

**COMMUNIQUE OF THE BOARD OF DIRECTORS OF CODERE S.A. RELATING
TO THE SUPPLEMENT TO THE NOTICE OF CALL AND THE ALTERNATIVE
PROPOSALS FOR RESOLUTIONS SUBMITTED BY MASAMPE, S.L. FOR THE
ANNUAL SHAREHOLDERS' MEETING
TO BE HELD ON JUNE 26 AND 27, 2019. AT FIRST AND SECOND CALL,
RESPECTIVELY (1)**

1. INTRODUCTION

On May 29, 2019, four records of notarial demands, all of them sent by Masampe, S.L., in its capacity as shareholder of Codere, S.A. (the “**Company**”), were received at the registered office, of the Company.

The requests made pursuant to said records by Masampe, S.L. are the following:

1. Request for a Supplement to the Notice of Call for the Shareholders' Meeting to be held on June 26, 2019, whereby it is requested that “*the taking of corporate action for liability against Norman Sorensen Valdez and his removal from office as Director*” be submitted to deliberation and ballot at said shareholders' meeting.
2. Request for an alternative proposal for a resolution in respect of item 1.1 on the agenda for said shareholders' meeting consisting of the “*Review and approval of the annual financial statements (balance sheet, income statement, statement of changes in equity, statement of cash flows and notes to the financial statements) and the management report of Codere, S.A. and of the annual financial statements (balance sheet, income statement, consolidated statement of comprehensive income, statement of changes in equity, cash flow statement and notes to the financial statements) and of the management report of its consolidated group of companies, for the financial year ended December 31, 2018.* The alternative proposal consists, in summary, of not approving the above documents prepared by the Board of Directors and demanding that new annual financial statements and management reports be prepared.
3. Request for an alternative proposal for a resolution in respect of item 1.2 on the agenda for said shareholders meeting, consisting of the “*Review and approval, if fitting, of the non-financial information statement for the year ended December 31, 2018*”. The alternative proposal requested by Masampe, S.L., consists, in summary, of not approving the non-financial information statement prepared by the Board of Directors and demanding the Board of Directors to prepare a new non-financial information statement.
4. Request for an alternative proposal for a resolution in respect of item 1.3 on the agenda of said shareholders' meeting, consisting of the “*Review and approval, if fitting, of the management of the Company by the Board of Directors during the financial year ended December 31, 2018*”. The alternative proposal requested by Masampe, S.L., consists, in summary, of not approving the management of the Company by the Board of Directors of Codere, S.A. for that year.

In respect of the above requests:

- The Appointments, Remuneration and Corporate Governance Committee assembled, on June 7, 2019, to review the request for supplement to the notice of call made by Masampe, S.L. in the light of the functions attributed to said Committee by applicable legislation and, very particularly, articles 529n (c) of the Spanish Corporate Enterprises Law and 16.2.f) of the Board Regulation of the Company.
- The Board of Directors, in turn, also assembled on June 7, 2019, to review both the request for a supplement to the notice of call and the three alternative proposals for resolutions made by Masampe, S.L., in the light of article 519 of the Spanish Corporate Enterprises Law.

After the above meetings, after reviewing the respective requests, the Board of Directors resolved to proceed to process and publish both the supplement to the notice of call for the Annual Shareholders' Meeting to include the requested item on the agenda, and the requested alternative proposals for resolutions, for their submission to ballot at the Annual Shareholders' Meeting.

In addition to the above, the Board of Directors resolved to issue this communiqué to inform the shareholders and the market in general of its opinion relating to the above matters.

2. COMMUNIQUÉ RELATING TO THE SUPPLEMENT TO THE NOTICE OF CALL FOR THE SHAREHOLDERS' MEETING AND THE SUBMISSION TO THE SHAREHOLDERS' MEETING FOR ITS CONSIDERATION OF THE TAKING OF CORPORATE ACTION FOR LIABILITY AGAINST NORMAN SORENSEN

The Board has acknowledged the report issued by the Appointments, Remuneration and Corporate Governance Committee of the Company on the request for supplement to the notice of call proposing the taking of corporate action for liability against and consequent removal of Norman Sorensen Valdez proposed by Masampe, S.L.

Said report shall be made available to the shareholders and the Board of Directors fully subscribes to its statements and main conclusion, i.e., that there is no reason to justify the claim for liability against and removal from office in advance of Mr. Sorensen.

Notwithstanding the foregoing, in addition, to the report made by the Appointments, Remuneration and Corporate Governance Committee, the Board of Directors wishes to make the following observations:

- i. Corporate action for liability is an action of great relevance, both for the director directly concerned and for the Company itself, given its impact on the market and the business.

For corporate action for liability to have a successful outcome, a high level of specification should exist, which is lacking in the request made by Masampe, S.L. which is worded in vague terms, containing insinuations and arguments that are lacking all grounds, and is based on acts that show absolutely no indication of being unlawful. Even less so is any damage to the equity of the Company identified. The statements made by Masampe S.L. are general and refer to issues that are lacking any support and that do not permit, in any manner whatsoever, that the Mr. Sorensen's independence be doubted or that he may have breached his fiduciary duties as a director.

- ii. Likewise, decisions that have been adopted by the governing bodies of the company, with the majorities required for the purpose, are attributed to Norman Sorensen, individually, which accusations are thus lacking any credibility.

As an example of Mr. Sorensen's purported disloyal conduct, Masampe, S.L. mentions that Mr. Sorensen, in the discharge of his duties, prevented the proposal for reelection of José Antonio Martínez Sampedro and Luis Javier Martínez Sampedro from being submitted to the shareholders' meeting, although such a decision was made by the corporate bodies responsible for issuing the reports and proposals under applicable law. In this case, it is impossible to understand how a suitability assessment for which the Appointments, Remuneration and Corporate Governance Committee and the Board of Directors, in both cases acting as a body, are responsible, may give rise to Mr. Sorensen's being held liable individually.

- iii. Finally, the statement made that the acts of Mr. Sorensen have implied a breach of the shareholders' agreement is also surprising. Firstly, both Mr. Sorensen, and the rest of the directors unrelated to Masampe, S.L., acted in their capacities as directors rather than as shareholders; also, it is an unquestionable fact that the two nominee directors finally proposed to the Annual Shareholders' Meeting for their appointment, were submitted precisely at the request of Masampe, S.L. and the rest of the *Key Executive Parties*, within the meaning of the shareholders' agreement. In other words, the request of Masampe, S.L. was met, respecting the provisions of the shareholders' agreement.

3. COMMUNIQUÉ RELATING TO THE PROPOSAL FOR ALTERNATIVE RESOLUTIONS RELATING TO ITEMS 1.1., 1.2 AND 1.3 ON THE AGENDA OF THE SHAREHOLDERS' MEETING

The Board of Directors is able only to advise the shareholders that, in respect of items 1.1., 1.2 and 1.3 on the agenda, they vote in favor of the proposals for resolutions submitted by the Board of Directors of the Company.

In addition to the above, the Board of Directors considers it appropriate to make the following observations:

1. Communiqué of the Board of Directors of Codere, S.A. relating to item 1.1. on the agenda:

- i. The grounds provided by Masampe, S.L. for not approving the individual and consolidated annual financial statements of Codere, S.A., for financial year 2018, mix up in a disorderly manner and deliberately, confusing financial, accounting and business arguments.
- ii. From the financial and accounting points of view, the Board must categorically deny the assessment made that the annual financial statements do not show the true picture of the equity or of the financial position of the Company. This is a serious and groundless allegation which does not correspond to reality.
- iii. The annual financial statements have been audited by the external auditor of the Company, which has confirmed that they show accurately the true picture of the equity and of the financial position of the Company and its group. The auditor has had full access to the information of the company and has issued its opinion, without qualifications of any kind, in the responsible and independent discharge of its duties. Any doubt on the matter or on the truth of the financial statements prepared by the Board of Directors is absolutely rejected by the Board.
- iv. In respect of the business arguments used by Masampe, S.L., it is senseless to evaluate its differences of opinion other than as regards those issues that are directly considered to be wrong or that distort or raise confusion as to the situation of the Company, in certain cases, even, with the aggravating factor that they use information obtained by Masampe, S.L. in its capacity as director of the Company.
- v. In this respect, as regards the above, I should merely like to point out the following:
 - a. The true picture of the annual financial statements is perfectly compatible with the drop or increase of the price of the share of the Company and the correlation used by Masampe, S.L. that the annual financial statements do not reflect the listed price of the shares of the Company is biased.
 - b. The interpretation given by Masampe, S.L. of the quarterly results and the growth in comparison with the inflation, obviating those markets in which the Company has grown above the rate of inflation, is also biased. It also provides erroneous data and omits others that are highly relevant such as the 100% growth in online business in 2018, thus providing an erroneous and biased interpretation of the overall decrease of income. All the above with the effect of generating doubt as to the evolution of the businesses of the Codere group.
 - c. In respect of the dismissals occurred in 2018 and their impact on the income of the Company, Masampe, S.L. uses erroneous data and incorrect predictions since, except in Argentina, in the 2019 Q1, the invoicing data grew in respect of the 2018 Q1, contrary to what is stated on the matter by Masampe, S.L.

- d. In respect of the amounts paid to Jusvil, S.L., may I mention firstly that the General Manager does not hold a majority interest in said company, as the 2018 Annual Corporate Governance Report informs. The remuneration paid to that Company during 2018 for consulting services has been similar to those paid in 2017.
- e. In respect of the facts occurred after the year end, I would like to clarify that due to the relative importance of the venue “Gonzalitos” on the annual accounts, it wasn’t included as developments after the close of the year and given that it did not affect the fair and true representation of the annual accounts. This assessment concurs with the review of the breakdown of the accounts made by the external auditor in its audit works and its check of developments after the close of the year at the moment of the issuance of its favorable opinion on the accounts.

In conclusion, the Board wishes to highlight that the external auditor of the Company (E&Y) has attended the meeting of the Board held on June 7th, 2019 and has confirmed that it has performed its audit works in accordance with the governing regulations of the auditing activity in Spain, and it has considered that the audit evidences obtained provides a sufficient and adequate basis for their opinion which was reflected in its reports dated February 27 2019, where they expressed a favorable opinion on the individual and consolidated accounts of CODERE S.A. The auditor has confirmed its independence from the Group in accordance with the ethic requirements requested for the audit work (including independence requirements) both the individual and the consolidated annual financial statements express, in all material aspects, the true picture of the equity and financial position.

2 Communiqué of the Board of Directors of Codere, S.A. relating to item 1.2. on the agenda

- i. Masampe alleges that this Board has approved a non-financial report that does not reflect accurately the events occurred in 2018. Once again, this is a serious accusation that is not supported by any fact and that is simply false.
- ii. The non-financial report covered exhaustively all the areas of review required by applicable legislation and was audited by the external auditor of the Company which supervised both the preparation of the document and the information that it contains. The structure of the report and its content meets all required legal standards. However, most important, it reflects actually the situation of the Company.
- iii. The materiality matrix used to prepare the non-financial report approved by the Board of Directors at the meeting that it held on February 26, 2019, uses as a reference, as mentioned in page 138 of the consolidated financial statements, the materiality analysis carried out in 2017, in accordance with the method established, after checking that analysis with the various areas of the Company, studying other enterprises in depth and using the regulatory bodies as sources of information.

- iv. Finally, other than is stated in the supporting documentation provided by Masampe, S.L., I may only repeat and confirm that these areas, responsible gaming, regulatory pressure, money laundering prevention, policies to prevent organized crime, political risk the management of relations with customers, corporate governance and brand management, are highly relevant for the Company, and a great amount of time and effort is devoted to them.

In respect of the Non-Financial Information Statement, they have also confirmed that they have expressed their conclusions in a limited security independent audit report meeting the requirements established by the International Standard of Engagements of Assurance 3000 and the “Guía de Actuación sobre encargos de verificación del Estado de Información No Financiera” (Handbook for Action on Engagements for Audit of the Non-Financial Information Statement) issued by *Instituto de Censores Jurados de Cuentas de España* (Institute of Chartered Accountants of Spain. Based on the procedures conducted no aspect has been observed leading them to consider that the NFIS of Codere Group for the year ended December 31, 2018, has not been prepared, in all significant aspects, in compliance with commercial legislation in force.

3. Communiqué of the Board of Directors of Codere, S.A., relating to item 1.3. on the agenda

- i. In respect of the arguments used by Masampe, S.L. so as not to approve the management by the Board of Directors, it must be mentioned that, pursuant to article 209 of the Spanish Corporate Enterprises Law, the directors have power for *"the management and representation of the Company "*, and, pursuant to article 249 bis(b) of the same Law, the Board of Directors is responsible for *"establishing the general policies and strategies of the Company"*, being subject as regards such functions to the duties attributed by law to the board members.
- ii. It appears to be obvious that Masampe, S.L. has a different view of the policies and strategies of the Codere group and does not agree with the decisions of the Board of Directors, in which it is represented, which does not justify in any manner that it uses the information that it has available or its subjectively interpretation.

Madrid, June 7, 2019

(1) This report has been translated for information purposes only. Spanish version shall prevail.