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In accordance with Article 228 of the consolidated text of the Spanish Stock Market Act approved by the Legislative Royal Decree 4/2015 of 23 October, Codere, S.A. hereby informs of the following:

### **SIGNIFICANT EVENT**

#### **FIRST: COMPLETION OF THE RESTRUCTURING**

On 18 December 2015, Codere, S.A. ("**Codere**") announced that the High Court of Justice of England and Wales (the "**Court**") sanctioned a scheme of arrangement (the "**Scheme**") pursuant to Part 26 of the United Kingdom Companies Act 2006 (the "**Act**") between Codere's English subsidiary, Codere Finance (UK) Limited ("**Codere UK**") and the holders of the following notes (the "**Existing Notes**") issued by Codere Finance (Luxembourg) S.A. and in respect of which Codere UK is a co-issuer with primary, joint and several liability:

- (a) €760,000,000 8.250% senior notes due 2015 (the "**EUR Notes**"); and
- (b) US\$300,000,000 9.250% senior notes due 2019 ("**USD Notes**" and together with the EUR Notes, the "**Existing Notes**").

The Scheme sets forth the key terms of a financial and corporate restructuring of the Codere group (the "**Restructuring**").

As announced on 23 December 2015, the Scheme became effective following the delivery of the order of the High Court of Justice of England and Wales (the "**Court**") sanctioning the Scheme to the Registrar of Companies in England and Wales.

On the date hereof, the Scheme has been completed and the Restructuring (as further described in the paragraphs below) has taken place.

#### **SECOND: THE ISSUE OF THE NEW NOTES**

Pursuant to the Restructuring, Codere Finance 2 (Luxembourg) S.A., ("**New Codere Finance**"), a Luxembourg subsidiary of Codere, issued:

- (a) USD218,940,000 (being the USD Equivalent of EUR200 million) second lien senior notes (the "**New Cash Notes**");
- (b) USD164,205,000 (being the USD Equivalent of EUR150 million) second lien senior notes (the "**New Second Lien Exchange Notes**"); and

- (c) USD355,778,000 (being the USD Equivalent of EUR325 million) third lien senior notes (the "**New Third Lien Notes**"),

the notes described in (a), (b) and (c) being together the "**New Notes**".

The New Second Lien Exchange Notes and the New Cash Notes (together the "**New Second Lien Notes**") have a 5.25 year term with a 5.5% cash pay coupon and a 3.5% PIK coupon. The New Third Lien Notes also have a 5.25 year term and have a 9% PIK coupon. The New Second Lien Notes rank in priority to the New Third Lien Notes. Obligations under the New Notes have the benefit of guarantees and security from companies within the Codere group.

Applications will be made to list the New Second Lien Notes and the New Third Lien Notes on the Irish Stock Exchange and admit them for trading on the Global Exchange Market of that exchange.

In accordance with the terms of the Scheme, the exchange rate applied in determining the USD Equivalent of any EUR amount described in this notice is the spot FX rate published by Thomson Reuters as at 5 p.m. London time on 10 December 2015, being EUR1 = USD1.0947.

### **THIRD: EXCHANGE OF THE EXISTING NOTES**

Pursuant to the Scheme, Codere Finance agreed with the holders of the Existing Notes (the Scheme Creditors) to exchange:

- (a) the USD Equivalent of EUR475 million of the Existing Notes (USD519,982,500) for the New Second Lien Exchange Notes and Third Lien Notes; and
- (b) the remaining Existing Notes for new shares issued by Codere (the "Codere Shares" as defined in sixth paragraph below).

The Scheme Creditors agreed, pursuant to the Scheme, that the New Second Lien Exchange Notes, New Third Lien Notes and the Codere Shares would be reallocated as described in the fifth and sixth paragraphs below.

### **FOURTH: PROVISION OF NEW MONEY**

USD437,880,000 (being the USD Equivalent of EUR400 million) of new money (the "**New Money**") has been raised by the Codere group by means of the issue of:

- (a) the New Cash Notes. Whilst the New Cash Notes were initially subscribed for by Codere Finance, Scheme Creditors and the Backstop Providers described below were entitled to purchase the New Cash Notes from Codere Finance pursuant to the Scheme (the "**New Cash Notes Purchase**"). However, the Scheme Creditors and Backstop Providers who purchased such New Cash Notes agreed that they would be reallocated as described in the fifth paragraph below; and
- (b) USD218,940,000 (being the USD Equivalent of EUR200 million) new senior private notes by New Codere Finance (the "**New Senior Private Notes**"). The New Senior Private Notes were subscribed for by cash directly by the Scheme Creditors and the Backstop Providers described below. The New Senior Private Notes have a 5 year term and a 7% cash pay coupon. The New Senior Private Notes rank in priority to the

New Notes. Obligations under the New Senior Private Notes have the benefit of guarantees and security from companies within the Codere group.

In order to have certainty that the New Money would be raised, certain holders of Existing Notes committed to backstop the New Money. In consideration of their agreement to backstop the New Money:

- (a) the Backstop Providers, in respect of their backstop of the New Cash Notes, were allocated 10.018% of the Codere Shares and received a cash premium of 5% of the total amount backstopped in respect of the New Cash Notes; and
- (b) the Backstop Providers, in respect of their backstop of the New Senior Private Notes were allocated 1.002% of the Codere Shares and received a cash premium of 2% of the total amount backstopped in respect of the New Senior Private Notes.

#### **FIFTH: REALLOCATION OF THE NEW NOTES**

Pursuant to the Scheme:

- (a) Scheme Creditors agreed that the New Second Lien Exchange Notes and New Third Lien Notes allocated to them pursuant to the Note Exchange; and
- (b) the purchasers of the New Cash Notes (the "**New Cash Notes Purchasers**") agreed that the New Cash Notes purchased by them pursuant to the New Cash Notes Purchase,

would be reallocated such that each Scheme Creditor would be allocated a proportion of the New Notes equal to the total amount of principal and interest owed to it as a percentage of the aggregate amount of all principal and interest owed to all Scheme Creditors (the "**Pro Rata Proportion of the Notes**"). Pursuant to the Scheme, Scheme Creditors that were also New Cash Notes Purchasers would receive their Pro Rata Proportion of the New Notes by way of the New Second Lien Notes (including the New Cash Notes) in priority to Scheme Creditors who were not New Cash Notes Purchasers.

#### **SIXTH: ISSUE OF NEW SHARES IN CODERE AND REALLOCATION OF THE CODERE SHARES**

In accordance with the Restructuring, Codere has issued 2,474,678,091 new shares with the relevant share premium, each such share having a nominal value of EUR0.20 (the "**Codere Shares**"). The Codere Shares have been admitted to listing on the Stock Exchanges of Madrid, Barcelona, Bilbao and Valencia.

Pursuant to the Scheme, Scheme Creditors agreed that the Codere Shares allocated to them pursuant to the Note Exchange would be reallocated. Immediately following such reallocation, the Codere Shares were held as follows:

- (a) 61.311% were held by the New Cash Notes Purchasers;
- (b) 4.007% were held by Scheme Creditors holding New Second Lien Notes;
- (c) 2.004% were held by Scheme Creditors holding New Third Lien Notes;

- (d) 19.614% were held by Scheme Creditors (the "**Set Aside Shares**") (as a prelude to the sale of certain shares in Codere to two key members of management (as described in the eighth paragraph below));
- (e) 10.018% were held by New Cash Notes Backstop Providers;
- (f) 1.002% were held by the New Senior Private Notes Backstop Providers;
- (g) 2.044% were held by the Global Coordinator;

The Codere Shares are freely tradeable, subject to the restrictions contained in a shareholders' agreement dated 6 April 2016 to which each of the above mentioned parties, save the 2.176% existing shareholders, are party (the "**Shareholders' Agreement**"). The Shareholders' Agreement was published by means of the significant event issued by Codere on 15 April 2016.

If a Scheme Creditor or a nominated recipient of a Scheme Creditor or Backstop Provider did not deliver the documentation required to receive their entitlements under the Scheme, those entitlements were transferred to Lucid Issuer Services Limited, in its capacity as Holding Period Trustee. The Holding Period Trustee will hold those entitlements on trust until the earlier of 28<sup>th</sup> April 2017 (the "**Holding Period Expiry Date**") and the date on which the appropriate documentation is received and the entitlements are transferred in accordance with the wishes of the Scheme Creditor and/or a nominated recipient. If the appropriate documentation is not received by the Holding Period Trustee by the Holding Period Expiry Date, the Holding Period Trustee is permitted by the terms of the Scheme to sell the entitlements in the open market and, if possible, distribute the cash proceeds of that sale (less any reasonable costs and expense in respect of the sale) to the Scheme Creditor or nominated recipient so entitled. If such distribution is not possible, the Holding Period Trustee has a discretion as to how such cash proceeds shall be applied.

## **SEVENTH: SHARES IN CODERE DELIVERED TO THE KEY EXECUTIVES**

In order to preserve the value of the New Notes issued pursuant to the Restructuring and maximize the creation of future value in the equity of Codere, the Scheme Creditors considered it of critical importance that two key members of management (José Antonio Martínez Sampedro and Javier Martínez Sampedro) (the "**Key Executive Purchasers**") invest in certain shares in Codere once restructured in order to align their economic interest on a permanent basis and thus preserve their continuity of ownership in light of the institutional and governmental relationships considered necessary to the successful continuation of the Codere group's licensed business. Therefore, pursuant to the Scheme and as a condition to the Restructuring, the Scheme Creditors sold, and the Key Executive Purchasers purchased, the Set Aside Shares.

## **EIGHT: SHARES IN CODERE DELIVERED TO THE GLOBAL COORDINATOR**

In connection with the Restructuring, Codere appointed a global coordinator (the "**Global Coordinator**") to facilitate the development of ideas, discussions and communications between Codere and certain Scheme Creditors. Pursuant to the Restructuring, 2.044% of the Capitalised Funding Loans were assigned to the Global Coordinator in partial discharge of its fees for providing such services. Such Capitalised Funding Loans were capitalised into the

Codere Shares and, accordingly, immediately upon completion of the Restructuring, the Global Coordinator held 2% of the post-Restructuring Codere Shares.

#### **NINTH: TRADING OF THE NEW CODERE SHARES**

According to the Shareholders' Agreement, all parties thereto must comply with certain requirements in order to transfer the new Codere shares. In particular, any party to the Shareholders' Agreement transferring shares in Codere must:

- (a) ensure that any potential acquirer of new Codere shares accedes to the Shareholders' Agreement before completing any share transfer (unless the transferee is already party to the Shareholders' Agreement); and
- (b) notify the remaining parties to the Shareholders' Agreement (through their relevant representatives) and Codere of any such transfer, and deliver to them a copy of the acquirer's accession letter.

In order to comply with the requirements above, (i) trading of the new Codere shares may require the involvement of a specialised broker, and (ii) settlement of any such transaction shall be made by means of special stock exchange procedures. The specific settlement mechanics will depend, among other circumstances, on the custodian entity(ies) where the new Codere shares are, and will be after the transfer, deposited (e.g. Iberclear, Euroclear, Clearstream) and on each broker's internal practices and required instructions.

As a result of the above, the new Codere shares may not be traded on the open market.

Pursuant to the Shareholders' Agreement, failure to comply with the transfer requirements set out therein would result in such transfer not creating any rights against any other shareholder in favour of the transferee. Such failure to comply with the transfer requirements may result in damages and any other party may claim and seek specific performance, compensation for damages and any other remedy available under law or the Shareholders' Agreement.

#### **TENTH: CORPORATE RESTRUCTURING**

Pursuant to the Restructuring:

- (a) Codere contributed all of its assets and liabilities to a newly formed Spanish subsidiary Codere Newco, S.A. ("**Spanish Newco**"), in return for shares to be issued by Spanish Newco to Codere in accordance with article 72 of the Spanish Structural Reorganisation Law;
- (b) Codere Luxembourg 2 S.à r.l. ("**Luxco 2**") was incorporated as a subsidiary of Codere by way of a share for share contribution, i.e. Codere received shares in Luxco 2 in exchange for transferring all of its shares in Spanish Newco to Luxco 2; and
- (c) Codere Luxembourg 1 S.à r.l. ("**Luxco 1**") was incorporated as a subsidiary of Codere by way of a share for share contribution, i.e. Codere received shares in Luxco 1 in exchange for transferring all of its shares in Luxco 2 to Luxco 1.

#### **ELEVENTH: BOARD APPOINTMENTS AND RESIGNATIONS**

Pursuant to the terms of the Restructuring:

- (a) the following parties have resigned from the board of directors of Codere:
  - (i) Encarnación Martínez Sampedro;
  - (ii) José Ramón Romero Rodríguez;
  - (iii) José Ignacio Cases Méndez;
  - (iv) Juan Junquera Temprano;
  - (v) Eugenio Vela Sastre; and
  - (vi) Juan José Zornoza Pérez; and
- (b) the following parties were appointed to the board of directors of Codere:
  - (i) Manuel Martínez-Fidalgo;
  - (ii) Norman Raúl Sorensen Valdez;
  - (iii) Matthew Turner;
  - (iv) David Anthony Reganato;
  - (v) Timothy Paul Lavelle; and
- (c) Pio Cabanillas Alonso has replaced Cristina Martínez Soria as representative of Masampe, S.L.

**TWELFTH: REPAYMENT OF THE EXISTING SENIOR FACILITIES AGREEMENT**

The senior facilities agreement originally dated 19 October 2007 (as amended and/or restated from time to time) between, amongst others, Codere as borrower and the lenders thereunder has been repaid (or, in the case of the letters of credit issued thereunder, cash collateralised) in full and the guarantees and security thereunder released.