross fixed stipend of the members of the Board of Directors for financial year 2019 in shares of the Company, thus delivering the remaining 50% in cash.

The shares corresponding to each of the Directors for performing their duties as in their capacity as such, shall be delivered as from 16 December 2019 (including the remuneration for the referred month).

The maximum number of shares to be delivered to each Director as remuneration for his/her position of Director for financial year 2019 shall be calculated by reference to the result of dividing 50% of the various concepts that compose the fixed stipend of each Director by a benchmark listing price, which, for financial year 2019, shall be the volume weighted average price (VWAP) of the closing prices for DIA shares during the 15 trading days prior to 7 February 2019 (inclusive).

The Directors must maintain ownership of these shares until the time they cease to be a Director.



**PROPOSED RESOLUTIONS REGARDING ITEM FOUR ON THE AGENDA. RE-ELECTION AND APPOINTMENT OF STATUTORY AUDITORS FOR THE INDIVIDUAL AND CONSOLIDATED ANNUAL ACCOUNTS OF THE COMPANY AND ITS GROUP FOR THE YEARS 2019, 2020 AND 2021**

**4.1 Re-election of KPMG Auditores, S.L. as statutory auditor for the individual and consolidated annual accounts of the Company and its Group for financial year 2019**

Following the proposal of the Audit and Compliance Committee, and as agreed upon with KPMG Auditores, S.L. in respect of the terms provided in this agreement, it is agreed to re-elect the auditing firm KPMG Auditores, S.L. as auditor of the individual and the annual accounts of the Company consolidated with those of its subsidiaries, for a period of one year, therefore comprising the individual and consolidated annual accounts of the Company and its Group for the financial year ending 31 December 2019.

KPMG Auditores, S.L. has its corporate domicile in Madrid, Paseo de la Castellana, 259 C, with Fiscal Identity Number B-78510153, being registered in the Madrid Mercantile Registry, in Volume 11,961, Sheet 90, Section 8, Page M-188.007, Entry No. 9, as well as in the Official Registry of Accounting Auditors under number S0702.

Subject to the approval of the resolution set forth in item 4.2 on the Agenda below, the audit firm will act under a joint basis audit regime with Ernst & Young, S.L. for the verification of the individual annual accounts of the Company and the annual accounts of the Company consolidated with those of its subsidiaries for the financial year ending 31 December 2019.

Upon the approval of this agreement and having mutually agreed with KPMG Auditores, S.L. the termination of their appointment as auditors for fiscal year 2020, the re-election of KPMG Auditores, S.L. as the statutory auditor of the accounts of the Company and its Group approved under item Three of the General Shareholders' Meeting of the Company held on 20 April 2018, is hereby revoked.

**4.2 Appointment of Ernst & Young, S.L. as statutory auditor for the individual and consolidated annual accounts of the Company and its Group for financial years 2019, 2020 and 2021**

Following the proposal of the Audit and Compliance Committee, it is resolved to appoint Ernst & Young, S.L. as auditor for the individual annual accounts of the Company and the annual accounts of the Company consolidated with those of its subsidiaries, for a three-year period, therefore, comprising the individual annual accounts of the Company and the annual accounts of the Company consolidated with those of its subsidiaries for the financial years ending 31 December 2019, 2020 and 2021.

Ernst & Young, S.L. has its corporate domicile in Madrid, calle Raimundo Fernández Villaverde, 65, with Fiscal Identity Number B-7890506, being registered in the Madrid



Mercantile Registry, in Volume 12,749, Sheet 215, Section 8, Page M-23,123, Entry No. 116, as well as in the Official Registry of Accounting Auditors under number S0530.

To the extent that the appointment of KPMG Auditores, S.L. as auditor for the accounts of the Company and its Group may remain in force for one or more of the affected financial years, Ernst & Young, S.L. will act under joint basis audit regime along with the other firm.



**PROPOSED RESOLUTION REGARDING ITEM FIVE ON THE AGENDA:  
OFFSETTING OF LOSSES AND SHARE CAPITAL REDUCTION AIMING TO  
RESTORE THE BALANCE AND STRUCTURE OF THE COMPANY'S NET  
EQUITY**

**5.1. Offsetting of losses against reserves**

**1. Application of the “legal reserve”, “capital redemption reserve”, “differences from redenominating the capital to euro reserve” and “voluntary reserve” to offset losses**

In the light of the Company's individual balance sheet as at 31 December 2018 and included in the Company's annual accounts approved under item 1.1 of the Agenda, the Company has the following reserves that amount to a total of EUR 63,785,910.09:

- (i) “legal reserve”, by the amount of EUR 13,021,411.16;
- (ii) “capital redemption reserve”, by the amount of EUR 5,687,948.70;
- (iii) “voluntary reserve”, once applied the losses of the 2018 fiscal year in accordance with the resolution under item 1.3 of the Agenda, by the amount of EUR 45,076,550.47; and
- (iv) “differences from redenominating the capital to euro reserve”, by the amount of EUR 62.07.

In accordance with such balance sheet, the “negative results from prior periods” amounts to EUR 191,274,360.71.

The General Shareholder's Meeting resolves to allocate:

- (i) the entirety of the aforesaid “legal reserve” account in the amount of EUR 13,021,411.16;
- (ii) the entirety of the aforesaid “capital redemption reserve” account in the amount of EUR 5,687,948.70;
- (iii) the entirety of the aforesaid “voluntary reserves” account in the amount of EUR 45,076,550.47; and
- (iv) the entirety of the aforesaid “differences from redenominating the capital to euro reserve” account in the amount of EUR 62.07.

to partially offset the “negative results from prior periods” of the Company. It is stated for the record that once these reserves have been allocated to offset losses, (i) the “negative results from prior periods” account shall amount to EUR 117,488,388.31; and (ii) according to article 322.2 of the Spanish Companies Act, approved by the Royal Decree 1/2000, July 2, (the “**Spanish Companies Act**”), the Company will not have any voluntary or legal reserves exceeding 10% of the share capital, other than for the unavailable voluntary reserve





amounting to EUR 15.170.021,76 euros, arising from the reclassification, pursuant to Royal Decree 602/2016, of 2 December, of the goodwill reserve on 1 January 2016 to this new reserve, which is restricted as long as the net worth of the goodwill recognised in the Company's assets exceeds this amount (as is the case in the Company's balance sheet at 31 December 2018).

## **2. Delegation of powers**

Notwithstanding the specific delegations of powers comprised in separate items of the agenda (which are to be understood as having been granted with express powers of substitution or subdelegation in the bodies and persons detailed herein), it is resolved to empower the Board of Directors, as broadly as required by law, with express powers to be substituted by, or to empower by any of its members, the powers to carry out all actions or formalities that may be necessary or merely convenient in order to achieve the execution and success of this resolution, and, in particular, without limitation, being empowered as follows:

- (a) To develop, complement and implement this resolution.
- (b) To carry out all actions necessary in order to comply with the requirements set forth in the Spanish Companies Act and other applicable rules.
- (c) To carry out all actions and take all the steps necessary to obtain the consents and approvals required for this resolution to become fully effective.
- (d) To carry out on behalf of the Company any action, make any statement or take any step that may be required before the Spanish National Securities Market Commission (the "CNMV"), Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR), the Governing Bodies of the Stock Markets and any other agency or entity or public or private Registry, Spanish or foreign, related to this resolution.
- (e) To execute on behalf of the Company such public or private documents as may be necessary or appropriate and, at large, to carry out such actions as may be necessary for this resolution to become fully effective.
- (f) To correct, clarify, interpret, specify or supplement the resolutions adopted by the General Shareholders' Meeting, or those appearing in such public deeds or documents as may be executed in the implementation thereof, and, in particular, such defects, omissions or error, either substantive or formal, that may prevent the resolutions and the consequences thereof from registering with the Commercial Registry, the Official Registries of the CNMV, or any others, including in this case the power to adjust the figure by which the losses are to be offset if, in the light of the Commercial Registrar's assessment, this would be necessary due to not being possible the allocation of some those reserves with such objective.



(g) At large, to carry out such actions as may be necessary or appropriate for this resolution to become fully effective.

**5.2. Share capital reduction in the amount of EUR 56,021,086.17 by decreasing the par value of the Company's shares in EUR 0.09 to offset losses and amendment of article 5 of the articles of association.**

**1. Company's share capital reduction to offset losses**

In accordance with the report submitted by the Board of Directors dated on 15 February 2019 and in compliance with article 318.1 in relation to article 286 of the Consolidated Text of the Spanish Companies Act, and following the allocation of all the voluntary and the legal reserves to offset losses, carried out by means of item 5.1 above, it is proposed to the General Shareholder's Meeting to reduce the share capital in the amount of EUR 56,021,086.17, that is, from the current amount of EUR 62,245,651.30 to EUR 6,224,565.13, through the reduction of the par share value of the totality of the ordinary shares with voting rights comprising Company's share capital, from the current amount of EUR 0.10 per share to EUR 0.01 per share.

The purpose of the share capital reduction is to offset the negative reserves registered in the "negative results from prior periods" account in an amount of EUR 56,021,086.17.

In accordance with the provisions set forth in article 323 of the Spanish Companies Act, this share capital reduction is based on the Company's individual balance sheet as at 31 December 2018 included in the annual accounts corresponding to the financial year 2018, approved by the General Shareholders Meeting under the First item of the agenda, and submitted to verification of the Company's statutory auditor, namely, KPMG Auditores, S.L., as reflected in the audit report issued 7 February 2019. The aforesaid balance sheet and audit report will be attached to the public deed of share capital decrease.

This share capital reduction resolution shall affect, proportionally to the per share value, to all of the shares comprising the share capital of the Company, and, consequently, it shall not affect to the voting or economic rights of the shareholder.

By virtue of article 335.(a) of the Spanish Companies Act the creditors do not have the right for opposition to this reduction of capital. As a result, the reduction will be immediately effective by simple decision of the General Meeting (notwithstanding with the formalisation acts needed).

As a result of the reduction of the par value of the shares no excess of assets or liabilities will be generated that should be allocated to the legal reserve.

**2. Amendment of article 5 of the Articles of Association**

As a consequence of the foregoing, a new wording shall be drafted for article 5 of the Articles of Association, that will be drafted in the necessary terms to reflect the amount of the resulting capital reduction as set forth in item 1 above.

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



Therefore, the aforementioned article will be read as follows:

**“Article 5: Share capital**

*1. The share capital amounts to six million two hundred and twenty-four thousand five hundred and sixty-five euros and thirteen cents of euro (6,224,565.13 Euros) and is fully subscribed and paid up.*

*2. The capital stock consists of SIX HUNDRED AND TWENTY-TWO MILLION FOUR HUNDRED FIFTY-SIX THOUSAND FIVE HUNDRED AND THIRTEEN (622,456,513) shares, with a face value each of one cents of a euro (0.01 Euros), belonging to the same class and series.”*

**3. Delegation of powers**

Notwithstanding the specific delegations of powers comprised in separate items of the agenda (which are to be understood as having been granted with express powers of substitution or subdelegation in the bodies and persons detailed herein), it is resolved to empower the Board of Directors, as broadly as required by law, with express powers to be substituted or empowered by any of its members, the powers to carry out all actions or formalities that may be necessary or merely convenient in order to achieve the execution and success of the share capital reduction, and, in particular, without limitation, being empowered as follows:

- (a) To develop, complement and implement this resolution.
- (b) To carry out all actions necessary in order to comply with the requirements set forth in the Spanish Companies Act and other applicable rules, the consolidated text of the Spanish Securities Market Act, the Royal Decree 878/2015, of October 2, on clearing, settlement and registration of securities represented in book-entry form, on the legal framework of central depositories and central counterparties, and on the transparency requirements for securities admitted to trading on a secondary market (*Real Decreto 878/2015, de 2 de octubre, sobre compensación, liquidación y registro de valores negociables representados mediante anotaciones en cuenta, sobre el régimen jurídico de los depositarios centrales de valores y de las entidades de contrapartida central y sobre requisitos de transparencia de los emisores de valores admitidos a negociación en un mercado secundario oficial*) and other applicable rules, including the publication of any mandatory notices.
- (c) To carry out all actions and take all the steps necessary to obtain the consents and approvals required for this resolution to become fully effective.
- (d) To carry out on behalf of the Company any action, make any statement or take any step that may be required before the National Securities Market Commission (the “CNMV”), Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. (IBERCLEAR), the Governing Bodies of the Stock Markets, the Securities Clearing and Settlement Service and any other agency or entity



or public or private Registry, either Spanish or foreign, in connection with the share capital reduction covered by this resolution and, in particular, effective from the beginning of the trading session determined by the latter, and after the public deed of share capital reduction has been executed and registered with the Commercial Registry, in order for the 622,456,513 ordinary shares of the Company with a par value of EUR 0.10 each currently outstanding to be excluded from trading, and the same number of shares with a par value of EUR 0.01 to be subsequently admitted to listing in the Barcelona, Bilbao, Madrid and Valencia Stock Exchanges for trading through the Automated Quotation System (*Sistema de Interconexión Bursátil (Mercado Continuo)*).

- (e) To amend the article of the Articles of Association corresponding to the share capital, so as to adapt it to the new share capital figure.
- (f) To draft and publish such notices as may be necessary or appropriate in connection with this share capital reduction.
- (g) To execute on behalf of the Company such public or private documents as may be necessary or appropriate and, at large, to carry out such actions as may be necessary for this resolution to become fully effective.
- (h) To correct, clarify, interpret, specify or supplement the resolutions adopted by the General Shareholders Meeting, or those appearing in such deeds or documents as may be executed in implementation thereof and, in particular, such defects, omissions or errors, either substantive or formal, that may prevent the resolutions and the consequences thereof from registering with the Commercial Registry, the Official Registries of the CNMV, or any others, including in this case the power to adjust the figure by which the losses are to be offset if, in light of the Commercial Registrar's assessment, this would be necessary if share capital reduction and the offset of losses or any of the reserves provided in the prior agreement.
- (i) At large, to carry out such actions as may be necessary or appropriate in order for the capital reduction to become fully effective.



## **PROPOSED RESOLUTION REGARDING ITEM SIX ON THE AGENDA: SHARE CAPITAL INCREASES**

**6.1 Share capital increase with the aim of raising the Company's own funds in an effective maximum amount (par value plus share premium) of EUR 600,000,000.00, to be carried out through the issue and putting into circulation of new ordinary shares that shall be fully subscribed and paid up by means of a cash consideration, with the recognition of the shareholders' preferential subscription rights and with incomplete subscription prevision. The Board of Directors shall determine (i) the par amount of the capital increase and the number of ordinary shares to be issued, and (ii) the issue rate or price of the new ordinary shares. Delegation of powers to the Board of Directors, with powers to subdelegate, to execute this resolution and to set those conditions not provided for by the General Shareholders' Meeting, according to article 297.1(a) of the Spanish Companies Act, as well as to amend article 5 of the Company's Articles of Association.**

### **1. Share capital increase and cash value**

It is resolved to increase the share capital of the Company by an effective maximum amount of EUR 600,000,000.00 with the recognition of the shareholders' preferential subscription rights, through the issue and putting into circulation of new ordinary shares, of the same class and series as those currently outstanding, represented through book-entries (the “**Capital Increase**”).

It will correspond to the Board of Directors determining, depending on market conditions at the time of the execution of this agreement: (i) the nominal amount of the Capital Increase and the number of ordinary shares to be issued (ii) the issue rate or the issue price of the new shares and, in particular, the amount of the share premium for each new share issued, with a maximum effective amount of EUR 600,000,000.00 (par value plus share premium).

It is hereby resolved to expressly delegate on the Board of Directors the power not to execute the resolution if having regard to the Company's interests, the general market conditions, the financial structure of the Company resulting from the capital increase or any other circumstances that may affect the Company would make it unadvisable or would impede its execution. In the event the Board of Directors resolves to make use of this delegation, the Board of Directors will inform of its decision not to execute the share Capital Increase by means of the corresponding communication of privileged information via the Spanish Securities Market Commission's (CNMV) website and will report on the matter at the first General Shareholders' Meeting to be held subsequent to such decision.

In addition, it is hereby resolved to authorise the Board of Directors to reduce the effective maximum amount of EUR 600,000,000.00 of equity which is intended to be increased with the agreed Capital Increase if, for purely technical reasons, such a reduction would be



advisable in order to obtain a practicable ratio of the number of preferential subscription rights corresponding to shareholders for each share of the Company they hold.

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

## **2. Nominal amount, issue rate and number of shares**

The amount of share capital shall be increased by the amount corresponding to the nominal value of the new shares that are issued, deducting accordingly from the Effective Amount of the Capital Increase the amount corresponding to the share premium of the new shares, calculated in accordance with the issue rate (par plus share premium) per share determined by the Board of Directors (or by the person or persons to whom the Board of Directors delegates the relevant powers) in execution of the powers delegated in their favour under section 11 below of this resolution. The issue rate per share will be fixed by reference to the market price of the Company’s shares, taking into account the market circumstances at the time of execution of this agreement, and may include a discount on the market price of the shares in accordance with market practice in capital increases of this nature underwritten by financial institutions.

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

## **3. Dates and conditions**

The Board of Directors is determine the date on which the resolution must take effect within the maximum period of one year from its approval by the General Shareholders’ Meeting and to set the terms and conditions thereof in all matters not provided for in this agreement, in accordance with article 297.1(a) of the Spanish Companies Act.

The Board of Directors may also abstain from executing this Capital Increase if, in its opinion, taking into account the social interest, unforeseen circumstances relating to market conditions in general or to the financial structure resulting from the capital increase operation or other circumstances that may affect the Company, make it not advisable or prevent its execution. In the event of making use of this power, the Board of Directors shall inform of the decision not to execute the Capital Increase by means of the corresponding publication as privileged information on the CNMV website and shall inform thereof at the first General Shareholders’ Meeting held subsequent to said decision.



#### 4. Preferential subscription rights

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

The preferential subscription rights will be assigned to the shareholders of the Company that have acquired or subscribed their shares until the day the call for the Capital Increase is published in the Commercial Registry's Official Gazette, inclusive (Last Trading Date), and which acquisition transactions have been settled within the two trading days immediately following such date. The preferential subscription period (the "**Preferential Subscription Period**") shall commence the day immediately following the referred call for the Share Capital Increase is published in the Commercial Registry's Official Gazette.

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

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

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

The Board of Directors will be able to conclude in advanced the Capital Increase, at any time, as long as this would have been fully subscribed, without prejudice of declaring it executed and closed once the preferential subscription period is over and, as the case may be, once the additional periods or rounds are over and once the payment of the subscribed shares has been made, and it will determine, in the case of incomplete subscription of the Capital Increase, the final amount and the number of subscribed new shares.



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

The documentation of the issuance and, in particular, the prospectus of the Capital Increase to be registered with the Spanish Securities Market Commission (CNMV), shall regulate the terms and conditions in which the payment of the par value and the share premium corresponding to each class of the new shares will take place and, if applicable, the allotment of additional shares and the allotment of discretionary shares.

## **5. Payment**

The payment of the new shares, including its par value and the share premium, determined if applicable, shall be made by means of cash contributions made in accordance with the Board of Directors instructions and on time, as provided for in this resolution.

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

## **6. Representation of the new shares**

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

## **7. Rights of the new shares**

As of the date of the Capital Increase is declared subscribed and paid, the new shares will confer their owners the same economic and political rights as the currently outstanding ordinary shares of the Company. In particular, as far as economic rights are concerned, the new shares will give right to the social dividends, on account or definitive, the distribution of which will be agreed as from that date.

## **8. Incomplete subscription**

In accordance with the provisions included in article 311 of the Spanish Companies Act, the possibility of an incomplete subscription of the Capital Increase is expressly provided for. Consequently, if the new shares were not subscribed entirely upon finalization of the Preferential Subscription Period, the Board of Directors may (i) discretionally allocate the shares not subscribed to any third party, whether or not a shareholder, or, as the case may be, to the entity or entities placing or underwriting the issue, for subscription within the period





determined for such purpose by the Board of Directors once the aforementioned preferential subscription period has ended, and/or (ii) in accordance with the provisions included in article 311 of the Spanish Companies Act, resolve an incomplete subscription of the share Capital Increase and increase the share capital in the subscribed amount.

#### **9. Amendment of article 5 of the articles of association**

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

#### **10. Application to listing**

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

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

#### **11. Delegation of powers**

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

Likewise, it is resolved to authorize the Board of Directors, as broadly as required by law, with express authority to substitute or subdelegate to any member of the Board during a maximum period of one (1) year since the date of adoption of this agreement, so that any of them may carry out any action or procedure that might be necessary or merely convenient to accomplish the execution and the satisfactory execution of the Capital Increase, and, in particular, by way of illustration and not limitation, the following:

- i. indicate the date on which the Capital Increase agreement must take effect, as well as, if applicable, whether it will be carried out in one or more rounds;
- ii. determine the duration of the preferential subscription period, including the possibility of opening one or more additional periods for the allotment of shares that have not been subscribed and paid during the preferential subscription period;



- iii. determine the issue rate of the new shares, that is, their par value, the share premium and the number of shares to be issued;
- iv. establish any other points relating to the Capital Increase that have not been determined by this agreement, including the authority to propose one or various shareholders that they resign to preferential subscription rights in the amount necessary to ensure that the number of shares to be issued is proportional to agreed exchange ratio;
- v. amend the wording of the article 5 of the Articles of Association as a consequence of the result of the Capital Increase, in accordance with the article 297.2 of the Spanish Companies Act;
- vi. establish that, in the event of incomplete subscription, the capital shall be increased only by the amount of the subscriptions made;
- vii. resolve not to execute this resolution if the Company's corporate interest, or other circumstances that may affect the Company, it were not advisable or impossible to execute this resolution;
- viii. draft, subscribe and file, with the Spanish National Securities Market Commission ("CNMV") the Capital Increase prospectus, in compliance with the provisions included in the Spanish Securities Market Act, Commission Regulation (EC) No 809/2004 of 29 April 2004 and Royal Decree 1310/2005 of 4 November, partially implementing the revised text of the Securities Market Act, in relation to the admission to trading of securities on official secondary markets, public offers for sale or subscription and the prospectus required for such purposes, assuming, on behalf of the Company, the responsibility over the content of the referred documents, as well as, the faculty to draft, subscribe and file as many supplements to the aforementioned documents that may be necessary or convenient, requesting their review, approval and/or registry by the CNMV and communication of information that is deemed necessary or convenient;
- ix. execute the Capital Increase of the Company, carrying out all the necessary or appropriate actions for the best execution thereof;
- x. draft, subscribe and submit any additional or complementary documentation or information required before the CNMV or any other national or foreign authority.
- xi. take any action, make any declaration or deal with anything before the CNMV, the Governing Bodies of the Spanish Stock Exchanges, Sociedad de Bolsas, Iberclear and any other public or private body, entity or registry, national or foreign, in order to obtain the authorizations or verifications that are necessary for the execution of the Capital Increase;



- xii. appoint a broker entity and the underwriters or the placement entities of the issuance and negotiate the terms and conditions of their intervention;
- xiii. establish the proportion between preferential subscription rights and the new shares, according to the circumstances at the time the capital increase is carried out, depending on the issue rate and the Cash Amount that are established;
- xiv. declare executed the share Capital Increase once the Preferential Subscription Period and the additional rounds for subscription of shares that, if applicable, are determined is over and once the payment of the shares subscribed is done, establishing, in the event of incomplete subscription of the Capital Increase, the final amount and the number of shares subscribed, issuing as many public or private documents as may be appropriate for its execution;
- xv. negotiate, subscribe and grant as many public and private documents as may be necessary regarding to the Capital Increase in accordance with the established practice in this type of operations, including, in particular, one or more insuring and/or placement contracts, granting such guarantees and indemnities to the insurers and/or underwriters as may be necessary or convenient;
- xvi. draft and publish whatever announcements may be necessary or advisable;
- xvii. draft, sign and execute, and where appropriate certify, documents of all kinds;
- xviii. apply for the listing of the New Shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges through the Automated Quotation System (*Mercado Continuo*);
- xix. jointly execute and combine un a sole emission the Capital Increase agreed in the present General Shareholders' Meeting and any other capital increase that is executed using the delegation conferred by the General Shareholders' Meeting held on 22 April 2016 under the item four of the General Shareholders' Meeting Agenda, as well as fixing a single list of the number of preferential subscription rights that will correspond to the shareholders for each share of the Company that they hold in the event that these capital increases are carried out jointly and combined in a single issue;
- xx. appear before the notary public of his choice and notarize this agreement into a public deed, as well as to carry out any necessary actions and to approve and formalize any public or private documents that may be necessary or convenient for the full effectiveness of this capital increase agreement in any of its aspects and contents and, in particular, to correct, clarify, interpret, complete or specify, as the case may be, the agreement adopted and, in particular, to correct any defects, omissions or errors that may be appreciated in the verbal or written qualification of the Mercantile Registry; and



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

**6.2 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**

It is resolved to authorize the Board of Directors to combine, in one single capital increase, such Capital Increase with that the one that the Board of Directors may approve with recognition of the shareholders' preferential subscription right by means of the exercise of the delegation granted to the Board of Directors, as approved by the Ordinary General Shareholders' Meeting held on 22 April 2016 under item four of its agenda, to increase the share capital by a maximum amount of up to half of the amount of capital existing at the time of the approval of the said delegation.

Likewise, and without prejudice to the delegations of specific powers contained in the previous sections (which must be understood to have been granted with express powers of substitution and subdelegation in the bodies and persons detailed herein), it is resolved to delegate to the Board of Directors, as broadly as possible in law, with powers of substitution and sub-delegation in any of the directors, to carry out all the actions and formalities that are necessary or merely convenient to achieve the execution and success of the capital increase agreed, where appropriate, under this agreement, in the same terms as those contemplated in the resolution adopted under section 6.1 of the agenda.



**PROPOSED RESOLUTION REGARDING ITEM SEVEN ON THE AGENDA. DELEGATION OF POWERS TO AMEND, SUPPLEMENT, EXECUTE AND IMPLEMENT THE RESOLUTIONS ADOPTED BY THE SHAREHOLDERS ACTING AT THE GENERAL MEETING, TO FORMALISE AND RECORD SUCH RESOLUTIONS, AND TO MAKE THE REQUIRED DEPOSIT OF ACCOUNTS.**

It is proposed to approve the delegation to the Board of Directors, on the broadest of terms, with powers to further delegate and substitute to any of its members, to the non-member Secretary of the Board of Directors and to the non-member Deputy Secretary of the Board of Directors, all of them jointly and severally, all powers as are required to interpret, execute and carry into effect the resolutions adopted at this General Meeting, including the execution of such public or private documents as may be required, the publication of any such announcements as are legally required, the registration with any registers as may be appropriate, and the performance of any such acts and procedures as may be necessary for such purpose; this includes the power to amend, clarify, interpret, complete, specify or concretize, where appropriate, the resolutions adopted and, in particular, to amend any defects, omissions or errors that may be found, including those noted in the verbal or written assessment by the Mercantile Registry, that might prevent the effectiveness of the resolutions, as well as making the required deposit of accounts with the Mercantile Registry.



## CONSULTATIVE ITEM

### **PROPOSED RESOLUTION REGARDING ITEM NINE ON THE AGENDA. COMPANY'S ANNUAL DIRECTORS REMUNERATION REPORT FOR FINANCIAL YEAR 2018**

In compliance with the provisions of section 541 of the Spanish Companies Act, the Board of Directors has prepared an annual report on the remuneration of the Directors for financial year 2018, which has been made available to the shareholders, and which after a favourable report from the Nomination and Remuneration Committee, is presented to the shareholders at the General Shareholders' Meeting and submitted for their consultative vote as a separate item on the Agenda.

It is therefore proposed to approve on a consultative basis the annual report on remuneration of the Directors for financial year 2018.