



D. José Antonio Martínez Sampedro, mayor de edad, de nacionalidad española, con domicilio a estos efectos en Alcobendas, (Madrid), Avenida de Bruselas, 26, código postal 28108, y con N.I.F. 1497520-J, actuando en nombre y representación de Codere, S.A. (la "**Sociedad**"), sociedad española, con domicilio social en Alcobendas, (Madrid), Avenida de Bruselas, 26, código postal 28108, inscrita en el Registro Mercantil de Madrid al Tomo 13.390, Folio 70, Sección 8ª y Hoja M-217120, y con CIF A-82110453, debidamente apoderado al efecto

CERTIFICA

Que el contenido del folleto informativo de admisión a negociación de las acciones emitidas en ejecución del aumento de capital social aprobado por la Junta General Extraordinaria de Accionistas de la Sociedad celebrada el 4 de diciembre de 2015 (el "**Folleto**"), registrado con fecha 15 de abril de 2016 por la Comisión Nacional del Mercado de Valores (la "**CNMV**"), coincide exactamente con el ejemplar del mismo que ha sido remitido a la CNMV en formato electrónico.

Asimismo, por la presente se autoriza a la CNMV para que el Folleto sea puesto a disposición del público a través de su página web.

Y para que así conste y surta los efectos oportunos, en Madrid, a 15 de abril de 2016.

Codere, S.A.

P.p.

D. José Antonio Martínez Sampedro



PROSPECTUS

APRIL 2016

This prospectus has been approved by the National Securities Market Commission (*Comisión Nacional del Mercado de Valores*) and registered in its official register on 15 April 2016.

In accordance with Royal Decree 1310/2005, of 4 November 2005 and Order EHA 3537/2005, of 10 November 2005, this prospectus has been drafted in accordance with the models set forth in Annexes I, III and XXII of the Commission Regulation EC 809/2004, of 29 April 2004 regarding the applications of Directive 2003/71/EC of the European Parliament and of the Council and other applicable legislation.

TABLE OF CONTENTS

I	SUMMARY (ANNEX XXII TO COMMISSION REGULATION (EC) 809/2004 OF 29 APRIL 2004)	3
II	RISK FACTORS	18
III	SHARE REGISTRATION DOCUMENT (ANNEX I TO COMMISSION REGULATION (EC) NO 809/2004 OF 29 APRIL 2004).....	35
1.	PERSONS RESPONSIBLE.....	35
2.	STATUTORY AUDITORS.....	35
3.	SELECTED FINANCIAL INFORMATION	36
4.	RISK FACTORS.....	37
5.	INFORMATION ABOUT THE ISSUER	37
6.	BUSINESS OVERVIEW.....	68
7.	ORGANISATIONAL STRUCTURE.....	91
8.	PROPERTY, PLANTS AND EQUIPMENT	109
9.	OPERATING AND FINANCIAL REVIEW	110
10.	CAPITAL RESOURCES.....	117
11.	RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES	127
12.	TREND INFORMATION	127
13.	PROFIT FORECASTS OR ESTIMATES.....	128
14.	ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT	128
15.	REMUNERATION AND BENEFITS	138
16.	BOARD PRACTICES	139
17.	EMPLOYEES	153
18.	MAJOR SHAREHOLDERS.....	154
19.	RELATED PARTY TRANSACTIONS	156
20.	FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES	157
21.	ADDITIONAL INFORMATION	189
22.	MATERIAL CONTRACTS	200
23.	THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST	200
24.	DOCUMENTS ON DISPLAY	200
25.	INFORMATION ON HOLDINGS	201
IV	SHARE SECURITIES NOTE (ANNEX III TO COMMISSION REGULATION (EC) 809/2004 OF 29 APRIL 2004)	202
1.	PERSONS RESPONSIBLE.....	202

2.	RISK FACTORS.....	202
3.	KEY INFORMATION	202
4.	INFORMATION CONCERNING THE SECURITIES TO BE ADMITTED TO TRADING.....	205
5.	TERMS AND CONDITIONS OF THE OFFER	214
6.	ADMISSION TO TRADING AND DEALING ARRANGEMENTS.....	219
7.	SELLING SECURITIES HOLDERS	220
8.	EXPENSE OF THE ISSUE	220
9.	DILUTION.....	221
10.	ADDITIONAL INFORMATION	221

I SUMMARY (ANNEX XXII TO COMMISSION REGULATION (EC) 809/2004 OF 29 APRIL 2004)

Summaries are made up of disclosure requirements known as "Elements". These Elements are numbered in Sections A-E (A.1--E.7).

This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case, a short description of the Element is included in the summary with the mention "not applicable".

Section A. Introduction and warnings

Element	Disclosure requirement	
A.1	Warning	<p>This summary should be read as introduction of the registration document (the "Registration Document") and the share securities note (the "Securities Note") of Codere, S.A. ("Codere", the "Issuer" or the "Company") (altogether, the "Prospectus"). The Prospectus can be found in the Spanish Stock Exchange Commission ("CNMV") (<i>Comisión Nacional del Mercado de Valores</i>) website (www.cnmv.es) and the Codere website (www.codere.com). Any decision to invest in the securities should be based on consideration of the Prospectus as a whole by the investor.</p> <p>Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the prospectus before the legal proceedings are initiated; and</p> <p>Civil liability attaches only to those persons who have tabled the Summary including any translation thereof, but only if the Summary is misleading, inaccurate or inconsistent when read together with the other parts of the prospectus or it does not provide, when read together with the other parts of the prospectus, key information in order to aid investors when considering whether to invest in such securities.</p>
A.2	Subsequent resale of Securities or final placement through financial intermediaries	Not applicable. Codere is not engaging any financial intermediaries for any resales of securities or final placement of securities requiring a prospectus after the publication of this Prospectus.

Section B. Issuer and any guarantor

Element	Disclosure requirement	
B.1	The legal and commercial name of the issuer	The legal name of the issuer is Codere, S.A. The Company operates commercially under its corporate name.
B.2	The domicile and legal form of the issuer, the legislation under which the issuer operates and its country of incorporation	<p>Codere is registered with the Commercial Registry of Madrid, under Volume 13,390, Folder 70, Section 8th and Sheet M-217120.</p> <p>The Company is a public limited liability company (<i>sociedad anónima</i>) with registered office at Avenida Bruselas 26, Alcobendas, 28046 Madrid, Spain and Tax Identification Number (<i>NIF</i>) A-82110453. Its telephone number is 91 354 2800.</p> <p>In general terms, the Company is governed by the current Restated Spanish Companies Act approved by the Royal Legislative Decree 1/2010, of 2 July (<i>Texto Refundido de la Ley de Sociedades de Capital, aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio</i>) and other rules of general application.</p> <p>In many of the countries where the Company and the companies that are part of its corporate group for commercial regulations purposes (together, the "Group") have a presence, gaming is subject to</p>

		specific regulations and quite extensive legislation.
B.3	A description of, and key factors relating to, the nature of the issuer's current operations and its principal activities, stating the main categories of products sold and/or services performed and identification of the principal markets in which the issuer competes	<p>The main activity of the Group is the performance of operations in the private gaming sector, mainly consisting of the operation of slot machines, gaming halls, sport betting locations and the management of racetracks, in Latin America, Italy and Spain.</p> <p>The Group is a leading group of companies engaged in highly regulated, multi-national gaming activities, managing gaming machines, machine halls, bingo halls, horse racing tracks, casinos and sports betting locations in Latin America, Italy and Spain .As of 31 December 2015, the Group managed 53,596 gaming machines, 183 gaming halls (including machine halls, bingo halls with machines, machine halls at racetracks and casinos), 1,805 sport betting locations (including 1,651 locations in Spain) and two horse racing tracks (due to the equity method consolidation in Uruguay HRU, S.A. operating data —which at 31 December 2015 were: five gaming halls, 1,868 machines, 24 betting locations, and two racetracks— has not been included).</p> <p>In 2015, the Group's four principal businesses comprised 41.6%, 21.7%, 17.3% and 9.5%, respectively, of its consolidated operating revenue and 48.2%, 30.2%, 8.8% and 8.1%, respectively, of its consolidated EBITDA (excluding, in each case, headquarters revenue and expenses).</p> <p><u>Products and services</u></p> <p><u>Gaming machines</u></p> <p>As of 31 December 2015, the Group operated 53,596 gaming terminals located in Spain, Italy, Argentina, Colombia, Mexico, Panama and Uruguay.</p> <p><u>Gaming halls</u></p> <p>As of 31 December 2015, the Group operated 183 gaming halls across the countries in which it operates.</p> <p><u>Sports betting</u></p> <p>The Group has significant know-how as a sports betting operator, with 1,805 sports betting locations in Spain, Mexico, Panama and Brazil as of 31 December 2015.</p> <p><u>Online gaming</u></p> <p>Since 2011, the Group has expanded its business into the online gaming industry, which includes gaming via the internet, telephone and television. After obtaining the appropriate licenses, the Group launched online gaming operations in Spain.</p> <p><u>Racetracks</u></p> <p>The Group currently operates two racetracks: Racetrack of the Americas (Mexico) and Presidente Remón Racetrack (Panama).</p> <p><u>Principal Markets</u></p> <p><u>The Argentinean gaming market</u></p> <p>The private sector of Argentina's gaming market consists of bingo halls (which may include slot machines), casinos and pari-mutuel horse race betting operations licensed and taxed at a provincial level. The lotteries are sponsored at the federal and state level.</p> <p>In Argentina, the Group only operates in the province of Buenos Aires, which is the largest province in the country. The Group believes it is the largest operator of gaming halls in the province of Buenos Aires, operating 14 out of the 46 existing halls in the province as of 31 December 2015.</p> <p><u>The Group in Argentina</u></p> <p>In Argentina, the Group focuses on the development and management of gaming halls, in which the majority of the profitability is generated by the machines. As of 31 December 2015, the Group owned and operated 14 gaming halls with a total of 6,951 slot and other gaming machine seats and 11,780 bingo seats. The Group is the largest operator of gaming halls in the province of Buenos Aires.</p> <p>All of the Group's gaming halls are located in the province of Buenos Aires. Nine of the Group's gaming halls are located in the surrounding areas of the City of Buenos Aires, the area referred to as Gran Buenos Aires. One gaming hall is located in the capital city of the province, La Plata, and four gaming halls are located in the tourist city of Mar del Plata.</p> <p>In November 2012, five licenses for gaming halls that the Group operates in the province of Buenos Aires, the original terms of which would have expired in 2013 and 2014, were renewed for 15 years from their original expiry date following the signing of individual agreements for each of these halls with the Instituto Provincial de Lotería y Casinos de la Provincia de Buenos Aires ("IPLyC"). In May 2013, the IPLyC also notified the Group of the initiation of a renewal process of the licenses for five other gaming halls which licenses initially expired in 2016 (one hall) and 2021 (four halls). These</p>

	<p>licenses have been extended to 2022 (two halls) and to 2024 (two halls), and there is one still in process to be renewed to 2031. Following these renewals, out of the 14 halls the Group operates in the province of Buenos Aires, four have licenses that expire in 2021, two have licenses that expire on 2022, two have licenses that expire on 2024, one has a license that expires in 2028, four have licenses that expire in 2029 and one would have a license that would expire in 2031.</p> <p><u>The Mexican gaming market</u></p> <p>The Mexican gaming market includes privately-run and state-run gaming operations. The privately run gaming segment consists primarily of sports books (<i>Centros de Apuestas Remotas</i>) and number-based games (known as <i>Salas de Sorteos de Números</i>), or gaming halls. The state-run gaming segment consists of pari-mutuel lotteries such as the Pronósticos Deportivos and the Lotería Nacional para la Asistencia Pública. Casinos are not legally permitted in Mexico.</p> <p>The Group estimates that approximately 32 licenses to operate a total of 674 gaming facilities have been granted by the Mexican government as of 31 December 2015. The Group holds seven of these licenses for 135 gaming permits (90 of which were operative as of the same date). Additional 25 licenses for approximately 539 permits (229 of which the Group estimates were operative as of the same date) have been granted to third parties.</p> <p><u>The Group in Mexico</u></p> <p>The development and management of gaming halls in which the Group operates slot machines and, in certain cases, bingo and sports betting, is the Group's most significant activity in Mexico. The Group conducts its operations in Mexico through Impulsora de Centros de Entretenimiento de las Américas, S.A.P.I. de C.V. ("ICELA"), a joint venture with CIE of which the Group owns 84.8% of the capital stock, and Legacy Caliente, a joint venture with Grupo Caliente of which the Group owns 67.3% of the capital stock. The Group also has a wholly-owned subsidiary, Recreativos Marina, S.A. de C.V., which holds certain permits.</p> <p>As of 31 December 2015, through ICELA and Legacy Caliente, the Group operated 90 gaming halls, in which 18,750 slot machine seats and 84 betting locations were operated (these figures exclude the gaming halls that are closed at that moment). The Group also operates through ICELA a 52-hectare gaming complex in Mexico City, which includes the Las Americas racetrack, an amusement park and the largest convention centre in Mexico. As of 31 December 2015, the Group held licenses to build and operate an additional 45 gaming halls (25 in Legacy Caliente, 9 in ICELA and 11 in Recreativos Marina, S.A. de C.V.).</p> <p>As of the date of this document, three ICELA and four Legacy Caliente halls in Mexico remain closed. Six of the closed halls are located in the city of Monterrey or adjacent cities such as General Escobedo. The closures, most of which occurred between mid-January and mid-March 2013, were mandated by Mexican municipal authorities on the basis of alleged inadequacy of the Group's municipal permits. All of the gaming venues operate with the permits and licenses required both by the Mexican Ministry of Interior (<i>Secretaría de Gobernación</i>) and the local authorities at the time the venues were first open to the public. The Group continues to evaluate administrative and institutional alternatives in regards to this situation. For the year ended 31 December 2012, the closed gaming halls generated total revenue of Mex. Ps. 755.7 million (approximately EUR 44.7 million) and EBITDA of Mex. Ps. 190.8 million (approximately EUR 11.3 million), and as of their respective closing dates, had a total of 1,921 slots.</p> <p><u>The Italian gaming market</u></p> <p>The Italian gaming market comprises: (i) lotteries (the Italian lottery comprises the lotto, sports lotteries and other local forms of lotteries); (ii) casinos (currently, there are four casinos in Italy, all of which are state operated); (iii) AWP Machines (as of 31 December 2015, the Group estimates that there were approximately 342,272 AWP machines installed in Italy; the machines are placed in bars, cafes, gaming halls and dedicated machine halls); (iv) VLT Machines (as of 31 December 2015, the Group estimates that there were approximately 53,332 VLTs installed in Italy; the VLTs are located in gaming halls, license betting offices or dedicated machine halls); (v) bingo halls (as of 31 December 2015, the Group estimates that there were approximately 208 operating bingo halls in Italy); (vi) sports betting (betting agencies in Italy allow players to place single and multiple bets via Internet, television, telephone or in person); (vii) online gaming (as of 31 December 2015, the Group estimates that approximately 110 online gaming licenses have been awarded in Italy).</p> <p><u>The Group in Italy</u></p> <p>The Group's activities in Italy are focused on the development and management of 11 gaming halls, which include bingo, AWP and VLTs, the AWP and VLT machines placed in bars and gaming halls and the development of the Group's network. The Group also operates a machine network under a governmental concession (which is one of 13 concessions in Italy), AWP machines in non-specialised locations such as bars through majority-owned joint companies with local operators and VLT machines placed in specialised locations owned by third parties. As of 31 December 2015, the Group operated 7,632 AWP (mostly in non-specialised locations), 1,409 VLTs (750 of which are located in the Group's gaming halls) and 5,142 bingo seats. In addition, 17,997 AWP and 1,406 VLTs operated by the Group and by other operators were connected to the Group's network.</p>
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	<p><u>The Spanish gaming market</u></p> <p>The Group believes that Spain is one of the largest gaming markets in the European Union based on total amounts wagered of EUR 30.0 billion in 2014, according to the "Gaming in Spain 2014 Annual Report" published by the Spanish Ministry of Finance and Public. The Spanish gaming market is divided into three segments: (i) the private segment, consisting primarily of AWP machines, bingo halls, casinos, online gaming and sports betting; (ii) the public segment, consisting of national and regional lotteries in which the Group does not currently participate; and (iii) the national lottery managed by Organización Nacional de Ciegos de España (the Spanish National Organization for the Blind, or "ONCE"), which has been authorised by the Spanish government to operate lotteries.</p> <p><i>Gaming Machines</i></p> <p>The Spanish gaming regulations permit, in general, four types of gaming machines: Type A, B, C and D machines. The Group operates primarily AWP machines (which are Type-B machines).</p> <p>The Type-B machine market is the largest segment of the private gaming sector in Spain with total amounts wagered of EUR 9.0 billion in 2014, which represented 48% of the total amount wagered in the Spanish private gaming sector and 30% of the total amount wagered in the private and public gaming sectors combined. Type B machines are placed in bars, cafés, arcades and bingo halls and pay out cash prizes as a percentage of total wagers over a predetermined cycle of games. The Group estimates that the top three operators—Cirsa Gaming Corporation, S.A., Orenes, and the Group—together accounted for a range of 20% to 22% of total market share in 2014.</p> <p>The amounts wagered in Spain have decreased at a CAGR of 0.1% from 2009 to 2014. According to the Gaming in Spain Annual Reports (2009-2014), published by the Spanish Ministry of Finance and Public Administrations, the amount wagered in Spain was EUR 30.0 billion in 2014 compared to EUR 30.1 billion in 2009.</p> <p><u>The Group in Spain</u></p> <p>The Group's Spanish business comprises AWP machines, a sports betting business, including self-service terminals, as well as the Canoe gaming hall in Madrid in which machines and bingo are operated.</p> <p>As of 31 December 2015, the Group had installed, maintained, serviced and collected cash from over 9,845 AWP machines throughout Spain in over 7,000 bars, restaurants and gaming halls. The average daily net box per AWP machine was EUR 45.9 as of 31 December 2015.</p> <p>As of 31 December 2015, the Group had 1,651 sports betting locations (including 1,222 self-service terminals in bars) in Madrid, Navarra, the Basque region, Aragón, Valencia, Galicia, Murcia, Castilla La Mancha, Ceuta, Cataluña, La Rioja, Extremadura, Castilla y León and Cantabria.</p> <p>The Group has three online gaming general licenses (betting, competition and other games) and four specific online gaming licenses (slots, sports betting, horse betting and other types of betting) in Spain. As for regional licenses, the Group has worked with the Madrid regional authorities from 2009 and obtained a license to operate sports betting online in the Madrid autonomous region in 2014. On 17 September 2015 the Company launched an online betting platform for Spain which previously only operated in one region (Madrid autonomous region).</p> <p><u>The Brazilian gaming market</u></p> <p>The regulated gaming market in Brazil is limited to state-run lotteries and horserace betting. In addition, certain state-run lotteries are operated by the states. As of 31 December 2015, there were approximately 13,200 third-party operated points of sale authorised by Caixa Economica Federal selling traditional lottery tickets, instant lottery tickets and jackpots in Brazil. This network is also responsible for processing approximately 52% of all bills paid in the country. For the year ended 31 December 2015, the network's aggregate sales nationwide were Brazilian reais \$13.5 billion.</p> <p>Horse racing betting consists of local pari-mutuel horse racing and international pari-mutuel and fixed odds betting, licensed by the Ministry of Agriculture and operated by jockey clubs. Although there are more than 20 jockey clubs in Brazil, wagered amounts are concentrated in four institutions: Jockey Clube Brasileiro ("JCB") in Rio de Janeiro, Jockey Clube de São Paulo in São Paulo, Jockey Clube do Parana ("JCPR") in Curitiba, and Jockey Clube do Rio Grande do Sul ("JCRGS") in Porto Alegre. In 2015, the total amount wagered for these clubs was approximately Brazilian reais \$ 392.0 million.</p> <p><u>The Group in Brazil</u></p> <p>As of 31 December 2015, the Group operated seven horse betting locations in Brazil under the "Turff Bet & Sport Bar" brand. The Group's business in Brazil is carried out through agreements with the Jockey Clubs with a presence in the states of Rio de Janeiro (JCB), Rio Grande do Sul (JCRGS), and Paraná (JCPR). Under the jockey clubs' licenses, the Group's betting locations are permitted to distribute (i) pooled betting products on local horse races and (ii) fixed odds betting products on international simulcast horse races. The license of JCB in Rio de Janeiro expires in March 2016 and it</p>
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	<p>is not going to be renewed.</p> <p><u>The Colombian gaming market</u></p> <p>The Colombian gaming market consists of the national and local lotteries, bingo halls, casinos, gaming machines and horse racetracks managed by the private sector. The Colombian lottery market includes the national lottery (<i>Baloto</i>) and the Red Cross lottery (<i>Lotería de la Cruz Roja</i>), as well as various local lotteries.</p> <p>According to gaming authorities, the total number of licensed gaming machines in Colombia is approximately 85,500 as of 31 October 2015.</p> <p><u>The Group in Colombia</u></p> <p>The Colombia business focuses on the ownership and operation of gaming machines. As of 31 December 2015, the Group operated 5,663 gaming machines located in 54 gaming halls, including five casinos operated under the "Crown Casino" brand as well as in bars and restaurants in major cities throughout Colombia. In addition, as of 31 December 2015, the Group operated five bingo venues with an aggregate of 850 seats. Through the Group's four gaming hall brands ("Crown Casinos", "Mundo Fortuna", "Fantasía Royal" and "Stars Casino"), the Group is present in over 80 municipalities, including large cities such as Bogota, Cartagena, Barranquilla, Medellin, Pasto, Cali, Ibagué, and Bucaramanga.</p> <p><u>The Panamanian gaming market</u></p> <p>The Panamanian gaming market consists mainly of the state sponsored lottery and privately operated, full-service casinos, which include live games, slot machines and sports-betting and dog-betting agencies. Gaming halls, which consist mainly of slot machines and bingo, also operate in various facilities throughout the country. Horse racing is privately operated at the state-owned Presidente Remón Racetrack, which is the only racetrack in the country.</p> <p>As of 31 December 2015, there were 13 operators which ran a total of 23 full-service casinos. Of these 23 casinos, 14 are located in Panama province, two are in Chiriquí province, three in Colón province and four in central provinces. In total, the Group now operates 11 full casinos, one gaming hall and the Presidente Remón Racetrack.</p> <p>As of 31 December 2015, there were 21 sports books agencies, 17 of which are located in the Panama province, two in the Chiriquí province and one each in Veraguas and Herrera province.</p> <p>The state-owned Presidente Remón Racetrack is the only horse racetrack in Panama.</p> <p><u>The Group in Panama</u></p> <p>The Group owns and operates the Presidente Remón Racetrack in Panama City, which is the only horse racetrack in Central America. The Group has operated this racetrack since 2005, pursuant to a 13 years contract with the Panamanian government, which, among other aspects, grants the Group the exclusive right to operate both live horse races and international pari-mutuel simulcasts in the country. The Group manages this activity through its own track and through a network of eight agencies and 55 franchises as of 31 December 2015. The Group currently holds licenses to open betting locations and is permitted to install up to 500 slot machines and a bingo hall at the racetrack. As of 31 December 2015, the racetrack had 405 machines and the Group were operating 63 sports betting locations in Panama.</p> <p>As of 31 December 2015, the Group operated 12 gaming halls in Panama, including the machine hall at the racetrack, through its two brands, "Crown" and "Fiesta", with a total of 2,951 gaming machines seats and 89 tables. Six out of these 12 casinos in Panama, including the hall at the racetrack, are located in Panama City. Six of the remaining casinos are located in Colón, Panama's second largest city, a further two in David, one in Chitré and one in a touristic area in the province of Coclé. With 12 out of the 15 casinos operating in the country, the Group is the leader in the Panamanian casino market.</p> <p><u>The Uruguayan gaming market</u></p> <p>Uruguay gaming market consists of privately operated lotteries, state and privately operated casinos and privately operated horse race betting, which includes on- and off-track betting and a limited number of slot machines. The Banca de Cubierta Colectiva de Quinielas de Montevideo is a private company that administers Uruguay major lottery, but is under the control of the governmental agency Dirección Nacional de Loterías y Quinielas. Horse race betting operations include live racing at Maroñas Racetrack, the largest racetrack in Uruguay, and 13 smaller regional racetracks across the country and betting on simulcast international horse and dog races.</p> <p><u>The Group in Uruguay</u></p> <p>As of 31 December 2015, the Group operated the Hotel Casino Carrasco, with a total of 395 slot machines seats and 24 tables.</p>
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		<p>The government authorities have granted the Group's joint venture an exclusive license to operate the Maroñas Racetrack, the right to operate off-track betting agencies with full card simulcasting and the right to locate, maintain and control slot machines within a limited number of licensed off-track betting agencies. These machines, however are operated by the Dirección General de Casinos and the Group receives a fee for managing them. In September 2012, the joint venture was awarded with the license to operate Las Piedras racetrack (an addition to the existing license). As a result, the Group increased the percentage of the revenue obtained from the government by 4.2%.</p> <p>In Uruguay the Group also has a 50% stake in the HRU, S.A. business. This business operates two horse racetracks, five gaming halls with 1,869 gaming machine seats and 24 horse betting locations. Since January 2014, and due to the application of the recently revised IFRS 11 standard, the HRU, S.A is reported using the equity method instead of the proportional method. For consistency and comparison purposes, the Group does not include the operating data in its consolidated data.</p>
B.4a	A description of the most significant recent trends affecting the issuer and the industries in which it operates	<p>Please see B3 and D1.</p> <p>In recent years, the Group has entered into three important financing facilities (the senior facilities agreement originally dated 19 October 2007 (as amended and/or restated from time to time) —for an amount of EUR 130 million— (the "Existing SFA"), the USD 300,000,000 9.250% senior notes due 2019 (the "Existing USD Notes") and the EUR 760,000,000 8.250% senior notes due 15 June 2015 (the "Existing EUR Notes" and, together with the Existing USD Notes, the "Existing Notes"). As a consequence of the difficult last 42 months that the Group has experienced (in terms of a challenging and unpredictable operating environment in Argentina, restrictions to the access to cash flows from that country, the economic recession throughout Europe and the change in the tax regimes across the markets in which the Group operates, among other factors) the Group has been unable to pay the amounts that became due and payable under the referred facilities (in respect of which the Group has managed to put standstill agreements in place). As at 31 December 2015, the Group had an outstanding gross debt of approximately EUR 1,500 million (including accrued interest), comprising the amounts outstanding under the Existing Notes, amounts borrowed by Codere under the Existing SFA and various local facilities taken out by other members of the Group. The Existing Notes represented approximately EUR 1,275 million of the Group's outstanding debt.</p> <p>In this scenario, the Group reached an agreement with some of its financial creditors to restructure the Group's indebtedness through a number of transactions (the "Restructuring") in accordance with a scheme of arrangement under part 26 of the Companies Act 2006 of England and Wales (as amended), which was approved at the meeting held on 14 December 2015 by all holders of the Existing Notes who attended the meeting (which represented 98.78% of the Existing Notes) and which was sanctioned by the High Court of Justice in England and Wales on 17 December 2015.</p> <p>As a summary, the Restructuring will imply:</p> <ul style="list-style-type: none"> • The issue of the new approximate USD 218.9 million Euribor (subject to 1% floor) + 7% per annum senior private notes (the "New Senior Private Notes"), of the approximate USD 218.9 million 5.50% cash pay and 3.5% PIK second lien senior notes (the "New Cash Notes"), of the approximate USD 164.2 million 5.50% second lien senior notes (the "New Second Lien Exchange Notes") and of the approximate EUR 355.8 million 9% PIK third lien senior notes (the "New Third Lien Notes"). • The cancellation of the Existing SFA using part of the new money obtained pursuant to the issue of the New Cash Notes and the New Senior Private Notes. • The exchange of USD 519.9 million of liabilities under the Existing Notes for the New Second Lien Exchange Notes and the New Third Lien Notes, and the cancellation of such liabilities under the Existing Notes. • The cancellation of the remaining outstanding liabilities under the Existing Notes (approximately EUR 826 million) in return for the shares issued by means of the "Capital Increase" (which represent approximately 97.78% of Codere's share capital after the execution of the Capital Increase).
B.5	If the issuer is part of a group, a description of the group and the issuer's position within the group	<p>Codere is the parent company of a group of companies whose composition is structured on the basis of geographic areas where each relevant geographic area has in turn main holding companies (Codere Apuestas España, S.L.U. and Codere España, S.L.U. in Spain, Codere Italia, S.p.A. in Italy and Codere Intenacional Dos, S.A.U. for the Latin America subsidiaries).</p> <p>The current structure of the Group will change as a result of the restructuring Hive Down: two Luxembourg incorporated holding companies (Luxco 1 and Luxco 2), that shall be subsidiaries of Codere, and one Spanish incorporated holding company, that shall be a subsidiary of the Luxcos, (Spanish Newco) will be interposed between Codere and the remainder of the existing Group .</p>

B.6	<p>In so far as is known to the issuer, the name of any person who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under the issuer's national law, together with the amount of each such person's interest</p> <p>Whether the issuer's major shareholders have different voting rights if any</p> <p>To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control</p>	<p>As at the date of this document the Capital Increase has been executed and the public deed raising it to public document status has been recorded at the Commercial Registry of Madrid. Although Codere has not received any notice of significant shareholding yet, with the information that it has as at the date of this document, and taking into account only the Capital Increase, the future sale of the "Key Executive Codere Shares" (ordinary shares representing 19.1875% of the share capital of Codere after executing the Capital Increase) and the stake in Codere of Mr José Antonio Martínez Sampedro and Mr Luis Javier Martínez Sampedro (the "Key Executives") prior to the execution of the Capital Increase, Codere believes that the execution of the Capital Increase and the future sale of the Key Executive Codere Shares will result in the following persons holding, directly or indirectly, a stake in the share capital of Codere which is notifiable under Spanish law:</p> <ul style="list-style-type: none"> • ACPII Europe S.a.r.l. (7.06%). • Alden Global Opportunities Master Fund, LP. (3.49%). • M&G Debt Opportunities Fund Limited. (4.00%). • Silver Point Luxembourg Platform S.a.r.l. (21.36%). • Sothic Capital European Opportunities Master Fund Limited. (3.60%). • Mr. José Antonio Martínez Sampedro (15.2876%). • Mr. Luis Javier Martínez Sampedro (5.3424%). <p>All the shares represented in the Company's equity capital are of the same class and entitle the shareholder to the same political and economical rights. There are no privileged shares, and each share entitles the shareholder to one vote (the Extraordinary Shareholders' Meeting of Codere held on 4 December approved certain amendments to the By-Laws of the Company which, among others, consist of certain limits on the maximum number of votes that a shareholder may cast: a shareholder (including companies belonging to the same group or persons acting in concert with the former) will not be entitled to cast votes exceeding the aggregate voting rights attached to shares in Codere representing 44% of its share capital.</p> <p>To the extent known by Codere (taking into account the stakes in the share capital of Codere disclosed above and the provisions of the Shareholders' Agreement), Codere believes that following completion of the Restructuring it will not be, either directly or indirectly, owned or controlled by any shareholder.</p> <p>Within the framework of the Restructuring, the Key Executives, Masampe, S.L., the Scheme Creditors and Codere will enter into a shareholders' agreement which will govern their relationship as shareholders of Codere (the "Shareholders' Agreement").</p> <p>Among others, the Shareholders' Agreement will govern the appointment of directors of Codere between the parties to it. Following the Scheme Completion Time the Board of Directors of Codere shall be formed as follows: (i) two directors shall be nominated by Silver Point Capital, L.P. (as investment manager and/or adviser to certain funds, entities and/or managed accounts) (for the purposes of the Shareholders' Agreement, the "First Investor Shareholder"); (ii) one director shall be co-nominated by (a) the First Investor Shareholder together with (b) Abrams Capital Management, L.P. (as investment manager and/or adviser to certain funds, entities and/or managed accounts) (for the purposes of the Shareholders' Agreement, the "Second Investor Shareholder") and M&G Investment Management Limited and M&G Alternatives Investment Management Limited (as investment manager and/or adviser to certain funds, entities and/or managed accounts) (for the purposes of the Shareholders' Agreement, the "Third Investor Shareholder"); (iii) three directors shall be nominated by the Key Executives; (iv) one director shall be co-nominated by the Key Executives together with the Scheme Creditors who are a party to the Shareholders' Agreement but which are not the First, Second or Third Investor Shareholders (the "Remaining Shareholders"); and (v) two independent directors shall be proposed by the Corporate Governance Committee and accepted by the Remaining Shareholders.</p> <p>The Shareholders' Agreement will also prevent the execution of capital increases without pre-emptive rights (except for certain exceptions) and will require any party to it to ensure that any acquirer of its shares in Codere adheres to the Shareholders' Agreement. In addition, the Shareholders' Agreement contains certain provisions aiming to (i) prevent that any person may acquire holdings in Codere exceeding 44% of its share capital without applying certain liquidity mechanisms and (ii) establish exit mechanisms upon the occurrence of certain events.</p> <p>Moreover, in line with the provisions of the Shareholders' Agreement, the Extraordinary Shareholders' Meeting of Codere held on 4 December 2015 approved certain amendments to the By-Laws and to the Regulations of the Shareholders' Meetings of the Company which consist of the following, among</p>
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		<p>others:</p> <ul style="list-style-type: none">• The introduction of certain limits on the maximum number of votes that a shareholder may cast: a shareholder will not be entitled to cast votes exceeding the aggregate voting rights attached to shares in Codere representing 44% of its share capital.• The modification of the system of majorities for the passing of resolutions by the General Shareholders' Meeting: resolutions may be approved by the absolute majority of the votes attached to shares either present or represented at the relevant General Shareholders' Meeting, except for the approval of share capital increases, share capital decreases, amendments to the By-laws, the issuance of convertible bonds or bonds attaching the right to participate in Codere's profits, exclusions or limitations of pre-emptive rights linked to the issue of new shares, transformations, mergers, spin-offs, global transfers of assets and liabilities, the change of the corporate address to a foreign country, the approval of the annual accounts, the appointment of auditors, voluntary liquidations or dissolutions or the reactivation of the Company (which will require the absolute majority of votes attached to all the shares in Codere). This system is without prejudice to the majorities required for the exercise of an action to claim for damages against directors (as established in Article 238 the Restated Spanish Companies Act approved by the Royal Legislative Decree 1/2010, of 2 July (<i>Texto Refundido de la Ley de Sociedades de Capital, aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio</i>) (the "Spanish Companies Act") and for the approval of dissolution under Article 364 of the Spanish Companies Act and any other majorities required by law (in which case such majorities will apply).																																																																																																																																																																																																																																				
B.7	<p>Selected historical key financial information regarding the issuer, presented for each financial year of the period covered by the historical financial information, and any subsequent interim financial period accompanied by comparative data from the same period in the prior financial year except that the requirement for comparative balance sheet information is satisfied by presenting the year-end balance sheet information</p>	<p><i>Key figures of the balance sheet as at 31 December 2013, 2014 and 2015 prepared in accordance with IFRS-EU</i></p> <table><tr><th>EUR million</th><th>2013</th><th>2014</th><th>2013/2014 % change</th><th>2015</th><th>2014/2015 % change</th></tr><tr><td>Fixed and other non-current assets</td><td>1,302.3</td><td>1,204.6</td><td>(7.5%)</td><td>1,069.9</td><td>(11.2%)</td></tr><tr><td>Intangible assets, net</td><td>511.2</td><td>471.1</td><td>(7.8%)</td><td>413.0</td><td>(12.3%)</td></tr><tr><td>Tangible fixed assets, net</td><td>502.6</td><td>439.1</td><td>(12.6%)</td><td>385.0</td><td>(12.3%)</td></tr><tr><td>Goodwill on consolidation</td><td>207.5</td><td>207.6</td><td>0.1%</td><td>193.9</td><td>(6.6%)</td></tr><tr><td>Long term financial assets</td><td>34.3</td><td>38.2</td><td>11.4%</td><td>33.0</td><td>(13.5%)</td></tr><tr><td>Deferred taxes</td><td>46.8</td><td>48.7</td><td>4.1%</td><td>44.9</td><td>(7.7%)</td></tr><tr><td>Other deferred assets</td><td>(0.1)</td><td>(0.1)</td><td>0.0%</td><td>-</td><td>100.0%</td></tr><tr><td>Current assets</td><td>349.6</td><td>334.7</td><td>(4.3%)</td><td>371.2</td><td>10.9%</td></tr><tr><td>Inventories</td><td>11.8</td><td>10.4</td><td>(11.9%)</td><td>11.6</td><td>11.3%</td></tr><tr><td>Account receivable</td><td>178.3</td><td>181.5</td><td>1.8%</td><td>188.4</td><td>3.8%</td></tr><tr><td>Short-term financial investments</td><td>41.7</td><td>36.0</td><td>(13.7%)</td><td>42.8</td><td>18.8%</td></tr><tr><td>Prepayments and accrued income</td><td>15.4</td><td>20.1</td><td>30.3%</td><td>18.1</td><td>(9.9%)</td></tr><tr><td>Cash</td><td>102.4</td><td>86.7</td><td>(15.3%)</td><td>110.3</td><td>27.3%</td></tr><tr><td>TOTAL ASSETS</td><td>1,651.9</td><td>1,539.3</td><td>(6.8%)</td><td>1,441.0</td><td>(6.4%)</td></tr><tr><td>Shareholders' equity</td><td>(260.4)</td><td>(449.1)</td><td>72.5%</td><td>(609.7)</td><td>35.8%</td></tr><tr><td>Minority interests</td><td>56.9</td><td>17.3</td><td>(69.6%)</td><td>(6.3)</td><td>n.a.</td></tr><tr><td>Shareholders' equity & minority interests</td><td>(203.5)</td><td>(431.8)</td><td>112.2%</td><td>(615.9)</td><td>42.6%</td></tr><tr><td>Non-current liabilities</td><td>1,288.0</td><td>296.8</td><td>(77.0%)</td><td>249.7</td><td>(15.9%)</td></tr><tr><td>Deferred income</td><td>0.1</td><td>-</td><td>(100.0%)</td><td>-</td><td>-</td></tr><tr><td>Provisions</td><td>48.3</td><td>33.5</td><td>(30.7%)</td><td>32.3</td><td>(3.4%)</td></tr><tr><td>Long term financial debt and other long term liabilities</td><td>1,239.6</td><td>263.3</td><td>(78.8%)</td><td>217.3</td><td>(17.5%)</td></tr><tr><td>Current liabilities</td><td>567.4</td><td>1,674.3</td><td>195.1%</td><td>1,807.3</td><td>7.9%</td></tr><tr><td>Trade payable</td><td>128.0</td><td>119.6</td><td>(6.6%)</td><td>103.2</td><td>(13.7%)</td></tr><tr><td>Bonds Short-term</td><td>41.5</td><td>1,141.9</td><td>n.a.</td><td>1,276.2</td><td>11.8%</td></tr><tr><td>Payable to credit entities Short-term</td><td>119.1</td><td>161.0</td><td>35.1%</td><td>147.5</td><td>(8.4%)</td></tr><tr><td>Other non trade payables</td><td>267.8</td><td>241.2</td><td>(9.9%)</td><td>271.0</td><td>12.3%</td></tr><tr><td>Provisions for trade transactions</td><td>11.0</td><td>10.6</td><td>(3.6%)</td><td>9.5</td><td>(11.0%)</td></tr><tr><td>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</td><td>1,651.9</td><td>1,539.3</td><td>(6.8%)</td><td>1,441.0</td><td>(6.4%)</td></tr><tr><td>Bonds</td><td>1,008.1</td><td>1,141.9</td><td>13.3%</td><td>1,276.2</td><td>11.8%</td></tr><tr><td>Payable to credit entities</td><td>221.9</td><td>250.3</td><td>12.8%</td><td>223.9</td><td>(10.5%)</td></tr><tr><td>Operating Working Capital</td><td>(201.3)</td><td>(159.4)</td><td>20.8%</td><td>-165.6</td><td>3.9%</td></tr><tr><td>Net Working Capital</td><td>(217.8)</td><td>(1,339.6)</td><td>n.a.</td><td>1,436.2</td><td>7.2%</td></tr><tr><td>Net financial debt</td><td>1,127.6</td><td>1,305.5</td><td>15.8%</td><td>1,389.8</td><td>6.5%</td></tr><tr><td>Gross financial debt</td><td>1,230.0</td><td>1,392.2</td><td>13.2%</td><td>1,500.1</td><td>7.7%</td></tr><tr><td>Gross financial debt short term</td><td>160.6</td><td>1,302.9</td><td>n.a.</td><td>1,423.7</td><td>9.3%</td></tr><tr><td>Gross financial debt / Total shareholders' equity and liabilities</td><td>74.5%</td><td>90.4%</td><td>21.5%</td><td>104.1%</td><td>15.1%</td></tr><tr><td>Gross financial debt short term / Gross financial debt</td><td>13.1%</td><td>93.6%</td><td>n.a.</td><td>94.9%</td><td>1.4%</td></tr></table> <p>In application of the recently revised International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") 11 standards, there is a change in the method of consolidation used for HRU ("HRU, S.A.") in Uruguay and New Joker S.r.L. in Italy. Both operations are now reported using the equity method instead of the proportional method. For consistency and comparison purposes 2013 figures have been restated accordingly and, thus, such figures may differ from those included in the annual accounts for those years.</p>	EUR million	2013	2014	2013/2014 % change	2015	2014/2015 % change	Fixed and other non-current assets	1,302.3	1,204.6	(7.5%)	1,069.9	(11.2%)	Intangible assets, net	511.2	471.1	(7.8%)	413.0	(12.3%)	Tangible fixed assets, net	502.6	439.1	(12.6%)	385.0	(12.3%)	Goodwill on consolidation	207.5	207.6	0.1%	193.9	(6.6%)	Long term financial assets	34.3	38.2	11.4%	33.0	(13.5%)	Deferred taxes	46.8	48.7	4.1%	44.9	(7.7%)	Other deferred assets	(0.1)	(0.1)	0.0%	-	100.0%	Current assets	349.6	334.7	(4.3%)	371.2	10.9%	Inventories	11.8	10.4	(11.9%)	11.6	11.3%	Account receivable	178.3	181.5	1.8%	188.4	3.8%	Short-term financial investments	41.7	36.0	(13.7%)	42.8	18.8%	Prepayments and accrued income	15.4	20.1	30.3%	18.1	(9.9%)	Cash	102.4	86.7	(15.3%)	110.3	27.3%	TOTAL ASSETS	1,651.9	1,539.3	(6.8%)	1,441.0	(6.4%)	Shareholders' equity	(260.4)	(449.1)	72.5%	(609.7)	35.8%	Minority interests	56.9	17.3	(69.6%)	(6.3)	n.a.	Shareholders' equity & minority interests	(203.5)	(431.8)	112.2%	(615.9)	42.6%	Non-current liabilities	1,288.0	296.8	(77.0%)	249.7	(15.9%)	Deferred income	0.1	-	(100.0%)	-	-	Provisions	48.3	33.5	(30.7%)	32.3	(3.4%)	Long term financial debt and other long term liabilities	1,239.6	263.3	(78.8%)	217.3	(17.5%)	Current liabilities	567.4	1,674.3	195.1%	1,807.3	7.9%	Trade payable	128.0	119.6	(6.6%)	103.2	(13.7%)	Bonds Short-term	41.5	1,141.9	n.a.	1,276.2	11.8%	Payable to credit entities Short-term	119.1	161.0	35.1%	147.5	(8.4%)	Other non trade payables	267.8	241.2	(9.9%)	271.0	12.3%	Provisions for trade transactions	11.0	10.6	(3.6%)	9.5	(11.0%)	TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,651.9	1,539.3	(6.8%)	1,441.0	(6.4%)	Bonds	1,008.1	1,141.9	13.3%	1,276.2	11.8%	Payable to credit entities	221.9	250.3	12.8%	223.9	(10.5%)	Operating Working Capital	(201.3)	(159.4)	20.8%	-165.6	3.9%	Net Working Capital	(217.8)	(1,339.6)	n.a.	1,436.2	7.2%	Net financial debt	1,127.6	1,305.5	15.8%	1,389.8	6.5%	Gross financial debt	1,230.0	1,392.2	13.2%	1,500.1	7.7%	Gross financial debt short term	160.6	1,302.9	n.a.	1,423.7	9.3%	Gross financial debt / Total shareholders' equity and liabilities	74.5%	90.4%	21.5%	104.1%	15.1%	Gross financial debt short term / Gross financial debt	13.1%	93.6%	n.a.	94.9%	1.4%
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TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,651.9	1,539.3	(6.8%)	1,441.0	(6.4%)																																																																																																																																																																																																																																	
Bonds	1,008.1	1,141.9	13.3%	1,276.2	11.8%																																																																																																																																																																																																																																	
Payable to credit entities	221.9	250.3	12.8%	223.9	(10.5%)																																																																																																																																																																																																																																	
Operating Working Capital	(201.3)	(159.4)	20.8%	-165.6	3.9%																																																																																																																																																																																																																																	
Net Working Capital	(217.8)	(1,339.6)	n.a.	1,436.2	7.2%																																																																																																																																																																																																																																	
Net financial debt	1,127.6	1,305.5	15.8%	1,389.8	6.5%																																																																																																																																																																																																																																	
Gross financial debt	1,230.0	1,392.2	13.2%	1,500.1	7.7%																																																																																																																																																																																																																																	
Gross financial debt short term	160.6	1,302.9	n.a.	1,423.7	9.3%																																																																																																																																																																																																																																	
Gross financial debt / Total shareholders' equity and liabilities	74.5%	90.4%	21.5%	104.1%	15.1%																																																																																																																																																																																																																																	
Gross financial debt short term / Gross financial debt	13.1%	93.6%	n.a.	94.9%	1.4%																																																																																																																																																																																																																																	

		<p>Total assets have decreased since 2013. This decrease is principally attributable to the devaluation of the Argentine Peso against the Euro, and it is worth noting the non-current asset decrease, especially the intangible assets and tangible fixed assets decrease, mainly as a consequence of the lower investment made during 2013, 2014 and 2015.</p> <p>Regarding to equity and total liabilities; equity attributable to owners of the parent entity has decreased as a result of the losses for the periods 2013, 2014 and 2015 and the devaluation of the currencies relevant for the Codere’s subsidiaries. Current liabilities have increased and non-current liabilities have decreased during this period, as a result of the company financial situation. Headquarters’ financial debt, which was the main part of long term liabilities, is due since 2014 and therefore since then it is part of current liabilities. Moreover, current liabilities have been increasing since 2013 because of the accrued and unpaid coupons of the bonds and the upsizing of the Existing SFA.</p> <p><u>Key figures of the consolidated income statements for the years ended 31 December 2013, 2014 and 2015 prepared in accordance with IFRS-EU</u></p> <table><tr><th>EUR million</th><th>2013</th><th>2014</th><th>2013/2014 % change</th><th>2015</th><th>2014/2015 % change</th></tr><tr><td>Operating revenue</td><td>1.520.8</td><td>1,385.6</td><td>(8.9%)</td><td>1,639.5</td><td>18.3%</td></tr><tr><td>EBITDA¹</td><td>198.4</td><td>163.5</td><td>(17.6%)</td><td>254.6</td><td>55.7%</td></tr><tr><td>% EBITDA margin (EBITDA/Operating revenue)</td><td>13.04%</td><td>11.80%</td><td>(9.5%)</td><td>15.53%</td><td>31.6%</td></tr><tr><td>EBIT²</td><td>(17.2)</td><td>20.8</td><td>n.a.</td><td>124.4</td><td>499.2%</td></tr><tr><td>% EBIT margin (EBIT/Operating revenue)</td><td>(1.13%)</td><td>1.50%</td><td>n.a.</td><td>7.59%</td><td>406.4%</td></tr><tr><td>Net income (loss) attributable to controlling company</td><td>(173.6)</td><td>(173.0)</td><td>(0.4%)</td><td>(113.1)</td><td>(34.6%)</td></tr><tr><td>% Net income (loss) attributable to controlling company/Operating revenue</td><td>(11.42%)</td><td>(12.49%)</td><td>9.4%</td><td>(6.90%)</td><td>(44.8%)</td></tr><tr><td>Net income (loss) attributable to controlling company/Shares (Euros)</td><td>(3.15)</td><td>(3.14)</td><td>(0.4%)</td><td>(3.15)</td><td>0.4%</td></tr><tr><td>Operating Cash Flow/shares (EUR)</td><td>2.90</td><td>1.70</td><td>(41.4%)</td><td>3.76</td><td>121.4%</td></tr><tr><td>Dividend per share</td><td>0.00</td><td>0.00</td><td>-</td><td>-</td><td>-</td></tr></table> <p>1 "EBITDA" is defined as the earnings before interest and corporate income tax, depreciation and amortization, change in provisions, gains or losses on asset disposals, and asset impairments.</p> <p>Reconciliation: "Consolidated Operating Profit/(loss)" (EUR -17.2 million in 2013, EUR 20.8 million in 2014 and EUR 124.5 million in 2015) before "Depreciation and amortisation" (EUR 149.7 million in 2013, EUR 125.5 million in 2014 and EUR 122 million in 2015), "Change in trade provisions" (EUR 2.1 million in 2013, EUR 2.0 million in 2014 and EUR 0.1 million in 2015), "Asset impairment charges" (EUR 57.3 million in 2013, EUR 4.9 million in 2014 and EUR 3.1 million in 2015) and "Profit/(loss) on retirement or disposal of assets" (EUR -6.5 million in 2013, EUR -10.3 million in 2014 and EUR 4.9 million in 2015).</p> <p>2 "EBIT" is defined as earnings before interest and corporate income tax.</p> <p>Reconciliation: EBIT is equal to "Consolidated Operating Profit/(loss)" (EUR 17.2 million in 2013, EUR 20.8 million in 2014 and EUR 124.5 million in 2015).</p> <p>In application of the recently revised IFRS-EU 11 standards, there is a change in the method of consolidation used for HRU, S.A. in Uruguay and New Joker S.r.L. in Italy. Both operations are now reported using the equity method instead of the proportional method. For consistency and comparison purposes 2013 figures have been restated accordingly and, thus, such figures may differ from those included in the annual accounts for those years.</p> <p>Operating revenue decreased in 2014 due to the revenues decrease in Argentina (caused by the devaluation of the Argentine Peso) and in Mexico (as a result of weaker wins per day and the devaluation of the Mexican Peso), and was partially offset by an increase in revenue in Italy. Operating expenses decreased due to performance in Argentina mainly (devaluation of the Argentine Peso and the restructuring efforts) and Mexico. As a result, Operating profit increased in 2014 to EUR 20,800,000 due to lower impairment losses in 2014.</p> <p>Operating revenue increased in 2015 mainly due to the increase in revenue in Argentina partially due to the appreciation of the Argentine Peso and to local currency inflation, the increase in revenue in Italy mainly explained by the higher average daily net win per machine and the higher number of machine seats and the increase in Panama due to the appreciation of the Dollar. Operating expenses increased due to Argentina and Panama, mainly due to inflation in Argentina and the appreciation of the Argentine Peso and the Dollar, partially offset by a significant reduction in operating expenses in Mexico. Es a result, Operating profit increased to EUR 124.500.000</p> <p>Losses during , 2013, 2014 and 2015 were mainly due to (i) the income decrease in 2013 and 2014 in the Group's main markets mainly triggered by the depreciation of the local currencies (e.g. Argentinean Peso), macroeconomic crisis in Spain and Italy and the closure of halls in Mexico; (ii) the impairment of assets in Mexico, Italy, Uruguay and Apuestas Deportivas Online; (iii) a significant increase in the financial expenses derived from the indebtedness of the Group; (iv) higher taxes applicable to gaming activities in various countries in which the Group operates; and (v) expenses arising from financial and legal advice associated with the debt renegotiation process.</p>	EUR million	2013	2014	2013/2014 % change	2015	2014/2015 % change	Operating revenue	1.520.8	1,385.6	(8.9%)	1,639.5	18.3%	EBITDA ¹	198.4	163.5	(17.6%)	254.6	55.7%	% EBITDA margin (EBITDA/Operating revenue)	13.04%	11.80%	(9.5%)	15.53%	31.6%	EBIT ²	(17.2)	20.8	n.a.	124.4	499.2%	% EBIT margin (EBIT/Operating revenue)	(1.13%)	1.50%	n.a.	7.59%	406.4%	Net income (loss) attributable to controlling company	(173.6)	(173.0)	(0.4%)	(113.1)	(34.6%)	% Net income (loss) attributable to controlling company/Operating revenue	(11.42%)	(12.49%)	9.4%	(6.90%)	(44.8%)	Net income (loss) attributable to controlling company/Shares (Euros)	(3.15)	(3.14)	(0.4%)	(3.15)	0.4%	Operating Cash Flow/shares (EUR)	2.90	1.70	(41.4%)	3.76	121.4%	Dividend per share	0.00	0.00	-	-	-
EUR million	2013	2014	2013/2014 % change	2015	2014/2015 % change																																																															
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Dividend per share	0.00	0.00	-	-	-																																																															
B.8	Selected key pro forma financial information, identified as such	Not applicable. There is no pro forma financial information.																																																																		

B.9	Where a profit forecast or estimate is made, state the figure	Not applicable. There are no profit forecasts or estimates.
B.10	A description of the nature of any qualifications in the audit report on the historical financial information	<p>The historical financial information has been audited. Although the audit reports on the historical financial information have not been refused, they contain emphasis statements regarding the restructuring process of the Company. The emphasis statements contained in the historical information are reproduced below:</p> <p><u>Consolidated annual accounts as at and for the year ended 31 December 2013:</u></p> <p><i>"Without affecting our audit opinion, we draw your attention to the matters indicated in Note 2.a.1 and Note 28 of the accompanying consolidated annual accounts. These notes include references to certain unfavorable circumstances arising in 2013 and to the date of preparation of the consolidated annual accounts, including non-payment of certain financial commitments upon maturity in 2014 and the formal notification submitted to the Mercantile Court reporting the existence of refinancing negotiations, envisaged in Article 5 bis of the Spanish Insolvency Law, for Codere, S.A. as well as for certain subsidiaries, also in 2014. As stated in Note 2.a.1 and Note 28, the Group is involved in negotiations, supported by its legal and financial advisors, concerning the alternatives which may enable it to settle its financial and contractual obligations in the most appropriate manner possible. If no agreement is reached within the time period established in Article 5 bis of the Spanish Insolvency Law, by 2 May 2014 for Codere, S.A. and by 7 June 2014 for other subsidiaries, such entities would be declared in a situation of bankruptcy. As indicated by the Directors in those notes, these conditions are indicative of significant uncertainty concerning the Group's capacity to continue with its operations unless the refinancing initiatives currently in progress are successful."</i></p> <p><u>Consolidated annual accounts as at and for the year ended 31 December 2014:</u></p> <p><i>"We draw your attention to Note 2.a.1 to the accompanying consolidated annual accounts, disclosing the Group's financial difficulties which have resulted in its defaulting on its main financial commitments in 2014 and to the date of the preparation of the accompanying consolidated annual accounts. The process of negotiation with creditors which started in 2013 has given rise to certain agreements which were made public in September 2014 and are explained in notes 3.f and 3.g to the accompanying consolidated annual accounts. As part of the terms of the agreements, the Group will shortly be starting up a procedure named a "scheme of arrangement" before the High Court of Justice of England and Wales in order to obtain favorable judicial authorisation for the implementation of the planned financial restructuring. The so-called Lock-up agreement, reached with a majority of bondholders and with the majority shareholders of Codere, S.A., and which the parties have until June 2015 to execute (with the possible extension of the period until August 2015), envisages the granting of a new senior financing facility to the Group of approximately Euros 253 million, with maturity in 2020. Similarly, it provides for a new bond issue amounting to Euros 675 million, maturing in 2020. Of these new bonds, Euros 200 million will be issued in cash and Euros 475 million will be exchanged for existing bonds. Subsequently, the bondholders will acquire a stake in the company's equity through the capitalisation of the other existing bonds amounting to Euros 636 million (adjustable amount at the date of execution based on total accrued interest), obtaining Codere shares representing 97.78% of share capital. Subsequently, and through the sale of shares by such bondholders to the company's two main executives, the bondholders' stake would be reduced to 78.2% of the Group's equity. While the Lock-up agreement is in effect and in accordance with the terms and conditions of the so-called standstill agreement, both the bondholders and the creditors of the senior financing facility in effect have undertaken not to exercise their rights of enforcement deriving from default by the Group. As indicated by the Directors in the aforementioned notes, at the date of preparation of the accompanying consolidated annual accounts, the parties signing the agreement continue working on defining the final documentation of the restructuring and meeting all the conditions to which they have committed within the stipulated time period, although it is not possible to determine whether the process will end successfully, triggering significant uncertainty concerning the Group's capacity to continue its operations. This matter does not modify our opinion."</i></p> <p><u>Consolidated annual accounts as at and for the year ended 31 December 2015:</u></p> <p><i>"We draw your attention to Note 2.a.1 to the accompanying consolidated annual accounts, disclosing the Group's financial difficulties which have resulted in its defaulting on its main financial commitments in 2014 and 2015 and to the date of the preparation of the accompanying consolidated annual accounts. During 2015, in addition to the amendments introduced to the Lockup agreement signed in 2014 between Codere's controlling shareholders and the majority of the bondholders, and disclosed in Note 3.f.ii, the High Court of Justice of England and Wales has approved the so-called "Scheme of Arrangement" on December 22, 2015. Prior to that, creditors holding in excess of 98.78% of all the Bonds had approved the Scheme. The effectiveness of the agreement is subject to the satisfaction of the "scheme completion conditions", which are described in Note 3.f.iii. This finance restructuring process, if completed, will result in an issue of US dollar new bonds equivalent to 675 million euro, with maturity in 2021, out of which 200 million euro will be issued in cash and 475 million euro will be exchanged for existing bonds. In addition, bondholders will become shareholders of the company through the capitalization of the remaining existing bonds in return for shares to be issued by Codere, S.A., representing 97.78% of the share capital. This stake will be reduced to 78.2% after the sale of shares by such bondholders to the company's two main executives. As indicated by the</i></p>

		<i>directors in the aforementioned Notes, at the date of preparation of the accompanying consolidated annual accounts, the effectiveness of the restructuring process is subject to the satisfaction of the "scheme completion conditions", triggering significant uncertainty concerning the Group's capacity to continue its operations in case such conditions are not met. This matter does not modify our opinion."</i>
B.11	Qualified working capital	With the information available, Codere believes the Group's working capital at the date of this document is not sufficient to meet its present requirements. This notwithstanding, Codere believes that, barring an unexpected deterioration in trading or a material change in supplier terms, the Group should not run out of cash prior to the completion of the Restructuring. It further believes that the injection of funds that the Restructuring will imply will allow the post Restructuring working capital of the Group to meet its present post-Restructuring requirements.

Section C. Securities

Element	Disclosure requirements	
C.1	A description of the type and the class of the securities being offered and/or admitted to trading, including any security identification number	<p>The securities being listed are 2,474,678,091 ordinary shares in Codere, each with a face value of EUR 0.20, all of the same class and also of the same class as the outstanding shares in Codere prior to the execution of the Capital Increase (the "Existing Shares"), and they have been fully subscribed and paid up (the "New Shares").</p> <p>The Spanish National Agency for Numbering Securities (<i>Agencia Nacional de Codificación de Valores</i>), an agency under the CNMV, assigned ISIN Code ES0119256115 to the Existing Shares and has assigned provisional ISIN Code ES0119256008 to identify the New Shares until they are assigned the ISIN Code identifying the Existing Shares.</p>
C.2	Currency of the securities issue	The New Shares are denominated in Euros.
C.3	<p>The number of shares issued and fully paid and issued but not fully paid</p> <p>The par value per share, or that the shares have not par value</p>	As at the date of this document the share capital of Codere is EUR 505,942,912.20, represented by 2,529,714,561 shares having each a face value of EUR 0.20, of a single class, fully subscribed and paid up.
C.4	A description of the rights attached to the securities	The New Shares are common shares in Codere, of a single and same class as the Existing Shares, which give their holders full voting and economic rights as contained in the Spanish Companies Act and the Company's By-laws and Regulations of the Shareholders' Meetings. Such rights are, among others: (i) dividend rights, (ii) information rights, (iii) voting rights, (iv) pre-emption rights in offers for subscription of securities of the same class, and (v) rights to share in any surplus in the event of liquidation.
C.5	A description of any restrictions on the free transferability of the securities	The By-Laws of Codere establish no restrictions on the freedom to transfer the shares, as is requested by the regulations in force on matters regarding listing shares on regulated markets.
C.6	An indication as to whether the securities offered are or will be the object of an application for admission to trading on a regulated market and the identity of all the regulated markets where the securities are or are to be traded	As approved by the Extraordinary General Shareholders' Meetings of Codere held on 4 December 2015 and by the Board of Directors of Codere on 6 April 2016, Codere has requested the New Shares to be listed on the Spanish Stock Exchanges and admitted for trading through the AQS.

C.7	A description of dividend policy	<p>The Company has not been able to distribute dividends in the previous years. The covenants contained in the New Senior Private Notes and the New Notes will restrict Codere from paying cash dividends (except for certain exceptions).</p> <p>Codere is not allowed to pay monetary dividends under the New Senior Private Notes.</p> <p>Under the New Notes Codere will only be allowed to pay monetary dividends:</p> <ul style="list-style-type: none"> Up to an amount (which added to any other restricted payments under the indenture made from the issue date —excluding certain permitted payments) equal to 50% of Codere's consolidated net income plus certain capital contributions (provided that Codere is not in default or an event of default under the indenture has not occurred and Codere was allowed to incur in USD 1 of new debt pursuant to the limitation established by the New Notes); or up to an amount (which added to any other payments made under this exception) equal to than greater of (i) EUR 15 million and (ii) 1% of the consolidated total assets of Codere. <p>So long as any amount under the relevant notes is outstanding, the relevant covenants described above will be in force (the New Senior Private Notes have a five years term —i.e., they will mature in 5 April 2021— and the New Notes have a five and a quarter year term —i.e., they will mature in 5 July 2021).</p>
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Section D. Risks

Element	Disclosure requirements	
D.1.	Key information on the key risks that are specific to the issuer or its industry	<p>Risks relating to the Restructuring</p> <ul style="list-style-type: none"> The need for a Restructuring: if the Restructuring does not occur, the Group will not benefit from the injection of funds that it implies Non-completion or delay of the Restructuring may derive in all outstanding amounts under the Existing Notes and/or the Existing SFA becoming payable The Restructuring is a complex transaction that will have a significant impact on the Group's reported financial situation; the impact on reported results may differ from that assessed by Group management The terms and conditions of the New Senior Private Notes and of the New Notes could adversely affect the Group's business The Shareholders' Agreement and the amendments made to the By-Laws and Regulations of the Shareholders' Meeting of Codere in connection with it allow the Key Executives and the First, Second and Third Investor Shareholders, each of them individually, to exercise significant influence over Codere Confirmation of the Luxembourg tax treatment of the restructuring steps may not be forthcoming Adverse publicity may have negative effect on the brand names owned or used in the Group <p>Risks relating to the Group's business and industry</p> <ul style="list-style-type: none"> The Group's business will be affected by economic and market conditions in the markets in which it operates and in the locations in which its customers reside The Group's international operations will be subject to a variety of political, economic and currency risks Operations in Argentina have been, and could be in the future, adversely affected by economic, currency and political instability in Argentina, as well as measures taken by its government in response to such instability Mexico has been subject to significant security issues in the past several years, and if such issues continue or worsen, the Group's Mexican operations could be materially adversely affected The Group relies on licences to conduct operations and termination of these licenses would have a

		<p>material adverse effect on results of operations</p> <ul style="list-style-type: none"> • The Group's joint venture, shareholder and operator agreements will limit influence over, and, in certain cases, the cash flow that can be derived from, certain of the Group's businesses, and the Group will be subject to certain agreements that limit the ability to pursue new gaming opportunities • Increased competition could reduce EBITDA and profitability • Games and products are subject to life cycles, which may require the Group to introduce new games or products and to modify existing games or products • Changes in consumer preferences could harm the Group's business • The gaming industry is subject to extensive regulation and oversight • Changes in taxation or the interpretation or application of tax laws could have an adverse effect on results of operations and financial condition • Failure to maintain the integrity of internal customer information could result in damage of reputation and/or subject the Group to fines, payment of damages, lawsuits or restrictions on the Group's use or transfer of data • The Group, similar to other gaming companies, will face certain challenges relating to public perception and allegations of misconduct and illegal activity • The Group will be dependent upon its ability to provide secure gaming products and to maintain the integrity of employees and its reputation and that of its joint venture and business partners in order to attract customers • The Group is currently and may in the future be party to a number of legal disputes • The Group's operations may be subject to work stoppages or other labour disputes • A portion of the Group financial debt will be floating rate and subject to market shifts in interest rates • The Group depends on the skill and experience of its management and key personnel. The loss of key management, technical and other personnel, or an inability to attract such personnel, could adversely impact the Group's business • Failure to comply with online gaming rules and regulations could adversely affect the Group's business
D.3.	Key information on the key risks that are specific to the securities	<ul style="list-style-type: none"> • The market price of the Codere shares may not reflect the Group's value and may fluctuate widely in response to various factors • Sales of Codere shares, or the possibility of such sales, may affect the shares' market price • Codere may, at some point in the future, issue additional shares or convertible securities, which may dilute shareholders' interest in Codere • The terms and conditions of the New Senior Private Notes and of the New Notes restrict Codere's ability to pay dividends • The holding of shares in Codere does not guarantee the right to attend General Shareholders' Meetings • A shareholder whose currency is not the euro is exposed to exchange rate fluctuations • It may be difficult for shareholders outside of Spain to protect their interests, serve process on or enforce foreign judgments against Codere or its directors

Section E. Offer

Element	Disclosure requirements													
E.1.	The total net proceeds and an estimate of the total expenses of the issue/offer, including estimated expenses charged to the investor by the issuer or the offeror	<p>The Capital Increase (which has amounted to EUR 825,605,867.27) was executed to cancel part of the liabilities under the Existing Notes for the same amount.</p> <p>The table below sets forth, merely for illustrative purposes, the estimated expenses (excluding VAT) involved in listing the New Shares:</p> <table><tr><th>CATEGORY</th><th>Amount (in thousands of Euro)</th></tr><tr><td>Iberclear fees</td><td>24.8</td></tr><tr><td>Fees of the Spanish Stock Exchanges</td><td>189</td></tr><tr><td>CNMV Fees</td><td>92.5</td></tr><tr><td>Legal and miscellaneous expenses ^(*)</td><td>600</td></tr><tr><td>TOTAL</td><td>906.3</td></tr></table> <p>(*) Including notary, commercial register, agent bank and accounting and audit expenses.</p>	CATEGORY	Amount (in thousands of Euro)	Iberclear fees	24.8	Fees of the Spanish Stock Exchanges	189	CNMV Fees	92.5	Legal and miscellaneous expenses ^(*)	600	TOTAL	906.3
CATEGORY	Amount (in thousands of Euro)													
Iberclear fees	24.8													
Fees of the Spanish Stock Exchanges	189													
CNMV Fees	92.5													
Legal and miscellaneous expenses ^(*)	600													
TOTAL	906.3													
E.2a.	Reasons for the offer, use of proceeds, estimated net amount of the proceeds	<p>The shares to which this Securities Note relates have been issued by means of a capital increase approved by the Extraordinary Shareholders' Meeting of Codere held on 4 December 2015 and executed on 6 April 2016 (the Capital Increase) within the framework of the Restructuring.</p> <p>In recent years, the Group has entered into three important financing facilities (the Existing SFA and the Existing Notes). As a consequence of the difficult last 42 months that the Group has experienced (in terms of a challenging and unpredictable operating environment in Argentina, restrictions to the access to cash flows from that country, the economic recession throughout Europe and the changes in the tax regimes across the markets in which the Group operates, among other factors) the Group has been unable to pay the amounts that became due and payable under the referred facilities (in respect of which the Group has managed to put standstill agreements in place).</p> <p>In this scenario, the Group reached an agreement with some of its financial creditors to restructure the Group's indebtedness through a number of transactions (the Restructuring), in accordance with a scheme of arrangement under part 26 of the Companies Act 2006 of England and Wales (as amended), which was approved at the Scheme Meeting held on 14 December 2015 by all holders of the Existing Notes who attended the meeting (which represented 98.78% of the Existing Notes) and which was sanctioned pursuant to the Scheme Sanction Order of the Court.</p> <p>The main objectives of the Restructuring are to obtain new capital in order to enable the Group to repay the Existing SFA in full and recover its competitive position, to ensure that the Group can service its general corporate and working capital obligations, therefore allowing the Group to continue trading, and to implement a new capital structure so that the Group will possess a strengthened balance sheet and a more appropriate and serviceable level of debt, going forward.</p> <p>The main purpose of the Capital Increase was to cancel part of the liabilities under the Existing Notes.</p>												
E.3.	A description of the terms and conditions of the offer	Not applicable. The Prospectus does not relate to an offering of securities.												
E.4.	A description of any interest that is material to the issue/offer including conflicting interests	Codere is not aware of the existence of any material relationship or interest between the Company and Clifford Chance, S.L. or Pricewaterhousecoopers Auditores, S.L. except for the strictly professional relationship deriving from their respective advises.												
E.5.	Name of the person or entity offering to sell the security. Lock-up agreements: the parties involved; and indication of the period of the lock-up	Not applicable. The Prospectus does not relate to an offering of securities and there are not lock-up agreements directly related to the Capital Increase.												

E.6.	The amount and percentage of immediate dilution resulting from the offer	The 2,474,678,091 New Shares represent 4,496.43% of the Existing Shares and represent 97.82% of the shares in Codere outstanding after the Capital Increase.
E.7.	Estimated expenses charged to the investor by the issuer or the offeror	Codere will not charge any expense to the subscriber of the New Shares. This must be understood to be independent of the expenses or fees to be paid to maintain or manage the corresponding securities accounts of the shareholders.

II RISK FACTORS

*An investment in Codere, S.A. ("**Codere**", the "**Issuer**" or the "**Company**", and together with the companies that are part of its corporate group for commercial regulations purposes, the "**Group**") involves risks. Potential investors should carefully consider the following discussion of risks and the other information contained in this document. The risks and uncertainties described below are not the only risks facing the Group or associated with an investment in Codere shares, especially given the inherent difficulties of anticipating future trading and macroeconomic conditions. Additional risks and uncertainties which are currently unidentified or believed to be immaterial may also affect the business, financial condition and results of operations of the Group. If any of the possible events described below were to occur, the business, financial condition and results of operations of the Group could be materially and adversely affected and, accordingly, the trading price of the Codere shares may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in Codere is suitable for them in light of the information in this document and their personal circumstances. The risks mentioned could materialise individually or simultaneously.*

Risks relating to the Restructuring

The need for a Restructuring: if the Restructuring does not occur, the Group will not benefit from the injection of funds that it implies

In recent years, the Group has entered into three important financing facilities (the Existing SFA —for an amount of EUR 130 million—, the Existing USD Notes —for an amount of USD 300,000,000— and the Existing EUR Notes —for an amount of EUR 760,000,000). As a consequence of the difficult last 42 months that the Group has experienced (in terms of a challenging and unpredictable operating environment in Argentina, restrictions to the access to cash flows from that country, the economic recession throughout Europe and the change in the tax regimes across the markets in which the Group operates, among other factors) the Group has been unable to pay the amounts that became due and payable under the referred facilities (in respect of which the Group has managed to put standstill agreements in place). As at 31 December 2015, the Group had an outstanding gross debt of approximately EUR 1,500 million (including accrued interest), comprising the amounts outstanding under the Existing Notes, amounts borrowed by Codere under the Existing SFA and various local facilities taken out by other members of the Group. The Existing Notes represented approximately EUR 1,275 million of the Group's outstanding debt.

In this scenario, the Group reached an agreement with some of its financial creditors to restructure the Group's indebtedness through a number of transactions (the Restructuring) in accordance with a scheme of arrangement under part 26 of the Companies Act 2006 of England and Wales (as amended), which was approved at the Scheme Meeting held on 14 December 2015 by all holders of the Existing Notes who attended the meeting (which represented 98.78% of the Existing Notes) and which was sanctioned pursuant to the Scheme Sanction Order of the Court.

As a summary, the Restructuring will imply:

- The Issue of the New Senior Private Notes and of the New Notes.
- The cancellation of the Existing SFA using part of the New Money obtained pursuant to the issue of the New Cash Notes and the New Senior Private Notes.
- The exchange of USD 519.9 million of liabilities under the Existing Notes for the New Second Lien Exchange Notes and the New Third Lien Notes, and the cancellation of such liabilities under the Existing Notes.

- The cancellation of the remaining outstanding liabilities under the Existing Notes (approximately EUR 826 million) in return for the shares issued by means of the Capital Increase (which represent approximately 97.82% of Codere's share capital after the execution of the Capital Increase).

Please refer to "*The Restructuring*" in Section 5.1.5 of the Registration Document for more information on the Restructuring and to Section 10.3 of the Registration Document for a description of the debt structure of the Group immediately after the Restructuring.

As set out in Section 3.2 of the Shares Securities Note, if the Restructuring had been implemented as at 31 January 2016 the "Net Financial Indebtedness" of the Group would have been approximately EUR 609.330 million as at that date (instead of approximately EUR 1,353,431 million) and the shareholders' equity would have been approximately EUR 109.7 (instead of approximately EUR -636.364 million). Please refer to Section 3.2 of the Share Securities Note for further information.

If the Restructuring does not occur, the Group will not benefit from the injection of funds that it implies (please refer to the Risk Factor "*Non completion or delay of the Restructuring*" below).

Non-completion or delay of the Restructuring may derive in all outstanding amounts under the Existing Notes and/or the Existing SFA becoming payable

Factors unknown to Codere at the date of this document may result in delays to the completion of the Restructuring (in order for the Restructuring to be implemented there are several steps that need to be taken —please refer to "*The Restructuring*" in Section 5.1.5 of the Registration Document for a list of the pending steps of the Restructuring).

Barring an unexpected deterioration in trading or a material change in supplier terms, the Group should not run out of cash prior to the completion of the Restructuring. However, if the Restructuring is not completed by the Scheme Completion Longstop Date, one or more of the Group companies may determine that they have no option but to take steps to put that company into some form of insolvency proceedings.

Moreover, the Boards of Directors of the Group companies have been able to permit the Group companies to continue to conduct business and certain restructuring steps have been taken, largely due to both the continued support of certain creditors (in general, by agreeing to refrain from accelerating the repayment of certain facilities by entering into the Lock-Up Agreement and the standstill agreements in respect of the Existing SFA) and their reasonable belief that the Restructuring is likely to be implemented in a timely manner.

Prior to the Scheme becoming effective, the Lock-Up Agreement may be terminated under specified circumstances, whereupon the relevant creditors are entitled to accelerate the repayment of amounts due under the Existing Notes. The Lock-Up Agreement will terminate if the Restructuring has not been completed by 30 April 2016 (this date can be extended in the terms set out in the Lock-Up Agreement). If the Lock-Up Agreement terminates and no alternative financing arrangements are made to repay or discharge in full all of the amounts due under the indentures of the Existing Notes, then the holders of 25% of the principal amount of the Existing EUR Notes and the Existing USD Notes may accelerate such debt. Similarly, if the standstill agreements in respect of the Existing SFA in place terminate, the lenders under the Existing SFA may request its repayment. In addition, if certain insolvency-related events occur, as specified in the indentures of the Existing Notes and in the Existing SFA, all outstanding amounts under the Existing Notes and the Existing SFA, as applicable, will become due and payable immediately without further action or notice.

The Group does not have sufficient cash resources to repay all amounts outstanding under the Existing Notes and the Existing SFA if such amounts are declared immediately due and payable. The relevant

creditors under the Existing Notes and the Existing SFA may also seek to enforce claims over guarantor subsidiaries, which comprise the majority of the Group value. No assurances can be given as to what effect this would have on the Group's operations or long-term prospects.

The Restructuring is a complex transaction that will have a significant impact on the Group's reported financial situation; the impact on reported results may differ from that assessed by Group management

The Restructuring is a complex transaction which, as a consequence of the issue of the New Senior Private Notes and the New Notes, the execution of the Capital Increase, the cancellation of the Existing Notes and the Existing SFA, and the execution of the Hive-Down, will result in changes to the corporate and debt structures of the Group¹.

Although the management of the Group has made assessments of the consequences of the Restructuring, factors unknown to Group management may have an impact on the assessments made. Therefore, the consequences of the Restructuring on the Group's financial position and results reported in the consolidated financial statements following the date of completion of the Restructuring² may be different from those assessed by Group's management.

The terms and conditions of the New Senior Private Notes and of the New Notes could adversely affect the Group's business

The terms and conditions of the New Senior Private Notes and of the New Notes contain covenants that could adversely affect the Group's business because:

- They significantly limit or impair the Group's ability in the future to obtain financing, refinance indebtedness, sell assets or raise equity.
- They restrict the Codere's ability to make distributions with respect to its shares and the ability of the Group's subsidiaries to make certain distributions.
- They reduce the Group's flexibility to respond to changing business and economic conditions or to take advantage of business opportunities that may arise.
- They could make the Group more vulnerable to downturns in general economic or industry conditions in its business.

Please see Section 10.4 of the Registration Document for further information on the covenants under the New Senior Private Notes and the New Notes.

In the event of a breach of any of the covenants under the New Senior Private Notes or the New Notes, an event of default under the relevant notes may be declared and, consequently, the principal and all accrued and unpaid interest under the relevant outstanding notes would be declared due and payable. In addition, if an event of default were declared, securities guaranteeing the obligations under the relevant notes may also be enforceable. As a result, a breach of a covenant under the New Senior

¹ This notwithstanding, Codere believes that, for the purposes of the obligation to include pro forma financial information in this document, the Restructuring would not imply a change in the total for each of the consolidated "Total Assets", "Revenue" or aggregate "Liabilities" and "Net Worth" of Codere exceeding 25%, from those included in the Issuers' and its Group's audited consolidated annual accounts as at and for the year ended 31 December 2015.

² Codere believes that the first financial statements that will reflect the impacts of the Restructuring will be the Issuers' and its Group's Spanish language unaudited consolidated quarterly interim accounts as at and for the three-month period ending 31 March 2016.

Private Notes or the New Notes may adversely affect the Group's business, results of operations and financial condition.

The Shareholders' Agreement and the amendments made to the By-Laws and Regulations of the Shareholders' Meeting of Codere in connection with it allow the Key Executives and the First, Second and Third Investor Shareholders, each of them individually, to exercise significant influence over Codere

Within the framework of the Restructuring, the Key Executives, Masampe, S.L. and the Scheme Creditors will enter into the Shareholders' Agreement, which will govern their relationship as shareholders of Codere (Codere will also be a part to the Shareholders' Agreement).

Among others, the Shareholders' Agreement will govern the appointment of directors of Codere between the parties to it. Following the Scheme Completion Time, the Board of Directors of Codere shall be formed as follows: (i) two directors shall be nominated by the First Investor Shareholder; (ii) one director shall be co-nominated by (a) the First Investor Shareholder together with (b) the Second Investor Shareholder and the Third Investor Shareholder; (iii) three directors shall be nominated by the Key Executives; (iv) one director shall be co-nominated by the Key Executives together with the Scheme Creditors who are party to the Shareholders' Agreement but which are not the First, Second or Third Investor Shareholders (the "**Remaining Shareholders**"); and (v) two independent directors shall be proposed by the Corporate Governance Committee and accepted by the Remaining Shareholders.

The Shareholders' Agreement will also prevent the execution of capital increases without pre-emptive rights (except for certain exceptions) and will require any party to it to ensure that any acquirer of its shares in Codere adheres to the Shareholders' Agreement. In addition, the Shareholders' Agreement contains certain provisions aiming to (i) prevent that any person may acquire holdings in Codere exceeding 44% of its share capital without applying certain liquidity mechanisms, and (ii) establish exit mechanisms upon the occurrence of certain events.

Moreover, in line with the provisions of the Shareholders' Agreement, the Extraordinary Shareholders' Meeting of Codere held on 4 December 2015 approved certain amendments to the By-Laws and to the Regulations of the Shareholders' Meetings of the Company which consist of the following, among others³:

- The introduction of certain limits on the maximum number of votes that a shareholder may cast: a shareholder will not be entitled to cast votes exceeding the aggregate voting rights attached to shares in Codere representing 44% of its share capital.
- The modification of the system of majorities for the passing of resolutions by the General Shareholders' Meeting: resolutions may be approved by the absolute majority of the votes attached to shares either present or represented at the relevant General Shareholders' Meeting, except for the approval of share capital increases, share capital decreases, amendments to the By-Laws, the issuance of convertible bonds or bonds attaching the right to participate in Codere's profits, exclusions or limitations of pre-emptive rights linked to the issue of new shares, transformations, mergers, spin-offs, global transfers of assets and liabilities, the change of the corporate address to a foreign country, the approval of the annual accounts, the appointment of auditors, voluntary liquidations or dissolutions or the reactivation of the Company (which will require the absolute majority of votes attached to all the shares in Codere). This system is without prejudice to the majorities required for the exercise of an

³ The effectiveness of the amendments to the By-Laws and to the Regulations of the Shareholders' Meetings of Codere is subject to the prior execution of all the steps that have been established in the Restructuring as being previous to the effectiveness of these amendments and to their registry with the Commercial Registry of Madrid. Please refer to Section 5.1.5 of the Registration Document for further information.

action to claim for damages against directors (as established in Article 238 of the Restated Spanish Companies Act approved by the Royal Legislative Decree 1/2010, of 2 July (*Texto Refundido de la Ley de Sociedades de Capital, aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio*) (the "**Spanish Companies Act**")) and for the approval of the Company's dissolution under Article 364 of the Spanish Companies Act and any other majorities required by law (in which case such majorities will apply).

Although no shareholder has control, either directly or indirectly, over Codere, as a result of the above, the Key Executives and the First, Second and Third Investor Shareholders will (each of them individually) be in a position to significantly influence Codere. The interests of these persons may conflict with those of other shareholders of Codere, and these persons may have interests in other business that are, or may become, competitors of the Group. In addition, it would be difficult for any other person to achieve a position which allowed it to influence Codere.

In addition, as disclosed in Section 9.1 of the Shares Securities Note, the shares issued in the Capital Increase represent approximately 97.82% of the shares in Codere outstanding after the Capital Increase and, as described in Section 18.1 of the Registration Document, Codere believes that the Capital Increase and the sale of the Key Executive Codere Shares to the Key Executives will result in stakes in the share capital of Codere which are notifiable under Spanish law amounting to an aggregate of approximately 60.14%⁴ of the shares in Codere outstanding after the Capital Increase.

Lastly, in compliance with the terms of the Shareholders' Agreement, once the Restructuring is completed and as soon as reasonably practicable following its formation, the Board of Directors of Codere will convene a General Shareholders' Meeting of Codere which may seek, among other things, the approval of a de-listing takeover bid (*OPA de exclusión*), to the extent that such de-listing takeover bid is feasible.

Please refer to "*The Restructuring*" in Section 5.1.5 of the Registration Document for further information on the Shareholders' Agreement and to Section 4.5 of the Share Securities Note for further information on the amendments to the By-Laws and to the Regulations of the Shareholders' Meetings of Codere.

Confirmation of the Luxembourg tax treatment of the restructuring steps may not be forthcoming

The Group has had preliminary contacts with the Luxembourg tax authorities on the tax treatment applicable to a number of the Restructuring steps, in order to confirm that the tax treatment of those steps is aligned with the tax regime applicable in Luxembourg. In this respect, the Group, after preliminary non official positive feedback from the tax authorities in Luxembourg, submitted formal tax clearance letters in 2015. In the event that the Luxembourg tax authorities do not confirm the tax treatment of the questions submitted for their confirmation, the Restructuring may result in different tax consequences than the ones initially analysed and would affect the timeline and financial impact of the execution of the Restructuring.

Adverse publicity may have negative effect on the brand names owned or used in the Group

Adverse publicity relating to the Restructuring or the financial condition of the Group or of other participants in the market(s) in which it operates may have a material adverse effect on the Group's customer and supplier relationships (including with financial and insurance institutions) and/or the

⁴ The percentage of share capital has been calculated by Codere using the information available to it and has been obtained from the execution of the Capital Increase and the future sale of the Key Executive Codere Shares only (taking into account the percentages of share capital held by Mr José Antonio Martínez Sampedro and Mr Luis Javier Martínez Sampedro prior to the execution of the Capital Increase). The percentages of share capital that may be notified to the CNMV and Codere may differ from that disclosed above.

market perception of its business. Existing suppliers may choose not to do business with the Group, may demand quicker payment terms and/or may not extend normal trade credit. The Group may find it difficult to obtain new or alternative suppliers.

Ongoing negative publicity may have a long-term negative effect on the brand names owned or used in the Group.

Risks relating to the Group's business and industry

The Group's business will be affected by economic and market conditions in the markets in which it operates and in the locations in which its customers reside

The Group's business is, and will be, particularly sensitive to reductions in discretionary consumer spending, which may be affected by general economic conditions in the markets in which operations are conducted. Economic contraction, economic uncertainty and the perception by customers of weak or weakening economic conditions may cause a decline in demand for entertainment in the forms of the gaming services that the Group offers. In addition, changes in discretionary consumer spending or consumer preferences could be driven by factors such as an unstable job market, perceived or actual disposable consumer income and wealth, or fears of war and future acts of terrorism. In particular, the Group's results of operations are likely to be affected by economic conditions in Mexico, Argentina, Italy and Spain, which have been negative during various periods in the past decade. Economic downturns and volatility in these and other regions may adversely affect the Group's business, results of operations and financial condition.

The Group's international operations will be subject to a variety of political, economic and currency risks

The Group operates in the gaming industry in Mexico, Argentina, Italy, Spain and several other Latin American countries.

The Latin American operations will expose the Group to substantial political, economic and currency risks because many Latin American countries have experienced significant recessions, inflation, unemployment and social unrest and their economies are more volatile than those situated in the European Union or the United States. Government measures in Latin American countries concerning these issues, including currency controls, have had and may continue to have a material adverse effect on private sector entities, including the Group's companies. In addition, in certain of these markets, the gaming industry and taxation and related regulatory environment are not well developed or are inconsistent, and/or governments lack capacity to enforce actions and regulations. Moreover, certain of the Group's Latin American operations will also expose the Group to the threat of extortion by groups engaged in illegal activities. The Group's failure to manage such risks could have a material adverse effect on its business, results of operations and financial condition.

Operations in Argentina have been, and could be in the future, adversely affected by economic, currency and political instability in Argentina, as well as measures taken by its government in response to such instability

Business, results of operations and financial condition are affected to a significant extent by Argentina's political, social and economic conditions, as well as by Argentine government measures, including those in relation to foreign exchange controls, currency exchange rates, interest rates and inflation.

In the year ended 31 December 2015, operating revenue from the Group's operations in Argentina accounted for 41.6% of the Group's consolidated operating revenue and EBITDA from operations in Argentina accounted for 48.2% of the Group's consolidated Adjusted EBITDA (in each case, before corporate headquarters revenue and expenses).

Exchange controls

Since 2008, there have been a number of negative economic and political developments in Argentina that have increased the level of uncertainty. The country experienced high inflation in recent years and there can be no assurance that Argentina will not experience another recession, higher inflation and unemployment, further currency devaluation, and greater social unrest in the future. Furthermore, the Argentine government adopted various rules and regulations since late 2011 that have established restrictive controls on capital flows and the transfer of funds into and from Argentina. These exchange controls have severely restricted the foreign exchange market to retail and wholesale transactions, and access to U.S. dollars at the official exchange rate as well.

Due to restrictions imposed by the Central Bank in accessing U.S. dollars for uses such as importing products and services, servicing debt or paying dividends, the Group has been unable to purchase U.S. dollars at the official exchange rate. In order to repatriate funds, the Group has resorted in the past to making Argentine peso purchases of U.S. dollar-denominated Argentine sovereign securities (the "**Eligible Securities**"), which after a holding period are sold outside of Argentina for U.S. dollars. In selling these securities for U.S. dollars outside of Argentina, the Group has incurred losses because the sale price of Eligible Securities in foreign markets differs materially from the official exchange rate at which the Argentine peso is translated into euro in the Group's consolidated financial statements. As a result, the directors of the Group companies believe that the implied exchange rate of these transactions would represent a better indicator of the underlying value of the Group's Argentine peso earnings and cash flow for reporting purposes.

Although in December 2015, the new government allowed a significant devaluation of the Argentine peso and established changes in the regulations on the Argentine Foreign Exchange Market by relaxing regulatory and *de facto* restrictions in place since 2011, in the near future and for significant amounts, new *de facto* restrictions could be put in place that might result in local companies paying dividends in kind through the transfer of Argentine USD-linked securities listed on foreign stock exchanges.

As a result of these measures, Argentine Group companies may purchase and transfer abroad for (i) local savings, (ii) real estate investments abroad, (iii) loans to non-residents, (iv) direct investments abroad, and (v) portfolio investments. Clearance by the tax authority is no longer required. *De facto* restrictions affecting dividends have also been removed. Argentine Group companies are no longer subject to the legal entry and mandatory conversion into pesos in the FX Market of the proceeds from financing granted by non-residents. However, evidence of the legal entry and conversion to pesos of the loan proceeds is still required in order for the local borrower to access the FX Market for the repayment of such foreign indebtedness from Argentina. New financing granted or renewals agreed from now on will be subject to a minimum stay of 120 days as from the date of entry of the loan proceeds into the FX Market. Under the previous regulations, the minimum period was 365 days. In addition, the prepayment of foreign indebtedness is now permitted at any time, provided the applicable minimum 120-day term of the financing has elapsed.

There can be no assurance that the Argentine government will not impose further exchange controls or restrictions on the movement of capital and take other measures in the future in response to capital flight or a significant depreciation of the Argentine peso. If it is not possible to repatriate funds from Argentina, it will not be able to use the cash flow from its Argentine operations to finance operating requirements elsewhere or to satisfy the Group's debt obligations.

Increased uncertainty due to the outcome of the recent Presidential election could have an adverse effect on the Argentine economy

Presidential and Congressional elections in Argentina took place on 25 October 2015, and a runoff election (ballotage) between the two leading Presidential candidates was held on 22 November 2015, which resulted in Mr Mauricio Macri being elected as President of Argentina. It is still too soon to

predict the impact that new government's measures will have on the Argentine economy as a whole, and the gaming sector in particular. Some of the measures proposed by the new government may also generate political and social opposition, which may in turn prevent it from adopting such measures as proposed. In addition, political parties opposed to the new government won a majority of the seats in the Argentine Congress in the recent elections, which will force the new government to seek political support from the opposition for its economic proposals and creates further uncertainty in the ability of the new government to pass these or other measures. Political uncertainty in Argentina relating to the measures to be taken by the new government in respect of the Argentine economy could lead to volatility in the market prices of securities of Argentine companies, including, in particular, companies in the gaming industry, such as ours, given the high degree of regulatory oversight and involvement in this sector.

Mexico has been subject to significant security issues in the past several years, and if such issues continue or worsen, the Group's Mexican operations could be materially adversely affected

Increasing criminal violence in Mexico could have a material adverse effect on the Group's Mexican operations. In the past several years, Mexico has experienced increased criminal violence, primarily due to the activities of drug cartels and the effects of drug-related organised crime. High crime rates and violence resulting from drug-trafficking and organised crime are particularly acute in several areas of Mexico in which the Group operates. For example, in August 2011, the gaming hall of an illegal competitor in Monterrey, Mexico, was the subject of organised-crime-related arson, an event which negatively affected the Group's operations in Monterrey through reduced attendance at gaming halls in the week following the event, as well as through the closure of certain other halls as a result of widespread government inspections.

In response to the surge in criminal activity, the Mexican government has implemented various security measures and strengthened its military and police forces. Despite these efforts, crime rates continue to remain high. Furthermore, the Mexican government's focus on fighting drug-related crime may lead to further escalation in violence between enforcement agencies and criminal organisations. Any increase in criminal violence could have a material adverse effect on operations.

In the year ended 31 December 2015, operating revenue from the Group's operations in Mexico accounted for 21.7% of the Group's consolidated operating revenue and EBITDA from operations in Mexico accounted for 30.2% of the Group's consolidated Adjusted EBITDA (in each case, before corporate headquarters revenue and expenses).

The Group relies on licences to conduct operations and termination of these licenses would have a material adverse effect on results of operations

The Group is required to continue to maintain licences in order to conduct operations. These licenses span across a broad range of products. Gaming authorities may deny, revoke, suspend or refuse to renew licences and impose fines or seize assets if a violation of any of these regulations is found, which could have a material adverse effect on the Group's business, results of operations and financial condition. The Group may also have difficulty or face uncertainty in renewing existing gaming licences or obtaining new licences, particularly where legislation is non-existent, unclear, subject to legislative changes or is newly enacted. Regulatory developments are subject to change and it cannot be assured that any gaming licences will be renewed or that they will be renewed on satisfactory terms.

As described in Section 6.4 of the Registration Document, most of the Italian "Operation of bingo halls and others" licences have reached their expiry date, but they have been extended until the next tender in accordance with applicable regulations (the official date for the new tender has not been published yet). There is no certainty as to whether any of the affected licences will be granted to the Group again in the referred new tenders. Should the Group not be granted the relevant licences in the

new tenders, the Group's business, results of operations and financial condition may be materially adversely affected.

The licenses in Mexico, Argentina or in any of the countries in which the Group operates may be revoked by regulatory authorities even if the Group companies, or the non-profit organisations or the local companies that hold the licenses, as the case may be, are in compliance with the relevant duties.

Gaming authorities may also force the closure of establishments due to regulatory reasons which are difficult to foresee. As of the date of this document, three Impulsora de Centros de Entretenimiento de las Américas, S.A.P.I. de C.V. ("ICELA") and four Legacy Caliente halls in Mexico remain closed. Six of the closed halls are located in the city of Monterrey or adjacent cities. The closures, most of which occurred between mid-January and mid-March 2013, were mandated by Mexican municipal authorities on the basis of alleged inadequacy of municipal permits. Certain of these permits were originally issued as food and beverage permits, a common description at the time when bingo halls or casinos did not exist in the municipal catalogue. There can be no assurance that these venues will reopen, if at all, or that significant costs will not be incurred in relation to these closures.

Moreover, an event of insolvency may constitute a breach of certain licenses. In Mexico and Italy, in particular, gaming licenses could be automatically revoked if the relevant Group companies were to file for insolvency protection. Even in countries where filing for insolvency protection may not lead to the direct revocation of the Group's licenses, if any of the Group were to fail to pay administration and other expenses, or if filing for insolvency were to otherwise affect a Group company, this could also affect the ability to maintain licenses. There can be no assurance that it would be possible to maintain operating licenses in the event of insolvency or other financial difficulty.

Please refer to Section 6.4 of the Registration Document for a list of the licences operated by the Group (together with their expiry dates), the most important of which are those of Argentina, Italy and Mexico (most of them expiring between 2017 and 2030).

The Group's joint venture, shareholder and operator agreements will limit influence over, and, in certain cases, the cash flow that can be derived from, certain of the Group's businesses, and the Group will be subject to certain agreements that limit the ability to pursue new gaming opportunities

Differences in views with partners or other shareholders, including with respect to Legacy Caliente, ICELA, HRU, S.A., Carrasco Nobile, S.A. and with respect to slot operations in Italy and Spain, may result in delayed decisions or in failures to agree on major matters, potentially adversely affecting the business, results of operations and financial condition of such businesses and, in turn, the business, results of operations and financial condition of the Group. Under the Group's joint venture, shareholder and operator agreements, if the Group's and its partners, fellow shareholders and clients are not able to agree on important matters, there may not be dispute resolution procedures or the procedures may not resolve disputes which may result in the voluntary or involuntary sale of one partner or shareholder's interest to the other partner or shareholders. The failure to continue certain of the Group's joint ventures or to resolve disagreements with partners could have a material adverse effect on the Group's business, results of operations and financial condition.

In Mexico, the Group will be subject to restrictions on its ability to pursue new gaming opportunities with third parties other than pursuant to existing arrangements with "**Grupo Caliente**" (a Mexican group of companies engaged in the gaming business, including Turística Akallí, S.A. de C.V. and Hipódromo de Agua Caliente, S.A. de C.V.). Under agreements with Grupo Caliente, the Group will be subject to limitations on operating sports books. Grupo Caliente must consent to the opening, relocation or transfer of any sports book, which consent may not be unreasonably withheld. It cannot be assured that the remaining restrictions on the ability to pursue new gaming opportunities with third parties will not limit business opportunities in Mexico.

Subject to the limitations described above, the Group will continue to seek to develop additional business opportunities, including obtaining new gaming licenses through the acquisition of controlling interests in other licensees or through the operation of third party licenses. When required by existing joint venture or shareholder agreements, the Group will offer partners and other parties the opportunity to participate in the development of such new business opportunities. If partners decline to participate, the Group may have the option to develop the relevant business opportunities independently, subject to any restrictions in the relevant joint venture or shareholder agreements.

Increased competition could reduce EBITDA and profitability

Gaming halls

In many of the markets in which the Group operates dedicated gaming halls, in the form of casinos, bingo halls with gaming machines, racetracks with gaming machines, or stand-alone machine halls, the Group faces competition from a small number of large companies, as well as a significant number of smaller operators. The principal competitor is the group of companies headed by Cirsa Gaming Corporation, S.A. ("**Cirsa**"), which competes in Mexico, Argentina, Italy, Spain, Panama and Colombia. Other important competitors are AGG in Argentina, Palmas, Big Bola and Televisa in Mexico, Lottomatica, Sisal and Snai in Italy, and Grupo Ballesteros, Surmatic and Rank in Spain. The presence of competitors in close proximity to the Group's gaming halls may result in a significant decrease in attendance at gaming halls, which could have a material adverse effect in their revenue and profitability. In addition, the concentration of gaming halls in urban locations may push expansion opportunities to less developed and affluent suburban areas. Moreover, in any of the markets in which the Group operates, competitors may be larger or may have greater financial resources.

Gaming machines operated at non-specialised locations

Due to the fragmentation of the gaming machine business in Italy and Spain, the Group competes with a limited number of large national and regional operators, including Cirsa in Spain and Lottomatica in Italy. In a competitive environment, success in acquiring new gaming machine sites often depends on offering the best financial package to site owners, including, in many cases, one or more up-front exclusivity payments, advances, loans and a larger share in revenue generated, or paying a higher price for locations that are sought by multiple gaming companies. Increased competition is likely to result in increases in the foregoing payments and expenses and could reduce the Group's future profit margins and cash flows.

Other

The Group companies will also face competition from other forms of gaming. The development in any market in which the Group operates of alternative forms of gaming, such as "Las Vegas style" gambling resorts and online gaming, or the launch of new variations of currently available games, also pose a significant competitive threat to the Group's business.

The Group will also compete with illegal gaming activities, such as all forms of betting that circumvent public regulation, including offshore gaming, online gaming and interactive gaming channels that, as a result of their disregard of applicable regulation, may offer attractive gaming features. Such illegal activities may drain significant portions of betting volumes away from the regulated industry. In particular, illegal betting could take away a portion of regular customers. If such forms of gaming are successful in attracting the Group's customers, the Group's business, results of operations and financial condition could be materially adversely affected.

In addition, existing technology (such as online gaming), as well as proposed or as yet undeveloped technologies may become more popular in the future and render the Group's products less profitable or even obsolete. In jurisdictions that authorise internet gaming, there can be no assurance that the Group will be successful in selling technology, content and services to internet gaming operators as

competition is expected. In general, the ability to compete effectively in the internet gaming space will depend on the acceptance by customers of the products and services offered. There can be no assurance that internet gaming solutions can be successfully developed and marketed which could in turn adversely have a material adverse effect on business, results of operations and financial condition.

The Group will also compete to a limited extent with lotteries, which comprise national, regional, and charitable lotteries. In addition, gaming competes generally with other forms of entertainment and leisure activities available to the Group's customers.

Games and products are subject to life cycles, which may require the Group to introduce new games or products and to modify existing games or products

Following their introduction, games inevitably peak and then decline in popularity. The introduction of new games and products or the modification of existing games or products is important to the successful operation of the Group's business, for example, when slots AWP machines (or AWP's) are in the declining phase of their life cycle and vendors may be unable to launch new and attractive products. Failure to introduce new games or products or to modify existing games or products, or the introduction of new games and products that prove to be unpopular, could have an adverse effect on business, results of operations and financial condition.

Changes in consumer preferences could harm the Group's business

The Group's business will depend on the appeal of its gaming offerings to customers. The Group's gaming offerings compete with various other forms of gaming venues and opportunities. Changes in consumer preferences and any inability on the Group's part to anticipate and react to such changes could result in reduced demand for offerings and erosion of the Group's competitive and financial position. Gaming competes with other leisure activities as a form of consumer entertainment and may lose popularity as new leisure activities arise or as other leisure activities become more popular. The popularity and acceptance of gaming is also influenced by the prevailing social mores, and changes in social mores could result in reduced acceptance of gaming as a leisure activity. To the extent that the popularity of gaming in traditional gaming establishments declines as a result of either of these factors, the demand for the Group's gaming offerings may decline and its business may be adversely affected.

The gaming industry is subject to extensive regulation and oversight

Gaming regulatory requirements vary from jurisdiction to jurisdiction. Due to the broad geographical reach of the Group's operations, a wide range of complex gaming laws and regulations in the jurisdictions in which the Group companies are licensed or operate apply. These regulations govern, for example, advertisement, payouts, taxation, cash and anti-money laundering compliance procedures and other specific limitations, such as gaming machine characteristics and permissible forms of bingo and other forms of gaming and betting. In addition to limiting the scope of permitted activities, these regulations may limit the number of gaming machines, bingo halls, casinos or other types of gaming and betting activities which may be operated. Most jurisdictions require licensing. If a license, approval or finding of suitability is required by a regulatory authority and the necessary approval or license is not obtained, the Group may be prohibited from providing products or services for use in the particular jurisdiction (please see "*The Group will rely on licenses to conduct operations and termination of these licenses would have a material adverse effect on results of operations*" above).

Changes in existing laws or regulations, or changes in their interpretation, including laws or regulations with a direct impact on the gaming industry, such as anti-smoking, anti-money laundering and labour laws, could impair profitability and restrict the Group's ability to operate its business. For example, following the implementation of a smoking ban in the province of Buenos Aires in October 2012, which affected all of the halls which had been previously exempted from a total smoking ban implemented in the province of Buenos Aires, the Group experienced a decrease in net

win per seat per day in the fourth quarter of 2012 and the first quarter of 2013, which affected operating revenue in Argentina. Net win per seat per day decreased by 13.8% between the third and fourth quarter of 2012 in Argentina (15.6% for the area of Gran Buenos Aires).

There can be no assurance that law enforcement or gaming regulatory authorities will not seek to restrict business in their jurisdictions or even institute enforcement proceedings. In addition, there can be no assurance that any investigation or instituted enforcement proceedings will be favourably resolved, or that such proceedings will not have a material adverse impact on the Group's ability to retain and renew existing licenses or to obtain new licenses in other jurisdictions.

Furthermore, any acquisitions, mergers, restructurings or similar activities the Group undertakes may be subject to local antitrust rules and regulations.

Changes in taxation or the interpretation or application of tax laws could have an adverse effect on results of operations and financial condition

The gaming industry is subject to significant gaming taxation in most of the countries in which the Group operates. Taxes on gaming machines or other gaming activities may be created or increased or new and more detailed regulations may be enacted. Recently, certain gaming taxes have increased and, due to various macroeconomic conditions, gaming taxes may be further increased in the near future in the jurisdictions in which the Group currently operates, and will operate. Any such increases in the levels of taxation, or the implementation of any new taxes to which the Group's operations may be subject would increase the cost of regulatory or tax compliance and could have a material adverse effect on the Group's business, results of operations and financial condition.

Furthermore, certain licenses are subject to taxation upon renewal, and the renewal fee or canon tax surcharge attributable to those licenses cannot be determined in advance of those licenses being renewed. As gaming taxes imposed by regional or national authorities represent a significant percentage of the Group's revenue, increases in gaming taxes or the difficulty in anticipating and planning for such increases may render the affected operations unprofitable and have a material adverse effect on the business, results of operations and financial condition.

Failure to maintain the integrity of internal customer information could result in damage of reputation and/or subject the Group to fines, payment of damages, lawsuits or restrictions on the Group's use or transfer of data

The real and perceived integrity and security of a gaming operation is critical to attracting gaming customers. The Group will collect information relating to guests for various business purposes, including regulatory mandatory information, marketing and promotional purposes. For example, in several jurisdictions, among others Mexico and Spain, the group has the obligation to report certain information to the tax authorities regarding winners of prizes above certain amounts or regarding wagered amounts. The collection and use of personal data are governed by privacy laws and regulations enacted in the various jurisdictions in which the Group operates. Privacy regulations continue to evolve and on occasion may be inconsistent from one jurisdiction to another. Compliance with applicable privacy regulations may increase operating costs and/or adversely impact the ability to market products, properties and services to guests. In addition, non-compliance with applicable privacy regulations by the Group (or in some circumstances non-compliance by third parties engaged by the Group) or a breach of security on systems storing the Group's data may result in damage of reputation and/or subject the Group to fines, payment of damages, lawsuits or restrictions on the Group's use or transfer of data.

The Group, similar to other gaming companies, will face certain challenges relating to public perception and allegations of misconduct and illegal activity

While many gaming companies have systems to prevent or detect misconduct, the conventional or popular perception of the gaming industry is that it is involved in political corruption, organised crime, money laundering, tax evasion and other criminal activities. This perception is generally reinforced by allegations against, and occasionally prosecutions of, persons associated with the gaming industry for involvement in the foregoing criminal activities, as well as through popular entertainment, such as movies, television and industry advertising that associates gaming with risqué entertainment. The Group companies, similar to most other gaming companies, have faced allegations relating to its or its associates' involvement in illegal activities.

In certain countries, including countries in which the Group operates, gaming has been the subject of numerous allegations of political corruption and the general perception that gaming activities are associated with narcotics trafficking, corruption, money laundering, bribery and violence. In many countries, gaming is overseen by more than one government regulator, and permits and licenses are authorised by local political officials, some of whom have limited technical competence or experience in the gaming industry, which perpetuates the popular impression of political corruption in the gaming industry. In the international context, reputational concerns are exacerbated due to the absence of an international standard for regulating the gaming industry, with each country or region applying a unique set of laws and regulations to gaming activities.

Although the Group has been, and will be, careful in selecting partners with whom to develop its gaming businesses, and the Group will have a compliance function committed to meeting the highest industry standards and anti-money laundering procedures and fully complying with the regulation of each of the applicable jurisdictions, it may fail to detect money laundering or other fraudulent activities of customers, and allegations of misconduct or illegal activity waged against, or legal disputes involving, its partners or allegations of money laundering and fraudulent activities by the Group or its customers regardless of their accuracy may also serve to reinforce negative perceptions regarding the Group's gaming activities.

It cannot be assured that negative public perception regarding gaming arising from any of the foregoing causes, or otherwise, or future allegations of such nature made against the Group, will not give rise to increased governmental scrutiny of the Group's businesses or allegations of misconduct or illegal activity against the Group or its partners, either of which could have a material adverse effect in the Group's business, results of operations and financial condition.

The Group will be dependent upon its ability to provide secure gaming products and to maintain the integrity of employees and its reputation and that of its joint venture and business partners in order to attract customers

The integrity and security of gaming operations are critical factors to attracting gaming customers. The Group will strive to set exacting standards of personal integrity for employees and security for the gaming systems and devices provided to its customers. The Group's reputation and that of its joint venture and business partners in this regard are important factors in business dealings with governmental authorities. For this reason, an allegation or a finding of illegal or improper conduct on the part of the Group, or on the part of one or more of its employees, or joint venture partners or business partners, or an actual or alleged system security defect or failure, could materially adversely affect business, results of operations and financial condition.

The Group is currently and may in the future be party to a number of legal disputes

Due to the nature of the Group's business, it is, and will continue to be, subject to a number of legal, administrative and arbitration proceedings, including tax and other disputes with regulatory authorities, and could become involved in additional legal, administrative and arbitration proceedings

or investigations by government authorities in the future. The Group is also subject to a number of tax-related claims in Latin America, Italy and Spain and may be subject to additional claims in the future. As of 31 December 2015, the Group has provisioned EUR 22.3 million (EUR 12.5 million corresponding to Mexico contingencies) to cover the risks associated with these proceedings. The Group considers that the provisions made to cover these risks are sufficient and adequate.

It cannot be assured that the Group will prevail in these disputes or in any future disputes, and any adverse decision could have a material adverse effect on its business, results of operations and financial condition.

The Group's operations may be subject to work stoppages or other labour disputes

As of 31 December 2015, the Group had close to 13,700 employees permanent and temporary employees. Some of those employees were covered by collective bargaining agreements in each of the countries we operate as of the same date. There can be no assurance that existing collective bargaining agreements will be extended or renewed at current terms, or that the Group will be able to negotiate collective bargaining agreements in a favourable and timely manner. Future consultation processes and negotiations with the unionised work force could have a material impact on financial results. If a material disagreement between management and unions arises, or if employees engage in a prolonged work stoppage or strike at any of the Group's facilities, business, financial condition and results of operations could be negatively affected. While the Group has not experienced significant labour disputes or work stoppages in recent years, there can be no assurance that work stoppages or labour disputes will not occur in the future.

A portion of the Group financial debt will be floating rate and subject to market shifts in interest rates

The Group is party to loan agreements and other variable rate financing arrangements at both the corporate and operating company level. As such, financing costs will be subject to changes in market interest rates and any such increase could have a material adverse effect on the Group's business, results of operation and financial condition.

The table below shows the variable rate financial debt of the Group as at 31 December 2015:

B. Unit	Lender	Base rate	Outstanding balance 31 December 2015 ⁽¹⁾	Outstanding balance 31 December 2015 ⁽²⁾
Mexico	ICELA	TIIE + 3.25%	815.9	43.2
Panama	Prival Syndicate	LIBOR3M + 3.50%	4.3	4.0
Colombia	Davivienda	DTF + 5.00%	10,509.4	3.1
Spain	Multy Credit Facilities	EURIBOR1Y + 3.40%	1.1	1.1
Italy	Multy Credit Facilities	EURIBOR3M + 3.97% & EURIBOR6M + 3.9%	1.2	1.2
Total				52.5
Total Financial debt				1,499.9

(1) Million Local currency.

(2) Million euro.

* This table does not include the Existing SFA (approximately EUR 130 million as at the date of this document) because it is subject to the Lock-Up Agreement.

As shown by the table above, 3.5% of the total financial debt had variable rates as at 31 December 2015.

Pursuant to the Restructuring the Group has issued the approximate USD 218.9 million New Senior Private Notes, which have an interest of Euribor (subject to 1% floor) + 7% per annum, the proceeds of which will be used to cancel the Existing SFA.

The variable rate financial debt of the Group after the Restructuring will increase reaching an aggregate amount of approximately EUR 250 million⁵ (which will represent approximately 25% of the total financial debt of the Group after the Restructuring). The higher percentage of the variable rate financial debt of the Group after the Restructuring is due not only to the fact that the amount of the New Senior Private Notes will be higher than the currently outstanding amount of the Existing SFA, but also because the amount of financial debt with a fixed interest rate will be lower as a consequence of the exchange of liabilities under the Existing Notes for New Second Lien Exchange Notes and New Third Lien Notes and the capitalisation of the remaining liabilities under the Existing Notes, as further described in "The Restructuring" in Section 5.1.5 of the Registration Document. Therefore, this risk factor will be more relevant once the Restructuring is completed.

The Group depends on the skill and experience of its management and key personnel. The loss of key management, technical and other personnel, or an inability to attract such personnel, could adversely impact the Group's business

The ability to maintain a competitive position and to implement business strategy is led by the Group's senior management team, which has extensive industry experience, and the Board of Directors of Codere, which comprises individuals with extensive government and gaming expertise. The managing director (*consejero delegado*) of Codere, Mr José Antonio Martínez Sampedro, was a co-founder of the Group and has overseen growth from several dozen machines in Spain to a geographically diversified operator with a broad gaming product offering. Mr Luis Javier Martínez Sampedro, the brother of Mr José Antonio Martínez Sampedro and director of many of the Group companies, is head of Latin American operations and has worked with the Group for more than 25 years. Their and other senior management's government and gaming experience is important to the Group's ability now and going forward, to establish and maintain good relationships with regulators in the markets in which operations take place. If the services of certain members of the management team or other key personnel are lost, the Group's business may be significantly impaired. It cannot be assured that the Group will be able to retain existing senior executive and management personnel or attract additional qualified senior executive and management personnel.

In addition, officers, directors and key employees are required to file applications with the gaming authorities in each of the jurisdictions in which operations occur and are required to be licensed or found suitable by these gaming authorities. If the gaming authorities were to find an officer, director or key employee unsuitable for licensing or unsuitable to continue having a relationship with the Group, all relationships would have to be severed with that person. Furthermore, the gaming authorities may require the Group to terminate the employment of any person who refuses to file appropriate applications. Either result could significantly impair operations.

Failure to comply with online gaming rules and regulations could adversely affect the Group's business

Since 2011 the Group has expanded its business into the online gaming industry, which includes gaming via the internet, telephone and television. In Spain, licenses are held to operate as an internet gambling company in Spain and the Madrid autonomous region. With respect to the latter, the Group has just launched its online sports betting platform, although the full commercial launch is yet to be completed. Further expansion opportunities are also currently being explored.

The Group's ability to successfully pursue an interactive gaming strategy depends on the law and regulations relating to internet gaming and through interactive channels. Laws relating to internet gaming are evolving around the world. The Group is working, and will work, together with local and international compliance experts to set up the necessary systems, controls and procedures to ensure that the Group is, or will be, in compliance with applicable rules and regulations in its Italian, Spanish and Mexican operations, as well as the other jurisdictions in which the Group decides to enter in the

⁵ This amount may vary depending on currency exchange rates.

online gaming industry. However, the systems, controls and procedures adopted by the Group may not be sufficient to comply with all applicable online gaming rules and regulations in the jurisdictions in which the Group will conduct online gaming activities. Furthermore, there can be no assurance that the Group will be able to successfully block users resident in countries that restrict or prohibit online gaming or in which the Group is not licensed to conduct online gaming operations, such as the United States, from accessing the Group's online gaming sites. Failure to do so could result in civil, criminal or administrative proceedings, injunctions, fines and penalties and substantial litigation expenses that could strain the Group's management resources and materially adversely affect business, results of operations and financial condition.

Risks relating to the shares in Codere and the listing of the New Shares

The market price of the Codere shares may not reflect the Group's value and may fluctuate widely in response to various factors

The market price of the shares in Codere may not reflect the value of the Group's assets and may be subject to wide fluctuations in response to many factors, including, among other things, variations in the Group's operating results, additional issuances or future sales of Codere shares or other securities exchangeable for (or convertible into) Codere shares, the entry or departure of members of the Board of Directors of Codere, the replacement of or change in the Group's management, changes to Codere's expected dividend yield, divergence in financial results from stock market expectations, changes in stock market analysts' recommendations regarding the sectors the Group operates in as a whole, the Group or any of its assets, low volumes of trading of the Codere shares in the Spanish Stock Exchanges (which are not likely to increase as a result of the Restructuring), a perception that other markets may have higher growth prospects, general economic conditions, prevailing interest rates, legislative changes in the Group's key markets and other events and factors within or beyond the Group's control. Stock markets experience extreme price and volume volatility from time to time, and this, in addition to general economic, political and other conditions, may have a material adverse effect on the market price of the Codere shares. There can be no assurance, either express or implied, that investors will receive back the amount of their investment in the Codere shares.

Sales of Codere shares, or the possibility of such sales, may affect the shares' market price

The sale of a substantial number of shares in Codere, or the perception that sales of this type could occur, could depress the market price of the Codere shares. Should either or both of these scenarios occur, this could make it more difficult for other shareholders to sell the shares at a favourable price and time, or at all.

Codere may, at some point in the future, issue additional shares or convertible securities, which may dilute shareholders' interest in Codere

Codere may decide to carry out additional issuances of shares or issue convertible securities in the future. If a share capital increase is effected, shareholders could be diluted if they do not exercise their pre-emptive rights, or if such share capital increase excludes pre-emptive rights for existing shareholders in accordance with Spanish law.

On 14 August 2013, the General Shareholders' Meeting of Codere authorised the Board of Directors to increase the share capital up to EUR 5,503,647 during a maximum period of five years from such date, also authorising the Board to exclude pre-emptive rights. In addition, as described in "*The Restructuring*" in Section 5.1.5 of the Registration Document, following completion of the Restructuring, Codere's Board of Directors will call a General Shareholders' Meeting, at which it will propose the approval of an issue of two tranches of warrants with which to subscribe new shares in Codere (each tranche would permit the subscription of new shares in Codere representing, in aggregate, 5% of its fully diluted share capital) (please refer to "*The Restructuring*" in Section 5.1.5 of the Registration Document for further information).

The terms and conditions of the New Senior Private Notes and of the New Notes restrict Codere's ability to pay dividends

The New Senior Private Notes do not allow Codere to pay dividends, and under the New Notes, Codere will only be allowed to pay monetary dividends up to certain amounts (please refer to Section 20.7 of the Registration Document for further information). Therefore, as long as any amount under the New Senior Private Notes (which have a five year term) or the New Notes (which have a five-and-a-quarter year term) is outstanding, Codere's ability to pay dividends will be greatly restricted.

In addition, even if Codere's ability to pay dividends were not restricted, Codere may not have cash available to pay dividends or have the reserves legally required to do so, or Codere's shareholders or its Board of Directors may choose not to do so. Accordingly, Codere cannot ensure that dividends will be paid in the future.

The holding of shares in Codere does not guarantee the right to attend General Shareholders' Meetings

The Company's By-Laws establish that shareholders must hold at least 100 Codere shares in order to be able to attend General Shareholders' Meetings. However, shareholders who do not reach this threshold may group their holdings and choose a proxy to represent them. In the event that a shareholder does not reach such threshold and is unable to group its holdings with those of other shareholders, such shareholder will not be able to attend or vote at shareholders' meetings, whether in person or by proxy.

A shareholder whose currency is not the euro is exposed to exchange rate fluctuations

The Codere shares are denominated in euros and any future payments of dividends on the Codere shares will be denominated in euros. Any investment in Codere shares by an investor whose principal currency is not the euro exposes the investor to foreign currency exchange risk. Fluctuations in the value of the euro against other currencies will affect the currency equivalent value of the price of Codere shares or dividends or other distributions paid on Codere shares.

It may be difficult for shareholders outside of Spain to protect their interests, serve process on or enforce foreign judgments against Codere or its directors

Codere is a public limited company incorporated in Spain (a *sociedad anónima* or "S.A."). Shareholders' rights are governed by Spanish law and by the By-Laws of Codere and its internal rules governing General Shareholders' Meetings and the Board of Directors. Shareholders' rights and the fiduciary responsibilities of directors and officers differ under Spanish law from the statutes and judicial precedents of other jurisdictions. As a result, shareholders may have more difficulty in protecting their interests with regard to any acts or any failure to act by Codere's directors or officers than would the shareholders of a corporation incorporated in another jurisdiction.

III SHARE REGISTRATION DOCUMENT (ANNEX I TO COMMISSION REGULATION (EC) NO 809/2004 OF 29 APRIL 2004)

1. PERSONS RESPONSIBLE

1.1 Identification of all persons responsible for the information given in the Registration Document

Mr José Antonio Martínez Sampedro, holding Spanish Identity Document (*D.N.I.*) number 1497520-J, in his capacity as Chairman and Managing Director of Codere, S.A. ("**Codere**", the "**Issuer**" or the "**Company**", and together with the companies that are part of its corporate group for commercial regulations purposes the "**Group**"), and acting on behalf of the Company by virtue of the power of attorney granted by the Board of Directors of Codere on its meeting of 6 April 2016, accepts responsibility for the content of this registration document which conforms to the content set out in Annex I of Regulation 809/2004 (the "**Registration Document**").

1.2 Declaration by those persons responsible for the Registration Document

Mr José Antonio Martínez Sampedro declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Registration Document is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its import.

2. STATUTORY AUDITORS

2.1 Names and addresses of the issuer's auditors for the period covered by the historical financial information (together with their membership in a professional body)

The Company's individual and consolidated annual accounts for the years ended 31 December 2013, 2014 and 2015 have been audited by PricewaterhouseCoopers Auditores, S.L., with registered address at Paseo de la Castellana 259 B, Torre PwC, 28046 Madrid, Spain with N.I.F. B-79031290 and registered in the Official Register of Auditors (*Registro Oficial de Auditores de Cuentas*) under number S-0242.

2.2 If auditors have resigned, been removed or not been re-appointed during the period covered by the historical financial information, indicate details if material

PricewaterhouseCoopers Auditores, S.L. has not resigned nor been removed during the period covered by the historical financial information.

3. SELECTED FINANCIAL INFORMATION

3.1 Selected historical financial information regarding the issuer, presented for each financial year for the period covered by the historical financial information, and any subsequent interim financial period, in the same currency as the financial information

Key figures of the balance sheet as at 31 December 2013, 2014 and 2015 prepared in accordance with IFRS-EU

EUR million	2013	2014	2013/2014 % change	2015	2014/2015 % change
Fixed and other non-current assets	1,302.3	1,204.6	(7.5%)	1,069.9	(11.2%)
Intangible assets, net	511.2	471.1	(7.8%)	413.0	(12.3%)
Tangible fixed assets, net	502.6	439.1	(12.6%)	385.0	(12.3%)
Goodwill on consolidation	207.5	207.6	0.1%	193.9	(6.6%)
Long term financial assets	34.3	38.2	11.4%	33.0	(13.5%)
Deferred taxes	46.8	48.7	4.1%	44.9	(7.7%)
Other deferred assets	(0.1)	(0.1)	0.0%	-	100.0%
Current assets	349.6	334.7	(4.3%)	371.2	10.9%
Inventories	11.8	10.4	(11.9%)	11.6	11.3%
Account receivable	178.3	181.5	1.8%	188.4	3.8%
Short-term financial investments	41.7	36.0	(13.7%)	42.8	18.8%
Prepayments and accrued income	15.4	20.1	30.3%	18.1	(9.9%)
Cash	102.4	86.7	(15.3%)	110.3	27.3%
TOTAL ASSETS	1,651.9	1,539.3	(6.8%)	1,441.0	(6.4%)
Shareholders' equity	(260.4)	(449.1)	72.5%	(609.7)	35.8%
Minority interests	56.9	17.3	(69.6%)	(6.3)	n.a.
Shareholders' equity & minority interests	(203.5)	(431.8)	112.2%	(615.9)	42.6%
Non-current liabilities	1,288.0	296.8	(77.0%)	249.7	(15.9%)
Deferred income	0.1	-	(100.0%)	-	-
Provisions	48.3	33.5	(30.7%)	32.3	(3.4%)
Long term financial debt and other long term liabilities	1,239.6	263.3	(78.8%)	217.3	(17.5%)
Current liabilities	567.4	1,674.3	195.1%	1,807.3	7.9%
Trade payable	128.0	119.6	(6.6%)	103.2	(13.7%)
Bonds Short-term	41.5	1,141.9	n.a.	1,276.2	11.8%
Payable to credit entities Short-term	119.1	161.0	35.1%	147.5	(8.4%)
Other non trade payables	267.8	241.2	(9.9%)	271.0	12.3%
Provisions for trade transactions	11.0	10.6	(3.6%)	9.5	(11.0%)
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,651.9	1,539.3	(6.8%)	1,441.0	(6.4%)
Bonds	1,008.1	1,141.9	13.3%	1,276.2	11.8%
Payable to credit entities	221.9	250.3	12.8%	223.9	(10.5%)
Operating Working Capital	(201.3)	(159.4)	20.8%	(165.6)	3.9%
Net Working Capital	(217.8)	(1,339.6)	n.a.	1,436.2	7.2%
Net financial debt	1,127.6	1,305.5	15.8%	1,389.8	6.5%
Gross financial debt	1,230.0	1,392.2	13.2%	1,500.1	7.7%
Gross financial debt short term	160.6	1,302.9	n.a.	1,423.7	9.3%
Gross financial debt / Total shareholders' equity and liabilities	74.5%	90.4%	21.5%	104.1%	15.1%
Gross financial debt short term / Gross financial debt	13.1%	93.6%	n.a.	94.9%	1.4%

In application of the recently revised International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") 11 standards, there is a change in the method of consolidation used for HRU ("HRU, S.A.") in Uruguay and New Joker S.r.L. ("New Joker") in Italy. Both operations are now reported using the equity method instead of the proportional method. For consistency and comparison purposes 2013 figures have been restated accordingly and, thus, such figures may differ from those included in the annual accounts for those years.

Key figures of the consolidated income statements for the years ended 31 December 2013, 2014 and 2015 prepared in accordance with IFRS-EU

EUR million	2013	2014	2013/2014 % change	2015	2014/2015 % change
Operating revenue	1.520.8	1,385.6	(8.9%)	1,639.5	18.3%
EBITDA ¹	198.4	163.5	(17.6%)	254.6	55.7%
% EBITDA margin (EBITDA/Operating revenue)	13.04%	11.80%	(9.5%)	15.53%	31.6%
EBIT ²	(17.2)	20.8	n.a.	124.4	499.2%
% EBIT margin (EBIT/Operating revenue)	(1.13%)	1.50%	n.a.	7.59%	406.4%
Net income (loss) attributable to controlling company	(173.6)	(173.0)	(0.4%)	(113.1)	(34.6%)
% Net income (loss) attributable to controlling company/Operating revenue	(11.42%)	(12.49%)	9.4%	(6.90%)	(44.8%)
Net income (loss) attributable to controlling company/Shares (euro)	(3.15)	(3.14)	(0.4%)	(3.15)	0.4%
Operating Cash Flow/shares (EUR)	2.90	1.70	(41.4%)	3.76	121.4%
Dividend per share	0.00	0.00	-	-	-

1 "EBITDA" is defined as the earnings before interest and corporate income tax, depreciation and amortization, change in provisions, gains or losses on asset disposals, and asset impairments.

Reconciliation: "Consolidated Operating Profit/(loss)" (EUR -17.2 million in 2013, EUR 20.8 million in 2014 and EUR 124.5 million in 2015) before "Depreciation and amortisation" (EUR 149.7 million in 2013, EUR 125.5 million in 2014 and EUR 122 million in 2015), "Change in trade provisions" (EUR 2.1 million in 2013, EUR 2.0 million in 2014 and EUR 0.1 million in 2015), "Asset impairment charges" (EUR 57.3 million in 2013, EUR 4.9 million in 2014 and Eur 3.1 million in 2015) and "Profit/(loss) on retirement or disposal of assets" (EUR -6.5 million in 2013, EUR -10.3 million in 2014 and EUR 4.9 million in 2015).

2 "EBIT" is defined as earnings before interest and corporate income tax.

Reconciliation: EBIT is equal to "Consolidated Operating Profit/(loss)" (EUR 17.2 million in 2013, EUR 20.8 million in 2014 and EUR 124.5 million in 2015).

In application of the recently revised IFRS-EU 11 standards, there is a change in the method of consolidation used for HRU in Uruguay and New Joker in Italy. Both operations are now reported using the equity method instead of the proportional method. For consistency and comparison purposes 2013 figures have been restated accordingly and, thus, such figures may differ from those included in the annual accounts for those years.

3.2 If selected financial information for interim periods is provided, comparative data from the same period in the prior financial year must also be provided, except that the requirement for comparative balance sheet information is satisfied by presenting the year end balance sheet information

Not applicable.

4. RISK FACTORS

Please refer to the Risk Factors.

5. INFORMATION ABOUT THE ISSUER

5.1 History and development of the issuer

5.1.1 Legal and commercial name of the issuer

The corporate name of the Issuer is Codere, S.A. The Company operates commercially under its corporate name.

5.1.2 Place of registration of the issuer and its registration number

The Company is registered with the Commercial Registry of Madrid, under Volume 13,390, Folder 70, Section 8th and Sheet M-217120.

5.1.3 Date of incorporation and length of life of the issuer, except where indefinite

The Company was incorporated for an indefinite period of time on 28 July 1998 pursuant to a public deed of hive-down, granted before the notary public of Madrid, Mr Francisco Hispán Contreras, under number 970 of his official records.

The Tax Identification Number ("NIF") of the Company is A-82110453.

5.1.4 Registered office and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, and the address and telephone number of its registered office (or principal place of business if different from its registered office)

Registered office and telephone number

The registered office of Codere is located at Avenida Bruselas 26, 28108 Alcobendas, Madrid, Spain. Its telephone number is 91 354 28 00.

Legal form

The Company is a public limited liability company ("*sociedad anónima*").

The corporate purpose of the Company is established in Article 2 of its By-Laws, the literal wording is as follows: "*Carrying out investment and reinvestment activities in various sectors, such as real estate, hotel and catering, slot machines, casinos, bingos and other legal gaming activities, using its resources to participate in national and international corporations with identical or analogical corporate purpose, as well as providing legal, tax and finance services. The subscription, derivative acquisition, tenancy, enjoyment, administration and transferring of transferable securities and participations, with the exclusion of those which are subject to a specific regulation. The Company will be able to develop its activities, in whole or in part, through its participation in other entities with analogical corporate purpose, as long as the requirements sought for by the Law for that activity are met*".

Country of incorporation

The Company was incorporated in Spain.

Regulation

In general terms, the Company is governed by the current Restated Spanish Companies Act approved by the Royal Legislative Decree 1/2010, of 2 July (*Texto Refundido de la Ley de Sociedades de Capital, aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio*) (the "**Spanish Companies Act**") and other rules of general application.

As indicated above, the main activity of Codere and its dependent companies is the performance of operations in the private gaming sector, mainly consisting of the operation of slot machines, gaming halls, sport betting locations and the management of racetracks, in Spain, Italy and Latin America.

The gaming industry, a significant sector of economic activity in many countries, has traditionally been controlled by governments. There are still countries where participation by private groups is not permitted and where the government monopolises the management of the industry. In the countries where participation by private groups is permitted, the gaming industry is nevertheless highly regulated. As a result of the high level of state regulation in the gaming industry, the Group can only focus on a limited number of factors, which are within its control, to improve the results of its operations.

In many of the countries where the Group has a presence, gaming is subject to specific regulations and quite extensive legislation. A summary of the existing legislation in each of the sectors of activity of the Group is provided below.

(a) Regulation of the Argentine gaming market

Gaming in Argentina is subject to federal and provincial regulation, but licensing of gaming activities and gaming taxation has been delegated by the federal government to provincial governments.

Online gaming is not currently regulated in Argentina at state level. However it is regulated in some of the provinces, other than the one where the Group operate.

In the province of Buenos Aires, Instituto Provincial de Lotería y Casinos de la Provincia de Buenos Aires ("**IPLyC**") is the lottery operator and overall gaming regulator, responsible for granting gaming licenses. An individual license is issued for the operation of each hall. There are a total of 46 currently effective licenses in the province. The licenses are granted to non-profit organisations ("**NPOs**") (*Entidades de Bien Público*), which are usually foundations. These NPOs must in turn apply the revenue from such licenses to their non-profit activities to encourage gaming that is conducted in a socially responsible manner and also benefits the public interest. NPOs hire a gaming operator, such as the Group, and enter into a revenue sharing agreement with such operator. Each gaming operator negotiates the terms of its revenue sharing agreement with the relevant NPO, which can take the form of a percentage of net sales or a fixed monthly fee payable to the NPO by the gaming operator. The average amount paid to NPOs as a result of these agreements in connection with the Group's licenses is 1.7% of the net win in the Group's slot machines operations and 1.7% of amounts wagered in the Group's bingo business. The IPLyC must approve the terms of the NPO's contractual arrangements with gaming operators and must also approve each gaming location. The NPOs are mandatorily associated with an operator not only for the operation of the business, but also for compliance and the payment of taxes. While the NPO is the nominal beneficiary of the license, the IPLyC's principal counterparty is the operator, and the operator is responsible for the day-to-day reporting *vis-à-vis* the regulator.

Buenos Aires' provincial laws regulate both bingo games and slot machines:

- Law No. 11,018 (1990) provides that (i) 58% of the total amounts wagered on bingo (bingo card sales) must be paid out as prizes, (ii) 21% must be paid in local and provincial taxes and (iii) 21% belong to the operator, which is required to share between 1% to 6% of such amount with the NPO holding the gaming license;
- Law No. 13,063 (2003) provides that slot machines must only be installed in bingo halls authorised under Law No. 11,018 and at least 85% of total amounts wagered on slot machines must be paid out as prizes (the Group currently pays on average 94%). Of the remaining percentage of amounts wagered, 34% must be paid in provincial taxes and 66% belongs to the operator, who is required to share at least 1% of such amount with the NPO; and
- Law No. 13,063 also provides that the number of slot machines that may be installed in a bingo hall may be increased up to a maximum of 50% of the number of bingo seats located in such bingo hall, provided that there may be no more than one authorised machine per bingo hall employee. The law also requires the creation of an online wagering control system for all slot machines located in the province of Buenos Aires.

Gaming tax

Since gaming is approved and regulated at the provincial levels, the provinces also establish direct taxes on the industry. Accordingly, the Group is subject to the taxing jurisdiction of the province of Buenos Aires, which imposes the following gaming taxes:

- Machine gaming is taxed on net win at a rate of 34%; and
- Bingo is taxed on the basis of card sales (i.e., effective turnover) at a rate of 21%, prizes are set by regulation at a minimum of 58% of card sales and therefore the turnover tax effectively equates to a net win tax of no less than 50%.

In addition, the Group's operations are subject to a provincial tax on gross revenue. In December 2011, the province approved an increase in the gross revenue tax, applicable to all sectors, from 6% to 8% effective 1 January 2012. In December 2012, the Province approved an additional increase in the gross revenue tax from 8% to 12% effective January 2013. In the Group's operations, the gross revenue tax is applied to the net win less gaming tax, payment to the NPOs and canon tax surcharge, where applied.

(b) Regulation of the Mexican gaming market

Gaming in Mexico is subject to the 1947 Federal Law of Games and Lotteries (the "**FGLA**") and its regulations. The FGLA prohibits all forms of gaming unless expressly permitted. Granting such permission and any renovation of permits is currently the responsibility of the Mexican Ministry of Interior (*Secretaría de Gobernación*) ("**SEGOB**"). SEGOB is the Mexican federal agency which issues licenses, establishes the applicable special gaming tax regime and has the exclusive power to regulate gaming.

On 17 September 2004, the Mexican government issued regulations under the FGLA (the "**RFGLA**"). The RFGLA significantly altered the gaming landscape in Mexico by (i) expressly ratifying existing licenses, including the terms thereof, (ii) better defining the licensing process, which included removing the requirement that a potential gaming licensee must operate a racetrack and adding the requirement that a potential licensee must obtain previous authorisation from local authorities and have previous gaming experience, (iii) strictly defining where gaming facilities may be located, (iv) recognising the role of a gaming operator as a provider of gaming services to a gaming licensee, (v) authorising limited forms of advertising and (vi) in respect of electronic versions of permitted bingo games, expressly recognising that such electronic versions are likewise permitted under existing licenses.

In May 2009, the SEGOB confirmed that Administradora Mexicana de Hipódromo, S.A. de C.V. ("**AMH**"), Libros Foráneos, S.A. de C.V. ("**Libros Foráneos**"), Operadora Cantabria, S.A. de C.V. ("**Operadora Cantabria**"), Operadora de Espectáculos Deportivos, S.A. de C.V. ("**OED**") and Promojuegos de México, S.A. de C.V. were allowed to install and operate gaming and lottery machines in which the player, individually through an autonomous machine or through a central system, plays with a number of interconnected gaming machines run by a random generator. All electronic devices and controls used in such games are monitored by the authorities. This confirmation in effect removed all obstacles to the introduction of Class III machines in Mexico and since then the Group and many other participants in the gaming machines market have changed machines from bingo based EBTs (electronic bingo terminals), or Class II machines, to the more attractive Class III machines. On 23 October 2013 SEGOB released a new amendment to the gaming regulations which stated under Article 137 bis a new category for electronic gaming equipment as "drawing of numbers and symbols machines". Under these new provisions, all permit holders are entitled to keep using Class II and Class III games, as electronic drawing of numbers and symbols machines, as approved on 2009.

Although there is no specific online gaming regulation in Mexico, the existing regulation permits the operators who have licenses to operate gaming halls to offer electronic/remote versions of all games authorised under their licenses. This interpretation has been confirmed by consultation with the SEGOB. Several operators offer online gaming in Mexico, including "**Grupo Caliente**" (a Mexican group of companies engaged in the gaming business, including Turística Akallí, S.A. de C.V. and Hípódromo de Agua Caliente, S.A. de C.V.).

In December 2014, the Mexican Chamber of Deputies approved a draft decree to regulate and normalise gaming activity but it was not approved by the Senate before the closure of the legislation period.

Gaming tax

Gaming activity operations are taxed at the federal state and, in some cases, the municipal level.

At the federal level, there is (i) a Federal Gaming tax (*Impuesto Especial sobre Producción y Servicios*) ("**IEPS**") on net win from gaming activities of 30% payable to the Mexican Ministry of Finance and Public Credit (*Secretaría de Hacienda y Crédito Público*) and (ii) a special bingo tax of 2% on bingo card sales, or 1% to 2% on amounts wagered, payable to SEGOB (nonetheless, subject to compliance with certain requirements, AMH qualifies for a tax reduction which reduces its tax rate to 0.25%). The special federal bingo tax can be credited against IEPS.

At the state and local level, gaming taxes range from 0% to 12% of the value of net win. These state and local taxes can be credited against IEPS up to 20% of IEPS accrued.

In addition, at the state and local level, players are subject to a tax on prizes. The Income Tax Law (*Ley del Impuesto sobre la Renta*) imposes an income tax on individuals for the income received from prizes won in games and gambling. State and local tax rates applicable to players are generally 6% (although some states apply lower rates). Additionally, a federal income tax on prizes applies, which is 1% of the value received by the ticketholder. As organiser of the games, the Group is required to withhold the relevant income tax from prizes payable to ticketholders and made the payment to the Ministry of Finance and Public Credit.

(a) Regulation of the Italian gaming market

Amministrazione delle Dogane e dei Monopoli ("**ADM**"), the Italian betting and gaming authority, is a department of the Ministry of Economy which regulates and controls the entire gaming industry and establishes the applicable special gaming tax regime ("**PREU**"). In particular, ADM decides, *inter alia*, (i) which games may be operated and which amounts may be charged by operators, (ii) the winnings to be awarded, (iii) compensation paid to concessionaires and (iv) the number and location of the points of sale. The ADM also grants gaming licenses to betting agency operators. Italy's four casinos are licensed and are taxed by the local governments in the area in which the casinos are located.

Since legalising bingo halls in 2000, Italy legalised AWP machines in 2004, horse race betting in 2005, online gaming in 2009 and VLT machines in 2010. The description below refers to the main law provisions and regulations which govern the principal activities the Group carries out in Italy.

Gaming machines

AWP Machines

Royal Decree No. 773 of 18 June 1931 (also called "**TULPS**" ("*Testo Unico delle Leggi di Pubblica Sicurezza*")) established the requirements of the first type of AWP machines that was allowed in Italy (the so called AWP Comma 6). In addition to regulating the features limits and the price of the games,

the above-mentioned decree requires AWP machines to be (i) certificated by ADM as in compliance with law and (ii) connected to a telecommunications network.

AWP operators are generally categorised as service providers that must enter into agreements with site owners and the operator of the telecommunications network which provides the interconnectivity required by law.

In Italy, the use of AWP machines is forbidden for those under 18 years of age.

By means of Law No. 266 of 23 December 2005, Italian authorities introduced gaming regulations with several objectives, including fighting illegal gaming more effectively, improving the attractiveness of AWP machine games, improving the economics of the AWP machine business by reducing taxes, and increasing the minimum price per AWP machine game. Moreover, the 2005 regulations, as amended, provide for a second generation type of AWP machines (the so called Comma 6A) with the following rules: (i) taxes are to be levied at 13.40% of amounts wagered plus 0.8% levied by ADM; (ii) payout ratios are to be set at a minimum of 75% over a cycle of 140,000 games (previously 14,000 games); (iii) the price per game is to be set at EUR 1.0 (previously EUR 0.50), (iv) maximum prizes are to be set at EUR 100; (e) AWP machines will be permitted at bingo halls, (v) the types of locations eligible for hosting AWP machines will be expanded; and (vi) gaming time is to last at least four seconds. AWP machines introduced in the market since January 2007 must comply with the tax levy structure described in (i) above. The first generation AWP machines, Comma 6, continued to operate under the old rules, but were completely phased out by the end of 2009 and replaced by the second generation AWP machines. The second generation of AWP machines also features remote shutdown, which has increased the degree of control on the part of network operators.

On 14 November 2011, ADM issued a decree modifying the gaming tax applicable to several products, including AWP machines: (i) from 1 January 2012 to 31 December 2012 the tax on played amounts was reduced from 12.6% to 11.8% in order to facilitate the necessary technological adaptations of machines; (ii) from 1 January 2013 the percentage assigned for prizes was reduced from 75% to 74%; (iii) from 1 January 2013 to 31 December 2014, the tax on played amounts will increase from 11.8% to 12.7%; and (iv) from 1 January 2015 tax on played amounts will increase from 12.7% to 13%.

On 13 September 2012 a decree (subsequently converted in law on 8 November 2012) introduced an urgent measure to promote the country economic growth through a higher level of wealth. The aforementioned decree (named Balduzzi) set forth the concessionaires' obligation to exhibit specific information on every AWP machine concerning the payout percentage and also information in the gaming hall concerning the gambling addiction risks related to the compulsive gambling.

Since 2010 the local authorities (Regions and municipalities) have introduced restrictive measures concerning: (i) the prohibition of new gaming hall openings nearby sensible places like hospitals, churches, schools etc.; (ii) the gradual reduction of the number of AWP and VLT machines to be installed inside the gaming halls or the prohibition of installing new gaming machines in gaming halls nearby the aforementioned sensible places; (iii) the drastic reduction of the gaming halls opening and closing hours.

In July 2015 the Parliament presented a new legislative proposal aimed to compile and to harmonize the whole gaming legislation in a sole gaming code.

The approval of the Italian Budget law (the so called "**Stability Law 2016**") by the Italian Parliament entails a substantial technical and regulatory reform involving these major changes:

- The tax on video lotteries has now been increased to 5.5% of the turnover, while the tax on AWP (the "comma 6a") has been increased to 17.5%, with a decrease of the minimum payout

to 70%. These changes have been accompanied by the removal of the EUR 500 million contribution that had led to major disputes.

- At the same time, an easier certification process has now been introduced for video lotteries, since —as is the case with online games— this process can now be handled by private companies. This will facilitate access to the market by new game suppliers.
- Also, the Italian Government has committed to reach an agreement with the regions and the municipalities as to the features and the location of gaming halls by 30 April 2016. The goal is to resolve the current inconsistencies in the country.

VLT Machines

Law No. 266 of 23 December 2005 introduced VLT machines.

Pursuant to a Directorial Decree dated 22 January 2010, ADM regulates the following aspects of VLTs: (i) the technical specifications and functions of and the procedures for VLTs; (ii) the minimum (EUR 0.5) and maximum (EUR 10.0) amounts that can be wagered; (iii) the characteristics of the games (at least 85% of the amounts wagered must be paid to players, the maximum prize per VLT is EUR 5,000, while it increases to a jackpot of EUR 100,000 for cash gaming halls and a maximum of EUR 500,000 for each gaming system); and (iv) the dedicated areas where VLTs may be installed including, bingo halls, sports betting shops that do not involve horse race betting, horse race betting shops and gaming halls, including gaming halls dedicated to VLT and AWP.

Decree 2011/31857/giochi/Adi of 9 September 2011 requires VLT operators, including operators who already have contractual relations in the VLT fields, to meet certain conditions and to register on a special list. Only the entities on such list are authorised to operate VLT machines. This decree also establishes certain rules governing violations of law by the applicant.

Network concessionaries were initially required to pay PREU of 2% of the sums wagered in 2009, 2010 and 2011. In 2012, gaming tax was increased to 4% of the sums wagered and are required to pay 5% of the sums wagered in 2013 and 2014. According to a decree issued by ADM on November 2011, from 1 January 2012 an additional 6% was to be levied on any prize amount that exceeds EUR 500, although its application was temporarily suspended by a preliminary injunction of the Administrative Regional Court of Lazio (TAR Lazio) on 13 January 2012. In June 2014 the judicial process was concluded and the new tax on prizes over EUR 500 is now applied and reported to the authorities.

The Law of Stability: in December 2014, the Italian government published the "Legge Stabilità", which outlines the implementation of additional annual machine fees to be distributed among the Italian gaming machine sector in a bid to increase fiscal revenue by EUR 500 million per annum to be paid by the concessionaries in two instalments: EUR 200 million by 31 April 2015 and EUR 300 million by 31 October 2015. Concessionaries challenged the additional fee before the TAR Lazio. In the meanwhile, in order to avoid reprisals from ADM, they paid in full the first installment (EUR 200 million) and only EUR105 million for the second installment, which was the amount that they were able to collect from the "entities of the supply chain". Codere Network, in particular paid around EUR 12.5 million in total.

The Law of Stability 2016 changes the taxation on videolotteries that has been increased up to 5.5% of the turnover.

Bingo halls

Bingo has been regulated in Italy since January 2000. In 2009 the ADM modified the regulatory regime for bingo operations in an attempt to make bingo more attractive to players, improving a

business that had been losing relevance in the Italian gaming sector. The ADM issued decrees providing for an increase in prize payments from 58% to 70% of amounts wagered and a decrease in the tax and fees from 23.8% to 12%. The bingo market has subsequently grown, the concessionaires have consolidated and more personnel have been recruited.

The Law of Stability 2014 set forth procedures for the reallocation of the Bingo game licenses providing the following criteria: (i) principle of the onerous title of the licenses and fixation of the amount of EUR 200,000 as the minimum threshold for the allocation of each license; (ii) duration of the licenses for six years; (iii) with reference to the expired licenses, a payment of EUR 2,800 for each license, monthly, until the signature of the new license; and (iv) a bank or insurance guarantee of EUR 300,000 for each concessionaire, covering the validity period of the license. The tender, published on the 5 August 2014, was challenged by some concessionaries and declared void and null by the Administrative Regional Court. Until a new tender is published the concessionaries which want to extend their expired licences have to pay to ADM a monthly fee of EUR 2.800 for each of them.

Horse race betting

Horse race betting is mainly regulated by Presidential Decree No. 169 of 8 April 1998 and Law Decree No. 149 of 25 September 2008. Licenses to operate betting agencies are issued by the Ministry of Economy and Finance through ADM.

Online Gaming

In Italy, Law No. 88 of 7 July 2009 ("**Community Law of 2008**") centralises and unifies regulations of online gaming activities, which remains subject to the adoption by ADM of a decree implementing such law for Community Law of 2008 to have full effect.

Prior to the Community Law of 2008, two distinct regulatory regimes existed, one with respect to online bingo and the other with respect to other online gaming activities. With respect to online bingo, directorial decrees adopted by ADM set forth the relevant regulatory framework for online bingo, including licensing guidelines, bingo card prices, prize payouts and player qualifications, as well as the eligibility of physical bingo licensees to operate online bingo. With respect to other online gaming activities, ADM adopted the "Bersani" decree in 20 October 2006, pursuant to which it awarded online horse racing and sports-betting licenses to certain operators ("**bersani operators**"). The scope of such licenses was subsequently extended to other online gaming activities, such as poker and other card games.

The Community Law of 2008 applies to the following online gaming activities: (i) fixed-odds or totaliser betting relating to sporting events or horse racing, (ii) other betting on sporting events or horse racing, (iii) national horse racing events, (iv) skill games, (v) fixed-odds betting with direct interaction between the players, (vi) bingo, (vii) numeric games at national totaliser and (viii) lotteries at instantaneous and deferred drawing. Article 24, paragraph 16 of Community Law of 2008 allows online horse racing and sports betting licenses pursuant to law decree No. 223/2006 (for a fee of EUR 50,000), physical bingo licensees (for a fee of EUR 300,000) as well as applicants without any existing online gaming license (for a fee of EUR 350,000) to apply for a license to conduct online gaming activities listed in (i) to (vi) above.

(b) Regulation of the Spanish gaming market

Depending on its territorial scope, gaming in Spain may be subject to either national or regional laws. The General Game Directorate (*Dirección General de Ordenación del Juego*) is the national authority that issues licenses for remote gaming operations at a national level, establishes applicable gaming taxes and exercises control. Each autonomous region (*Comunidad Autónoma*) has a competent gaming authority within its respective territory.

The private gaming sector in Spain (AWP machines, bingo halls and casinos) was legalised in 1977 and is primarily regulated at a regional level, but where no regional regulation exists, national regulation applies (mainly Law 13/2011, of 27 May (*Ley 13/2011, de 27 de mayo, de regulación del juego*) ("**Law 13/2011**"). Most of the autonomous regions have passed extensive legislation governing private gaming, including the granting of the relevant operating licenses and authorisations, taxes and the monitoring of each type of private game. The autonomous regions are also authorised to regulate the public gaming market (lotteries) within their own territorial areas. Regulation of the private gaming market is similar across each of the regions. Each region has a sanctioning regime in the event of violations of the applicable gaming laws and regulations of their jurisdiction. Manufacturing, distributing and operating authorisations and approvals may be revoked, if the relevant regional authority determines that a manufacturer, distributor or operator has not complied with applicable gaming laws and regulations, after following the required legal process, which includes the right of the company to submit evidence in support of its position.

Online gaming of national scope is regulated by the Law 13/2011. According to Spanish Law 13/2011, regulated gaming companies that offer online gaming both from Spain and to Spain, are required to apply for and obtain a double license: a general one, for each game modality; and a specific one, for each of the types of the gaming modality. The Group obtained these licenses in June 2012.

Gaming machines

The Spanish gaming regulations permit, in general, four types of gaming machines: Type A, B, C and D machines. The Group operates primarily AWP machines (Type-B machines).

AWP machines and participants in the AWP machine business must comply with specific requirements set forth in the applicable laws and regulations of the relevant region. Before commencing operations, all AWP machine manufacturers, distributors and operators, as well as others engaged in the AWP machine business, generally must register with and be approved by the gaming authority of the region in which they intend to conduct operations. The registration and authorisation processes include, among other things, a demonstration of sufficient technical and financial resources and professional expertise to operate the AWP machines, criminal background checks and, in the case of Type-B machines, the deposit of a guarantee to ensure regulatory compliance. AWP machine operators are also required to deposit an additional guarantee with the relevant regional authority in an amount which is based on the number of AWP machines to be operated in the relevant region. The amounts of the required guarantees vary across the regions.

All autonomous regions in Spain have established their own annual flat tax per machine, which averaged approximately EUR 3,600 in 2015, generally payable on a quarterly basis in the amount of EUR 900 to the region in which the AWP machine is located. This annual flat tax is usually paid by both the operator and the owner of the bar in which the AWP is located.

Bingo halls

The prize pay-out ratio of card sales in the Madrid autonomous region (the only Spanish autonomous region where the Group operates a bingo hall) is 71%. The gaming taxes applicable to bingo operators are 40% of net win.

In April 2011, the Madrid autonomous region authorised electronic bingo (with bingo games interconnected between several bingo halls of the Madrid autonomous region) pursuant to Decree 22/2011 (*Decreto 22/2011, de 28 de abril, del Consejo de Gobierno, por el que se modifican el Reglamento de los Juegos Colectivos de Dinero y Azar y otras normas en materia de juego de la Comunidad de Madrid y se regula el juego del bingo electrónico*). The electronic bingo entitles a 1% reduction on prize pay-out applicable on the bingo played at the hall and the gaming tax applicable is also assessed at 40% of net win.

In addition, bingo halls in Madrid are allowed to operate Type B3 machines, which have a maximum prize of EUR 6,000, which increases to EUR 40,000 / EUR 80,000 in the case of interconnected machines.

Sports betting

The opening of betting locations by operators that obtain the required licenses was authorised in the Basque autonomous region pursuant to Decree 95/2005, in Madrid pursuant to Decree 106/2006 and, since then, most of the rest of the autonomous region have passed regulations allowing sports betting.

Online gaming

Law 13/2011 included a regulatory framework for interactive gambling (which includes a tax regime, the establishment of a licensing system, and some safeguards to protect minors and problem gamblers), applicable throughout Spain for online gaming of state scope —meaning more than one specific autonomous region. Any Internet gambling company that wishes to operate in Spain must first obtain valid licenses from the National Gaming Commission (*Comisión Nacional del Juego*). There are three types of general licenses (betting, competition and other games) and several specific licensees depending on the game, and each operator requires a general license and a specific license for each game. The duration of the license is 10 years.

In the Madrid autonomous region, online gaming and betting is regulated and permitted since 2006, as an extension of sports betting licenses. At present, any company that wishes to operate online gaming or betting in the Madrid autonomous region has to obtain a license or authorisation which entails a thorough certification process.

(a) Regulation of the Brazilian gaming market

The regulated gaming market in Brazil is limited to state-run lotteries and horserace betting. The state-run lotteries linked to the federal government have been operated by Caixa Economica Federal, a public sector bank, since 1961. In addition, certain state-run lotteries are operated by the states.

Horse racing betting consists of local pari-mutuel horse racing and international pari-mutuel and fixed odds betting, licensed by the Ministry of Agriculture and operated by jockey clubs ("JCs").

(b) Regulation of the Colombian gaming market

The Colombian gaming market is highly regulated, and operators are required to obtain licenses in order to operate all lottery and non-lottery gaming operations. Gaming activity is a monopoly of the state and may only be conducted by entering into an agreement with the relevant authority. Gaming in Colombia is regulated by Empresa Industrial y Comercial del Estado Administradora del Monopolio Rentístico de los Juegos de Suerte y Azar ("**COLJUEGOS**"), which is responsible for, amongst other things, the operation, administration and regulation of games, including localised, promotional and Internet. In addition it is responsible for the collection of exploitation rights and administrative expenses of games. Gaming licenses generally have terms of between three and five years.

Gaming tax and fees

Under Colombian law, royalties, administrative fees and taxes are payable in connection with gaming operations. The royalties for operation of gaming machines are calculated as a percentage of the value of one minimum wage monthly salary ("**legal minimum salary**") which is annually established by the Colombian government and varies according to the type of wagering permitted by each gaming machine. As of 1 January 2016, the legal minimum salary was COP\$ 689,455. Gaming machines with a wager of between COP\$ 0 and COP\$ 500 are required to pay monthly royalties of approximately 30% of the legal minimum salary and gaming machines with a wager greater than COP\$ 500 are required

to pay monthly royalties of approximately 40% of the legal minimum salary. This percentage increases to a maximum of approximately 45% of the legal minimum salary in the case of gaming machines that are placed in series. For bingo halls, the maximum gaming royalty to be paid on a monthly basis is equivalent to four legal minimum salaries per seat in certain municipalities.

In July 2014, COLJUEGOS issued a resolution establishing the conditions for the compulsory online connection of slots operated in the country and the new gaming tax to be applied to slots connected modified in June 2015.

On 25 July 2014 the Colombian government published Resolución 1400 de 2014, a revision of tax for gaming companies operating in Colombia. The revised legislation establishes a tax for gaming machines which will be the higher of: (i) 12% of net win of each machine; or (ii) the monthly fixed payment per machine equivalent to 30% of the minimum wage of the country (the previous tax payable).

In June 2015 and again in November 2015, COLJUEGOS published resolutions which modified the calendar to execute the online connection established by Resolución 1400 de 2014. In this sense, by October 2015, 30% of the slots were required to be online. The calendar was modified again in March 2016 and the following milestones are May 2016 and November 2016, when 60% and 100% of slots, respectively, must have completed the interconnection.

The administrative fees are equivalent to 1% of the game operator's exploitation rights. Additionally, a sales tax of 16% of 20 Units of Tax Value (*Unidad de Valor Tributario* or "UVT") per slot machine, 16% of 290 UVT per gaming table and 16% of 3 UVT per seat is required to be paid. UVT is an index established by the Colombian tax authorities based on the yearly fluctuation of the Colombian consumer price index. As of 1 January 2016, 1 UVT was equivalent to COP\$ 29.753.

(a) Regulation of the Panamanian gaming market

All gaming activities in Panama must be authorised by the Gaming Control Board (*Junta de Control de Juegos*), which is under the jurisdiction of the Ministry of Economics and Finance. The operation of casinos, gaming halls and horse racing tracks requires contracts with the state, and such contracts or licenses are not transferable to third parties unless authorised by the Gaming Control Board. In addition, in order to obtain the required authorisation to operate in Panama City, new casinos must be located in luxury hotels that have no fewer than 300 rooms. New casinos operating elsewhere in the country must also be part of tourism projects. Moreover, Decree Law No. 2 establishes specially designated areas within which new casinos or gaming halls must be established.

Panamanian legislation does not establish minimum wager requirements or maximum payouts for casinos or slot machines.

Currently, proposed Law No. 21 is being discussed at the Panamanian Asamblea, this Law would establish the prevention and treatment of problem gambling in the casino gaming rooms and slot machines and seeks to protect, prevent and improve the overall health of gamblers, setting rules that identify and protect the gambler.

Gaming tax and fees

Pursuant to Panamanian legislation, the administrators-operators of slot halls Type "A", in full casinos as well as in slot machines of the Presidente Remón Racetrack, pay to the Gaming Control Board 18% of the net revenue from slot machines Type "A" on a monthly basis. Additionally, full casinos pay 12% of their gross income from the gaming tables monthly. USD 4 million of the amount generated is allocated annually to the payment of the prizes for the races that take place in the Presidente Remón Racetrack. This allocation is managed by the administrator-operator of the President Remón Racetrack and distributed on a monthly basis as prizes for the horse races to the guild Equestrian Association

Owners Panama Thoroughbred Racing. Legislation requires the sum for the payment of equestrian awards to be distributed as follows: (i) 20% distributed in classic races; and (ii) 80% is distributed between domestic and imported horses (with a minimum of 60% distributed for domestic horses). The sums used to pay the prizes for the horse racing is audited by the General Controller of the Republic.

Since 23 June 2015 a new withholding tax liability on amounts cashed out at the rate of 5.5% is to be applied. Bets placed on horse races at racetrack Presidente Remón premises are exempt from this obligation.

5.1.5 The important events in the development of the issuer's business

Origins

The Group began when Codere, S.A. was incorporated on 12 December 1980 by two family groups: the Franco family, owners of the Grupo Recreativos Franco (Franco Gaming Group), one of the main Spanish manufacturers of recreational gaming machines, and the Martínez Sampedro family. Up to that time, Mr Jesús Franco, Mr Joaquín Franco and the Martínez Sampedro family had incorporated companies whose activities included the exploitation and distribution of recreational games without prizes, such as flipper and pinball (the classic "million dollar machine"). These companies were the foundation of what is now the Group.

Codere began its activities in 1981 as an operator of type-B slot machines in the Madrid region. In its early years it grew immensely. In 1982, it exploited directly and through subsidiaries over 3,000 type-B slot machines.

In 1983, the Group began the geographic expansion of its slot machine operation business outside Madrid. The first step was to set up in Catalonia, through the incorporation of its subsidiary, Codere Barcelona, S.A. That same year, the founding shareholders of Codere also participated, in a personal capacity, in the incorporation of Codere Valencia, S.A., subscribing 4/7 of its share capital. Since then, its national slot machines operation activity was organised into three management areas: Central Zone, Catalonia and Levante (the East coast). The major centres of Madrid, Barcelona and Valencia continued to lead the growth and consolidation of this line of business, while strengthening the groups of subsidiaries operating in each area.

The jump to the international markets was made in 1984. In that year, Codere incorporated Interamericana de Electrónica, Interec, S.A., a Colombian company dedicated to exploiting slot machines and games of chance, now known as Codere Colombia, S.A.

As the Spanish market for type-B slot machines began to mature, the Group continued its expansion strategy in Latin America, diversifying its business to include the bingo, sports betting and gaming casinos segments.

The 1990s

In 1991 the operations in the Spanish Central Zone were restructured under the company Codere Servicios, S.A. Codere then ceased to operate gaming machines, becoming instead a holding company.

In the early 1990s, bingo halls were added to the operations thanks to the opening of several bingo halls in Argentina, mainly in the province of Buenos Aires. The Group's diversification continued, with the opening of one of the largest casinos in all of Latin America in Cali (Colombia) in 1997.

In 1998, Codere performed a total de-merger, giving rise to three newly-incorporated companies: what is currently Codere, S.A., Francomar Investments, S.A. ("**Francomar**") and Jamsymatic, S.A.

Also in 1998, bingo operations started up in Mexico, following collaboration agreements signed with Grupo Caliente and Corporación Interamericana de Entretenimiento, S.A.B. de C.V. ("**CIE**").

In that year, the Group also acquired a 25% stake in the Royal Group, which currently comprises the companies: Karmele, S.A., Gallaecia, S.A., Cuatro Caminos, S.A., La Base, S.A., Nanos, S.A., Iberargen, S.A., Itapoan, S.A., Interbas, S.A., C&K Internacional, S.A. and Samana, S.A. (the "**Royal Group**"), operating bingo and slot machine halls, with the intention of increasing its business in Argentina and considering a possible acquisition in the future of a majority stake in said group. The acquisition of said 25% represented an EUR 1.4 million investment.

In 1999, the Group entered the Spanish bingo hall market through its acquisition of the Cartaya bingo hall in Valencia.

Year 2000

Operations involving type-B slot machines continued to grow in Spain, with the acquisition of Operiberica, S.A.U. for EUR 44.9 million. This company had 3,500 units and was owned by the Franco brothers, former significant shareholders and directors of Codere until April 2006, acquiring, since then, numerous additional operators of type-B slot machines.

The Group also set up new slot machines, bingo halls, casinos and/or betting facilities in Chile and Italy. The value of said investments totalled EUR 23.4 million.

Year 2002

In 2002, the joint venture company in which the Group participated in Uruguay obtained a licence to reopen the historic Hipódromo de Maroñas and to manage offsite betting facilities and slot machines.

The Group decided to also enter the Italian bingo hall market, through collaboration with local partners Messrs Leónardo Ceoldo and Vittorio Cassale (the "**Italian Partners**"). Its activities in Italy were carried out through the company Operbingo Italia, S.p.A. ("**Operbingo**"), regarding which the Group signed a memorandum of understanding whereby it agreed to purchase said company in the future.

On 18 September 2002, Codere formalised an investment agreement with Monitor Clipper Equity Partners, L.P. ("**MCP**"), according to which Codere issued a convertible investment instrument in favour of MCP for a subscription price of EUR 40 million (the "**MCP Instrument**"). MCP had the option of requesting, under certain conditions, the conversion of the MCP Instrument for a cash amount or for up to a maximum of 7,841,000 shares in Codere. On 31 March 2006, an agreement was reached with MCP whereby the MCP Instrument was repaid for a total amount of EUR 104.8 million, thereby cancelling the shareholders' agreement signed in relation to it.

At the end of that same year, the Group entered the Peruvian slot machine hall and casino market, through the acquisition from Francomar of the stake in several companies. These acquisitions entailed an investment of EUR 2.7 million.

Years 2003/2004

The business was reorganised in 2003 based on geographic criteria, through the establishment of new Codere's subsidiaries, acting as holding companies for both its Spanish and international operations.

On 19 June 2003 Codere signed a "mezzanine" loan agreement with a series of lender entities: Credit Suisse First Boston (Europe) Limited, Intermediate Capital Group PLC and Bank of Scotland, Sucursal en España, among others (the "**Mezzanine Financing**"), for the amount of EUR 135,000,000. It was secured with a first-ranking pledge over the share capital of certain Codere

subsidiaries. The Mezzanine Financing was repaid on 24 June 2005 using part of the balances following a bond issue in June 2005. The loan cancellation amount totalled EUR 159.1 million.

The Group continued to expand its operations in Mexico in 2004 and began to install auxiliary betting and terminals (electronic bingo terminals) in several of its bingo halls in Mexico. This represented, in total, a EUR 11.9 million investment.

In December 2004, of that same year, Codere acquired, for EUR 7 million, the company Opergiochi Italia, S.r.L., a slot machine operator in northern Italy owned indirectly by Francomar and its Italian Partners.

In 2004, Bingo Cartaya, located in Denia, closed its doors.

In 2004 Codere also signed two licence agreements with three of the four largest racetracks operating in Brazil (the Jockey Clube Brasileiro ("**JCB**") in Rio de Janeiro together with the Jockey Clube do Rio Grande do Sul ("**JCRGS**") in Puerto Alegre and the Jockey Clube do Parana ("**JCPR**") in Curitiba), to operate international simulcasting (the re-broadcast of horse races held outside Brazil).

Years 2005/2006

In 2005, the Group acquired an additional 69% of the Royal Group, following which it acquired a stake in certain minority shareholders until its shareholding reached 99%. Its total investment required to reach said 99% of the Royal Group amounted to EUR 71.4 million.

The acquisition of 100% of the share capital of Operbingo, which operated 11 bingo halls in Italy, was also completed in December of that year. The Group's total disbursement in this acquisition amounted to EUR 56.4 million.

On 24 June 2005, Codere signed a senior financing operation (the "**Senior Financing**") with Bank of Scotland, Sucursal en España, for a maximum amount EUR 75,000,000, divided into two tranches: (i) a revolving senior credit for a maximum amount of EUR 45,000,000 and (ii) a senior guaranteed line of credit for EUR 30,000,000.

That same year, the Group signed a swap agreement with the Antonio Martínez Group to trade its minority stake in Chile's Four Children Casinos for 100% of the company Alta Cordillera, S.A., owner of Crown Casinos in Panama.

Also in 2005, Codere Finance issued bonds for the amount of EUR 335 million (the Existing EUR Notes), which were allocated to cancelling the Mezzanine Financing and the senior guaranteed line of credit the Group had at the time. Said bond issue was increased on 19 April 2006 and 7 November 2006 by EUR 165,000,000 and EUR 160,000,000, respectively.

In January 2006 the Group definitively acquired Alta Cordillera, S.A., the owner of Crown Casinos in Panama, swapping its stake in the Chilean company Four Children Casinos to acquire it. The swap was valued at EUR 25.2 million.

In March 2006, Masampe Holding B.V. ("**Masampe Holding**"), a company controlled by the Martínez Sampedro family, acquired its 39.3% stake in Codere's capital from the Franco brothers and from Intermediate Capital Investment, Ltd. for EUR 390.6 million. Masampe Holding also acquired a further 6.8% in Codere from other shareholders, for EUR 39.2 million. Subsequently, Masampe Holding acquired six million additional shares through the subscription of a share capital increase and the purchase of Codere's treasury stock for a total amount of EUR 47.3 million.

Meanwhile, in March 2006, the Group acquired the company Winner Bet S.r.l., owner of the Bingo Palace and of a gaming hall in Torino, for EUR 13.3 million.

Additionally, in collaboration with the JCB in Rio de Janeiro, the Jockey Clube de Sao Paulo in Sao Paulo, the JCPR in Curitiba and the JCRGS in Porto Alegre, the Group opened two betting facilities in Rio de Janeiro and Porto Alegre (Brazil) for a total investment of EUR 4.5 million, so as to be able to offer alternatives for local and international race betting.

In April 2006, the Group acquired 100% of the shares in Rete Franco Italia, S.p.A., a company which later changed its name to Codere Network, S.p.A. ("**Codere Network**") and which operated as one of the 10 companies granted a concession by the Italian Government to operate an online network of type-B slot machines. The deal amounted to EUR 5.6 million, plus a further EUR 14.9 million, which were allocated to cover non-paid up capital subscriptions (EUR 2.1 million) and prior years' losses (EUR 12.8 million).

On 26 July 2006, the 33.8% of Codere Italia, S.p.A. not controlled by the Group was acquired from Mr Leopoldo Ceoldo for EUR 6.5 million. This amount was paid in January 2007.

Agreements were also reached during 2006 with William Hill for the creation of two joint ventures in Spain and Italy, once the rules on sports betting were developed.

In December 2006, the Group sold its business in Peru, having paid out a total amount of EUR 80,000 for debts and other contingencies, recording a EUR 1.5 million loss for this sale as corporate expenses.

Also in 2006, the Group acquired Promojuegos, a Mexican company owning an operator of bingo halls and betting facilities in Mexico, for EUR 10.2 million and the company Recreativos Mae, S.L., a slot machine operator in Mallorca, for a total price of EUR 31.2 million.

Years 2007/2008

In April 2007, the Group acquired 51% of the company Cristaltec Service, S.r.l. ("**Cristaltec**") for a total of approximately EUR 1.1 million less the existing debt. When acquired, Cristaltec operated 384 slot machines in the Lazio region of Italy.

On 21 June 2007, the Group acquired 100% of Maxibingo S.r.l., an Italian company owning a bingo hall in Salerno, Italy, with a capacity to seat 534 people as at the date of the acquisition and for the installation of 40 slot machines. The total acquisition price was EUR 3.5 million.

In August 2007, the Group acquired 51% of the Italian company Vasa & Azzena Services, S.r.l., an operator of 384 slot machines in northern Sardinia as at the date of the acquisition. The total acquisition price was the fixed amount of EUR 1 million and a variable payment depending on the company's financial results for 2007.

In June 2007, Codere and CIE signed a memorandum of understanding intended to govern the process and conditions whereby the Group would become the holder of 49% of the share capital of Impulsora de Centros de Entretenimiento de las Américas, S.A.P.I. de C.V. ("**ICELA**"), a company holding 100% of AMH, to which Codere would contribute its stake in Entretenimientos Recreativos, S.A. and CIE would contribute its stakes in the companies Sortijuegos, S.A. de C.V., Calle del Entretenimiento, S.A. de C.V. and Servicios compartidos en Factor Humano, S.A. de C.V.

On 19 October 2007 Codere became public and started trading in the Spanish Stock Exchanges. The starting price was EUR 21 per share, what implied an equity valuation of the company of EUR 1,155.8 million. Codere used the proceeds from the initial public offering to fund the acquisition of the 49% of the share capital of ICELA abovementioned.

In 2008 the Group started the sports betting operations in Spain. In October 2007 the Group obtained the license for Garaipen Victoria Apustuak, S.L. to operate in the Basque autonomous region, while in

April 2008 the Group obtained the licenses to operate sports betting in Madrid autonomous region. Several days later, the Group opened betting locations through the different categories allowed by the permit (bars, gaming hall corners or LBOs). At the end of 2008 Codere had 44 betting locations in operation.

On 2 July 2008 Codere and William Hill PLC closed the sale of William Hill Codere Italia, S.r.L. to Intralot Italia S.p.A. for EUR 5.5 million. The sale followed a strategic review of William Hill Codere Italia, S.r.L. within the Italian sports betting market.

On 23 July 2008 Codere closed the purchase of direct and indirect holdings in certain Argentine subsidiaries for approximately US\$ 36.3 million (EUR 23.1 million as of the closing date).

On 6 December 2008 the Group opened its fifth casino in Panama, located in Colon, the second most important city in the country. The casino, which operates under the Group's Crown Casino brand, opened with 14 tables and 200 slots and is located at the Radisson Hotel.

Years 2009/2010

Following a strategic review by William Hill and Codere of Victoria Apuestas, the Group's joint venture in Spain, the parties agreed on 13 May 2009 to the gradual withdrawal of William Hill from the joint venture over the next months as William Hill decided to focus its international sports betting strategy on the internet via William Hill Online. Codere continued managing the business with bookmaking services provided by William Hill. Pursuant to the terms of the agreement, on 20 January 2010 Codere completed the purchase of William Hill's 50% stake in the company for one euro.

On 6 October 2009 IPLyC resolved, and communicated the Resolution 75/09, which renewed the La Plata license through 30 June 2021. Resolution 75/09 stipulated an up-front renewal fee of AR\$ 28 million and a canon tax surcharge of AR\$ 138 million (EUR 9.7 million as of 31 December 2015).

On 9 November 2009, the Intendencia Municipal de Montevideo (IMM) awarded the Carrasco Nobile, S.A. ("**Carrasco Nobile**") consortium the concession for the Hotel Casino Carrasco project. In addition to the Group, the consortium includes international investors (Global Partners and AGG) and Sofitel, the luxury brand of the French hotel Group, Accor. The concession to reform and operate the emblematic Hotel Carrasco was for 30 years. The casino opened on 7 March 2013.

The IPLyC, resolved on 18 June 2010 Resolution 874/10 which renewed the San Martin license, and on 26 July 2010 Resolution 1108/10, which renewed the Puerto license. Both licenses were renewed through 30 June 2021.

On 15 June 2010 the Group amended and extended the Senior Financing which enabled the Group to draw up to an aggregate principal amount of EUR 120 million, potentially extendable to EUR 180 million, in three tranches, comprising (i) a senior revolving credit facility that may be utilized through revolving loans and letters of credit up to an aggregate principal amount of EUR 60 million which was made available by Barclays Capital, Credit Suisse and Banco Bilbao Vizcaya Argentaria, S.A. (the Existing SFA), (ii) a letter of credit facility of up to an aggregate principal amount of EUR 40 million, which was made available by Barclays Capital and Credit Suisse and (iii) a surety bond facility of up to an aggregate principal amount of EUR 40 million which was made available by Houston Casualty Company Europe. Total amounts drawn under the latter two tranches may not exceed EUR 60 million.

On 16 July 2010, the Group signed definitive documentation with Grupo Caliente to restructure the Group's previous contractual relationship (the "**Caliente Agreements**"). Grupo Caliente is the Mexican Group to whom the Group has provided gaming management services and hall development funding since 1997. Following the consummation of the Caliente Agreements, the Group acquired 67.3% of the capital stock of the "**Joint Opcos**" (Operadora Cantabria, Libros Foraneos and OED), with the remaining 32.7% held by Caliente, and sold to Caliente 32.7% of Promojuegos and

Mio Games. Since then, the Group started to consolidate 100% of the operations and reflect Caliente's stake as minority interest.

On 22 July 2010, the Group's wholly owned subsidiary, Codere Finance issued an additional EUR 100 million 8.25% Senior Notes due 2015 (Existing Eur Notes). The proceeds of the offering were used to repay amounts outstanding under the senior credit facilities and other long-term debt obligations, fund certain liabilities owed by three Grupo Caliente licensees subject to the recently announced Caliente Agreements, to acquire the casinos in Panama, and to pay fees and expenses.

On August 2010, the Groups completed the purchase of Thunderbird Resorts Inc.'s 63.6% stake in six casinos in Panama for approximately US\$ 38.0 million (equivalent to EUR 29.7 million as of 19 August 2010). Thunderbird Panama, a leading player in the local casino market, operated six casinos with a total of 85 tables and 1,831 slot machines under the "Fiesta Casino" brand.

On 11 October, following receipt of the necessary approvals from the ADM, the Group began operating VLTs in Italy.

On 18 October 2010 Codere launched Sports betting operations in the region of Navarra. Codere becoming the only company authorised to operate in the three autonomous regions in which Sports betting was permitted in Spain.

In October 2010 the Group closed the acquisition of a majority stake in a bingo hall with 750 bingo seats and a large gaming hall with approximately 180 machines, operated under the "Royal" brand in Caserta, Italy. The combined halls, whose 2010 pro forma EBITDA was projected at approximately EUR 3.1 million, were valued at EUR 12.5 million, including EUR 3.1 million in debt. This acquisition responded to the increased attractiveness of the gaming market in Italy as a result of regulatory changes, particularly the authorization of VLTs.

Years 2011/2012/2013

On 7 March 2011, Comisión Federal de Competencia approved the transactions under the Caliente Agreements in accordance with their terms and conditions signed on July 2010 and the Group closed the transaction on 31 March 2011.

On 15 August 2011 the Group entered into an option agreement pursuant to which the Group acquired the option to purchase, subject to certain conditions, an additional 35.8% stake in ICELA from CIE. Under the terms of the agreement, the purchase price for the 35.8% stake was Mx\$ 2,657 million (equivalent to EUR 149 million as of August 2011). The Agreement was subject to certain conditions to closing, including clearance from the Mexican competition authority, Comisión Federal de Competencia.

On 8 February 2012 the Group's wholly-owned subsidiary Codere Finance closed the offering of USD 300 million 9.25% senior notes due 2019 (the Existing USD Notes). The funds were used to finance the purchase of 35.8% stake in ICELA, to repay amounts drawn under the Group's senior credit facility and for general corporate purposes.

On 8 February 2012 the Group completed the purchase of a 35.8% stake in ICELA from CIE for Mx\$ 2,653 million (equivalent to approximately USD 209 million and EUR 158 million as of the date of closing) (the "**ICELA Acquisition**"). Considering the 49% stake in ICELA acquired in 2007, the Group obtained control of 84.8% of ICELA.

On 23 July 2012 the Province of Buenos Aires published Resolution 1078/12 and Decree 569/12 which ratified and adapted the application of Resolution 456/06, modified by Resolutions 144/09 and 1437/11, to those gaming licenses which expire between 2013 and 2014. Among the fourteen halls which the Group currently operates in the Province of Buenos Aires, five had licenses which

expired within this period, Moron, Ramos Mejia, San Miguel, Lomas del Mirador and San Justo. Consequently Codere renewed those licenses in the next months.

Recreativos Marina, S.A. de C.V. ("**Recreativos Marina**") is a company the Group established in 2006 which submitted an application for a gaming license from the SEGOB. The application went through a protracted legal process, including litigation, which ultimately resulted in Recreativos Marina being awarded 14 permits to establish gaming halls, plus an authorization to install gaming terminals in other locations.

On 22 October 2012 the ADM, the Italian gaming regulator, notified the Group of the renewal, for a further nine years, of the AWP and VLT network concession the Group operates in that country.

On 7 March 2013, the Group opened the "Sofitel Montevideo Casino Carrasco and Spa" in the city of Montevideo.

In Mexico, in ICELA, three of the Group's halls were closed by actions of local authorities (Cumbres and Valle Oriente since 27 February and Sendero since 13 March). In Legacy Caliente, four halls were closed (Tuxtla since 30 January, and Jacales, Gonzalitos and Valle Oriente since 27 February).

In Argentina, in May 2013, the IPLyC notified the Group the new terms and conditions for the renewal of the licenses for five other gaming halls which licenses initially expired in 2016 (one hall) and 2021 (four halls). Four of these licenses have been extended to 2022 (two halls) and 2024 (two halls). The renewal of the remaining license until 2031 is in process and pending for IPLyC's favourable resolution.

As a result of the Group's interpretation of the position of the Mexican Tax Authorities (SAT) with respect to Federal gaming taxes (IEPS), the Group's Mexican subsidiaries registered in May and June of 2013 the fiscal impact of the regularisation of their situation for 2009 to 2012. The impact of the tax regularisation for 2009 to 2012 was included in the restated 2012 Consolidated Annual Accounts published by the company in June 2013 according to IFRS 10.

The Group entered into an agreement with CIE for CIE to operate the convention center the Group owns through ICELA, known as Banamex, for six years starting on 1 June 2013.

On 13 September 2013 the Existing SFA of EUR 60 million was increased by an additional EUR 35 million, resulting in a total amount of EUR 95 million, maturing on 5 January 2014.

On 11 November 2013 the Italian Court of Auditors (Corte dei Conti or "**CdC**") offered all network concessionaries the possibility to settle their longstanding dispute, by paying 30% of the amount of the claim, plus legal interests. In the case of Codere Network such settlement was EUR 34.5 million (30% of the claim of EUR 115 million), plus legal interests. On 1 November 2014 Codere completed the payment to settle the dispute registering an impact of EUR 24.5 million in the 2014 accounts.

On 17 October 2014 the Company announced that the Existing SFA parties agreed to an upsizing of an amount up to EUR 35 million in the same terms of the agreement for the purposes of funding the CdC fine payment.

The Restructuring

As a consequence of the difficult last 42 months that the Group has experienced (in terms of a challenging and unpredictable operating environment in Argentina, restrictions to the access to cash flows from that country, the economic recession throughout Europe, and the change in the tax regimes across the markets in which the Group operates, among other factors) the Group has been unable to pay the amounts that became due and payable under the Existing Notes and the Existing SFA (in respect of which the Group has managed to put standstill agreements in place).

In this scenario, the Group reached an agreement with some of its financial creditors to restructure the Group's indebtedness through a number of transactions (the Restructuring), in accordance with a scheme of arrangement under part 26 of the Companies Act 2006 of England and Wales (as amended), which was approved at the Scheme Meeting held on 14 December 2015 by all holders of the Existing Notes who attended the meeting (which represented 98.78% of the Existing Notes) and which was sanctioned pursuant to the Scheme Sanction Order of the Court.

(a) The need for a restructuring

The Existing SFA

On 19 October 2007 the Group entered into a EUR 127.1 million facility agreement (which has been amended and/or restated from time to time), the Existing SFA. The Existing SFA was originally due to mature on 15 June 2013. However, the Group was not in a position to repay the amounts that were to become due thereunder, at that time.

In April 2013, the Group approached the then lenders under the Existing SFA to seek a three- to six-month extension of the Existing SFA's maturity date. It did not prove possible to reach an agreement as to the terms of an extension with such lenders; therefore, prospective third party lenders were approached. Such third party lenders were prepared to make final commitments to extend the Existing SFA and therefore replaced the then Existing SFA lenders in place at that time. The Existing SFA was finally extended on 5 July 2013 for a period of six months. On 13 September 2013, the Group announced that it had entered into an amendment and restatement of the Existing SFA, with a new EUR 35 million increment to the facility, the amount of Existing SFA was upsized again in October 2014 up to an amount of additional EUR 35 million.

Being unable to reach an agreement on a consensual restructuring before the revised maturity date under the Existing SFA, the Group was forced to seek another extension of the maturity date at the beginning of 2014. On 8 January 2014, agreement was reached to extend the Existing SFA's maturity date to 6 February 2014. A further extension to 15 April 2014 was made available, but contingent on a debt restructuring agreement being agreed with the support of at least 50% of the Existing Noteholders. However, as that condition was not met by 6 February 2014, the maturity date under the Existing SFA was not extended. Instead, appropriate standstill arrangements in respect of the Existing SFA were put in place, and such arrangements remain in effect.

As at 31 December 2015 approximately EUR 130 million was outstanding under the Existing SFA (including interest).

The Existing Notes

The Group issued the Existing Notes in 2005 and 2012. Interest became due and payable under the Existing Notes on 15 February 2014, 15 August 2014, 15 February 2015 and 15 August 2015 (in an aggregate amount of *circa* EUR 51 million) in respect of the Existing USD Notes and on 15 December 2013, 15 June 2014 and 15 December 2014 (in an aggregate amount of *circa* EUR 136 million) in respect of the Existing EUR Notes. In addition, the Existing EUR Notes matured on 15 June 2015. To date, none of this outstanding interest or principal totalling EUR 1,275.0 million as at 31 December 2015 has been paid. Appropriate standstill arrangements in respect of the Existing Notes were put in place in the Lock-Up Agreement, and such arrangements remain in effect.

Pre-concurso

Whilst the amounts due and payable under the Existing SFA and the indentures of the Existing Notes were the subject of a number of standstill and forbearance agreements during 2013 and 2014, as a result of the events described for the 2012 to 2013 period above (the amounts that were either due or to become due under the Existing SFA and the indentures of the Existing Notes and the Group's

internal business plan and projected short-term liquidity), the Board of Directors of Codere filed for protection under Article 5 bis of the Spanish Insolvency Law (*pre-concurso*) on 2 January 2014. Some of the Spanish sub-holding companies within the Group also filed for *pre-concurso* protection in early February 2014.

The *pre-concurso* protection period in place in respect of Codere and its relevant Spanish subsidiaries ended in May and June 2014. However, such companies were able to avoid filing for insolvency (*concurso*) by obtaining the benefit of further forbearance and standstill arrangements from the Existing SFA lenders and the Existing Noteholders (including under the Lock-Up Agreement).

The Lock-Up Agreement

In May 2013, the Group commenced negotiations with respect to the terms of a restructuring with the Adhoc Committee, consisting of some of the then Existing Noteholders. The intention of those negotiations and discussions was to reach an agreement on how to reduce financial pressure on the Group and ensure it could continue to operate as a going concern in the future. During those discussions, a number of alternatives to addressing the Group's debt burden were considered.

On 23 September 2014, Codere announced that it had entered into the Original Lock-Up Agreement with, amongst others, noteholders representing approximately 80.2% of the aggregate principal amount of the Existing EUR Notes and approximately 88.9% of the aggregate principal amount of the Existing USD Notes and Masampe Holding (Codere's majority shareholder), pursuant to which the key commercial terms of a restructuring were agreed. Existing Noteholders who were not party to the Original Lock-Up Agreement as of the date it became effective were permitted to adhere to it. In total, in excess of 97% of the Existing Noteholders by value eventually adhered to the Original Lock-Up Agreement.

Under the Original Lock-Up Agreement, the Existing Noteholders who were party thereto agreed, amongst other things: (i) to promptly take all reasonable actions to support, facilitate and implement the Restructuring in a manner consistent with the terms of the Original Lock-Up Agreement; (ii) to take all steps that are consistent with and are reasonably required to implement the Restructuring (including taking all steps necessary to vote in favour of the Scheme); and (iii) not to take any enforcement action or to delay, impede or frustrate the Restructuring; until such time as the Original Lock-Up Agreement terminated. It is worth noting that the terms of the arrangements thereof exclusively affecting the Key Executives and/or the Existing Noteholders who were party thereto, were negotiated and agreed between those parties but not by Codere.

At the time of the announcement that the Original Lock-Up Agreement was effective, Codere also announced that it had entered into a further standstill and forbearance agreement with the then Existing SFA Lenders, subject to, amongst other things, the terms of the Original Lock-Up Agreement continuing to be in effect.

Following the Original Lock-Up Agreement taking effect, the Group and the Adhoc Committee entered into in depth negotiations in order to agree the detailed terms of the restructuring to be documented in the long form and implementation documents. Such terms had not yet been agreed by early August 2015. As the lock-up arrangements in the Original Lock-Up Agreement were due to terminate on 23 August 2015, the Group sought the agreement of the Existing Noteholders to amend and restate the Original Lock-Up Agreement. The purpose of such amendment and restatement agreement was, amongst other things, to extend the lock-up arrangements to those Existing Noteholders who so agreed, and to reflect additional terms that had been agreed in the restructuring. The Amended Lock-Up Agreement will remain in place until the later of (i) 30 April 2016; or (ii) such later date as is agreed between Codere, each Existing Noteholder who is party to the Amended Lock-Up Agreement (a "**Consenting Noteholder**") and each Backstop Party.

It is a term of the Lock-Up Agreement that, upon and subject to the completion of the Restructuring, Codere must pay, to each Consenting Noteholder which voted in favour of the Restructuring and was a party to the Lock-Up Agreement on or before 14 October 2014, an early consent fee equal to 0.125% of the principal face value of its Existing Notes as at the Record Time (which must be paid in USD) (the "**Early Consent Fee**"). All Existing Noteholders had the opportunity to become eligible to receive the Early Consent Fee provided that they had entered into or adhered to the Original Lock-Up Agreement within 15 business days of such agreement becoming effective (i.e. by 14 October 2014). By such date, over 91.5% of the then holders of the Existing Notes had become a party to the Original Lock-Up Agreement and, therefore, had become eligible to receive the Early Consent Fee on completion of the Restructuring. The Early Consent Fee has amounted to USD 1,337,164.49 (EUR 1,221,489.44 as at 10 December 2015) and it will be paid shortly after the Implementation Date.

As the Original Lock-Up Agreement was supported by more than 75% by value of the holders of the Existing Notes, there was a concern that other Existing Noteholders might lack the incentive to register their support for the Restructuring. Consequently the Early Consent Fee was considered appropriate in order to secure an early indication of whether they would support the Restructuring from as many of the Group's diverse and extensive Existing Noteholder base as possible, which includes in excess of 50 institutions and individuals, some of whom have holdings of as little as EUR 50,000. The decision to make the Early Consent Fee applicable to all of the Existing Noteholders, including those whom were anticipated to be supportive, reflected the Group's desire to treat all of its Existing Noteholders in the same manner. The Early Consent Fee was not paid by the Group to secure support for the Restructuring, and the Scheme Company does not consider that any Scheme Creditor would have been influenced by the small fee in deciding whether or not to vote in favour of the Scheme.

Debts of the Group prior to the Restructuring

As at 31 December 2015, the Group had an outstanding gross debt of approximately EUR 1,500 million (including accrued interest), comprising the amounts outstanding under the Existing Notes, amounts borrowed by Codere under the Existing SFA and various local facilities taken out by other members of the Group. The Existing Notes represent approximately EUR 1,275.0 million of the Group's outstanding debt.

(b) The objectives of the Restructuring

The main objectives of the Restructuring are as follows:

- Obtain new capital (in the form of the monies to be provided pursuant to the issue of New Cash Notes and New Senior Private Notes) in order to enable the Group to repay the Existing SFA in full and recover its competitive position.
- Ensure that the Group can service its general corporate and working capital obligations, therefore allowing the Group to continue trading. This will mitigate the risk of any of the Group companies having to file for bankruptcy or liquidation (or another formal insolvency process), as a result of which the recoveries for Scheme Creditors would likely be significantly less than if the Restructuring were to be successfully completed.
- Implement a new capital structure so that the Group will possess a strengthened balance sheet and a more appropriate and serviceable level of debt, going forward.
- Reduce the Group's total indebtedness from approximately EUR 1,500 million as at 31 December 2015 to approximately EUR 970 million.

(c) Summary of the main terms of the Restructuring

- Issue of the following notes:
 - The approximate USD 218.9 million Euribor (subject to 1% floor) + 7% per annum senior private notes (the New Senior Private Notes).
 - The approximate USD 218.9 million 5.50% cash pay and 3.5% PIK second lien senior notes (the New Cash Notes).
 - The approximate USD 164.2 million 5.50% cash pay and 3.5% PIK second lien senior notes (the New Second Lien Exchange Notes).
 - The approximate USD 355.8 million 9% PIK third lien senior notes (the New Third Lien Notes).
- Cancellation of the Existing SFA using part of the New Money obtained pursuant to the issue of New Cash Notes and New Senior Private Notes.
- Exchange of USD 519.9 million of liabilities under the Existing Notes for the New Second Lien Exchange Notes and New Third Lien Notes, and cancellation of such liabilities under the Existing Notes.
- Cancellation of the remaining outstanding liabilities under the Existing Notes (approximately EUR 826 million) in return for the shares issued in the Capital Increase (which represent approximately 97.82% of the share capital of Codere after the Capital Increase).

Given that Codere was not the issuer of the Existing Notes, in order to enable a cancellation of liabilities under the Existing Notes in return for newly-issued shares in Codere within the framework of the Scheme, intra-group funding loans granted in connection with the issuance of the Existing Notes were assigned to the Scheme Creditors so that such funding loans could be set-off against the issuance of the new shares in Codere.

In connection with the Restructuring, Codere appointed a global coordinator to facilitate the flow of ideas, discussions and communications between Codere and certain Existing Noteholders. It is common practice for a creditor, or a group of creditors, working with a debtor to agree the terms of the debtor's restructuring, to be paid a fee in connection with such service. The Global Coordinator has not been compensated for its services provided during the period since its appointment, including in respect of any costs and expenses. Consequently, 2% of the Codere's post-Restructuring share capital will be allocated to the Global Coordinator in payment of its fee for providing the relevant services.

(d) The sale of the Key Executive Codere Shares (as agreed between the Key Executives and the Existing Noteholders)

In order to preserve the value of the New Notes and maximise the creation of future value in the equity of Codere, the Key Executives will invest in restricted shares representing 19.1875% of the share capital of Codere after executing the Capital Increase (the Key Executives Codere Shares). The Existing Noteholders believed it is of critical importance that Mr José Antonio Martínez Sampedro and Mr Luis Javier Martínez Sampedro invested in restricted shares in the restructured Codere in order to align their economic interests on a permanent basis and thus preserve their continuity of ownership. This means that the creditors have considered that the involvement of Messrs José Antonio and Luis Javier Martínez Sampedro in the Codere project subsequent to its restructuring is essential for the success of the project, due to their knowledge of the company and the sector, and their contribution towards the development and management of the business, and to maintaining the institutional and

regulatory relations necessary for the continuity of the business,; and particularly important in order to preserve the value of the restructured debt and ensure optimum future creation of value for the capital of Codere. By virtue thereof, in order to secure said involvement, the creditors considered that the investment of Messrs José Antonio and Luis Javier Martínez Sampedro in the company's capital after the restructuring was vital in order to align their economic interests in a permanent manner, thus achieving the stated goals. The Key Executives will purchase⁶, and the Scheme Creditors will sell, the Key Executive Codere Shares issued to Scheme Creditors for an aggregate purchase price of EUR 500,000.

(e) Distribution of the share capital of Codere

As a result of the Capital Increase and the sale of the Key Executives Codere Shares described above the share capital of Codere will be distributed as follows (including direct and indirect shareholdings):

- 76.637% will be held by the Scheme Creditors;
- 2.00% will be held by the Global Coordinator (in payment of its fee for providing the relevant services);
- 20.630% will be held by the Key Executives; and
- 0.733% will be held by the shareholders of Codere prior to the Restructuring (excluding the Key Executives).

(f) The Shareholders' Agreement

Following the sale of the Key Executives Codere Shares to the Key Executives, a shareholders' agreement entered into by the Key Executives, Masampe, S.L., the Scheme Creditors, and Codere, which will govern the relationship between them, will become effective (the Shareholders' Agreement). The main provisions of the Shareholders' Agreement are as follows:

- Following the Scheme Completion Time the Board of Directors of Codere shall be formed as follows: (i) two directors shall be nominated by the First Investor Shareholder; (ii) one director shall be co-nominated by (a) the First Investor Shareholder together with (b) the Second Investor Shareholder and the Third Investor Shareholder; (iii) three directors shall be nominated by the Key Executives; (iv) one director shall be co-nominated by the Key Executives together with the Scheme Creditors who are party to the Shareholders' Agreement but which are not the First, Second or Third Investor Shareholders (the "**Remaining Shareholders**"); and (v) two independent directors shall be proposed by the Corporate Governance Committee and accepted by the Remaining Shareholders.
- Under the Shareholders' Agreement, it has been agreed that, as soon as reasonably practicable following its formation, the Board of Directors of Codere will convene a General Shareholders' Meeting of Codere which basically:
 - Will seek the approval of an issue of two tranches of warrants with which to subscribe new shares in Codere (the Warrants):
 - One tranche of Warrants would be addressed to the Key Executives as part of their compensation package and would entitle them to subscribe new shares in Codere representing, in aggregate, 5% of its fully-diluted share capital

⁶ Mr José Antonio Martínez Sampedro will purchase his corresponding Key Executive Codere Shares through Masampe, S.L.

(i.e. taking into account the Capital Increase and the capital increases that would be necessary to satisfy the rights of all the holders of Warrants). The exercise period of this tranche of Warrants would be 18 months from the Scheme Completion Time.

- Another tranche of Warrants that would be addressed to the rest of the senior management of Codere as part of their compensation package and would also entitle them to subscribe new shares in Codere representing, in aggregate, 5% of its fully-diluted share capital (i.e. taking into account the Capital Increase and the capital increases that would be necessary to satisfy the rights of all the holders of Warrants). The exercise period of this tranche of Warrants would be determined by the Board of Directors of Codere.

The Warrants would be delivered free of charge and their exercise price would be determined based on the assumption of the recovery of all the amounts due under the Existing Notes (including both principal and interest).

The rest of the terms of the Warrants will be determined by the Board of Directors of Codere in the proposal that will be made to its General Shareholders' Meeting.

- May seek the approval of a de-listing takeover bid (*OPA de exclusión*) of Codere (the Take Private Offer) to the extent that such Take Private Offer is feasible. The potential launch of the Take Private Offer will be conducted in accordance with the following principles:
 - The Key Executives and the Scheme Creditors who are party to the Shareholders' Agreement (the "**Investor Shareholders**") will not accept the Take Private Offer in respect of the shares in Codere that they directly or indirectly hold (this restriction shall not apply to the shares in Codere held by Masampe Holding).
 - The total price to be paid by Codere will be determined in accordance with the applicable rules and approved by the Spanish National Securities Market Commission (Comisión Nacional del Mercado de Valores or "**CNMV**") and shall not exceed EUR 10,000,000 in cash.

If the Take Private Offer is not approved by the CNMV, Codere's Board of Directors of Codere shall consider again the feasibility of launching a de-listing takeover bid in similar terms at least in six months following the General Shareholders' Meeting.

- The Shareholders' Agreement establishes: (i) certain matters to be reserved to the General Shareholders' Meeting of Codere, and (ii) a system of majorities for the passing of resolutions in such meetings. These provisions have already been included in the By-Laws and in the Regulations of the Shareholders' Meetings of Codere (please see Section 4.5 of the Share Securities Note for further information).
- The nomination rules described in the first bullet point above will govern the appointment of the Board members between the shareholders of Codere who are party to the Shareholders' Agreement (the "**Relevant Shareholders**") (even after further capital increases). If the percentage of the share capital of Codere (the "**Pro Rata Proportion**") held by the Relevant Shareholders changes, the following rules will apply:
 - The First Investor Shareholder shall have the right to nominate (i) three directors if its Pro Rata Proportion goes over 33.3%; (ii) four directors if its Pro Rata Proportion goes over 44.4%; and (iii) five directors if its Pro Rata Proportion goes over 50.0%.

- The Key Executives shall have the right to nominate (i) four directors if their aggregate Pro Rata Proportion goes over 44.4% and (ii) five directors if their aggregate Pro Rata Proportion goes over 50.0%.
- The First Investor Shareholder shall lose the right to nominate (i) one of the two directors whom it may initially nominate if its Pro Rata Proportion drops below 13% and (ii) the two directors whom it may initially nominate if its Pro Rata Proportion drops below 11.1%.
- The co-nomination right of the First Investor Shareholder and the Second and the Third Investor Shareholders shall be terminated if the Pro Rata Proportion of the First Investor Shareholder (i) drops below 15% or (ii) goes above 33.3% (in which case, the First Investor Shareholder shall have the right to nominate such director).
- The Second and the Third Investor Shareholders shall lose their co-nomination right if their aggregate Pro Rata Proportion drops more than 2% from their aggregate Pro Rata Proportion as of the Scheme Completion Time, in which case the co-nomination right of the First Investor Shareholder shall be exercised together with the Remaining Shareholders (unless the Pro Rata Proportion of the First Investor Shareholder has (i) gone above 33.3%, in which case the First Investor Shareholder shall have the right to nominate such director; or (ii) dropped below 15%, in which case the co-nomination right shall be terminated).
- The Key Executives shall lose the right to nominate (i) one of the three directors whom they may initially nominate if their aggregate Pro Rata Proportion dropped below 15%; (ii) two of the three directors whom they may initially nominate if their aggregate Pro Rata Proportion dropped below 13%; and (iii) the three directors whom they may initially nominate if their aggregate Pro Rata Proportion dropped below 11.1%.
- The co-nomination right of the Key Executives and the Remaining Shareholders shall be terminated if the aggregate Pro Rata Proportion of the Key Executives (i) drops below 15% or (ii) goes above 44.4% (in which case, the Key Executives shall have the right to nominate such director).
- Save as determined by the above rules, the number of additional directors that the First Investor Shareholder or the Key Executives may appoint in the case of increases in their Pro Rata Proportion shall be deducted from the number of directors to be appointed by the Remaining Shareholders.
- If the First, Second or Third Investor Shareholders or the Key Executive lose all their nomination or, as applicable, co-nomination rights, they shall be considered Remaining Shareholders.

The nomination of directors by the Remaining Shareholders will be carried out following a procedure based on proportional representation criteria among them.

If a person holds a Pro Rata Proportion higher than 44% (the "**Ownership Restricted Threshold**"), the shares exceeding this threshold shall not count towards any determination of Board nomination or co-nomination until all selected offers in an Exit (as defined below) have been rejected.

In the event that an investor subscribes shares in a capital increase and is given the right to nominate directors, the above described nomination rights shall be preserved as between the Relevant Shareholders in respect of nine out of the higher number of directors whom in the

future may comprise the Board and the new investor shall appoint such number of additional new directors as agreed between Codere and such new investor (which will be subject to a cap proportional to the number of shares subscribed by the new investor).

- The Shareholders' Agreement establishes certain matters to be reserved to the Board of Directors of Codere (without prejudice to their subsequent formal approval by the General Shareholders' Meeting where required under Spanish corporate law and in respect of which the Relevant Shareholders undertake to vote in favour, if the matter had already been determined by the Board of Directors):
 - The acquisition, disposal or contribution by any means, including by operation of law, of assets representing more than 25% of the total assets of Codere (except where such disposal constitutes an Exit (as defined below)).
 - The approval of any dividend or the making of any other distribution (by way of capitalisation, repayment or in any other manner) out of the distributable reserves of Codere.
 - The redemption or repurchase of shares.
 - The issuance of equity securities or convertible instruments representing less than 20% of the shares in issue at that time.
 - Issuances in Group members subscribed by other members of the Group.
 - Capital increases carried out for the purpose of preventing, avoiding, curing or remedying (i) an acceleration or event of default under a financing agreement of a Group company, (ii) situations in which losses have reduced the net worth (*patrimonio neto*) of a Group company to an amount less than half of its share capital or two thirds of the share capital when the net worth has not been recovered in one financial year, or (iii) the insolvency of a Group company.
 - The approval of mergers as a result of which the shareholders of the merging company would acquire no more than 20% of the shares in the merged entity issued and outstanding after the transaction.
- The Shareholders' Agreement also contains provisions governing the transfer of shares in Codere: the Key Executives will not be allowed to transfer the Key Executive Codere Shares prior to 31 December 2016, unless such transfer is made (i) pursuant to an Exit; or (ii) following termination of any of its relevant executive services agreements.
- The Shareholders' Agreement attempts to avoid the existence of holdings in Codere which exceed the Ownership Restricted Threshold and, in this regard, contains two mechanisms that are triggered if such threshold is exceeded:
 - If prior to 1 January 2017 any person has a Pro Rata Proportion higher than the Ownership Restricted Threshold and unless such situation is remedied within one month, Codere shall have the right to acquire those shares in Codere exceeding the Ownership Restricted Threshold at a price equal to the lower of: (i) the aggregate face value of such shares, or (ii) the purchase price paid in cash for acquiring such shares.
 - If, on or after 1 January 2017 any person has a Pro Rata Proportion higher than the Ownership Restricted Threshold, the Board of Directors of Codere will commence a bidding process aimed at selling 100% of the share capital of Codere held by the Relevant Shareholders (an "**Exit**"), in which the Relevant Shareholder whose

shareholding exceeded the Ownership Restricted Threshold shall participate and in which the remaining Relevant Shareholders and other shareholders of Codere may also participate (in the event that all such other shareholders of Codere agree to participate, the Exit will be for 100% of the share capital of Codere or substantially all of its assets). The Relevant Shareholders will be required to transfer their shares in Codere in the terms of any approved bid.

The Exit procedure may also be begun at any time during the term of the Shareholders' Agreement at the election of one or more Relevant Shareholders holding an aggregate Pro Rata Proportion higher than 50%.

- If, at any time within the period of 30 months following the Scheme Completion Time, (i) the executive services agreement of any of the Key Executives is terminated other than in case of termination by the relevant Key Executive without good reason, or (ii) a proposal put forward to the Board of Directors of Codere by the Executive Chairman requesting the Company or another Group company to take (or not to take) a material corporate action⁷ relating to regulatory or licensing aspects of the Group's business is rejected (by the Board of Directors or the General Shareholders' Meeting) where the Executive Chairman had notified in advance that such matter constitutes a material corporate action or could jeopardize assets or operations of the Group representing more than 7.5% of the consolidated total assets or EBITDA of the Group, the Shareholders' Agreement confers upon the Key Executives the right to propose a price per share at which Codere or, if Codere declines the offer, any of the First Investor Shareholder and certain other Investor Shareholders may decide to buy all the shares that the Key Executives hold in Codere. If neither Codere nor any Investor Shareholder decides to buy the shares (or if the sale is not completed), the Key Executives shall be obligated to buy all the shares that the Investor Shareholders hold in Codere (unless the Key Executives decide to withdraw from the offer, in the event the sale is not completed due to a breach by the Investor Shareholders who elected to buy all the Key Executives' Codere shares).

Notwithstanding the provisions of Shareholders' Agreement, Codere will comply with its By-Laws, Regulations of the General Shareholders' Meetings and Regulations of the Board of Directors and with applicable Spanish law (including the Spanish Companies Act and the Spanish Restated Securities Market Law (*Texto Refundido de la Ley del Mercado de Valores, aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre*) and its developing regulations (in particular, the Spanish Royal Decree 1066/2007, of 27 July, on takeover bids (*Real Decreto 1066/2007, de 27 de Julio, sobre el régimen de las ofertas públicas de adquisición de valores*))).

(g) The corporate restructuring / Hive-Down

In order to improve the post-Restructuring security position of the Scheme Creditors, the Group will be subject to a further corporate restructuring. The purpose of the corporate restructuring is to interpose, between Codere and the remainder of the existing Group, two Luxembourg-incorporated holding companies (Luxco 1 and Luxco 2) which will be subsidiaries of Codere, and one Spanish-incorporated holding company which will be a subsidiary of the Luxcos (Spanish Newco) and to transfer Codere's assets and liabilities to Spanish Newco (the Hive-Down). Each of these new companies will be the subject of share security in favour of the holders of the New Notes and New Senior Private Notes. The new corporate structure is intended to facilitate the enforcement of the security to be granted as collateral for the obligations arising under the New Notes, should the need arise, which is in line with standard practice in international transactions.

⁷ For these purposes, a proposed corporate action would be material if such transaction would, if implemented, entail an aggregate cash cost greater than EUR 15,000,000.

Codere will contribute all of its assets and liabilities to the newly-formed Spanish entity (Spanish Newco), in return for shares to be issued by Spanish Newco to Codere. A new Luxembourg incorporated S.a.r.l. (Luxco 2) will be incorporated as a subsidiary of Codere by way of a share-for-share contribution (i.e. Codere will receive shares in Luxco 2 in exchange for transferring all of its shares in Spanish Newco to Luxco 2). Another new Luxembourg-incorporated S.a.r.l (Luxco 1) will be incorporated as a subsidiary of Codere by way of a share-for-share contribution (i.e. Codere will receive shares in Luxco 1 in exchange for transferring all of its shares in Luxco 2 to Luxco 1).

The Group structure charts in Section 7 of this Registration Document show the current structure of the Group and the structure of the Group after the Restructuring.

(h) The Restructuring as at this date:

The steps of the Restructuring that have been executed as at the date of this document are as follows:

- On 1 September 2015, a practice statement letter was sent to the Existing Noteholders notifying them of the commencement of the process.
- An initial Court hearing took place on 29 October 2015.
- On 4 December 2015 the Extraordinary Shareholders' Meeting of Codere approved certain resolutions required for the execution of the Restructuring (including the Capital Increase, certain amendments to the By-Laws and Regulations of the Shareholders' Meeting of Codere and the Hive-Down).
- The Scheme was approved, with the required majorities, during the Scheme Meeting held on 14 December 2015.
- On 17 December 2015, the Court issued the Scheme Sanction Order.
- On 23 December 2015, after the necessary filings, the Scheme became effective.
- The New Senior Private Notes were issued (on 5 April 2016).
- The New Notes were issued (on 5 April 2016).
- The Capital Increase was executed (on 6 April 2016).

The next steps of the Restructuring are as follows:

- The Scheme Creditors will sell the Key Executive Codere Shares to the Key Executives.
- Both the Shareholders' Agreement, which will govern the relationships between the holders of the New Shares and, immediately thereafter, a monitoring deed, setting out the terms in which the Scheme Creditors will set up a monitoring committee in respect of the Group, will become effective.
- The amounts outstanding under the Existing SFA will be repaid.
- The Hive-Down will be executed.
- The Spanish deed raising to public document status the resolutions of the shareholders of Codere amending the By-Laws and the Regulations of the Shareholders Meeting of Codere

and of the Board of Directors of Codere amending the Regulations of the Board of Directors, will be executed as a public deed.

- The Existing Notes will be cancelled.
- The change of the Board of Directors of Codere.
- The personal and *in rem* guarantees for the New Notes and New Senior Private Notes will become effective.
- The Scheme Company will give notice to the parties described in the Scheme that the Restructuring steps have been completed and will confirm the time when such completion occurred (such time being the Scheme Completion Time, which, insofar as no unexpected delays occur, is expected to take place not later than 30 April 2016).

5.2 Investments

5.2.1 *A description, (including the amount) of the issuer's principal investments for each financial year for the period covered by the historical financial information up to the date of the Registration Document*

2013

(a) Opening of Sofitel Montevideo Casino Carrasco and Spa

On 7 March 2013, the Group opened a casino and resort in the city of Montevideo. The "Sofitel Montevideo Casino Carrasco and Spa" has approximately 116 rooms, 395 gaming machines and 24 tables as of 31 December 2015. The complex is a project of the Carrasco Nobile consortium. At that time the Group owned 51% in a joint venture with Sikeston S.A., the Uruguayan vehicle of an international investor group (although such investment was increased to 73.7% in October 2014 as exposed below). The opening of the Carrasco complex suffered delays and substantial overruns. Furthermore, the results have been disappointing with lower revenue than expected and large operating losses. While the Group is taking measures to reduce losses, it believes that the long-term success of the business depends on the Group's ability to attract high value clients from overseas. In addition to marketing efforts, this requires managing the availability of credit to clients, an activity in which the Group has no significant previous experience.

In October 2014, pursuant to Uruguayan law, shareholders approved a capital reduction, as the company's equity had fell below the figure required by Uruguayan legislation, and a subsequent capital increase, in which the minority shareholder decided not to take part. As a result, Codere increased its interest in the company to 73.7%.

In September 2014, Sofitel Montevideo hotel casino Carrasco obtained the final approval of the civil works (*recepción del edificio*) confirming the operational license for the venue.

(b) Agreement with CIE Regarding the Convention Center in Mexico

The Group entered into an agreement with CIE for CIE to operate the convention center the Group owns through ICELA, known as Banamex, for six years starting on 1 June 2013. Pursuant to this agreement, CIE pays the Group an annual fee of Mex. Ps. 113 million (equivalent to approximately EUR 6 million as of 31 December 2015) divided into proportional monthly payments, plus 25% of the difference between actual revenue obtained during the year and a revenue threshold set forth in the agreement.

2014

(a) Launch of betting operations in additional regions in Spain

In 2014, the Group launched operations in the autonomous regions of Castilla La Mancha, Ceuta, Cataluña and La Rioja.

(b) Other investments:

- Acquisition of stakes in Mexico (ICELA subsidiaries) which amounted to EUR 5.1 million.
- Movement of Temperley hall in Buenos Aires to a new bingo hall Puente La Noria, which amounted to EUR 1.4mm.
- Acquisition in Italian Bingo subsidiaries (represented a 10% increase), King Bingo and King Slot, for an amount of EUR 1.5 million.
- Deploy sports betting operation in new regions across Spain amount for an amount of EUR 4.6 million.

2015

(a) Launch of betting operations in additional regions in Spain

In 2015 the Group launched operations in the autonomous regions of Extremadura, Castilla León and Cantabria.

As of 31 December 2015, the Group has installed betting corners in nine third party arcades in Extremadura and 26 party arcades in Castilla León. The Group has also incorporated in 2015 a new betting company in the autonomous region of Cantabria, which is not yet operating.

(b) Investment in Carrasco Nobile

As a result of the financial difficulties undergone by Carrasco Nobile and pursuant to Uruguayan law, on 29 October 2014 said company's shareholders approved the requisite capital reduction as the company's equity had fallen below the figure required by Uruguayan legislation. The amount finally approved at the Shareholders' Meeting to restore the financial position of Carrasco Nobile required a subsequent capital increase to restore the balance between capital and equity. Therefore, at said meeting a capital increase was proposed for a total amount of 525 million Uruguayan pesos (EUR 17.7 million approximately at 31 December 2014), in order to restore the financial position of Carrasco Nobile.

On 23 January 2015, Codere Mexico S.A. de C.V. ("**Codere Mexico**") subscribed the capital increase in Carrasco Nobile proposed at the Extraordinary General Meeting of 29 October 2014, in an amount of 267.7 million Uruguayan pesos (EUR 8.9 million approximately. at 31 December 2014). As a result of the capital increase, in which the minority shareholder did not take part, Codere Mexico increased its interest in Carrasco Nobile from 51% to 73.7%.

Capital Expenditures

The Group's capital expenditures primarily consist of expenditures towards maintaining, modernising, upgrading or expanding its infrastructure. The Group generally classifies capital expenditures as (i) "growth capital expenditures" to the extent that they relate to obtaining or renewing licenses, increasing the number of gaming machines in the Group's portfolio, increasing the number of bingo

seats in its bingo halls or otherwise expanding the Group's business; or (ii) "maintenance expenditures" to the extent that they relate to expanding the Group's business.

The Group invested EUR 68.1 million, EUR 54.2 million and EUR 65.9 million in the years ended 31 December 2013, 2014 and 2015, respectively.

The current policy in respect of capital expenditures continues to focus on the strategic needs of the Group that may have a direct impact on revenues or in projects that generate returns in the short term.

The Group is making a positive effort to ensure all business initiatives continue despite headquarters liquidity stress, although that is obviously affected by the financially uncertain context.

The following table sets forth the Group's total capital expenditures by principal business and for its other operations based on management's estimates and divided between maintenance and growth capital expenditures for the period indicated.

	2013 ⁽⁴⁾	2014	2015
Argentina ⁽¹⁾	24.6	6.7	10
Maintenance.....	15.9	1.8	3.5
Growth.....	8.7	4.9	6.5
Mexico.....	7.4	19.0	14.5
Maintenance.....	7.0	13.9	12.4
Growth.....	0.4	5.1	2.1
Italy.....	12.0	7.3	12
Maintenance.....	8.0	5.8	7.1
Growth.....	4.0	1.5	4.9
Spain.....	12.7	14.9	19.8
Maintenance.....	8.5	10.3	16.8
Growth.....	4.2	4.6	3
Other ⁽²⁾⁽³⁾	11.4	6.3	9.6
Maintenance.....	2.4	4.6	7.2
Growth ⁽³⁾	9.0	1.7	2.4
Total Maintenance	41.8	36.4	47
Total Growth	26.3	17.8	18.9
Total Maintenance and Growth Capital Expenditures	68.1	54.2	65.9

(1) In 2013 the Group incurred EUR EUR 12.9 million in connection with the renewal of licenses in Argentina.

(2) 'Other' includes capital expenditures associated with the Group's Other Operations and capital expenditures by its corporate headquarters.

(3) In 2013, 2014 and 2015, the Group incurred EUR 8.7million, EUR 1.5 million and EUR 1.2 million in growth capital expenditures in connection with the Carrasco hotel in Uruguay.

(4) In application of the recently revised IFRS-EU 11 standard, there is a change in the method of consolidation used for HRU in Uruguay and New Joker in Italy. Both operations are now reported using the equity method instead of the proportional method. For consistency and comparison purposes, 2013 data has been restated accordingly.

5.2.2 A description of the issuer's principal investments that are in progress, including the geographic distribution of these investments (home and abroad) and the method of financing (internal or external)

Codere's principal investments in progress, the amount of which is not material, correspond to ongoing business investments and include smoking areas investments in some of the halls in Argentina, opening bingo halls in Mexico, refurbishments and VIP area investments in Carrasco and machine renewal in Spain and Italy. These investments are being financed with internal funds.

5.2.3 Information concerning the issuer's principal future investments on which its management bodies have already made firm commitments

As of the date of this document, although it is expected that part of the cash received from the Restructuring will be used for minority acquisitions, there are no principal future investments on which the management bodies of Codere has already made firm commitments.

6. BUSINESS OVERVIEW

6.1 Principal Activities

6.1.1 A description of, and key factors relating to, the nature of the issuer's operations and its principal activities, stating the main categories of products sold and/or services performed for each financial year for the period covered by the historical financial information

The Group is a leading group of companies engaged in highly regulated, multi-national gaming activities, managing gaming machines, machine halls, bingo halls, horse racing tracks, casinos and sports betting locations in Spain, Italy and Latin America. As of 31 December 2015, the Group managed 53,596 gaming machines, 183 gaming halls (including machine halls, bingo halls with machines, machine halls at racetracks and casinos), 1,805 sport betting locations (including 1,651 locations in Spain) and two horse racing tracks⁸.

Products and services

(a) Gaming machines

Gaming terminals, which are also called slot machines or slots, among other names depending on the country, offer cash prizes based on bets made by users. The machines are located in places of entertainment, gambling, hospitality venues, bingos, casinos or racetracks. As of 31 December 2015, the Group operated 53,596 gaming terminals located in Spain, Italy, Argentina, Colombia, Mexico, Panama and Uruguay. The main gaming machines operated by the Group are as follows:

- AWP machines or "**AWPs**" which are amusement with prize machines, which pay out cash prizes as a percentage of total wagers over a pre-determined cycle of games, and are permitted in Spain (as "Type-B machines") and in Italy (as "Comma 6" or "Comma 6A machines") to be placed in bars, cafés, arcades and bingo halls.
- VLT machines or "**VLTs**" which are video lottery terminals, which are prize machines that pay out cash prizes as a percentage of total wagers over a random statistical process, and are permitted in Italy (as Comma 6B machines) to be placed only in gaming halls, bingo halls and betting shops.

The main difference between VLT machines and AWP machines is that the VLT machines are connected to a central system that provides the machine with a winning number based on a lottery system that makes the machine more random, while AWP machines are stand-alone machines that give prizes depending on a pre-determined cycle of game.

The Group periodically analyses the tastes and preferences of consumers and the needs of the hospitality industry, which allows it to plan for the necessary resources to meet these demands and to provide a comprehensive, quality service to customers.

The Group also offers analysis, renewal and turnover machine models, commercial service, collection management, technical support and agency services to its partners and customers.

Continued innovation is a key element of the Group's business. Accordingly, the Group has agreements with leading machine suppliers which allows it to provide its customers with the most modern machines and technologies. The life of a machine varies significantly but does not usually exceed ten years in most countries in which the Group operates.

⁸ Due to the equity method consolidation in Uruguay, HRU operating data (which at 31 December 2015 were: five gaming halls, 1,868 machines, 24 betting locations, and two racetracks) has not been included.

(b) Gaming halls

Gaming halls are entertainment centres where customers can bet on various types of gambling for immediate reward, including bingo and sports betting, AWP or VLTs. Gaming halls typically offer a range of additional services such as restaurants, nightclubs, theatres, hotels and conference rooms, and in some cases are large leisure centres. As of 31 December 2015, the Group operated 183 gaming halls across the countries in which it operates.

(c) Sports betting

Sports betting is the activity of predicting game results and placing a wager on the outcome. The Group has significant know-how as a sports betting operator, with 1,805 sports betting locations in Spain, Mexico, Panama and Brazil as of 31 December 2015.

(d) Online gaming

Since 2011, the Group has expanded its business into the online gaming industry, which includes gaming via the internet, telephone and television.

After obtaining the appropriate licenses, the Group launched online gaming operations in Spain. Until obtaining of a national license, the Group operated an online sports betting site in the Madrid autonomous region, leveraging the land-based operation with its online gaming infrastructure. Once a national license was obtained, operations were launched in order to test their evolution and obtain information and experience on the business. The Group is also exploring opportunities to expand into online gaming in the rest of the countries where it operates if and when regulations permit. None of such trial initiatives has been launched at a commercial scale.

The online gaming industry is heavily regulated in most countries and the Group is required to set up systems, controls and procedures to ensure that it is in compliance with the applicable rules and regulations. In addition, the online gaming rules and regulations of certain countries, such as the United States (where the Group does not operate), require that the Group blocks their residents from its online gaming sites.

(e) Racetracks

The Group currently operates two racetracks: Racetrack of the Americas (Mexico) and Presidente Remón Racetrack (Panama). The racetracks are operated using the "racino" business model, which combines horse racing and a slot machine hall in the same venue.

6.1.2 *An indication of any significant new products and/or services that have been introduced and, to the extent the development of new products or services has been publicly disclosed, give the status of development*

The Group offers the products and services described in Section 6.1.1. Apart from them, there are no new products introduced or announced.

6.2 Principal Markets

In Argentina, the Group is the largest operator of gaming halls in the province of Buenos Aires⁹ with 14 gaming halls in which 6,951 slots and other gaming machine seats and 11,780 bingo seats were operated as of 31 December 2015.

⁹ Source: IPLIC.

In Mexico, through the Group's joint ventures with ICELA and Legacy Caliente, the Group considers itself to be the largest operator of gaming venues¹⁰ with 90 gaming halls in which 18,750 machine seats were operated as of 31 December 2015 (these figures exclude seven gaming halls which are currently closed). As of the same date, the Group also held licenses to build and operate an additional 45 gaming halls. In addition, through ICELA, the Group has a concession for the use of a 52 hectare gaming complex in Mexico City that includes the Las Americas racetrack, an amusement park and the largest convention centre in Mexico (which from 1 June 2013 has been operated by CIE through an outsourcing agreement).

In Italy, the Group considers it is among the three largest operators of gaming halls¹¹ with 11 gaming halls as of 31 December 2015 in which VLT and AWP machines are operated and bingo is offered. The Group also operates a machine network under a governmental concession (which is one of 13 concessions in Italy), AWP machines in non-specialised locations such as bars through majority-owned joint companies with local operators and VLT machines placed in specialised locations owned by third parties. As of 31 December 2015, the Group operated 7,632 AWP machines (mostly in non-specialised locations), 1,409 VLTs (750 of which are located in the Group's gaming halls) and 5,142 bingo seats. In addition, 17,997 AWP machines and 1,406 VLTs operated by the Group and by other operators were connected to the Group's network.

In Spain, the Group believes it is the second largest operator of AWP machines¹² with 9,845 machines located in over 7,000 bars, restaurants, machine halls and one gaming hall as of 31 December 2015. The gaming hall operated by the Group is the Canoe gaming hall in Madrid, which features a bingo venue, AWP machines and sports betting. In total, the Group operated 1,651 sports betting locations in Spain as of 31 December 2015, including 1,222 self-service terminals in bars, 408 betting corners at third-party gaming arcades and 21 company-operated betting shops.

The Group's other operations (including operations in Brazil, Colombia, Panama and Uruguay) included (i) 12 gaming halls (including 11 casinos and one machine hall at a racetrack), one racetrack and 63 sports betting locations in Panama, (ii) 54 gaming halls, including five casinos, in Colombia, (iii) the hotel casino Carrasco in Uruguay and (iv) seven horse racing betting locations in Brazil, as of 31 December 2015.

Spanish and Italian operations are organised in business lines in order to improve its management. Codere has four Spanish business lines (machines, bingo, sports betting and online) and three Italian lines (machines, bingo and network). Regarding to Mexico business, Codere operates through three areas: online, Mexico Caliente and Mexico ICELA.

Argentina

The Argentinean gaming market

The private sector of Argentina's gaming market consists of bingo halls (which may include slot machines), casinos and pari-mutuel horse race betting operations licensed and taxed at a provincial level. The lotteries are sponsored at the federal and state level.

In Argentina, the Group only operates in the province of Buenos Aires, which is the largest province in the country. The Group believes it is the largest operator of gaming halls in the province of Buenos Aires¹³, operating 14 out of the 46 existing halls in the province as of 31 December 2015. Although

¹⁰ Source: SEGOB (http://www.juegosysorteos.gob.mx/es/Juegos_y_Sorteos/Salas_de_Sorteos_de_Numeros).

¹¹ Source: Group estimates.

¹² Source: Group estimates.

¹³ Source: IPLIC.

the licenses were originally granted for bingo, in 2003 the law was changed to allow for the introduction of slot machines in licensed bingo halls and today the principal activity of the Group's halls is the operation of the slot machines.

The Group in Argentina

In Argentina, the Group focuses on the development and management of gaming halls, in which the majority of the profitability is generated by the machines. As of 31 December 2015, the Group owned and operated 14 gaming halls with a total of 6,951 slot and other gaming machine seats and 11,780 bingo seats. The Group is the largest operator of gaming halls in the province of Buenos Aires¹⁴.

All of the Group's gaming halls are located in the province of Buenos Aires. Nine of the Group's gaming halls are located in the surrounding areas of the City of Buenos Aires, the area referred to as Gran Buenos Aires. One gaming hall is located in the capital city of the province, La Plata, and four gaming halls are located in the tourist city of Mar del Plata. The gaming halls have an average area of approximately 6,900 square meters and are open 24 hours a day.

In November 2012, five licenses for gaming halls that the Group operates in the province of Buenos Aires, the original terms of which would have expired in 2013 and 2014, were renewed for 15 years from their original expiry date following the signing of individual agreements for each of these halls with the IPLyC. In May 2013, the IPLyC also notified the Group of the initiation of a renewal process of the licenses for five other gaming halls which licenses initially expired in 2016 (one hall) and 2021 (four halls). These licenses have been extended to 2022 (two halls) and to 2024 (two halls), and there is one still in process to be renewed to 2031. Following these renewals, out of the 14 halls the Group operates in the province of Buenos Aires, four have licenses that expire in 2021, two have licenses that expire on 2022, two have licenses that expire on 2024, one has a license that expires in 2028, four have licenses that expire in 2029 and one would have a license that would expire in 2031.

Slot machines that are installed in gaming halls are similar to the Class III machines present in the United States. In addition, the Argentine gaming halls contain a limited number of non-slot gaming machines, such as a simulated roulette-type machine. These machines are regulated in the same manner as slot machines.

For the Group's Argentine operations, machines are bought from a variety of US and European manufacturers. The Group typically finances the purchase of slot machines in Argentina over 18 to 36 month periods. Each machine costs on average USD 25,000 (including duties, taxes and transportation costs).

Mexico

The Mexican gaming market

The Mexican gaming market includes privately run and state-run gaming operations. The privately run gaming segment consists primarily of sports books (*Centros de Apuestas Remotas*) and number-based games (known as *Salas de Sorteos de Números*), or gaming halls. The state-run gaming segment consists of pari-mutuel lotteries such as the Pronósticos Deportivos and the Lotería Nacional para la Asistencia Pública. Casinos are not legally permitted in Mexico.

Prior to 1973, gaming activity in Mexico was restricted to the national lottery and on-track betting at live events such as horse and dog races. In 1973, in order to increase its tax base and assist racetrack owners in offsetting their operating losses, the government granted licenses to racetrack and jai alai (a ball game that originated in Spain) operators permitting them to operate sports books. The sports books are off-track betting facilities that allow players to wager on horse and dog races and certain

¹⁴ Source: IPLIC.

other sporting events without being physically present at such events. In 1997, national regulators further liberalised the gaming market, granting sports books licensees the right to operate number based games at on- and off-track betting locations, thus effectively sanctioning the opening of the bingo market in Mexico. At that time, Grupo Caliente, as operator of the Tijuana racetrack, had the majority of the permits in the market. In 1997, AMH, a former subsidiary of CIE (which is now a wholly-owned subsidiary of ICELA), as licensee of the Mexico City racetrack, was awarded permits to operate 45 halls.

Following the publication of the 2004 RFGLA (as defined below), in May 2005, the Mexican government began granting additional licenses to operate 198 gaming facilities, including to Grupo Televisa, a large Mexican media company, permitting the new license holders to operate off-track betting and gaming halls throughout Mexico. In May 2007, CIE's license was modified to enable the operation of 20 additional facilities, increasing the number of CIE facilities to 65. The Group estimates that SEGOB has granted a total of 674 permits to operate gaming halls as of 31 December 2015.

Gaming Permits

The Group estimates that approximately 32 licenses to operate a total of 674 gaming facilities have been granted by the Mexican government as of 31 December 2015. The Group holds seven of these licenses for 135 gaming permits (90 of which were operative as of the same date). Additional 25 licenses for approximately 539 permits (229 of which the Group estimates were operative as of the same date) have been granted to third parties¹⁵.

The permits are subject to different terms and conditions as they have been extended at the discretion of SEGOB at different times and under different administrations and regulatory regimes, i.e., prior to and after the 2004 RFGLA. The differences relate primarily to (i) the term of the permit, (ii) the existence of geographic restrictions to the location of the halls, (iii) the existence of the obligation to deploy within a timetable, and (iv) the duties payable to SEGOB.

The number of permits also varies by licensee. Furthermore, as the original permits to operate gaming halls were add-ons to existing off-track betting licenses, original licensees cannot operate gaming halls without valid off-track betting licenses, whereas the more recent licensees who were issued separate permits to operate off-track betting and gaming halls can, in effect, operate one or the other in most cases.

The Group in Mexico

The development and management of gaming halls in which the Group operates slot machines and, in certain cases, bingo and sports betting, is the Group's most significant activity in Mexico. The Group conducts its operations in Mexico through ICELA, a joint venture with CIE of which the Group owns 84.8% of the capital stock, and Legacy Caliente, a joint venture with Grupo Caliente of which the Group owns 67.3% of the capital stock. The Group also has a wholly-owned subsidiary, Recreativos Marina, which holds certain permits.

As of 31 December 2015, through ICELA and Legacy Caliente, the Group operated 90 gaming halls, in which 18,750 slot machine seats and 84 betting locations were operated (these figures exclude the gaming halls that are closed at that moment). The Group also operates through ICELA a 52-hectare gaming complex in Mexico City, which includes the Las Americas racetrack, an amusement park and the largest convention centre in Mexico. As of 31 December 2015, the Group held licenses to build and operate an additional 45 gaming halls (25 in Legacy Caliente, 9 in ICELA and 11 in Recreativos Marina).

¹⁵ Source: SEGOB (http://www.juegosysorteos.gob.mx/es/Juegos_y_Sorteos/Salas_de_Sorteos_de_Numeros).

As of the date of this document, three ICELA and four Legacy Caliente halls in Mexico remain closed. Six of the closed halls are located in the city of Monterrey or adjacent cities such as General Escobedo. The closures, most of which occurred between mid-January and mid-March 2013, were mandated by Mexican municipal authorities on the basis of alleged inadequacy of the Group's municipal permits. All of the gaming venues operated with the permits and licenses required both by the SEGOB and the local authorities at the time the venues were first open to the public. The Group received the resolution of its court request for an injunction on the municipality's decisions, which ruled against Codere (please refer to Section 20.8 — *Other Litigation and Disputes — Mexico*). The Group continues to evaluate administrative and institutional alternatives in regards to this situation. For the year ended 31 December 2012, the closed gaming halls generated total revenue of Mex. Ps. 755.7 million (approximately EUR 44.7 million) and EBITDA of Mex. Ps. 190.8 million (approximately EUR 11.3 million), and as of their respective closing dates, had a total of 1,921 slots.

Italy

The Italian gaming market

The Italian gaming market comprises: (i) lotteries (the Italian lottery comprises the lotto, sports lotteries and other local forms of lotteries); (ii) casinos (currently, there are four casinos in Italy, all of which are state operated); (iii) AWP Machines (as of 31 December 2015, the Group estimates that there were approximately 342,272 AWP machines installed in Italy; the machines are placed in bars, cafes, gaming halls and dedicated machine halls); (iv) VLT Machines (as of 31 December 2015, the Group estimates that there were approximately 53,332 VLTs installed in Italy; the VLTs are located in gaming halls, license betting offices or dedicated machine halls); (v) bingo halls (the Group estimates that there were approximately 208 operating bingo halls in Italy as of 31 December 2015); (vi) sports betting (betting agencies in Italy allow players to place single and multiple bets via internet, television, telephone or in person); (vii) online gaming (the Group estimates that approximately 110 online gaming licenses have been awarded in Italy as of 31 December 2015).

The Group in Italy

The Group's activities in Italy are focused on the development and management of 11 gaming halls, which include bingo, AWP and VLTs, the AWP and VLT machines placed in bars and gaming halls and the development of the Group's network.

The Group has been present in the Italian gaming industry since 2001, when it entered the bingo market. Initially, the Group's activities were focused on providing management services to bingo halls owned by Operbingo.

The Group entered the AWP machine market in 2004 following the implementation of a regulation to reform the Italian gaming machine industry. The Group continued to build its machine business in Italy from the purchase of Rete Franco (one of the 10 government concessionaires at the time of purchase for the provision of AWP network services) in April 2006 (now Codere Network).

In August 2009, in order to finance the reconstruction works after the damages caused in Abruzzo by an earthquake in April 2009, the Italian Parliament authorised the granting of rights for the introduction of VLTs to the AWP network concessionaires. After obtaining the necessary permits in the second half of 2010 (Codere Network was awarded the option of obtaining 1,359 VLT permits), the Group began installing VLTs in Italy. The Group obtained an additional 250 permits to install VLTs in November 2013. Codere Network's current VLTs concession is valid until March 2022.

In February 2009, the Italian authorities conducted auctions to award 3,000 licenses for betting shops and betting kiosks and to develop gaming and betting shops (*negozi di gioco ippico*) in relation to horse racing events. Codere Network took part in an auction for the licensing of a physical network of horse race betting under Law Decree No. 149 dated 25 September 2008, as amended by Law Decree

No. 148 dated 19 November 2008, and was awarded six licenses to open six betting shops, which opened in April 2010. These licenses are due to expire on 30 June 2016 in accordance with Law Decree No. 149 dated 25 September 2008.

The Group applied as a licensed online bingo operator for a license to conduct the other types of online gaming activities ((i) fixed-odds or totaliser betting relating to sporting events or horse racing, (ii) other betting on sporting events or horse racing, (iii) national horse racing events, (iv) skill games, (v) fixed-odds betting with direct interaction between the players, (vi) bingo) in April 2011 and were awarded a licence by ADM in September of the same year. With this new license, the Group was able to add a variety of online new games, such as cash games (online poker and casino games), instant lotteries, and online sports betting to the Group's product offer.

Spain

The Spanish gaming market

The Group believes that Spain it is one of the largest gaming markets in the European Union based on total amounts wagered of EUR 30.0 billion in 2014, according to the "Gaming in Spain 2014 Annual Report" published by the Spanish Ministry of Finance and Public. The Spanish gaming market is divided into three segments: (i) the private segment, consisting primarily of AWP machines, bingo¹⁶ halls, casinos, online gaming and sports betting; (ii) the public segment, consisting of national and regional lotteries in which the Group does not currently participate; and (iii) the national lottery managed by Organización Nacional de Ciegos de España (the Spanish National Organization for the Blind, or "ONCE"), which has been authorised by the Spanish government to operate lotteries.

The following table sets forth the development of each of these segments of the Spanish gaming market in terms of amounts wagered for the years indicated and the compound annual growth rate ("CAGR") for that period.

	Year ended 31 December						2009-2014 CAGR
	2009	2010	2011	2012	2013	2014	
Private Gaming.....							
AWP Machines ⁽¹⁾	13.36	11.34	10.03	9.20	8.94	8.97	(7.7%)
Bingo Halls.....	2.93	2.69	1.99	1.86	1.78	1.76	(9.7%)
Casinos ⁽²⁾	1.99	1.86	1.61	1.49	1.44	1.52	(5.2%)
Online ⁽²⁾	--	--	1.76	2.73	5.60	6.56	n.a.
Subtotal.....	18.28	15.89	15.39	15.28	17.76	18.81	0.76%
Public Gaming ⁽³⁾							
Lotteries.....	11.83	11.45	11.68	11.17	10.35	10.20	(2.9)%
Others.....	--	--	--	--	--	1.01	n.a.
Total.....	30.11	27.34	27.07	26.45	28.11	30.02	(0.1%)

Source: Gaming in Spain Annual Reports (2009-2014), published by the Spanish Ministry of Finance and Public Administrations.

- (1) Consists of Type-B machines.
- (2) Includes amounts wagered in Type-C machines, which are only allowed to be placed in casinos.
- (3) Includes both the public segment and the national lottery managed by ONCE.

¹⁶ Bingo is a popular and traditional pari-mutuel gaming activity in Spain. Pari-mutuel gaming is a system whereby players wager against one another and not against the gaming operator. The gaming operator collects wagers on a specific event and takes a commission for handling such wagers. The amount remaining after the gaming operator receives a commission is distributed to the players in the form of winnings.

In December 2010, the Spanish Government passed a total smoking ban which became effective in January 2011 and applies to every closed public venue. The smoking ban applies to all bars, restaurants and halls in which the Group operates throughout Spain as well as to the Canoe gaming hall.

Gaming Machines

The Spanish gaming regulations permit, in general, four types of gaming machines: Type A, B, C and D machines. The Group operates primarily AWP machines (which are Type-B machines).

The Type-B machine market is the largest segment of the private gaming sector in Spain with total amounts wagered of EUR 9.0 billion in 2014, which represented 48% of the total amount wagered in the Spanish private gaming sector and 30% of the total amount wagered in the private and public gaming sectors combined. Type-B machines are placed in bars, cafés, arcades and bingo halls and pay out cash prizes as a percentage of total wagers over a predetermined cycle of games. Type-B machines are generally divided in subtypes: B1, B2, B3 and B4.

The market for the operation of Type-B machines is highly fragmented despite some consolidation. The Group estimates that the top three operators— Cirsa Gaming Corporation, S.A. ("**Cirsa**"), Orenes, and the Group—together accounted for a range of 20% to 22% of total market share in 2014¹⁷.

The amounts wagered in Spain have decreased at a CAGR of 0.1% from 2009 to 2014. According to the Gaming in Spain Annual Reports (2009-2014), published by the Spanish Ministry of Finance and Public Administrations, the amount wagered in Spain was EUR 30.0 billion in 2014 compared to EUR 30.1 billion in 2009.

The following table sets forth the total amounts wagered and the number of installed Type-B machines for the years indicated:

	2009	2010	2011	2012	2013	2014	2009-2014 CAGR
Total amounts wagered (EUR in million)	13,364	11,339	10,030	9,200	8,936	8,971	(7.7%)
Installed Type B AWP machines (in thousands)	247	240	231	217	208	202	(3.9%)

Source: Gaming in Spain Annual Reports (2009–2014), published by the Spanish Ministry of Finance and Public Administrations.

According to Spanish national regulation, subject to certain variations by region, Type-B machines must:

- (i) have a maximum wager of EUR 0.20 (although all regions permit, in general, multiple-bets machines which permit EUR 0.40, EUR 0.60 and EUR 1.00 wagers);
- (ii) in bars and cafés, have a maximum prize of EUR 80 except for certain games that permit multiple bets that have a maximum prize of EUR 160 to EUR 240, and in the Basque Country up to EUR 6,000 if the machines are interconnected;
- (ii) in gaming halls, bingo halls and casinos, certain Type-B machines have a maximum prize of EUR 6,000; if the Type-B machines are interconnected, regulations permit a maximum prize up to EUR 30,000 in Andalucía and up to EUR 30,000/EUR 60,000 in Madrid;
- (iv) have a minimum payout of at least 70% of the amount spent by players on a machine over a cycle of 40,000 games;
- (v) have a minimum average gaming time, generally no less than five seconds; and
- (vi) be in reel format, even though video Type-B machine formats are generally permitted.

The Group in Spain

The Group's Spanish business comprises AWP machines, a sports betting business, including self-service terminals, as well as the Canoe gaming hall in Madrid in which machines and bingo are operated.

¹⁷ Source: Group estimates.

As of 31 December 2015, the Group had installed, maintained, serviced and collected cash from over 9,845 AWP machines throughout Spain in over 7,000 bars, restaurants and gaming halls. The average daily net box per AWP machine was EUR 45.9 in the year ended 31 December 2015.

As of 31 December 2015, the Group had 1,651 sports betting locations (including 1,222 self-service terminals in bars) in Madrid, Navarra, the Basque region, Aragón, Valencia, Galicia, Murcia, Castilla La Mancha, Ceuta, Cataluña, La Rioja, Extremadura, Castilla y León and Cantabria.

The Group obtained licenses to operate betting facilities in the Basque region in October 2007, in Madrid in April 2008, in Navarra in September 2010, in Aragón in July 2011, in Valencia in June 2012, in Galicia in February 2013 and in Murcia in April 2013. During 2014, the Group launched operations in the autonomous regions of Cataluña, Castilla La Mancha, the Autonomous city of Ceuta and La Rioja. In 2015 the Group has launched operations in Extremadura and Castilla y León. The Group has also incorporated a new betting company in the autonomous region of Cantabria, which started its operations at the end of January 2016. The Group expects other autonomous regions to enact similar legislation in the near future, and it intends to apply for licenses in these other autonomous regions when the necessary legislation is enacted.

In Spain, the Group operates one bingo hall in its Canoe gaming hall, which is located in the Madrid autonomous region. The Madrid autonomous region has established the prize pay-out ratio of card sales in 70%, the gaming taxes applicable to bingo operators are 40% of net win. Bingo halls in Madrid are allowed to operate Type-B3 machines, which have a maximum prize of EUR 6,000, which increases to EUR 30,000 or EUR 60,000 in the case of interconnected machines. As of 31 December 2015, the Group had 60 Type-3 machines installed in its Canoe gaming hall. In April 2011, the Madrid autonomous region authorized electronic bingo (with bingo games interconnected between several bingo halls of the Madrid autonomous region) pursuant to Decree 22/2011. The electronic bingo entitles a 1% reduction on prize pay-out applicable on the bingo played at the hall and the gaming tax applicable is also assessed at 40% of net win.

Following a series of regulatory changes in Spain that progressively allowed for more gaming products to be offered in the same premise (for example, self-service terminals for sports betting allowed in bars in the Basque region, Navarra, Valencia and Galicia, sports betting, electronic poker and roulettes and TypeB3 machines/EBTs allowed in gaming halls), the Group combined all of its Spanish operations to extract commercial and cost synergies among the businesses. As such, results previously reported under the Spanish AWP business, bingo business and sports betting business units are reported as a combined unit under Spain since 1 January 2011. An example of the combination of operations in Spain is the change introduced in the Canoe gaming hall in Madrid: since 2011, following the implementation of sports betting regulation in Spain, the Group offers sports betting at the Canoe gaming hall, which has since evolved from a bingo hall to a gaming hall that also offers Type-B3 machines, electronic poker, blackjack and electronic roulette.

The Group has three online gaming general licenses (betting, competition and other games) and four online gaming specific licenses (slots, sports betting, horse betting and other types of betting) in Spain. The Group obtained licenses to operate sports betting, casino games and casual games in June 2012. As for regional licenses, the Group has worked with the Madrid regional authorities from 2009 and obtained a license to operate sports betting online in the Madrid autonomous region in 2014. On 17 September 2015 the Company launched an online betting platform for Spain which previously only operated in one region (Madrid autonomous region).

Brazil

The Brazilian gaming market

The regulated gaming market in Brazil is limited to state-run lotteries and horserace betting. The state-run lotteries linked to the federal government have been operated by Caixa Economica Federal, a

public sector bank, since 1961. In addition, certain state-run lotteries are operated by the states. As of 31 December 2015, there were approximately 13,200 third-party operated points of sale authorised by Caixa Economica Federal selling traditional lottery tickets, instant lottery tickets and jackpots in Brazil. This network is also responsible for processing approximately 52% of all bills paid in the country. For the year ended 31 December 2015, the network's aggregate sales nationwide were Brazilian reais \$ 13.5 billion.

Horse racing betting consists of local pari-mutuel horse racing and international pari-mutuel and fixed odds betting, licensed by the Ministry of Agriculture and operated by JCs. Although there are more than 20 JCs in Brazil, wagered amounts are concentrated in four institutions: JCB in Rio de Janeiro, Jockey Clube de São Paulo in São Paulo, JCPR in Curitiba, and JCRGS in Porto Alegre. In 2015, the total amount wagered for these clubs was approximately Brazilian reais \$ 392.0 million.

The Group in Brazil

As of 31 December 2015, the Group operated seven horse betting locations in Brazil under the "Turff Bet & Sport Bar" brand. The Group went into business in Brazil in 2006 when it commenced the development of a network of on-track and off-track high profile betting offices that operate under horse betting licenses held by the JCs with a presence in the states of Rio de Janeiro (JCB), Rio Grande do Sul (JCRGS), and Paraná (JCPR). Under the JCs' licenses, the Group's betting locations are permitted to distribute (i) pooled betting products on local horse races and (ii) fixed odds betting products on international simulcast horse races.

Prior to these developments, the Group developed a relationship with the three JCs and in 2005 entered with all three into 10 year mutually exclusive agreements under which the JCs and the Group covenanted to jointly develop "any new form of gaming" permitted under the JCs' licenses. The license of JCB in Rio de Janeiro expires in March 2016 and it is not going to be renewed, therefore since that moment Codere is going to operate five horse betting locations in the country instead of the current seven.

The JC licenses permit JCs to operate "other lottery products", a term which was at the time, and remains today, undefined, and has never materialised into any concrete authorisation. The Ministry of Agriculture regulates the JCs, while lotteries are the exclusive regulatory domain of the Ministerio da Fazenda.

Colombia

The Colombian gaming market

The Colombian gaming market consists of the national and local lotteries, bingo halls, casinos, gaming machines and horse racetracks managed by the private sector. The Colombian lottery market includes the national lottery (*Baloto*) and the Red Cross lottery (*Lotería de la Cruz Roja*), as well as various local lotteries.

The Colombian casino, gaming machine and bingo hall market is highly fragmented and comprises a number of small operators. According to gaming authorities, the total number of licensed gaming machines in Colombia is approximately 85,500 as of 31 October 2015. The gaming machines in Colombia typically are Type-C, similar to Class III machines in the United States, and they do not have maximum wager and prize limits.

The Colombian machine market (excluding machines located in casinos), with around 341 legal operators, is highly fragmented. Currently, the Group's main competitors in the licensed market are Winner Group, which is affiliated with Cirsa, the Group's main competitor in Spain, with approximately 6,117 gaming machines and 215 tables as of 31 October 2015.

The Group in Colombia

The Colombia business focuses on the ownership and operation of gaming machines. As of 31 December 2015, the Group operated 5,663 gaming machines located in 54 gaming halls, including five casinos operated under the "Crown Casino" brand as well as in bars and restaurants in major cities throughout Colombia. In addition, as of 31 December 2015, the Group operated five bingo venues with an aggregate of 850 seats. Through the Group's four gaming hall brands ("Crown Casinos", "Mundo Fortuna", "Fantasia Royal" and "Stars Casino"), the Group is present in over 80 municipalities, including large cities such as Bogota, Cartagena, Barranquilla, Medellin, Pasto, Cali, Ibagué, and Bucaramanga.

The Group entered the Colombian market in 1984 and rapidly became a relevant slot machine player. The Colombian business was originally a replica of the Spanish slot route model of slot machines in bars and other small third-party outlets. In 1998, the Group inaugurated the Cali Gran Casino, effectively entering the business of managing gaming halls in addition to its original slot routes. In 2005, the Group moved further into gaming halls by means of acquiring Intergames de Colombia, S.A., the largest bingo operator in the country with four bingo halls and approximately 1,200 slot machines. As the legacy slot route business came under increasing pressure from illegal operators and new formats, the Group started to rationalise the slot estate located in unbranded third-party facilities. In 2007, it began to focus increasingly on strengthening its top brand, "Mundo Fortuna", and its basic brand, "Fantasia Royal". A new format and design for the "Fantasia Royal" venues was also launched in 2007. In 2009, a new premium brand, "Crown Casinos" was launched, targeted at high-income customers.

The first two Crown Casinos were the result of the remodelling and reopening of the old Cali Gran Casino in Cali, which was turned into Crown Casino Cali, and the old Mundo Fortuna Palatino, which was turned into Crown Casino Palatino in Bogota in 2009. In 2011, the Group inaugurated two new Crown Casino in Bogota, one located at the Unicentro shopping mall and one in the San Rafael area. In the summer of 2012, the Group opened its fifth Crown Casino, located in the Zona T area of Bogota. In completing the renovation of Fantasia Royal and Crown Casinos and converting them to the new format, the Group implemented a complete turnaround strategy focused on developing new value offers for each brand.

The average Mundo Fortuna halls have approximately 74 slot machines in an area of approximately 587 square meters. The five Crown Casino halls in operation as of 31 December 2015 have approximately 645 slot machines and 42 tables (in four of them) in an area of approximately 1,968 square meters per casino. The Crown Casino halls normally open 16 hours per day, while the Mundo Fortuna, Fantasia Royal, Star Casino Games and other halls are typically open 14 hours per day.

Panama

The Panamanian gaming market

The Panamanian gaming market consists mainly of the state sponsored lottery and privately operated, full-service casinos, which include live games, slot machines and sports-betting and dog-betting agencies. Gaming halls, which consist mainly of slot machines and bingo, also operate in various facilities throughout the country. Horse racing is privately operated at the state-owned Presidente Remón Racetrack, which is the only racetrack in the country.

According to the Panamanian Gaming Control Board (*Junta de Control de Juegos*), during the year ended 31 December 2015, the total amount wagered at racetracks, bingo halls, gaming tables, Type-A slot machines (similar to Class III machines in the United States), and sports books horse to approximately USD 2.5 billion, a 0.8% decrease over 2014. The total amount wagered per year in

Panama increased from 2009 to 2014 at a CAGR of 12.5%¹⁸. Panamanian casinos offer a combination of gaming tables and Type-A slot machines. As of 31 December 2015, there were 13 operators which ran a total of 23 full-service casinos. Of these 23 casinos, 14 are located in Panama province, two are in Chiriquí province, three in Colón province and four in central provinces. In August 2010, following receipt of regulatory approvals, the Group completed the purchase of Thunderbird Resorts Inc.'s 63.6% stake in six casinos in Panama operated by Thunderbird under the "Fiesta Casino" brand. Thunderbird was previously one of the Group's principal competitors in Panama. In total, the Group now operates 11 full casinos, one gaming hall and the Presidente Remón Racetrack.

Slot machines in Panama are divided into two classes: A, and C. Type-A machines allow players to use cash, do not have a payout ceiling, and may only operate in casinos or slot halls. Type-C machines allow players to use cash too, but the pay-out is only in tickets, their maximum bet is limited to USD 3 and pay-out is capped at USD 200. Type-C machines can be located in bars (with limits of 15 machines) or halls (with limits of 75 machines). Decree Law No. 2 establishes another class of slot machines, Type-B, but this type has not been regulated and currently there are no Type-B machines in Panama. Cirsa has 28 slot halls under "Fantastic Casinos" brand.

As of 31 December 2015, there were 21 sports books agencies, 17 of which are located in the Panama province, two in the Chiriquí province and one each in Veraguas and Herrera province. The sports books agencies are run by seven different operators. Minos Bet & Win S.A. operates nine agencies, the Group's wholly-owned subsidiary Hípica de Panamá, S.A. operates six agencies, Actions Sports operates two agencies and one each of Gaming Activities Corp., Zema International Holding, Corp, Juega Deportes and Sport Book Ocean Club Casino.

The state-owned Presidente Remón Racetrack is the only horse racetrack in Panama. The Group has operated this racetrack since 2005, pursuant to a contract with the Panamanian government, which, among other aspects, grants the Group the exclusive right to operate both live horse races and international pari-mutuel simulcasts in the country.

The Group in Panama

The Group owns and operates the Presidente Remón Racetrack in Panama City, which is the only horse racetrack in Central America. The Group has operated this racetrack since 2005, pursuant to a 13-years contract with the Panamanian government, which, among other aspects, grants the Group the exclusive right to operate both live horse races and international pari-mutuel simulcasts in the country. The Group manages this activity through its own track and through a network of eight agencies and 55 franchises as of 31 December 2015. The Group currently holds licenses to open betting locations and is permitted to install up to 500 slot machines and a bingo hall at the racetrack. As of 31 December 2015, the racetrack had 405 machines and the Group were operating 63 sports betting locations in Panama. One of these venues is a sports betting book on the premises of the racetrack that offers betting on live horse racing and sporting events.

As of 31 December 2015, the Group operated 12 gaming halls in Panama, including the machine hall at the racetrack, through its two brands, "Crown" and "Fiesta", with a total of 2,951 gaming machines seats and 89 tables. Six out of these 12 casinos in Panama, including the hall at the racetrack, are located in Panama City. Six of the remaining casinos are located in Colón, Panama's second largest city, a further two in David, one in Chitré and one in a touristic area in the province of Coclé. With 12 out of the 15 casinos operating in the country, the Group is the leader in the Panamanian casino market.

The Group purchased Crown Casinos in 2006. In 2008, the Group opened its fifth casino in Panama, located at the Radisson Hotel, in the second largest Panamanian city of Colón. In August 2010 the Group completed the purchase of Thunderbird Resorts Inc.'s 63.6% stake in six casinos in Panama

¹⁸ Source: *Junta de Control de Juegos*

operated by Thunderbird under the "Fiesta Casino" brand for approximately USD 38.0 million. As of the date of the acquisition, Thunderbird, a leading player in the local casino market and one of the Group's principal competitors in Panama, operated six casinos with a total of 85 tables and 1,831 slot machines under the "Fiesta Casino" brand. Thunderbird has been consolidated in the Group's financial statements from 1 September 2010.

Most of the casinos in Panama are open 24 hours a day. Slot machines installed at the Group's casinos in Panama have TITO operational systems. In addition, the Group has installed player tracking and loyalty programs in its casinos.

The most important competitors of the Group in the casino segment include Majestic Casino, which is operated by Cirsa, the Royal Casino, Ocean Trump Casino, Star Bay Casino and Sortis Casino. In addition, Cirsa operates a number of gaming halls throughout the country which compete with the Group's casinos. As of 31 December 2015, the Group operated 2,951 slot machines and 89 tables in Panama. Cirsa operated approximately 7,621 slot machines and 28 tables.

Uruguay

The Uruguayan gaming market

Uruguay gaming market consists of privately operated lotteries, state and privately operated casinos and privately operated horse race betting, which includes on- and off-track betting and a limited number of slot machines. The Banca de Cubierta Colectiva de Quinielas de Montevideo is a private company that administers Uruguay major lottery, but is under the control of the governmental agency Dirección Nacional de Loterías y Quinielas.

Horse race betting operations include live racing at Maroñas Racetrack, the largest racetrack in Uruguay, and 13 smaller regional racetracks across the country and betting on simulcast international horse and dog races.

The Group in Uruguay

The government authorities have granted the Group's joint venture an exclusive license to operate the Maroñas Racetrack, the right to operate off-track betting agencies with full card simulcasting and the right to locate, maintain and control slot machines within a limited number of licensed off-track betting agencies. These machines, however, are operated by the Dirección General de Casinos. In September 2012, the joint venture was awarded with the license to operate Las Piedras racetrack (an addition to the existing license). As a result, the Group increased the percentage of the revenue obtained from the government by 4.2%.

As of 31 December 2015, the Group operated the Hotel Casino Carrasco, with a total of 395 slot machines seats and 24 tables. On 9 November 2009, the Intendencia Municipal de Montevideo (the "IMM") awarded the Carrasco Nobile consortium (a 73.73% and 26.26% partnership between the Group and Sikeston S.A., an international investor group) a 30-year concession for the reconstruction and management of the iconic Carrasco hotel and casino in Montevideo built in 1912. The consortium partnered with the French hotel group Accor to operate the hotel under the "Sofitel" luxury brand. The complex opened on 7 March 2013 as "Sofitel Montevideo Casino Carrasco and Spa." The number of machines and tables is not limited by the concession contract. In September 2014, the IMM provided Carrasco with the documents awarding the final acceptance of the building reforms and the critical requisite of the operating license.

In Uruguay the Group also has a 50% stake in the HRU business. This business operates two horse racetracks, five gaming halls with 1,869 gaming machine seats and 24 horse betting locations. Since January 2014, and due to the application of the recently revised IFRS-EU 11 standard, the HRU is reported using the equity method instead of the proportional method. For consistency and comparison

purposes, the Group does not include the operating data in its consolidated data. In the 12 months ended December 2013, the 50% of the HRU business generated total revenue of EUR 25.8 million and EBITDA of EUR 8.5 million.

Breakdown of total revenues by category of activity and geographic market for each financial year of the period covered by the historical financial information

In the discussion below the "Operating Revenues", "EBITDA" and "Adjusted EBITDA" are reviewed on a consolidated basis and on the basis of the Group's four principal businesses: Argentina, Mexico, Italy and Spain. The Group also has operations in Panama, Colombia, Brazil and Uruguay, which are of a smaller scale and are discussed under "Other Operations". The organization of the Group's operations by country reflects the manner in which its management evaluates the performance of its various businesses and, on the basis of such information, makes financial and strategic decisions regarding its operations.

The Group's headquarters in Spain provide central corporate services including information technology, accounting, finance, tax, legal and strategic support to its four principal businesses and all of the Group's "Other Operations". The Group does not allocate most of the expenses associated with such services to the four principal businesses or "Other Operations" receiving such services and therefore the operating profit and EBITDA for the Group's four principal businesses and "Other Operations" described below may not include headquarters expenses corresponding to the four principal businesses and other operations.

In 2015, the Group's four principal businesses comprised 41.6%, 21.7%, 17.3% and 9.5%, respectively, of its consolidated operating revenue and 48.2%, 30.2%, 8.8% and 8.1%, respectively, of its consolidated EBITDA (excluding, in each case, headquarters revenue and expenses). The Group operations discussed under "Other Operations" comprised 9.9% of its consolidated operating revenue and 4.7% of its consolidated EBITDA, excluding headquarters revenue and expenses

The charts below reflect, respectively, the "Operating Revenues", "EBITDA" and "Adjusted EBITDA" by business units for the years ended 31 December 2013, 2014 and 2015 (in EUR million). For further information, please refer to Sections 20.1 and 20.6 of this Registration Document.

(EUR in million)	Year ended 31 December		
	2013 ⁽²⁾	2014	2015
Operating Revenue			
Argentina	584.7	489.0	681.8
Mexico	382.4	341.9	355.3
Italy	258.5	263.8	284.2
Spain ⁽¹⁾	151.6	149.9	155.9
Other Operations:			
Brazil	2.9	2.8	2.4
Colombia	34.0	31.4	28.7
Panama	90.3	88.6	103.4
Uruguay	16.4	18.2	27.8
Corporate Overhead	0.0	0.0	0.0
Total	1,520.8	1,385.6	1,639.5

(1) Includes Spain AWP, Spain Bingo, Spain Sports Betting and Spain Internet.

(2) In application of the recently revised IFRS-EU 11 standard, there is a change in the method of consolidation used for HRU in Uruguay and New Joker in Italy. Both operations are now reported using the equity method instead of the proportional method. For consistency and comparison purposes, 2013 data has been restated accordingly and, thus, such figures may differ from those included in the annual accounts for those years.

(EUR in million)	Year ended 31 December		
	2013 ⁽²⁾	2014	2015
	(unaudited)		
EBITDA			
Argentina	110.8	93.4	146.1
Mexico	78.6	75.1	91.5
Italy	21.4	4.9	26.7
Spain ⁽¹⁾	17.0	17.6	24.6
Other Operations:			
Brazil	(0.8)	(0.4)	(1.4)
Colombia	3.5	6.9	6.9
Panama	14.6	15.0	11.8
Uruguay	(9.1)	(2.4)	(3.1)
Corporate Overhead	(37.9)	(46.5)	(48.5)
Total	198.2	163.6	254.6

(1) Includes Spain AWP, Spain Bingo, Spain Sports Betting and Spain Internet.

(2) In application of the recently revised IFRS-EU 11 standard, there is a change in the method of consolidation used for HRU in Uruguay and New Joker in Italy. Both operations are now reported using the equity method instead of the proportional method. For consistency and comparison purposes, 2013 data has been restated accordingly and, thus, such figures may differ from those included in the annual accounts for those years.

(EUR in million)	Year ended 31 December		
	2013 ⁽³⁾	2014	2015
Adjusted EBITDA⁽¹⁾			
Argentina	110.8	93.4	146.1
Mexico	78.6	75.1	91.5
Italy	21.4	29.4	26.7
Spain ⁽²⁾	17.0	17.6	24.6
Other Operations:			
Brazil	(0.8)	(0.4)	(1.4)
Colombia	3.5	6.9	6.9
Panama	14.6	15.0	11.8
Uruguay	(9.1)	(2.4)	(3.1)
Corporate Overhead	(25.3)	(21.3)	(23)
Total	210.8	213.3	280.1

(1) The "Adjusted EBITDA" excludes from EBITDA Restructuring costs and the CdC Settlement impact. These items are not disclosed separately in the annual accounts and they are mainly included in "Professional services and other expenses" in the "Other Operating" expenses disclosure.

Reconciliation:

EUR million

Year ended 31 December			
	2013	2014	2015
EBITDA	198.4	163.5	254.6
Restructuring cost	12.4	25.3	25.5
CdC impact	-	24.5	-
Adjusted EBITDA	210.8	213.3	280.1

(2) Includes Spain AWP, Spain Bingo, Spain Sports Betting and Spain Internet.

(3) In application of the recently revised IFRS-EU 11 standard, there is a change in the method of consolidation used for HRU in Uruguay and New Joker in Italy. Both operations are now reported using the equity method instead of the proportional method. For consistency and comparison purposes, 2013 data has been restated accordingly and, thus, such figures may differ from those included in the annual accounts for those years.

6.3 *Where the information given pursuant to sections 6.1 and 6.2 has been influenced by exceptional factors, mention that fact*

Please refer to Section 9.2.1.

6.4 *If material to the issuer's business or profitability, a summary information regarding the extent to which the issuer is dependent, on patents or licences, industrial, commercial or financial contracts or new manufacturing processes*

Licenses

The Group holds gaming licenses or government authorisations in each jurisdiction in which it operates, directly or indirectly through its partners or clients. The Group expects to obtain additional permissions to operate off-line and on-line gambling, and betting operations in the future. In addition, in some countries the Group holds licenses or authorisations permitting the Group to import gaming machines.

The tables below contain the licences or government authorisations held by the Group as at the date of this document:

ARGENTINA				
License	Type	Granting date	Expiry date	Comment
Hall number 5*	Operation of bingo halls and slot machines	September 1999	September 2029	Renewed in 2012 by authority's Resolution 1785/12
Hall number 6*	Operation of bingo halls and slot machines	April 1999	April 2029	Renewed in 2013 by authority's Resolution 1789/13
Hall number 8*	Operation of bingo halls and slot machines	October 1994	October 2024	Renewed in 2014 by authority's Resolution 952/14
Hall number 9*	Operation of bingo halls and slot machines	January 1991	June 2021	Renewed in 2007 by authority's Resolution 301/07
Hall number 10*	Operation of bingo halls and slot machines	December 1999	October 2029	Renewed in 2012 by authority's Resolution 1786/12
Hall number 17*	Operation of bingo halls and slot machines	February 1991	June 2021	Renewed in 2007 by authority's Resolution 187/07
Hall number 20*	Operation of bingo halls and slot machines	July 2001	June 2021	Renewed in 2007 by authority's Resolution 403/07
Hall number 26*	Operation of bingo halls and slot machines	January 2001	August 2016	In process of renewal until August 2031
Hall number 29*	Operation of bingo halls and slot machines	September 1991	June 2021	Renewed in 2007 by authority's Resolution 186/07
Hall number 32*	Operation of bingo halls and slot machines	April 1992	April 2022	Renewed in 2015 by authority's Resolution 2064/15
Hall number 34*	Operation of bingo halls and slot machines	June 1992	June 2022	Renewed in 2014 by authority's Resolution 953/14
Hall number 35*	Operation of bingo halls and slot machines	June 1998	June 2028	Renewed in 2012 by authority's Resolution 1788/12
Hall number 36*	Operation of bingo halls and slot machines	January 1994	January 2024	Renewed in 2014 by authority's Resolutions 1146/14 y 1541/14
Hall number 39*	Operation of bingo halls and slot machines	May 1999	May 2029	Renewed in 2012 by authority's Resolution 1787/12

* The NGOs are the owners of the license. The Group operates them by virtue of an agreement with each NGO.

MÉXICO				
License	Type	Granting date	Expiry date	Comment
2768	Gaming halls to offer electronic/remote games	May 2015	May 2027	
DGG/SP/450/97	Gaming halls to offer electronic/remote games and horse racing	September 1997	September 2022	
DGAJS/SCEVF/P-04/2005	Gaming halls to offer electronic/remote games	May 2005	May 2030	
DGAJS/P-0172012	Gaming halls to offer electronic/remote games	July 2012	July 2037	
6752	Gaming halls to offer electronic/remote games	October 1993	October 2018	
7890	Gaming halls to offer electronic/remote games	November 1993	November 2018	
7904	Gaming halls to offer electronic/remote games	November 1993	November 2018	
8017	Gaming halls to offer electronic/remote games	December 1993	December 2018	
DGAJS/SCEVF/P-01/2005	Gaming halls to offer electronic/remote games	May 2005	May 2030	
000006	Gaming halls to offer electronic/remote games	June 1992	June 2017	

ITALY				
License	Type	Granting date	Expiry date	Comment
	Network License	March 2013	March 2022	
	Horse betting	August 2009	June 2016	
49/T1/07/R	Operation of bingo halls and others	January 2013	January 2014	Extended until new tender, by a monthly payment
77/T1/12/R	Operation of bingo halls and others	January 2013	January 2014	Extended until new tender, by a monthly payment
126/T1/08/R	Operation of bingo halls and others	January 2013	March 2014	Extended until new tender, by a monthly payment
156/T2/08/R	Operation of bingo halls and others	January 2013	March 2014	Extended until new tender, by a monthly payment
331/T1/12/R	Operation of bingo halls and others	January 2013	December 2016	
219/08/R	Operation of bingo halls and others	August 2008	August 2014	Extended until new tender, by a monthly payment
249/08/R	Operation of bingo halls and others	September 2008	September 2014	Extended until new tender, by a monthly payment
230/TL/08/R	Operation of bingo halls and others	September 2008	September 2014	Extended until new tender, by a monthly payment
177/08/R	Operation of bingo halls and others	April 2008	April 2014	Extended until new tender, by a monthly payment
129/T1/08/R	Operation of bingo halls and others	March 2008	March 2014	Extended until new tender, by a monthly payment
80/T2/TL/10/R	Operation of bingo halls	October 2014	January 2014	Extended until new tender, by a monthly payment
318/T1/TL/15R	Operation of bingo halls and others	March 2012	October 2015	Extended until new tender, by a monthly payment
177/T1/TL/15R	Operation of bingo halls and others	April 2008	April 2014	Extended until new tender, by a monthly payment
40/T1/07/R	Operation of bingo halls and others	January 2008	January 2014	Extended until new tender, by a monthly payment
	Operation of slots	December 2010		Extended until new tender, by a monthly payment
	Operation of slots	June 2015		Its expiry date depends on the expiry date of the network concession
	Operation of slots	May 2013		Its expiry date depends on the expiry date of the network concession
	Operation of slots	February 2011		Its expiry date depends on the expiry date of the network concession
	Operation of slots	July 2011		Its expiry date depends on the expiry date of the network concession

(*) Most of the Italian "Operation of bingo halls and others" licences have reached their expiry date, but, as stated in Column "Comment" above, they have been extended until the next tender in accordance with applicable regulations (the official date for the new tender has not been published yet). There is no certainty as to whether any of the affected licences will be granted to the Group again in the referred new tenders. Should the Group not be granted the relevant licences in the new tenders, the Group's business, results of operations and financial condition may be materially adversely affected.

SPAIN				
License	Type	Granting date	Expiry date	Comment
EOP03000099W	Operation of slots	May 2011	May 2016	
LR-II-F-LR-024	Manufacturing	June 2006	June 2016	
CL-924	Manufacturing	August 2006	August 2016	
AP0000001	Sports betting	May 2007	May 2017	
FM-21	Manufacturing	May 2007	May 2017	
110	Operation of slots	October 2009	October 2017	
00073-B	Operation of slots	October 2012	October 2017	
GVC-014	Distributor	October 2012	October 2017	
H-124-AB	Operation of slots	December 2007	December 2017	
140 A-B	Operation of slots	January 2010	January 2018	
OP-006516-MA	Operation of slots	February 2008	February 2018	
B/33/17615	Operation of slots	February 2013	February 2018	
AP0000001	Sports betting	April 2008	April 2018	
OP-17226-MA	Operation of slots	May 2008	May 2018	
OP-10724-MA	Operation of slots	September 2008	September 2018	
OP-10728-MA	Operation of slots	September 2008	September 2018	
0121-B	Operation of slots	April 2009	April 2019	
0250-B	Operation of slots	August 2009	August 2019	
C-10988 TIPO A	Operation of slots	April 2009	April 2019	
C-10989 TIPO B	Operation of slots	April 2009	October 2019	
Z-0489-B	Operation of slots	April 2010	April 2020	
OP-020579-MA	Operation of slots	May 2010	May 2020	
TS-020134	Gaming halls	May 2010	May 2020	
TS020135	Gaming halls	May 2010	May 2020	
NA-026	Sports betting	September 2010	September 2020	
OP-20613-MA	Operation of slots	November 2010	November 2020	
JC-000109	Bingo halls	November 2010	November 2020	
LO-IV-175	Operation of slots	December 2010	December 2020	
0263-B Y A	Operation of slots	December 2010	February 2021	
AP0000002	Sports betting	July 2011	July 2021	

ST-020016	Technical service	November 2011	November 2021	
EO-61	Operation of slots	April 2012	April 2022	
142/GA/1023	Online gaming	June 2012	June 2022	
143/GC/1023	Online gaming	June 2012	June 2022	
144/GC/1024	Online gaming	June 2012	June 2022	
223-11/GO	Online gaming	June 2012	June 2022	
224-11/GO	Online gaming	June 2012	June 2022	
225-11/GO	Online gaming	June 2012	June 2022	
GVF-030	Sports betting	June 2012	June 2022	
C-11179	Distributor	August 2012	August 2022	
LO-III-C-LO-15	Distributor	September 2012	September 2022	
CO-0009	Distributor	September 2012	September 2022	
ST-0007	Technical service	September 2012	September 2022	
DI-020018	Distributor	November 2012	November 2022	
ECA-0001	Sports betting	February 2013	February 2023	
DM000001	Distributor	February 2013	February 2023	
CLM-0028-B	Distributor	March 2013	March 2023	
ED-10	Distributor	March 2013	March 2023	
11A00000002	Sports betting	April 2013	April 2023	
CL-000850	Distributor	June 2013	June 2023	
CL000516	Operation of slots	July 2013	July 2023	
CL000307	Operation of slots	September 2013	September 2023	
1	Sports betting	December 2013	December 2023	
1	Manufacturing	December 2013	December 2023	
Z-503-B	Operation of slots	April 2014	April 2024	
EOM-220-PM	Operation of slots	May 2014	May 2024	
ES-174-PM	Gaming halls	May 2014	May 2024	
AC0020	Sports Betting	July 2014	July 2024	
CE-0016	Sports Betting	July 2014	July 2024	
AD000002	Online betting	July 2014	July 2024	
C-11658	Operation of slots	July 2014	July 2024	
EN-63	Sports Betting	December 2014	December 2024	
LR-X-293	Sports Betting	December 2014	December 2024	
FA-55	Manufacturing	January 2015	January 2025	

CL000002	Manufacturing	February 2015	February 2025	
BI-042	Gaming hall	February 2015	February 2025	
CL000002	Sports betting	March 2015	March 2025	
FA-20036-M	Manufacturing	April 2015	April 2025	
EC-0044	Sports betting	February 2008	Automatically each 5 years	
125356	Operation of slots	July 1987	Automatically each 5 years	
126.398	Operation of slots	October 2014	Automatically each 5 years	
126.400	Operation of slots	November 2014	Automatically each 5 years	
126387	Operation of slots	July 2014	Automatically each 5 years	
EF-0027	Manufacturing	February 2008	Automatically each 5 years	
ECJ006516	Operation of slots	December 1988	Unlimited	
EJA-2310	Operation of slots	August 2003	Unlimited	
T-JA-2718	Gaming halls	August 2003	Unlimited	
T-JA-3114	Gaming halls	February 2007	Unlimited	
M-JA-111	Distributor	October 2002	Unlimited	
F-JA-10	Manufacturing	October 2002	Unlimited	
16-I-0038-R	Metrological control	September 2014	Unlimited	
NA-12	Manufacturing	June 2000	Unlimited	
J-2022 B	Gaming halls	September 2002	Unlimited	
R-2121 TIPO A	Gaming halls	September 2002	Unlimited	
OB 392 TIPO B	Operation of slots	March 1993	Unlimited	
OA 281 TIPO A	Operation of slots	June 1997	Unlimited	
EC-0034	Distributor	November 2002	Unlimited	
FA-3	Manufacturing	October 2015	October 2025	
EA-4	Sports betting	October 2015	October 2025	
200278	Operation of slots	October 2015	Unlimited	
CL001104	Operation of slots	October 2015	October 2025	

BRASIL				
License	Type	Granting date	Expiry date	Comment
	Horse Racing Betting	February 2006	February 2016	JCs are the owners of the license. The Group operates them by an agreement with The JCs.
	Horse Racing Betting	June 2011	June 2021	JCs are the owners of the license. The Group operates them by an agreement with The JCs. An additional 10 years term will automatically apply if requirements continue being complied.
	Pari-mutuel Betting	August 2014	August 2019	JCs are the owners of the license. The Group operates them by an agreement with The JCs. An additional five years term will automatically apply if requirements continue being complied.

COLOMBIA				
License	Type	Granting date	Expiry date	Comment
CO876	Operation of Bingo Halls, electronic games and games of chance	May 2011	May 2016	-
CO996	Operation of slot machines	October 2012	October 2017	-
CO997	Operation of slot machines and games of chance	October 2012	October 2017	Since 20 November 2015 the Group also operates two live tables games under this license.

PANAMA				
License	Type	Granting date	Expiry date	Comment
	Presidente Remón Racetrack	January 1998	January 2018	The Group operates the racetrack under Contract n° 106-A with the Nation.
	Operation of Casino Hall	October 2002	October 2022	
	Sports betting	January 2013	January 2018	
01-15	Operation of Casino Hall	November 2008	November 2028	
	Operation of Casino Hall	April 2003	April 2023	
	Sports betting	October 2005	January 2018	
	Operation of slots machines hall	October 2005	January 2018	
019	Operation of Casino Hall	March 1998	March 2018	
020	Operation of Casino Hall	March 1998	March 2018	
021	Operation of Casino Hall	March 1998	March 2018	
	Operation of Casino Hall	March 1998	March 2018	
018	Operation of Casino Hall	March 1998	March 2018	
015	Operation of Casino Hall	March 1998	March 2018	
016	Operation of Casino Hall	March 1998	March 2018	
017	Operation of Casino Hall	March 1998	March 2018	

*the Group has initiated the process to renew six of the licenses that expire in 2018.

URUGUAY				
License	Type	Granting date	Expiry date	Comment
Resolution 2421	Operation of Casino	November 2009	November 2039	-
Tender 1/2001	Horse racing and slot machines	June 2002	June 2032	-
Tender 1/2011	Horse racing and connected activities	November 2012	November 2042	-

Trademarks, copyright and patents

The Group operates three trademarks worldwide: "Codere" (gambling and bingo), "Victoria" (gambling, bingo and betting) and "Turff" (betting). The Group also has 197 local trademarks used for local operations and 312 internet domains for its on-line business.

In addition, the Group owns a copyright on SPACE Codere, a complex Customer Relationship Management software for performance analysis of gaming machines and gaming shops.

The Group has no material patents as of the date of this document.

6.5 *The basis for any statements made by the issuer regarding its competitive position*

Most of the basis for the statements made by Codere regarding the competitive position of the Group have been obtained from the relevant regulators. Such basis have been included in each of these statements (please refer to Section 6.2).

7. ORGANISATIONAL STRUCTURE

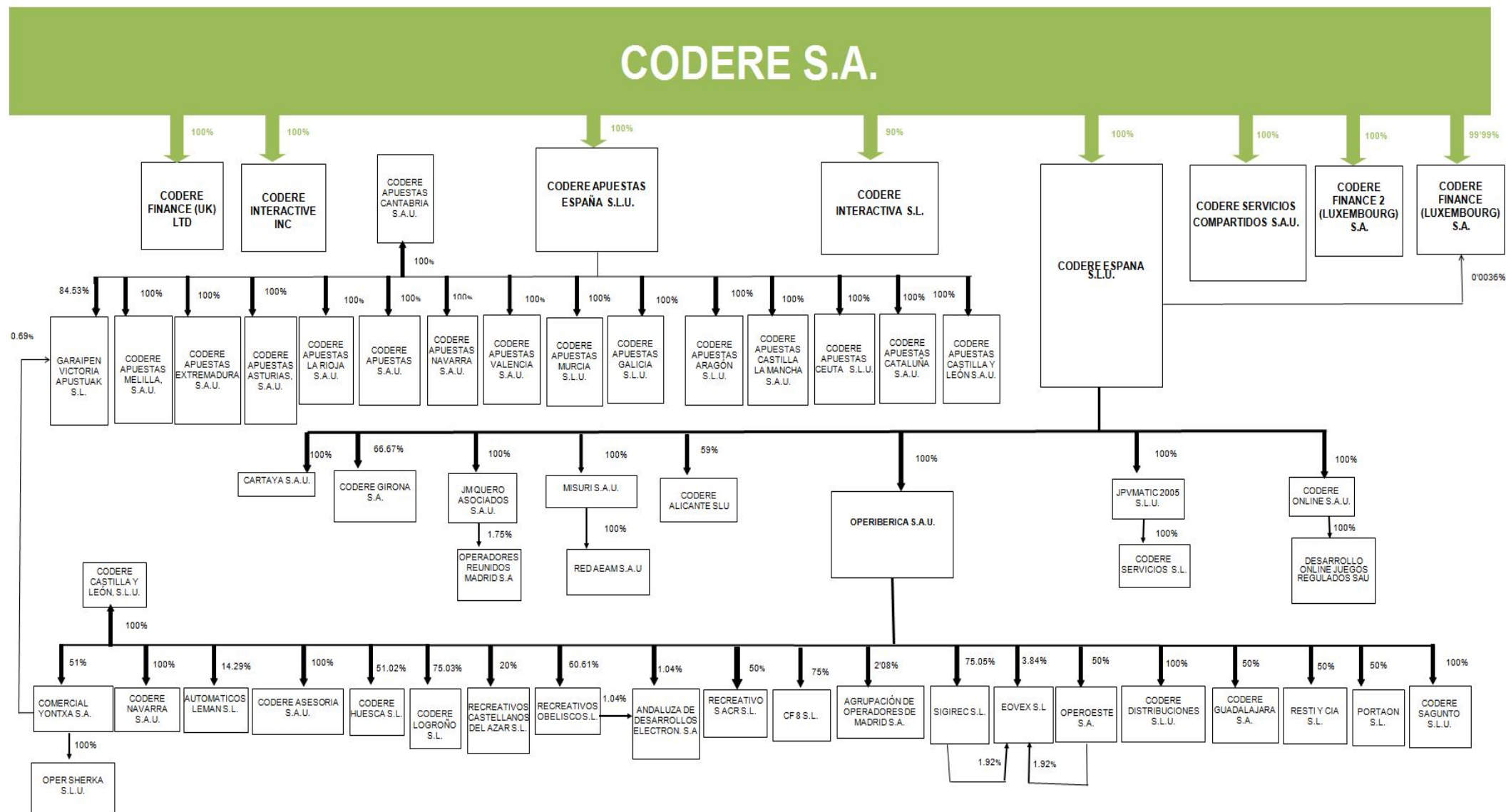
7.1 If the issuer is part of a group, a brief description of the group and the issuer's position within the group

Codere is the parent company of a group of companies whose composition is, as of the date of this document, described in this Section. The Group is organised through different holding companies which group the operating companies of the Group according to their territorial scope of action.

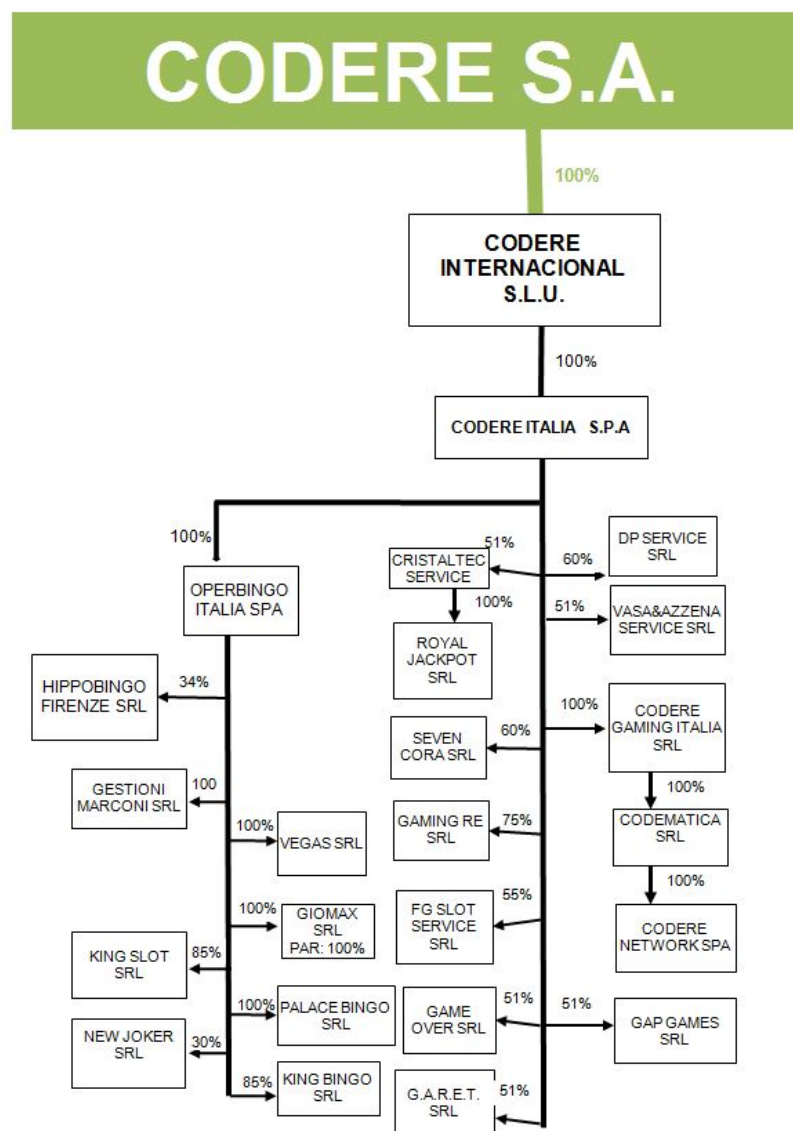
As described in "*The Restructuring*" in Section 5.1.5, the Restructuring will imply a change of the composition of the structure of the Group derived from the Hive-Down. This change consists on (i) the interposition between Codere and the remainder of the existing Group two Luxembourg incorporated holding companies (Luxco 1 and Luxco 2), that shall be subsidiaries of Codere, and one Spanish incorporated holding company, that shall be a subsidiary of the Luxcos (Spanish Newco); and (ii) to transfer Codere's assets and liabilities to Spanish Newco.

The charts below set out the organisational structure of the Group both in Spain and overseas both at the date of this document and after the Restructuring, reflecting the ownership structure:

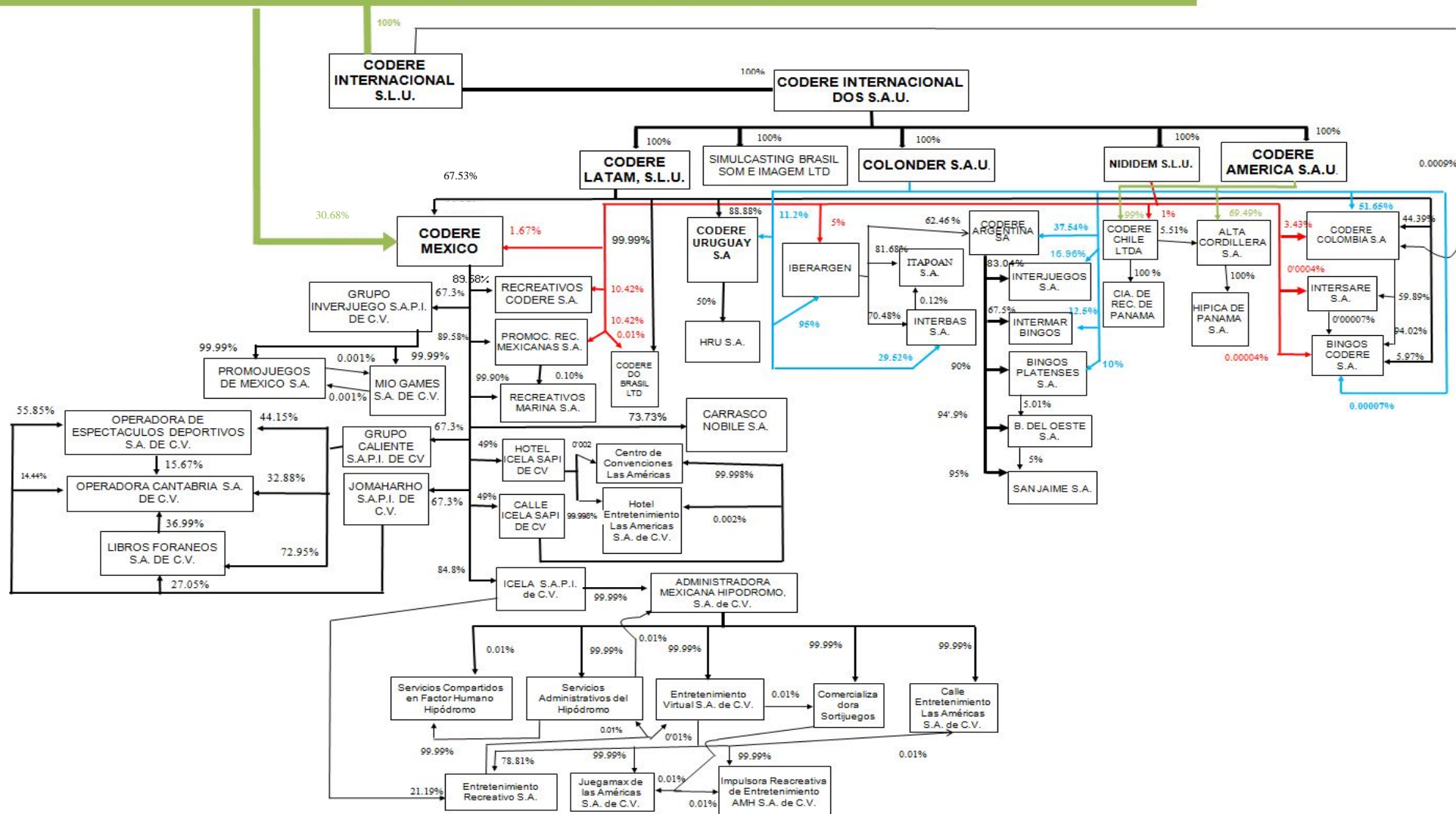
Current organisational structure of the Group (1):



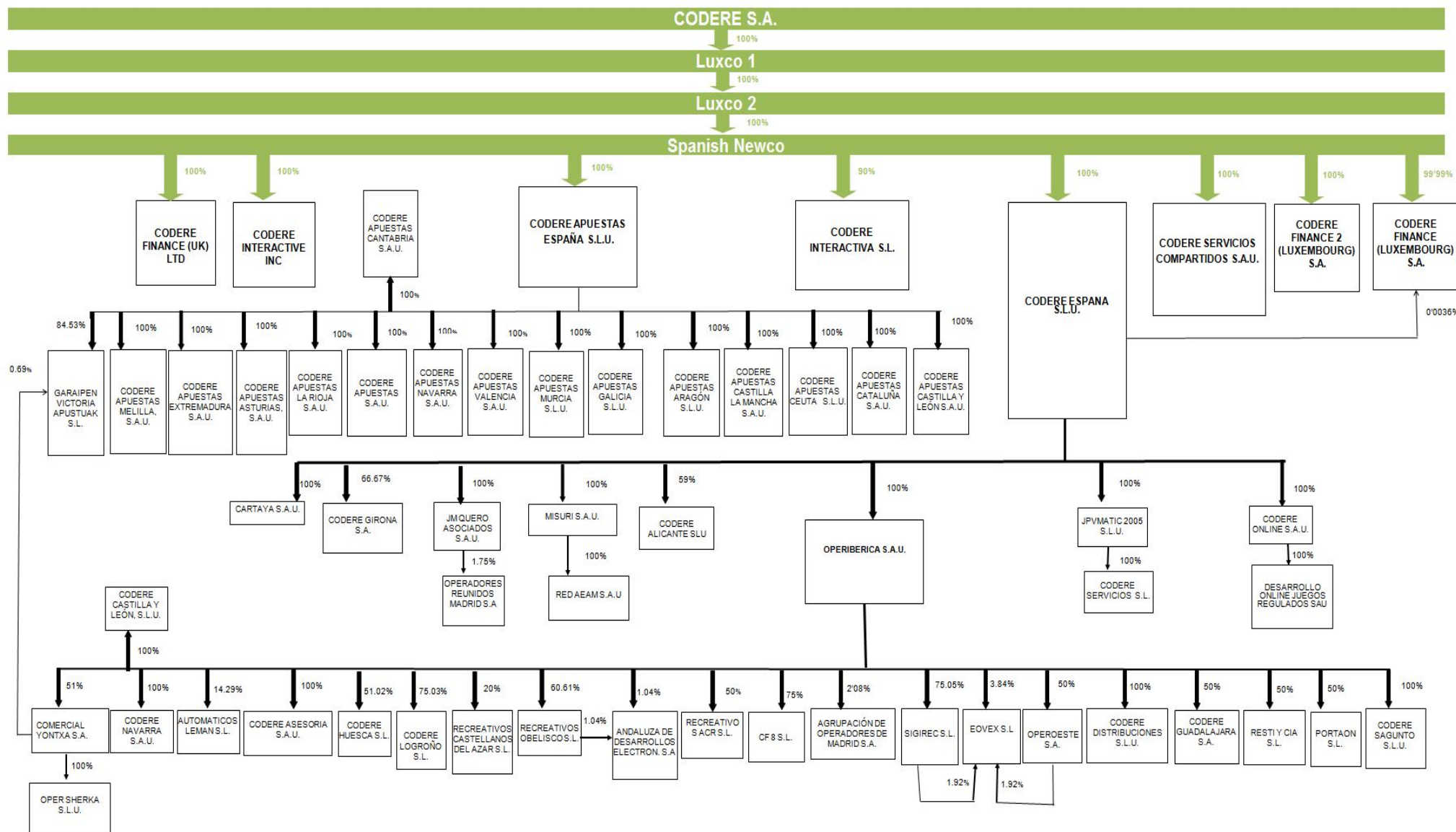
Current organisational structure of the Group (2):



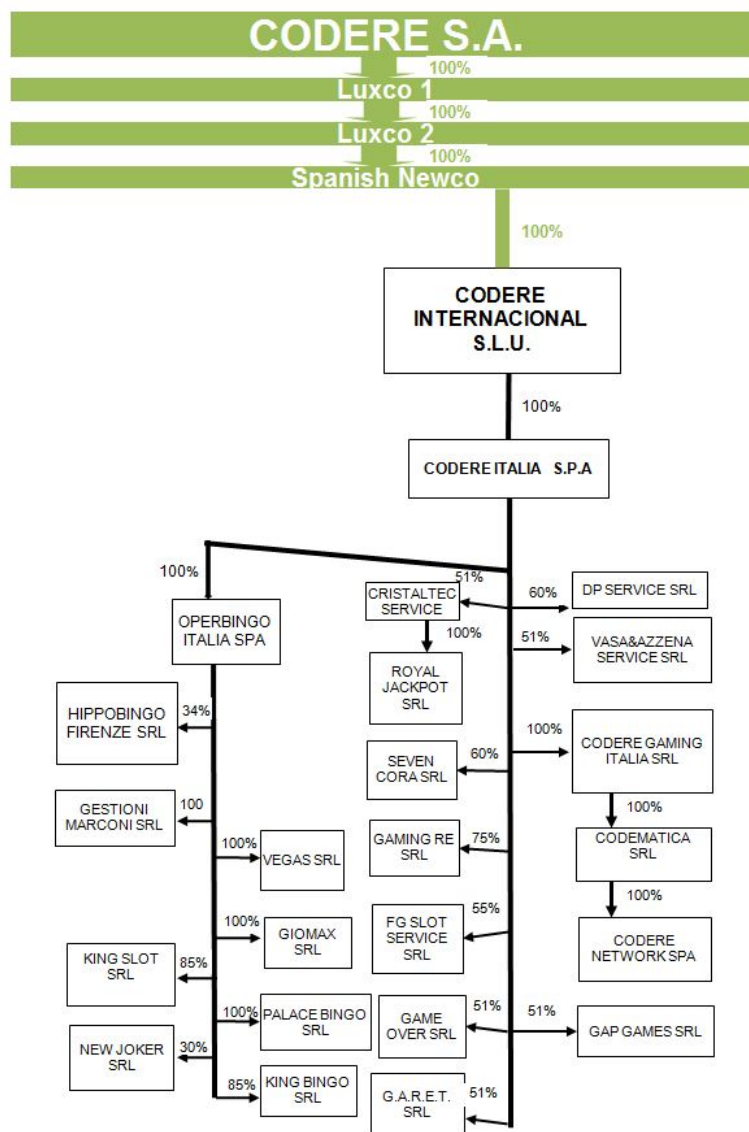
Current organisational structure of the Group (3):

CODERE S.A.

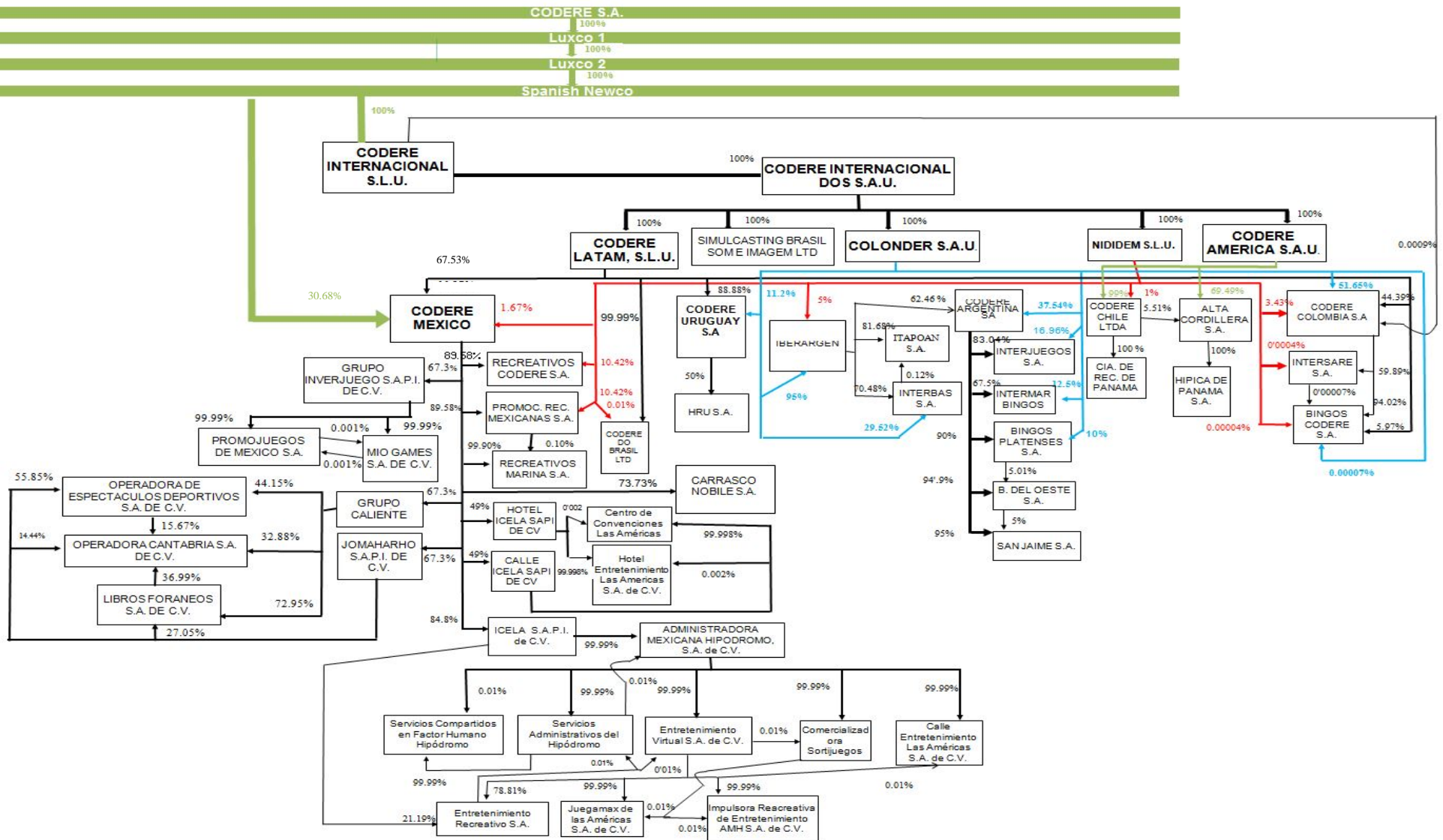
Post-Restructuring organisational structure of the Group (1):



Post-Restructuring organisational structure of the Group (2):



Post-Restructuring organisational structure of the Group (3):



7.2 A list of the issuer's significant subsidiaries, including name, country of incorporation or residence, proportion of ownership interest and, if different, proportion of voting power held

Charts of the fully or proportionately consolidated subsidiaries of the Company as at the date of this document, indicating their corporate name, country of incorporation and corporate address and the proportion of ownership are set out below:

SPAIN					
Corporate name and corporate address	Activity	Economic percentage	Holding company	Effective control percentage	Consolidation method
CARTAYA, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid) ^(*)	Operation of bingo halls	100%	CODERE ESPAÑA, S.L.U.	100%	Global Integration
C-F8, S.L. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Operation of slot machines	75%	OPERIBÉRICA, S.A.U.	100%	Global Integration
CODERE ALICANTE, S.L.U. Avda. Alquería de Moret, 19-21 Picanya (Valencia)	Operation of slot machines	59%	CODERE ESPAÑA, S.L.U.	100%	Global Integration
CODERE APUESTAS, S.A. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Sports betting	100%	CODERE APUESTAS ESPAÑA, S.L.U.	100%	Global Integration
CODERE APUESTAS ARAGÓN, S.L.U. José Pellicer, 33 (Zaragoza)	Sports betting	100%	CODERE APUESTAS ESPAÑA, S.L.U.	100%	Global Integration
CODERE APUESTAS ASTURIAS, S.A.U. C/ Pola de Siero 8-10 Gijón (Asturias) ^(**)	Sports betting	100%	CODERE APUESTAS ESPAÑA, S.L.U.	100%	Global Integration
CODERE APUESTAS CANTABRIA, S.A.U. Calle Columna Sagardía 3 y 5, 39009 Santander	Sports betting	100%	CODERE APUESTAS ESPAÑA, S.L.U.	100%	Global Integration
CODERE APUESTAS CASTILLA LA MANCHA, S.A.U. C/ Jarama 50 A , 45007(Toledo)	Sports betting	100%	CODERE APUESTAS ESPAÑA, S.L.U.	100%	Global Integration
CODERE APUESTAS CATALUÑA, S.A.U. C/ Mercaders 1, P.I. Riera de Caldes 08184 Palau I Solità Plegamans (Barcelona)	Sports betting	100%	CODERE APUESTAS ESPAÑA, S.L.U.	100%	Global Integration
CODERE APUESTAS CEUTA, S.L.U. Gta. del Teniente Reinoso s/n, edificio Ceuta Center, local B-22 (Ceuta)	Sports betting	100%	CODERE APUESTAS ESPAÑA, S.L.U.	100%	Global Integration
CODERE APUESTAS ESPAÑA, S.L.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Holding	100%	CODERE, S.A.	100%	Global Integration
CODERE APUESTAS GALICIA, S.L.U. Edificio "Palacio de la Opera" Glorieta de América s/n local E, 15004 (A Coruña.)	Sports betting	100%	CODERE APUESTAS ESPAÑA, S.L.U.	100%	Global Integration
CODERE APUESTAS CASTILLA Y LEÓN, S.A.U. C/ Recondo 11-13 47007 Valladolid	Sports betting	100%	CODERE APUESTAS ESPAÑA, S.L.U.	100%	
CODERE APUESTAS EXTREMADURA, S.A.U. Avda. de España, 23 10600-Plasencia (Cáceres)	Sports betting	100%	CODERE APUESTAS ESPAÑA, S.L.U.	100%	Global Integration

SPAIN					
Corporate name and corporate address	Activity	Economic percentage	Holding company	Effective control percentage	Consolidation method
CODERE APUESTAS MELILLA S.A.U. Calle Puerto Deportivo local nº 11 Melilla ^(**)	Sports betting	100%	CODERE APUESTAS ESPAÑA, S.L.U.	100%	Global Integration
CODERE APUESTAS MURCIA, S.L.U. C/ Lso Martínez 4 bajo Barrio del Progreso 30012 (Murcia)	Sports betting	100%	CODERE APUESTAS ESPAÑA, S.L.U.	100%	Global Integration
CODERE APUESTAS NAVARRA, S.A. Polígono PLazaola, Manza D, Nave 10, Aizoain 31195 Barrioplano (Navarra)	Sports betting	100%	CODERE APUESTAS ESPAÑA, S.L.U.	100%	Global Integration
CODERE APUESTAS LA RIOJA, S.A.U. C/ Río Piqueras 133 N3 P.I. El Sequero 26151 Arrubal (La Rioja)	Sports betting	100%	CODERE APUESTAS ESPAÑA, S.L.U.	100%	Global Integration
CODERE APUESTAS VALENCIA, S.A.U. Avda. Alquería de Moret, 19-21 Picanya (Valencia)	Sports betting	100%	CODERE APUESTAS ESPAÑA, S.L.U.	100%	Global Integration
CODERE AMÉRICA, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Equity management of non-resident entities	100%	CODERE INTERNACIONAL DOS S.A.U.	100%	Global Integration
CODERE ASESORÍA, S.A.U. Avda. Alquería de Moret, 19-21 Picanya (Valencia)	Operation of slot machines	100%	OPERIBÉRICA, S.A.U.	100%	Global Integration
CODERE CASTILLA Y LEÓN S.L.U. C/ Recondo 11-13 (Valladolid) ^(**)	Operation of slot machines	100%	OPERIBÉRICA S.A.U.	100%	Global Integration
CODERE DISTRIBUCIONES, S.L.U. Mercaders, 1. Pol. Ind. Riera de Caldes Palau de Plegamans (Barcelona)	Operation, distribution and marketing of slots machines	100%	OPERIBÉRICA, S.A.U.	100%	Global Integration
CODERE ESPAÑA, S.L.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Holding company; operation of slot machines and bingo halls	100%	CODERE, S.A.	100%	Global Integration
CODERE GIRONA, S.A. C/ Benet del Riu, 10 Girona (Barcelona)	Operation of slot machines	66.67%	CODERE ESPAÑA, S.L.U.	100%	Global Integration
CODERE GUADALAJARA, S.A. Avda. de Bruselas, 26 Alcobendas (Madrid)	Operation of slot machines	50%	OPERIBÉRICA, S.A.U.	50%	Global Integration
CODERE HUESCA, S.L. C/ Cavia, 8 portal 6, local B (Huesca)	Operation of slot machines	51.02%	OPERIBÉRICA, S.A.U.	100%	Global Integration
CODERE INTERNACIONAL, S.L.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Holding	100%	CODERE, S.A.	100%	Global Integration
CODERE INTERNACIONAL DOS, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Holding	100%	CODERE INTERNACIONAL, S.L.U.	100%	Global Integration

SPAIN					
Corporate name and corporate address	Activity	Economic percentage	Holding company	Effective control percentage	Consolidation method
CODERE INTERACTIVA, S.L. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Remote betting and gaming activities via the internet, television and mobile phones	90%	CODERE, S.A.	100%	Global Integration
CODERE LATAM, S.L.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Holding and provision of advisory services	100%	CODERE INTERNACIONAL DOS, S.A.U.	100%	Pending
CODERE LOGROÑO, S.L. Piqueras 133.3 Arrubal (La Rioja)	Operation of slot machines	75.03%	OPERIBÉRICA, S.A.U.	100%	Global Integration
CODERE NAVARRA S.A.U. P.I. Plazaola Manz. D. nave 10 Aizoaín, Berrioplano (Navarra) ^(**)	Operation of slot machines	100%	OPERIBÉRICA S.A.U.	100%	Global Integration
CODERE ONLINE, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Gaming organisation, marketing and operation	100%	CODERE ESPAÑA, S.L.U.	100%	Global Integration
CODERE SAGUNTO, S.L. Avda. Alquería de Moret 19 y 21 P.I. Alquería de Moret Picanya (Valencia)	Operation of slot machines	100%	OPERIBÉRICA, S.A.U.	100%	Global Integration
CODERE SERVICIOS COMPARTIDOS, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Financial Services	100%	CODERE, S.A.	100%	Global Integration
CODERE SERVICIOS, S.L.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Provision of real estate advisory, intermediary and development services	100%	JPV MATIC 1005, S.L.	100%	Global Integration
COLONDER, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Holding	100%	CODERE INTERNACIONAL DOS, S.A.U.	100%	Global Integration
COMERCIAL YONTXA, S.A. (6) C/Nicolás Alkorta, 1 48003 (Bilbao)	Operation of slot machines	51%	OPERIBERICA, S.A.	100%	Global Integration
DESARROLLO ONLINE JUEGOS REGULADOS, S.A.U. Avda. de Bruselas, 26 28108 Alcobendas (Madrid) ^(*)	Internet gaming activities	100%	CODERE ONLINE, S.A.U.	100%	Global Integration
EL PORTALÓN, S.L. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Operation of slot machines	50%	OPERIBÉRICA, S.A.U.	50%	Global Integration
GARAIPEN VICTORIA APUSTUAK, S.L., C/Ribera de Axpe 11, pabellón 5, Nave D2 48950 Erandio (Vizcaya)	Sports betting	84'81%	CODERE APUESTAS ESPAÑA, S.L.U. y COMERCIAL YONXTA S.A.	100%	Global Integration
J.M. QUERO Y ASOCIADOS, S.A. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Operation of slot machines	100%	CODERE ESPAÑA, S.L.U.	100%	Global Integration
JPVMATIC 2005, S.L. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Operation of slot machines	100%	CODERE ESPAÑA, S.L.U.	100%	Global Integration

SPAIN					
Corporate name and corporate address	Activity	Economic percentage	Holding company	Effective control percentage	Consolidation method
MISURI, S.A. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Bingo games	100%	CODERE ESPAÑA, S.L.U.	100%	Global Integration
NIDIDEM, S.L. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Management of controlling interest	100%	CODERE INTERNACIONAL DOS, S.A.U.	100%	Global Integration
OPERIBÉRICA, S.A. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Operation of slot machines	100%	CODERE ESPAÑA, S.L.U.	100%	Global Integration
OPEROESTE, S.A. C/Hernán Cortés, 188 Villanueva de la Serena (Badajoz)	Operation of slot machines	50%	OPERIBÉRICA, S.A.U.	50%	Global Integration
OPERSHERKA, S.L. C/ Padre Melchor Prieto, 31 (Burgos)	Operation of slot machines	51%	COMERCIAL YONTXA, S.A.	100%	Global Integration
RECREATIVOS ACR, S.L. Polígono Espíritu Santo Parcela 11-12 33010- Oviedo (Asturias)	Operation of slot machines	50%	OPERIBÉRICA, S.A.U.	50%	Global Integration
RECREATIVOS OBELISCO, S.L. Huerca de Almería. C/ San Rafael-73. Polígono Industrial San Rafael (Almería)	Operation of slot machines	60.61%	OPERIBÉRICA, S.A.U.	100%	Global Integration
RED AEAM, S.A. Avda. de Bruselas, 26 28108 Alcobendas (Madrid) ^(*)	Bingo games	100%	MISURI, S.A.U.	100%	Global Integration
RESTI Y CIA, S.L. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Operation of slot machines	50%	OPERIBÉRICA, S.A.U.	50%	Global Integration
SIGIREC, S.L. Avda. de Bruselas, 26 28108 Alcobendas (Madrid)	Operation of slot machines	75.05%	OPERIBÉRICA, S.A.U.	100%	Global Integration

(*) Inactive company.

(**) Company recently incorporated with operations pending to start.

ARGENTINA					
Corporate name and corporate address	Activity	Economic percentage	Holding company	Effective control percentage	Consolidation method
BINGOS DEL OESTE, S.A. Avda. del Libertador n° 1068, 9°, Buenos Aires	Lotteries and bingo Halls	100%	CODERE ARGENTINA, S.A. y BINGOS PLATENSES, S.A	100%	Global Integration
BINGOS PLATENSES, S.A. Avda. del Libertador n° 1068, 9°, Buenos Aires	Operation of slot machines	100%	CODERE ARGENTINA, S.A. y COLONDER S.A.U.	100%	Global Integration
CODERE ARGENTINA, S.A. Avda. del Libertador n° 1068, 9°, Buenos Aires	Holding	100%	IBERARGEN, S.A. y COLONDER, S.A.U.	100%	Global Integration
IBERARGEN, S.A. Avda. del Libertador n° 1068, 9°, Buenos Aires, C.F.	Operation of bingos, lotteries and restaurant services	100%	COLONDER, S.A.U. y NIDIDEM, S.L.U.	100%	Global Integration
INTERBAS, S.A. Avda. del Libertador n° 1068, 9°, Buenos Aires, C.F.	Operation of restaurant activities	100%	COLONDER, S.A.U. E IBERARGEN, S.A.	100%	Global Integration

ARGENTINA					
Corporate name and corporate address	Activity	Economic percentage	Holding company	Effective control percentage	Consolidation method
INTERJUEGOS, S.A. Avda. del Libertador n° 1068, 9°, Buenos Aires	Bingos and Lotteries	100%	CODERE ARGENTINA, S.A. y COLONDER, S.A.U.	100%	Global Integration
INTERMAR BINGOS, S.A. Avda. del Libertador n° 1068, 9°, Buenos Aires	Operation of bingo halls	80%	CODERE ARGENTINA, S.A. y COLONDER, S.A.U.	100%	Global Integration
ITAPOAN, S.A. Avda. del Libertador n° 1068, 9°, Buenos Aires, C.F.	Real Estate	81.80%	IBERARGEN, S.A. e INTERBAS, S.A.	100%	Global Integration
SAN JAIME, S.A. Avda. del Libertador n° 1068, 9°, Buenos Aires	Real Estate	100%	CODERE ARGENTINA, S.A. y BINGOS DEL OESTE, S.A.	100%	Global Integration

BRAZIL					
Corporate name and corporate address	Activity	Economic percentage	Holding company	Effective control percentage	Consolidation method
CODERE DO BRASIL L.T.D.A. Rua dps Três Irmaôs 310 conjuntos 308, Morumbi Sao Paulo)	Importation of slot machines, and management of horse racing betting, and related activities	100%	CODERE AMÉRICA, S.A.U. y NIDIDEM, S.L.U.	100%	Global Integration
SIMULCASTING BRASIL SOM E IMAGEM LTD Rua Helena n° 260 piso 8, Conj. 82-A CEP 04552-050 Vila Olimpia (Sao Paulo)	Operation of image and soundrights and simulcasting	100%	CODERE INTERNACIONAL DOS S.A.U. y NIDIDEM S.L.U.	100%	Global Integration

CHILE					
Corporate name and corporate address	Activity	Economic percentage	Holding company	Effective control percentage	Consolidation method
CODERE CHILE, Gerónimo de Alderete 790, depto. 107, La Florida, Santiago de Chile	Investment, leasing, sale/purchase, transfer and swap of all kind of assets	100%	CODERE AMÉRICA, S.L. y NIDIDEM, S.L.U.	100%	Global Integration

COLOMBIA					
Corporate name and corporate address	Activity	Economic percentage	Holding company	Effective control percentage	Consolidation method
BINGOS CODERE, S.A. Transversal 95 Bis A No. 25 D – 41 Bogotá	Operation of bingo halls	99.99%	NIDIDEM, S.L.U., INTERSARE, S.A., CODERE COLOMBIA, S.A., COLONDER, S.A. y CODERE LATAM S.L.U.	100%	Global Integration
CODERE COLOMBIA, S.A. Transversal 95 Bis A No. 25 D – 41 Bogotá	Operation of electronic games and games of chance	99.99%	COLONDER, S.A., NIDIDEM S.L.U., CODERE LATAM, S.L.U. y CODERE INTERNACIONAL, S.L.U.	100%	Global Integration

COLOMBIA					
Corporate name and corporate address	Activity	Economic percentage	Holding company	Effective control percentage	Consolidation method
INTERSARE, S.A. Transversal 95 Bis A No. 25 D – 41 Bogotá	Direct and indirect commercial operation of electronic slot machines	59.89%	CODERE COLOMBIA y NIDIDEM, S.L.U.	100%	Global Integration

ITALY					
Corporate name and corporate address	Activity	Economic percentage	Holding company	Effective control percentage	Consolidation method
CODERE GAMING ITALIA, S.R.L. Via Cornellia, 498 Roma	Holding	100%	CODERE ITALIA, S.P.A.	100%	Global Integration
CODEMATICA S.R.L. Via Cornellia, 498 Roma	Operation of slot machines	100%	CODERE GAMING ITALIA S.R.L.L.	100%	Global Integration
CODERE ITALIA, S.p.A. Via Cornellia, 498 Roma	Advisory services	100%	CODERE INTERNACIONAL, S.L.U.	100 %	Global Integration
CODERE NETWORK S.p.A Via Cornellia, 498 Roma	Operation of bingo halls	100%	CODEMATICA, S.R.L.	100%	Global Integration
CRISTALTEC SERVICE, S.R.L. Via Cornellia, 498 Roma	Operation of slot machines	51%	CODERE ITALIA, S.P.A.	100%	Global Integration
DP SERVICE S.R.L. Via Cornellia, 498 Roma	Operation of slot machines	60%	CODERE ITALIA, S.P.A.	100%	Global Integration
FG SLOT SERVICE S.R.L. Via Cornellia, 498 Roma	Operation of slot machines	55%	CODERE ITALIA, S.P.A.	100%	Global Integration
GAME OVER, S.R.L Via Cornellia, 498 Roma	Operation of slot machines	51%	CODERE ITALIA, S.P.A	100%	Global Integration
GAMING RE, S.R.L. Via Cornellia, 498 Roma	Operation of slot machines	75%	CODERE ITALIA, S.P.A.	100%	Global Integration
GAP GAMES S.R.L. Via Cornellia, 498 Roma	Operation of slot machines	51%	CODERE ITALIA, S.P.A.	100%	Global Integration
G.A.R.E.T, S.R.L. Via Cornellia, 498 Roma	Operation of slot machines	51%	CODERE ITALIA, S.P.A.	100%	Global Integration
GESTIONI MARCONI, S.R.L. Via Cornellia, 498 Roma	Operation of bingo halls	100%	OPERBINGO ITALIA, S.P.A.	100%	Global Integration
GIOMAX, S.R.L. Via Cornellia, 498 Roma	Operation of bingo halls	100%	OPERBINGO ITALIA, S.P.A.	100%	Global Integration
HIPPOBINGO FIRENZE S.R.L. Via Giuseppe Ambrosini 300 Cesena	Operation of bingo halls	34%	OPERBINGO ITALIA, S.P.A.	34%	Equity method

ITALY					
Corporate name and corporate address	Activity	Economic percentage	Holding company	Effective control percentage	Consolidation method
KING SLOT, S.R.L. Via Strada Statale Sannitica, 265. Km 25,800 Maddaloni (Ce)	Operation of bingo halls	85%	OPERBINGO ITALIA, S.P.A.	100% -	Global Integration
KING BINGO, S.R.L. Via Strada Statale Sannitica, 265. Km 25,800 Maddaloni (Ce)	Operation of bingo halls	85%	OPERBINGO ITALIA, S.P.A.	100%	Global Integration
NEW JOKER, S.R.L. Via della Magliana, 279a Roma	Operation of bingo halls	30%	OPERBINGO ITALIA, S.P.A.	30%	Equity method
OPERBINGO ITALIA, S.P.A. Via Cornellia, 498 Roma	Operation of bingo halls	100%	CODERE INTERNACIONAL, S.P.A.	100%	Equity method
PALACE BINGO, SRL Via Cornellia, 498 0166 Roma	Operation of bingo halls	100%	OPERBINGO ITALIA S.P.A.	100%	Global Integration
ROYAL JACKPOT, S.R.L. Via Cornelia, 498 Roma	Operation of bingo halls	51%	CRISTALTEC SERVICE S.R.L.	100%	Global Integration
SEVEN CORA SERVICE, S.R.L. Via Cornellia, 498 Roma	Operation of slot machines	60%	CODERE ITALIA, S.P.A.	100%	Global Integration
VASA & AZZENA SERVICE, S.R.L. Via Cornellia, 498 Roma	Operation of slot machines	51%	CODERE ITALIA, S.P.A.	100%	Global Integration
VEGAS, S.R.L. Via Cornellia, 498 Roma	Operation of bingo halls	100%	OPERBINGO ITALIA, S.P.A.	100%	Global Integration

LUXEMBOURG					
Corporate name and corporate address	Activity	Economic percentage	Holding company	Effective control percentage	Consolidation method
CODERE FINANCE (Luxembourg), S.A. 6C, rue Gabriel Lippmann, L-5365 Munsbach Luxembourg	Holding	100%	CODERE, S.A. y CODERE ESPAÑA, S.L.U.	100%	Global Integration
CODERE FINANCE DOS (Luxembourg) S.A. 6C, rue Gabriel Lippmann, L-5365 Munsbach- Luxembourg	Holding	100%	CODERE, S.A.	100%	Global Integration

MEXICO					
Corporate name and corporate address	Activity	Economic percentage	Holding company	Effective control percentage	Consolidation method
ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V. Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Operation, administration and development of horse and greyhound racetracks and sporting events	84.8%	IMPULSORA DE CENTROS DE ENTRETENIMIENTO DE LAS AMERICAS S.A.P.I. DE C.V. y SERVICIOS ADMINISTRATIVOS DEL HIPÓDROMO S.A. de C.V.	100%	Global Integration

MEXICO					
Corporate name and corporate address	Activity	Economic percentage	Holding company	Effective control percentage	Consolidation method
ADMINISTRADORA MEXICANA DEL HIPÓDROMO, ASOCIACIÓN EN PARTICIPACIÓN I Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Operation, administration and development of horse and greyhound racetracks and sporting events	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V. y ENTRETENIMIENTO RECREATIVO, S.A. de C.V.	100%	Global Integration
ADMINISTRADORA MEXICANA DEL HIPÓDROMO, ASOCIACIÓN EN PARTICIPACIÓN II Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Operation, administration and development of horse and greyhound racetracks and sporting events	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V., JUEGAMAX DE LAS AMÉRICAS S.A. de C.V.	100%	Global Integration
ADMINISTRADORA MEXICANA DEL HIPÓDROMO, ASOCIACIÓN EN PARTICIPACIÓN III Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Operation, administration and development of horse and greyhound racetracks and sporting events	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V., IMPULSORA RECREATIVA DE ENTRETENIMIENTO AMH, S.A. de C.V.	100%	Global Integration
ADMINISTRADORA MEXICANA DEL HIPÓDROMO, ASOCIACIÓN EN PARTICIPACIÓN IV Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Operation, administration and development of horse and greyhound racetracks and sporting events	51%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V.	43.25%	Global Integration
CALLE DE ENTRETENIMIENTO LAS AMÉRICAS, S.A. de C.V. Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Development, construction, organisation, exploitation, acquisition of and stake-taking in the share capital or equity of companies	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V. y ENTRETENIMIENTO VIRTUAL, S.A. de C.V.	100%	Global Integration
CALLE ICELA S.A.P.I. de C.V. Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Construction and operation of hotels, restaurants, exhibition and convention centres and similar activities	49%	CODERE MEXICO, S.A. de C.V.	49%	Equity method
CODERE MÉXICO, S.A. de C.V. Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Holding	100%	CODERE AMÉRICA, S.A.U., CODERE, S.A. y NIDIDEM, S.L.U.	100%	Global Integration
CENTRO DE CONVENCIONES LAS AMÉRICAS S.A. de C.V. Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Administration, operation and development of exhibitions and conventions	49%	CALLE ICELA S.A.P.I. de CV y HOTEL ICELA S.A.P.I. de C.V.	49%	Equity method
ENTRETENIMIENTO RECREATIVO, S.A. de C.V. Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Exploitation of games permitted by law	8.8%	IMPULSORA CENTRO DE ENTRETENIMIENTO LAS AMÉRICAS, S.A.P.I. de C.V. y ENTRETENIMIENTO VIRTUAL, S.A. de C.V.	100%	Global Integration

MEXICO					
Corporate name and corporate address	Activity	Economic percentage	Holding company	Effective control percentage	Consolidation method
ENTRETENIMIENTO VIRTUAL, S.A. de C.V. Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Development, construction, organisation, exploitation, acquisition of and stake-taking in the share capital or equity of companies	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V. y ENTRETENIMIENTO RECREATIVO SA DE CV	100%	Global Integration
GRUPO CALIENTE S.A.P.I. de C.V. Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Slot machines and random games exploitation	67.30%	CODERE MÉXICO, S.A. DE CV	100%	Global Integration
GRUPO INVERJUEGO, S.A.P.I. de C.V. Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Games	67.3%	CODERE MÉXICO, S.A. DE C.V.	100%	Global Integration
HOTEL ENTRETENIMIENTO LAS AMÉRICAS, S.A. de C.V. Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Construction and management of tourist and sports complexes resorts	49%	CALLE ICELA S.A.P.I. DE CV Y HOTEL ICELA S.A.P.I. DE C.V.	49%	Equity method
HOTEL ICELA S.A.P.I. de C.V. Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Construction and management of hotels, restaurants and similar activities.	49%	CODERE MEXICO S.A. DE C.V.	49%	Equity method
IMPULSORA RECREATIVA DE ENTRETENIMIENTO AMH, S.A. de C.V. Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Management of gaming halls	84.8%	ENTRETENIMIENTO VIRTUAL, S.A. de C.V.	84.8%	Global Integration
IMPULSORA DE CENTROS DE ENTRETENIMIENTO LAS AMÉRICAS, S.A.P.I. DE C.V. Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Portfolio management services	84.8%	CODERE MÉXICO, S.A. de C.V.	100%	Global Integration
JUEGAMAX DE LAS AMÉRICAS S.A. de C.V. Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Operation of gaming halls	43.25%	ENTRETENIMIENTO VIRTUAL, S.A. de C.V. Y COMERCIALIZADORA SORTIJUEGOS S.A DE C.V.	43.25%	Global Integration
JOMAHARHO, S.A.P.I. de C.V. Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Organisation of all kind of games, bets and lotteries	67.30%	CODERE MÉXICO, S.A. DE C.V.	100%	Global Integration
MIO GAMES, S.A. de C.V. Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Games	67.30%	PROMOJUEGOS DE MÉXICO, S.A. de C.V. y GRUPO INVERJUEGO, S.A.P.I. de C.V.	100%	Global Integration
LIBROS FORÁNEOS, S.A. de C.V. Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Organisation of all kind of games, bets and lotteries	67.30%	GRUPO CALIENTE S.A.P.I. de C.V. y JOMAHARHO S.A.P.I. de C.V.	100%	Global Integration

MEXICO					
Corporate name and corporate address	Activity	Economic percentage	Holding company	Effective control percentage	Consolidation method
OPERADORA CANTABRIA S.A. de C.V. Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Organization of all kind of games, bets and lotteries	67.30%	GRUPO CALIENTE S.A.P.I. de C.V., JOMAHARHO S.A.P.I. de C.V., OPERADORA DE ESPECTÁCULOS DEPORTIVOS S.A. de C.V. y LIBROS FORÁNEOS S.A. de C.V.	100%	Global Integration
OPERADORA DE ESPECTÁCULOS DEPORTIVOS S.A. de C.V. Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Organization of all kind of games, bets and lotteries	67.30%	GRUPO CALIENTE S.A.P.I. de C.V. y JOMAHARHO S.A.P.I. de C.V.	100%	Global Integration
PROMOCIONES RECREATIVAS MEXICANAS, S.A. de C.V. Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Advice, operation, administration and activities related to numeric games transmitted remotely to predetermined locations	100%	CODERE MÉXICO, S.A. de C.V. y NIDIDEM S.L.U.	100%	Global Integration
PROMOJUEGOS DE MÉXICO, S.A. de C.V. Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Games	67.30%	GRUPO INVERJUEGO, S.A.P.I. de C.V. y MIO GAMES, S.A. de C.V.	100%	Global Integration
RECREATIVOS CODERE, S.A. de C.V. Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Games	100%	CODERE MÉXICO, S.A. DE C.V. y NIDIDEM, S.L.U.	100%	Global Integration
RECREATIVOS MARINA, S.A. de C.V. Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Games	100%	CODERE MEXICO, S.A. y PROMOCIONES RECREATIVAS MEXICANAS, S.A. de C.V.	100%	Global Integration
SERVICIOS COMPARTIDOS EN FACTOR HUMANO HIPÓDROMO S.A. DE CV. Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Personnel administration and recruitment services, labour consulting and management services, payroll services	84.8%	SERVICIOS ADMINISTRATIVOS DEL HIPÓDROMO, S.A. de C.V. y Y ADMINISTRADORA MEXICANA DEL HIPÓDROMO S.A. DE C.V.	100%	Global Integration
SERVICIOS ADMINISTRATIVOS DEL HIPÓDROMO, S.A. de C.V. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Personnel administration and recruitment services, labour consulting and management services, payroll services	84.8%	ADMINISTRADORA MEXICANA DEL HIPÓDROMO, S.A. de C.V. y ENTRETENIMIENTO RECREATIVO, S.A. de C.V.	100%	Global Integration
COMERCIALIZADORA SORTIJUEGOS, S.A. de C.V. Av. Industria Militar s/n Puerta 2- C.I. Militar Del. Miguel Hidalgo México D.F.	Other supporting services to businesses	84.8%	ADMINISTRADORA MEXICANA DE HIPÓDROMO, S.A. de C.V. y ENTRETENIMIENTO VIRTUAL, S.A. de C.V.	100%	Global Integration

PANAMA					
Corporate name and corporate address	Activity	Economic percentage	Holding company	Effective control percentage	Consolidation method
ALTA CORDILLERA, S.A. C/ 50 y Elvira Méndez, Torre Financial Center Piso 40 y 41	Casino management services	75%	CODERE AMÉRICA, S.A.U. y CODERE CHILE LTDA.	100%	Global Integration
HÍPICA DE PANAMÁ, S.A. Vía de José Agustín Arango, Corregimiento de Juan Díaz Apdo. 1, Zona 9ª	Horse racing and slot machine activities	75%	ALTA CORDILLERA, S.A.	100%	Global Integration
COMPAÑÍA DE RECREATIVOS DE PANAMÁ, S.A. C/ 50 y Elvira Méndez, Torre Financial Center, Piso 40 y 41	Financial services	100%	CODERE CHILE LTDA	100%	Global Integration

URUGUAY					
Corporate name and corporate address	Activity	Economic percentage	Holding company	Effective control percentage	Consolidation method
CODERE URUGUAY, S.A. C/ Juncal 1327 Apto. 2201 Montevideo	Investment and acquisition of shares in companies related to installation, administration and operation of bingo halls, and related services	100%	COLONDER, S.A.U. y CODERE AMÉRICA, S.A.U.	100%	Global Integration
HRU, S.A. José María Guerra 3540 Montevideo	Horse racing and slot machine activities	50%	CODERE URUGUAY, S.A.	50%	Equity method
CARRASCO NOBILE Rambla República de México 6451 – Montevideo	Operation, administration and management of hotels, casinos, gaming halls (slot machines and games of chance) and related activities	73.73%	CODERE MEXICO, S.A. de C.V.	100%	Global Integration

UNITED KINGDOM					
Corporate name and corporate address	Activity	Economic percentage	Holding company	Effective control percentage	Consolidation method
CODERE FINANCE (UK) Limited 5th Floor, 6 St Andrew Street, London EC 4ª 3AE,	Any legal activity	100%	CODERE, S.A.	100%	Global Integration

UNITED STATES OF AMERICA					
Corporate name and corporate address	Activity	Economic percentage	Holding company	Effective control percentage	Consolidation method
CODERE INTERACTIVE INC 200 Crandon Boulevard, Suite 331 Key Biscayne State Florida 33139	Any legal activity	100%	CODERE, S.A.	100%	Global Integration

None of the consolidated subsidiaries of the Company is under any insolvency or liquidation proceeding, nor their financial conditions are such that they may be under any of the referred

proceedings in the short time (provided that the Restructuring is completed —please refer to "*Risks relating to the Restructuring*"—"Non-completion or delay of the Restructuring may derive in all outstanding amounts under the Existing Notes and/or the Existing SFA becoming payable " in the Risk Factors).

8. PROPERTY, PLANTS AND EQUIPMENT

8.1 Information regarding any existing or planned material tangible fixed assets, including leased properties, and any major encumbrances thereon

Immovable properties affected by the economic activity of the Company

As at 31 December 2015, the Company owned the following real properties for the development of its activity:

Owner company	Location	Item	Appraised value ⁽¹⁾ (Thousands of euro)
Codere Colombia	Colombia	Gaming Halls	3,823
Bingos Codere	Colombia	Gaming Halls	1,183
San Jaime	Argentina	Gaming Halls	5,234
Itapoan	Argentina	Gaming Halls	18,119
Bingos del Oeste	Argentina	Gaming Halls	4,971
Interbas	Argentina	Gaming Halls	4,530
Intermar	Argentina	Gaming Halls	7,037
Operiberica	España	warehouse, land and commercial offices	8,661
Codere Girona	España	Warehouse	4,429
Codere Asesoría	España	Warehouse	2,676
JM Quero	España	Commercial office	1,222
TOTAL			61,885

(1) The appraised value corresponds to the *market value* as at 31 December 2015.

On 31 December 2015, the land and buildings which have been pledged as collateral to secure bank loans and tax deferral applications amounted to EUR 57.9 million.

The rest of buildings in which the Group develops its activities, including the headquarters located in Alcobendas, Madrid, in Avenida de Bruselas, 26, are rented.

The buildings rented to third parties as at 31 December 2015 are included in the table below:

Business unite	Expenditures in 2015 (Thousands Euro)	Item
Argentina	9,914	Bingo halls, garage and warehouse
Mexico	35,551	Bingo halls
España	2,417	Bingo halls, office and warehouse
Colombia	395	Bingo halls, office and warehouse
Italia	6,875	Bingo halls, office and warehouse
Panamá	11,457	Office and gaming halls
Uruguay	36	warehouse
Corporate Overhead	1,768	Offices
Total	68,413	

The evolution of the expenditure for leases in the consolidated profit and loss account, as well as in the consolidated balance as of plant and equipment, during 2013, 2014 and 2015 is shown in the following table:

	(in thousands of euros)		
	2013	2014	2015
Machines	43,963	39,570	46,192
Other Rentals	74,547	69,961	78,262
Total Rentals	118,510	109,531	124,454

Tangible fixed assets	414,495	368,665	318,460
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The variation in rentals is due to the greater amount for rentals of machines in Mexico and Argentina and to the increase of rentals in Panama, Mexico and Argentina.

Movable properties affected by the activities of the Company under financial lease

The following table contains the financial lease contracts in force as of 31 December 2015, in euro:

Location	Item	Duration of the contract	Months 3lapsed	Original cost	Payments made during the previous years	Payments made during this year	Outstanding Payments	Purchase Option
Spain	Computer hardware	3 to 4.3 years	30	1,590	730	409	451	-
Spain	Vehicles	3 years	38	36	17	11	8	-
Spain	Gaming machines	1 to 3 years	24	4,645	1,844	988	1,813	-
Mexico	Technical Installations	10 years	120	10,036	10,036	-	-	-
Mexico	Vehicles	3 years	36	158	158	-	-	-
Mexico	Gaming machines	4 years	21	697	206	103	137	-
Colombia	Vehicles	4 years	11	145	-	34	111	-
TOTAL				17,308	12,993	1,545	2,520	-

8.2 A description of any environmental issues that may affect the issuer's utilisation of the tangible fixed assets

Neither Codere, nor its subsidiaries, make any relevant pollution emissions, nor none of them are subject to any specific environmental regulation. Consequently, there has not been any investments made in order to mitigate the environmental impact of the Company, and there have not been any significant amounts of implementation of systems, equipments or installations in relation to the protection and improvement of the environment. In the same way, no provisions have been made for the concept of environment, given that the directors of the companies consider that, at the year's end, there were no future liquidation obligations as a consequence of the Group's actions to prevent, reduce or repair environmental damages, and in case there were, those obligations were not significant.

9. OPERATING AND FINANCIAL REVIEW

9.1 Financial Condition

The last 42 months have been difficult for the Group. The operating environment in Argentina has been, and remains, challenging and unpredictable, due principally to unstable macroeconomic conditions. Argentina is the Group's largest EBITDA contributor. However, Codere's access to these cash flows has, at different points in time, been restricted, and future access remains uncertain in light of recent moves on the part of the Argentinean authorities to tighten foreign-exchange controls.

Moreover, the effects of the economic recession throughout Europe and the variation in the tax regimes across the markets in which the Group operates have all impacted the Group's ability to perform in recent years and the introduction of anti-smoking regulations throughout Latin America has further significantly impacted on revenues across that region.

These events coincided with the substantial investment, and incurrence of debt, by the Group in order to consolidate ownership of its Mexican subsidiaries, undertaken in anticipation of selling a significant stake in the Latin American business, with the intention that, following that sale, the Group would be in a position to service certain outstanding debt and focus, going forward, on European operations and revenue generation. Argentina's abrupt decision, in 2012, to accelerate the license renewal process months after the federal authorities nationalised the subsidiary of the Spanish company Repsol, S.A. (YPF) in Argentina, also impacted the Group's ability to sell a stake in the Latin American business during this challenging period.

For the year ended 31 December 2015 (under the recently revised IFRS-EU 11 standard), the Group generated operating revenue of EUR 1.6 billion and Adjusted EBITDA of EUR 280.2 million (an EBITDA increase of 31.4% compared to EUR 213.3 million 2014). Argentina, Mexico, Italy and Spain accounted for 95.3% of the Group's Adjusted EBITDA (before headquarters expenses) for 2015.

Please refer to "*The Restructuring*" in Section 5.1.5 and to Section 20 of this Registration Document.

9.2 Operating Results

9.2.1 Information regarding significant factors, including unusual or infrequent events or new developments, materially affecting the issuer's income from operations, indicating the extent to which income was so affected

Latin American currency depreciation

The Group is exposed to foreign exchange rate risk in that its reporting currency is the euro, whereas the majority of the Group's subsidiaries keep their accounts in other currencies, principally Argentine peso, Mexican peso, Panamanian balboa (equivalent to the U.S. dollar), Colombian peso, Uruguayan peso and Brazilian reais, and a portion of the Group's costs and revenue are referenced to U.S. dollars. During the periods under review (2015 and 2014 at average exchange rate), the main Latin American currencies in the countries in which the Group operates have had the following evolutions: the U.S. dollar, the Argentine peso and the Mexican peso had appreciated against the euro, 16.5%, 4.3% and 0.3% respectively. Nevertheless historically, the currencies of the countries where the Group operates had depreciated against the euro and that generally had a significant impact on the Group's financial condition and results of operations when expressed in euro.

As a result of the Latin American currencies depreciating against the euro, the euro value of the operating results of the Group's Latin American subsidiaries upon inclusion in the Group's Consolidated Financial Statements has significantly decreased. Accordingly, declining exchange rates may limit the ability of the Group's results of operations, stated in euro, to fully describe the performance in local currency terms of the Group's Latin American subsidiaries.

The Group's Latin American subsidiaries generally generate revenue and incur expenses and liabilities in their local currency, which provides them with a natural hedge against foreign currency fluctuations.

The assets and liabilities of the Group's subsidiaries, which keep their accounts in currencies other than the euro, have been translated to euro at the period-end exchange rates for inclusion in the Group's balance sheet. Income statement items are translated into euro at the end of each month and these monthly results in euro are added to produce quarterly or annual results, as applicable.

The table below sets forth the period end exchange rates of the euro relative to the Mexican peso, the Argentine peso and the U.S. dollar for the periods indicated:

	Year ended 31 December				
	2013	2014	2013/ 2014 % change	2015	2014/ 2015 % change
Mexican peso/euro (EUR 1.00 = Mex. Ps.) Period end	18.02	17.89	(0.7%)	18.88	5.5%
Argentine peso/euro (EUR 1.00 = Arg. Ps.) Period end	9.01	10.41	15.5%	14.21	36.5%
U.S. dollar/euro (EUR 1.00 = U.S.\$) Period end	1.38	1.21	(12.3%)	1.09	(9.9%)

Source: Mexico's Tax Administration Service (*Servicio Administración Tributaria del Gobierno de México*), Bank of the Argentine Nation (*Banco de la Nación Argentina*) and European Central Bank.

The table below sets forth the average of the monthly average exchange rate of the euro to the Mexican peso, the Argentine peso and the U.S. dollar for the periods indicated.

	Year ended 31 December				
	2013	2014	2013/ 2014 % change	2015	2014/ 2015 % change
Mexican peso/euro (EUR 1.00 = Mex. Ps.) Average	17.00	17.66	3.9%	17.61	(0.3%)
Argentine peso/euro (EUR 1.00 = Arg. Ps.) Average	7.32	10.79	47.4%	10.33	(4.3%)
U.S. dollar/euro (EUR 1.00 = U.S.\$) Average	1.33	1.33	0.0%	1.11	(16.5%)

Source: Mexico's Tax Administration Service (*Servicio Administración Tributaria del Gobierno de México*), Bank of the Argentine Nation (*Banco de la Nación Argentina*) and European Central Bank.

The table below sets forth the period end exchange rates of the U.S. dollar relative to the Mexican peso and the Argentine peso for the periods indicated:

	Year ended 31 December				
	2013	2014	2013/ 2014 % change	2015	2014/ 2015 % change
Mexican peso/U.S. dollar (U.S.\$1.00 = Mex. Ps.) Period end	13.07	14.73	12.7%	17.34	17.7%
Argentine peso/U.S. dollar (U.S.\$1.00 = Arg. Ps.) Period end	6.52	8.55	31.1%	13.04	52.5%

Source: Mexico's Tax Administration Service (*Servicio Administración Tributaria del Gobierno de México*) and Bank of the Argentine Nation (*Banco de la Nación Argentina*).

The table below sets forth the average of the monthly average exchange rate of the U.S. dollar to the Mexican peso and the Argentine peso for the periods indicated:

	Year ended 31 December				
	2013	2014	2013/ 2014 % change	2015	2014/ 2015 % change
Mexican peso/U.S. dollar (U.S.\$1.00 = Mex. Ps.) Average	12.78	13.32	4.2%	15.88	19.2%
Argentine peso/U.S. dollar (U.S.\$1.00 = Arg. Ps.) Average	5.49	8.13	48.2%	9.31	14.5%

In order to mitigate part of the foreign exchange risk to which the Group is subject, in prior years the Group maintained hedging agreements for notional amounts equivalent to 50% of projected EBITDA from Argentine and Mexican operations on a four-quarter rolling basis. As of the date of this document, however, the Group has no foreign exchange forward contracts in place and does not hedge any of Latin American currencies. The Group's Argentine peso foreign exchange forward contract that matured during 2012 amounted to a net loss of EUR 3.8 million. The realised losses were recorded as other operating revenue in the Group's Argentine business.

In high inflation (which continues to appreciate the real exchange rate), exchange rate controls and other actions by the Argentine governments have contributed to the emergence of a parallel foreign

exchange market, and it is widely reported that the Argentine peso/U.S. dollar exchange rate in the unofficial market substantially differs from the official foreign exchange rate. As of 31 December 2015, the official exchange rate of the Argentine peso against the U.S. dollar was AR\$ 13.04 per USD 1.00, whereas the value of the so called "peso blue", the price at which retail dollars are available to the public in the Buenos Aires City Centre as reported by Ambito Financiero was AR\$ 14.32 per USD 1.00. Due to restrictions imposed by the Central Bank in accessing U.S. dollars for uses such as importing products and services, servicing debt or paying dividends, the Group has been unable to purchase U.S. dollars at the official exchange rate. In order to repatriate funds, the Group has resorted in the past to making Argentine peso purchases of U.S. dollar-denominated Argentine sovereign securities, which are subsequently sold outside of Argentina for U.S. dollars. In selling these securities for U.S. dollars outside of Argentina, the Group has incurred losses (recorded under 'Gains or losses on financial assets' in the income statement) because the value of the U.S. dollar relative to the Argentine peso in these purchases differs materially from the official exchange rate at which the Argentine peso is translated into euro in the Group's consolidated financial statements. As a result, the Group believes that the exchange rate of these transactions would represent a better indicator of the underlying value of the Argentine peso earnings and cash flow for reporting purposes. In 2015, the Group has received the approval from the Argentinean authorities to purchase limited amounts of U.S. dollars at the official exchange rate to be used for servicing debt.

Regulation

The operations of the Group are highly regulated and many of the factors that affect the Group's results of operations are prescribed by applicable regulation. These factors include the minimum payout ratio, such as in the case of gaming machines in many of the markets where the Group is present, gaming taxes, maximum wager, minimum average gaming time, and the number of gaming machines that the Group may install in bars, restaurants and bingo halls. Furthermore, operations are affected by regulations not specific to the gaming industry, such as the introduction of smoking bans or limitations to the hours of operations of the location in which gaming activities are operated. These factors are generally fixed by regulation and may be favourably or unfavourably modified only as a result of the legislative process in the applicable country, region or municipality. As a result of the highly regulated nature of the gaming industry, the Group is required to focus on the limited number of factors that are within its control to improve results of operations.

In addition, the Group's results of operations are dependent upon the granting and timely renewal of the necessary licenses by the gaming authorities in the countries in which it operates. Gaming authorities in such countries have the authority to deny, revoke, suspend or refuse to renew licenses the Group or its partners or clients hold and impose fines or seize assets if the Group or its partners or clients are found to be in violation of any of these regulations, any of which could have a material adverse effect on the Group's business, financial condition and results of operations.

Macroeconomic factors and demographics

Gaming is a form of entertainment and, as such, competes with other forms of entertainment for the discretionary spending of the local population. In general, countries and regions with higher gross domestic products will tend to have higher levels of discretionary spending that can be directed to gaming and other forms of entertainment. Similarly, although the Group believes gaming tends to be more resilient than other forms of entertainment, when a country or region experiences a decline in gross domestic product or a rise in inflation, spending on gaming may also decline.

Demographic changes may also affect the Group's results of operations. In addition, changing social habits in the countries in which the Group operates, such as longer working hours that result in a decrease in time spent on entertainment, may adversely affect results of operations, while the growth of middle class populations in Latin American geographies may contribute positively to the business.

Gaming taxes

The gaming industry is subject to significant gaming taxation in most of the countries in which the Group operates and increases in gaming taxes affect the Group's results of operations. In particular, since January 2012, in the context of negative macroeconomic conditions, several governments of the countries or regions where the Group operates have increased taxes, which has had negative impact on results of operations. In 2012, gaming taxes increased from 12.5% to 18% in Panama, and in 2013 gaming taxes increased in Italy and Argentina.

In Italy, while the legislation established an increase in gaming taxes for VLTs from 4% to 4.5% of the amounts wagered, the gaming regulator, the ADM, increased taxes further to 5% of the amounts wagered since 1 January 2013. Also in Italy, AWP gaming taxes decreased from 12.6% to 11.8% as of January 2012 and increased to 12.7% as of January 2013. Additionally, AWP taxes increased to 13% as of 2015.

In the case of Argentina, operations are subject to a provincial tax on gross revenue. In December 2011, the province of Buenos Aires approved an increase in the gross revenue tax applicable to all sectors from 6% to 8% effective 1 January 2012. On 1 January 2013 this tax was further increased to 2%.

On May 2015 the Panamanian government passed Ley 27 de 2015 according to which gaming products and activities generating gaming betting must be taxed by the Selective Excise Tax of 5.5% on amounts cashed out (which will not apply to bets on horse races at Presidente Remón Racetrack). This obligation entered into force as of 25 June 2015. In addition, it replaced the existing obligation of 7% in Selective Excise Tax over prizes higher than USD 300.

On 25 July 2014 the Colombian government published Resolución 1400 de 2014. The revised legislation establishes 12% of net win of each machine to be paid as tax, subject to a monthly minimum fixed payment per machine equivalent to 30% of the minimum wage of the country (the previous tax payable). The regulator has postponed the implementation dates to October 2015 and March and September 2016.

Anti-smoking laws

The implementation of anti-smoking regulations over the past years has affected the Group's results of operations. For example, following the implementation of a smoking ban in the province of Buenos Aires in October 2012 which affected all of the halls which had previously been exempted from a total smoking ban implemented in the province of Buenos Aires, the Group experienced a decrease in net win per seat per day in the fourth quarter of 2012 and the first quarter of 2013, which affected operating revenue in Argentina. Net win per seat per day (in local currency) decreased by 13.8% between the third and fourth quarter of 2012 in Argentina (15.6% for the area of Gran Buenos Aires). Similarly, the Group experienced a decrease in the net win per machine per day and a correspondence decrease in revenue in 2011 following a total smoking ban implemented by the Spanish Government, effective January 2011, with respect to closed public venues, including bars, restaurants and halls in which the Group operates throughout Spain as well as to the Canoe gaming hall.

The Group maintains smoking areas in its halls in Italy, Spain, Mexico, Argentina and Uruguay. These areas vary by country and per hall in relative size and attractiveness to the players, and may be subject to further regulatory changes.

Competition

Consolidation of smaller gaming companies or the appearance of a new competitor, including illegal operators, close to the area of one of the Group's key gaming sites could significantly affect results of operations. In many of the countries and regions in which the Group's businesses are located, the

number of gaming sites in a given area is limited by regulation. However, illegal operators are, by nature, not controlled by regulation and their existence will depend on the desire or ability of regulators to regulate the activity. If such regulations were to be modified to allow for an increased number of gaming sites close to the location of the Group's gaming sites, the Group's clients could choose to visit the Group's competitors' sites rather than its own. A decrease in visitors to gaming sites could result in lower operating revenue and, in certain cases, eventual closure or relocation of gaming sites.

Other key factors

Argentina

The Argentine business principally operates gaming halls with slot machines and bingo.

The key factors that affect the results of operations of the Argentina business's slot machine operations are the number visitors, the average spend per visit, the number of installed slot machines and the average daily net win per slot machine, which are affected by macroeconomic conditions and the availability of entertainment alternatives for the public. The factors that most significantly affect the number of installed slot machines are the number of gaming halls that the Group is able to open in Argentina, the ability to expand or relocate existing halls and the Argentine regulation that limits the number of slot machines that may be installed in any bingo hall to one for every two bingo seats. The average daily net win per slot machine is most significantly affected by the ability to select high production slot machines and efficiently rotate the Group's portfolio of slot machines. The Group believes its ability to select attractive, high production slot machines results from its experience in the slot machine business and the size of its business, which enables it to test numerous machines at the same time. In Argentina, the Group principally purchases machines.

Results of operations in Argentina are also affected by gaming taxes which are levied at the provincial level, as well as inflation. Increases in both gaming taxes and inflation in the periods under review have significantly contributed to reduce the Group's EBITDA margin as there are no direct mechanisms to translate high inflation into the Group's pricing system (average cost per hour of entertainment).

The operating results of bingo operations are subject to factors such as the availability of larger cash pools and the number of players in the halls which affect card sales.

License renewals in Argentina result in additional upfront payments and a canon tax surcharge which affects the results of operations. In November 2012, five licenses for gaming halls operated in the province of Buenos Aires, the original terms of which would have expired between 2013 and 2014, were renewed for 15 years from their original expiry date following the signing of individual agreements for each of these halls with the IPLyC. The renewal of the five gaming licenses was subject to an aggregate upfront renewal fee of AR\$ 614 million and a canon tax surcharge set at AR\$ 232 million payable monthly over five years. In May 2013, the IPLyC increased the upfront renewal fee by AR\$ 124 million, which was paid in eight monthly instalments between October 2013 and June 2014. In May 2013, the IPLyC also notified the Group the new terms and conditions for the renewal of the licenses for five other gaming halls which licenses initially expired in 2016 (one hall) and 2021 (four halls). These licenses have been extended to 2022 (two halls) and 2024 (two halls), and there is one still in process to be renewed to 2031. The total upfront renewal fee associated with the renewal of these five additional licenses were AR\$ 87.7 million, and were also payable in three quarterly instalments between June and December 2014 while the canon tax surcharge were AR\$ 42.2 million payable monthly over five years. Currently, out of the 14 halls the Group operates in the province of Buenos Aires, one has a license that expires in 2016 (its renewal is in process and was requested until 2031), four have licenses that expire in 2021, two have licenses that expire on 2022, two have licenses that expire on 2024, one has a license that expires in 2028, four have licenses that expire in 2029 and one would have a license that would expire in 2031.

Mexico

The Group's principal business in Mexico is the operation of gaming halls in which slot machines are operated and, in certain cases, traditional bingo. The Group also operates sports betting books and, through ICELA, a 52 hectare gaming complex in Mexico City, which includes the Las Americas racetrack. The Mexican business's operating revenue is significantly affected by the locations of the gaming halls. In general, the most desirable locations for gaming halls in large metropolitan areas are standalone facilities in selected locations and in city shopping malls due to their accessibility by car or public transportation and their perception of security.

As in the case of the Argentine slot machine business, beyond regulatory changes, the key factors that affect the results of operations of Mexican slot machine operations are the number of visitors and average spend per visit. The number of machines is also significant and is affected by the level of competitive pressure for each of the Group's operating halls, the number of gaming halls that the Group is able to open and the ability to expand or relocate existing halls. The average daily net win per machine is most significantly affected by the ability to select high production machines and efficiently rotate the Group's portfolio. The Group believes its ability to select attractive, high production machines results from the size of its business and experience in the gaming machine business, which enables the Group to test numerous machines at the same time. In Mexico, the Group purchases and rents machines.

The bingo operations of the Mexican business are affected by many of the same factors as the Argentine bingo business such as the availability of larger cash pools, the number of players in the halls, and in particular by factors affecting bingo card sales. Mexican business operations are also affected by taxes, both at the federal and the state level.

As of the date of this document, three ICELA and four Legacy Caliente halls in Mexico remain closed. Six of the closed halls are located in the city of Monterrey or adjacent cities, such as General Escobedo. The closures, most of which occurred between mid-January and mid-March 2013, were mandated by Mexican municipal authorities on the basis of alleged inadequacy of municipal permits. The closure of these halls has affected results of operations. For the year ended 31 December 2012, the closed gaming halls generated total revenue of Mex. Ps. 755.7 million (approximately EUR 40.0 million as of 31 December 2015) and EBITDA of Mex. Ps. 190.8 million (approximately EUR 10.1 million as of 31 December 2015), and as of their respective closing dates had a total of 1,921 slots.

The sports betting books operated in Mexico only assume financial risk for the bets placed at the Group's sites and on the bets taken through the Codere Apuestas platform. On the bets run through the Caliente platform, the financial risk is assumed by Grupo Caliente as the Group only acts as agent for Grupo Caliente and receives a percentage of the win. Betting volume is principally affected by traffic at the gaming halls and the ability of the books to attract betting, which is most significantly affected by the number and type of sporting events and races on which betting is made available and the availability of televised simulcasts of such events displayed on televisions throughout the site. Another key factor affecting the sports betting books operating revenue is the volume of betting by visitors to the Group's sports betting locations.

Italy

The Italian business principally operates AWP machines located in third-party locations as well as gaming halls in which VLTs, AWP and bingo are offered.

Key factors that affect the results of operations of the Italian AWP and VLT business are the number of installed AWP and VLT machines and the average daily net win per AWP machine and VLT machine. The factors that most significantly affect the number of AWP and VLT machines are the Group's ability to enter into new agreements, or renew existing agreements, with site owners and the ability to identify and undertake acquisitions. The average daily net win per AWP and VLT machine

is most significantly affected by regulation, competition and the ability to select high producing gaming machines.

Key factors affecting the gaming hall business in Italy are the location of the halls and the ability to expand existing halls or acquire new halls. The operating results of the Group's Italian bingo operations are subject to factors such as the availability of larger cash pools and the number of players in the halls which affect card sales.

Spain

In Spain, the Group principally operates AWP machines located in third-party locations as well as betting locations and gaming halls in which bingo, gaming machines and sports betting are offered. The Spanish business also includes Internet operations.

Key factors that affect the results of operations of the Spanish AWP business are the number of installed AWP machines and the average daily net win per AWP machine. The factors that most significantly affect the number of installed AWP machines are the Group's ability to enter into new agreements, or renew existing agreements, with site owners and the ability to identify and undertake acquisitions. In many cases, the Group's success in entering into agreements with site owners depends on it making exclusivity payments or loans and advances to the site owners, which payments, loans and advances are customary in the market. In addition to regulation, the average daily net win per AWP machine is most significantly affected by the ability to select high producing AWP machines and to efficiently rotate the AWP machine portfolio.

The key factors affecting the sports betting business are the location of shops, corners or self-service terminals, the number and type of events on which the client can bet and the odds offered. In the case of the Spanish business, the Group assumes financial risk for the bets placed.

The operating results of the bingo business in gaming hall operation are subject to factors such as the availability of larger cash pools and the number of players in the halls which affect card sales.

On 17 September 2015 the Group launched an online sports betting platform, which previously only operated in one region (Madrid autonomous region).

9.2.2 Where the financial statements disclose material changes in net sales or revenues, provide a narrative discussion of the reasons for such changes

Please refer to Section 20.1 and 20.6 of this Registration Document.

9.2.3 Information regarding any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the issuer's operations

Please refer to Risk Factors and to Section 9.2.1. of this Registration Document.

10. CAPITAL RESOURCES

10.1 Information concerning the issuer's capital resources (both short and long term)

The Group's main financing instruments comprise credit lines, bank loans, bond issues and finance and operating leases. The Group generally obtains third-party financing for the following purposes: (i) to finance the operating needs of the Group companies; and (ii) to finance investments under the Group's business plan.

With regard to its capital structure, the Group's borrowings can be classified into two tiers of seniority:

- Firstly, senior debt, with a range of maturities, contracted with Spanish and international investment funds.
- Secondly, bonds, the payment of which is, in some cases, subordinate to payment of the senior debt; the New Notes will mature in five years and three months from the date of issue.

The Group's general leverage policy is to maintain leverage within certain multiples of its EBITDA, consolidated cash flows and debt servicing commitments.

The break down on the "Equity" accounts were as follows:

<i>Eur million</i>	At 31 December		
	2013 ^(*)	2014	2015
EQUITY			
Equity attributable to owners of the parent	(260.4)	(449.1)	(609.7)
Share capital	11.0	11.0	11
Share premium	231.3	231.3	231.3
Legal reserve and retained earnings (prior-year losses)	(173.3)	(350.8)	(522.4)
Transition reserves	4.2	4.1	3.8
Translation differences	(160.0)	(171.7)	(220.2)
Profit/(loss) for the year attributable to parent company's owners	(173.6)	(173.0)	(113.2)
Non-controlling interests	56.9	17.3	(6.3)
Total equity	(203.5)	(431.8)	(615.9)

(*) Figures restated under IFRS-EU 11.

The break down of the gross and net financial debt and total net debt were as follows:

<i>EUR million</i>	At 31 December		
	2013 ^(*)	2014	2015
Non- current bank borrowings	102.7	89.3	76.3
Current bank borrowings	119.1	161.0	147.5
Bonds LT	966.6	-	-
Bonds ST ^(**)	41.5	1,141.9	1,276.2
Financial Debt Gross	1,229.9	1,392.2	1,500
Cash	102.4	86.7	110.3
Financial Debt Net	1,127.5	1,305.5	1,389.7
Trade payables	128.0	119.6	103.2
Other non-trade payables	246.6	209.6	235.3
Other payables	57.1	58.2	37.3
Total Debt Net	1,559.2	1,692.9	1,765.5

(*) Figures restated under IFRS-EU 11.

(**) Figures for 2014 and 2015 include a Lock-Up Agreement "Early Consent Fee" of EUR 1.2.

The items in the above tables will change as a consequence of the Restructuring (please refer to "The Restructuring" in Section 5.1.5 of this Registration Document and to Section 3.2 of the Share Securities Note).

The breakdown of sureties and bank guarantees at 31 December 2013, 2014 and 2015 is as follows:

(EUR in million)

	At 31 December		
	2013	2014	2015
Sureties and guarantees for gaming	114.0	87.4	88.6
Other guarantees	78.2	69.6	66.6
Sureties and guarantees	192.2	157.1	155.2

The most significant sureties and guarantees for gaming operations at 31 December 2015, 31 December 2014 and 2013 correspond to suretyship policies in respect of obligations derived from the administrative concession granted by ADM to Codere Network for the installation and operation of a gaming management network in Italy in the amount of EUR 25.0 million at 31 December 2015. It should be noted that these policies are external to the senior credit facility and are therefore not covered by that line's guarantee package. EUR 18.8 million is also included relating to the guarantee lines which the Group has utilised when drawing down part of the senior agreement facility.

Codere has also provided guarantees to the tax authorities of the Madrid autonomous region in respect of the organisation and marketing of sports betting operations totalling EUR 12.0 million at 31 December 2015 and the same amount at 31 December 2014 and 2013. It should be noted that these policies are external to the senior credit facility and are therefore not covered by that line's guarantee package.

Other guarantees

There are other non-bank guarantees counter-guaranteed by Codere issued by Afianzadora Aserta S.A. de C.V. in México, guarantees in favour of the Mexican Federal Treasury related to the lawsuits concerning tax related interest of Codere México Group amounting to the equivalent of EUR 34.9 million at 31 December 2015, EUR 34.3 million at 31 December 2014, compared with EUR 32.3 million at 31 December 2013.

Codere has also provided other non-bank guarantees, including guarantees issued by Generali in Italy, to secure the lease of premises and bingo concessions held by the Operbingo group totaling EUR 5.0 million as at 31 December 2015 which are counter-guaranteed by Codere.

The Company's directors do not consider that material obligations are likely to arise from these guarantees, for which no provisions have been recognised.

Codere is the parent guarantor on the New Senior Private Notes and the New Notes. Under the terms of the Restructuring, these notes will be secured by pledges over shares in certain companies of the Group and over credits rights and will be guaranteed by other companies of the Group.

Guaranties also include own land, buildings and machines which have been pledged as collateral to secure bank loans and tax deferral applications (in the case of Spanish companies).

10.2 An explanation of the sources and amounts of and a narrative description of the issuer's cash flows

The following is the Group's consolidated cash flow information for the years ended 31 December 2013, 2014 and 2015.

	Year ended 31 December		
	2013 ⁽⁸⁾	2014	2015
	(EUR in million)		
Cash flow from continuing operations:			
Operating profit	(17.2)	20.8	124.4
Non-cash expenses:			
Depreciation and amortization	149.7	125.5	122.1
Impairment test	57.3	11.9	3.1
Other operating expenses	16.1	9.6	8.9
Non cash income/(loss)	(1.1)	(2.4)	(0.2)
Changes in working capital	(6.3)	(39.7)	(8.3)
Corporate income tax	(39.0)	(32.3)	(43.2)
Net cash from operating activities	159.5	93.4	206.8
Capital expenditures ⁽¹⁾⁽²⁾	(68.8)	(48.6)	(60.4)
Long term loans and receivables ⁽¹⁾⁽³⁾	0.9	(0.1)	(0.6)
Investments ⁽¹⁾⁽⁴⁾	(0.2)	(5.5)	(4.9)
Net cash used in investing activities	(68.1)	(54.2)	(65.9)
Issuance of Existing Notes	-	-	-
Net change in financial debt ⁽⁵⁾	76.6	35.0	-
Net change in other bank loans	(20.4)	(10.9)	(27.9)
Dividends	(4.3)	(2.6)	(2.4)
Net change in other debt and contingent payments ⁽⁶⁾	(23.4)	(32.4)	(39.8)
Net investment in treasury shares	(0.1)	-	0.1
Interest income	1.9	1.4	1.6
Interest expense	(83.6)	(31.2)	(32.6)
Net cash effect of exchange rate changes	(9.8)	(10.6)	(7.4)
Net cash from/(used in) financing activities	(63.1)	(51.3)	(108.4)
Effects of exchange rate fluctuations⁽⁷⁾	(8.3)	(3.6)	(8.9)
Net Change in Cash Position	20.0	(15.7)	23.6
Reconciliation			
Cash at beginning of period	82.4	102.4	86.7
Cash at end of period	102.4	86.7	110.3
Change in cash position	20.0	(15.7)	23.6

- (1) Reflects accrued amounts, including any related contingent payments. Financing of deferments of these investments are recorded under "Net change in other debt and contingent payments".
- (2) Capital expenditures primarily consist of investments to maintain or improve the quality of the Group's facilities, to build out and equip its premises, to purchase new gaming machines and to make exclusivity payments to site owners in connection with contracts to install the Group's machines in their establishments.
- (3) Includes loans to site owners and other loans.
- (4) Includes amounts committed to acquisitions. Cash from entities acquired is reported under "Net change in other debt and contingent payments".
- (5) Includes the Existing SFA,
- (6) Reflects movements in temporary financial investments such as vendor financing for investments, contingent payments and the payment of deferred gaming taxes, expenses related to the bond issuances and the renewal of the Existing SFA and the cash at the entities acquired, at the time of the purchase or the initial cash of entities sold or consolidated under equity method.
- (7) Includes the effect of exchange rate fluctuations in the conversion of balances to euro.
- (8) In application of the recently revised IFRS-EU 11 standard, there is a change in the method of consolidation used for HRU in Uruguay and New Joker in Italy. Both operations are now reported using the equity method instead of the proportional method. For consistency and comparison purposes, 2013 figures have been restated accordingly and, thus, may differ from those included in the annual accounts for such years.

Net cash used from operating activities

Net cash from operating activities for the year ended 31 December 2015 was EUR 206.8 million, as compared to net cash from operating activities of EUR 93.4 million for the year ended 31 December 2014. This increase is mainly attributable to stronger operating performance during 2015 (EUR 103.6 million). and a lower increase in working capital variations (2014 was affected by the CdC fine payment made in fourth quarter of 2014 while in 2015 there were higher gaming tax deferrals awaiting resolution in Spain), partially offset by higher corporate income tax paid.

Net cash from operating activities for the year ended 31 December 2014 was EUR 93.4 million, as compared to net cash from operating activities of EUR 159.5 million for the year ended 31 December 2013. This decrease is primarily attributable to the non-recurring items attributed to the financial restructuring process and the higher negative change in working capital primarily due to the payment of the CdC Settlement, partially offset by lower corporate tax paid.

Net cash from operating activities for the year ended 31 December 2013 was EUR 159.5 million, as compared to net cash from operating activities of EUR 202.1 million for the year ended 31 December 2012. This decrease was primarily due to a decrease in operating profit for the year ended 31 December 2013 as compared to the year ended 31 December 2012, partially offset by a decrease in corporate tax paid, and the variation in changes in working capital.

Net cash used in investing activities

Net cash used in investing activities for the year ended 31 December 2015 was EUR 65.9 million, as compared to net cash used in investing activities of EUR 54.2 million for the year ended 31 December 2014. This increase was primarily due to an increase in maintenance capex (capital expenditure) in Spain and Italy AWP, investments in new halls in Argentina and EUR 4.9 million invested for the acquisition of three AWP operators in Italy. In the year ended 31 December 2015, the Group used cash for capital expenditures, for a total of EUR 60.4 million. EUR 0.6 million were used in long-term loans consisting of a net increase of EUR 0.3 million in outstanding loans to the owners of bars and restaurants in Spain (loans granted by EUR 2.5 million, net of repayments of EUR 2.2 million) and a net increase in outstanding loans to Italy AWP owners by EUR 0.3 million (loans granted by EUR 19.2 million and repayments of EUR 18.9 million) and EUR 4.9 million invested for the acquisition of three operators of AWP in Italy.

Net cash used in investing activities for the year ended 31 December 2014 was EUR 54.2 million, as compared to net cash used in investing activities of EUR 68.1 million for the year ended 31 December 2013. This decrease was primarily due to the renewal of the licenses in Argentina in the amount of EUR 12.9 million in 2013. In the year ended 31 December 2014, the Group used cash for capital expenditures for a total of EUR 48.6 million, EUR 0.1 million used in long-term loans consisting of: a net increase of EUR 0.1 million in outstanding loans to the owners of bars and

restaurants in Spain (loans granted by EUR 2.3 million, net of repayments of EUR 2.2 million) and flat in outstanding loans to Italy AWP owners (granted loans and repayments by EUR 18.8 million). EUR 4.0 million was paid in the acquisition of stakes in Mexico and EUR 1.5 million in Italy, respectively, acquired from external partners.

Net cash used in investing activities for the year ended 31 December 2013 was EUR 68.1 million, as compared to net cash used in investing activities of EUR 443.4 million for the year ended 31 December 2012. This decrease was primarily due to investments made in 2012 in the amount of EUR 165.6 million in connection with the ICELA Acquisition (EUR 158.0 million) and acquisitions in Italy (EUR 7.6 million), as well as capital expenditures associated with the renewal of the licenses in Argentina in the amount of EUR 126.2 million and the acquisition of new licenses in Mexico in the amount of EUR 5.0 million. In the year ended 31 December 2013, the Group used cash for capital expenditures for a total of EUR 68.7 million, which include the cost of license renewals in Argentina of EUR 12.9 million. EUR 0.8 million were obtained in long-term loans consisting of: a net decrease of EUR 0.4 million in outstanding loans to the owners of bars and restaurants in Spain (loans granted by EUR 2.0 million, net of repayments of EUR 2.4 million) and a decrease in outstanding loans to Italy AWP owners by EUR 0.4 million (granted loans by EUR 21.5 million and repayments of EUR 21.9 million). EUR 0.2 million was paid in the acquisition of an AWP operator in Italy.

Net cash from/(used in) financing activities

Net cash used in financing activities for the year ended 31 December 2015 was EUR 108.4 million, as compared to net cash used from financing activities of EUR 51.3 million for the year ended 31 December 2014. This significant increase in used cash was primarily due to cash used in bank loans payments of EUR 27.9 million in 2015 (EUR 10.9 million paid in 2014) and the absence of any in cash under SFA that had increased the financial debt of the Group in 2014 (EUR 35 million). Other drivers were:

- Decrease in other debt and contingent payments of EUR 39.8 million, consisting of a decrease in debt related to capex financing suppliers of EUR 6.0 million, a negative variation of EUR 24.9 million of financial assets mainly due to the losses associated with the sale of sovereign bonds; and a decrease in deferred taxes in Spain of EUR 10.2 million compensated by EUR 1.3 million from initial cash of companies acquired. The EUR 6.0 million decrease in debt with capex suppliers is mainly explained by an increase in payments of EUR 13.million mainly in Mexico, Argentina and Spain (sport betting), partially compensated by an increase in capex financing of EUR 7.3 million, primarily in Spain (AWP), Panama and Italy.
- A decrease in bank loans of EUR 27.9 million, primarily due to the repayment of loans in Mexico, Panama, Italy (operators and network) and Uruguay compensated by loans in Colombia and Italy (bingo).
- Dividends net paid of EUR 2.4 million that includes dividend paid to minorities of EUR 4.7 million net of EUR 2.3 million dividends received from HRU, EUR 32.6 million of financial expenses, EUR 1.6 million of financial income and a negative net change in funds from exchange differences of EUR 7.4 million (EUR 26.1 million negative differences and EUR 18.7 million positive differences).

Net cash used in financing activities for the year ended 31 December 2014 was EUR 51.3 million, as compared to net cash obtained in financing activities of EUR 63.1 million for the year ended 31 December 2013. This decrease was principally due to less interest expenses paid in 2014 amounted to EUR 31.2 million (EUR 83.6 million in 2013), less payments and amortization of bank loans of EUR 10.9 million (EUR 20.4 million in 2014) partially offset by funds obtained under Existing SFA of EUR 35.0 million in 2014 (EUR 76.6 million in 2013) and funds used in changes in other financial debt of EUR 32.4 million (EUR 23.4 million in 2013). In 2014, net cash used in financing activities was EUR 51.3 million. The principal drivers were the following:

- Negative change in other debt and contingent payments of EUR 32.4 million, consisting of a decrease in debt with suppliers of EUR 25.1 million, EUR 0.3 million of cash deducted from business who are now consolidated via the equity method, and a negative variation of EUR 9.6 million of financial assets mainly due to the losses associated to the sale of Argentine bonds. This negative variation was partially offset by an increase in deferred taxes in Spain of EUR 2.6 million. The EUR 25.1 million decrease in debt with suppliers is mainly explained by an increase in payments in asset investments in Argentina, Mexico, Spain and Italy.
- A decrease in bank loans of EUR 10.9 million, primarily due to the repayment of loans in Mexico, Panama and Italy.
- Negative net dividends of EUR 2.6 million that include EUR 4.7 million of dividends paid to minorities net of EUR 2.1 million dividends received from HRU, EUR 31.2 million of financial expenses, EUR 1.4 million of financial income and a negative net change in funds from exchange differences of EUR 10.6 million (EUR 24.6 million negative differences and EUR 14.0 million positive differences).

Net cash used in financing activities for the year ended 31 December 2013 was EUR 63.1 million, as compared to net cash obtained in financing activities of EUR 190.9 million for the year ended 31 December 2012. This decrease was principally due to net proceeds from the issuance of the Existing USD Notes in the amount of EUR 226.0 million in February 2012 and, to a lesser extent, to a decrease in other bank loans of EUR 20.4 million (an increase in other bank loans of EUR 43.9 million in 2012) and cash used in changes in other financial debt of EUR 23.4 million in 2013 (EUR 35.0 million of positive cash in 2012). This amounts were partially offset by the EUR 76.6 million obtained in 2013 in changes in financial debt, primarily due to the increase in amounts drawn under the Existing SFA of EUR 76.6 million and interest expenses paid of EUR 83.6 million in 2013 (EUR 106.2 million in 2012). In 2013, net cash used in financing activities was EUR 63.1 million, the principal drivers of which were the following:

- A net increase of EUR 76.6 million in financial debt associated with the increase in amounts drawn under the Existing SFA. Negative change in other debt and contingent payments of EUR 23.4 million, consisting of a decrease in financial assets of EUR 24.7 million and an increase of deferred taxes in Spain of EUR 8.5 million, which was offset by a decrease in net debt with suppliers of EUR 45.9 million, the payment of financing costs related to the renewal fees in Argentina of EUR 1.4 million, and expenses associated to senior debt of EUR 9.3 million. EUR 45.9 million decrease in net debt with providers is explained by payments in Mexico, Spain, Argentina and Italy.
- The decrease in bank loans of EUR 20.4 million is due to the repayment of loans in Argentina, Mexico, Panama, Spain and Italy, which offset new loans granted in Carrasco Nobile Net dividends of EUR 4.3 million that include EUR 5.9 million of dividends paid to minorities net of EUR 1.6 million dividends received from HRU, financial charges of EUR 83.6 million, financial income of EUR 1.9 million and a net positive effect of the variation of foreign exchange rates funds of EUR 9.8 million (EUR 23.8 million of negative differences and EUR 14.0 million of positive differences).

The tables below provide information on the consolidated working capital of the Group for the years ended 31 December 2013, 2014 and 2015.

Operating working capital

EUR million	2013	2014	2015
Inventories	11.8	10.4	11.6
Account receivables	178.3	181.5	188.4
Prepayments and accrued income	15.4	20.1	18.1
Trade Payables	128.0	119.6	103.2
Other non trade payables and Liabilities for current-year corporate income tax	267.8	241.2	271
Provisions and other	11.0	10.6	9.5
Operating working capital	(201.3)	(159.4)	(165.6)

Net working capital

EUR million	2013	2014	2015
Current Assets	349.6	334.7	371.2
Current Liabilities	567.4	1,674.3	1,807.4
Net Working Capital	(217.8)	(1,339.6)	(1,436.2)

10.3 Information on the borrowing requirements and funding structure of the issuer

Please refer to Section 10.1 above for a description of the main funding structure of Codere.

Immediately following the completion of the Restructuring, the debt structure of the Group will comprise:

- The approximate USD 218.9 million of New Senior Private Notes, maturity in five years, interest Euribor (subject to 1% floor) + 7% per annum payable in cash.
- The approximate USD 383.1 million of New Second Lien Notes, maturity 5.25 years, interest of 5.5% per annum cash and 3.5% PIK (which amount includes both the approximate USD 218.9 million of New Cash Notes and the approximate USD 164.2 million of New Second Lien Exchange Notes).
- The approximate USD 355.8 million of New Third Lien Notes, maturity 5.25 years, interest of 9.0% per annum PIK.
- Various loans taken out by members of the Group prior to the Restructuring and that will not be cancelled pursuant to it. These loans include:
 - Loan in the amount of circa EUR 4.0 million granted by Prival to the Group's Panamanian operations (the "**Panamanian Financial Debt**").
 - Loans in the amount of circa EUR 1.3 million for the Group's Italian operations (the "**Italian Financial Debt**").
 - Loans in the amount of circa EUR 1.1 million for the Group's Spanish operations (the "**Spanish Financial Debt**").
 - Facilities in the amount of circa EUR 42.4 million for the Group's Uruguay operations (the "**Uruguayan Financial Debt**").

- Loan in the amount of *circa* EUR 43.2 million granted by Inbursa to the Group's Mexican operations (the "**Mexican Financial Debt**").
- Facilities in the amount of *circa* EUR 3.1 million granted by Davivienda to the Group's Colombian operations (the "**Colombian Facilities**").

As described in "*The Restructuring*" in Section 5.1.5 of this Registration Document, the Existing Notes and the Existing SFA have not been cancelled yet, but their cancellation is one of the following steps under the Restructuring.

The termination schedule for the above referred financing facilities is as follows:

Facility	Maturity year
Panamanian Financial Debt	2016
Italian Financial Debt	2016-2018
Spanish Financial Debt	2016-2026
Uruguayan Financial Debt	2018 and 2023
Mexican Financial Debt	2019
Colombian Financial Debt	2020
New Senior Private Notes	2021
New Notes	2021*

* Three months after the maturity of the New Senior Private Notes

The New Senior Private Notes

The New Senior Private Notes have a five year term. The New Senior Private Notes are initially senior obligations of New Codere Finance but they will become obligations of Luxco 2. They rank senior to the New Notes and will be secured by pledges over shares of Group companies and credit rights and they will be also guaranteed by certain Group companies. The New Senior Private Notes issuance agreement sets out certain events of default including in respect of, but not limited to, non-payment, misrepresentation, cross-default, insolvency events and certain insolvency proceedings.

The New Second Lien Notes

The New Second Lien Notes have a five and a quarter year term. These notes are senior obligations of New Codere Finance and rank senior to the New Third Lien Notes but junior to the New Senior Private Notes. The New Second Lien Notes will be secured by pledges over shares of Group companies and credits rights and they will be also guaranteed by certain Group companies. The New Second Lien Notes indenture contains covenants that limit the Group's ability to, among other things, incur additional indebtedness, make restricted payments (including dividends) and dispose of, or acquire, assets.

The New Third Lien Notes

The New Third Lien Notes have a five and a quarter year term. Such notes are senior obligations of New Codere Finance but rank junior to both the New Senior Private Notes and the New Second Lien Notes. The New Third Lien Notes will be secured by pledges over shares of Group companies and over credit rights and they will be also guaranteed by certain Group companies. The New Third Lien Notes indenture contains covenants that limit the ability to, among other things, incur additional indebtedness, make restricted payments (including dividends) and dispose of, or acquire, assets.

10.4 Information regarding any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, the issuer's operations

The Existing SFA and the Existing Notes impose certain covenants to the Group that limit its capacity to use capital resources and that can affect the Group's operations; nevertheless, given that the SFA and the Existing Notes are currently subject to lock-up and standstill agreements and are to be refinanced pursuant to the Restructuring, the covenants under the Existing SFA and the Existing Notes are not currently affecting the Group's operations.

The main covenants under the New Senior Private Notes are as follows:

- Limitation on debt, which requires the Group to maintain a maximum ratio of 6.00:1.00 in respect of total net debt to consolidated EBITDA.
- General undertakings regarding conduct of business and preservation of assets, which limits the Group's ability to alter its business or erode its asset base. In particular, the Group is forbidden or limited in its ability to: engage in mergers and restructurings, lease any substantial part of its assets, change the nature of its business, make substantial acquisitions or disposals of assets, enter into joint ventures, engage in transactions with affiliates other than on an "arm's length" basis, provide loans or credit, distribute its profits and make dividend payments, issue shares, change its auditors or accounting reference date or change the COMI of companies within the Group.
- General undertakings on priority and security, which limits the Group's ability to undermine the ranking, security of its senior creditors. In particular, the Group is forbidden or limited in its ability to: in the case of obligors incorporated in Italy, and for the purposes of the New Senior Private Notes only, segregate or grant security over its assets other than in favour of its senior creditors; incur indebtedness ranking senior to the New Senior Private Notes; in the case of the New Senior Private Notes only, impair existing security over its assets; provide guarantees or indemnities; incur financial indebtedness other than as permitted; enter into hedging or swaps transactions; in the case of the new Senior Private Notes, ensure material subsidiaries become guarantors and provide security.

The main covenants under the New Notes are as follows:

- Limitation on debt, which limits additional borrowings based on a fixed charge coverage test, with exceptions for specified amounts of additional financial debt.
- Limitation on restricted payments, which limits the issuer's ability to pay cash dividends (please refer to Section 20.7 of this Registration Document for a description of the restriction on the payment of dividends), redeem common stock, make investments in unconsolidated subsidiaries or affiliates, or repurchase junior debt prior to the scheduled maturity of the notes.
- Limitation on transactions with affiliates, which requires that transactions with affiliates to be on an "arm's length" basis, with board approval required for transactions over EUR 20 million.
- Limitation on liens, which limits the issuer's ability to incur secured indebtedness unless debt under the indenture is equally and rateably secured. Exceptions are provided for specified bank debt and certain capital leases.
- Limitation on sale of certain assets, which requires that asset sales be made at "Fair Value" with the proceeds used either to reinvest in the business or redeem debt.

- Limitation on dividend and other payment restrictions affecting restricted Group members, which limits the ability of the issuer to enter into restrictions on the transfer of assets and payments of dividends from subsidiaries;
- Change of control protection, which requires the issuer to offer to redeem the notes at 101% of the face amount if, save for certain exceptions, any person or group is or becomes the owner of more than 50% of the share capital of Codere (this threshold is reduced to 35% after the consummation of an initial public offering of Codere made after the potential Take Private Offer —please refer to "*The Restructuring*" in Section 5.1.5) or if all or substantially all of the assets of Codere and certain other Group members, taken as a whole, are sold, leased or transferred to a third party.

So long as any amount under the relevant notes is outstanding, the relevant covenants described above will be in force (the New Senior Private Notes have a five years term and the New Notes have a five and a quarter year term).

In the event of a breach of any of the covenants described above, an event of default under the relevant notes may be declared and, consequently, the principal and all accrued and unpaid interest under the relevant outstanding notes would be declared due and payable. In addition, if an event of default were declared, securities guaranteeing the obligations under the relevant notes may also be enforceable.

The Group considers that, after completion of the Restructuring, it will be able to comply with the covenants under the New Senior Private Notes and the New Notes.

10.5 Information regarding the anticipated sources of funds needed to fulfil commitments referred to in items 5.2.3 and 8.1

Two of the main objectives of the Restructuring are to obtain new capital in order to enable the Group to repay the Existing SFA in full and recover its competitive position and to ensure that the Group can service its general corporate and working capital obligations. Therefore, the anticipated sources of funds needed to fulfil commitments referred to in Sections 5.2.3 and 8.1 are the funds to be obtained through the Restructuring (although, as stated in Section 5.2.3., there are not principal future investments on which its management have already made firm commitments).

11. RESEARCH AND DEVELOPMENT, PATENTS AND LICENCES

The Group does not have any material research and development policy.

12. TREND INFORMATION

12.1 *The most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the Registration Document*

Sections 6.2.1 and 6.2.2 of this Registration Document contain a detailed description of the principal markets in which the Company operates, which identifies the most significant trends affecting them during the above-mentioned period.

12.2 *Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects for at least the current financial year*

Except for those risks described in the Risk Factors, there are no other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the current financial year.

13. PROFIT FORECASTS OR ESTIMATES

Not applicable.

14. ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES AND SENIOR MANAGEMENT

14.1 Names, business addresses and functions in the issuer of the following persons and an indication of the principal activities performed by them outside that issuer where these are significant with respect to that issuer

14.1.1 Members of the administrative, management or supervisory bodies

At the date of this document, the composition of the Board of Directors of the Company as well as their position and category as of the date of this document is the following:

Name	Position	Category *
Mr José Antonio Martínez Sampedro	Chairman and managing director	Executive
Masampe, S.L. (Represented by Ms Cristina Martínez Soria)	Vice-chairman	Proprietary**
Ms Encarnación Martínez Sampedro	Member	Executive
Mr Luis Javier Martínez Sampedro	Member	Executive
Mr José Ignacio Cases Méndez	Member	Proprietary**
Mr José Ramón Romero Rodríguez	Member	Proprietary**
Mr Eugenio Vela Sastre	Member	Other external
Mr Joseph Zappala	Member	Independent
Mr Juan José Zornoza Pérez	Member	Other external
Mr Juan Junquera Temprano***	Member	Independent

*The categories of directors have been determined by applying the definitions set out in the Spanish Companies Act. Likewise, the definitions of such categories are incorporated in Article 1 of the Regulations of the Board of Directors (*Reglamento del Consejo de Administración*).

**Masampe, S.L., Mr José Ramón Romero Rodríguez and Mr José Ignacio Cases Méndez are proprietary directors as they have been appointed by Mr José Antonio Martínez Sampedro.

*** Coordinating director.

The biographies for each of the members of the Board of Directors are set out below:

- **Mr José Antonio Martínez Sampedro** has been the Chairman of the Codere Board and Chief Executive Officer of Codere since co-founding the company in 1980. Mr Martínez is also a director and shareholder of other companies which operate in the gaming and leisure industries in Latin America, Italy and Spain. Mr Martínez Sampedro has studies in industrial engineering at Universidad Politécnica de Madrid.
- **Ms Cristina Martínez Soria** (representing Masampe S.L.) has been Deputy Chairman of the Codere Board since February 2015. She holds a double degree in Law and Business Administration from the Universidad Autónoma de Madrid and a Master in Finance from the Université Paris Dauphine. Ms Martínez Soria has been part of the Codere team since 2011 and has worked both for the corporation and for the most relevant local business units, promoting the implementation of strategic projects during the past four years.
- **Ms Encarnación Martínez Sampedro** has worked with the Group since 1983, first as department manager and later as general manager. She has been director of Codere since 1999. Ms Martínez Sampedro is also a director of other companies operating in the gaming and leisure industries in Italy and Spain, in which other members of the Martínez Sampedro family have interests. From November 1986 to September 1992 Ms Martínez Sampedro also worked as an economist at Argade, S.A. Ms Martínez Sampedro holds a degree in

management and economics from Universidad Complutense de Madrid and an MBA from Instituto de Empresa Business School, Madrid.

- **Mr Luis Javier Martínez Sampedro** has been the head of Codere Latin America since 2002 and has been a director of Codere since 1987. Mr Martínez is also a director of Grupo Argentina and other companies which operate in the gaming and leisure industries in Spain and Latin America. Mr Martínez Sampedro holds a degree in economics and business Administration from Universidad Complutense de Madrid and an MBA from Instituto de Empresa Business School, Madrid.
- **Mr José Ignacio Cases Méndez** was professor of both political law and constitutional law from 1964 to 1964 at Universidad Complutense de Madrid and professor of political science and public administration since 1996 of the Universidad Carlos III (Madrid). He is currently and since 2012, professor emeritus. Mr Cases has been a director of Codere since June 1999 and currently serves as Chairman of the Compliance Committee. He was the sole shareholder of Datapublic and President Director of Sistemas de Televisión, from 1992 to 2012, and was Secretary of the Spanish Gaming National Commission from 1983 to 1988. Mr Cases holds a degree in political science, economics and commerce from Universidad Complutense de Madrid, a degree in law from Universidad Complutense de Madrid and a doctorate in law from Universidad Complutense de Madrid.
- **Mr José Ramón Romero Rodríguez** has been Codere's external legal counsel since July 2002, and attorney at Loyra Abogados (specialising in administrative gaming law) since 1981. He is a member of the Madrid and Valencia Bars and has been a director of Codere since 1999. Mr Romero holds a degree in Law from the Universidad Autónoma de Madrid and a master in Corporate and Tax Law from Universidad Complutense de Madrid. He is also a member of the International Association of Gaming Attorneys.
- **Mr Eugenio Vela Sastre** is the president of La Maquinista Valenciana Group. Mr Vela was the president of Grupo TecnoBit from 1998 to 2003, the managing director of Indra, CEO of Amper from 1991 to 1998, President of Fractus S.A. from 2000 to 2005 and the CEO of Inster Group from 2004 to 2009. Mr Vela holds degrees in economics and industrial engineering from Universidad Complutense de Madrid and Universidad Politécnica de Madrid, respectively. He also holds an MBA from EOI de Madrid and a FP from London Business School. In the last 35 years he has been professor of financial strategy at Universidad Politécnica de Madrid and in several business schools.
- **Mr Joseph Zappala** was the U.S. Ambassador to Spain from 1989 to 1992, he has been the President and Chairman of Joseph Zappala Investments, a holding company that invests in businesses that operate in the real estate development, healthcare, gaming and entertainment industries, and he has also been Chairman of the Friars Foundation. He also is a director of several privately-held healthcare companies and is on the Board of Directors of M.D. Anderson Cancer Research Hospital, the Woodrow Wilson Foundation and the Columbus Citizens Foundation. Mr Zappala currently serves as Chairman of the Audit Committee of Codere.
- **Mr Juan José Zornoza Pérez** is a professor of Public Finance at the Universidad Carlos III (Madrid). Mr Zornoza is Director of the LLM for the access to the advocacy and also holds the Chair PWC in International Business Taxation. He is also the President of the Junta Arbitral para la Resolución de Conflictos en materia de tributos del Estado cedidos a las Comunidades Autónomas (Arbitration Board for the resolution of disputes relating State taxes assigned to the autonomous regions), depending of the Tax Ministry (*Ministerio de Hacienda y Administraciones Públicas*). Besides, Mr Zornoza is a member of the Rector Council of the Madrid Tax Agency. Mr Zornoza holds both a degree and doctorate in law from Universidad Autónoma de Madrid.

- **Mr Juan Junquera Temprano** has been a member of the Codere Board since May 2012 and currently serves as coordinating director of the Board and Chairman of the Corporate Governance Committee. He has been chairman of the Board of Directors of Inteco, S.A., Red.es and the Cenatic Foundation (from 2011 to 2012 in respect of the three of them). He has also been a member of the Board of Directors of Hisdesat, S.A. and Red.es from 2004 to 2010. Mr Junquera also held various positions in the Spanish government: secretary of state for Telecommunications and for the Information Society in 2011, managing director of Telecommunications from 2010 to 2011, chief of staff to the secretary of state for Telecommunications from 2004 to 2009 and executive director at the Market Commission from 1999 to 2003. Mr Junquera holds a law degree from the Complutense University of Madrid.

All the members of the Board of Directors have their business address at the registered office of the Company, Avenida de Bruselas 26, 28108 Alcobendas, Madrid, Spain.

Mr Luis Argüello Álvarez is the Secretary non-member of the Board of Directors.

Once the Restructuring is completed the composition of the Board of Directors of the Company will change (please refer to the description of the Shareholders' Agreement in "*The Restructuring*" in Section 5.1.5 of this Registration Document for further information).

14.1.2 Any senior manager who is relevant to establishing that the issuer has the appropriate expertise and experience for the management of the issuer's business

Aside from the executive members of the Board of Directors mentioned above, the Company is managed on a day-to-day basis by the following senior managers:

Name	Position	Age
Mr Ángel Corzo Uceda	Chief Financial Officer	42
Mr David Jiménez Marquez	Chief Legal Officer	38
Mr Alejandro Pascual González	Chief Operating Officer, Europe	49
Mr Bernardo Chena Mathov	Country Manager, Argentina	43
Mr Pedro Echevarría Arnáiz	Director Office of Chairman	53
Mr Felipe Ludeña Muñoz	Chief Technology Officer	45
Mr Adolfo Carpena Manso	Director Internal Audit	56
Mr Fernando Ors Villarejo	Managing Director Business Development	46
Mr Italo Durazzo	Marketing and Communication Director	55
Mr Rafael López-Enríquez Chillón	Managing Director-Human Resources	55
Mr Serafín Gómez Rodríguez	Chief Compliance Officer and Chief Security Officer	61

Biographical information for each of the members of the senior management, who do not also serve on the Codere Board, including a brief description of each person's business experience and education, is presented below:

- **Mr Ángel Corzo Uceda** has been Chief Financial Officer of Codere since July 2013. Prior to taking the role of CFO, Mr Corzo served as director in the office of the chairman from September 2012 to June 2013 and was controller of Codere from 2007 to August 2012. Mr Corzo participated in multiple projects, including taking interim positions as CFO of the Group. Mr Corzo joined the Group in 2005 as a monitor group consultant, where he worked towards the launch of the Italian AWP business. Prior to joining Codere, he acted as manager of the Monitor Group from 2000 to 2006. Mr Corzo holds a degree in aeronautical engineering from the Universidad Politécnica de Madrid and a master degree in strategic management from HEC in Paris.

- **Mr David Jiménez Marquez** has been Chief Legal Officer since February 2015. Prior to taking that role, he was director in the office of the chairman of Codere since 2011. Previously he was managing director at Deutsche Pfandbriefbank AG from 2008 to 2011. Between 2005 and 2008, he was senior lawyer at Linklaters, specialising in Real Estate and Finance. Before that, Mr Jiménez worked at the law firm Clifford Chance, specialising in corporate and real estate. Mr Jiménez holds a degree in law with honours.
- **Mr Alejandro Pascual González** has been Chief Operations Officer Europe, since November 2014. Prior to taking that role he was Chief Operations Officer of all the Italian Business Units of the Group from 2010 to 2014. Previously he was Chief Operations Manager for the Italian AWP and Network Business Unit (2006 to 2010), Chief Financial Officer at Codere Spain Business Unit (2002 to 2006) and administrative and management control director (2000 to 2002). Prior to joining the Group, Mr Pascual was director of financial and administrative management at Unión Española de Explosivos, S.A. (1997 to 2000) and manager at Arthur Andersen (1989 to 1997). Mr Pascual holds a degree in business management (1984 to 1989) from the University of Valladolid (Spain).
- **Mr Bernardo Chena Mathov** has been country manager for Argentina and executive vice-president of Codere Argentina S.A. since May 2013. Previously he was Chief Operating Officer of Codere Panama since December 2011. Mr Chena joined the Group in 2005 and has occupied the positions of CFO of its operations in Panamá and Colombia and the position of internal audit manager for Codere América. Before joining the Group, he worked as senior manager in the audit & business advisor branch at Deloitte and Arthur Andersen. Mr Chena is CPA graduated from Universidad de Buenos Aires.
- **Mr Pedro Echevarría Arnaiz** has been Chief of Staff to the CEO since December 2009, a position he also held between 1998 and 2002, when he went to work at a family business. Prior to 1998, Mr Echevarría held several executive positions in the Spanish Department of Industry. He holds a degree in Business and Law from Instituto Católico de Dirección de Empresas (ICADE) in Madrid.
- **Mr Felipe Ludeña Muñoz** has been Chief Information Officer of Codere and a member of the Executive Committee since September 2011, having previously been Strategy Director when he first joined the Group in April 2007. Before joining the Group, Mr Ludeña worked in Madrid for Boston Consulting Group for seven years. Prior to that, he worked for several information systems professional services firms Mr Ludeña holds a degree in Computer Science and an MBA from Instituto de Empresa Business School in Madrid.
- **Mr Adolfo Carpena Manso** has been Chief Internal Audit Officer at Codere since 2008. From 2003 to 2008, Mr Carpena was the Corporate Administration Manager for the Group. Before starting to work for the Group, he worked as Audit Manager for Ernst & Young since 1986. Mr Carpena is a member of Registro Oficial de Auditores de Cuentas de España (ROAC) and he has a bachelor's degree in Economical and Business Sciences from Universidad Complutense de Madrid.
- **Mr Fernando Ors Villarejo** has been Managing Director of Business Development of Codere, focusing particularly on technology and betting development, since 2001. He is the founding CEO of Codere Interactive and CDO of the Group. Mr Ors is also President of Savia Consulting, a firm specialising in corporate development. He has also worked as COO at several multinational companies in Europe, Asia and America and as strategy consultant at Accenture. Mr Ors holds degrees in Business and Economics from Universidad CEU San Pablo, an MBA from Instituto de Estudios Superiores de la Empresa (IESE), Navarra University, a Master's in Finance from Centro de Estudios Financieros (CEF) and Master's in Corporate Coaching from Colorado Coaching University. In addition, Mr Ors is an external student in Philosophy and Theology at the University of London.

- **Mr Italo Durazzo** has been the Marketing and Communication Director of Codere since May 2013. As a consultant from 2011 to 2013, Mr Durazzo helped Codere to create and structure the Marketing Department, focusing efforts on increasing consumer knowledge. Prior to joining the Group, Mr Durazzo was Sales and Marketing Director for Southern Europe in Altadis where, from 1994 to 2009, he also served as Global Marketing Director and Group Communication Vice-president. Mr Durazzo also acted in various sales and marketing roles in different European countries with United Distillers from 1991 to 1994 and Unilever from 1985 to 1991. Mr Durazzo holds a degree in Economics and an MBA from the Bocconi University in Milan, and a PADE from Instituto de Estudios Superiores de la Empresa (IESE), University of Navarra.
- **Mr Rafael López-Enríquez Chillón** has been the Human Resources Corporate Manager of Codere since October 2001. Prior to joining the Group, Mr López-Enríquez was a director of Banco Uno in Latin America from 2000 to 2001. From 1992 to 2000, Mr López-Enríquez held various positions with Banco Argentaria. From 1988 to 1992, Mr López-Enríquez held various positions with Banco Zaragozano. Mr López-Enríquez holds a degree in Law from University of Salamanca and an MBA from Instituto de Estudios Superiores de la Empresa (IESE), Navarra University.
- **Mr Serafín Rafael Gómez Rodríguez** has been Chief Compliance Officer since May 2006, and Chief Security Officer since 2010. Prior to joining the Group, Mr Gómez was Lieutenant Colonel of the Spanish Civil Guard (where he remains as a volunteer reserve) assigned to the General Directorate of the Civil Guard as Chief of Analysis, Optimization and Internal Management. Prior to this assignment, Mr Gómez held various positions in the Civil Guard, including Chief of Prosecution and Anti-Drug Analysis, as well as senior posts in anti-terrorist intelligence and the Royal Security Service. Mr Gómez has attended numerous national and international courses given by NCIS, the CIA and the U.S. State Department, and he has received several national and international awards for commendable services. Mr Gómez has also been Security Management Professor at Universidad Carlos III and Law Professor at the Ministry of Justice Studies Centre. In addition, he has participated as speaker in numerous academic and professional forums on matters of security, criminal investigation and compliance. He holds a degree and a doctorate in law from Universidad Complutense in Madrid. Mr Gómez has a bachelor's degree from the Colegio de los PP Escolapios de Daroca (Zaragoza), and a graduate degree from the C.O.U. Colegio Calasancio de los PP Escolapios de Madrid (Conde de Peñalver).

All the senior managers have their business address at the registered office of the Company, Avenida de Bruselas 26, 28108 Alcobendas, Madrid, Spain.

14.1.3 Family relations

Aside from Mr José Antonio Martínez Sampedro, Ms Encarnación Martínez Sampedro and Mr Luis Javier Martínez Sampedro, who are brothers, and Ms Cristina Martínez Soria (the representative of Masampe, S.L.), who is Mr Jose Antonio Martínez Sampedro's daughter, and niece of Mr Luis Javier and Ms Encarnación Martínez Sampedro, there are no family relationships among the persons mentioned in these paragraphs 14.1.1 and 14.1.2.

14.1.4 No convictions and other negative statements

To the best of the Company's knowledge, and except for what is stated below, none of the directors or the members of the senior management team have, in the five years preceding the date of this document: (i) been convicted in relation to fraudulent offences, (ii) acted as directors or senior managers of entities affected by bankruptcy, receivership or liquidation, (ii) been publicly incriminated and/or sanctioned by statutory or regulatory authorities (including designated professional bodies), or (iv) been disqualified by a court from acting as a member of the

administrative, management or supervisory bodies of an issuer of securities or from acting in the management or conduct the affairs of any issuer.

The director Mr Eugenio Vela Sastre was the sole director of Cosien, S.A. On December 2014, the Commercial Court number 2 in Madrid, classified the insolvency of Cosien S.A. as fortuitous, and ordered the proceeding to be closed. Against that resolution no appeal whatsoever may be made.

On March 2015, the Resolution dated 21 January 2015 of the CNMV was published in the Spanish Official State Bulletin (BOE) by which Codere and those directors that were members of the Audit Committee in 2013 (Mr Juan José Zornoza Pérez, Mr Eugenio Vela Sastre, Mr Joseph Zappala and Mr José Ramón Romero Rodríguez) were sanctioned for committing an infraction consisting in the reporting to the CNMV and the publication of the Consolidated Annual Accounts for the financial year ended 31 December 2012 containing inaccurate information. A EUR 100,000 fine was imposed to Codere and the fine imposed to each of the above referred persons was of EUR 10,000. The Company and directors consider that these sanctions are without merit, and have presented an appeal to the appropriate Court asking for the cancellation of this penalty. The ruling is still pending

14.1.5 Name of all companies and partnerships of which the persons referred in Sections 14.1.1 and 14.1.2 have been a member of the administrative, management or supervisory bodies or partner at any time in the previous five years

Members of the Board of Directors

Set forth below are the positions held by the directors of the Company, over the last five years, indicating whether the position was in effect as at 31 December 2015:

Director	Company	Business	31 December 2015	Position
Mr José Antonio Martínez Sampedro	Francomar Investments S.A.	Gaming	YES	President and joint managing director
	Promobowling S.A	Gaming	NO	President and managing director
	Material Auxiliar de Juego Internacional Majisa SA	Gaming	YES	Jointly director
Mr Luis Javier Martínez Sampedro	Francomar Investments SA	Gaming	YES	Director and joint managing director
	Recreativos Metropolitano S.L.	Acquisition, lease and exploitation of all types of recreational vessels	YES	Sole Director
Ms Encarnación Martínez Sampedro	Francomar Investments S.A.	Gaming	YES	Secretary
	Promobowling S.A.	Gaming	NO	Secretary
	Promobowling Levante SAU	Gaming	NO	Jointly director
	Zarabowling S.A	Gaming	NO	Chairman
Masampe S.L.	-	-	-	-
Mr José Ignacio Cases Méndez	-	-	-	-
Mr José Ramón Romero Rodríguez	Agrocaza S.A.*	Farming activities	YES	Joint director
	TV Interactiva S.L.*	Communication systems	YES	Sole director
Mr Juan José Zornoza Pérez	General de Alquiler de Maquinaria S.A.	Machinery management services	YES	Director
Mr Eugenio Vela Sastre	La Maquinista Valenciana S.A.	Maritime aids to navigation	YES	Sole Director
	La Maquinista Do Brasil Lda.	Maritime aids to navigation	YES	President
	Cosien S.A.	Parking systems	NO	President
	Cosiensa Portugal Lda.	Parking systems	NO	President
	Cosiensa Do Brasil Lda.	Parking systems	NO	President
	Cosiensa México Ltda	Parking systems	NO	President
	Ultrasen Sistemas S.A.	Ultrasound for railways	NO	President
	Aerlyper SA	Aviation electronics	NO	President
	Velfer Consultores S.L.	Strategic consultancy	NO	Director
	Velfer Consultores Dos S.L.	Financial consultancy	YES	Director

Director	Company	Business	31 December 2015	Position
Mr Joseph Zappala	Extended Health	Health	NO	Chairman
	Tucson Greyhound Park	Racetracks	YES	Chairman
	Grofarma	Health	NO	Director
	Joseph Zappala Investments	Holding company	YES	Chairman
	MD Anderson Cancer Research Hospital	Health	YES	Director
	Add Friars Foundation	Charitable	YES	Chairman
Mr Juan Junquera Temprano	Club Prive Zeus Teleco S.L. (Cyrca)	Luxury leisure	YES	Joint director
	Proceus S.L.	Secure communications	YES	Joint director
	Indestic Consulting S.L.U.	IT Consulting	YES	Sole director

* Inactive companies.

Senior Managers

Set forth below are the positions held by the senior managers of the Company, over the last five years, indicating whether the position was in effect as at 31 December 2015:

Director	Company	Business	31 December 2015	Position
Mr David Jiménez Márquez	Deutsche Pfandbriefbank AG	Bank	NO	International transactional director
Mr Ángel Corzo Uceda	-	-	-	-
Mr Alejandro Pascual González	-	-	-	-
Mr Bernardo Chena Mathov	-	-	-	-
Mr Pedro Echevarría Arnaiz	-	-	-	--
Mr Felipe Ludeña Muñoz	Acifiel Sicav S.A.	Investment	YES	Director
Mr Italo Durazzo	Marketing Thinking S.L.	Marketing Consulting	YES	Partner
Mr Fernando Ors Villarejo	Savia Consulting S.L.	Consulting Services	YES	Partner and sole director
Mr Adolfo Carpena Manso	Team Investment Madrid S.L.	Turism	YES	Partner
Mr Rafael López-Enriquez Chillón	-	-	-	-
Mr Serafín Gómez Rodríguez	Gea Seguridad S.L.	Research on optimisation of police work	YES	Sole Director

14.2 Administrative, management, and supervisory bodies' and senior management conflicts of interests

14.2.1 Potential conflicts of interests between any duties to the issuer, of the persons referred to in item 14.1 and their private interests and or other duties

Article 228 of the Spanish Companies Act and Article 4.4.d) of the Regulations of the Board of Directors prohibit directors from voting on matters that represent, or could represent, a conflict of interest. In compliance with this obligation, Mr José Antonio Martínez Sampedro, Mr Luis Javier Martínez Sampedro and Ms Encarnación Martínez Sampedro declared that they were in a conflict of interest with the Company regarding the Lock-up Agreement, and consequently they abstained from participating in the deliberations and voting on the relevant resolution.

At the meeting of the Board of Directors held on 2 February 2016, Mr José Antonio Martínez Sampedro, Mr Luis Javier Martínez Sampedro, Ms Encarnación Martínez Sampedro and Ms Cristina Martínez Soria (on behalf of Masampe, S.L.) abstained from participating in the deliberations and voting on the resolutions related to the subscription of the Scheme by Codere (as parent company of the Group and guarantor of the Existing Notes).

At the meeting of the Board of Directors held on 12 February 2016, Mr José Antonio Martínez Sampedro, Mr Luis Javier Martínez Sampedro, Ms Encarnación Martínez Sampedro and Ms Cristina Martínez Soria (on behalf of Masampe S.L.) abstained from participating in the deliberations and voting on the resolutions related to the signature by Codere of the New Executive Director Service Agreements (as defined below).

At the meeting of the Board of Directors held on 6 April 2016, Mr José Antonio Martínez Sampedro, Mr Luis Javier Martínez Sampedro and Ms Encarnación Martínez Sampedro abstained from participating in the deliberations and voting on the resolutions related to the execution of the Capital Increase.

Article 229 of the Spanish Companies Act requires directors to report to the Board of Directors any circumstances that may give rise to a conflict of interest and Article 4.4.f) of the Regulations of the Board of Directors requires directors to inform of any stake held by them or by related parties in the share capital of a company with the same, similar or complementary type of activity as the corporate object, their posts or duties exercised therein, as well as the execution on their own account or for a third party of the same, similar or complementary type of activity as the corporate object. Said information is included in the Annual Reports. In compliance with these Articles, the directors have notified the following stakes and positions as at 31 December 2015.

- Mr José Antonio Martínez Sampedro:

Company	Position	% Direct stake	% Indirect stake
Francomar Investments S.A.	President and joint managing director	52%	
Promobowling S.A.	-	0.124%	51.35%
Centros de Ocio Familiar S.L.	-	-	25.74%
Magic Recreativos S.L.U.	-	-	51.47%
Material Auxiliar de Juego Internacional Majisa S.A.	Joint director	-	26%
Planet Bowling S.L. ^(*)	-	-	51.47%
Promobowling Levante S.A.U.	-	-	51.47%
Tui Play S.L. ^(*)	-	-	20.22%
Material Auxiliar de Juego Internacional de Colombia S.A.	-	-	26.52%

(*) Into liquidation

- Ms Encarnación Martínez Sampedro:

Company	Position	% Direct stake	% Indirect stake
Francomar Investments S.A.	Secretary and joint managing director	12%	-
Promobowling S.A.	-	0.124%	11.85%
Centros de Ocio Familiar S.L.	-	-	5.98%
Magic Recreativos S.L.U.	-	-	11.97%
Material Auxiliar de Juego Internacional Majisa S.A.	-	-	6%
Planet Bowling S.L. ^(*)	-	-	11.97%
Promobowling Levante S.A.U.	-	-	11.97%
Tui Play S.L. ^(*)	-	-	4.67%
Material Auxiliar de Juego Internacional de Colombia S.A.	-	-	6.12%

(*) Into liquidation

- Mr Luis Javier Martínez Sampedro:

Company	Position	% Direct stake	% Indirect stake
Francomar Investments S.A.	Director and joint managing director	22%	-
Promobowling S.A.	-	0.124%	21.72%
Centros de Ocio Familiar S.L.	-	-	10.86%
Magic Recreativos S.L.U.	-	-	21.72%
Material Auxiliar de Juego Internacional Majisa S.A.	-	-	6%
Planet Bowling S.L. ^(*)	-	-	21.72%
Promobowling Levante S.A.U.	-	-	21.72%
Tui Play S.L. ^(*)	-	-	4.67%
Material Auxiliar de Juego Internacional de Colombia S.A.	-	-	6.12%
Recreativos Metropolitano S.L.	Sole director	100%	-

(*) Into liquidation

14.2.2 Any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any person referred to in item 14.1 was selected as a member of the administrative, management or supervisory bodies or member of senior management

Except for the proprietary directors which have been appointed by Mr José Antonio Martínez Sampedro, there are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any person referred to in item 14.1 was selected as a member of the administrative, management or supervisory bodies or member of senior management.

14.2.3 Details of any restrictions agreed by the persons referred to in item 14.1 on the disposal within a certain period of time of their holdings in the issuer's securities

As at the date of this document there are no restrictions agreed by the persons referred to in item 14.1 on the disposal within a certain period of time of their holdings in the Company's securities.

Notwithstanding the above, as described in "The Restructuring" in Section 5.1.5 of this document, under the Shareholders' Agreement the Key Executives will not be allowed to transfer the Key Executive Codere Shares prior to 31 December 2016, unless such transfer is made (i) pursuant to an Exit; or (ii) following termination of any of its relevant executive services agreements.

15. REMUNERATION AND BENEFITS

In relation to the last full financial year for those persons referred to in 14.1.1 and 14.1.2:

15.1 The amount of remuneration paid (including any contingent or deferred compensation), and benefits in kind granted to such persons by the issuer and its subsidiaries for services in all capacities to the issuer and its subsidiaries by any person

Directors

The following table shows the remuneration received by the members of the Board of Directors during the financial year ended 31 December 2015:

Director	Total remuneration ^(*)
Mr José Antonio Martínez Sampedro	960
Masampe S.L.	86
Ms Encarnación Martínez Sampedro	255
Mr Luis Javier Martínez Sampedro	696
Mr José Ignacio Cases Méndez	59
Mr José Ramón Romero Rodríguez	61
Mr Eugenio Vela Sastre	64
Mr Joseph Zappala	60
Mr Juan José Zornoza Pérez	62
Mr Juan Junquera Temprano	67
TOTAL	2,374

(*) In thousand EUR.

The members of the Board of Directors do not receive any remuneration apart from that described above.

Within the framework of the Restructuring, Mr José Antonio Martínez Sampedro and Mr Luis Javier Martínez Sampedro are expected to enter into new executive director service agreements with Codere (the "**New Executive Director Service Agreements**"). The remuneration to be received by Mr José Antonio Martínez Sampedro and Mr Luis Javier Martínez Sampedro under these New Executive Director Service Agreements will be the same as the remuneration that they currently receive for their executive duties, but a specific compensation upon termination of employment will be included (as further described in Section 16.2 below).

Senior managers

The following table shows the remuneration received by the senior managers of the Company during the financial year ended 31 December 2015:

Concept	Total remuneration ^(*)
Salaries and wages paid by Codere	
Fixed remuneration	2.216
Variable remuneration	1.169
Salaries and wages paid by other companies of the Group	
Fixed remuneration	188
Variable remuneration	145
TOTAL	3.718

(*) In thousand EUR.

(1) The variable remuneration depends on the compliance of goals. A range of remunerations is set and the degree of fulfilment of the objectives by each director is evaluated, and they are paid in relation with the range established.

The table includes remuneration of directors who have not held the position for the complete financial year.

Regarding the information provided in the above table:

- Remunerations paid to members of the Board of Directors, who are also senior managers, are not included in the above table (but in the directors' table).
- In addition, the work contracts of several members of the Codere management team contain clauses stipulating termination benefits in the event of dismissal additional to the mandatory dismissal indemnities provided by prevailing legislation. The total amount that would be owed by virtue of these contracts at 31 December 2015 was EUR 1.2 million (EUR 1.1 million and EUR 1.5 million in 2014 and 2013, respectively).

15.2 The total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits

None of the companies of the Group sets aside any amount provide pension, retirement or similar benefits.

16. BOARD PRACTICES

16.1 Date of expiration of the current term of office, if applicable, and the period during which the person has served in that office

The members of the Board of Directors have held their position during the periods set out below:

Name	Date of first appointment	Date of last appointment
Mr José Antonio Martínez Sampedro	7 May 1999	25 June 2015
Ms Encarnación Martínez Sampedro	17 June 1999	25 June 2015
Mr Luis Javier Martínez Sampedro	7 May 1999	25 June 2015
Masampe, S.L. (Represented by Ms Cristina Martínez Soria)	28 July 1998	25 June 2014
Mr José Ignacio Cases Méndez	7 June 1999	25 June 2015
Mr José Ramón Romero Rodríguez	7 June 1999	25 June 2015
Mr Eugenio Vela Sastre	17 June 1999	25 June 2015
Mr Joseph Zappala	20 November 2002	25 June 2015
Mr Juan José Zornoza Pérez	17 June 1999	25 June 2015
Mr Juan Junquera Temprano	10 May 2012	10 May 2012

Directors are appointed for a period of four years (except for the current appointments of Masampe, S.L. and Mr Juan Junquera Temprano, which were made for a period of six years, as permitted by the then-applicable law), and they stand for re-election at the General Shareholders' Meetings. In this regard, it should be noted that:

- The Board of Directors will change within the framework of the Restructuring (please refer to "*The Restructuring*" in Section 5.1.5 of this Registration Document).
- The Extraordinary Shareholders' Meeting of Codere held on 4 December 2015 approved certain amendments to the By-Laws which, among others, reduce the term of appointment of directors to two years. This reduction in the term of appointment has also been reflected in the Regulations of the Board of Directors of Codere by an amendment to them approved by the Board of Directors during its meeting held on 29 October 2015. The effectiveness of these amendments is subject to the prior execution of all the steps that have been established in the Restructuring as being previous to the effectiveness of such amendments and to their registry with the Commercial Registry of Madrid; please refer to "*The Restructuring*" in Section 5.1.5 of this Registration Document for further information.

16.2 Information about members of the administrative, management or supervisory bodies' service contracts with the issuer or any of its subsidiaries providing for benefits upon termination of employment, or an appropriate negative statement

None of the members of the administrative, management or supervisory bodies' of Codere service contracts with Codere, or any of its subsidiaries, provides for benefits upon termination of employment different from those benefits provided under the Spanish employment legislation and those described in Section 15.1 above.

The New Executive Director Service Agreements will provide a compensation upon termination of employment equal to 1.5 times the annual fixed remuneration for the relevant year (provided that the termination was decided by Codere without a Fair Cause—as this term will be defined in the agreement—, was a voluntary termination decided by the relevant director with a Valid Reason—as this term will be defined in the agreement or was the result of the death or incapacity of the relevant director).

16.3 Information about the issuer's audit committee and remuneration committee, including the names of committee members and a summary of the terms of reference under which the committee operates

16.3.1 The Audit Committee

Composition

The members of the Audit Committee are appointed by the Board of Directors. The Audit Committee is comprised between three and six members of the Board of Directors, all of which must be non-executive directors. At least two of them must be independent directors. The members of the Audit Committee and, especially, the chairman will be appointed taking into account their knowledge and experience in accountancy, auditing and risk management standards.

The chairman of the Audit Committee must be an independent director, and must be replaced every four years and may be re-elected once a period of one year from his departure has elapsed.

The current composition of the Audit Committee, as of the date of this document, is the following:

Name	Position	Category
Mr Joseph Zappala	Chairman	Independent
Mr Juan José Zornoza Pérez	Member	Other external
Mr Eugenio Vela Sastre	Member	Other external
Mr Juan Junquera Temprano	Member	Independent
Mr José Ramón Romero Rodríguez	Member	Proprietary

Responsibilities

Some of the responsibilities of the Audit Committee are as follows:

- (a) Reporting to the General Shareholders' Meeting on any matters within the Audit Committee's authority.
- (b) Making proposals to the Board of Directors for submission to the General Shareholders' Meeting the appointment of the external auditors.
- (c) Supervising the internal auditing services.
- (d) Being aware of the financial information process and internal control systems of the Company.
- (e) Liaising with the Company's external auditors in order to receive information about any matters that might jeopardise such auditors' independence and any other matters related to the audit process and to any other legal communications in accordance with the auditing standards and legislation.
- (f) Informing on the annual accounts, on the prospectuses and on the periodic financial information to be delivered quarterly or half yearly to the regulatory bodies, with special attention paid to fulfilling the legal requirements and the proper application of the generally accepted accounting principles, the existence of internal supervisory systems and their follow up, and carrying out the internal audit.
- (g) Annually drafting a report listing the activities performed by the Audit Committee.
- (h) In relation to the information systems and internal supervision: (i) supervising the preparation process and the completeness of the financial information on the Company and, if appropriate, on the Group, checking compliance with the regulatory requirements, the proper delimitation of the consolidation perimeter and the correct application of the accounting criteria; (i) periodically checking the internal supervisory and risk management systems, so that the main risks (including tax risks) are adequately identified, managed and disclosed; (iii) ensuring the independence and effectiveness of the function of the internal audit; proposing the selection, appointment, re-election and removal of the party responsible for the internal audit service; proposing the budget for this service; receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports; and (iv) report the Board of Directors, at least once a year, on risk management and on the malfunctions detected in the internal audit reports or in the above referred responsibilities;
- (i) In relation to the external auditor: (i) forwarding to the Board of Directors the proposals for the selection, appointment, re-election and substitution of the external auditor, as well as the conditions for contracting the latter; (ii) regularly receiving from the external auditor information on the audit plan and the results of its execution, and verifying that senior management takes its recommendations into account; (iii) ensuring the external auditor's

independence and, for that purpose: (a) ensuring that the Company notifies the change of auditor as a regulatory notice announcement to the CNMV and attaches a statement on the potential existence of discord with the outgoing auditor and on the contents of such discord (if it existed); (b) ensuring that the Company and the auditor uphold the regulations in force on the provision of services other than audit services, the limits on the auditor's business combinations and, in general, the other rules established to ensure the auditors' independence; and (c) in the event of the resignation of the external auditor, examining the circumstances behind this; (iv) encouraging the Group's auditor, if appropriate, to assume responsibility for the audits of the Group companies; (v) maintaining relations with the external auditor in order to receive information on such matters that could potentially risk his or her independence, and other matters in connection with the development of the auditing process; receiving information and actually communicating with the auditor as provided by the law; (vi) reporting the annual accounts, as well as the issuing prospectus and such periodic financial information that quarterly or biannually must be sent to the regulator with a correct implementation of the general accepted audit principles (or GAAP) standards and having in place internal control systems, its monitoring and compliance with internal audit requirements; and (vii) drafting on a yearly basis a brief memorandum comprising the activities carried out by the Committee;

- (j) Informing the Board of Directors, prior to the adoption by it of the corresponding resolutions reserved to the Board pursuant to the provisions of the Regulations of the Board of Directors, on the following matters: (i) the financial information which the Company, due to its status as a listed company, must periodically make public. The Audit Committee must ensure that the interim accounts are drawn up using the same accounting criteria as the annual accounts and, for this purpose, consider if it is appropriate to do a limited review of the external auditor; (ii) the creation or acquisition of stakes in special purpose vehicles or entities having their registered address in countries or territories considered to be tax havens, as well as any other transactions or operations of a similar nature which, due to their complexity, could reduce the Group's transparency; and (iii) transactions with related parties.
- (k) The Codere' risk management and control policy will identify, at least (i) the different categories of risk (operative, technological, financial, legal, reputational or other) to which Codere is exposed, including among the economic or financial, contingent liabilities and other off-balance sheet risks; (ii) the risk degree that Codere has deemed acceptable; (iii) the proposed measures to mitigate the impact of the identified risks, if they were to materialize; and (iv) the information and internal control systems that will be used to control and manage such risks, including contingent liabilities or off-balance sheet risks.
- (l) Codere will provide for an internal auditing supervised by the Audit Committee, ensuring the correct performance of such systems. The internal audit responsible will present his or her annual plan to the Audit Committee, will report directly of such issues that may arise in the process, and will submit an activity report to the Committee at the end of each fiscal year.
- (m) The Audit Committee may call for any employee or manager in Codere and even request their attendance without any manager being present.

Operation

The Audit Committee will meet, at least, once in each quarter of the year, any time it is called by its Chairman, each time it is requested by the Board of Directors or its Chairman or at the request of any two of the members of the Audit Committee.

16.3.2 The Compliance Committee

Composition

The members of the Compliance Committee are appointed by the Board of Directors. The Compliance Committee will be comprised of a minimum of three and a maximum of six members. The majority of the members of such Committee must be external directors.

To the extent possible, the Chairman of the Compliance Committee will be an independent director. However, if the director appointed to this post is not an independent director, the grounds for such appointment must be specified in the Annual Corporate Governance Report.

The current composition of the Compliance Committee, as of the date of this document, is the following:

Name	Position	Category
Mr José Ignacio Cases Méndez	Chairman	Proprietary
Mr Joseph Zappala	Member	Independent
Masampe S.L. (Represented by Ms Cristina Martínez Soria)	Member	Proprietary
Mr Juan Junquera Temprano	Member	Independent
Mr José Ramón Romero Rodríguez	Member	Proprietary

Responsibilities

Notwithstanding any other duties which may be assigned by the Board of Directors to the Compliance Committee, this Committee will be responsible for the following:

- (a) Monitoring compliance by the Company and the Group with national and foreign regulations applicable thereto with respect to gaming.
- (b) Analysing the Company's and the Group's internal supervisory procedures with respect to their gaming-related reporting and transparency obligations and making any implementation and improvement proposals it deems appropriate or necessary.
- (c) Monitoring compliance and the supervisory procedures in place at the Company and the Group in relation to money laundering regulations and any implementation and improvement proposals it deems appropriate or necessary.
- (d) Establishing and supervising a mechanism with allows employees, clients, suppliers and other third parties with whom contractual relationships exist, to communicate on a confidential and, if it is deemed appropriate, anonymous basis any potentially significant irregularities, in particular financial and accounting irregularities, detected within the Company.
- (e) Monitoring the security procedures and measures applied in the performance of the Company's or the Group's business activities, and receiving regular updates from the senior executives responsible therefor.

Operation

The Compliance Committee will meet each time the Board of Directors requests the issuance of a report or the approval of proposals within its remit and at any time that, in the opinion of the Committee Chairman, it is appropriate for the successful outcome of its purpose.

16.3.3 The Corporate Governance Committee

Composition

The Corporate Governance Committee, which also encompasses the scope and duties which the Spanish Companies Act sets for the Appointments and Remuneration Committee, will be comprised of a minimum of three and a maximum of six members appointed by the Board of Directors. All the members of this Committee must be external directors and at least two independent directors.

The Chairman of the Corporate Governance Committee will be appointed from among the independent directors.

The current composition of the Corporate Governance Committee, as of the date of this document, is the following:

Name	Position	Category
Mr Juan Junquera Temprano	Chairman	Independent
Mr Eugenio Vela Sastre	Member	Other external
Masampe S.L. (Represented by Ms Cristina Martínez Soria)	Member	Proprietary
Mr José Ignacio Cases Méndez	Member	Proprietary
Mr Juan José Zornoza Pérez	Member	Other external

Responsibilities

Notwithstanding any other duties which may be assigned thereto by the Board of Directors, the Corporate Governance Committee will be responsible for the following:

- (a) Analysing compliance with the Internal Code of Conduct with respect to Securities Markets and making the necessary proposals for its improvement, as well as monitoring compliance with the applicable corporate governance rules.
- (b) Drawing up reports and proposals for the Board of Directors on decisions to be adopted in conflict of interest situations.
- (c) Submitting to the Board of Directors, for its approval, the Annual Corporate Governance Report and the Directors' Remuneration Policy Report.
- (d) Making the proposals established in the Regulations of the Board of Directors with regard to the remuneration of Board members.
- (e) Analysing the qualifications, knowledge and experience required to be a Board member, and thereafter defining the duties and necessary skills of the candidates who are to fill each position and analysing the time and dedication required to efficiently perform the post as Board member.
- (f) Making proposals to the Board in relation to its (appointment or proposal) duties relating to the composition of the Board and its Committees.
- (g) Notifying any appointments and removals of senior executives proposed by the chief executive officer to the Board.
- (h) Reporting to the Board, as necessary, on gender equality matters established in Article 1.12 of the Regulations of the Board of Directors.

- (i) Making a proposal to the Board of Directors with respect to the remuneration of the Chairman and/or Managing Director in his/her capacity as chief executive officer of the Company, or of the other executive directors, which is separate from the remuneration received as directors under the By-Laws, as well as proposals with respect to the other conditions of their contracts.
- (j) Proposing to the board the general remuneration policy with respect to senior executives of the Company and its subsidiary or affiliate companies, as well as the basic conditions of the senior executive contracts.
- (k) Establishing guidelines and overseeing procedures with regard to the appointment, selection, career development, promotion and dismissal of senior executives, so that the Company has the necessary senior qualified personnel for its management.
- (l) Making proposals to the Board and preparing an analysis of the points it should be aware of, with respect to those matters which do not specifically fall to any other committee, provided that this is deemed necessary.
- (m) Establishing an objective to ensure equal representation for the less represented gender on the Board of Directors and preparing guidelines on how to achieve this objective.
- (n) Proposing to the Board of Directors the remuneration policy with respect to directors and general managers, or anyone carrying out their senior executive duties and reporting directly to the Board or managing director, as well as the individual remuneration and other contractual conditions of the executive directors, ensuring compliance therewith.
- (o) Any director of Codere will be entitled to request the Corporate Governance Committee to take into consideration, if determined suitable, their appointment of potential candidates for director vacancies.
- (p) The Corporate Governance Committee will consult with the Chairman and chief senior manager (*primer ejecutivo*) of Codere, especially when matters relating to the executive directors and managers are at issue.

Operation

The Corporate Governance Committee will meet each time the Board of Directors or its Chairman requests the issuance of a report or the approval of proposals within its remit and at any time that, in the opinion of the Committee Chairman or at the request of any two of its members, it is appropriate for the successful outcome of its purpose.

16.4 A statement as to whether or not the issuer complies with its country's of incorporation corporate governance regime(s). In the event that the issuer does not comply with such a regime, a statement to that effect must be included together with an explanation regarding why the issuer does not comply with such regime

Codere generally complies with applicable corporate governance regulations in force in Spain. The By-Laws, the Regulations of the Shareholders' Meetings and the Regulations of the Board of Directors of Codere have been adapted to the changes resulting from the Spanish Law 31/2014, of 3 December, amending the Spanish Capital Companies Act in order to improve its corporate governance (the relevant amendments have been registered with the Commercial Registry of Madrid) and Codere currently complies with Articles 529 septies (on the coordinating director), 529 quaterdecies (on the Audit Committee) and 529 quindecies (on the Appointments and Remunerations Committee — although it is named Corporate Governance Committee by the Company).

Section G (*Grado de seguimiento de las recomendaciones de Gobierno Corporativo*) of the Company's Annual Corporate Governance Report for the 2015 financial year, which was filed with the CNMV on 26 February 2016, contains information on the compliance by Codere with the recommendations of the 2015 Good Governance Code of Listed Companies (such document can be also consulted on the Company's website (www.codere.com) and on the CNMV's website (www.cnmv.es)). Of the total of 64 corporate governance recommendations of the 2015 Good Governance Code of Listed Companies, as of 31 December 2015 the Company complied with 26 recommendations, partially complied with 12 recommendations, did not comply with 9, and 17 were not applicable to the Company. A summary of the recommendations which were partially complied with or not complied with is provided below:

- Recommendation 3, which sets forth that during the Ordinary General Shareholders' Meeting, the chairman of the Board of Directors should inform the shareholders orally in sufficient detail about the most significant aspects of the company's corporate governance, as a supplement to the written dissemination of the annual Corporate Governance Report and, in particular: (a) about the changes occurring since the previous Ordinary General Meeting; and (b) about the specific reasons why the company has not followed one or more of the recommendations of the Corporate Governance Code and the alternative rules, if any, applied by the company in this regard.

The Company has partially complied with this recommendation because at the Extraordinary General Meeting held on 27 April 2015, the chairman informed the shareholders about the changes made during the financial year in the Regulations of the Board of Directors, the appointment of the coordinating director and the change in the composition of the Audit Committee.

- Recommendation 4, which sets forth that the company should define and promote a policy of communication and contacts with shareholders, institutional investors and voting advisors that fully respects the rules against market abuse and gives similar treatment to shareholders who are in the same position and that should make such policy public through its website, including information with respect to the way in which the policy has been put into practice and identifying the contact persons or the persons in charge of implementing it.

The Company partially complied with this recommendation because although at the present time the Company has not approved an explicit policy of communication and contacts with shareholders, it has developed a line of communication with them that complies with all of the rules against market abuse and promotes the same treatment for all of the shareholders. This line of communication encompasses a number of channels such as public telephone calls to which any shareholder may connect (the connection details of which are previously published on the company's website, in addition to being sent to the investors on our distribution list), together with communications with both institutional as well as private shareholders by telephone or the e-mail address designated for this purpose, inversor@codere.com, which can be found on the website. Similarly, the presentations used at meetings with investors and all of the public material shared with any individual investors are published through the channel provided on the company's website.

Although there is no specific policy of communication with shareholders on our corporate website, both the means (e-mail or telephone number) for communicating with the Investor Relations department, as well as the department identified as the contact, together with all of the Company's public financial information (Results, Significant Events, presentations, guidance), are included on the website. In the same way, the Electronic Shareholder Forum is made available to the shareholders to enable them to exercise their rights as shareholders and to raise any questions with the company they may wish, prior to the General Meetings of Shareholders. In addition, the corporate website includes a link to information on "Corporate

Governance" that provides a range of documents on this subject, such as the texts of the By-laws, the Regulations of the Board of Directors, the Regulations of the General Shareholders' Meeting, the Code of Ethics and Conduct, the Internal Code of Conduct in the Securities Markets, information on each and every one of the General Meetings of Shareholders and the composition of the various Board committees.

- Recommendation 6, which states that the listed companies that prepare the reports mentioned below, either on a mandatory or a voluntary basis, should publish them on their website sufficiently in advance of the date scheduled for the Ordinary General Shareholders' Meeting, even though the dissemination of such reports is not mandatory. The relevant reports are: (a) report on the independence of the auditor; (b) reports on the operation of the Audit and the Appointments and Compensation Committees; (c) report by the Audit Committee on related transactions.; and (d) Report on the corporate social responsibility policy.

On the occasion of the Ordinary General Shareholders' Meeting held on 25 June 2015, the company published the Annual Activities Reports of the Audit, Corporate Governance (appointments and compensation) and Compliance Committees on its corporate website at the time of the notice of the call for the Meeting. For the current financial year, plans are in place for also publishing the report on the independence of the auditor issued annually by the Audit Committee. The company is in the process of drawing up a Corporate Social Responsibility Policy that will systematize the activities that the company and its Group have already been carrying out directly or through the Codere Foundation.

- Recommendation 7, which sets forth that the Company should broadcast the General Shareholders' Meetings live through its website.

The percentage of shareholders present in person or by proxy at the General Meetings held in the last two financial years has ranged between a minimum of 69.64% and a maximum of 76.78%, with an average attendance in these financial years of 74.14%.

The Company considers that, given its size, its economic and financial capacity and the high attendance of its shareholders at the General Meetings, the broadcasting of the General Meetings through its website is not necessary.

- Recommendation 14, which states that the Board of Directors should approve a policy for the selection of directors that: (a) is specific and verifiable; (b) ensures that the proposals for appointment or reelection are based on a prior analysis of the needs of the Board of Directors; (c) favors the diversity of knowledge, experience and gender. The result of the prior analysis of the needs of the Board of Directors should be set out in a reasoned report by the Appointments Committee to be published at the time of the call for the General Meeting of Shareholders to which the ratification, appointment or reelection of each director is to be submitted for approval. The policy for the selection of directors should further the objective that by 2020 the number of women directors will account for at least 30% of the total number of members of the Board of Directors. The Appointments Committee should verify compliance with the policy for the selection of directors on a yearly basis, and this will be reported in the annual Corporate Governance Report.

The Board of Directors has not approved a Directors Selection Policy yet. This notwithstanding, the Corporate Governance Committee has drawn up an action plan for 2016 (informed to the Board) to evaluate the competences, knowledge and experience required of the Board and, consequently, to define the necessary duties and skills for any candidates to each vacancy and to evaluate the time and dedication required to adequately exercise its tasks.

- Recommendation 17, which sets forth that the number of independent directors should account for at least half of the total number of directors (however, when the company is not

one of high capitalization or when, even if it is, it has one shareholder, or several shareholders acting concertedly, controlling more than 30% of the share capital, the number of independent directors should account for at least one-third of the total number of directors).

The percentage of independent directors on the Board was 20% at the end of 2015. Nevertheless, the new structure of the Board (a consequence of the financial restructuring process in which the Company is involved), which is expected to take up its duties in the first half of 2016, will be composed by one-third of independent directors and, therefore, will comply with this recommendation.

- Recommendation 26, which states that the Board of Directors should meet as often as necessary in order to discharge its duties effectively and at least eight times per year, in accordance with the schedule of dates and matters to be addressed established at the start of the financial year. Each director may also propose other items to be included on the agenda not initially planned.

The Company partially complied with this recommendation because the Board of Directors meets more than eight times per year and generally tries to follow the timetable approved at the beginning of each financial year, although the restructuring process carried out in the last two years has led to the holding of meetings not initially planned. In addition, this situation has made it difficult to establish a schedule of matters to be addressed during the year.

- Recommendation 27, which sets forth that the absences of directors should be reduced to cases where non-attendance is absolutely necessary and that absences be quantified in the annual Corporate Governance Report and that, whenever an absence is necessary, a proxy should be granted with instructions.

The Company partially complied with this recommendation because the percentage of absences of directors in the course of the financial year is very low, although in the cases where absences have occurred, no proxy was granted with instructions by the directors not in attendance.

- Recommendation 31, which states that the agenda for meetings should indicate clearly those items on which the Board of Directors must adopt a decision or resolution for which it would be appropriate for the directors to examine or request—prior to the meeting—the information necessary for reaching a decision and that whenever, on an exceptional basis, for reasons of urgency, the chairman wishes to submit to the approval of the Board decisions or resolutions not included on the agenda, the prior express consent of the majority of the directors present must be obtained. A record of this procedure must be duly made in the minutes.

The Company partially complied with this recommendation because although it is true that the items of an informative nature on the agenda are not distinguished from those other points on which a decision or resolution must be adopted, the agenda does in fact tend to be worded in a sufficiently clear manner and is accompanied by sufficient documentation so as to enable the directors to know what matters are going to be submitted to a vote.

- Recommendation 32, which states that the directors should be regularly informed of the movements in the shareholder composition and of the opinion of the significant shareholders, investors and credit rating agencies with respect to the company and its group.

Since 2013, there have been no movements in the shareholder composition or any communications whatsoever with respect to significant shareholders. Moreover, since 2014, there have been no changes in the ratings given by the agencies with respect to the company and its group. Consequently, during the 2015 financial year, there was no scope for informing the directors about these points.

- Recommendation 33, which states that the chairman, as the officer responsible for the efficient functioning of the Board of Directors, in addition to performing the legal and statutory duties attributed to the office, should prepare and submit to the Board a schedule of dates and matters to be dealt with; organize and coordinate the regular assessment of the Board, as well as, that of the chief executive of the company, if such office exists; should be responsible for the management of the Board and of the effectiveness of its operation; ensure that sufficient discussion time is devoted to the strategic issues, and should arrange and review the knowledge updating programs for each director, whenever advisable under the circumstances.

The Company partially complied with this recommendation because, although the chairman presents and submits a timetable to the Board of Directors for the following financial year, the difficult situation faced by the Company during the last two years has made it impossible to carry out the necessary planning and much less to establish a schedule of matters to be addressed. The organization and coordination of the regular assessments of the Board and of the chief executive of the company is carried out through the coordinating director and the Chairman of the Corporate Governance Committee.

- Recommendation 34, which states that whenever there is a coordinating director, the By-laws or the Regulations of the Board of Directors, in addition to the powers legally pertaining to the coordinator, he or she should be attributed the following: chair the Board of Directors in the absence of the chairman and of the vice chairmen, if any, convey the concerns of the non-executive directors; maintain contacts with investors and shareholders to learn their points of view for the purpose of forming an opinion about their concerns, particularly in relation to the company's corporate governance; and coordinate the plan for the succession of the Chairman.

The coordinating director holds the powers legally pertaining to him or her under the Regulations of the Board of Directors. The fact that in 2015 the Company was involved in the Restructuring, with implications on the level of the composition of the Board, has meant that the Company has not adopted resolutions beyond those aimed at complying with the legal requirements, awaiting the time when the new management body would adopt the resolutions it considers most advisable in view of the new situation of the company.

- Recommendation 36, which sets forth that the plenum of the Board of Directors should assess once each year and adopt, if appropriate, an action plan to remedy the deficiencies detected with respect to: (a) the quality and efficiency of the functioning of the Board of Directors; (b) the functioning and composition of its Committees; (c) the diversity of the composition and competencies of the Board of Directors; (d) the performance of the Chairman of the Board of Directors and of the company's chief executive; and (e) the performance and contribution of each director, giving particular attention to those responsible for the various Board Committees. For the performance of the assessment of the Committees, the report made by them to the Board of Directors should be used as the starting point and, for the assessment of the Board, the starting point should be the report submitted to it by the Appointments Committee. Every three years, the Board of Directors should be assisted in the performance of the assessment by an external consultant, whose independence must be verified by the Appointments Committee. The business relations that the consultant or any company in its group maintains with the company or any company in its group should be broken down in the annual Corporate Governance Report. The process and the areas evaluated should be described in the annual Corporate Governance Report.

The Company partially complied with this recommendation because: (a) no external consultant has been used for the performance of this annual assessment; but (b) the process for its performance is carried out by sending a questionnaire to each of the directors, to be completed and returned anonymously, with respect to the deficiencies detected in points connected with the issues indicated in letters (a), (b), (d) and (e). In terms of the quality and efficiency of the functioning of the Board of Directors, the directors must reply to 13

questions, with respect to the functioning and the composition of the Board Committees, the directors must reply to four questions; on the performance of the Chairman and chief executive, the directors must reply to eight questions; and on the performance and contribution of each director, the directors must reply to seven questions. In addition, the questionnaire also includes a section with 4 questions that must be answered in relation to the performance of the Secretary of the Board, as well as two questions (included in the areas of the functioning of the Board and its Committees) in relation to the diversity and suitability of the composition of the Board and its Committees.

- Recommendation 39, which states that the members of the Audit Committee and, particularly, its Chairman, should be appointed by taking into account their knowledge and experience in the field of accounting, auditing or risk management, and that the majority of such members be independent directors.

The Company partially complied with this recommendation because out of the five members comprising the Audit Committee, only the two legally required have the status of independent directors. With the current composition of the Board, it is impossible to include additional directors, since the company only has two independent directors.

- Recommendation 42, which sets forth that in addition to the duties stipulated in the law, the Audit Committee should perform the following functions:

In relation to the information and internal control systems: (a) supervise the preparation process and the integrity of the financial information relating to the company and, if applicable, to the group, reviewing compliance with the regulatory requirements, the adequate delimitation of the scope of consolidation and the proper application of the accounting principles; (b) oversee the independence of the unit that takes up the internal audit function, propose the selection, appointment, reelection and removal of the person responsible for the internal audit service; propose the budget for this service, approve the orientation and work plans, ensuring that its activity is focused mainly on the company's significant risks; receive regular reporting by the unit on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports; (c) establish and supervise a mechanism that will enable the employees to report confidentially and, if possible and considered appropriate, anonymously, any potentially significant irregularities, particularly financial and accounting irregularities, which they may detect within the company.

2. In relation to the external auditor: (a) in the event that the external auditor decides not to continue, examine the circumstances leading to such decision; (b) ensure that the remuneration of the external auditor for the audit work does not compromise the auditor's quality or independence; (c) supervise to ensure that the company reports the change of auditor to the CNMV as a significant event and attach a statement on possible existence of disagreements with the outgoing auditor and, if any did exist, the content thereof; (d) ensure that the external auditor holds a yearly meeting with the plenum of the Board of Directors to inform about the work performed and the evolution of the accounting situation and of the company's risks; and (e) ensure that the company and the external auditor abide by the current rules on the provision of services other than audit services, the limits to the concentration of the auditor's business and, in general, all other rules and regulations on the independence of the auditors.

The Company partially complied with this recommendation because in relation to the establishment and supervision of a mechanism to enable the employees to report confidentially and, if possible and considered appropriate, anonymously, any potentially significant irregularities, especially financial and accounting irregularities, which they may detect within the company, this function is entrusted in Codere to the Compliance Committee

(art. 15 of the Regulations of the Board of Directors). According to the Regulations of the Board of Directors, the functions of the Audit Committee do not include the duty of ensuring that the external auditor holds a yearly meeting with the plenum of the Board to inform about the work performed and the status of the accounting situation and the company's risks. Notwithstanding the foregoing, on each of the occasions when the external auditor appears before the Audit Committee, the Chairman of the Committee informs the Board of Directors about its conclusions during the forthcoming meeting of the Board.

- Recommendation 47, which sets forth that the members of the Appointments and Compensation Committee—or of the Appointments Committee and the Compensation Committee, if separate—should be appointed by considering the extent to which they have the knowledge, skills and experience necessary for the discharge of the duties they are destined to undertake and that the majority of such members be independent directors.

The Corporate Governance Committee only has one independent director among its members. With the entry into force of the Spanish Law 31/2014, of 3 December, amending the Spanish Capital Companies Act in order to improve its corporate governance, two of the members of the Committee, who had the status of independent directors, lost that status on account of having served as directors for more than 12 years. The Company, considering the Restructuring, decided not to address changes in the composition of the Committee, since it envisioned that the composition of the Board would be changed during the 2015 financial year and it expected to adapt the composition of the Committee at that time. However, unforeseen delays in the restructuring process have meant that 2015 concluded without the introduction of changes in the structure of the Board and, therefore, without the adaptation of the composition of the Committee, which is planned for the first half of 2016.

- Recommendation 50, which sets forth that the Appointments Committee should perform its functions independently and that, in addition to the functions attributed to it by the law, the Committee should be entrusted with the following duties: (a) Propose to the Board of Directors the basic terms and conditions of the contracts with senior management staff; (b) verify observance of the remuneration policy established by the company; (c) review on a regular basis the compensation and remuneration policy applied to the directors and senior managers, including the remuneration schemes through shares and the application thereof, as well as guarantee that their individual remuneration is in proportion to that paid to the rest of the directors and senior managers of the company; (d) exercise oversight to ensure that possible conflicts of interest will not prejudice the independence of the external consultancy provided to the Committee; and (e) verify the information on the compensation of the directors and the remuneration of senior managers in the various corporate documents, including the annual report on the compensation received by the directors.

The Company partially complied with this recommendation because, although the Corporate Governance Committee does not have some of the functions indicated here attributed expressly to it, the fact is that in practice the Committee deals with these matters.

- Recommendation 53, which sets forth that the supervision of the observance of the rules of Corporate Governance, of the internal codes of conduct and of the corporate social responsibility policy should be attributed to a single committee or be distributed among several Board committees, such as the audit, the appointments, the corporate social responsibility committee, if there is one, or a specialized committee which the Board of Directors, in the exercise of its powers of self-organization, may decide to create for this purpose, to which the following minimum functions are specifically attributed: (a) the supervision of compliance with the company's internal codes of conduct and corporate governance rules; (b) the supervision of the company's communication strategy and relations with shareholders and investors, including the small and medium-sized shareholders; (c) the assessment on a regular basis of the suitability of the company's corporate governance system,

for the purpose of having it fulfill its mission of promoting the company's interest and take into account, as appropriate, the legitimate interests of the rest of the stakeholders; (d) the review of the company's corporate responsibility policy, ensuring that it is geared to value creation; (e) the monitoring of the strategy and practices of corporate social responsibility and an evaluation of the degree of compliance; (f) the supervision and assessment of the processes of relations with the various stakeholder groups; (g) the assessment of all aspects associated with the company's non-financial risks –including the operating, technological, legal, social, environmental, political and reputational risks; and (h) the coordination of the process for the reporting of the non-financial information and on diversity, in accordance with the applicable regulations and the relevant international standards.

The Company partially complied with this recommendation because the Company has entrusted the Corporate Governance Committee with the functions described in letter (a) and the Audit Committee with the functions contained in letter (g). The duties set out in the rest of the letters are not expressly attributed to any of the Committees set up by the Board of Directors.

- Recommendation 54, which states that the corporate social responsibility policy should include the principles or commitments which the company voluntarily assumes in its relations with the various stakeholder groups and identify at least: (a) the objectives of the corporate social responsibility policy and the development of instruments of support; (b) the corporate strategy relating to sustainability, the environment and social issues; (c) the specific practices in the context of issues in relation to: shareholders, employees, customers, suppliers, social issues, the environment, diversity, fiscal responsibility, respect for human rights and the prevention of illegal conduct; (d) the methods or systems for monitoring the results of the application of the specific practices indicated in the preceding letter, the associated risks and the management thereof; (e) the mechanisms for the supervision of non-financial risks, ethics and business conduct; (f) the channels of communication, participation and dialog with stakeholders; and (g) the practices of responsible communication to prevent the manipulation of information and to protect the integrity and good name of the stakeholders.

The Regulations of the Board of Directors establish the approval of the corporate social responsibility policy as belonging to the exclusive competence of the Board. During the 2015 financial year, the Corporate Governance Committee commenced the work necessary for proposing a Corporate Social Responsibility Policy to the Board that takes in and systematizes all of the activities which the company and its group have already been carrying out in this scope, either directly or through the Codere Foundation, although to date, such work has not been concluded and, therefore, a proposal has not been brought before the Board of Directors for approval.

- Recommendation 55, which states that the company should report on the matters associated with corporate social responsibility in a separate document or within the management report, using any of the internationally accepted methodologies for this purpose.

Given that the company has not yet defined its Corporate Social Responsibility Policy, no annual report has been prepared in this regard.

- Recommendation 57, which sets forth that the variable compensation tied to the returns obtained by the company and to personal performance should be circumscribed to the executive directors, as well as the remuneration through shares, stock options or rights on shares or instruments referenced to the share price, as well as long-term savings schemes such as pension plans, retirement schemes or other schemes of a similar nature. The handover of shares as compensation for the non-executive directors may be considered if this is conditioned to the requirement that such shares must be held up to the time when the directors

leave office. The foregoing will not apply to the shares which a director may have to sell, if such is the case, in order to meet the costs associated with their acquisition.

The executive directors receive no kind of variable compensation whatsoever, tied to the returns obtained by the company or to their own personal performance.

17. EMPLOYEES

17.1 Number of employees and the distribution of them by main category of activity

The tables below set forth the average number of the Group's permanent employees during 2013, 2014 and 2015, and the breakdown of those employees by activity and geographically.

Category of Activity	2013	2014	2015
Clerical staff	817	659	671
Top management	27	31	35
Directors	116	116	97
Intermediate managers	2,021	2,254	2,121
Operational employees.....	13,039	10,062	8,616
Technical employees.....	1,751	2,059	1,791
Total.....	17,771	15,181	13,331

Geographic Area	2013	2014	2015
Argentina	4,850	3,838	3,418
Mexico.....	7,551	6,250	5,434
Italy.....	914	827	871
Spain.....	993	955	959
Panama	2,073	2,053	1,352
Colombia	735	713	709
Uruguay.....	396	335	364
Headquarters.....	192	151	144
Brazil	67	59	80
Total.....	17,771	15,181	13,331

17.2 Shares and stock options of members of the Board of Directors and senior executives mentioned in section 14.1

As at the date of this document, members of the Board of Directors and senior executives mentioned in section 14.1 are direct or indirect owners of the following voting rights of the Company:

	N° Direct voting rights	N° indirect voting rights
Mr José Antonio Martínez Sampedro	6,838,261	28,259,088 ¹
Ms Encarnación Martínez Sampedro	1,202,000	0
Mr Luis Javier Martínez Sampedro	0	1,396,035 ²
Mr Eugenio Vela Sastre	0	20,718 ³
Mr Joseph Zappala	278,738	0
Mr Adolfo Carpena Manso	10,500	0

1. Held through Masampe Holding B.V.

2. Held through Recreativos Metropolitano, S.L.

3. Held by his wife.

Under the terms of the Restructuring, the Key Executive will acquire the Key Executive Codere Shares (Mr José Antonio Martínez Sampedro will purchase his corresponding Key Executive Codere Shares through Masampe, S.L.). Please refer to "The Restructuring" in Section 5.1.5 of this Registration Document and to Section 18.1 of this Registration Document for further information.

Neither members of the Board of Directors nor senior executives have as at the date of this document stock options over Codere shares (however, please refer to "*The Restructuring*" in Section 5.1.5 of this Registration Document which contains a description of a potential future issue of Warrants addressed to senior managers of Codere).

17.3 Description of any arrangements for involving the employees in the capital of the issuer

As at the date of this document, there are no arrangements for involving the employees in the capital of Codere (this notwithstanding, please see the reference to the potential future issue of Warrants in Section 17.2 above).

18. MAJOR SHAREHOLDERS

18.1 Insofar as is known to the issuer, the name of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has an interest in the issuer's capital or voting rights which is notifiable under Spanish Law, together with the amount of each such person's interest or, if there are no such persons, an appropriate negative statement

As at the date of this document the Capital Increase has been executed and the public deed raising it to public document status has been recorded at the Commercial Registry of Madrid. Although Codere has not received any notice of significant shareholding yet, with the information that it has as at the date of this document, and taking into account only the Capital Increase, the future sale of the Key Executive Codere Shares (please refer to "*The Restructuring*" in Section 5.1.5 of this Registration Document for further information) and the stake in Codere of the Key Executives prior to the execution of the Capital Increase, Codere believes that the execution of the Capital Increase and the future sale of the Key Executive Codere Shares will result in the following persons holding, directly or indirectly, a stake in the share capital of Codere which is notifiable under Spanish law¹⁹:

- ACPII Europe S.a.r.l. (7.06%).
- Alden Global Opportunities Master Fund, LP (3.49%).
- M&G Debt Opportunities Fund Limited (4.00%).
- Silver Point Luxembourg Platform S.a.r.l. (21.36%).
- Sothic Capital European Opportunities Master Fund Limited (3.60%).
- Mr José Antonio Martínez Sampedro (15.2876%).
- Mr Luis Javier Martínez Sampedro (5.3424%).

¹⁹ The percentages of share capital have been calculated by Codere using the information available to it and have been obtained from the execution of the Capital Increase and the future sale of the Key Executive Codere Shares only (taking into account the percentages of share capital held by Mr José Antonio Martínez Sampedro and Mr Luis Javier Martínez Sampedro prior to the execution of the Capital Increase). The percentages of share capital that each of the persons referred to below may finally hold and that may be notified to the CNMV and Codere may differ from those disclosed above.

18.2 Whether the issuer's major shareholders have different voting rights, or an appropriate negative statement

All the shares represented in the Company's equity capital are of the same class and entitle the shareholder to the same political and economical rights. There are no privileged shares, and each share entitles the shareholder to one vote (the Extraordinary Shareholders' Meeting of Codere held on 4 December 2015 approved certain amendments to the By-Laws and to the Regulations of the Shareholders' Meetings of the Company which, among others, consist of certain limits on the maximum number of votes that a shareholder may cast: a shareholder (including companies belonging to the same group or persons acting in concert with the former) will not be entitled to cast votes exceeding the aggregate voting rights attached to shares in Codere representing 44% of its share capital; the effectiveness of the amendments to the By-Laws and Regulations of the Shareholders' Meetings of the Company is subject to the execution of all the steps that have been established in the Restructuring as being previous to the effectiveness of such amendments and to their registry with the Commercial Registry of Madrid —please refer to "*The Restructuring*" in Section 5.1.5 of this Registration Document for further information).

18.3 To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control and describe the measures in place to ensure that such control is not abused

To the extent known by Codere (taking into account the stakes in the share capital of Codere disclosed in Section 18.1 above and the provisions of the Shareholders' Agreement described in "*The Restructuring*" in Section 5.1.5 of this Registration Document), Codere believes that, following completion of the Restructuring, it will not be, either directly or indirectly, controlled by any shareholder.

The Shareholders' Agreement

The Shareholders' Agreement, the execution of which will be the Restructuring step following the sale of the Key Executive Codere Shares to the Key Executives and which will be entered into by the Key Executives, Masampe, S.L., the Scheme Creditors and Codere, will contain certain provisions which may affect the control of Codere. Please refer to "*The Restructuring*" in Section 5.1.5 of this Registration Document for a description of the main provisions of the Shareholders' Agreement.

Internal corporate governance rules

The current By-Laws of the Company do not establish limitations on the number of shares that a single shareholder can acquire. However, as explained in Section 18.2 above, the Extraordinary Shareholders' Meeting of Codere held on 4 December 2015 approved certain amendments to the By-Laws of the Company which, among others, impose certain limits on the maximum number of votes that a shareholder may cast.

The Regulations of the Board of Directors establish that each director will act with the diligence of an orderly entrepreneur and loyal representative and will be particularly obliged to clearly challenge any proposed resolution presented to the Board, which could be contrary to the Spanish Companies Act, the By-Laws or the corporate interest of the Company, and to request that this challenge be stated for the records, if considered appropriate, to safeguard the corporate interest. In particular, independent directors and any other directors not affected by the potential conflict of interest must also present a challenge in the case of resolutions which could be detrimental to shareholders not represented on the Board. Directors are also obliged to notify the Board of Directors of any situation that could directly or indirectly conflict with the Company's interest. In case of conflict, the affected director will abstain from participating in the deliberations and voting on resolutions or decisions in which he or she is a

related party or has a direct or indirect conflict of interest. Conflicts of interest will be reported in the Annual Report.

In addition, the Corporate Governance Committee has the competence to present reports and proposals to the Board on any resolutions to be adopted in conflict of interest situations.

18.4 A description of any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer

Please refer to the description of the Shareholders' Agreement in "*The Restructuring*" in Section 5.1.5 of this Registration Document.

19. RELATED PARTY TRANSACTIONS

All of the transactions with related parties (as defined in Order EHA/3050/2004, of 15 September 2004 on information on related party transactions) undertaken during the periods of the 2013, 2014 and 2015 financial years were in the ordinary course of business of the Issuer, the latter believing that they were undertaken on market terms.

The interest expense accrued on loans to related parties amounted to EUR 54,000 as at 31 December 2015 (EUR 64,000 and EUR 136,000 at year end 2014 and 2013, respectively). No balances were pending payment to related parties at either of the referred periods.

The principal transactions with directors and senior managers, shareholders and related undertakings as at 31 December 2013 2014 and 2015 were as follows:

Related party transactions with directors and senior managers

<i>Thousand Euro</i>			
2015	Nature of relationship	Loans	Services provided
Ms Encarnación Martínez Sampedro	Senior manager /director	521	-
Mr Luis Javier Martínez Sampedro	Senior manager /director	1,045	-
Mr Fernando Ors	Senior manager	14	-
Mr José Ramón Romero	Director	-	505
Mr Adolfo Carpena	Senior manager	9	-
		1,589	505

<i>Thousand Euro</i>			
2014	Nature of relationship	Loans	Services provided
Ms Encarnación Martínez Sampedro	Senior manager /director	512	-
Mr Luis Javier Martínez Sampedro	Senior manager /director	1,026	3
Mr Robert Gray	Adviser to the Board	2,015	138
Mr Fernando Ors	Senior manager	154	-
Mr Jaime Estalella	Senior manager	3	-
Mr José Ramón Romero	Director	-	500
Mr Pedro Vidal	Senior manager	154	-
Mr Adolfo Carpena	Senior manager	103	-
		3,967	641

2013	Nature of relationship	Loans	Services provided
Ms Encarnación Martínez Sampedro	Senior manager /director	503	-
Mr Luis Javier Martínez Sampedro	Senior manager /director	1,006	-
Mr Robert Gray	Adviser to the Board	2,183	-
Mr Fernando Ors	Senior manager	151	-
Mr Jaime Estalella	Senior manager	101	-
Mr José Ramón Romero	Director	503	500
Mr Pedro Vidal	Senior manager	151	-
Mr Adolfo Carpena	Senior manager	101	-
		4,699	543

The transactions carried out with related parties were at arm's length. As at 31 December 2015, interest accrued on loans to directors amounting to EUR 982,000 was provisioned in full. In addition, loans to certain directors amounting 489,000 EUR were provisioned in full. As at 31 December 2014 and 2013, interest accrued on loans to directors amounting to EUR 1,103,000 and EUR 1,323,000 respectively, was provisioned in full.

Transactions with related shareholders and companies

The transactions with related companies are as follows:

- Amounts owed by the related company Promobowling, S.A.: EUR 579,000 as of 31 December 2015 and 31 December 2014 and EUR 567,000 as of 31 December 2013.
- Amounts owed by companies belonging to Grupo Caliente (minority shareholders of Mexican companies of the Group): EUR 43,417,000 as of 31 December 2015, EUR 38,858,000 as of 31 December 2014 and EUR 28,417,000 as of 31 December 2013.
- Amounts owed by Make Pro, S.A. de C.V. (subsidiary of CIE, minority shareholders of Mexican companies of the Group): EUR 10,348,000 as of 31 December 2015, EUR 10,718,000 as of 31 December 2014 and EUR 10,975,000 as of 31 December 2013.

As for transactions with shareholders, the only ones existing are those carried out with Ms Encarnación Martínez Sampedro and Mr Luis Javier Martínez Sampedro and which are already disclosed under "*Related party transactions with directors and senior managers*" above.

20. FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES

20.1 Historical Financial Information

The Issuers' and its Group Spanish language audited consolidated annual accounts, the notes to the audited consolidated annual accounts, the consolidated director's report, together with the audit reports of Pricewaterhousecoopers Auditores, S.L., as at and for the years ended 31 December 2013, 2014 and 2015, prepared in accordance with IFRS EU, are incorporated by reference. Such documents will be available to view on Codere website (<http://www.codere.com/accionistas-inversores/informacion-financiera/informes-anuales/>).

Due to the CNMV review of the 2013 financial statements of the Issuer and its Group, the Company issued additional information for such year (on 19 January 2015) which is available in CNMV web

site and is incorporated by reference. Such document will be available to view on CNMV website (<http://cnmv.es/Portal/Consultas/IFA/ListadoIFA.aspx?id=0&nif=A-82110453>).

Provided below are key figures summarising the Issuer's financial condition and performance during the period covered by the historical financial information. Figures restated under IFRS-EU 11 as at and for the year ended 31 December 2013 included in the Consolidated Balance Sheet, Consolidate Income Statement and Cash Flow Statement have been obtained from the Codere consolidated annual accounts as at and for the year ended 31 December 2014. As a consequence, these figures may differ from those included in the audited consolidated annual accounts as at and for the year ended 31 December 2013.

Consolidated Balance Sheet at 31 December

(Euro million)

	2013 ^(*)	2014	2015
ASSETS			
Non-current assets	1,302.3	1,204.6	1,069.9
Intangible assets.....	511.2	471.1	413.0
Intangible assets and rights	659.1	647.3	617.4
Accumulated amortization	(141.8)	(170.8)	(198.9)
Provisions	(6.1)	(5.4)	(5.4)
Tangible fixed assets	430.4	368.7	318.5
Property, plant and equipment	892.0	889.5	853.1
Accumulated amortization	(433.8)	(481.5)	(500.5)
Provisions	(27.8)	(39.3)	(34.1)
Investment property	72.2	70.4	66.6
Goodwill on consolidation.....	207.5	207.6	193.9
Equity method investments.....	11.7	12.5	11.6
Long-term financial investments	22.6	25.7	21.4
Non-current loans	17.2	18.1	17.2
Held to maturity investments	5.4	6.2	4.2
Other financial assets	-	1.4	-
Deferred tax assets.....	46.7	48.6	44.9
Current assets	349.6	334.7	371.2
Inventories	11.8	10.4	11.6
Accounts receivable.....	178.3	181.5	188.3
Trade and other receivables	24.4	30.6	40.3
Current tax assets.....	9.8	5.0	3.3
Sundry receivables.....	40.8	34.1	42.1
Tax receivables accrued.....	103.3	111.8	102.7
Financial investments	41.7	36.0	42.8
Short-term investments securities	1.2	0.1	-
Other loans and investments	40.5	35.9	42.8
Prepayments and accrued income	15.4	20.1	18.1
Cash and cash equivalents	102.4	86.7	110.3
TOTAL ASSETS	1,651.9	1,539.3	1,441.0

(*) Figures restated under IFRS-EU 11 and, thus, these figures may differ from those included in the audited annual accounts for those years.

(Euro million)

	2013 ^(*)	2014	2015
<i>SHAREHOLDERS' EQUITY AND LIABILITIES</i>			
Shareholders' equity attributable to equity holders of the parent	(260.4)	(449.1)	(609.7)
Share capital	11.0	11.0	11.0
Share premium	231.3	231.3	231.3
Legal reserve and retained earnings (prior year losses)	(173.3)	(350.8)	(522.5)
Transition reserves	4.2	4.1	3.8
Translation differences	(160.0)	(171.7)	(220.2)
Profit / (Loss) for the year attributable to equity holders of the parent	(173.6)	(173.0)	(113.2)
Minority interests	56.8	17.3	(6.3)
Total Shareholders' equity	(203.6)	(431.8)	(615.9)
Non-current liabilities	1,288.0	296.8	249.7
Deferred revenues	0.1	-	-
Non-current provisions	48.3	33.5	32.3
Non-current payables	1,126.5	147.5	113.7
Payable to credit entities	102.7	89.3	76.4
Bonds issued	966.6	-	-
Other payables	57.2	58.2	37.3
Deferred tax liabilities	113.1	115.8	103.6
Current liabilities	567.5	1,674.3	1,807.3
Provisions and other	11.0	10.6	9.4
Payable to Credit entities	119.1	161.0	147.5
Bonds and other marketable securities	41.5	1,141.9	1,276.2
Other non-trade payables	246.6	209.6	235.3
Trade payables	128.0	119.6	103.2
Liabilities for current-year corporate income tax	21.3	31.6	35.6
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,651.9	1,539.3	1,441.0

(*) Figures restated under IFRS-EU 11 and, thus, these figures may differ from those included in the audited annual accounts for those years.

Consolidated Income Statement for the years ended 31 December

(Euro million)

	2013 ⁽⁵⁾	2014	2015
Operating revenues.....	1,520.8	1,385.6	1,639.5
Net revenues from gaming activities.....	1,513.4	1,377.2	1,630.6
Other revenues.....	7.4	8.4	8.9
Operating expenses.....			
Consumption and other external expenses.....	51.9	45.7	49.8
Personnel expenses ⁽¹⁾	358.6	306.3	339.9
Depreciation.....	108.1	87.9	79.6
Amortization of intangible assets.....	41.6	37.6	42.4
Variation in provisions for trade transaction.....	2.1	2.0	0.1
Impairment loss ⁽⁴⁾	57.3	4.9	3.1
Other operating expenses ⁽²⁾			
Gaming and other taxes.....	517.0	468.9	571.9
Machine rental costs.....	44.0	39.6	46.2
Other rentals.....	70.8	70.0	78.3
Other ⁽²⁾⁽³⁾	280.1	291.6	298.8
Total operating expenses ⁽²⁾	1,531.5	1,354.5	1,510.1
Gains (losses) on asset disposals or acquisitions.....	(6.5)	(10.3)	(4.9)
OPERATING PROFIT.....	(17.2)	20.8	124.4
Financial expenses.....	145.8	132.7	135.3
Financial income.....	5.1	3.3	3.6
Gains or losses on financial asset.....	4.6	(15.5)	(21.2)
Exchange gains(losses), net.....	(8.8)	(45.9)	(50.5)
PROFIT BEFORE TAX OF CONTINUING ACTIVITIES.....	(162.1)	(170.0)	(78.9)
Corporate income tax.....	45.4	40.9	63.2
PROFIT AFTER TAX OF CONTINUING ACTIVITIES.....	(207.5)	(210.9)	(142.1)
Results companies accounted by equity method.....	2.3	3.0	2.7
CONSOLIDATED NET INCOME.....	(205.2)	(207.9)	(139.4)
Non-controlling interests.....	(31.6)	(34.9)	(26.3)
Net income (loss) attributable to owners of the parent.....	(173.6)	(173.0)	(113.1)
Basic and diluted earnings / (loss) per share (in euros).....	(3.74)	(3.80)	(2.54)

(1) Includes personnel costs related to outsourced employees.

(2) Excludes personnel costs related to outsourced employees.

(3) 'Other' includes payment for independent professional services, such as legal and auditing services, travel and advertising expenses, repair and maintenance and insurance premiums.

(4) Impairment charge was (EUR 57.3 million) in 2013: (EUR 24.3 million) in Mexico, (EUR 16.0 million) in Italy, (EUR 13.4 million) in Carrasco Hotel and Casino and (EUR 3.6 million) in the online business in Spain. Impairment charge was EUR 4.9 million in 2014 in Carrasco and in 2015: (EUR 7.9 million) in Italy and a reversal (EUR 4.8 million) in Colombia.

(5) In 2014, there was a change in the method of consolidation used for HRU in Uruguay and New Joker in Italy. Both operations are now reported using the equity method instead of the proportional method. For consistency and comparison purposes results of operations for year ended 31 December 2013 have been restated under IFRS-EU 11 and, thus, these figures may differ from those included in the audited annual accounts for those years

Consolidated statement of changes of Equity for the years ended 31 December

	Share capital	Share premium	Retained earnings	Equity method company reserves	Transition reserves	Translation differences	Profit/(loss) attributable to the parent company	Equity attributable to the parent company	Equity attributable to non-controlling interests	Total equity
BALANCE at 31 December 2014	11.0	231.3	(354.0)	3.0	4.1	(171.7)	(173.0)	(449.1)	17.3	(431.8)
Consolidated loss for the year	-	-	-	-	-	-	(113.2)	(113.2)	(26.2)	(139.4)
Other consolidated comprehensive income for the year	-	-	-	-	-	(48.5)	-	(48.5)	1.7	(46.8)
Total consolidated comprehensive income	-	-	-	-	-	(48.5)	(113.2)	(161.6)	(24.6)	(186.2)
Transfer to transition reserves	-	-	0.2	-	(0.2)	-	-	-	-	-
Change in consolidation scope and business combination (Note 4)	-	-	-	-	-	-	-	-	5.5	(5.5)
Reserves for treasury shares (Note 9)	-	-	-	-	-	-	-	-	-	-
Provision for options	-	-	1.1	-	-	-	-	1.1	-	1.1
Gain/(loss) on treasury shares	-	-	-	-	-	-	-	-	-	-
Dividends (*)	-	-	2.3	(2.3)	-	-	-	-	(4.5)	(4.5)
Transfer to retained earnings (prior-year losses)	-	-	(175.9)	2.9	-	-	173.0	-	-	-
Total changes in equity	-	-	(172.4)	0.6	(0.2)	-	173.0	1.1	(1.0)	2.1
BALANCE at 31 December 2015	11.0	231.3	(526.4)	4.0	3.9	(220.2)	(113.2)	(609.7)	6.3	(615.9)

	Share capital	Share premium	Retained earnings	Equity method company reserves	Transition reserves	Translation differences	Profit/(loss) attributable to the parent company	Equity attributable to the parent company	Equity attributable to non-controlling interests	Total equity
BALANCE at 31 December 2013	11.0	231.3	(176.3)	3.0	4.2	(160.0)	(173.6)	(260.4)	56.9	(203.5)
Consolidated loss for the year	-	-	-	-	-	-	(173.0)	(173.0)	(34.9)	(207.9)
Other consolidated comprehensive income for the year	-	-	-	-	-	(11.7)	-	(11.7)	2.3	(9.4)
Total consolidated comprehensive income	-	-	-	-	-	(11.7)	(173.0)	(184.7)	(32.6)	(217.3)
Transfer to transition reserves	-	-	0.2	-	(0.2)	-	-	-	-	-
Change in consolidation scope and business combination (Note 4)	-	-	(3.8)	-	-	-	-	(3.8)	(1.8)	(5.6)
Reserves for treasury shares (Note 9)	-	-	0.1	-	-	-	-	0.1	-	0.1
Provision for options	-	-	(0.1)	-	-	-	-	(0.1)	-	(0.1)
Gain/(loss) on treasury shares	-	-	(0.1)	-	-	-	-	(0.1)	-	(0.1)
Dividends (*)	-	-	2.0	(2.0)	-	-	-	-	(5.1)	(5.1)
Transfer to retained earnings (prior-year losses)	-	-	(175.9)	2.3	-	-	173.6	-	-	-
Total changes in equity	-	-	(177.7)	0.3	(0.2)	-	173.6	(4.0)	(7.0)	(11.0)
BALANCE at 31 December 2014	11.0	231.3	(354.1)	3.3	4.1	(171.7)	(173.0)	(449.1)	17.3	(431.8)

	Share capita l	Share premiu m	Legal reserve and retained earnings (prior-year losses)	Equity method company reserves	Transition reserves	Translation differences	Profit/(loss) attributable to the parent company	Equity attributable to parent company's owners	Equity attributable to non-controlling interests	Total equity
BALANCE at 31 December 2012	11.0	231.3	(25.5)	-	4.4	(89.1)	(146.9)	(14.8)	95.7	80.9
Application IFRS 11	-	-	(2.1)	2.1	-	-	-	-	-	-
BALANCE at 1 January 2013	11.0	231.3	(27.6)	2.1	4.4	(89.1)	(146.9)	(14.8)	95.7	80.9
Consolidated loss for the year	-	-	-	-	-	-	(173.6)	(173.6)	(31.7)	(205.3)
Other comprehensive income for the year	-	-	-	-	-	(70.9)	-	(70.9)	(2.7)	(73.6)
Total comprehensive income	-	-	-	-	-	(70.9)	(173.6)	(244.5)	(34.4)	(278.9)
Transfer to transition reserves	-	-	0.2	-	(0.2)	-	-	-	-	-
Changes in consolidation scope and business combinations	-	-	-	-	-	-	-	-	1.9	1.9
Reserves for treasury shares	-	-	0.2	-	-	-	-	0.2	-	0.2
Provision for options	-	-	(1.2)	-	-	-	-	(1.2)	-	(1.2)
Gain/(loss) on treasury shares	-	-	(0.2)	-	-	-	-	(0.2)	-	(0.2)
Dividends (*)	-	-	1.6	(1.6)	-	-	-	-	(6.3)	(6.3)
Transfer to retained earnings (prior-year losses)	-	-	(149.5)	2.5	-	-	147.0	-	-	-
Total changes in equity	-	-	(148.8)	0.9	(0.2)	-	146.9	(1.2)	(4.4)	(5.6)
BALANCE at 31 December 2013	11.0	231.3	(176.3)	3.0	4.2	(160.0)	(173.6)	(260.4)	56.9	(203.5)

Cash Flow Statement

The following is the Group's consolidated cash flow information for the years ended 31 December 2013, 2014 and 2015. This information is supplemental and unaudited to consolidated cash flow statements prepared under IFRS for the years ended 31 December 2013, 2014 and 2015.

(EUR in million)

	Year ended 31 December		
	2013 ⁽⁸⁾	2014	2015
Cash flow from continuing operations:			
Operating profit	(17.2)	20.8	124.4
Non-cash expenses:			
Depreciation and amortization	149.7	125.5	122.1
Impairment test	57.3	4.9	3.1
Other operating expenses	16.1	16.6	8.9
Non cash income/(loss)	(1.1)	(2.4)	(0.2)
Changes in working capital	(6.3)	(39.7)	(8.3)
Corporate income tax	(39.0)	(32.3)	(43.2)
Net cash from operating activities	159.5	93.4	206.8
Capital expenditures ^{(1) (2)}	(68.8)	(48.6)	(60.4)
Long term loans and receivables ^{(1) (3)}	0.9	(0.1)	(0.6)
Investments ^{(1) (4)}	(0.2)	(5.5)	(4.9)
Net cash used in investing activities	(68.1)	(54.2)	(65.9)
Issuance of Existing Notes	-	-	-
Net change in financial debt ⁽⁵⁾	76.6	35.0	-
Net change in other bank loans	(20.4)	(10.9)	(27.9)
Dividends	(4.3)	(2.6)	(2.4)
Net change in other debt and contingent payments ⁽⁶⁾	(23.4)	(32.4)	(39.8)
Net investment in treasury shares	(0.1)	-	0.1
Interest income	1.9	1.4	1.6
Interest expense	(83.6)	(31.2)	(32.6)
Net cash effect of exchange rate changes	(9.8)	(10.6)	(7.4)
Net cash from/(used in) financing activities	(63.1)	(51.3)	(108.4)
Effects of exchange rate fluctuations ⁽⁷⁾	(8.3)	(3.6)	(8.9)
Net Change in Cash Position	20.0	(15.7)	(23.6)
Reconciliation			
Cash at beginning of period	82.4	102.4	86.7
Cash at end of period	102.4	86.7	110.3
Change in cash position	20.0	(15.7)	23.6

- (1) Reflects accrued amounts, including any related contingent payments. Financing of deferments of these investments are recorded under "Net change in other debt and contingent payments."
- (2) Capital expenditures primarily consist of investments to maintain or improve the quality of the Group's facilities, to build out and equip its premises, to purchase new gaming machines and to make exclusivity payments to site owners in connection with contracts to install the Group's machines in their establishments.
- (3) Includes loans to site owners and other loans.
- (4) Includes amounts committed to acquisitions. Cash from entities acquired is reported under Net change in other debt and contingent payments.
- (5) Includes the Group's Senior Credit Facility and the accrued interest corresponding to the note issued in February 2012
- (6) Reflects movements in temporary financial investments such as vendor financing for investments, contingent payments and the payment of deferred gaming taxes, expenses related to the bond issuances and the renewal of the Existing SFA and the cash at the entities acquired, at the time of the purchase or the initial cash of entities sold or consolidated under equity method.
- (7) Includes the effect of exchange rate fluctuations in the conversion of balances to euro.
- (8) Cash Flow for 2013 has been restated under IFRS-EU 11 for HRU's and New Joker under equity method consolidation, and, thus, these figures may differ from those included in the audited annual accounts for those years.

Consolidated Balance Sheet comments

(a) Year ended 31 December 2015 compared to year ended 31 December 2014

Total assets decreased by EUR 98.4 million in 2015. This decrease is principally attributable to the depreciation of the Mexican and the Argentine peso against the euro (36.5% and 5.5% respectively), partially offset by an increase in the cash position.

The book value of tangible and intangible assets decreased by EUR 112.2 million due to the depreciation and amortization of assets (only partially offset by capital expenditures in the period), along with the depreciation of the Mexican and Argentine peso against the euro.

The consolidated goodwill decreased by EUR 13.7 million, mainly as a consequence of the depreciation of the Mexican and Argentina peso against the euro, partially offset by the appreciation of the U.S. dollar (9.9%).

The increase in current assets is primarily due to the increase in the cash position.

Financial debt, which includes the long- and short-term portion of payables to credit entities and bonds, increased by EUR 107.9 million, due to an increase in accrued and unpaid bond interest (EUR 105.8 million), the exchange rate effect of the USD Notes (EUR 28.5 million) and an increase of debt in Uruguay (EUR 2.1 million), partially offset by decreases of debt in Mexico (EUR 23.9 million) and in Panama (EUR 4.3 million).

(b) Year ended 31 December 2014 compared to year ended 31 December 2013

Total assets decreased by EUR 112.6 million in 2014. This decrease is principally attributable to the devaluation of the Argentine peso against the euro (15.5%) and the impact due to the impairment of the gaming halls closed in Mexico.

Tangible and Intangible assets (net of EUR 125.5 million in cumulative depreciation and amortization) decreased EUR 103.6 million due to the impact of the devaluation of the Argentine peso versus the euro and the impact due to the impairment of the gaming halls closed in Mexico.

The principal decrease in current assets corresponds to expiration of the call option on the 15.2% of ICELA owned by CIE and to the position in cash.

Financial debt, which includes the long and short term portion of payables to credit entities and bonds, increased by EUR 162.3 million, principally as a result of the accrued and unpaid coupons of the bonds (EUR 133.6 million), the upsizing of the Senior Credit Facility (EUR 35.0 million), partially offset by the amortization of debt in Mexico (EUR 4.5 million), Italy (EUR 1.4 million) and Panama (EUR 3.1 million).

Current provisions have decreased, primarily due to the reclassification of the provision of EUR 11.9 million in Italy due to the settlement of the CdC in other liabilities.

The item "other non-trade payables" includes a reduction due to the payment of the license renewals in Argentina (EUR 14.8 million), and a reduction in capital leases in Mexico (EUR 9.7 million) and Argentina (EUR 2.5 million).

Consolidated Income Statement comments

(a) Year ended 31 December 2015 compared to year ended 31 December 2014

Operating revenue increased in 2015 by EUR 253.9 million (or 18.3%) to EUR 1,639.5 million, mainly due to (i) the increase in revenue in Argentina (EUR 192.8 million), partially due to the appreciation of the Argentine peso, the higher average daily net win per machine in the local currency and the higher number of machines seats, (ii) the increase in revenue in Italy (EUR 20.4 million), mainly explained by the higher average daily net win per machine and the higher number of machine seats, and (iii) Panama (EUR 14.8 million) due to the appreciation of the U.S. dollar.

Operating expenses increased by EUR 152.5 million (or 11.3%) to EUR 1,507 million. The main drivers of this growth were Argentina (EUR 142.3 million) and Panama (EUR 18.9 million), mainly due to the appreciation of the Argentine peso and the U.S. dollar, partially offset by a significant reduction in operating expenses in Mexico (EUR 10.7 million).

Adjusted EBITDA increased EUR 66.9 million (or 31.4%) to EUR 280.1 million, mainly due to the growth in Argentina (EUR 52.7 million), Mexico (EUR 16.4 million) and Spain (EUR 7.0 million), partially offset by a decrease in Panama (EUR 3.1 million). The Adjusted EBITDA margin for 2015 was 17.1%, 1.7 percentage points above 2014.

Gains or losses on asset disposals or acquisitions resulted in a loss of EUR 4.9 million compared to a loss of EUR 10.3 million during the same period in 2014.

Operating profit increased by EUR 103.7 million to EUR 124.5 million. The operating margin increased to 7.6% from 1.5% in 2014. Excluding financial restructuring costs and the expense associated with the CdC Agreement, 2015 operating profit was EUR 150.0 million and the operating margin reached 9.1%, representing an increase of EUR 79.5 million and 4.0 percentage points, respectively, compared to 2014.

Financial expenses increased by EUR 2.6 million (2.0%) to EUR 135.3 million. The increase was primarily attributable to the higher funding costs under the Existing SFA, including default interest costs, additional interest resulting from the unpaid bond coupons and the appreciation of the U.S. dollar against the euro.

Financial revenue increased by EUR 0.3 million to EUR 3.6 million.

Gains or losses on financial assets represented a loss of EUR 21.2 million during the period as a result of losses from transactions with sovereign bonds.

Corporate income tax increased by EUR 22.3 million to EUR 63.2 million, primarily due to the increase in profit before taxes in Argentina and the impact of the CdC fine payment on taxable income in Italy, which reduced 2014 corporate income tax in EUR 10.4 million.

Minority interests represented a gain of EUR 26.3 million in 2015 compared to a gain of EUR 34.9 million in 2014, due to lower losses in Legacy Caliente and the increase of the Group's interest in Carrasco from 51% to 73.7%.

Due to the aforementioned results, the net loss for the 12 months of 2015 was EUR 113.1 million, compared to a net loss of EUR 173.0 million for the same period in 2014.

Results of Operations by Business

Argentina

	2014	2015	% change
	<i>(EUR in million, except percentages)</i>		
	<i>(unaudited)</i>		
Operating revenue	489.0	681.8	39.4%
Operating expenses:			
Consumption and other external expenses	7.8	9.9	26.9%
Personnel expenses	106.4	143.0	34.4%
Depreciation	9.0	8.9	(1.1%)
Amortization of intangible assets	4.4	6.7	52.3%
Other operating expenses	281.4	382.8	36%
Gaming and other taxes	214.3	297.4	38.8%
Machine rental costs	5.7	9.9	73.7%
Other rentals	7.6	10	31.6%
Others	53.8	65.5	21.7%
Total operating expenses	409.0	551.3	34.8%
Gains or losses on asset disposals or acquisitions	0.0	0.0	-
Operating profit	80.0	130.5	63.1%
EBITDA	93.4	146.1	56.4%

Revenue increased by 39.4% in 2015 compared to 2014 primarily due to the appreciation of the Argentine peso against the euro (4.3%) and the increase in both the number of machine seats (5.9%) and the average daily win per machine (27.4%). This increase in win per machine was boosted by a number of commercial initiatives that were implemented during the year, as well as by the high inflation rate in Argentina. In constant currency terms, revenue increased by 33.4% to EUR 652.4 million.

Operating expenses increased by 34.8% during 2015 compared to 2014 as a result of inflation and the higher amortization of licence renewals, partially offset by the cost saving initiatives implemented in 2015.

EBITDA increased by 56.4% to EUR 146.1 million, resulting in an EBITDA margin for 2015 of 21.4%, 2.3 basis points higher than in 2014 (19.1%). Excluding the non-recurring charges, EBITDA margins for 2015 and 2014 would have been 22.7% and 21.1%, respectively.

EBITDA calculated in constant currency terms would have been EUR 139.4 million, compared to the EUR 93.4 million of 2014, which represents an increase of 49.3%.

Mexico

	Year ended 31 December		
	2014	2015	% change
	(EUR in million, except percentages)		
	(unaudited)		
Operating revenue	341.9	355.3	(3.9%)
Operating expenses:			
Consumption and other external expenses	17.6	16.2	(8.0%)
Personnel expenses ⁽¹⁾	76.1	67.7	(11.0%)
Depreciation	43.5	36.2	(16.8%)
Amortization of intangible assets	14.9	14.5	(2.7%)
Asset impairment test	-	-	n.a.
Other operating expenses	173.1	179.9	3.9%
Gaming and other taxes	37.5	34.6	(7.7%)
Machine rental costs	32.5	34.9	7.4%
Other rentals	33.6	37.3	11.0%
Others ^{(2) (3)}	69.5	73.1	5.2%
Total operating expenses	325.2	314.5	(3.3%)
Gains or losses on asset disposals or acquisitions	(6.9)	(4.4)	36.2%
Operating profit	9.8	36.4	n.a.
EBITDA	75.1	91.5	21.8%

Revenue increased in 2015 by EUR 13.4 million (3.9%) compared to 2014 due to an increase in the number of slot machines, both in existing and new halls, and as a result of the deployment of commercial measures to enhance traffic, machine utilization and customer management. Despite a favourable exchange rate during the first half of 2015, full year results did not benefit materially from a stronger Mexican peso, due to its devaluation in the second half of the year.

Operating expenses in 2015 decreased by 3.3% (EUR 10.7 million) compared to 2014 as a result of the savings measures implemented despite a growing revenue environment and the reduction of non-recurring charges in 2015 (EUR 2.5 million) compared to 2014 (EUR 4.2 million).

EBITDA increased by 21.8% to EUR 91.5 million, driven by the cost saving actions and, to a lesser extent, by the increase in revenue. The EBITDA margin increased 3.8 basis points to 25.8%, versus 22% in 2014. Excluding non-recurring charges, the EBITDA margin would have reached 26.5% (23.2% in 2014). If we look at these figures in constant currency terms, the EBITDA for 2015 would have been EUR 90.9 million, an increase of 21% over 2014.

Italy

	Year ended 31 December		
	2014	2015	% change
	(EUR in million, except percentages)		
	(unaudited)		
Operating revenue	263.8	284.2	7.7%
Operating expenses:			
Consumption and other external expenses	1.4	1.8	28.6%
Personnel expenses	35.6	34.8	(2.2%)
Depreciation	9.8	9.5	(3.1%)
Amortization of intangible assets	6.4	7	-
Variation in provisions for trade transactions	0.7	0.3	(57.1%)
Asset impairment test	-	7.9	n.a.
Other operating expenses	221.9	220.9	(0.5%)
Gaming and other taxes	138.6	157.0	13.3%
Machine rentals	-	0.2	n.a.
Other rentals	9.1	9.9	8.8%
Others	74.2	53.8	(27.5%)
Total operating expenses	275.8	282.2	2.3%
Gains or losses on asset disposals or acquisitions	0.4	(0.1)	n.a.
Operating profit	(11.6)	1.9	n.a.
EBITDA	4.9	26.7	n.a.
Adjusted EBITDA ⁽¹⁾	29.4	26.7	(9.2%)
(1)	Does not include the payment associated with the CdC Settlement in the third quarter of 2014		

Revenue in 2015 increased by 7.7% or EUR 20.4 million compared to 2014, due to the increase in the average daily win per machine, the increase in the number of VLT machines installed and, to a lesser extent, the increase in revenues from the bingo business. Figures reported for 2015 are also influenced by the impact of the *Legge de Stabilità* passed by the Italian Government in December 2014.

Operating expenses in 2015 were 9.2% higher than in 2014 (excluding the EUR 24.5 million impact from the CdC Settlement included in the third quarter of the 2014 figures), due to the impact of the canon on slot machines derived from the *Legge de Stabilità*, the AWP *PREU* tax increase in January 2015 from 12.7% to 13%, and the increase in other gaming tax expenses as a result of higher revenue, which more than offset the cost saving initiatives accomplished in 2015.

The Adjusted EBITDA for 2015 was EUR 26.7 million, 9.2% lower than in 2014 (excluding the impact of the CdC Settlement), due to the impact of the 2015 Stability Law. Excluding the impact of this Stability Law, 2015 EBITDA would have been EUR 33.7 million, 14.6% higher than in 2014, and a continuation of the strong year-on-year revenue growth witnessed in 2014.

Spain

	Year ended 31 December		
	2014	2015	% change
	(EUR in million, except percentages) (unaudited)		
Operating revenue	149.9	155.9	4.0%
Operating expenses:			
Consumption and other external expenses	9.6	10.6	10.4%
Personnel expenses	36.9	35.8	(3%)
Depreciation	11.9	11.8	(0.8%)
Amortization of intangible assets	5.5	7.2	30.9%
Variation in provisions for trade transactions	1.3	(0.3)	n.a.
Asset impairment test	-	-	n.a.
Other operating expenses:	85.8	84.9	(1.0%)
Gaming and other taxes	56.2	55.2	(2.1%)
Machine rental costs	1.2	1.2	-
Other rentals	4.8	4.6	(4.2%)
Others	23.6	24.1	2.1%
Total operating expenses	151.0	150.0	(0.7%)
Gains or losses on asset disposals or acquisitions	(2.7)	(0.4)	n.a.
Operating profit	(3.8)	5.5	n.a.
EBITDA	17.6	24.6	39.8%

Revenue in 2015 was EUR 6.0 million higher than in 2014 (a 4.0% full year increase despite a 0.9% decrease in the first semester of 2015), due to the strong performance of the sport betting and slot machine business (fourth quarter of 2015), which more than offset the revenue decrease from bingo halls. The increase in slot machine revenue is explained by an increase in the average daily win per machine (6.5%), partially explained by the improving economic situation in Spain, which more than offset the decrease in the number of machines (5.4%) related to product management initiatives in bars. Sport betting revenue has also risen, as a result of an increase in points of sale (1,651 at the end of 2015 compared to 1,563 in 2014) and the higher revenue per point of sale.

Expenses diminished by 0.7% in 2015 because of the efficiency measures put in place during the year, which more than offset the cost associated with new sports betting points of sale and the new online betting platform. Non-recurring restructuring costs amounted to EUR 0.7 million in 2015 (compared to EUR 1.4 million in 2014).

EBITDA in 2015 increased 39.8% to EUR 24.6 million, EUR 7.0 million higher than in 2014. The EBITDA margin rose to 15.8%, 4.1 basis points higher than in 2014. Excluding non-recurring costs, the EBITDA margin for 2015 was 16.2%, compared to 12.7% in 2014.

Other Operations

Other Operations include results from our operations in Panama, Colombia, Uruguay and Brazil, but excludes Corporate Overhead. Revenue in 2015 increased by EUR 21.3 million (15.1% compared to 2014), to EUR 162.3 million as follows:

- EUR 14.8 million in Panama as a result of the appreciation of the U.S. dollar against the euro, partially offset by the lower revenue as a consequence of the tax increase on players since the third quarter of 2015.
- EUR 9.6 million in Uruguay, as a result of the revenue increase from table games and the appreciation of the Uruguayan peso against the euro.

- Decrease of EUR 2.7 million in Colombia, primarily due to the depreciation of the Colombian peso against the euro (14.8%).

Operating expenses increased by EUR 16.6 million (11.4% compared to 2014) to EUR 162.3 million as follows:

- EUR 18.9 million in Panama due to the appreciation of the U.S. dollar against the euro and the performance of non-recurring expenses, EUR 2.3 million in 2015 versus a positive EUR 0.4 million in 2014 (reversal of provisions).
- EUR 5.0 million in Uruguay because of the increase in gaming taxes as well as other operational expenses related to the revenue increase and the appreciation of the Uruguayan peso.
- Decrease of EUR 7.9 million in Colombia because of the partial reversal (EUR 4.8 million) of impairment provisions related to prior periods, cost reduction initiatives and tax reductions in the bingo business as well as the depreciation of the Colombian peso against the euro.

Operating profit saw a EUR 0.2 million gain, which is an improvement of EUR 6.1 million over the EUR 5.9 million loss for 2014.

EBITDA in 2015 decreased by EUR 4.7 million to EUR 14.2 million because of the players tax in Panama and operating cost and tax increases related to revenue increases at the Casino Hotel Carrasco. The EBITDA margin was 8.7%, 4.7 basis points less than in 2014. Excluding non-recurring expenses, the 2015 EBITDA margin would have been 10.2% compared to 13.3% in 2014.

(b) Year ended 31 December 2014 compared to year ended 31 December 2013

Group Results of Operations

Operating revenue decreased by EUR 135.2 million, or 8.9%, to EUR 1,385.6 million in the year ended December 31 2014 from EUR 1,520.8 million in the year ended December 31 2013. The decrease in operating revenue was primarily attributable to the decrease in revenues in Argentina (EUR 95.7 million), caused by the devaluation of the Argentine peso; and in Mexico (EUR 40.5 million), as a result of weaker wins per day and the devaluation of the Mexican peso. This trend was partially offset by an increase in revenue in Italy (EUR 5.3 million) and in Uruguay (EUR 1.8 million) due to the opening of the Casino Hotel Carrasco in March 2013.

Operating expenses decreased by EUR 177.0 million or 11.6% to EUR 1,354.5 million. The main drivers of this reduction were Argentina (EUR 81.9 million), mainly due to the devaluation of the Argentine peso and the restructuring efforts, and Mexico (EUR 71.7 million), partly due to the reporting of an impairment loss in the business unit in 2013. Excluding financial restructuring costs and the payment associated with the CdC Settlement, operating expenses decreased by EUR 214.1 million (14.1%) to EUR 1,304.8 million.

Gains or losses on asset disposals or acquisitions resulted in a loss of EUR 10.3 million compared to a loss of EUR 6.5 million in the same period in 2013, mainly due to the impairment of the halls closed in Mexico.

Operating profit increased by EUR 38.0 million to EUR 20.8 million due to lower impairment losses in 2014. Operating margin increased to 1.5%, compared to negative 1.1% in 2013. Excluding financial restructuring costs, the payment associated with the CdC Settlement, and impairment losses, operating profit is EUR 75.4 million and the operating margin reaches 5.4%, representing an increase of EUR 22.7 million and 1.9%, respectively, compared to 2013.

Adjusted EBITDA increased EUR 2.2 million (or 1.0%) to EUR 213.2 million, mainly due to the growth in Italy (EUR 7.8 million), Uruguay (EUR 6.6 million), Corporate Overhead (EUR 4.1 million) and Colombia (EUR 3.3 million), partially offset by a decrease in Argentina (EUR 17.4 million) and Mexico (EUR 3.5 million). Adjusted 2014 EBITDA margin was 15.4%, 1.5% above the comparable period of 2013.

Financial income decreased by EUR 1.8 million to EUR 3.3 million.

Financial expenses decreased by EUR 13.1 million (or 9.0%) to EUR 132.7 million. The decrease was primarily attributable to lower financial charges in Argentina, Mexico and Panama, partially offset by higher funding costs in the Senior Credit Facility, including default interest costs and additional interest resulting from the unpaid coupons.

Gains or losses on financial assets represented a loss of EUR 15.5 million in the period as a result of the expiration of the call option on the 15.2% of ICELA (EUR 5.4 million) and losses in transactions in Argentine bonds.

Exchange gains (losses), net, which principally reflect the impact of changes in exchange rates on balances in foreign currencies, decreased by EUR 37.1 million to a loss of EUR 45.9 million in the year ended December 31 2014 from a loss of EUR 8.8 million in the year ended December 31 2013.

Corporate income tax decreased by EUR 4.5 million (9.9%) to EUR 40.9 million, primarily due to the tax deductibility of the CdC Settlement (-EUR 10.4 million), lower income tax accrued in Mexico due to the abolishment of the Mexican Flat Tax (IETU) from 1 January 2014 (-EUR 3.5 million) and the reported tax provision in 2013 (-EUR 7.9 million). This reduction has been partially compensated with the write-off of certain tax credits in Mexico (EUR 4.9 million), and by the increase in Argentina due to withholding taxes generated from intragroup service payments (EUR 5.6 million) and the obligation to accrue for the distributable reserves of Argentine companies (EUR 9.5 million) due to the new 10% withholding tax on dividends for all the existing distributable reserves.

Minority interest loss increased by EUR 3.3 million to EUR 34.9 million as a result of higher losses accrued in the operation of Legacy Caliente.

As a result of the above, the Group incurred a net loss of EUR 173.0 million in the year ended 31 December 2014 as compared to a loss of EUR 173.6 million in the year ended 31 December 2013.

Results of Operations by Business

Argentina

	2013	2014	% change
	<i>(EUR in million, except percentages)</i>		
	<i>(unaudited)</i>		
Operating revenue	584.7	489.0	(16.4%)
Operating expenses:			
Consumption and other external expenses	11.9	7.8	(34.5%)
Personnel expenses	133.0	106.4	(20.0%)
Depreciation	14.0	9.0	(35.7%)
Amortization of intangible assets	3.0	4.4	46.7%
Other operating expenses	329.0	281.4	(14.5%)
Gaming and other taxes	256.1	214.3	(16.3%)
Machine rental costs	4.4	5.7	29.5%
Other rentals	8.3	7.6	(8.4%)
Others	60.2	53.8	(10.6%)
Total operating expenses	490.9	409.0	(16.7%)
Gains or losses on asset disposals or acquisitions	0.0	0.0	-
Operating profit	93.8	80.0	(14.7%)
EBITDA	110.8	93.4	(15.7%)

Operating revenue decreased by EUR 95.7 million, or 16.4%, to EUR 489.0 million in the year ended 31 December 2014 from EUR 584.7 million in the year ended 31 December 2013. This decrease was primarily due to a 47.4% devaluation of the Argentine peso against the euro, which offset the improvement of local currency revenue. Revenue in local currency grew fuelled by a higher win per day per machine and by a larger portfolio of machines. This growth is mainly due to the effect of high inflation and commercial measures taken, and is partially offset by the adverse macroeconomic context. In constant currency terms, revenue increased by EUR 136.3 million or 23.3% to EUR 721.0 million.

Operating expenses decreased by EUR 81.9 million, or 16.7%, to EUR 409.0 million in the year ended 31 December 2014 from EUR 490.9 million in the year ended 31 December 2013. This decrease is mainly due to the impact of the devaluation of the peso and cost saving initiatives. This reduction was partially offset by the impact of high inflation in salaries and other operating costs. The cost saving initiatives generated higher non-recurring charges for the year (EUR 9.6 million) compared to 2013 (EUR 4.2 million).

As a result of the above, operating profit decreased by EUR 13.8 million, or 14.7% to EUR 80.0 million in the year ended 31 December 2014 from EUR 93.8 million in the year ended 31 December 2013. EBITDA decreased by EUR 17.4 million, or 15.7% to EUR 93.4 million in 2014 from EUR 110.8 million in 2013. EBITDA margin improved by 0.2%, from 18.9% in 2013 to 19.1% in 2014, as a result of the aforementioned factors. Excluding non-recurring items in both periods, the margin would have risen to 21.1%, 1.4% higher than 2013. In constant currency terms, EBITDA for 2014 would have reached EUR 136.1 million, representing a growth of 22.8% compared to the same period in 2013.

Mexico

	Year ended 31 December		
	2013	2014	% change
	(EUR in million, except percentages)		
	(unaudited)		
Operating revenue	382.4	341.9	(10.6%)
Operating expenses:			
Consumption and other external expenses	20.7	17.6	(15.0%)
Personnel expenses ⁽¹⁾	87.0	76.1	(12.5%)
Depreciation	51.8	43.5	(16.0%)
Amortization of intangible assets	17.0	14.9	(12.4%)
Asset impairment test	24.3	-	n.a.
Other operating expenses	196.1	173.1	(11.7%)
Gaming and other taxes	42.1	37.5	(10.9%)
Machine rental costs	38.0	32.5	(14.5%)
Other rentals	32.8	33.6	2.4%
Others ^{(2) (3)}	83.2	69.5	(16.5%)
Total operating expenses	396.9	325.2	(18.1%)
Gains or losses on asset disposals or acquisitions	(3.8)	(6.9)	(81.6%)
Operating profit	(18.3)	9.8	n.a.
EBITDA	78.6	75.1	(4.5%)

(1) It includes personnel costs related to outsourced employees.

(2) It excludes personnel costs related to outsourced employees.

(3) In 2013 Mexico includes Codere Interactiva SL for an amount of EUR 0.2 million which was included in corporate overhead in 2012.

Operating revenue decreased by EUR 40.5 million, or 10.6%, to EUR 341.9 million in the year ended 31 December 2014 from EUR 382.4 million in the year ended 31 December 2013. This decrease is mainly due to the decrease of the average daily net win per machine in the first quarter, which was impacted by the new procedures in the Group's halls to comply with the new regulation passed in the fourth quarter 2014 (Federal Law for the Prevention and Identification of Operations with Illicit Resources) the devaluation of the Mexican peso against the euro, and the outsourcing of Banamex Convention Center.

Operating expenses decreased by EUR 71.7 million, or 18.1%, to EUR 325.2 million in the year ended 31 December 2014 from EUR 396.9 million in the year ended 31 December 2013, due to the asset impairment recorded in 2013, and as a result of cost saving measures implemented since 2013. The expenses were also affected by the devaluation of the Mexican peso against the euro, the closure of gaming halls since the first quarter of 2013 and the outsourcing of Banamex Convention Center. Additionally, there were less non-recurring expenses in 2014 (EUR 4.2 million) when compared to the same period in 2013 (EUR 13.5 million).

As a result of the above, operating profit increased by EUR 28.1 million to EUR 9.8 million in the year ended 31 December 2014 from a loss of EUR 18.3 million in the year ended 31 December 2013. EBITDA decreased by EUR 3.5 million, or 4.5%, to EUR 75.1 million in 2014 from EUR 78.6 million in 2013, mainly due to the decline in revenue in the first part of the year, partially offset by cost savings. The EBITDA margin for the period increased from 20.6% in 2013 to 22.0% in 2014. In constant currency terms, EBITDA in the period of 2014 would have reached EUR 77.7 million, representing a decrease of 1.1% over the same period in 2013.

Italy

	Year ended 31 December		
	2013	2014	% change
	(EUR in million, except percentages)		
	(unaudited)		
Operating revenue	258.5	263.8	2.1%
Operating expenses:			
Consumption and other external expenses	1.5	1.4	(6.7%)
Personnel expenses	41.6	35.6	(14.4%)
Depreciation	11.2	9.8	(12.5%)
Amortization of intangible assets	6.4	6.4	-
Variation in provisions for trade transactions	0.9	0.7	(22.2%)
Asset impairment test	16.0	-	n.a.
Other operating expenses	193.8	221.9	14.5%
Gaming and other taxes	138.4	138.6	0.1%
Other rentals	9.3	9.1	(2.2%)
Others	46.1	74.2	61.0%
Total operating expenses	271.4	275.8	1.6%
Gains or losses on asset disposals or acquisitions	(0.5)	0.4	n.a.
Operating profit	(13.4)	(11.6)	13.4%
EBITDA	21.6	4.9	(77.3%)
Adjusted EBITDA ⁽¹⁾	21.6	29.4	36.1%

(1) Does not include the payment associated with the CdC Settlement in the third quarter of 2014.

Operating revenue increased by EUR 5.3 million, or 2.1%, to EUR 263.8 million in the year ended 31 December 2014 from EUR 258.5 million in the year ended 31 December 2013. This increase was primarily due to an increase in the number of installed VLT and AWP's being complemented by the improvement of the average daily revenue (6.6% and 0.8% for VLTs and AWP's, respectively), along with a larger amount of third-party machines connected to the network.

Operating expenses increased by EUR 4.4 million, or 1.6%, to EUR 275.8 million in the year ended 31 December 2014 from EUR 271.4 million in the year ended 31 December 2013, due to expenses from the settlement of the CdC process (EUR 24.5 million). These effects mitigate the impact of cost savings initiatives made during the year. Excluding the impact of this settlement, expenses would have been reduced to EUR 251.3 million, an improvement of 7.4% over the same period of 2013, despite the increased number of installed AWP's and VLTs.

As a result of the above, operating profit increased by EUR 1.8 million to a loss of EUR 11.6 million in the year ended 31 December 2014 from a loss of EUR 13.4 million in the year ended 31 December 2013. EBITDA decreased by EUR 16.7 million to EUR 4.9 million in 2014 from EUR 21.6 million in 2013 primarily due to expenses from the CdC Settlement (EUR 24.5 million). EBITDA margin decreased to 1.9% in 2014 from 8.4% in 2013.

Adjusted EBITDA increased by 36.1% during the period due to the improved revenue and cost savings initiatives mentioned above. The Adjusted EBITDA margin increased to 11.1%, 2.7% higher than in the comparable period in 2013.

Spain

	Year ended 31 December		
	2013	2014	% change
	(EUR in million, except percentages) (unaudited)		
Operating revenue	151.6	149.9	(1.1%)
Operating expenses:			
Consumption and other external expenses	8.7	9.6	10.3%
Personnel expenses	37.9	36.9	(2.6%)
Depreciation	14.9	11.9	(20.1%)
Amortization of intangible assets	8.9	5.5	(38.2%)
Variation in provisions for trade transactions	1.0	1.3	30.0%
Asset impairment test	3.6	-	n.a.
Other operating expenses:	88.0	85.8	(2.5%)
Gaming and other taxes	57.6	56.2	(2.4%)
Machine rental costs	1.5	1.2	(20.0%)
Other rentals	5.2	4.8	(7.7%)
Others	23.7	23.6	(0.4%)
Total operating expenses	163.0	151.0	(7.4%)
Gains or losses on asset disposals or acquisitions	(1.1)	(2.7)	n.a.
Operating profit	(12.5)	(3.8)	69.6%
EBITDA	17.0	17.6	3.5%

Operating revenue decreased by EUR 1.7 million, or 1.1%, to EUR 149.9 million in the year ended 31 December 2014 from EUR 151.6 million in the year ended 31 December 2013. This decrease was primarily due to lower revenue in the AWP business as a result of the optimization of the portfolio (6.0%) and, to a lesser extent, in the bingo business. This decrease was partially offset by an increase in revenue from sports betting, due to an increase in points of sale (1,563 in the fourth quarter of 2014 compared to 1,395 in the fourth quarter of 2013), both in previously regulated regions and in new regions (Galicia began operations in the first quarter of 2013, Murcia in the second quarter of 2013, Castilla La Mancha in the first quarter of 2014, Ceuta and Cataluña in the third quarter of 2014 and La Rioja in the fourth quarter 2014), and to higher revenue per point of sale.

Operating expenses decreased by EUR 12.0 million, or 7.4%, to EUR 151.0 million in the year ended 31 December 2014 from EUR 163.0 million in the year ended 31 December 2013. This evolution reflects the cost reduction through efficiency initiatives undertaken in the machine business (personnel costs and gaming taxes), although were partially compensated by higher expenses from increased activity in Sports Betting, and higher costs of guarantees related to deferred gaming taxes as a consequence of the financial position of the Group. Such efficiency efforts generated non-recurring items in 2014 of EUR 1.4 million versus EUR 0.5 million in 2013.

Operating Profit and EBITDA. As a result of the above, the Group experienced an operating loss of EUR 3.8 million in the year ended 31 December 2014 as compared to an operating loss of EUR 12.5 million in the year ended 31 December 2013. EBITDA increased by EUR 0.6 million, or 3.5%, to EUR 17.6 million in 2014 from EUR 17.0 million in 2013. EBITDA margin increased to 11.7% in 2014 from 11.2% in 2013 as a result of the cost saving efforts. Excluding non-recurring items, the improvement in the margin would have been 1.2%.

Other Operations

Other Operations includes the results of the Group's operations in Panama, Uruguay, Colombia and Brazil, but excludes Corporate Overhead.

Operating revenue decreased by EUR 2.6 million, or 1.8%, to EUR 141.0 million in the year ended 31 December 2014 from EUR 143.6 million in the year ended 31 December 2013. This decrease was

primarily in Colombia (EUR 2.6 million) mainly due to the impact of the Colombian peso devaluation against the euro and in Panama (EUR 1.7 million) principally due to fewer gaming machine seats, partially offset by the appreciation of the U.S. dollar against the euro in the fourth quarter of 2014. The decrease of operating revenue was partially offset by the increased revenues in Uruguay (EUR 1.8 million) due to the opening of the Carrasco Hotel and Casino on 7 March 2013, partially compensated by the devaluation of the Uruguayan peso against the euro.

Operating expenses decreased by EUR 24.4 million, or 14.3%, to EUR 145.7 million in the year ended 31 December 2014 from EUR 170.1 million in the year ended 31 December 2013. This decrease was primarily in Uruguay (EUR 12.7 million) due to the absence of the one-off costs recorded in 2013 for the opening of the Carrasco Hotel and Casino, to a decrease in asset impairments and to the efficiency efforts undertaken, in Colombia (EUR 6.7 million) principally due to various cost saving efforts and the Colombian peso devaluation against the euro and in Panama (EUR 4.5 million) due to the positive effect of non-recurring items, and, to a lesser extent, cost saving efforts.

Operating Profit and EBITDA. As a result of the above, operating profit increased by EUR 21.5 million to a loss of EUR 5.9 million in the year ended 31 December 2014 from a loss of EUR 27.4 million in the year ended 31 December 2013. EBITDA increased by EUR 10.6 million to EUR 18.9 million in 2014 from EUR 8.3 million in 2013, principally due to the opening of the Carrasco Hotel and Casino, the improvement plan deployed in all the business units in the second half of the year, and to the EBITDA growth in all the business included under "Other Operations". EBITDA margin improved to 13.4% from 5.8% in 2013 as a result of the improvement in profitability in these markets.

Cash Flow Statement comments

Please refer to Section 10.1.

20.2 Pro forma financial information

Not applicable.

20.3 Financial statements

Please refer to Section 20.1.

20.4 Auditing of historical annual financial information

20.4.1 A statement that the historical financial information has been audited. If audit reports on the historical financial information have been refused by the statutory auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers must be reproduced in full and the reasons given

The historical financial information has been audited. Although the audit reports on the historical financial information have not been refused, they contain emphasis statements regarding the restructuring process of the Company.

The emphasis statements contained in the historical information are reproduced below:

Consolidated annual accounts as at and for the year ended 31 December 2013:

"Without affecting our audit opinion, we draw your attention to the matters indicated in Note 2.a.1 and Note 28 of the accompanying consolidated annual accounts. These notes include references to certain unfavorable circumstances arising in 2013 and to the date of preparation of the consolidated annual accounts, including non-payment of certain financial commitments upon maturity in 2014 and the formal notification submitted to the Mercantile Court reporting the existence of refinancing

negotiations, envisaged in Article 5 bis of the Spanish Insolvency Law, for Codere, S.A. as well as for certain subsidiaries, also in 2014. As stated in Note 2.a.1 and Note 28, the Group is involved in negotiations, supported by its legal and financial advisors, concerning the alternatives which may enable it to settle its financial and contractual obligations in the most appropriate manner possible. If no agreement is reached within the time period established in Article 5 bis of the Spanish Insolvency Law, by 2 May 2014 for Codere, S.A. and by 7 June 2014 for other subsidiaries, such entities would be declared in a situation of bankruptcy. As indicated by the Directors in those notes, these conditions are indicative of significant uncertainty concerning the Group's capacity to continue with its operations unless the refinancing initiatives currently in progress are successful."

Consolidated annual accounts as at and for the year ended 31 December 2014:

"We draw your attention to Note 2.a.1 to the accompanying consolidated annual accounts, disclosing the Group's financial difficulties which have resulted in its defaulting on its main financial commitments in 2014 and to the date of the preparation of the accompanying consolidated annual accounts. The process of negotiation with creditors which started in 2013 has given rise to certain agreements which were made public in September 2014 and are explained in notes 3.f and 3.g to the accompanying consolidated annual accounts. As part of the terms of the agreements, the Group will shortly be starting up a procedure named a "scheme of arrangement" before the High Court of Justice of England and Wales in order to obtain favorable judicial authorisation for the implementation of the planned financial restructuring. The so-called Lock-up agreement, reached with a majority of bondholders and with the majority shareholders of Codere, S.A., and which the parties have until June 2015 to execute (with the possible extension of the period until August 2015), envisages the granting of a new senior financing facility to the Group of approximately Euros 253 million, with maturity in 2020. Similarly, it provides for a new bond issue amounting to Euros 675 million, maturing in 2020. Of these new bonds, Euros 200 million will be issued in cash and Euros 475 million will be exchanged for existing bonds. Subsequently, the bondholders will acquire a stake in the company's equity through the capitalisation of the other existing bonds amounting to Euros 636 million (adjustable amount at the date of execution based on total accrued interest), obtaining Codere shares representing 97.78% of share capital. Subsequently, and through the sale of shares by such bondholders to the company's two main executives, the bondholders' stake would be reduced to 78.2% of the Group's equity. While the Lock-up agreement is in effect and in accordance with the terms and conditions of the so-called standstill agreement, both the bondholders and the creditors of the senior financing facility in effect have undertaken not to exercise their rights of enforcement deriving from default by the Group. As indicated by the Directors in the aforementioned notes, at the date of preparation of the accompanying consolidated annual accounts, the parties signing the agreement continue working on defining the final documentation of the restructuring and meeting all the conditions to which they have committed within the stipulated time period, although it is not possible to determine whether the process will end successfully, triggering significant uncertainty concerning the Group's capacity to continue its operations. This matter does not modify our opinion."

Consolidated annual accounts as at and for the year ended 31 December 2015:

"We draw your attention to Note 2.a.1 to the accompanying consolidated annual accounts, disclosing the Group's financial difficulties which have resulted in its defaulting on its main financial commitments in 2014 and 2015 and to the date of the preparation of the accompanying consolidated annual accounts. During 2015, in addition to the amendments introduced to the Lockup agreement signed in 2014 between Codere's controlling shareholders and the majority of the bondholders, and disclosed in Note 3.f.ii, the High Court of Justice of England and Wales has approved the so-called "Scheme of Arrangement" on December 22, 2015. Prior to that, creditors holding in excess of 98.78% of all the Bonds had approved the Scheme. The effectiveness of the agreement is subject to the satisfaction of the "scheme completion conditions", which are described in Note 3.f.iii. This finance restructuring process, if completed, will result in an issue of US dollar new bonds equivalent to 675 million euro, with maturity in 2021, out of which 200 million euro will be issued in cash and 475 million euro will be exchanged for existing bonds. In addition, bondholders will become shareholders

of the company through the capitalization of the remaining existing bonds in return for shares to be issued by Codere, S.A., representing 97.78% of the share capital. This stake will be reduced to 78.2% after the sale of shares by such bondholders to the company's two main executives. As indicated by the directors in the aforementioned Notes, at the date of preparation of the accompanying consolidated annual accounts, the effectiveness of the restructuring process is subject to the satisfaction of the "scheme completion conditions", triggering significant uncertainty concerning the Group's capacity to continue its operations in case such conditions are not met. This matter does not modify our opinion."

20.4.2 Indication of other information in the registration document which has been audited by the auditors

There is no other information in this Registration Document that has been audited by the auditors.

20.4.3 Where financial data in the registration document is not extracted from the issuer's audited financial statements state the source of the data and state that the data is unaudited

Except for the key figures of the balance sheet as at 31 December 2013, 2014 and 2015 prepared in accordance with IFRS-EU included in Section 3 of the Registration Document, the breakdown of equity, the breakdown of gross and net financial debt and the breakdown of sureties and bank guaranties for the years ended 31 December 2013, 2014 and 2015 included in Section 10 of the Registration Document, the financial data in Section 19 of the Registration Document (Related Party Transactions), the Consolidated Balance Sheet as at 31 December 2013, 2014 and 2015, the Consolidated Income Statement for the years ended 31 December 2013, 2014 and 2015 and the Consolidated Statements of Changes of Equity for the years ended December 31 December 2013, 2014 and 2015 included in Section 20.1 of the Registration Document, which have been obtained from the audited financial statements of the Company, or any other information in which the source is included, the rest of the information included in this document (including the Capitalisation and Indebtedness tables included in Section 3.2 of the Share Securities Note) has been obtained from the internal accounting and management information of the Group.

20.5 Age of the latest financial information

The age of the latest financial information is not older than 15 months from the date of this document.

20.6 Interim and other financial information

Not applicable.

20.7 Dividend policy

The Company has not been able to distribute dividends in the previous years. As described in Section 10.4 of this Registration Document, the covenants contained in the New Senior Private Notes and the New Notes will restrict Codere from paying cash dividends (except for certain exceptions).

Codere is not allowed to pay monetary dividends under the New Senior Private Notes.

Under the New Notes Codere will only be allowed to pay monetary dividends:

- Up to an amount (which added to any other restricted payments under the indenture made from the issue date —excluding certain permitted payments) equal to 50% of Codere's consolidated net income plus certain capital contributions (provided that Codere is not in default or an event of default under the indenture has not occurred and Codere was allowed to incur in USD 1 of new debt pursuant to the limitation established by the New Notes); or

- up to an amount (which added to any other payments made under this exception) equal to the greater of (i) EUR 15 million and (ii) 1% of the consolidated total assets of Codere.

So long as any amount under the relevant notes is outstanding, the relevant covenants described above will be in force (the New Senior Private Notes have a five years term and the New Notes have a five and a quarter year term).

20.8 Legal and arbitration proceedings

The Group is subject to a number of legal, administrative and arbitration proceedings, including tax and other disputes with regulatory authorities. As of 31 December 2015, the Group has provisioned EUR 22,300,000 (EUR 12,500,000 corresponding to Mexico contingencies) to cover the risks associated with these proceedings.

Tax contingencies

From time to time in the ordinary course of business the Group and the tax authorities in the jurisdictions in which the Group operates dispute the amounts that the Group owes to such authorities.

Mexico

In Mexico, the Group has been involved in several audits and disputes with state tax authorities concerning the application of state lottery taxes to the Group's bingo hall operations.

In the past, some of the Group's Mexican subsidiaries disputed the right of governments of Mexican states to impose taxes on bingo activity, claiming that only the federal government has authority to tax such activities. These subsidiaries obtained injunctions absolving them of the obligation to pay such taxes in several states, but certain of the injunctions have expired and the relevant states have claimed the taxes since 2011.

Currently, disputes may arise in some states derived from the Group's interpretation of the taxable basis foreseen in each relevant law governing the state lottery taxes, the tax rate or the calculation the Group applied to assess the state tax in each state where the Group operates. According to the Group's estimates the maximum risk the Group may borne amounts to Mex. Ps. 3,051 million (equivalent to approximately EUR 161.6 million as of 31 December 2015), which would include taxes applied to the operations of ICELA and the Joint Opcos. Nevertheless, based on the Group's past experience, tax audits are carried out on individual basis (state by state) and the amount claimed has an economic impact in line with the size of the operation subject to tax audit.

In addition, three Mexican subsidiaries are currently the subject of four tax claims from federal and state tax authorities which are currently being appealed by the Group before Mexican Courts. The total amount claimed in those four claims amounts to Mex. Ps. 1,037.5 million (equivalent to approximately EUR 55 million as of 31 December 2015). During the course of 2012 and 2013 the Group took provisions against these claims and the tax audit open for a total of Mex. Ps. 203.8 million (equivalent to approximately EUR 10.8 million as of 31 December 2014).

The first claim is made against the Mexican holding company Codere México by the Federal Tax Administration Service ("SAT") and relates to certain gaming machine import duties in 2009 and 2010. The amount claimed is Mex. Ps. 147 million (equivalent to approximately EUR 7.8 million as of 31 December 2015). Having been unsuccessful in contesting the claim before the SAT's Body (the "SATASB") and the Federal Tax and Administrative Court, the Group filed an *amparo* suit on 2 June 2015, before the Federal Circuit Court of Justice. On 7 September 2015, the Court ruled in favor of Codere Mexico because the original sentence was not signed by all judges; on 24 September 2015 the Court corrected the defect and recognised the validity of the contested decisions; therefore, the Group filed again an *amparo* suit on 26 October 2015 before the Federal Circuit Court of Justice.

against the decision dated 24 September 2015. During 2012, a provision of Mex. Ps. 22 million (equivalent to approximately EUR 1.2 million as of 31 December 2015) was made, which reflects the assessed value of the imported gaming machines at the time of the tax audit. In 2012 the Group took an additional charge to the provision of Mex. Ps. 1.5 million (equivalent to approximately EUR 0.08 million as of 31 December 2015). This provision was reflected in other expenses.

The second claim is made against Operadora de Espectáculos Deportivos, S.A. de C.V. ("**OED**") by SAT. The Mex. Ps. 298 million (equivalent to approximately EUR 15.8 million as of 31 December 2015) claim relates to the alleged insufficiency of evidence that certain amounts deposited at OED by its sister companies during 2010 (prior to the July 2011 Caliente transaction) were deposits and not taxable income under the Federal Gaming Tax ("**IEPS**"). Following unsuccessful appeals before the SATASB and the Federal Tax and Administrative Court of Justice, the subsidiary filed an *amparo* suit before the Circuit Court in August 2015.

The third claim is in the amount of Mex. Ps. 560 million (equivalent to approximately EUR 29.7 million as of 31 December 2015). In 2008, Complejos Turísticos de Huatulco, S.A. de C.V. ("**CTH**") and other subsidiaries of Codere México merged into Codere México. Prior to the merger, Codere México had large USD-denominated credits payable to it by CTH as this was the entity the Group used to fund the Legacy Caliente operations. These credits generated a significant exchange rate gain for Codere México during the course of 2008 and a corresponding exchange rate loss at CTH. When the 2008 accounts were submitted to the SAT, following the merger, the corresponding amounts were not offset and the accounts continued to show the gains and losses. SAT questions the validity of the losses for tax relief purposes whilst not accepting the defence that those losses are offset by an equivalent gain. The Group's appeal before the SATASB in December 2012 was refused in December 2014. Consequently, on 6 March 2015 the Group filed an appeal before the Federal Tax and Administrative Court of Justice. During the course of 2012 the Group made a provision for Mex. Ps. 33.8 million (equivalent to approximately EUR 1.8 million as of 31 December 2015) which was reflected in corporate income tax. In 2013, the Group made an additional charge against operating profit of Mex. Ps. 2.5 million (equivalent to approximately EUR 0.13 million as of 31 December 2015).

The fourth claim is against Operadora Cantabria by the Local Tax Authorities (Secretaría de Finanzas del Distrito Federal) for a total amount of Mex. Ps. 32.5 million (equivalent to approximately EUR 1.7 million as of 31 December 2015). This is because the local tax authorities rejected the decrease on prizes paid and therefore they calculated a greater basis of taxes (they argued lack of supporting documentation). The company filed an administrative appeal (revocation) before local tax administrative authorities in Mexico City (Procuraduría Fiscal del Distrito Federal) which turned down its arguments. On 11 November 2014 the Group's subsidiary appealed the case before the Administrative Court of the Federal District. This Court accepted part of the appeal. Nevertheless, in June 2015 the Company appealed before the same Court for the acceptance of all the Group's arguments. The Group took a provision for Mex Ps 5.5 million million (equivalent to approximately EUR 0.29 million as of 31 December 2015).

The SAT has started a review of corporate income tax for 2008 of the Group's subsidiaries (CTH Codere Mexico and Promociones Recreativas Mexicanas, S.A. de C.V., SOFOM, ENR (Premsa) in order to verify the correct calculation of this tax in accordance with the relevant tax law in force. The companies have provided supporting documentation in respect of the tax being reviewed. As part of the review proceedings the Group has applied for a specific process to reach an agreement to terminate the tax audits (Acuerdo Conclusivo) before the Taxpayer Protection Agency (PRODECON). The SAT has not completed its review, however, in December 2013 the Group took a provision for Mex Ps. 138.5 million (equivalent to approximately EUR 7.34 million as of 31 December 2015).

On May 2013, the subsidiary AMH filed federal gaming tax restatements for the years 2009 through 2012 for a combined sum of Mex. Ps. 176.6 million (equivalent to approximately EUR 9.4 million as of 31 December 2015). Such restatements, which relate to how client promotions are

computed for tax purposes, benefited from the new administration's tax amnesty which remained in force until 31 May 2013. Additionally, during March and June of 2014 AMH filed the restatement for the year 2013, for an amount of Mex. Ps. 40.2 million (equivalent to approximately EUR 2.1 million as of 31 December 2015).

Another subsidiary, Operadora Cantabria, one of the Joint Opcos, did likewise but only for the year 2011 and for an amount of Mex. Ps. 13.4 million (equivalent to approximately EUR 0.7 million as of 31 December 2015), also covered under the tax amnesty. The remainder of the Joint Opcos and Operadora Cantabria for the rest of the years, which computed Federal Gaming Tax in similar fashion as AMH, filed restatements, due to liquidity constraints, in June and July of 2013 for an amount of Mex. Ps. 151.6 million (equivalent to approximately EUR 8 million as of 31 December 2015). In June 2014, all subsidiaries of the Joint Opcos filed Federal Gaming Tax restatements for the year 2013, for an amount of Mex. Ps. 30 million (equivalent to approximately EUR 1.6 million as of 31 December 2015).

Additionally, during April 2015, the Group's subsidiary AMH received several requests for information issued by the local tax authorities (*Secretaria de Finanzas del Distrito Federal*) with respect of some months of fiscal year 2010 of some of the casinos located in Mexico City, where they required information concerning the local tax lotteries, raffles and contests. The company is providing the documentation required by the tax authorities.

Argentina

The Group is involved in a dispute with the Argentine federal tax authorities regarding the application of Section 73 of the Argentine Income Tax law to certain intercompany loans with the Argentine affiliates. Section 73 also generally applies to loans to third parties and the Group has argued that the Argentine companies involved in the questioned loans are part of a single economic group. If this dispute is determined adversely to the Group, the Group estimates that it will be required to pay AR\$ 6.12 million (equivalent to approximately EUR 0.43 million as of 31 December 2015).

Bingos del Oeste S.A. is involved in a dispute with the Argentine federal tax authorities concerning the application of the credit debit tax to the amounts of money the Group periodically pays to the Buenos Aires province gaming authorities (34% of net win in the case of slot machines, and 21% of the total amounts wagered in the case of bingo). The Group has argued that these amounts are not subject to the credit debit tax, as they are owed to the province of Buenos Aires and are therefore not subject to the federal credit debit tax law. If this dispute is determined adversely to the Group, Bingos del Oeste S.A. would be required to pay AR\$ 7.6 million (equivalent to approximately EUR 0.53 million as of 31 December 2015).

Italy

In Italy the Group is involved in a tax dispute regarding gaming taxes.

On 28 December 2011, Codere Network received a notice from the ADM about the PREU payments for 2009, which stated that Codere Network did not owe any PREU payments for that year. Codere Network claimed a credit of approximately EUR 3.9 million from the ADM and submitted an application for review. On 27 January 2012, Codere Network sent a notice to the ADM restating the amount of credit claimed to EUR 393,322 as a result of having offset part of the credit against periodic PREU payments (in consultation with the ADM). As of the date of this document, the ADM has not yet issued its settlement with regard to the PREU payments for 2009.

On 3 January 2013, Codere Network received a notice from the ADM stating that Codere Network did not owe any PREU payments for the year 2010 but had a credit instead of approximately EUR 4.0 million. On 29 January 2013, Codere Network sent a notice to the ADM restating the amount of credit

claimed to approximately EUR 480,000 as a result of having offset part of the credit against periodic PREU payments (in consultation with ADM Lazio). ADM has not yet issued settlement.

On 2 January 2014, Codere Network received a notice from ADM stating that Codere Network did not owe any amount for the PREU 2011 but it had instead a credit of EUR 2.1 million. On 13 January 2014, Codere Network sent a notice to ADM asking for a rectification of the credit amount, and indicating as correct credit the amount EUR 588,000. ADM has not yet issued settlement.

On 20 November 2014, Codere Network received a notice from ADM stating that Codere Network did not owe any amount for the PREU 2012 but it had to pay a fine of EUR 28,315.73 for the late payments of that tax. Codere Network replied informing ADM that there was not a delay but a mistake in the tax code indicated. On 12 May 2015, ADM annulled the fine and measured Codere Network's credit in EUR 199,296.

The Group's bingo subsidiaries Bingo Re S.r.l. (taken over by Operbingo on 1 January 2013) and Bintegral S.p.A. are currently subject to three VAT claims in respect of the years 2003 and 2007 for Bingo Re S.r.l. and the year 2007 for Bintegral. The Italian Tax Authorities challenged the way in which the Group allocates expenses for VAT calculation purposes. If the dispute is determined adversely to the Group, the companies would be required to pay approximately EUR 0.9 million. On 15 December 2014 the hearing of Bintegral before the CTP of Rome (first instance authority *Commissione Tributaria Provinciale*) took place and on January 2015 the CTP notified the admission of the appeal. On July 2015 the hearing was held and the Group is currently waiting for the ruling. In February 2015 the hearing of Bingo Re S.r.l. (now called Operbingo Italia S.p.A) before the CTR (second instance authority "Commissione Tributaria Regionale") took place. Its ruling shows some inconsistencies, as even though it considers Operbingo's allegations, does not calculate the taxes regarding Bingo activity. The Tax Agency has informed the Group that it will send the issue to the State Legal Advisory Service which probably will appeal before the Supreme Court. On 23 September, the Tax Agency presented an appeal before the Supreme Court and Operbingo followed. The Group is awaiting the date of the hearing of the appeal.

Other tax disputes

In Bogota, Colombia, the Group resolved a dispute with local tax authorities regarding certain gaming taxes on slot machines operated by it at locations owned by third parties in the second half of 2009. Codere Colombia S.A. paid approximately COP\$ 1,678.3 million (equivalent to approximately EUR 0.4 million as of 24 February 2016) in resolution of that dispute. The tax authorities have since ceased the related judicial process and confirmed that the Group has complied with applicable regulations. On 12 May 2010, the Constitutional Court of Colombia declared that the law under which that dispute was resolved and by which the Congress authorised the resolution of tax disputes by way of payment of agreed amounts with local tax authorities was unconstitutional. Unexpectedly, and without notification to Codere Colombia S.A., the Colombia's Council of State decided to reopen the judicial process. On 26 September 2013, Colombia's Council of State issued its sentence against Codere Colombia S.A. On 19 December 2013, Codere Colombia S.A. presented an appeal for review (*Recurso Extraordinario de Revisión*) before the Colombia's Council of State. The notification of the appeal admission was issued on October 2014. Nevertheless, in March 2015, Secretaría de Hacienda del Distrito Capital (the tax authority) sent to Codere Colombia S.A. an invitation to accept the possibility contained in Law 1739, December 2014 (and Decree 26, 2015), which implies the payment of the total amount of tax before 31 May 2015 and obtaining a discount of 80% over the interests and penalties. In May 2015 Codere Colombia S.A. accepted that possibility and paid COP\$ 3,543.2 million (equivalent to approximately EUR 1.3 million as of 31 May 2015). According to the Group's legal advisors this payment does not imply a resignation on the Group's appeal of review. If the Group's appeal is successful Codere Colombia, S.A. could request the refund of the amount paid. In December 2015, the Constitutional Court of Colombia declared unconstitutional article 57 of the Law 1739, the effects of this declaration are only towards the future (therefore, payment made in May 2015 is still valid).

In Panama, since January 2014, the Group has been involved in a dispute with the Panama National Tax Authority, regarding the income tax and the VAT. The Group has filed a few reconsiderations and an appeal against the authority's decision. In August 2015 the General Directorate of Revenue dismissed our reconsideration, so the Group appealed these rulings before the Tax and Administrative Court and the Group is waiting for the new decision. If this dispute is determined adversely, the Group estimates that it will be required to pay USD 2.6 million (equivalent to approximately EUR 2.4 million as of 31 December 2015).

Other litigation and disputes

Argentina

(a) Central Bank of Argentina litigation

The Central Bank of Argentina has initiated several proceedings against the Group under foreign exchange control laws and regulations. The applicable laws and regulations impose fines in the range of one to 10 times the amount of the alleged infraction, but the fines are normally levied in the minimum amount. The Central Bank of Argentina is investigating alleged infractions for inaccurate disclosure in sworn statements made by the Group with respect to transfers abroad for a total amount of USD 4.1 million and EUR 0.3 million, on account of "foreign portfolio investments" and "payment of loans received from foreign lenders." With respect to approximately USD 3.1 million of such amounts, the Group argues that the statute of limitations has expired, and has obtained a final Court decision that applies to a portion of such amounts, and the Group will request its extension to the total amount mentioned. As for the remaining million and EUR 0.3 million of such amounts, although the Group believes that the transactions in question were carried out in compliance with the applicable foreign exchange regulation at the time, the Group has provisioned EUR 1.0 million for potential contingencies

In addition, on 1 December 2014, the Group was served notice of a new proceeding initiated by the Central Bank of Argentina for an alleged excess of USD 0.4 million in the purchase of foreign currency during October 2008. Although the Group believes that the transactions were carried out in compliance with applicable foreign exchange regulation applicable at that time, the Group has provisioned USD 0.4 million for potential losses. In order to prevent double jeopardy in February 2015, the Group argues the expiration by statute of limitations. If the Central Bank or Argentina dismisses the argument mentioned before, the Group will argue the double jeopardy defence. There are not necessary additional provisions regarding this new process.

México

(a) Monterrey and General Escobedo, Nuevo León

Between 27 February and 13 March 2013 the local authorities of the cities of Monterrey and General Escobedo, both in the State of Nuevo León, closed the following gaming venues:

- Gonzalitos, Monterrey operated by Operadora Cantabria.
- Valle Oriente, Monterrey operated by Operadora Cantabria.
- Jacales, Monterrey operated by Libros Foráneos.
- Cumbres, Monterrey operated by AMH.
- Valle Oriente, Monterrey operated by AMH.
- Sendero, General Escobedo operated by AMH.

The authorities closed the gaming venues, based on the supposed lack of "use of land certificates" for casino, in accordance with the current city ordinances of those municipalities, disregarding the fact that all of the gaming venues operate with the necessary permits and licenses required both by the SEGOB, and those required by the local authorities at the time the venues were first open to the public.

In such regard, the pertaining permit holders filed *amparo* lawsuits, identified under Mexican law as challenge lawsuits, where certain governmental agencies are challenged to prove their rightful application of the law in a particular case (*habeas corpus*), claiming the illegality of the foreclosures, as well as the allegation that the venues were opened to the public before the zoning catalogue was amended and therefore the new catalogue of activities should not be applied, as no law or regulation shall be retroactively applied.

These *amparo* lawsuits have been resolved adversely to the interests of the Group, in respect of each of the above mentioned sites, excluding Sendero, General Escobedo, which, in application of the *amparo* lawsuit resolution, the local authority has begun a new administrative procedure, regarding the use of land certificate.

(b) Tuxtla Gutierrez, Chiapas

On 31 January 2013 the gaming venue operated by Promojuegos de México, S.A. de C.V., located in the city of Tuxtla Gutierrez, State of Chiapas, was closed by several state authorities, specifically by the Civil Protection Agency of the State and the State of Chiapas Prosecutor Agency, on the basis of an accusation that the alcoholic beverages were altered/tampered with. The matter is in litigation, and presently pending resolution.

(c) Benito Juárez, México City

On 24 September 2014 the gaming venue operated by Operadora Cantabria, located in the county (*delegación*) Benito Juárez, in Mexico City, was closed by the local authority, based on the supposed lack of "use of land certificate" for a casino. In such regard, the pertaining permit holder has initiated a regulatory administrative proceeding before the authority that closed the gaming venue. This is currently pending resolution. As of 31 December 2014 the hall was operating under a preliminary injunction issued by the authority.

(d) AMH anti-money laundry information requests

During December 2015, the Group's subsidiary AMH received several requests for information issued by a federal authority (*Secretaría de Hacienda y Crédito Público*) about completion of anti-money laundry duties with respect of some months of the fiscal years 2014 and 2015. At this stage, the company is answering the authority's comments and providing additional documentation to terminate this administrative proceeding.

Italy

(a) Gaming operators litigation

Codere Network is currently a party to various proceedings pursuant to which it is claiming an aggregate of EUR 1.4 million (as of the December 2015) from various gaming operators relating to unpaid network interconnection fees and gaming taxes which Codere Network collects on behalf of the ADM. Codere Network interconnects the machines for such operators.

(b) CdC allegation

In May 2007, the CdC, the constitutional body charged with auditing the management and accounts of governmental departments, including the ADM, claimed that the ADM had failed to seek EUR 3.0

billion in penalties from network concessionaires, including Codere Network, for alleged non-compliance with certain obligations. In February 2012, the CdC ruled against all 10 AWP network concessionaires, including Codere Network, and required the concessionaires to pay a total of EUR 2.5 billion, of which Codere Network was liable for EUR 115 million plus interest.

Codere Network together with the other concessionaires appealed the ruling. On 11 November 2013 the CdC offered all network concessionaries the opportunity to settle the dispute by paying 30% of the amount of the claim, plus legal interest. In October 2014 Codere Network paid EUR 34.5 million (30% of the total EUR 115 million), plus legal interest. (the "**CdC Settlement**"). In order to fund the settlement, the Existing SFA Lenders agreed to increase the available amount under the Existing SFA by up to EUR 35 million.

In July 2015 Codere Network filed an appeal before the European Court of Human Rights claiming the return of all or part of the amount paid, arguing that it was "forced" to pay the 30% because it was unable to risk a confirmatory judgement of the first instance decision, which would have compromised its business activity. The European Court rejected Codere's Network claim arguing that it had not exhausted the Italian judicial remedies before appealing.

(c) Stability Law Litigation before TAR Lazio

The Stability Law was enacted in Italy on 29 December 2014 and includes the implementation of a new fee for 2015 on gaming companies in Italy amounting to EUR 500 million per annum. The annual payment, as from 2015, will be distributed among the 13 network concession holders based on the number of interconnected machines of each operator. This amount will be distributed among all participants in the value chain of Codere Network. Codere Network will be required to pay EUR 22 million according to a Decree published by the ADM dated 15 January 2015. On February 2015 Codere Network (and 12 other concessionaires) challenged the Decree of ADM before the TAR Lazio, asking for a suspension on the execution as a precautionary measure and the submission of the proceeding to the Constitutional Court. On 1 April 2015 TAR Lazio rejected the suspension. A hearing took place on 1 July 2015, in August 2015 the TAR ordered the reopening of the case and set the hearing on 21 October 2015.

After the hearing TAR Lazio did not suspend the efficacy of the gaming contribution but referred the law to the Constitutional Court as considered "not clearly unfounded" the concessionaries arguments about the violation of the principles of disparity of treatment and plausibility because the criteria of allocation of the EUR 500 million contribution, based on the mere number of installed machines regardless of the revenues generated through them, does not take into account that the ability to generate revenues of each machines depends on a number of factors rather than just their number. The Constitutional Court might take months or even more than a year to decide.

Codere Network (and the rest of concessionaires) challenged the TAR Lazio rejection of the suspension before the Consiglio di Stato. On 2 December 2015, the Consiglio di Stato also denied the rejection of the suspension arguing that the concessionaries might had executed the guarantees granted by the game operators.

(d) Consiglio di Stato Allegation (the IV penalty)

ADM fined Codere Network (EUR 2.7 million) for alleged non-compliance of minimum levels of service which the concessionaire must comply. In June 2013 TAR Lazio declared such penalty void. In January 2014 ADM appealed such ruling before the Council of State. In December 2015, the Council of State confirmed the TAR's ruling.

Spain

On 18 April 2013, Codere, Perella Weinberg Partners UK L.L.P. and Perella Weinberg Partners (Europe) L.P. (together, “**Perella**”) entered into a service agreement (hereinafter, the “**Perella Agreement**”). Codere chose Perella to provide financial advisory services in relation to its Group’s debt and to lead the negotiations with creditors.

On 2 September 2015, Codere filed a claim in the Alcobendas Court of First Instance because Perella had breached the Perella Agreement. In the claim, Codere requested that: (i) the Agreement be discharged; (ii) Codere not to be obliged to pay Perella any further amounts pursuant to the Agreement; and (iii) the Court order the defendants to compensate Codere for the damages suffered due to the breach of the Perella Agreement, which is to be settled in the subsequent legal proceedings. Perella challenged the jurisdiction of the Spanish courts and, on 23 December 2015, before a decision was handed down, filed a claim at the High Court of Justice Queen’s Bench Division (England). In the claim, Perella seeks the payment of sums of £ 233,315.65 (equivalent to approximately EUR 315,291.4 as of 31 December 2015) and EUR 11,377,960. To date, it has not yet been decided if the Spanish or the English courts have jurisdiction.

Uruguay

On 28 July 2010 Dongara Investment Inc. requested the annulment of the concession of the Carrasco hotel and casino project awarded to the Carrasco Nobile consortium. Dongara Investment Inc. was the runner up in the concession process. In addition, the plaintiff requested a preliminary injunction to cease the remodelling of the Carrasco hotel and casino's building (currently withdrawn). Notwithstanding that the petitions were filed against the Municipal Government of Montevideo, which granted the concession, Carrasco Nobile voluntarily intervened in these proceedings to contribute evidence and facts supporting the conclusion that the concession process complied with applicable laws and regulations. An adverse judgment would mean the annulment of the bidding process and the resolution awarding the concession to the Carrasco Nobile consortium, in which event the Municipality of Montevideo would be required by law to provide Carrasco Nobile compensation for the annulment of the concession

As a result of the financial difficulties undergone by Carrasco Nobile and pursuant to Uruguayan law, on 29 October 2014 the shareholders of the said company approved the required capital reduction as the company's equity had fallen below the figure required by Uruguayan legislation. The capital reduction amount finally approved at the Shareholders' Meeting to restore the financial position of Carrasco Nobile required a subsequent capital increase to restore the balance between capital and equity. Therefore, at the said meeting, a capital increase for a total amount of 525 million Uruguayan pesos (approximately EUR 16.1 million at 31 December 2015) was proposed in order to restore the financial position of Carrasco Nobile. On 23 January 2015, the Board of Directors of Carrasco Nobile was formally informed that Codere Mexico had subscribed the capital increase in Carrasco Nobile in an amount of Uruguayan pesos 267.7 million (EUR 8.2 million approximately at 31 December 2015). As a result of the capital increase, in which the minority shareholder Sikeston S.A. decided not to take part, Codere Mexico increased its interest in Carrasco Nobile from 51% to 73.7%. Sikeston S.A. has filed for an ordinary procedure, in order to challenge the Shareholders' Meeting decision in regard to the company's capital stock and losses. In May 2015 the procedure was formally notified to Carrasco Nobile and on 31 August 2015 the Group has presented the answer to this complaint. In February 2015, taking into account the increased interest in Carrasco Nobile, an Extraordinary Shareholders' Meeting approved a change in the members of the Board of Directors. Sikeston S.A. has filed a new procedure against this agreement, which was formally notified to Carrasco Nobile (but not to Codere Mexico) which answered to the complaint.

On 31 December 2015, in connection with the current financial situation of Carrasco Nobile, a new Shareholders' Meeting resolved to restore the company's capital for Uruguayana pesos 670,000,000 (approximately EUR 20.5 million at 31 December 2015) (Uruguayana pesos 494,013,780 —

approximately EUR 15.2 million at 31 December 2015— corresponding Codere Mexico S.A. de CV). Shareholders should restore capital in accordance with their stake held within a maximum of 30 days. Sikeston applied for a preliminary injunction in order to prevent the enforcement of said resolution. Codere Mexico and Carrasco Nobile both presented a petition to the court to reject the application for the injunction, with a decision being handed down in their favour. Despite the mentioned decision, Sikeston is able to appeal the court's refusal to order the injunction.

20.9 Significant change in the Issuer's financial or trading position

Since 31 December 2015 there has been no material adverse change in the financial or trading position of the Issuer.

21. ADDITIONAL INFORMATION

21.1 Share Capital

21.1.1 The amount of issued capital, and for each class of share capital

As at the date of this document the share capital of Codere is EUR 505,942,912.20, represented by 2,529,714,561 shares having a face value of EUR 0.20 each, of a single class, fully subscribed and paid up.

The shares are represented by book entries, the entity responsible for maintaining the accounting records being Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A. (Iberclear) and its members.

The only changes in the share capital of the Company during the period covered by the financial historical information is the Capital Increase which is described in "The Restructuring" in Section 5.1.5 of this Registration Document.

21.1.2 If there are shares not representing capital, state the number and main characteristics of such shares

There are no shares not representing capital of the Company.

21.1.3 The number, book value and face value of shares in the issuer held by or on behalf of the issuer itself or by subsidiaries of the issuer

As at the date of this document the Company holds 270,733 treasury shares, with an aggregate face value of EUR 54,146.6 and an aggregate book value of EUR 189,002.

21.1.4 The amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription

As at the date of this document, the Company has not issued, nor are any outstanding, convertible securities, exchangeable securities or securities with warrants.

Notwithstanding the above, as provided under the Shareholders' Agreement, following completion of the Restructuring the Board of Directors of Codere will call a General Shareholders' Meeting to which it will propose the approval of an issue of two tranches of warrants with which to subscribe new shares in Codere. Please refer to the "Restructuring" in Section 5.1.5 of this Registration Document for further information.

21.1.5 Information about and terms of any acquisition rights or obligations over authorised but unissued capital or an undertaking to increase the capital

As at the date of this document, there are not acquisition rights nor obligations over authorised but unissued capital nor an undertaking to increase the capital.

21.1.6 Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option and details of such options including those persons to whom such options relate

The capital of no member of the Group is under option nor it has been agreed conditionally or unconditionally to be put under option.

21.1.7 A history of share capital, highlighting information about any changes, for the period covered by the historical financial information

The summary table below outlines the changes in the Codere's share capital during the last three years:

Corporate action	Date	Number of shares	Nominal value (EUR)	Premium (EUR)	Issue price (EUR)	Number of resulting shares	Resulting share capital (EUR)
Initial situation						55,036,470	11,007,294
The Capital Increase	6 April 2016	2,474,678,091	494,935,618.20	330,670,249.07	0.33362	2,529,714,561	505,942,912.20

21.2 Memorandum and Articles of Association

21.2.1 A description of the issuer's objects and purposes and where they can be found in the memorandum and articles of association

The corporate purpose of the Company is the one set forth in Article 2 of its By-Laws: "carrying out investment and reinvestment activities in various sectors, such as real estate, hotel and catering, slot machines, casinos, bingos and other legal gaming activities, using its resources to participate in national and international corporations with identical or analogical corporate purpose, as well as providing legal, tax and finance services. The subscription, derivative acquisition, tenancy, enjoyment, administration and transferring of transferable securities and participations, with the exclusion of those which are subject to a specific regulation. The Company will be able to develop its activities, in whole or in part, through its participation in other entities with analogical corporate purpose, as long as the requirements sought for by the Law for that activity are met."

The public deed of incorporation of the Company is available in the corporate address of the Company. The By-Laws are available in the corporate address of the Company, in the Commercial Registry of Madrid and in the website of the Company (www.codere.com).

21.2.2 A summary of any provisions of the issuer's articles of association, statutes, charter or By-Laws with respect to the members of the administrative, management and supervisory bodies

The main provisions of the Company's By-Laws regarding the administrative, management and supervisory bodies are as follows:

- The Company shall be governed, managed and represented by: (i) the Shareholders' Meeting; and (ii) the managing body.

- The Company shall be governed and administered by a Board of Directors comprised of a number of members not less than four and not more than 15, elected in the General Meeting. Directors may be either natural or legal persons.
- The Board of Directors shall elect from among its members a Chairman and, if deemed appropriate, one or more Vice Chairmen to substitute the former, in the order they may determine, in cases of absence or illness. The Board of Directors shall also appoint a Secretary and, if deemed appropriate, a Deputy Secretary, who may or may not be members of the Board of Directors, and not having, in the latter case, the right to vote. In the absence of the Secretary and Deputy Secretary, the person appointed by the person chairing the meeting shall serve in said function.
- Directors shall serve for a period of four years, and may be re-elected for successive periods of equal duration (the Extraordinary Shareholders' Meeting of Codere held on 4 December 2015 approved certain amendments to the By-Laws which, among others, reduce the term of appointment of directors to two years; the effectiveness of the amendments to the By-Laws are subject to the execution of all the steps that have been established in the Restructuring as being previous to the effectiveness of such amendments and to their registry with the Commercial Registry of Madrid— please refer to "*The Restructuring*" in Section 5.1.5 of this Registration Document for further information).
- Persons included in any statutory event of incompatibility, disqualification, incapacity or prohibition for the territorial scope of the Company, both in general and for reasons of the corporate purpose or activities of the Company shall be unable to be directors or to represent directors that are legal persons.
- The post of director shall be remunerated. This remuneration shall include the following three items: (i) a fixed annual payment to each director of EUR 31,083.84; (ii) a *per diem* determined according to attendance of Board of Directors meetings. In the case of personal attendance to Board of Directors meetings, each director shall receive an amount to be determined by the Board which shall not exceed EUR 3,012 per meeting; and (iii) the allowances, if any, allocated by the Board of Directors for the functions or activities undertaken by the directors within the context of the activities of the Board and its Committees. The total amount of these allowances may not exceed, on an annual basis, the total amount corresponding to all the directors for the concepts referred to in points (i) and (ii) above. The Board of Directors shall establish the functions or tasks for which the said allowances shall be received and the amount thereof. The Board of Directors shall inform the Shareholders in General Meeting of the specific details of any such allowances received in the Remuneration Policy Annual Report.
- The maximum amount of the annual remuneration of Directors in their capacity as such, to be paid in accordance to paragraphs (i) to (iii) above shall be determined by the General Shareholder Meeting, and will remain in place unless the General Shareholder Meeting decides to amend it. The fixed amount to be paid within the maximum established, and its distribution to the Directors, shall take into account the roles and responsibilities of each Director, their membership to the Committees and other objective relevant circumstances.

The amount of remuneration referred to in sections (i), (i) and (iii) above shall be automatically adjusted upward or downward each year according to increases or decreases in the General Consumer Price Index published by the Spanish National Institute of Statistics.

These payments shall be compatible with, and independent of, salaries, remuneration, compensation, pensions, share options, remuneration systems linked to the value of the shares, or any kind of compensation of a general or individual nature established for those directors who provide executive or professional services to the Company, regardless of whether the

nature of the relationship to the latter concerns employment –ordinary or special senior executives positions– commercial relationships or leasing of services. Such relationships shall be compatible with the individual's capacity as a member of the Board of Directors.

Remuneration shall be paid in arrears at month's end in such a way that the remuneration of each director shall be proportional to the time that such director carries out his or her duties during the year.

The Board of Directors of the Company shall draft an annual report on the remuneration of its directors, which shall include complete, clear and understandable information about the remuneration policy of the Company approved by the Board of Directors for the current year and, as appropriate, planned for future years. The said report will also include an overall summary of how the remuneration policy was applied during the year and details of the individual remuneration paid to each of the directors. The report adopted by the Board will be disseminated and put to a vote in an advisory capacity and as a separate item on the agenda of the Annual General Shareholders' Meeting.

The Company may also arrange civil liability insurance for its directors.

- The Board of Directors shall assemble as often as the interests of Company require, and at least quarterly, on the days agreed thereby or established by the Chairperson, who shall have the power to convene meetings whenever deemed appropriate. A meeting shall be called within the first 15 days of any request in writing by at least one third of the members of the Board of Directors. Similarly, directors who constitute at least one third of the members of the Board of Directors may directly call a meeting, indicating the agenda for the meeting, in the place of the registered offices, when, without due cause, the Chairman fails to duly call a requested meeting within one month of said request.
- The notices shall be sent by letter, telegram, fax or email, addressed personally to each director at least five days before the date of the meeting. However, when, in the opinion of the Chairman, exceptional circumstances so require, the Board of Directors may be convened by telephone, fax or email, without observing the advance notice mentioned above.
- The Meetings of the Board of Directors shall be validly convened when a majority of the members are present or represented therein.
- The directors may delegate, by written proxy, their attendance and vote to any other director member of the Board of Directors, except external directors who can only delegate in other external directors.
- Board resolutions shall be adopted by an absolute majority of the votes of the Directors present in person and by proxy, other than in those cases in which a qualified majority is required by the Law, and shall be recorded in the relevant Minutes.
- The members of the Board of Directors shall have access at any time, either directly or through duly empowered legal representatives, to the accounting records of the Company for their own information.
- The Board of Directors shall regulate its own procedure, accept the resignation tendered by the directors and, should any vacancies arise during the period for which the members were appointed, the persons to fill such vacancies shall be designated from among the shareholders until the next Shareholders' Meeting is held.

- The Board of Directors shall ordinarily assemble at the registered office although it may assemble elsewhere, within the municipal district of the registered office or otherwise, in Spain or abroad.
- The meetings of the Board of Directors may also be held remotely by teleconference, videoconference or other medium as may exist under the then-current state of the art which allow for the recognition and identification of the participants, ongoing communication among the attendees, regardless of where they are, and the registration of votes. Those attending any of the places mentioned shall be construed, for all purposes, as attending the meeting of the Board concerned. The meeting shall be deemed held in the place where the Chairperson is located.
- Additionally, if no member of the Board of Directors voices his or her opposition, voting may take place in writing without a meeting. In this case, the directors may cast their votes and include any considerations they wish to appear in the minutes by email or by other means.
- The Board of Directors shall annually evaluate the functioning of the Board and its Committees, and based on its results, the Board of Directors shall propose a plan of action to correct the deficiencies found.
- The Board of Directors, acting as a body, shall represent the Company in court and out of court, adopting its decisions as established in the preceding article and shall have the fullest authorities to make contracts in general, with authority to perform any legal acts and transactions, for the disposition or rights or the creation of obligations, or ordinary or special management, and of strict ownership in respect of any movables, real property, money, securities and commercial paper, with no exception other than those affairs competence for which is reserved to other bodies or that are not included in the scope of the corporate purpose. The powers of the Board of Directors include, but are not limited to, those set forth below:
 - (a) To regulate its own procedure and accept the resignations tendered by its directors.
 - (b) To represent the Company and sign on its behalf through its Chairman, Managing Director, General Manager or the person(s) it may appoint or empower for such purpose.
 - (c) To make any arrangements and perform any work necessary to achieve the corporate purpose.
 - (d) To discharge, from time to time, the duties entrusted to the Board of Directors in the By-Laws.
 - (e) To accept or reject transactions and operations.
 - (f) To make partitions, groupings, additions and divisions of real property; to make declarations of new works and horizontal or vertical divisions.
 - (g) To enter into, assume and authorise all manner of acts, obligations and agreements over any assets and rights, with the terms and conditions it may be deem advisable, carrying out purchases, sales, swaps, loans, advance payments, leases, financial leases, factoring arrangements and to create, modify or dissolve companies; to acquire and dispose of real properties and security interests; to establish encumbrances thereon; to secure and guarantee transactions of third parties, be they natural or legal persons, of any amount and even if it implies self-contracting; to create, accept, amend, postpone, renew and cancel mortgages over real estate, chattel mortgages, pledges with or without dispossession, and any other rights in rem or real encumbrances; to establish

the prices and conditions of such transactions and to carry out, in the name of the Company, with all manner of persons and entities, such acts and agreements as may be authorised by law.

- (h) To draw on the corporate funds to allocate them to the operations, to the management and administration of the businesses and transactions of the Company; to establish the investment of available funds and the use and allocation of reserves; to authorise all manner of expenses of the Company and particularly general management and administration expenses; to make any decisions related to the installations to be established at the facilities, factories, offices, premises and delegations of the Company.
- (i) To appoint and remove all the personnel of the Company, establishing their conditions and duties, their salaries, commissions, bonuses and incentives, extraordinary salaries and share in the corporate profits, where it deems this advisable, including the appointment and revocation of attorneys in fact, agents and others, deciding their consideration, obligations and powers.
- (j) To represent the company in all administrative and judicial, civil, commercial and criminal affairs and acts, before the authority of the State, autonomous regions, province, municipality and public bodies of any kind and before any ordinary, administrative or special court, at any instance, lodging all manner of appeals, including before the Supreme Court and before the Constitutional Court, taking any action to which it may be entitled to defend its rights, in court and out of court, appointing and conferring the appropriate powers upon court solicitors and lawyers for them to defend the Company before any court or body, with the authority of general powers of attorney for litigation.
- (k) To create and cancel deposits, collect orders of payment; to appear, participate in and make tenders in all manner of merit-based and price-based invitations to tender called by the State and its autonomous bodies, the autonomous regions and their autonomous bodies and the provincial and local authorities and their respective autonomous bodies, with authority to create and cancel, for such purpose, provisional and final surety deposits; to open, follow up and cancel current and credit accounts, savings books, deposits at term, etc., with all manner of banking and credit institutions, including the Bank of Spain and the Government Depository, crediting and debiting amounts; to sign, draw, endorse and accept, discount and secure bills of exchange, promissory notes, letters of payment, credit facilities, ordinary and bankers' checks and other commercial paper and documents.
- (l) To comply with the resolutions of the Shareholders' Meeting; to sign and cancel public deeds and documents of any kind to implement such resolutions and those of the Board of Directors.
- (m) To approve inventories, balance sheets and accounts to be submitted to the Shareholders' Meeting and to submit each year the annual report on the results of the preceding financial year, proposing to it, if appropriate, the distribution of profits, redemptions and creation of reserve funds it deems appropriate; to decide on the distribution, while the financial year is in progress, of interim dividends charged to profits.
- (n) To delegate powers, in whole or in part, other than those prohibited by law, to any individual member and to confer upon any shareholder or person outside the company any powers it deems appropriate and to revoke such powers. Any powers delegated by the Board of directors shall always be revocable; to propose to the Shareholders'

Meeting the re-registration of corporate form, modification, merger, spin off or dissolution of the Company.

- (o) To settle any doubts that exist or may arise from the interpretation of these By-Laws and to make up provisionally for any omissions, reporting them to the Shareholders' Meeting for it to make the appropriate decision.
- (p) To order the call for General and Extraordinary Shareholders' Meetings and accept the resignation of their directors.
- The Board of Directors may appoint from among its members an Executive Committee or one or more Managing Directors, where it deems this appropriate, designating the person to hold such offices and the manner in which they must act, delegating to them, permanently or temporarily, in whole or in part, any powers other than those not apt for delegation pursuant to law.

The Board of Directors may also delegate its powers of representation, on a permanent basis, to one or more directors establishing, if they are more than one, whether they should act jointly or severally.

The permanent delegation of any power of the Board of Directors shall require, to be valid, the vote in favor of two thirds of the members of the Board and shall be effective as from its entry at the Commercial Registry.

- Neither the rendering of annual accounts and their submission to the Shareholders' Meeting nor the powers conferred upon the Board of Directors by the Shareholders' Meeting may be delegated unless expressly otherwise authorised.
- The Board of Directors may appoint from among its members such specialised Committees or Commissions as it may deem advisable to assist it in the discharge of its duties.
- In any case, the Board of Directors shall appoint an Audit Committee which shall consist of at least three and no more than six members designated by the Board of Directors, all of them shall be external directors. At least two of its members shall be considered to be independent directors, and one of them shall be appointed by taking into consideration his knowledge and experience in matters of accounting, auditing or both.
- The Audit Committee shall appoint from among its members a Chairman, who shall be an independent director. The Chairman shall be replaced every four years and may be re-elected after one year has elapsed from his exit. It shall also appoint a Secretary, who may be one of its members or the Secretary or Deputy Secretary of the Board of Directors; in the latter case, the Secretary shall not be a member of the Committee.

The Audit Committee shall assemble after it is called by the Chairman or by the Secretary, on his instructions, and shall hold at least four meetings per year. The Chairman shall lead and moderate the debates and resolutions shall be adopted by a majority of those present.

The Audit Committee shall have, inter alia, the following duties:

- (a) To inform the Shareholders' Meeting on the matters raised within it for which it has competence.
- (b) To propose to the Board of Directors for its submission to the Shareholders' Meeting the appointment, re-appointment, and removal of the external auditors, as well as the

terms and conditions of its contract, and obtain on a regular basis, information about the audit plan and its execution, and preserve its independence.

- (c) Supervise the efficacy of the internal control of the Company, internal audit, if applicable, and risk management systems including tax risks, and discuss with the auditors or auditing firms any significant internal control system weaknesses detected during the course of the audit.
- (d) Supervise the process for drafting and presenting the regulated financial information.
- (e) Establish the pertinent relations with auditors or auditing firms in order to receive information regarding those matters which could jeopardize the independence of said auditors, for examination thereof by the Committee, and any other information related to the auditing process, as well as all other communications provided in auditing legislation and auditing standards. In any event, the Committee shall be required to receive annually from the auditors or auditing firms written confirmation of the independence thereof with respect to the entity or entities related either directly or indirectly to the entity, and likewise information on any additional services provided to these entities by said auditors or auditing firms, or by the persons or entities related thereto pursuant to the provisions of Audit Act 19/1988, of 12 July.
- (f) Issue annually, prior to the issuance of the audit report, a report giving an opinion on the independence of the auditors or auditing firms. This report shall make reference, in any event, to the provision of the additional services referred to in the preceding paragraph.
- (g) Any other general or specific function which is entrusted to it by the Board of Directors.

These provisions are further developed in the Regulations of the Board of Directors (which were amended by a resolution passed on its meeting held on 4 December 2015 to introduce certain minor amendments which were approved by the General Shareholders' Meeting held on the same date to be introduced in the By-Laws of the Company —the effectiveness of the amendments is subject to the prior execution of all the steps that have been established in the Restructuring as being previous to the effectiveness of such amendments and to their registry with the Commercial Registry of Madrid; please refer to "*The Restructuring*" in Section 5.1.5 of this Registration Document for further information).

In addition, the Company has approved an Internal Code of Conduct in the Securities Markets which contains certain rules affecting the Directors of the Company.

21.2.3 A description of the rights, preferences and restrictions attaching to each class of the existing shares

At the date of registration of this document, the Company's capital is represented by shares of a single class. The rights, preferences and restrictions attached to the shares in the Company are those provided by the Spanish Capital Companies Act and the By-Laws and the Regulations of the Shareholders' Meetings and the Regulations of the Board of Directors of the Company, the main of which are: dividends and liquidation rights, pre-emptive rights right of attendance to General Shareholders' Meetings and voting rights and information rights. Please refer to Section 4.5. of the Share Securities Note for a description of these rights, preferences and restrictions.

21.2.4 A description of what action is necessary to change the rights of holders of the shares, indicating where the conditions are more significant than is required by law

Amendments to shareholders rights will require the amendment of the By-Laws accordingly. The By-Laws establishes that the approval of the merger, split-up, transformation or wind-up of Codere will require the absolute majority of the votes attached to shares present or represented at the relevant General Shareholders' Meeting when the meeting is attended by shareholders representing 50% or more of the Company's share capital and the favourable vote of 75% of the share capital present or represented at the Shareholders General Meeting when the second call to meeting is attended by shareholders representing 25% or more of the subscribed voting capital without reaching 50% percent. However, the Extraordinary Shareholders' Meeting of Codere held on 4 December 2015 modified the system of majorities for the approval of, among others, the amendment of the By-Laws which will require absolute majority of votes attached to all the shares in Codere (the effectiveness of the amendments to the By-Laws are subject to the execution of all the steps that have been established in the Restructuring as being previous to the effectiveness of these amendments and to their registry with the Commercial Registry of Madrid —please refer to "The Restructuring" in Section 5.1.5 of this Registration Document for further information).

21.2.5 A description of the conditions governing the manner in which annual general meetings and extraordinary general meetings of shareholders are called including the conditions of admission

The main provisions of the Company's By-Laws governing the manner in which Ordinary General Meetings and Extraordinary General Meetings of shareholders are as follows:

- Shareholders' Meetings may be Ordinary or Extraordinary. The Ordinary Shareholders' Meetings shall be those that must necessarily assemble within the first six months of each financial year. All other Shareholders' Meetings shall be Extraordinary.
- General Shareholder's Meetings shall be called by the managing body at least one month in advance of the date on which the meeting is to be held. The dissemination of the notice shall be made using at least the following means: (i) Official Gazette of the Commercial Registry (*Boletín Oficial del Registro Mercantil*) or in one of the newspapers with the widest circulation in Spain; (ii) the website of the CNMV; and (iii) the corporate website of the Company.
- The notice of the meeting shall state whether the Shareholders' Meeting is Ordinary or Extraordinary, the date, place and purpose of the meeting, including all the matters to be discussed and, where so required by the Law, the right of the shareholders to examine at the registered office the documents to be submitted to the Shareholders' Meeting for approval and, if appropriate, to obtain free of charge and immediately the technical reports established by the Law. The said notice may also state the date on which, if appropriate, the Shareholders' Meeting shall assemble on second call. Between the first and second call there must be a period of at least 24 hours.
- Shareholders representing at least 3% of the share capital may request the publication of a supplement to the notice of call of the Ordinary General Shareholders' Meeting, including one or more points on the agenda provided that the new items are accompanied by a justification or, where appropriate, a justified proposed resolution. In order to exercise this right, the shareholder or shareholders shall provide due notification sent to the registered offices of the Company within the first five days following the publication of the original notification. The complementary notification shall be published no later than 15 days prior to the date established for the meeting to be held.

In addition, shareholders representing at least 3% of the share capital may, in the same period indicated in the preceding paragraph, submit justified proposals on matters already included or to be included in the agenda of the meeting being convened, in the terms established by Law.

- Similarly, Extraordinary General Shareholders' Meetings shall be convened when requested by shareholders representing at least 3% of the share capital, with the request for such a meeting stating the matters to discuss in the Meeting and proceeding in the form specified in the Capital Companies Act.
- These provisions shall not apply when the Law establishes different requirements for meetings dealing with specific matters, in which case, such special provisions shall be applicable.
- When resolutions are to be adopted affecting several classes of shares, only a part of the shares of the same class, or non-voting shares, the legal requisites established for these cases shall be abided by.
- Shareholders' Meetings shall be held in the province of Madrid, on the date recorded in the notice of call, but its assemblies may be extended for one or more consecutive days. The extension may be resolved upon proposal by the managing body or at the request of a number of shareholders representing one quarter of the capital present at the meeting. Regardless of the number of assemblies held, the Shareholders' Meeting shall be deemed to be a single meeting and all the assemblies shall be recorded in a single set of minutes.
- Holders of 100 or more shares may attend Shareholders' Meetings, provided that the shares are entered in their name on the relevant books at least five days in advance of the date on which the meeting is to be held. Such shareholders shall evidence such status by an attendance card or the document used for the purpose pursuant to law, in compliance with the provisions established for each Meeting or in general in the Regulations of the Shareholders' Meeting of Codere. Shares may be pooled to exercise the right to attend Shareholders' Meetings.
- The right to vote on the proposals on issues included on the agenda of any Shareholders' Meeting may be delegated or exercised by the shareholder, as provided for by legislation in force, these By-Laws and the Regulations of the Shareholders' Meeting, by ordinary mail, e-mail or any other means of remote communication, provided that the identity of the party exercising his voting right is duly guaranteed. Shareholders casting their vote by remote communication systems shall be taken into account as present at the meeting for the purposes of the assembly of the meeting.
- Directors shall attend Shareholders' Meetings.
- Persons not having full legal capacity, public establishments or entities, legal persons and insolvent and bankrupt parties and intestate heirs may attend Shareholders' Meetings by proxy. Proxies shall be evidenced by a written document, appropriate in the opinion of the managing body, at least one day in advance of the date established for the Shareholders' Meeting to be held.
- Any shareholder having the right to attend may attend Shareholders' Meetings represented by any person, who need not be a shareholder, provided that such person has sufficient powers for the purpose.

Proxies shall be conferred specially for each Meeting, in writing or those remote communication systems meeting the requirements established by legislation in force, in compliance with the provisions established specifically for each Shareholders' Meeting and in general by the Regulations of the Shareholders' Meeting. Proxies shall always be revocable.

Personal attendance of the constituent at the Shareholders' Meeting or his exercise of the right to vote through remote communication systems shall be deemed a revocation.

The public request for representation, family representation and powers conferred upon a general attorney in fact to manage all the equity of the constituent shall be governed by the legal provisions in force.

These provisions are further developed in the Regulations of the Shareholders' Meetings of Codere. Please refer to Section 4.5. of the Share Securities Note.

21.2.6 A brief description of any provision of the issuer's Articles of Association, statutes, charter or By-Laws that would have an effect of delaying, deferring or preventing a change in control of the issuer

Without prejudice to the reinforced majority required by Article 19 of the By-Laws of Codere, there are no statutory rules in the By-Laws or any internal regulations of Codere in force as at the date of this document that would have an effect of delaying, deferring or preventing a change in control of Codere.

However, and although its aim was not to delay, defer or prevent a change of control in Codere, the Extraordinary Shareholders' Meeting of Codere held on 4 December 2015 approved the following amendments to the By-Laws of Codere:

- The introduction of a limitation on the maximum number of votes that a shareholder may cast: a shareholder (including companies belonging to the same group or persons acting in concert with the formers) will not be entitled to cast votes exceeding the aggregate voting rights attached to shares in Codere representing 44% of the share capital of Codere (without prejudice to the provisions of Article 527 of the Spanish Companies Act).
- The modification of the system of majorities for the passing of resolutions by the General Shareholders' Meeting: resolutions may be approved by absolute majority of the votes attached to shares present or represented in the relevant General Shareholders' Meeting, except for the approval of share capital increases, share capital decreases, amendments to the By-Laws, the issuance of convertible bonds or bonds attaching the right to participate in Codere's profits, exclusions or limitations of pre-emptive rights linked to the issue of new shares, transformations, mergers, spin-offs, global transfers of assets and liabilities, the change of the corporate address to a foreign country, the approval of the annual accounts, the appointment of auditors, voluntary liquidations or dissolutions or reactivation of the Company (which will require the absolute majority of votes attached to all the shares in Codere). The above majorities will apply without prejudice to the majorities required for the exercise of action for damages against directors (as established in Article 238 of the Spanish Companies Act) and for the approval of dissolution under Article 364 of the Spanish Companies Act and any other majorities required by law (in which case such majorities will apply).

The effectiveness of the amendments to the By-Laws are subject to the execution of all the steps that have been established in the Restructuring as being previous to the effectiveness of such amendments and to their registry with the Commercial Registry of Madrid (please refer to "*The Restructuring*" in Section 5.1.5 of this Registration Document for further information).

21.2.7 An indication of the articles of association, statutes, charter or bylaw provisions, if any, governing the ownership threshold above which shareholder ownership must be disclosed

There is no provision in the By-Laws requiring shareholders with a significant interest to disclose that fact, without prejudice to the requirements established by the regulations in effect from time to time,

in particular Royal Decree 1362/2007 of 19 October 2007 developing Securities Market Act 24/1988 of 28 July 1988, and Circular 2/2007 of 19 December 2007 of the CNMV.

21.2.8 *A description of the conditions imposed by the memorandum and articles of association statutes, charter or bylaw governing changes in the capital, where such conditions are more stringent than is required by law*

Changes in the capital of the Company are subject to the general regulation established in the Spanish Companies Act.

22. MATERIAL CONTRACTS

The Group believes that, except for contracts entered into in the ordinary course of business and those entered into within the framework of the Restructuring (please refer to "*The Restructuring*" in Section 5.1.5), there are no material contracts to which the Company or any member of the Group is a party for the two years immediately preceding this document or which contains any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document.

23. THIRD PARTY INFORMATION AND STATEMENT BY EXPERTS AND DECLARATIONS OF ANY INTEREST

23.1 Where a statement or report attributed to a person as an expert is included in the registration document, provide such person's name, business address, qualifications and material interest if any in the issuer. If the report has been produced at the issuer's request a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of the person who has authorised the contents of that part of the registration document

This Registration Document does not contain any statement or report attributed to a person as an expert.

23.2 Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information

This Registration Document does not contain information sourced from a third party.

24. DOCUMENTS ON DISPLAY

Copies of the documents referred to below will be available for inspection in physical form between 9:30 a.m. and 5:30 p.m. (Madrid time) on any weekday (Saturday, Sunday and public holidays excluded) at the registered office of Codere (Avenida Bruselas 26, Alcobendas, 28108 Madrid, Spain) during the life of this document:

- The deed of incorporation of Codere.
- The By-Laws of Codere (which are also available at the website of Codere (www.codere.com)).

- Regulations of the Regulations of the Shareholders' Meetings, the Regulations of the Board of Directors and the Internal Code of Conduct with respect to Securities Markets of Codere (which are also available at the website of the CNMV (www.cnmv.es) and the website of Codere (www.codere.com)).
- The Issuers' and its Group audited consolidated annual accounts as at and for the years ended 31 December 2013, 2014 and 2015 (together with the audit reports of Pricewaterhousecoopers Auditores, S.L., as at and for the years ended 31 December 2013, 2014 and 2015).

This Prospectus will be available on the website of the CNMV (www.cnmv.es) and on the website of Codere (<http://www.codere.com/accionistas-inversores/>).

25. INFORMATION ON HOLDINGS

Section 7.2 of this Registration Document includes the corporate name, corporate address, activities and participation percentage of Codere in each of the entities of the Group. Moreover, the financial information concerning the financial position, profits and losses of Codere, are contained within its consolidated financial statements.

IV SHARE SECURITIES NOTE (ANNEX III TO COMMISSION REGULATION (EC) 809/2004 OF 29 APRIL 2004)

1. PERSONS RESPONSIBLE

1.1 Identification of all persons responsible for the information given in the Securities Note

Mr José Antonio Martínez Sampedro, holding Spanish Identity Document (*D.N.I.*) number 1497520-J, in his capacity as Chairman and Managing Director of Codere, S.A. ("**Codere**", the "**Issuer**" or the "**Company**", and together with the companies that are part of its corporate group for commercial regulations purposes, the "**Group**"), and acting on behalf of the Company by virtue of the power of attorney granted by the Board of Directors of Codere on its meeting of 6 April 2016, accepts responsibility for the content of this share securities note, which conforms to the content set out in Annex III of Regulation 809/2004 (the "**Securities Note**").

1.2 Declaration by those persons responsible for the Securities Note

Mr José Antonio Martínez Sampedro declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Securities Note is, to the best of his knowledge, in accordance with the facts and contains no omission likely to affect its import.

2. RISK FACTORS

Please refer to "*II. Risk Factors*".

3. KEY INFORMATION

3.1 Working capital Statement

With the information available, Codere believes the Group's working capital at the date of this document is not sufficient to meet its present requirements. This notwithstanding, Codere believes that, barring an unexpected deterioration in trading or a material change in supplier terms, the Group should not run out of cash prior to the completion of the Restructuring. It further believes that the injection of funds that the Restructuring will imply will allow the post-Restructuring working capital of the Group to meet its present post-Restructuring requirements.

Please refer to "*Non completion or delay of the Restructuring*" in "*Risks relating to the Restructuring*" in the Risk Factors and to "*The Restructuring*" in Section 5.1.5 of the Registration Document.

3.2 Capitalisation and indebtedness

The tables below show the consolidated capitalisation and net financial indebtedness of the Group as of 31 January 2016 and as of the same date as adjusted for the Restructuring:

Figures as of 31 January 2016 (thousand of EUR)

Total Current debt	1,430,443	A. Cash	106,844
Guaranteed	732	B. Cash equivalent (detail)	-
Secured	1,428,769	C. Trading securities	11,587
Unsecured	942	D. Liquidity (A)+(B)+(C)	118,431
		E. Current Financial Receivable	31,303
Total Non-Current debt	72,722	F. Current Bank debt	147,641
Guaranteed	2,216	G. Other current financial debt (bonds)	1,282,801
Secured	69,943	H. Current Financial Debt (F)+(G)	1,430,443
Unsecured	564		
Shareholder's equity	(636,364)	I. Net Current Financial Indebtedness (H)-(E)-(D)	1,280,709
		J. Non current Bank loans	72,722
		K. Other non current loans	-
		L. Non current Financial Indebtedness (J)+(K)	72,722
		M. Net Financial Indebtedness (I)+(L)	1,353,431

Figures as of 31 January 2016 (thousand of EUR) adjusted taking into account the Restructuring

Total Current debt	17,641	A. Cash	313,144
Guaranteed	732	B. Cash equivalent (detail)	-
Secured	15,968	C. Trading securities	11,587
Unsecured	942	D. Liquidity (A)+(B)+(C)	324,731
		E. Current Financial Receivable	31,303
Total Non-Current debt	947,722	F. Current Bank debt	17,641
Guaranteed	2,216	G. Other current financial debt (bonds)	-
Secured	944,943	H. Current Financial Debt (F)+(G)	17,641
Unsecured	564		
Shareholder's equity	109.7	I. Net Current Financial Indebtedness (H)-(E)-(D)	(338,393)
		J. Non current Bank loans	2,780
		K. Other non current loans	944,943
		L. Non current Financial Indebtedness (J)+(K)	947,722
		M. Net Financial Indebtedness (I)+(L)	609,330

Secured debt corresponds to debt secured by pledges over shares of Group companies or over credit rights, by mortgages, or by securities over other assets (*fideicomisos*).

Guaranteed debt corresponds to debt that benefits from corporate guarantees.

Debt figures in the above tables contain "Trading Securities" and "Current Financial Recivables" as lower indebtedness and, thus, such figures may differ from debt figures in other Sections of the Prospectus.

The adjustments reflected in the second table above ("Figures as of 31 January 2016 adjusted taking into account the Restructuring") have been made based on the execution of the following transactions

to be carried out within the framework of the Restructuring: the issue of the New Senior Private Notes and the New Notes, the Capital Increase and the cancellation of the Existing Notes and the Existing SFA.

The table does not include any assumption on currency exchange rates, the impact of transactions costs or the impact of the cancellation of the Existing Notes on capital and on the profit and loss account. Consequently, the final effects of the Restructuring on the accounts may be different from those reflected in the table.

In connection with the adjustments reflected in the referred table, it should be noted that most of the "Cash" figure reflected in said table above will be used for payment of some Restructuring costs and for other specific purposes (such as minority acquisitions, decreasing debt with suppliers and other general corporate purposes). As a consequence, the "Cash" figure reflected in the second table above will be significantly reduced once the relevant transactions are executed (the timing of which is unknown at the date of this document).

3.3 Interest of natural and legal persons involved in the admission to trading

Codere is not aware of the existence of any material relationship or interest between the Company and the entities listed in Section 10.1 of this Securities Note, except for the strictly professional relationship deriving from their respective advises.

3.4 Reasons for the offer and use of proceeds

The shares to which this Securities Note relates have been issued by means of the Capital Increase, which was approved by the Extraordinary Shareholders' Meeting of Codere held on 4 December 2015 and executed on 6 April 2016 within the framework of the Restructuring.

As disclosed in "*The Restructuring*" in Section 5.1.5 of the Registration Document, in recent years the Group has entered into three important financing facilities (the Existing SFA and the Existing Notes). As a consequence of the difficult last 42 months that the Group has experienced (in terms of a challenging and unpredictable operating environment in Argentina, restrictions to the access to cash flows from that country, the economic recession throughout Europe, and the change in the tax regimes across the markets in which the Group operates, among other factors) the Group has been unable to pay the amounts that became due and payable under the referred facilities (in respect of which the Group has managed to put standstill agreements in place).

In this scenario, the Group reached an agreement with some of its financial creditors to restructure the Group's indebtedness through a number of transactions (the Restructuring), in accordance with a scheme of arrangement under part 26 of the Companies Act 2006 of England and Wales (as amended), which was approved at the Scheme Meeting held on 14 December 2015 by all holders of the Existing Notes who attended the meeting (which represented 98.78% of the Existing Notes) and which was sanctioned pursuant to the Scheme Sanction Order of the Court.

The main objectives of the Restructuring are to obtain new capital in order to enable the Group to repay the Existing SFA in full and recover its competitive position, to ensure that the Group can service its general corporate and working capital obligations, therefore allowing the Group to continue trading, and to implement a new capital structure so that the Group will possess a strengthened balance sheet and a more appropriate and serviceable level of debt, going forward.

The main purpose of the Capital Increase was to cancel part of the liabilities under the Existing Notes.

Please refer to "*The Restructuring*" in Section 5.1.5 of the Registration Document for more information on the Restructuring.

4. INFORMATION CONCERNING THE SECURITIES TO BE ADMITTED TO TRADING

4.1 Description of the type and the class of the securities being admitted to trading, including the ISIN (International Security Identification Number) or other such security identification code

The securities being listed are 2,474,678,091 ordinary shares in Codere, each with a face value of EUR 0.20, all of the same class and also of the same class as the outstanding shares in Codere prior to the execution of the Capital Increase (the "**Existing Shares**"), and they have been fully subscribed and paid up (the "**New Shares**").

The Spanish National Agency for Numbering Securities (*Agencia Nacional de Codificación de Valores*), an agency under the CNMV, assigned ISIN Code ES0119256115 to the Existing Shares and has assigned a provisional ISIN CODE ES0119256008 to identify the New Shares until they are assigned the ISIN CODE identifying the Existing Shares.

The Existing Shares are currently listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges (the "**Spanish Stock Exchanges**") and are traded through the Spanish Automated Quotation System (the "**AQS**").

4.2 Legislation under which the securities have been created

The New Shares are governed by the provisions of Spanish law, in particular the provisions of the Restated Spanish Companies Act, approved by Royal Legislative Decree 1/2010, of 2 July (*Texto Refundido de la Ley de Sociedades de Capital, aprobado por el Real Decreto Legislativo 1/2010, de 2 de julio*) (hereinafter the "**Spanish Companies Act**"), and of the Restated Securities Market Act approved by Royal Legislative Decree 4/2015, of 23 October (*el Texto Refundido de la Ley del Mercado de Valores, aprobado por el Real Decreto Legislativo 4/2015, de 23 de octubre*) (the "**Securities Market Act**") and their respective implementing regulations.

4.3 Indication whether the securities are in registered form or bearer form and whether the securities are in certificated form or book-entry form. In the latter case, name and address of the entity in charge of keeping the records

The New Shares are represented by book-entries, entered in the corresponding book-entry records maintained by Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores, S.A.U. ("**Iberclear**"), with registered address at Plaza de la Lealtad 1, 28014, Madrid, Spain, and its members.

4.4 Currency of the securities issue

The New Shares are denominated in euros.

4.5 Description of the rights attached to the securities, including any limitations of those rights, and procedure for the exercise of those rights

The New Shares are common shares in Codere, of a single and same class as the Existing Shares, which give their holders full voting and economic rights as contained in the Spanish Companies Act and the Company's By-laws and Regulations of the Shareholders' Meetings.

4.1.1 Dividend rights

The New Shares grant their holders the right to collect dividends in the same conditions as the Existing Shares.

Fixed date(s) on which the entitlement arises

Holders of the New Shares will be entitled to collect the dividends to be paid following the date on which the New Shares are registered under their name in the relevant book-entry registries.

Time limit after which entitlement to dividend lapses and an indication of the person in whose favour the lapse operates

The right to collect dividends lasts for five years from the first day indicated for collection (pursuant to article 947 of the Spanish Commercial Code), Codere being the beneficiary of the prescribed economic rights.

Dividend restrictions and procedures for non-resident holders

Codere is not aware of the existence of any restrictions on the collection of dividends by non-resident²⁰ holders of the New Shares, without prejudice to possible withholdings on account of the Non-Resident Income Tax that may apply (for more details, see Section 4.11 below).

Rate of dividend or method of its calculation, periodicity and cumulative or non-cumulative nature of payments

All the shares in Codere are ordinary shares and, thus, no right to receive a minimum dividend is attached.

The entitlement to dividends on the Company's shares will only arise as from the time the General Shareholders' Meeting or the Board of Directors of Codere, as appropriate, resolves to distribute its profits.

4.1.2 Information rights

The New Shares entitle their holders to information rights as contained in Article 93 of the Spanish Companies Act, in general, and Article 197 of that Act, and those specific information rights provided for approval of amendments of By-laws, capital increases and decreases, the approval of annual accounts, issue of debt, transformations, mergers, spin-offs, dissolutions and liquidations and other corporate transactions (as described in the By-laws and Regulations of the Shareholders' Meetings of the Company).

4.5.3 Voting rights

The New Shares give their holders the right to attend and vote at the General Shareholders' Meeting and the right to challenge corporate resolutions, in accordance with the general scheme established in Article 93 and related articles of the Spanish Companies Act and in the By-laws and Regulations of the Shareholders' Meetings of the Company.

According to the Company's By-laws and the Regulations of the Shareholders' Meetings, all shareholders holding at least 100 shares will be entitled to attend the General Shareholders' Meeting; the ownership of such shares will have to be registered in the corresponding book entry register, at least five days before the day the General Shareholders' Meeting is to be held.

Every shareholder with a right to attend may be represented at the General Shareholders' Meeting by another person, even if not a shareholder, as long as he or she holds powers authorising him or her to act, without prejudice to their right of association.

²⁰ "Resident" and "non-resident" refer herein to residency in Spain for tax purposes.

Each share gives right to a vote. The Extraordinary Shareholders' Meeting of Codere held on 4 December 2015 approved the introduction of a limitation on the maximum number of votes that a shareholder may cast: a shareholder (including companies belonging to the same group or persons acting in concert with the formers) will not be entitled to cast votes exceeding the aggregate voting rights attached to shares of Codere representing 44% of the share capital of Codere.

According to the current By-Laws of Codere, resolutions may be approved by simple majority of the votes attached to shares present or represented at the relevant General Shareholders' Meeting, except for the approval of share capital increases, share capital decreases, amendments to the By-Laws, the issuance of convertible bonds, exclusions or limitations of pre-emptive rights linked to the issue of new shares, transformations, mergers, spin-offs, global transfers of assets and liabilities or the change of the corporate address to a foreign country, which will require the absolute majority of the votes attached to shares present or represented at the relevant General Shareholders' Meeting (if such matters are discussed on at the second call of the General Shareholders' Meeting and less than 50% of the share capital of Codere is present or represented, such resolutions may only be passed upon the favourable vote of shareholders representing 75% of the share capital present or represented). However, the Extraordinary Shareholders' Meeting of Codere held on 4 December 2015 modified the system of majorities for the passing of resolutions by the General Shareholders' Meeting: resolutions may be approved by absolute majority of the votes attached to shares present or represented in the relevant General Shareholders' Meeting, except for the approval of share capital increases, share capital decreases, amendments to the By-laws, the issuance of convertible bonds or bonds attaching the right to participate in Codere's profits, exclusions or limitations of pre-emptive rights linked to the issue of new shares, transformations, mergers, spin-offs, global transfers of assets and liabilities, the change of the corporate address to a foreign country, the approval of the annual accounts, the appointment of auditors, voluntary liquidations or dissolutions or reactivation of the Company (which will require the absolute majority of votes attached to all the shares in Codere). The above majorities will apply without prejudice to the majorities required for the exercise of action for damages against directors (as established in Article 238 of the Spanish Companies Act) and for the approval of dissolution under Article 364 of the Spanish Companies Act and any other majorities required by law (in which case such majorities will apply).

The effectiveness of the amendments to the By-Laws are subject to the execution of all the steps that have been established in the Restructuring as being previous to the effectiveness of these amendments and to their registry with the Commercial Registry of Madrid. Please refer to "*The Restructuring*" in Section 5.1.5 of the Registration Document for further information.

Both voting and appointing a proxy for any kind of General Shareholders' Meeting may be carried out by shareholders by post, by means of electronic communications, or by any other means of remote communication decided by the Board of Directors of Codere, provided the identity of the principal and the proxy is properly guaranteed.

4.5.4 *Pre-emption rights in offers for subscription of securities of the same class*

Pursuant to the provisions of Article 304 of the Spanish Companies Act (and on the terms established in such Act), the New Shares give their holders a pre-emptive right to subscribe capital increases with the issue of shares for monetary consideration and as regards the issue of convertible bonds, in the absence of a total or partial exclusion of the aforesaid pre-emptive subscription right.

Also, the New Shares give their holders the right of free allotment recognised in the Spanish Companies Act, in the event of a capital increase against reserves.

4.5.4 *Rights to share in the issuers' profits*

The New Shares attach the right to share in Codere's profits, as described in Section 4.5.1 above.

4.5.5 Rights to share in any surplus in the event of liquidation

The New Shares attach the right to share in any surplus in the event of the liquidation of Codere in the same terms as the Existing Shares.

4.5.6 Redemption provisions

Not applicable.

4.5.7 Conversion provisions

Not applicable.

4.6 Statement of the resolutions, authorisations and approvals by virtue of which the securities have been or will be created and/or issued

The Capital Increase was approved by the Extraordinary General Shareholders' Meetings of Codere held on 4 December 2015, under the first item of its agenda (*Approval of a share capital increase of four hundred and ninety-four million, nine hundred and thirty-five thousand, six hundred and eighteen euros and twenty cents (€494,935,618.20), through the issue of two billion, four hundred and seventy-four million, six hundred and seventy-eight thousand, ninety-one (2,474,678,091) new ordinary shares, each with a face value of twenty cents (€0.20), each of the same series and class as the existing shares, to be paid by means of offsetting credits, for the purpose of capitalising the credit rights ultimately deriving from the senior notes, for a nominal amount of 760,000,000 euros and from senior notes for a nominal amount of 300,000,000 US dollars issued by Codere Finance Luxembourg S.A. The force and effect of the resolution to be contingent on compliance with certain conditions precedent related to the execution of the restructuring process*). In the resolution, the Extraordinary General Shareholders' Meetings of Codere also authorised the Board of Directors of the Company to execute the Capital Increase and approved the request to list the New Shares on Spanish Stock Exchanges for trading through the AQS.

On 6 April 2016, the Board of Directors of Codere executed the Capital Increase and the relevant public deed for the capital increase (the "**Public Deed**") was executed, which has already been registered with the Commercial Registry of Madrid.

4.7 Expected issue date of the securities

The Public Deed was executed on 6 April 2016.

4.8 Description of any restrictions on the free transferability of the securities

The By-laws of Codere establish no restrictions on the freedom to transfer the shares, as is requested by the regulations in force on matters regarding listing shares on regulated markets.

4.9 Indication of the existence of any mandatory takeover bids and/or squeeze-out and sell-out rules in relation to the securities

There is currently no specific regulation regarding mandatory takeover bids or squeeze-out and sell-out rules in relation to the New Shares, except for those arising from the regulation of takeover bids in the Securities Market Act and in Royal Decree 1066/2007, of 27 July, on the regime of takeover bid of shares.

4.10 Indication of public takeover bids by third parties in respect of the issuer's equity, which have occurred during the last financial year and the current financial year

The shares in Codere have not been the subject of any public takeover bid.

Notwithstanding the above, the terms of the Shareholders' Agreement provide that once the Restructuring is completed and as soon as reasonably practicable following its formation, the Board of Directors of Codere will convene a General Shareholders' Meeting of Codere that may seek, among other things, the approval of a de-listing takeover bid (*OPA de exclusión*) of Codere to the extent that such de-listing takeover bid is feasible. Please refer to "*The Restructuring*" in Section 5.1.5 of the Registration Document for more information on the potential launch of the -listing public offer.

4.11 In respect of the country of registered office of the issuer and the country(ies) where the offer is being made or admission to trading is being sought

The following is a summary of certain Spanish tax implications of the acquisition, ownership and disposal of the New Shares by resident and non- resident investors. This summary is not a complete analysis or description of all the possible Spanish tax implications of such transactions and does not purport to address all tax considerations that may be relevant to all categories of potential investors, some of whom may be subject to special rules. In particular, this tax section does not address the Spanish tax consequences applicable to certain "look through" entities (such as trusts, estates or partnerships) that may be subject to a specific tax regime applicable under the Spanish Non-Residents Income Tax Act, approved by Royal Legislative Decree 5/2004 of 5 March, as amended (the "**NRIT Act**") or under the Spanish Personal Income Tax Law, approved by Law 35/2006, of 28 November (the "**PIT Act**"), as amended by Law 26/2014, of 27 November.

Accordingly, Holders (as defined below) should consult their own tax advisers as to the applicable tax consequences of their purchase, ownership and disposal of the New Shares, including the implications arising under the tax laws of any other jurisdiction, based on their particular circumstances. The description of Spanish tax laws set forth below is based on the laws currently in effect in Spain as of the date of this document, and on administrative interpretations of Spanish law made public to date. As a result, this summary is subject to any changes in such laws or interpretations occurring after the date hereof, including changes having retrospective effect.

As used in this section, the term "**Holder**" means a beneficial owner of the New Shares:

- who is an individual or legal entity considered resident for tax purposes in Spain; and
- who is an individual or legal entity considered resident for tax purposes in any country other than Spain, and whose ownership of shares is not deemed to be effectively connected with a permanent establishment in Spain.

4.11.1 Indication as to whether the issuer assumes responsibility for the withholding of taxes at source

Codere, in its capacity as issuer of the New Shares and payer of such income as may arise from ownership of those assets, assumes responsibility for the withholding of taxes in Spain as required under the provisions of the applicable rules.

If the withholding obligation applies, Codere will make appropriate withholding at the rate that is applicable under the current rules, without in any case assuming the obligation to pay any additional amount.

4.11.2 Taxation deriving from ownership and transfer of shares

Indirect taxation

The acquisition of the New Shares and, if applicable, the transfer thereof will be exempt from Transfer Tax and Stamp Duty (*Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados*) and from Value Added Tax (*Impuesto sobre el Valor Añadido*), as established in the Securities Market Act.

Direct taxation

(a) Individual resident shareholders

Personal Income Tax (PIT)

Taxation of dividends and other income

Article 25.1 of the PIT Act provides a definition of "investment income" that includes dividends and other income items derived from the ownership of an equity interest in an entity.

Investment income earned by Holders as a result of their ownership of the New Shares is calculated as the gross income less certain tax-deductible expenses, such as general securities administration and custody fees. Discretionary fees relating to the individualized management of a portfolio of securities are not treated as tax deductible. The resulting net investment income will be considered as "savings income" and will be subject to Personal Income Tax at the rate of 19% for taxable income up to EUR 6,000, 21% for taxable income between EUR 6,000.01 and EUR 50,000 and 23% for taxable income in excess of EUR 50,000.

Holders will usually be liable for a withholding on investment income at a rate of 19% as of 1 January 2016, on the entire amount of income obtained. This withholding will be credited against the taxpayer's annual PIT due, and if the amount of tax withheld is greater than the amount of the annual PIT due, the taxpayer will be entitled to a refund of the excess withheld in accordance with the PIT Act.

Tax on capital gains

If the New Shares are sold or otherwise transferred, such transaction may give rise to the recognition of a capital gain or loss. Such capital gain or loss will be calculated as the difference between the Holders' tax basis in the New Shares and their transfer price. Such transfer price will be based on either (i) the trading price of the New Shares at the transfer date, or (ii) the agreed transfer price, whichever is higher. Both the share price and the transfer price will be increased or decreased to reflect the taxes and expenses borne by the transferor related to the acquisition and sale of the New Shares, respectively.

Where the taxpayer owns other equivalent securities, the acquisition price of the transferred shares is based on the principle that those acquired first are sold first ("first in-first out" or FIFO).

Capital gains or losses arising as a result of the transfer of the New Shares should be taxed at the "savings income" PIT rates mentioned under "*Taxation of dividends and other income*" above.

Additionally, capital gains deriving from the transfer of the New Shares are not subject to withholding tax.

Finally, losses derived from the transfer of the New Shares cannot be considered capital losses when equivalent shares have been acquired within the two months preceding or following the transfer that

has triggered the loss. In these cases, the capital losses arising in connection with such transferred shares may only be claimed when the equivalent shares acquired by the taxpayer are subsequently transferred.

Wealth Tax

Under Spanish Law 19/1991, of 6 June, on Wealth Tax, as amended by Royal Decree Law 13/2011, of 16 September, and by Law 36/2014, of 26 December (the "**NWT Act**"), all individual resident shareholders are liable for Wealth Tax on all net assets and rights deemed to be owned as of 31 December, irrespective of where these assets are located or where the rights may be exercised, and amounting to more than EUR 700,000 (such amount may be lower, depending on the Spanish region of domicile of the taxpayer). A Holder who is required to file a Wealth Tax return should value the New Shares at their average trading price during the last quarter of the year. Such average trading price is published annually by the Spanish Ministry of Finance and Public Administration.

Wealth Tax is levied at rates ranging from 0.2% to 2.5%, depending on the Spanish region of domicile of the taxpayer, certain tax allowances may be available.

Inheritance and Gift Tax

The transfer of the New Shares by inheritance, gift or legacy (upon death or as a gift) to individuals resident in Spain is subject to Inheritance and Gift Tax as set out in Law 29/1987, of 18 December (the "**IGT Act**"), this tax being payable by the person who acquires the securities, at an effective tax rate ranging from 7.65% to 81.6%, depending on relevant factors (such as the specific regulations imposed by each region of Spain, the amount of the taxpayer's pre-existing assets and the degree of kinship with the deceased or donor).

(b) Resident corporate shareholders

Corporate Income Tax (CIT)

Taxation of dividends

Resident corporate shareholders or non-resident corporate shareholders who operate with respect to the New Shares through a permanent establishment in Spain will include dividends received in connection with shares in their taxable base, subject to a tax rate of 25% as of 1 January 2016), according to the Spanish Law 27/2014, of 27 November, on Corporate Income Tax (the "**CIT Act**").

Dividends or profit distributions in respect of the shares obtained by the Holders who (i) hold, directly or indirectly a participation of at least 5% in the company or where such participation had an acquisition cost higher than EUR 20 million; and (ii) hold such stake for at least one year prior to the relevant distribution date or commit to holding the stake for the time needed to complete such one-year holding period, will be exempt, as a general rule.

If the company obtains dividends, profit distributions or income deriving from the transfer of shares in entities amounting to more than 70% of the company's income, this exemption will only apply provided that certain additional requirements are fulfilled. Mainly, Holders must have an indirect stake in those entities which comply with the requirements described in the previous paragraph. Certain exceptions to this rule apply if those entities fulfil the requirements of Article 42 of the Spanish Commercial Code for being part of the same corporate group as the company, and prepare consolidated financial statements. Prospective investors should consult their own tax advisors in order to determine whether those requirements are complied with by the relevant Holders.

If the above requirements are met and provided that the minimum one year holding period requirement is fulfilled on the distribution date in respect of the New Shares, dividends will not be

subject to withholding tax. Otherwise, dividends will be taxed at the CIT tax rate applicable to the taxpayer and a 19% withholding will apply in 2016. This CIT withholding will be credited against the taxpayer's annual CIT due, and if the amount of tax withheld is greater than the amount of the annual CIT due, the taxpayer will be entitled to a refund of the excess withheld.

Income on transfer of the shares

Gains or losses arising from the sale of the New Shares by a Holder will be included in its CIT taxable base, and will generally be subject to CIT at the rate of 25% as from 1 January 2016. Gains arising from the sale of the New Shares will not be subject to withholding tax.

For CIT payers that (i) hold, directly or indirectly a participation of at least 5% in the company or where such participation had an acquisition cost higher than EUR 20 million; and (ii) hold such stake for at least one year prior to the relevant distribution date or commit to holding the stake for the time needed to complete said one-year holding period, capital gains will be exempt, as a general rule. Otherwise, capital gains will be taxed at the tax rate applicable to the taxpayer.

Capital gains deriving from the transfer of the New Shares will not be subject to withholding or payment on account.

Wealth Tax

Resident legal entities are not subject to Wealth Tax.

Inheritance and Gift Tax

Legal entities are not taxpayers under the Inheritance and Gift Tax. Therefore, the income generated as a result of the acquisition of the shares for no consideration will be taxed in accordance with CIT rules.

- (c) Shareholders not resident in Spain.

Non-resident Income Tax

Taxation of dividends

According to the NRIT Act, dividends paid by a resident company to a non-Spanish tax resident Holder not holding the New Shares through a permanent establishment located in Spain are subject to NRIT, withheld at the source on the gross amount of dividends, currently at a tax rate of 19% from 1 January 2016.

Certain corporate Holders resident in an EU Member State will be entitled to an exemption from NRIT to the extent that they are entitled to the benefits of the Spanish NRIT provisions that implement the EU Parent-Subsidiary Directive. Such exemption may be available if the recipient of the dividends holds, directly or indirectly a participation of at least 5% of the shares of the distributing entity or where such participation had an acquisition cost higher than EUR 20 million; and necessarily holds such stake for at least one year, or commits to holding the stake for the time needed to complete such one-year holding period (the time that the shares have been uninterruptedly possessed by other entities of the same group will be taken into account for the calculation of this term). This exemption contains specific anti-abuse rules (whereby this exemption might not apply if the Holder is located in a tax haven or when the majority of the voting rights of the EU parent company are held, directly or indirectly, by an individual or legal entity not resident in the EU or in a member country of the European Economic Area with which there is an effective exchange of information in the terms described in Spanish Law 36/2006, of 29 November, to prevent tax fraud, unless the Holder has been incorporated for valid economic reasons and substantive business reasons) which must be analysed on

a case-by-case basis and procedural formalities, such as the provision of a tax residence certificate issued by the tax authorities.

Holders claiming the applicability of such exemption who have not met a minimum one year holding period as of a given dividend distribution date (but who could meet such requirement afterwards) should be aware that the NRIT Act requires the Company to withhold the applicable NRIT on such dividends, and that such Holders will need to request a direct refund of such withholding tax from the Spanish tax authorities.

In addition, Holders resident in certain countries may be entitled to the benefits of a Double Tax Treaty ("**DTT**"), in effect between Spain and their country of tax residence, providing a reduced tax rate or an exemption on dividends, subject to the fulfilment of any conditions specified in the relevant DTT, including providing evidence of the Holder's residence for tax purposes by means of a tax residence certificate duly issued by the tax authorities of its country of tax residence making express reference to the Holders' entitlement to the benefits of such DTT (or equivalent specific form required under an applicable DTT). From a Spanish tax perspective, tax residence certificates issued by a foreign tax authority (or equivalent DTT forms) are deemed to be valid only for one year as from their date of issue.

Taxation of capital gains

Capital gains derived from the transfer or sale of the New Shares will be deemed as income arising in Spain, and will therefore, be subject to NRIT, currently, at the rate of 19% as of 1 January 2016.

Capital gains and losses will be calculated separately for each transaction. It is not possible to offset losses derived from a given transfer of shares against capital gains obtained upon another transfer of shares.

However, capital gains derived from the New Shares will be exempt from taxation in Spain in any of the three following cases:

- Capital gains derived from a transfer of the New Shares carried out on an official Spanish secondary stock market (such as the Spanish Stock Exchanges), by any Holder who is resident for tax purposes in a country that has entered into a DTT with Spain containing an "exchange of tax information" clause. This exemption is not applicable to capital gains obtained by a Holder through a country or territory that is classified as a tax haven under Spanish tax regulations, nor by a Holder holding the New Shares through a permanent establishment located in Spain.
- Capital gains obtained directly by any Holder which is resident in another EU Member State or indirectly through a permanent establishment of such Holder in a EU Member State (other than Spain), provided that the gain is not obtained through a country or territory defined as a tax haven under the applicable Spanish tax regulations, will be exempt from taxation in Spain if:
 - the Company's assets do not mainly consist of, directly or indirectly, real estate located in Spain;
 - during the preceding twelve months the Holder, in the case of a non-resident individual, has not held a direct or indirect interest of at least 25% in the Company's capital or net equity;
 - in the case of non-resident entities, the transfer fulfils the requirement of Article 21 of the CIT Act.

- Capital gains realized by Holders who benefit from a DTT entered into between their country of tax residence and Spain, which provides for the taxation of capital gains derived from the transfer of the New Shares only in such Holder's country of tax residence.

In order for the exemptions mentioned above to apply, a Holder must file the applicable NRIT tax return before the Spanish tax authorities, prior to the deadline, and attach to it a certificate of tax residence issued by the tax authority of its country of residence (which, if applicable, must state that the Holder is a resident for tax purposes of such country within the meaning of the relevant DTT) or, as the case may be, equivalent DTT form. As mentioned above, certificates of tax residence (or equivalent DTT forms) will generally be valid only for a period of one year after their date of issue.

Capital gains obtained by non-resident shareholders are not subject to withholding or advance payment under the NRIT Act. Non-resident investors will be required to file a return and, if applicable, determine and pay the corresponding tax obligation. The return may also be filed, and the payment made, by the investor's tax representative in Spain, or the depository or manager of the shares, according to the indicated procedure and using the proper form of return.

Wealth Tax

As a consequence of the European Court of Justice judgment (Case C-127/12), the Wealth Tax Act was amended by Spanish Law 26/2014, of 27 November. As a result, non-resident individuals who are residents in the EU or in the European Economic Area can apply the legislation of the region in which the highest value of the assets and rights of the individuals are located.

Non-resident entities are not subject to Wealth Tax.

Inheritance and Gift Tax

Without prejudice to the provisions of treaties for the avoidance of double taxation signed by Spain (DTTs), acquisitions by way of inheritance, gift or legacy of property located in Spain or rights that may be exercised or are to be performed therein, by individuals not resident for tax purposes in Spain, whatever the residence of the transferor, are subject to Inheritance and Gift Tax. In general the Inheritance and Gift Tax on acquisitions by non-residents subject to the tax is applied in the same manner as for residents.

Companies not resident in Spain are not subject to this tax and the income they obtain by way of inheritance, gift or legacy will generally be taxed in accordance with the NRIT rules described above, without prejudice to the provisions of the DTTs signed by Spain, as may be applicable.

Non-resident shareholders and potential investors in the New Shares are advised to consult their attorneys or tax advisors regarding the terms under which the Inheritance and Gift Tax is applicable to them in each specific case.

5. TERMS AND CONDITIONS OF THE OFFER

5.1 Conditions, offer statistics, expected timetable and action required to apply for the offer

5.1.1 Conditions to which the offer is subject

Not applicable.

5.1.2 *Total amount of the issue/offer, distinguishing the securities offered for sale and those offered for subscription; if the amount is not fixed, description of the arrangements and time for announcing to the public the definitive amount of the offer*

The nominal amount of the Capital Increase was EUR 494,935,618.20 (EUR 0.20 per New Share) and the issue premium amounted to EUR 330,670,249.07 (EUR 0.13362 per New Share).

5.1.3 *The time period, including any possible amendments, during which the offer will be open and description of the application process*

Not applicable.

5.1.4 *Indication of when, and under which circumstances, the offer may be revoked or suspended and whether revocation can occur after dealing has begun*

Not applicable.

5.1.5 *Description of the possibility to reduce subscriptions and the manner for refunding excess amount paid by applicants*

Not applicable.

5.1.6 *Details of the minimum and/or maximum amount of application (whether in number of securities or aggregate amount to invest)*

Not applicable.

5.1.7 *Indication of the period during which an application may be withdrawn, provided that investors are allowed to withdraw their subscription*

Not applicable.

5.1.8 *Method and time limits for paying up the securities and for delivery of the securities*

Not applicable.

5.1.9 *Description of the manner and date in which results of the offer are to be made public*

Not applicable.

5.1.10 *The procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised*

Not applicable.

5.2 *Plan of distribution and allotment*

5.2.1 *The various categories of potential investors to which the securities are offered*

The New Shares have been allocated to the former holders of the Existing Notes in the following percentages:

- (a) 61.311% of the New Shares have been allocated to those creditors who subscribed, in cash, the amount corresponding to the New Cash Notes;

- (b) 4.007% of the New Shares have been allocated to the creditors under the Existing Notes who were allotted newly-issued New Second Lien Notes;
- (c) 2.004% of the New Shares have been allocated to the creditors under the Existing Notes who were allotted newly-issued New Third Lien Notes;
- (d) 10.018% of the New Shares have been allocated to the New Cash Notes Backstop Providers;
- (e) 1.002% of the New Shares have been allocated to the New Senior Private Notes Backstop Providers;
- (f) 19.614% of the New Shares have been allocated to the creditors under the Existing Notes for their subsequent sale to the Key Executives; and
- (g) 2.044% of the New Shares have been allocated to the Global Coordinator.

5.2.2 *To the extent known to the issuer, an indication of whether major shareholders or members of the issuer's management, supervisory or administrative bodies intended to subscribe in the offer, or whether any person intends to subscribe for more than five per cent of the offer*

The Capital Increase was addressed to the holders of the Existing Notes in the context of the Restructuring.

As described in "The Restructuring" in Section 5.1.5 of the Registration Document, following the execution of the Capital Increase the Key Executives will purchase²¹, and the Scheme Creditors will sell, New Shares representing 19.1875% of the share capital of Codere.

5.2.3 *Pre-allotment Disclosure*

The division into tranches of the offer including the institutional, retail and issuer's employee tranches and any other tranches

Not applicable.

The conditions under which the claw-back may be used, the maximum size of such claw back and any applicable minimum percentages for individual tranches

Not applicable.

The allotment method or methods to be used for the retail and issuer's employee tranche in the event of an over-subscription of these tranches

Not applicable.

Description of any pre-determined preferential treatment to be accorded to certain classes of investors or certain affinity groups (including friends and family programmes) in the allotment, the percentage of the offer reserved for such preferential treatment and the criteria for inclusion in such classes or groups

The different allotments of New Shares described in Section 5.2.1 of this Securities Note were negotiated between the Group and the Adhoc Committee within the framework of the negotiations of the terms of the Restructuring. Once an agreement on the different allotments (and on the rest of the

²¹ Mr José Martínez Sampedro will purchase his corresponding Key Executive Codere Shares through Masampe, S.L.

terms of the Restructuring) was reached, such distribution of allotments was included in the Scheme documentation prepared for the initial Court hearing that took place on 29 October 2015. Subsequently, the referred distribution of allotments was proposed by the Board of Directors of Codere to the Extraordinary General Shareholders' Meeting as a part of the proposed resolution for the Capital Increase, and was approved by it during its meeting held on 4 December 2015. Finally it was subject to the consideration of the Scheme Meeting held on 14 December 2015, which also approved it when approving the Restructuring.

Whether the treatment of subscriptions or bids to subscribe in the allotment may be determined on the basis of which firm they are made through or by

Not applicable.

A target minimum individual allotment if any within the retail tranche

Not applicable.

The conditions for the closing of the offer as well as the date on which the offer may be closed at the earliest

Not applicable.

Whether or not multiple subscriptions are admitted, and where they are not, how any multiple subscriptions will be handled

Not applicable.

5.2.4 *Process for notification to applicants of the amount allotted and indication whether dealing may begin before notification is made*

Not applicable.

5.2.5 *Over-allotment and "green shoe"*

Not applicable.

5.3 Pricing

5.3.1 *Indication of the price at which the securities will be offered. If the price is not known or if there is no established and/or liquid market for the securities, indicate the method for determining the offer price, including a statement as to who has set the criteria or is formally responsible for the determination. Indication of the amount of any expenses and taxes specifically charged to the subscriber or purchaser*

The issue price of the New Shares was EUR 0.33362 per New Share (face value of EUR 0.20 per New Share and EUR 0.13362 of issue premium per New Share).

Codere will not charge any expense to the subscriber of the New Shares. This must be understood to be independent of the expenses or fees to be paid to maintain or manage the corresponding securities accounts of the shareholders.

5.3.2 *Process for the disclosure of the offer price*

Not applicable.

5.3.3 *If the issuer's equity holders have pre-emptive purchase rights and this right is restricted or withdrawn, indication of the basis for the issue price if the issue is for cash, together with the reasons for and beneficiaries of such restriction or withdrawal*

As provided in Article 304 of the Spanish Companies Act, the shareholders of Codere did not have pre-emptive rights in the Capital Increase because its consideration was not monetary.

5.3.4 *Where there is or could be a material disparity between the public offer price and the effective cash cost to members of the administrative, management or supervisory bodies or senior management, or affiliated persons, of securities acquired by them in transactions during the past year, or which they have the right to acquire, include a comparison of the public contribution in the proposed public offer and the effective cash contributions of such persons*

Immediately following completion of the Capital Increase, the Key Executives will acquire from the Scheme Creditors shares in Codere representing 19.1875% of the share capital of Codere for a purchase price of EUR 500,000 (i.e. EUR 0.0010 per share, whilst the issue price of the Capital Increase has been EUR 0.33362 per share).

The purchase price of EUR 500,000 payable by the Key Executives was agreed in the Lockup Agreement between the Key Executives and the Existing Noteholders party to that document. Pursuant to the Original Lock-Up Agreement, the purchase price was established as the fair market value of the Group post-Restructuring (i.e. the fair market value estimated at the time of entering into the Original Lock-Up Agreement considering the transactions agreed for the implementation of the Restructuring) based on the expert valuations (average of the middle point of such valuations) commissioned in connection with the Restructuring by the Board of Directors of Codere, with an agreed minimum purchase price of EUR 500,000.

On the amendment to the Original Lock-Up Agreement dated 18 August 2015 and given that the fair market value post-Restructuring based on the expert valuations (average of the middle point of such valuations) commissioned in connection with the Restructuring by the Board of Directors of Codere did not bring a positive value, the Key Executives and the Existing Noteholders party to that document confirmed the purchase price at the amount of EUR 500,000.

5.4 *Placing and underwriting*

5.4.1 *Name and address of the co-ordinator(s) of the global offer and of single parts of the offer and, to the extent known to the issuer or to the offeror, of the placers in the various countries where the offer takes place*

There were no placers in the Capital Increase.

5.4.2 *Name and address of any paying agents and depository agents in each country*

Not applicable.

5.4.3 *Name and address of the entities agreeing to underwrite the issue on a firm commitment basis, and name and address of the entities agreeing to place the issue without a firm commitment or under "best efforts" arrangements. Indication of the material features of the agreements, including the quotas. Where not all of the issue is underwritten, a statement of the portion not covered. Indication of the overall amount of the underwriting commission and of the placing commission*

There were no underwriters, nor placers in the Capital Increase.

5.4.4 When the underwriting agreement has been or will be reached

There has been no underwriting agreement.

6. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

6.1 Indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or other equivalent markets with indication of the markets in question. This circumstance must be mentioned, without creating the impression that the admission to trading will necessarily be approved. If known, the earliest dates on which the securities will be admitted to trading

As approved by the Extraordinary General Shareholders' Meetings of Codere held on 4 December 2015, Codere has requested the New Shares to be listed on the Spanish Stock Exchanges and admitted for trading through the AQS.

The New Shares are expected to be listed on the Spanish Stock Exchanges and admitted for trading through the AQS on 12 April 2016.

Codere is aware of and agrees to be subject to such rules as may exist or be issued regarding stock markets and securities exchanges, in particular as regards the listing, maintenance of listing and delisting of securities on the aforesaid secondary markets, in accordance with applicable legislation and the requirements of their governing bodies.

6.2 All the regulated markets or equivalent markets on which, to the knowledge of the issuer, securities of the same class of the securities to be offered or admitted to trading are already admitted to trading

As stated above, the New Shares are of the same class as the Existing Shares, which are listed on the Spanish Stock Exchanges and admitted for trading through the AQS.

6.3 If simultaneously or almost simultaneously with the creation of the securities for which admission to a regulated market is being sought securities of the same class are subscribed for or placed privately or if securities of other classes are created for public or private placing, give details of the nature of such operations and of the number and characteristics of the securities to which they relate

Except for the sale of New Shares to the Key Executives described in "*The Restructuring*" in Section 5.1.5 of the Registration Document, no other Codere shares of the same class as the New Shares are being subscribed or placed privately. Please refer to "*The Restructuring*" in Section 5.1.5 of the Registration Document for more information on the sale of New Shares to the Key Executives.

Except for the issue of the New Senior Private Notes and the New Notes described in "*The Restructuring*" in Section 5.1.5 of the Registration Document, no other securities of other classes than the New Shares are created for public or private placing. Please refer to "*The Restructuring*" in Section 5.1.5 of the Registration Document and to Section 10.3 of the Registration Document for more information on the New Senior Private Notes and the New Notes.

6.4 Details of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment

Not applicable.

6.5 Stabilization: where an issuer or a selling shareholder has granted an over-allotment option or it is otherwise proposed that price stabilizing activities may be entered into in connection with an offer

6.5.1 *The fact that stabilization may be undertaken, that there is no assurance that it will be undertaken and that it may be stopped at any time*

Not applicable.

6.5.2 *The beginning and the end of the period during which stabilization may occur*

Not applicable.

6.5.3 *The identity of the stabilization manager for each relevant jurisdiction unless this is not known at the time of publication*

Not applicable.

6.5.4 *The fact that stabilization transactions may result in a market price that is higher than would otherwise prevail*

Not applicable.

7. SELLING SECURITIES HOLDERS

7.1 Name and business address of the person or entity offering to sell the securities, the nature of any position office or other material relationship that the selling persons has had within the past three years with the issuer or any of its predecessors or affiliates

Not applicable.

7.2 The number and class of securities being offered by each of the selling security holders

Not applicable.

7.3 Lock-up agreements

Not applicable.

8. EXPENSE OF THE ISSUE

8.1 The total net proceeds and an estimate of the total expenses of the issue

The Capital Increase (which has amounted to EUR 825,605,867.27) was executed to cancel part of the liabilities under the Existing Notes for the same amount.

The table below sets forth, merely for illustrative purposes, the estimated expenses (excluding VAT) involved in listing the New Shares:

CATEGORY	Amount (in thousands of Euro)
Iberclear fees	24.8
Fees of the Spanish Stock Exchanges	189
CNMV Fees	92.5
Legal and miscellaneous expenses ^(*)	600
TOTAL	906.3

(*) Including notary, Commercial Registry, agent bank and accounting and audit expenses.

9. DILUTION

9.1 The amount and percentage of immediate dilution resulting from the offer

The 2,474,678,091 New Shares represent a 4,496.43% of the Existing Shares and 97.82% of the shares in Codere outstanding after the Capital Increase.

9.2 In the case of a subscription offer to existing equity holders, the amount and percentage of immediate dilution if they do not subscribe to the new offer

Not applicable.

10. ADDITIONAL INFORMATION

10.1 If advisors connected with an issue are mentioned in the Securities Note, a statement of the capacity in which the advisors have acted

Clifford Chance, S.L. has provided legal advice to Codere in connection with the listing of the New Shares.

Pricewaterhousecoopers Auditores, S.L., as auditor of Codere and its Group, has been the auditor of Codere for the years ended 31 December 2013, 2014 and 2015 and has issued the report required by Article 301 of the Spanish Companies Act on 30 October 2015 and the complementing certificate dated 6 April 2016.

10.2 Indication of other information in the Securities Note which has been audited or reviewed by statutory auditors and where auditors have produced a report. Reproduction of the report or, with permission of the competent authority, a summary of the report

There is no audited information in the Securities Note, nor has a report been produced by the auditors.

10.3 Where a statement or report attributed to a person as an expert is included in the Securities Note, provide such persons' name, business address, qualifications and material interest if any in the issuer. If the report has been produced at the issuer's request a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of the person who has authorised the contents of that part of the Securities Note

Pricewaterhousecoopers Auditores, S.L., with corporate address in Torre PwC, Paseo de la Castellana 259, B, 28046, Madrid, Spain, with Tax Identification Code B-79031290 and registered with the Official Auditors Registry (Registro Oficial de Auditores de Cuentas or ROAC) under number S0242, as auditor of Codere and its Group, issued the report required by Article 301 of the Spanish Companies Act on 30 October 2015. This report was made public at the time the Extraordinary General Shareholders' Meetings held on 4 December 2015 was called. The report has been complemented by a certificate issued on 6 April 2016.

10.4 Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the issuer is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information

Not applicable.

In witness to its knowledge and approval of the contents of this prospectus drawn up according to Annexes I, III and XXII of Commission Regulation (EC) No. 809/2004 of 29 April 2004, it is hereby signed in Madrid, this 8th day of April 2016, by the President and managing director of Codere, Mr José Antonio Martínez Sampedro, in name and of behalf of Codere.

Codere, S.A.

Mr José Antonio Martínez Sampedro

APPENDIX I

GLOSSARY OF DEFINED TERMS

Terms related to the Restructuring

"Adhoc Committee" means the *ad hoc committee* of certain Existing Noteholders set up for the purposes of facilitating the negotiation of the Restructuring with the Group;

"Amended Lock-Up Agreement" means the Original Lock-Up Agreement as amended restated by the amendment and restatement agreement made between Codere, the Scheme Company, each Company Party (as defined therein), the Global Coordinator, certain Consenting Noteholders (as defined therein), the Backstop Parties (as defined therein) and the Shareholder Parties (as defined therein) dated 18 August 2015;

"Capital Increase": means the capital increase executed to cancel part of the liabilities under the Existing Notes and to pay the fee of the Global Coordinator;

"Codere Finance" means Codere Finance (Luxembourg) S.A.;

"Court" means the High Court of Justice in England and Wales;

"Existing EUR Notes" means the EUR 760,000,000 8.250% senior notes due 15 June 2015, issued by Codere Finance and in respect of which the Scheme Company is a co-issuer;

"Existing Noteholders" means holders of the Existing Notes;

"Existing Notes" means the Existing EUR Notes and the Existing USD Notes;

"Existing SFA" means the senior facilities agreement originally dated 19 October 2007 (as amended and/or restated from time to time) between, amongst others, Codere and the Existing SFA Lenders;

"Existing SFA Lenders" means the "Lenders" under, and as defined in, the Existing SFA;

"Existing USD Notes" means the USD 300,000,000 9.250% senior notes due 2019, issued by Codere Finance and in respect of which the Scheme Company is a co-issuer;

"First Investor Shareholder" means, for the purposes of the Shareholder Agreement, Silver Point Capital, L.P., as investment manager and/or adviser to certain funds, entities and/or managed accounts;

"Global Coordinator" means the "Global Coordinator" appointed in the Restructuring to facilitate the development of ideas, discussions and communications between Codere and certain Scheme Creditors;

"Hive-Down" means the corporate restructuring to be implemented within the framework of the Restructuring whose purpose is to interpose between Codere and the remainder of the existing Group two Luxembourg incorporated holding companies (Luxco 1 and Luxco 2) that shall be subsidiaries of Codere and one Spanish incorporated holding company that shall be a subsidiary of the Luxcos (Spanish Newco) and to transfer Codere's assets and liabilities to Spanish Newco

"Implementation Date" means the business day following the date on which the Scheme Company gives notice to the parties described in the Scheme that the Restructuring steps have been completed and confirming the time that such completion occurred;

"Key Executives" means Mr José Antonio Martínez Sampedro and Mr Luis Javier Martínez Sampedro;

"Key Executives Codere Shares" means ordinary shares representing 19.1875% of the share capital of Codere after executing the Capital Increase;

"Lock-Up Agreement" means the Original Lock-Up Agreement and/or the Amended Lock-Up Agreement, as the context shall admit;

"Luxco 1" means the new wholly owned subsidiary of Codere, to be incorporated under the laws of Luxembourg;

"Luxco 2" means the new wholly owned subsidiary of Luxco 1, to be incorporated under the laws of Luxembourg in accordance with the restructuring steps;

"New Cash Notes" means the approximate USD 218.9 million 5.50% cash pay and 3.5% PIK second lien senior notes issued by New Codere Finance;

"New Cash Notes Backstop Provider" means a person who has irrevocably agreed to purchase New Cash Notes at the Record Time pursuant to the Amended Lock-Up Agreement as;

"New Codere Finance" means Codere Finance 2 (Luxembourg) S.A.;

"New Money" means the monies to be provided pursuant to the issue of New Cash Notes and New Senior Private Notes;

"New Notes" means, together, the New Second Lien notes and the New Third Lien Notes;

"New Second Lien Exchange Notes" means the approximate USD 164.2 million 5.50% second lien senior notes issued by New Codere Finance and exchanged for Existing Notes;

"New Second Lien Notes" means the New Cash Notes and the New Second Lien Exchange Notes;

"New Senior Private Notes" means the new approximate USD 218.9 million Euribor (subject to 1% floor) + 7% per annum senior private notes issued by New Codere Finance (but in respect of which Luxco 2 will become the issuer);

"New Senior Private Notes Backstop Provider" means a person who, as at the Record Time, has irrevocably agreed to backstop the subscription of the New Senior Private Notes pursuant to the Lock-Up Agreement;

"New Shares" means shares in Codere representing approximately 97.82% of the share capital of Codere after executing the Capital Increase and issued pursuant to it;

"New Third Lien Notes" means the approximate EUR 355.8 million 9% PIK third lien senior notes issued by New Codere Finance;

"Original Lock-Up Agreement" means the lock-up agreement dated 23 September 2014 entered into by, among others, Codere Finance, Codere, Masampe, the Key Executives, the Backstop Parties (as defined therein) and the Consenting Parties (as defined therein). The terms of the arrangements thereof exclusively affecting the Key Executives and/or the Existing Noteholders who were party thereto, were negotiated and agreed between those parties but not by Codere;

"PIK" means "payment-in-kind" interest. Interest accrued in PIK notes is capitalised on each payment date by means of an increase of the outstanding amount of the relevant notes;

"Record Time" means 5:00 p.m. London time on 10 December 2015;

"Restructuring" means the financial, debt and corporate restructuring of the Group contemplated by this Scheme, the restructuring steps, the restructuring documents and the explanatory statement, including (but not limited to), any and all connected compromises and/or agreements with persons that are not parties to the Scheme;

"Scheme" means the scheme of arrangement under part 26 of the companies act 2006 of England and Wales (as amended) between, among others, the Scheme Company and each Scheme Creditor for the Restructuring;

"Scheme Company" means Codere Finance (UK) Limited;

"Scheme Completion Longstop Date" means the later of (as applicable):

- (a) where the Implementation Date has not occurred, the later of (as applicable):
 - (i) 30 April 2016; and
 - (ii) such later date up to and including, but not later than, 30 June 2016 as is agreed between the Scheme Company in consultation with the Global Coordinator, 75% of the Scheme Creditors and each backstop provider; and
- (b) where the Implementation Date has occurred 5.00 p.m. on the later of:
 - (i) the 30th business day following the Implementation Date; or
 - (ii) such later date up to and including, but not later than, 30 June 2016 as is agreed between the Scheme Company in consultation with the Global Coordinator and the Majority Scheme Creditors;

"Scheme Creditor" means a person with a book entry interest in an Existing Note as at the Record Time and to whom any of the Existing Notes are transferrable as beneficial owner;

"Scheme Completion Time" means the time on which the Scheme Company gives notice to the parties described in the Scheme that the Restructuring steps have been completed and confirming the time that such completion occurred;

"Scheme Meeting" means the meeting of the Scheme Creditors held on 14 December 2015 and convened in accordance with the permission of the Court pursuant to section 896 of the companies act 2006 of England and Wales (as amended) which considered and approved the Scheme;

"Scheme Sanction Order" means the order of the Court issued on 17 December 2015 sanctioning the Scheme under section 899 of the companies act 2006 of England and Wales (as amended);

"Second Investor Shareholder" means, for the purposes of the Shareholders' Agreement, Abrams Capital Management, L.P., as investment manager and/or adviser to certain funds, entities and/or managed accounts;

"Shareholders' Agreement" means the shareholders' agreement to be entered into by the Key Executives, Masampe, S.L., the Scheme Creditors and Codere within the framework of the Restructuring;

"Spanish Newco" means a newly incorporated Spanish company which, as at the date of incorporation, shall be a wholly owned subsidiary of Codere but which shall subsequently be transferred to Luxco 2;

"Take Private Offer" means the de-listing takeover bid (*OPA de exclusión*) of Codere that, under the terms of the Shareholders' Agreement, the Board of Directors of Codere may (to the extent it is feasible) propose to its General Shareholders' Meeting;

"Third Investor Shareholder" means, for the purposes of the Shareholder Agreement, M&G Investment Management Limited and M&G Alternatives Investment Management Limited, each as investment manager and/or adviser to certain funds, entities and/or managed accounts;

"Warrants" means the two tranches of warrants with which to subscribe new shares in Codere the issuance of which, under the terms of the Shareholders' Agreement, the Board of Directors of Codere will propose to its General Shareholders' Meeting.

Currencies

"AR\$" means the lawful currency of Argentina;

"Brazilian reais \$" means the lawful currency of Brazil;

"COP\$" means the lawful currency of Colombia;

"EUR" means the lawful currency for the time being of participating member states for the purposes of the European Monetary Union;

"Mex Ps." or **"Mx\$"** means the lawful currency of Mexico;

"USD" means United States dollars;

APPENDIX II

INFORMATION INCORPORATED BY REFERENCE

Information incorporated by reference	Link to the document	Main Section of the Prospectus to which the information refers
The Issuers' and its Group Spanish language audited consolidated annual accounts, the notes to the audited consolidated annual accounts, the consolidated director's report, together with the audit reports of Pricewaterhousecoopers Auditores, S.L., as at and for the years ended 31 December 2013, 2014 and 2015, prepared in accordance with IFRS EU	http://www.codere.com/accionistas-inversores/informacion-financiera/informes-anuales/	Section 20.1 of the Registration Document
Additional information issued by Codere with respect to the financial statements of the Issuer and its Group for the financial year ended 31 December 2013	http://cnmv.es/Portal/Consultas/IFA/ListadoIFA.aspx?id=0&nif=A-82110453	Section 20.1 of the Registration Document