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REPORT PREPARED BY THE BOARD OF DIRECTORS OF THE COMPANY CODERE, S.A., REGARDING THE PROPOSAL TO AUTHORISE THE BOARD, WITH POWERS OF DELEGATION, FOR A MAXIMUM PERIOD OF FIVE YEARS TO ISSUE SIMPLE BONDS OR DEBENTURES, NOTES, PROMISSORY NOTES AND OTHER SECURITIES THAT RECOGNIZE OR CREATE DEBT, UP TO AT MOST ONE BILLION EURO, OR THE EQUIVALENT IN ANY OTHER CURRENCY, AND TO GUARANTEE ISSUES OF SUCH SECURITIES BY OTHER COMPANIES IN ITS GROUP UNDER ITEM 6 ON THE AGENDA OF THE GENERAL MEETING OF SHAREHOLDERS TO BE HELD ON 27 AND 28 JUNE 2018 ON FIRST AND SECOND CALL, RESPECTIVELY.

I. Purpose of the report.

This Report is prepared by the Board of Directors of CODERE, S.A. (“CODERE” or the “Company”) to justify the proposal, which is subject to the approval of the General Meeting of Shareholders of the Company convened to be held on 27 June 2018 at 13:00 CET, on first call and on the following day 28 June 2018 at the same time on second call under item 6 on its Agenda, on the delegation of powers to the Board of Directors of CODERE, with express powers of delegation, to issue simple bonds or debentures, notes, promissory notes and other securities that recognize or create debt and the authorisation for the Company to guarantee the obligations of all kinds that may arise for its subsidiaries due to the issue of securities by them.

II. Justification of the proposal.

The Board of Directors believes that the proposed resolution which is subject to approval by the General Meeting of Shareholders is justified by the convenience of providing the Board of Directors of the Company with the ability to access at all times the best financing conditions, obtaining in the primary securities markets a significant amount of funds required for the proper performance of its business and optimisation of its financing structure, with the flexibility and responsiveness demanded by today’s competitive environment in which the success of most strategic initiatives often depends on the ability of the Company to undertake them quickly, without incurring the delays and additional costs inevitably involved by holding a General Meeting of Shareholders.

To this end, under Article 319 of the Company Register Regulation and in accordance with Article 7.g) of the Regulations of the General Shareholders Meetings of CODERE, which establish the authority of the General Meeting of Shareholders to issue bonds, debentures and other similar securities and its authorisation to delegate such authority to the Board of Directors, the proposed resolution formulated under item 6 on the Agenda is submitted for consideration by the General Meeting of Shareholders.



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The proposal involves authorising the Board to issue simple bonds or debentures, notes, promissory notes and other securities that recognize or create debt.

Amount of the issues

The proposed resolution sets the maximum amounts for the issues for which authorisation is sought. The Board of Directors considers it appropriate that the limit on the authorisation requested from the General Meeting of Shareholders should be sufficiently broad to allow the fundraising required in the capital market to conduct the funding policy of the Company and its Group as applicable.

The ceiling for bonds, unsecured debentures and other fixed income securities which may be issued under this delegation comes to 1,000,000,000 euro.

Issue through subsidiaries

Moreover, in some cases it may be appropriate to carry out the issues of securities under this proposal through a subsidiary with the guarantee of CODERE.

Consequently, it is considered useful that the General Meeting of Shareholders should authorise the Board to guarantee, on behalf of the Company and within the limits set out above, any new issues of simple bonds or debentures, notes, promissory notes and other securities that recognize or create debt during the term of this resolution which are carried out by the subsidiaries, in order to give the Board of Directors the maximum flexibility to structure securities issues in the way that is most expedient depending on the circumstances.

Admission to trading

It is also envisaged that the securities issued under this delegation may be admitted to trading on the appropriate secondary market whether such market is official or unofficial, organised or not, or domestic or foreign. Delegation If the resolution proposed here is finally adopted, all the powers shall be conferred on the Board of Directors pursuant to the provisions of Section 249.bis.1) of the Spanish Companies Law with the express power of delegation in order to further promote full flexibility and speed in the transactions proposed. The full text of the proposed resolution on delegation of the power to issue unsecured debentures or bonds and other fixed income securities is given below:

“To delegate to the Board of Directors, as permitted by section 319 of the Regulations of the Mercantile Registry and the general provisions governing the issuance of debentures, the power to issue negotiable securities in accordance with the following terms and conditions:



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1. Securities contemplated in this delegation may be simple bonds or debentures, notes, promissory notes and other securities that recognize or create debt, as well as preference shares and other equivalent instruments.

2. The issuance of the securities covered by the delegation may be effected on one or more occasions, within a maximum period of five years following the date of approval of this resolution.

3. The maximum nominal amount of the issuance or issuances of securities approved under this delegation shall be €1.000.000.000) or its equivalent in another currency.

4. The delegation shall extend, as broadly as required by law:

(i) to the establishment of the different terms and conditions applicable to each issue, including at least par value (respecting the limits that may apply), through simple bonds or debendures, notes, promissory notes and other securities that recognize or create debt as well as preference shares and other equivalent instruments, issue price, place for the issuance, domestic or foreign currency, issue price, interest rate or type of compensation, proceedings and payment of the coupons or compensation, time and form of amortisation and expiration date, or, the perpetual nature of the securities, subordination clauses, guarantees supporting the issuance, applicable regulations, form of representation of the securities, either by certificates or book entries or any other form allowed by the law, the admission to trading and in general any other condition of the issuance (including its later amendment); and

(ii) to conduct any and all formalities that may be necessary, including regulations of the stock Exchange market, for the implementation of the specific issues approved under this delegation.

5. The Board of Directors shall also be authorized to guarantee on behalf of the Company, and as it deems appropriate, the issuance of the securities abovementioned in paragraph 1 by subsidiaries of its Group, and within the limits set forth in paragraph 3. This authorization must be understood as additional to those issuance of securities executed by the subsidiaries of the Group “Codere Finance (Luxembourg) 2. S.A.R.L. and Codere Newco S.A.U. and guaranteed by Codere S.A. and other companies of Group Codere, for an amount of 500 million euros and 300 million US\$.

6. The Board of Directors is authorized to make application for trading of the securities in official or non official secondary markets, organized or otherwise, domestic or foreign, of the securities issued under this delegation, empowering the Board, with the power to substitute, to execute all the acts and formalities that may be required for admission to listing with the various Spanish or foreign securities markets.

It is expressly stated for the record that, if application is subsequently made for delisting of the securities issued under this delegation, it shall be made in compliance with the same formalities as those stated in this section, and in such case, the interests of the debentureholders opposing or not voting on the resolution, in compliance with Spanish Companies Act and other regulations.



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7. The Board is expressly authorized to further delegate the powers contemplated in this resolution, to the Board of Directors, and other members of the Board, or any other person that the Board may delegate, with express authority for substitution.

8. This resolution deprives of effect Resolution Five approved by the General Shareholders Meeting held on August 14, 2013 which authorised the Company's Board of Directors to issue simple bonds or debendures, notes, promissory notes and other securities that recognize or create debt, as well as preference shares and other equivalent instruments".