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YOU ARE NOT AUTHORISED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED PRELIMINARY PROSPECTUS, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH PRELIMINARY PROSPECTUS IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED PRELIMINARY PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE OR ANY OTHER APPLICABLE RULES OR REGULATIONS MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

CONFIRMATION OF YOUR REPRESENTATION: In order to be able to view the Preliminary Prospectus or make an investment decision with respect to the securities, investors must not be a U.S. Person (as defined in Regulation S under the Securities Act). The Preliminary Prospectus is being sent at your request and by accepting the email and accessing this Preliminary Prospectus, you shall be deemed to have represented to Barclays Bank PLC, Lloyds Bank plc, MUFG Securities EMEA plc and The Royal Bank of Scotland plc (the “**Joint Active Lead Bookrunners**”) and (together with Mediobanca Banca di Credito Finanziario S.p.A, the “**Joint Lead Bookrunner**”, the “**Bookrunners**”), Ladbroke Group Finance plc (the “**Issuer**”) and [Ladbroke Coral Group plc] (the “**Guarantor**”) that (1) you and any customers which you represent are not U.S. Persons, the email address that you have given us is not located in the United States of America, its territories, its possessions and other areas subject to its jurisdiction; and its possessions include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands, and (2) you consent to delivery of the Preliminary Prospectus and any amendments or supplements thereto by electronic transmission.

You are reminded that the Preliminary Prospectus has been delivered to you on the basis that you are a person into whose possession the Preliminary Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this document, electronically or otherwise, to any other person. If you receive this document by e-mail, you should not reply by e-mail to this announcement. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. No action has been or will be taken in any jurisdiction by the Issuer, the Guarantor or the Bookrunners that would, or is intended to, permit a public offering of the securities, or possession or distribution of the Preliminary Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the securities, in any country or jurisdiction where action for that purpose is required. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Bookrunners or any affiliate of the Bookrunners is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Bookrunners or such affiliate on behalf of the Issuer in such jurisdiction.

This communication is directed only at persons who (i) are outside the United Kingdom, other than those in jurisdictions where such communication is unlawful or (ii) have professional experience in matters relating to investments or (iii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations, etc.”) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (all such persons together being referred to as “**relevant persons**”). This communication must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the Preliminary Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

The attached Preliminary Prospectus has been sent to you in an electronic format. You are reminded that documents transmitted in an electronic format may be altered or changed during the process of transmission and consequently none of the Issuer, the Guarantor, the Bookrunners or their respective affiliates, directors, officers, employees, representatives and agents or any other person controlling the Issuer, the Guarantor, the Bookrunners or any of their respective affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard-copy version.

This communication is for informational purposes only. It is not intended as an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Any comments or statements made herein do not necessarily reflect those of the Bookrunners, their subsidiaries and affiliates.

PRELIMINARY PROSPECTUS SUBJECT TO AMENDMENT AND COMPLETION

Ladbrokes Group Finance plc

(incorporated with limited liability in England & Wales with registered no. 1429533)

£[●] [●] per cent. Guaranteed Notes due [●]

unconditionally and irrevocably guaranteed by

[Ladbrokes Coral Group plc]

(formerly known as Ladbrokes plc)

(incorporated with limited liability in England & Wales with registered no. 566221)

Issue price: [100] per cent.

The £[●] [●] per cent. Guaranteed Notes due 20[●] (the “Notes”) are issued by Ladbrokes Group Finance plc (the “Issuer”) and are unconditionally and irrevocably guaranteed by [Ladbrokes Coral Group plc] (the “Guarantor” or the “Company”). References herein to the “Group” or “Ladbrokes Coral” are to the Company and its subsidiaries. References herein to the “Historic Ladbrokes Group” are to the Company and its subsidiaries prior to the merger of the entire issued share capital of GC Group (Jersey) Limited and its subsidiaries with the Company on or around the date of this Prospectus (the “Merger”). References herein to the “Historic Coral Group” are to GC Group (Jersey) Limited and its subsidiaries immediately prior to the Merger.

The Issuer may, at its option, redeem all, or some only, of the Notes at any time after the Issue Date at the relevant redemption make-whole amount plus the applicable margin and accrued interest, as described under “Conditions of the Notes – Redemption and Purchase”. The Issuer may, at its option, redeem all, but not some only, of the Notes at any time at par plus accrued interest, in the event of certain tax changes, as described under “Conditions of the Notes – Redemption and Purchase”. Upon the occurrence of certain change of control events relating to the Guarantor, which lead to a negative rating action being taken by any relevant credit rating agencies, each Noteholder shall have the option to require the Issuer to redeem or purchase the Notes of such holder at a cash purchase price equal to 101 per cent. of the principal amount thereof plus accrued interest, as described under “Conditions of the Notes – Redemption and Purchase”. The Issuer may, at its option, choose to redeem all, but not some only, of the Notes at any time during the period commencing on the day that is 90 days prior to (but excluding) the stated maturity of the Notes at par plus accrued interest, as described under “Conditions of the Notes – Redemption and Purchase”. The Notes mature on [●], unless the Notes are redeemed earlier in accordance with “Conditions of the Notes – Redemption and Purchase”.

An application has been made to the Financial Conduct Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the “UK Listing Authority”) for the Notes to be admitted to the Official List of the UK Listing Authority and to the London Stock Exchange plc (the “London Stock Exchange”) for the Notes to be admitted to trading on the London Stock Exchange’s regulated market. The London Stock Exchange’s regulated market is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive).

The Notes are expected to be assigned on issue a rating of [●] by Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies Inc. and [●] by Fitch Ratings Ltd. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The Notes will initially be represented by a temporary global note (the “Temporary Global Note”), without interest coupons, which will be deposited on or about [●] (the “Closing Date”) with a common depository for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream, Luxembourg”). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the “Permanent Global Note” and, together with the Temporary Global Note, the “Global Notes”), without interest coupons, on or after [●] (the “Exchange Date”), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances – see “Summary of Provisions relating to the Notes while represented by the Global Notes”.

An investment in Notes involves certain risks. Prospective investors should have regard to the factors described under the heading “Risk Factors” on page 31.

Joint Active Lead Bookrunners

Barclays

Lloyds Bank

MUFG

The Royal Bank of Scotland

Joint Lead Bookrunner

Mediobanca Banca di Credito Finanziario S.p.A

The date of this Prospectus is [●] 2016

This Prospectus comprises a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC, as amended (the “**Prospectus Directive**”).

The Issuer and the Guarantor accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*” below). This Prospectus should be read and construed on the basis that such documents are incorporated in, and form part of, this Prospectus.

Neither the Bookrunners (as described under “*Subscription and Sale*” below) nor The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”) have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Bookrunners or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer or the Guarantor in connection with the offering of the Notes. No Bookrunner or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer or the Guarantor in connection with the offering of the Notes or their distribution.

No person is or has been authorised by the Issuer, the Guarantor, the Bookrunners or the Trustee to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, any of the Bookrunners or the Trustee.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Guarantor, any of the Bookrunners or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Guarantor. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Guarantor, any of the Bookrunners or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Bookrunners and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Notes or to advise any investor in the Notes of any information coming to their attention at any time. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the “**Securities Act**”) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this Prospectus, see “*Subscription and Sale*” below.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Guarantor, the Bookrunners and the Trustee do not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In

particular, no action has been taken by the Issuer, the Guarantor, the Bookrunners or the Trustee which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States and the United Kingdom. See *"Subscription and Sale"* below.

This Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each a **"Relevant Member State"**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of the offering contemplated in this Prospectus, may only do so in circumstances in which no obligation arises for the Issuer or any of the Bookrunners to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. None of the Issuer, the Guarantor and the Bookrunners has authorised, nor do any of them authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or the Bookrunners to publish or supplement a prospectus for such offer.

IN CONNECTION WITH THE ISSUE OF THE NOTES, BARCLAYS BANK PLC AS STABILISING MANAGER (THE "STABILISING MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

All references in this Prospectus to **"Sterling"** and **"£"** refer to the currency of the United Kingdom, to **"HKD"** refer to Hong Kong dollars and to **"Euro"** and **"€"** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

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INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus contains or incorporates by reference forward-looking statements. The words “believe”, “anticipate”, “expect”, “intend”, “plan”, “predict”, “continue”, “assume”, “positioned”, “may”, “will”, “should”, “shall”, “risk” and other similar expressions that are predictions of or indicate future events and future trends identify forward-looking statements. These forward-looking statements include all matters that are not historical facts. In particular, the statements under the headings “*Overview*”, “*Risk Factors*” “*Information on the Historic Ladbrokes Group*”, “*Information on the Historic Coral Group*”, “*Information about the Merger*” and “*Pro forma numbers for the Group*” and regarding the Company’s strategy and other future events or prospects are forward-looking statements. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the Company’s control. Such forward-looking statements are based on numerous assumptions regarding the Company’s present and future business strategies and the environment in which the Group will operate in the future. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances which may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The actual results, performance or achievements of the Group, or industry results, may be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. In addition, even if actual performance, results of operations, internal rate of return, financial condition, distributions to shareholders and the development of its financing strategies are consistent with the forward-looking statements contained in this Prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Key risks, uncertainties and other factors that could cause actual results to differ from those expected are set out more fully in the section of this Prospectus headed “*Risk Factors*”. Investors should specifically and carefully consider these factors, which could cause actual results to differ, before making an investment decision.

These forward-looking statements reflect the Company and/or the Issuer’s judgement as at the date of this Prospectus and are not intended to give any assurances as to future results. To the extent required by the FCA, the London Stock Exchange or applicable law (including as may be required by the Prospectus Rules, the Listing Rules and the Disclosure Guidance and Transparency Rules), the Company and the Issuer will update or revise the information in this Prospectus. Otherwise, the Company and the Issuer expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this Prospectus to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

PRESENTATION OF FINANCIAL INFORMATION

FINANCIAL INFORMATION RELATING TO THE HISTORIC LADBROKES GROUP

The Historic Ladbrokes Group prepares its consolidated financial statements in accordance with International Financial Reporting Standards as adopted for use in the European Union (“IFRS”) and, unless otherwise stated, all financial information relating to the Historic Ladbrokes Group contained or incorporated by reference in this Prospectus has been prepared in accordance with IFRS.

All financial information relating to the Historic Ladbrokes Group contained in this Prospectus, unless otherwise stated, has either been extracted from either the audited financial statements of the Company as of and for the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015, as set out in the Guarantor’s Annual Report and Accounts 2013, the Guarantor’s Annual Report and Accounts 2014 and the Guarantor’s Annual Report and Accounts 2015, respectively, which are incorporated by reference into this Prospectus, or from the unaudited interim financial statements of the Company for the six months ended 30 June 2016 contained in the Interim Results 2016, which are incorporated by reference into this Prospectus. Where information has been extracted from the Interim Results 2016 (or the comparative information for the six months ended 30 June 2015), the information is described as unaudited unless otherwise stated.

Percentages in tables have been rounded and accordingly may not add up to 100.0 per cent. Certain financial data have been rounded. As a result of this rounding, the totals of data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data.

HISTORIC LADBROKES GROUP NON-IFRS MEASURES

The Historic Ladbrokes Group assesses the performance of the Historic Ladbrokes Group’s business using a variety of key financial measures. Some of these measures are termed “non-IFRS measures” because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. A summary of the key non-IFRS measures discussed in this Prospectus, and of how such measures are used by the Historic Ladbrokes Group, is presented below. The Historic Ladbrokes Group does not regard these non-IFRS measures as a substitute for the equivalent measures calculated and presented in accordance with IFRS or those calculated financial measures that are calculated in accordance with IFRS. The non-IFRS measures presented below may not be directly comparable to similarly-titled measures used by other companies including competitors of the Historic Ladbrokes Group.]

Gross Win

Gross win is a non-IFRS revenue measure which is defined as amounts wagered less customer winnings and before the deduction of free bets, promotion and bonuses. The Historic Ladbrokes Group uses this measure as one of its assessments of revenue. Certain taxes and duties, including betting duty and the horserace betting levy, are levied based on gross win. The IFRS financial measure most directly comparable to gross win is revenue.

EBITDA

EBITDA is a non-IFRS profit measure which is defined as earnings before exceptional items, interest income and expenses, taxation, depreciation and amortisation. Each of the constituent parts of EBITDA appears in the Historic Ladbrokes Group’s IFRS income statement.

Since all entities do not calculate EBITDA in the same way, the presentation of EBITDA may not be consistent with similar measures used in other companies.

The Historic Ladbrokes Group believes that the presentation of EBITDA provides useful information to enable investors to compare the performance of the business from period to period. Measures broadly similar to EBITDA are used by analysts, ratings agencies and investors in assessing the Historic Ladbrokes Group’s performance. The IFRS financial measure most directly comparable to EBITDA is operating profit pre-exceptional items.

Net Debt

Net debt is a non-IFRS financial position measure defined as interest bearing loans and borrowings, obligations under finance leases and bank overdrafts less cash (excluding customer funds) and short term deposits. Each of the components of net debt appears in the Historic Ladbrokes Group's IFRS balance sheet. The Historic Ladbrokes Group believes that the presentation of net debt provides useful information to investors as it provides information on liquidity, financial flexibility, capital structure and leverage. Furthermore, certain debt rating agencies, creditors and credit analysts monitor the Historic Ladbrokes Group's net debt as part of their assessments of the Historic Ladbrokes Group.

Net Revenue

Net revenue is calculated by deducting vending income (the sale of food and beverages and recorded net of VAT) from revenue.

FINANCIAL INFORMATION RELATING TO THE HISTORIC CORAL GROUP

The Historic Coral Group prepares its combined financial statements in accordance with IFRS and, unless otherwise stated, all financial information relating to the Historic Coral Group contained or incorporated by reference in this Prospectus has been prepared in accordance with IFRS.

All financial information relating to the Historic Coral Group contained in this Prospectus, unless otherwise stated, has been extracted from the combined financial information relating to the Historic Coral Group set out in Part IX of the prospectus of the Company published in connection with the Merger and dated 27 October 2016 (the "**Merger Prospectus**"). Where information has been extracted from the unaudited comparative information for the 40 weeks ended 4 July 2015, the information is described as unaudited unless otherwise stated.

Percentages in tables have been rounded and accordingly may not add up to 100.0 per cent. Certain financial data have been rounded. As a result of this rounding, the totals of data presented in this Prospectus may vary slightly from the actual arithmetic totals of such data.

HISTORIC CORAL GROUP NON-IFRS MEASURES

The Historic Coral Group assesses the performance of the Historic Coral Group's business using a variety of key financial measures. Some of these measures are termed "non-IFRS measures" because they exclude amounts that are included in, or include amounts that are excluded from, the most directly comparable measure calculated and presented in accordance with IFRS, or are calculated using financial measures that are not calculated in accordance with IFRS. A summary of the key non-IFRS measures discussed in this Prospectus, and of how such measures are used by the Historic Coral Group, is presented below. The Historic Coral Group does not regard these non-IFRS measures as a substitute for the equivalent measures calculated and presented in accordance with IFRS or those calculated financial measures that are calculated in accordance with IFRS. The non-IFRS measures presented below may not be directly comparable to similarly-titled measures used by other companies including competitors of the Historic Coral Group.

Gross Win

Gross win is a non-IFRS revenue measure which is defined as amounts wagered less customer winnings and before the deduction of free bets, promotion and bonuses. The Historic Coral Group uses this measure as one of its assessments of revenue. Certain taxes and duties, including betting duty and the horserace betting levy, are levied based on gross win. The IFRS financial measure most directly comparable to gross win is revenue.

Gross Win Margin

Gross win margin is a non-IFRS measure defined as gross win divided by amounts wagered and represents the percentage of amounts wagered that is retained by the Historic Coral Group. The

Historic Coral Group believes that gross win margin is useful in assessing the Historic Coral Group's ability to generate revenues from the amounts wagered by customers and that it provides a basis for assessing the profitability of certain activities of the Historic Coral Group. Gross win margin is used to evaluate the Historic Coral Group's performance of our product base particularly the sportsbook.

EBITDA

EBITDA is a non-IFRS profit measure which is defined as earnings before exceptional items, interest income and expenses, taxation, depreciation and amortisation. Each of the constituent parts of EBITDA appears in the Historic Coral Group's IFRS income statement.

Since all entities do not calculate EBITDA in the same way, the presentation of EBITDA may not be consistent with similar measures used in other companies.

The Historic Coral Group believes that the presentation of EBITDA provides useful information to enable investors to compare the performance of the business from period to period. Measures broadly similar to EBITDA are used by analysts, ratings agencies and investors in assessing the Historic Coral Group's performance. The IFRS financial measure most directly comparable to EBITDA is operating profit pre-exceptional items.

Net Debt

Net debt is a non-IFRS measure that has been derived from the line items "Cash and cash equivalents" and "Interest bearing loans and other borrowings" in the combined financial statements of the Historic Coral Group. It is calculated by deducting the financial statements' line item "Cash and cash equivalents" from the financial statements' line item "Interest bearing loans and other borrowings".

Net Revenue

Net revenue is calculated by deducting vending income (the sale of food and beverages and recorded net of VAT) from revenue.

THE HISTORIC LADBROKES GROUP AND THE HISTORIC CORAL GROUP LBO FIGURES

Except where expressly stated otherwise, all references in this Prospectus to the number of LBOs and/or other property interests that are held by the Historic Ladbrokes Group and/or the Historic Coral Group include the 185 the Historic Ladbrokes Group LBOs and the 174 the Historic Coral Group LBOs that are to be transferred to the Purchasers under the terms of the Business Transfer Agreements.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with:

- (i) the unaudited interim results of the Historic Ladbrokes Group for the six months ended 30 June 2016 (the “**Interim Results 2016**”);
- (ii) the audited consolidated financial statements for the Historic Ladbrokes Group for the year ended 31 December 2013 together with the audit report thereon, which appear on pages 57 to 100 of the Guarantor’s Annual Report and Accounts for the year ended 31 December 2013;
- (iii) the audited consolidated financial statements for the Historic Ladbrokes Group for the year ended 31 December 2014 together with the audit report thereon, which appear on pages 72 to 118 of the Guarantor’s Annual Report and Accounts for the year ended 31 December 2014;
- (iv) the audited consolidated financial statements for the Historic Ladbrokes Group for the year ended 31 December 2015 together with the audit report thereon, which appear on pages 76 to 128 of the Guarantor’s Annual Report and Accounts for the year ended 31 December 2015;
- (v) the audited consolidated financial statements for the Issuer for the year ended 31 December 2014 together with the audit report thereon, which appear on pages 6 to 33 of the Issuer’s Annual Report and Consolidated Financial Statements for the year ended 31 December 2014;
- (vi) the audited financial statements for the Issuer for the year ended 31 December 2015 together with the audit report thereon, which appear on pages 6 to 33 of the Issuer’s Annual Report and Financial Statements for the year ended 31 December 2015;
- (vii) the combined financial information relating to the Historic Coral Group set out in Part IX (*Historical Financial Information relating to the Coral Group*) of the Merger Prospectus;
- (viii) the Q3 Trading Update;
- (ix) Part V (*Principal Terms of the Merger Agreement and Other Related Documentation*) of the Circular;
- (x) Part VI (*Operating and Financial Review Relating to the Ladbrokes Group*) of the Merger Prospectus;
- (xi) Part VII (*Operating and Financial Review Relating to the Coral Group*) of the Merger Prospectus; and
- (xii) the unaudited pro forma financial information for the Group set out in Part X of the Merger Prospectus,

which have all been previously or simultaneously published and which have been filed with the Financial Conduct Authority. Such documents shall be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Except as set out above, no other portion of these documents is incorporated by reference into this Prospectus and those portions which are not specifically incorporated by reference in this Prospectus are either not relevant for prospective investors or the relevant information is included elsewhere in this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained (without charge) from the registered office of the Issuer and, in the case of items (i), (ii), (iii) and (iv) above, may also be obtained at www.ladbrokesplc.com, being the Guarantor’s website. The contents of the Guarantor’s website or any website directly or indirectly linked to the Guarantor’s website do not form part of this Prospectus and investors should not rely on them.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

OVERVIEW

The following overview highlights significant aspects of the Merger, the Historic Ladbrokes Group, the Historic Coral Group and the Group's business and regarding the issue of the Notes, but you should read the entire Prospectus, including the information incorporated by reference herein, before making an investment decision. You should also carefully consider the information set out under "Risk Factors".

The Merger

The Merger completed on [1 November] 2016. The Group (which is now made up of the Historic Ladbrokes Group and the Historic Coral Group) will be one of the leading European betting and gaming groups providing its customers with a wide choice of products and flexibility across channels.

The combination of the Historic Ladbrokes Group and the Historic Coral Group is compelling strategically and is attractive as a platform for long-term growth. There are five opportunities that have been identified and will be central to the overall strategy of the Group, which are: (i) the creation of a group with the potential to deliver faster online growth; (ii) the creation of a group with the UK's largest LBO estate; (iii) the creation of a group with an extensive international portfolio of regulated businesses; (iv) the delivery of significant synergies underpinning Shareholder returns; and (v) the creation of a group with an enhanced and integrated technology platform.

The potential to deliver faster online growth

On a combined basis, the online business of the Group will generate approximately 25 per cent. of revenues and would be a substantially increased player in the UK online market as a result of the Merger.

Digital sports betting and gaming remain the key growth opportunities in the market and the Merger enables the Group to drive further online growth. This will be delivered through enhanced multi-channel and marketing capabilities, and the ability to deploy shared innovation across multiple brands.

An effective multi-channel offering delivers higher value to customers at lower cost and enhances customer experience, driving loyalty. The Historic Coral Group has already deployed market leading multi-channel technology across its estate. The Historic Ladbrokes Group's multi-channel programme launched in July 2015 has now delivered over 130,000 signups. Metrics such as player value and retention associated with these players continue to look strong compared to core digital players. The Group intends to take the best from both the Historic Ladbrokes Group's and the Historic Coral Group's multi-channel technology to enhance its overall omni-channel offer.

The Group intends to operate a dual-brand strategy in the UK across both its retail and its digital businesses. The Board believes that this is the optimal route to maximise the value of the Group's customer bases. The intention is to continue to offer customers distinctive products and promotions. Where appropriate, the Group will leverage product innovation and technology across both brands, in particular through multi-channel which will be central to generating digital growth. In digital, where customers typically have multiple betting applications on their smartphone, the Group will aim to be two of these applications rather than one. The Group also is expected to be able to use its sophisticated customer analytical tools to anticipate the actions of players, thereby allowing it to present attractive personalised offers from the second brand to online customers who are expected to be about to churn.

The use of dual brands does not limit the delivery of synergies – the Group expects to combine its core trading platforms, IT systems and retail governance teams, and through dual-brand sourcing deliver procurement synergies in certain key categories of marketing spend. IT integration planning is well advanced and a plan has been put in place for the integration of the Historic Ladbrokes Group's and the Historic Coral Group's IT systems.

The Historic Ladbrokes Group and the Historic Coral Group also intend to pool their digital innovation teams in order to strengthen the product pipelines of the Group. The Group will continue to focus on delivering innovation across its multiple brands, with a view to enhancing returns.

The Group will have market leading technology supporting its online operations. The Historic Ladbrokes Group and the Historic Coral Group currently use similar technology platforms, including partnerships with suppliers such as Playtech, OpenBet and Scientific Games. This commonality is expected to accelerate integration without causing any material disruption to the customers of the Group.

The UK's largest LBO estate – strongly cash generative, more efficient and sustainable in the long term

The Group's dual-brand strategy will ensure that its customers can retain their brand preference. The combined retail estate of the Group will continue to build on its track record of product innovation.

The Merger also represents an opportunity to improve further shop efficiency through the reduction of central overheads and through joint procurement. This will make the Group's UK retail estate more resilient in the face of recent taxation increases.

Disposals

On 26 July 2016, the CMA published its final conclusions in relation to the Merger in which it stated that the Merger could proceed subject to the divestment of 350 to 400 LBOs, and that Completion of the Merger could occur when the LBO divestment process was substantially complete.

On 15 October 2016:

(a) Ladbrokes Betting & Gaming Limited entered into: (i) a business transfer agreement to sell 168 LBOs to Done Brothers (Cash Betting) Limited (trading as Betfred) ("**Betfred**"); and (ii) a business transfer agreement to sell 17 LBOs to StanJames (Abingdon) Limited (trading as Stan James) ("**Stan James**") and together with Betfred, the "**Purchasers**") (together the "**Ladbrokes Business Transfer Agreements**"); and

(b) Coral Racing Limited entered into: (i) a business transfer agreement to sell 154 LBOs to Betfred; and (ii) a business transfer agreement to sell 20 LBOs to Stan James (together the "**Coral Business Transfer Agreements**"),

(the Ladbrokes Business Transfer Agreements and the Coral Business Transfer Agreements, together being, the "**Business Transfer Agreements**").

On 21 October 2016, Ladbrokes Betting & Gaming Limited entered into a further business transfer agreement, on substantially the same terms as the Business Transfer Agreements, with Bet 21 Limited in respect of the sale of 1 LBO to Bet 21 Limited (the "**Additional Transfer Agreement**").

The aggregate number of LBOs being sold to Betfred is 322 for a cash consideration of £55.0 million. The aggregate number of LBOs being sold to Stan James is 37 for a cash consideration of £0.5 million. The Business Transfer Agreements were entered into on substantially similar terms. The Business Transfer Agreements contain certain customary warranties and indemnities in relation to the business and assets transferring to the Purchasers, including an indemnity in respect of all matters arising in connection with the operation of the relevant business prior to completion of the relevant Business Transfer Agreement.

On 26 October 2016 the CMA approved the purchasers, the LBO disposal packages and the terms of the Business Transfer Agreements and the Additional Transfer Agreement. Descriptions of the Business Transfer Agreements have been included in sections 6 and 7 of Part XIII (Additional Information) of this Prospectus.

An extensive international portfolio of regulated businesses

The international operations will represent approximately 13 per cent. of the Group's revenue.

The Group will have strong retail and online operations in Italy (number two online), Belgium (number one in retail) and Spain (number one in retail) and an attractive and rapidly growing online operation in Australia (number three corporate bookmaker).

Combining the substantial experience gained from these operations with the enhanced financial resources of the Group provides a foundation for future international growth.

Significant synergies underpinning Shareholder returns

The Group will be able to achieve recurring annual pre-tax cost synergies of at least £65 million as a result of the Merger. The Company expects these synergies to be phased in over the three years after completion of the Merger on [1 November] 2016 (“**Completion**”).

An enhanced and integrated technology platform

To assist in providing the flexibility for the Group to achieve integration and realise synergies from the combination of the Historic Coral Group’s and the Historic Ladbrokes Group’s digital businesses, Playtech has agreed with the Company to amend the existing Marketing Services Agreement with the Company.

As part of this arrangement, Playtech and the Company have agreed to accelerate the determination of amounts due to Playtech under the Marketing Services Agreement. The sum agreed is £75 million, of which £40 million was satisfied by way of the issue of shares in the Group on Completion (the “**Playtech Issue**”) and with a further guaranteed £35 million in cash paid upon delivery by Playtech of key operational milestones but, in any event, within 42 months following Completion.

This will accelerate the integration of the Historic Ladbrokes Group’s and Historic Coral Group’s digital platforms and therefore the delivery of cost synergies. The additional benefits of this agreement are not reflected in the synergy estimate and would reflect incremental value generation for the Group.

Integration Review

At the time of the Circular, the directors of the Company and the directors of Gala Coral recognised that, to achieve some of the expected benefits of the Merger, it would be necessary to undertake a review of how best to integrate the Historic Ladbrokes Group and the Historic Coral Group (the “**Integration Review**”). The Integration Review has now commenced and a steering committee has been established to coordinate integration planning. However, prior to the completion of the Merger, the Historic Ladbrokes Group and the Historic Coral Group were separate groups of companies and data sharing was subject to certain restrictions for commercial and competition law reasons.

The Integration Review has started to put together plans to integrate the Group’s operations and resources to ensure that the optimal combination is achieved post-Completion. In addition, the Integration Review has resulted in some proposed changes to the locations of the Group’s places of business and work is currently being done to determine whether any fixed assets of the Group will be required to be redeployed. The analysis carried out to date has indicated the potential to generate cost synergies for the Group in areas where there is an overlap of functions. Although the number of employees actually affected by the Merger will depend on the outcome of the Integration Review, it is estimated that there will be a decrease of approximately 3 per cent. of the Group’s full-time equivalent employees.

The existing contractual and statutory employment rights of all employees of the Historic Coral Group and the Historic Ladbrokes Group will be fully respected following Completion save to the extent that the location of the places of business of the Group are impacted by the Integration Review.

It is not envisaged that contributions into the Company pension schemes, the accrual of benefits for existing members or the admission of new members will be impacted by the Merger.

Financial effects of the Merger

Having reviewed and analysed the potential benefits of the Merger and taking into account the factors that the Historic Ladbrokes Group and the Historic Coral Group can influence, it is expected that the Group, comprising both the Historic Ladbrokes Group and the Historic Coral Group in their entirety, will

be able to achieve recurring annual pre-tax cost synergies of at least £65 million as a result of the Merger. The Group expects these synergies to be phased in over the three years after Completion with approximately 35 per cent. delivered in year one, 85 per cent. in year two and 100 per cent. by the end of year three, post-Completion.

The principal sources of quantified cost synergies are as follows:

- (i) approximately £7 million from reduced corporate costs; and
- (ii) approximately £58 million through combining the retail and digital operations, by eliminating duplicated activities where appropriate and by streamlining general and administration costs across the two operations. It is expected that these savings will be realised approximately 60 per cent. in retail and approximately 40 per cent. in digital operations, respectively.

It is expected that the realisation of the quantified cost synergies will result in non-recurring costs of approximately 1.25 times annual quantified synergies, predominantly in the first year after Completion. Aside from these costs, no material cost dis-synergies are expected in connection with the Merger.

In addition to the quantified cost synergies outlined above, the Group expects further upside from cross-brand marketing, exchange of expertise relating to product innovation and the transfer of operational best practices (the “**Incremental Synergies**”).

The Retail Disposals are not expected to impact the quantified cost synergies or non-recurring costs of implementation. The associated revenue and EBITDA for the LBOs that are being transferred for the most recent full financial year for both the Historic Ladbrokes Group and the Historic Coral Group is £12.8 million and £13 million, respectively.

The Board believes the financial benefits will accrue as a direct result of the Merger and could not be achieved independently. The estimated synergies reflect both the beneficial elements and the relevant costs.

Historic Ladbrokes Group

The Historic Ladbrokes Group is a bookmaker that primarily operates in the UK, Australia, Belgium, Ireland and Spain and which enjoys strong brand recognition in its key markets. The Historic Ladbrokes Group provides betting and gaming services across multiple channels and markets with £1.2 billion of net revenue for the year ended 31 December 2015.

The Historic Ladbrokes Group’s business consists of offering a variety of betting and gaming products. The Historic Ladbrokes Group offers sports betting on a number of sports, with horseracing being the most popular sport it offers odds on. The Historic Ladbrokes Group also accepts bets on non-sporting events, such as political elections and popular music chart results. The Historic Ladbrokes Group’s gaming products include slots, casino games, bingo, poker and other skill games.

Principal channels of product delivery

The Historic Ladbrokes Group delivers its betting and gaming products through its retail outlets and online channels. The Historic Ladbrokes Group also offers betting via telephone, including offering a personalised service for certain high net worth individuals, and has a central support division.

In the UK, the Historic Ladbrokes Group is the second largest retail operator in the UK retail betting and gaming market, based on number of LBOs with a market share of approximately 24.4 per cent as at 31 March 2016. At 25 October 2016, the Historic Ladbrokes Group had 2,140 LBOs in Great Britain and 8,507 gaming machines at the LBOs. The Historic Ladbrokes Group’s UK retail business accounted for 69.2 per cent. of the Historic Ladbrokes Group’s net revenue (excluding high rollers) for the year ended 31 December 2015.

The Historic Ladbrokes Group’s European retail business (including Northern Ireland) accounted for 10.0 per cent. of the Historic Ladbrokes Group’s net revenue (excluding high rollers) for the year ended

31 December 2015. As at 25 October 2016, the Historic Ladbrokes Group's services were available in a total of 141 outlets in Ireland, 77 in Northern Ireland, 453 in Belgium (a majority of which are franchisee and newspaper outlets), and 1,721 in Spain. The Historic Ladbrokes Group operates in Spain through its joint venture with Cirsa Gaming Corporation, Sportium Apuestas Deportivas S.A. ("**Sportium**"), which is Spain's largest bookmaker on the basis of gross win. A majority of the outlets in Spain are locations where Sportium has acquired the right to provide its betting and gaming services (for example in bars through SSBTs or corners, which are areas within arcades or other outlets where Sportium has SSBTs and there is a manned counter), rather than being locations operated directly by Sportium or a Sportium franchisee.

The Historic Ladbrokes Group also operates an online betting and gaming business, offering innovative products through Ladbrokes.com, the seventh largest operator in the UK online market as at 31 December 2015, and Ladbrokes Australia, the third largest corporate bookmaker in Australia on the basis of revenue, and other branded websites within the Historic Ladbrokes Group. The Historic Ladbrokes Group's digital business accounted for 20.3 per cent. of the Historic Ladbrokes Group's net revenue (excluding high rollers) for the year ended 31 December 2015.

Historic Coral Group

The Historic Coral Group is one of Europe's largest betting and gaming groups based on annual gross win, with an established presence in the UK and Italy, the two largest regulated betting and gaming markets in Europe. The Historic Coral Group comprises three main trading divisions: Coral Retail, Eurobet Retail and Online. The Historic Coral Group operates Telebet, a telephone-based betting operation and a central support division.

Coral Retail

Coral Retail is the third largest operator in the retail market in the UK where it directly owns and operates 1,806 LBOs under the 'Coral' brand with an estimated market share of approximately 20.8 per cent. as at 31 March 2016 based on number of LBOs. LBOs operated by Coral Retail offer both OTC betting and FOBTs.

Eurobet Retail

Eurobet Retail is now number three in the market for OTC betting in Italy based on annual gross win, which is primarily generated from football betting operations, with a smaller share in the horse race betting market. Eurobet Retail operates in the Italian retail market under the 'Eurobet' brand through LBOs run on a franchise model.

Online

The Historic Coral Group operates the Coral UK Online business and the Eurobet Online business.

The Coral UK Online business operates in the UK through three key brands: 'Coral', 'Gala Bingo' and 'Gala Casino'. It is the sixth largest operator in the UK market with a 8.1 per cent. market share as at 31 December 2015.

Eurobet Online operates through the website www.eurobet.it and is available to Italian residents. It delivers a full range of sports betting, casino and games products, including virtual racing and bet-in-play products.

Industry

The Group will continue to operate in the betting and gaming industry. Demand for the Group's products and services, will be influenced by general economic conditions and consumer trends which is difficult to predict, particularly in the online gaming market (which is relatively new and subject to

ever increasing competition from other industry participants). The betting and gaming industry is subject to extensive and increasing regulatory and licensing requirements, taxation and levies both inside and outside the UK, which may change over time for a variety of reasons, including as a result of political pressure, public opinion and media coverage.

There have recently been a number of significant mergers in the betting and gaming industry as industry participants look to increase the scale of their operations. Such increases in scale make investments in technology and marketing more affordable. In addition, larger betting and gaming operators are better equipped to understand the increasingly extensive and complex regulatory and licensing requirements that they face and to absorb the impact of any adverse changes in regulation, taxation and/or levies.

Strategy

The Group's strategy will seek to exploit the combined strengths of the Historic Ladbrokes Group and the Historic Coral Group, and will initially focus on the following strategic opportunities.

Developing multi-channel

Digital sports betting and gaming remain the key growth opportunities in the market. The Group will seek to leverage its strong positions in the OTC sports betting markets of the UK, Belgium, Ireland, Italy and Spain to drive further online growth.

The Group's combined multi-channel experience of the "Grid" and "Coral Connect" will allow it to provide the market leading omni-channel offering in the sector. The Group intends to take the best from both of these products to enhance its overall omni-channel offering.

Maintaining dual brands in the UK

The Group intends to operate a dual-brand strategy in the UK across both its retail and its digital businesses. This is expected to be the optimal route to maximise the value of the Group's customer bases. The intention is to continue to offer customers distinctive products and promotions. Where appropriate, the Group will leverage product innovation and technology across both brands in particular in multi-channel which will be central to generating digital growth. In digital, where customers typically have multiple betting applications on their smartphone, the Group will aim to be two of these applications rather than one. The Group is also expected to be able to use its sophisticated customer analytical tools to anticipate the actions of players, thereby allowing it to present attractive and personalised offers from the second brand to online customers who are expected to be about to churn.

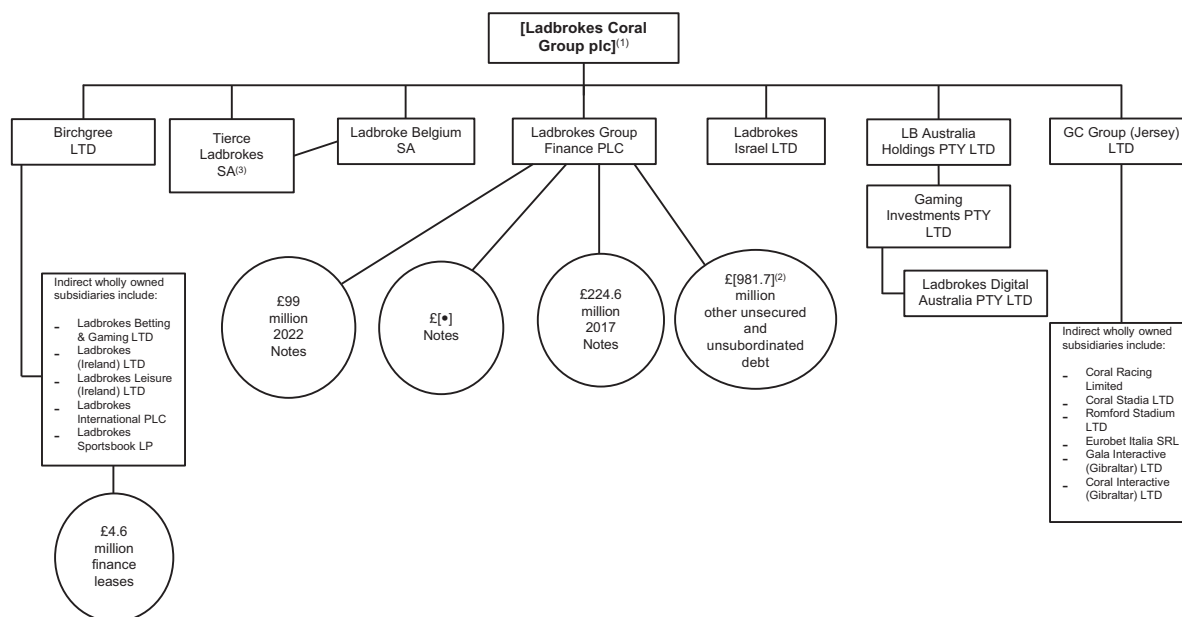
Pursuing international opportunities

The Group will review and seek opportunities in international markets both to enhance its existing international portfolio, but also to manage the risk of an over reliance on its core UK market. Opportunities that allow the Group to leverage its sports betting expertise and cross sell into its gaming knowledge will be the basis for its review of international opportunities. However, international markets with a strong gaming customer base in which the Board believes the Group can grow market share shall continue to be front of mind.

The Historic Ladbrokes Group and the Historic Coral Group's combined expertise in working with regulators and the development of the Group's regulatory and compliance experience will prepare the Group for working with international partners if the opportunity appears and with the Group's scales, brands and product innovation the Group will have much to offer international partners if such a partnership is of benefit to the Group.

Summary corporate and financing structure

The following diagram, in simplified form, summarises the structure of the Group after giving effect to the issue of the Notes and the use of proceeds therefrom as described under “Use of Proceeds”:



Notes:

- (1) [Ladbrokes Coral Group plc] is the Guarantor of the Notes.
- (2) This assumes that £[●] million of the proceeds of the issue of the Notes is used to finance the repayment of Facility A under the New Facilities Agreement (as defined on page 20).
- (3) Ladbroke Belgium SA owns 43.97% of Tierce Ladbrokes SA and [Ladbrokes Coral Group plc] owns the remaining 56.03% of Tierce Ladbrokes plc.

THE OFFERING

Issuer:	Ladbroke's Group Finance plc
Guarantor:	[Ladbroke's Coral Group plc]
Description of Notes:	£[●] [●] per cent. Guaranteed Notes due [●] (the "Notes"), to be issued on [●] (the "Issue Date").
Trustee:	The Law Debenture Trust Corporation p.l.c.
Joint Active Lead Bookrunners:	Barclays Bank PLC, Lloyds Bank plc, MUFG Securities EMEA plc and The Royal Bank of Scotland plc
Joint Lead Bookrunner:	Mediobanca Banca di Credito Finanziario S.p.A
Interest:	[●] per cent., per annum payable semi-annually in arrear.
Optional Redemption by Issuer for tax reasons:	The Issuer may, at its option, redeem all, but not some only, of the Notes at any time at par plus accrued interest, in the event of certain tax changes, as described under " <i>Conditions of the Notes – Redemption and Purchase</i> ".
Optional Redemption by Issuer at any time:	The Issuer may, at its option, redeem all, or some only, of the Notes at any time at the relevant make-whole redemption amount plus the margin of 0.50 per cent. and any accrued interest, as described under " <i>Conditions of the Notes – Redemption and Purchase</i> ".
Optional Redemption by Issuer in the 90 days prior to maturity:	The Issuer may, at its option, redeem all, but not some only, of the Notes at any time during the period commencing on the day that is 90 days prior to the stated maturity of the Notes to (but excluding) the stated maturity of the Notes at par plus accrued interest, as described under " <i>Conditions of the Notes – Redemption and Purchase</i> ".
Noteholders' put option upon Put Event:	Upon the occurrence of a Put Event (as defined in Condition 6.3), each Noteholder shall have the option to require the Issuer to redeem or purchase the Notes of such holder at a cash purchase price equal to 101 per cent. of the principal amount thereof plus accrued interest, as described under " <i>Conditions of the Notes – Redemption and Purchase</i> ".
Revocable Notices:	The Issuer may state that a notice in relation to Condition 6.4 or Condition 6.5 is conditional upon the occurrence of one or more events specified in that notice, in which case such notice will be revoked by the Issuer if such condition is not satisfied, as described under " <i>Conditions of the Notes – Redemption and Purchase</i> ".
Events of Default:	Events of Default under the Notes include non-payment of principal or premium or purchase moneys due under Condition 6.3 for seven days, non-payment of interest for 21 days, breach of other obligations under the Notes or the Trust Deed (which breach is not remedied within 30 days), cross-acceleration relating to indebtedness for borrowed moneys of the Issuer, the Guarantor or any Material Subsidiary (as defined in Condition 20) subject to an aggregate threshold of £40,000,000 and certain events related to insolvency or winding up of the Issuer, the Guarantor or any Material Subsidiary.

Negative Pledge:

The terms of the Notes contain a negative pledge provision pursuant to which none of the Issuer, the Guarantor and any subsidiary of the Guarantor may create, assume or permit to subsist any Security (as defined in Condition 20) over their present or future revenues or assets to secure any Debt (as defined in Condition 20) without securing the Notes equally and rateably therewith, subject to certain exceptions, as further described in “*Conditions of the Notes – Negative Pledge*”.

Covenants:

In addition to the Negative Pledge described above, the terms of the Notes contain a covenant that limits the ability of the Issuer, the Guarantor and any other subsidiary of the Guarantor to incur Debt unless the Fixed Charge Coverage Ratio (as defined in Condition 20) would be equal to or greater than 2.00 to 1.00 on the incurrence of such Debt and after giving effect thereto or the Notes have an Investment Grade (as defined in Condition 20) rating from at least two of the Rating Agencies (as defined in Condition 20). Additionally the terms of the Notes contain a restriction on the Guarantor’s ability to consolidate, merge or amalgamate with, or transfer, lease or otherwise dispose of all or substantially all of its assets to, another person.

Notes Guarantee:

The payment of principal and interest in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantor in the Trust Deed (the “**Notes Guarantee**”). The obligations of the Guarantor under the Notes Guarantee will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 3.1 – Negative Pledge) unsecured obligations of the Guarantor and (subject as provided above) will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights. The Issuer, may subject to the terms of the Trust Deed and the Conditions of the Notes, add Additional Guarantors (as defined in Condition 20) without the consent of Noteholders.

Status of the Notes:

The Notes will be direct, unconditional, unsubordinated and (subject to the provisions of Condition 3.1 – Negative Pledge) unsecured obligations of the Issuer and (subject as provided above) will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.

Modification, Waiver and Substitution:

The Trustee may, without the consent of Noteholders, agree to (i) any modification of (subject to certain exceptions), or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes, the Trust Deed or the Agency Agreement or (ii) the substitution in place of the Issuer of the Guarantor or any Subsidiary of the Guarantor as principal debtor under the Notes or the substitution in place of the Guarantor as guarantor in respect of the Notes of a new group holding company, in each case in the circumstances and subject to the conditions described in Conditions 13 and 14.2 of the Conditions of the Notes.

Withholding Tax and Additional Amounts:

The Issuer or, as the case may be, the Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by each Noteholder in respect of the Notes, after withholding for any taxes imposed by tax authorities in the United Kingdom upon payments made by or on behalf of the Issuer or the Guarantor in respect of the Notes, will equal the amount which would have been receivable in the absence of any such withholding taxes, subject to customary exceptions, as described in Condition 7 of the Conditions of the Notes.

Listing and admission to trading:

Application has been made to the UK Listing Authority for the Notes to be admitted to the Official List and to the London Stock Exchange for the Notes to be admitted to trading on the London Stock Exchange's regulated market.

Governing Law:

The Notes will be governed by, and construed in accordance with, English law.

Form:

The Notes will be issued in bearer form in denominations of £200,000 and integral multiples of £1,000 in excess thereof up to and including £399,000.

Credit Ratings:

The Notes are expected to be assigned on issue a rating of [●] by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies Inc. and [●] by Fitch Ratings Ltd, each of which is established in the European Union and is registered under Regulation (EC) No. 1060/2009, as amended. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Selling Restrictions:

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons. The Notes may be sold in other jurisdictions (including the United Kingdom) only in compliance with applicable laws and regulations. See "*Subscription and Sale*" below.

Use of Proceeds:

The net proceeds of the issue of the Notes, after deduction of underwriting fees and commissions, are expected to be approximately £[●]. Some or all of the net proceeds from the issue of Notes will be used to finance the repayment and cancellation of amounts outstanding under Facility A of the Issuer's existing £1,350,000,000 facilities agreement dated 8 October 2015 (as amended and/or restated from time to time) (the "**New Facilities Agreement**").

Any of the net proceeds from the issue of the Notes not so used will be used towards the general corporate purposes of the Group, or any member of the Group, including, without limitation, for working capital purposes.

ISIN:

XS[●]

Common Code:

[●]

Risk Factors:

Investing in the Notes involves risks. See "*Risk Factors*" for a discussion of certain risks you should carefully consider before investing in the Notes.

Summary consolidated historical financial and other information

Historic Ladbrokes Group

Selected historical financial information, which summarises the consolidated results of operations and financial condition of the Historic Ladbrokes Group for the three financial years ended 31 December 2013, 31 December 2014 and 31 December 2015 and for the six months ended 30 June 2015 and 30 June 2016, is set out in the following tables. Information provided for the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015 is audited and information for the six months ended 30 June 2016 (and comparative information for the six months ended 30 June 2015) is unaudited. This summary is derived from, should be read in conjunction with, and is qualified in its entirety by reference to, the consolidated financial statements of the Historic Ladbrokes Group for the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015 and the accompanying notes thereto, which have been audited by Ernst & Young LLP in respect of the financial year ended 31 December 2013 and PricewaterhouseCoopers LLP in respect of the financial years ended 31 December 2014 and 31 December 2015, and the information of the Historic Ladbrokes Group for the six months ended 30 June 2016 and 30 June 2015.

Consolidated income statement

	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015	Year ended 31 December 2014	Year ended 31 December 2013
	£m Unaudited	£m Unaudited	£m Audited	£m Audited	£m Audited
Revenue	661.8	588.8	1,199.5	1,174.6	1,117.7
Operating expenses before depreciation and amortisation	(583.4)	(519.4)	(1,070.1)	(973.3)	(935.0)
Share of results from joint ventures and associates	2.1	1.2	4.0	(0.2)	2.5
Depreciation, amortisation and write off of non-current assets	(42.8)	(107.8)	(148.8)	(134.9)	(92.6)
Profit/(loss) before tax and finance expense	37.7	(37.2)	(15.4)	66.2	92.6
Finance expense	(13.3)	(14.2)	(28.3)	(28.6)	(25.0)
Finance income	0.8	0.0	0.5	0.1	0.0
Income tax (expense)/credit	(4.5)	10.0	48.3	3.3	(0.6)
Profit/(loss) for the period/ year	20.7	(41.4)	5.1	41.0	67.0

Note:

The Historic Ladbrokes Group's revenue for the 12 months ended 30 June 2016 was £1,272.5 million (unaudited).⁽¹⁾

The Historic Ladbrokes Group's operating profit for the 12 months ended 30 June 2016 was £94.4 million (unaudited).⁽¹⁾⁽²⁾

The Historic Ladbrokes Group's EBITDA for the 12 months ended 30 June 2016 was £172.3 million (unaudited).⁽¹⁾⁽³⁾

The Historic Ladbrokes Group's EBITDA for the financial year ended 31 December 2013 was £209.0 million (unaudited).

The Historic Ladbrokes Group's EBITDA for the financial year ended 31 December 2014 was £217.3 million (unaudited).

The Historic Ladbrokes Group's EBITDA for the financial year ended 31 December 2015 was £161.3 million (unaudited).

(1) The historical financial information for the Historic Ladbrokes Group for the 12 months ended 30 June 2016 is based on the unaudited income statement of the Historic Ladbrokes Group for

the six months ended 30 June 2016, combined with the audited year ended 31 December 2015, after eliminating the unaudited six months ended 30 June 2015.

- (2) Operating profit is defined as profit before tax, net finance expense and exceptional items. Exceptional items before finance expense and taxation were zero.
- (3) This represents the total EBITDA of the Historic Ladbrokes Group including the Historic Ladbrokes Group shops that are to be transferred under the Ladbrokes Business Transfer Agreements.

Consolidated balance sheet

	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015	Year ended 31 December 2014	Year ended 31 December 2013
	£m Unaudited	£m Unaudited	£m Audited	£m Audited	£m Audited
Assets					
Goodwill and intangibles	682.5	665.2	674.3	742.0	770.7
Property, plant and equipment	173.6	182.0	177.9	187.4	224.5
Interest in joint venture	13.9	9.8	11.5	9.1	6.5
Interest in associates and other investments	24.1	19.3	21.3	18.0	17.5
Other financial assets	8.0	6.8	11.4	7.2	5.5
Deferred tax assets	8.0	0.0	0.7	0.0	0.0
Retirement benefit assets	93.5	74.5	76.3	69.5	53.1
	1,003.6	957.6	973.4	1,033.2	1,077.8
Current assets					
Trade and other payables	61.9	59.0	53.5	57.2	53.0
Corporation tax recoverable	4.8	29.5	47.1	12.0	5.8
Derivative financial instruments	0.0	0.0	0.2	0.0	0.0
Cash and short-term deposits	149.5	64.3	68.4	62.0	63.3
	216.2	152.8	169.2	131.2	122.1
Total assets	1,219.8	1,110.4	1,142.6	1,164.4	1,199.9
Liabilities					
Interest bearing loans and borrowings	(224.6)	0.0	0.0	0.0	0.0
Bank overdraft	0.0	(3.0)	0.0	(1.0)	(0.6)
Trade payables	(293.5)	(240.5)	(242.4)	(205.9)	(220.6)
Corporation tax liabilities	(4.8)	(7.9)	(4.2)	(7.4)	(5.9)
Other financial liabilities	0.0	0.0	0.0	(1.1)	(1.5)
Lease liabilities	(1.5)	0.0	(4.9)	0.0	0.0
Provisions	(11.1)	(6.4)	(9.2)	(6.4)	(1.3)
	(535.5)	(257.8)	(260.7)	(221.8)	(229.9)
Non current liabilities					
Interest-bearing loans and borrowings	(99.0)	(435.3)	(323.1)	(439.3)	(422.0)
Other financial liabilities	(35.4)	(37.8)	(35.6)	(42.5)	(61.9)
Deferred tax liabilities	(59.6)	(63.6)	(52.7)	(64.1)	(55.3)
Lease liabilities	(3.1)	0.0	(4.4)	0.0	0.0
Provisions	(3.5)	(11.1)	(9.6)	(5.0)	(2.5)
	(200.6)	(547.8)	(425.4)	(550.9)	(541.7)
Total liabilities	(736.1)	(805.6)	(686.1)	(772.7)	(771.6)
Net assets	483.7	304.8	456.5	391.7	428.3

Note – As at 30 June 2016, the Historic Ladbrokes Group had £227.2 million of net debt, the debt element of which comprised interest bearing loans and lease liabilities.

Consolidated statement of cash flows

	Six months ended 30 June 2016	Six months ended 30 June 2015	Year ended 31 December 2015	Year ended 31 December 2014	Year ended 31 December 2013
	£m Unaudited	£m Unaudited	£m Audited	£m Audited	£m Audited
Net cash flows from operating activities	137.5	76.2	136.2	130.5	197.4
Cash flows from investing activities					
Interest received	0.0	0.0	0.1	0.1	0.0
Dividends received from associates	0.0	0.0	0.0	1.2	2.3
Purchase of intangibles	(16.9)	(13.8)	(37.9)	(39.8)	(45.3)
Purchase of property, plant and equipment	(14.9)	(13.6)	(28.2)	(20.1)	(44.3)
Proceeds from sale of property, plant and equipment	0.0	0.5	0.0	5.2	9.5
Acquisition of businesses, net of cash acquired	0.0	0.0	0.0	(10.4)	(33.4)
Purchase of interest in joint venture	(0.4)	(1.9)	(2.8)	(4.1)	(3.1)
Net cash used in investing activities	(32.2)	(28.8)	(68.8)	(67.9)	(114.3)
Cash flows from financing activities					
Proceeds from issue of Ordinary Shares	0.3	0.1	113.4	0.8	1.1
Purchase of ESOP shares	(0.6)	0.0	(0.6)	(0.6)	(3.2)
Proceeds from borrowings, net of issue costs	0.0	0.0	0.0	98.7	15.2
Finance lease payment	(4.8)	0.0	(3.1)	0.0	0.0
Repayment of borrowings	0.0	(4.5)	(117.0)	(82.0)	0.0
Dividends paid	(20.3)	(42.1)	(52.3)	(81.4)	(81.2)
Net cash used in financing activities	(25.4)	(46.5)	(59.6)	(64.5)	(68.1)
Net (decrease)/increase in cash and cash equivalents	79.9	0.9	7.8	(1.9)	15.0
Effect of changes in foreign exchange rates	1.2	(0.6)	(0.4)	0.2	0.2
Cash and cash equivalents at the beginning of the year	68.4	61.0	61.0	62.7	47.5
Cash and cash equivalents at the end of the year	149.5	61.3	68.4	61.0	62.7

Historic Coral Group

Selected historical financial information, which summarises the combined results of operations and financial condition of the Historic Coral Group for the 52 weeks ended 28 September 2013, 52 weeks ended 27 September 2014 and 52 weeks ended 26 September 2015 and for the 40 weeks ended 4 July 2015 and 40 weeks ended 2 July 2016, is set out in the following tables. Information provided for the 52 weeks ended 28 September 2013, 52 weeks ended 27 September 2014 and 52 weeks ended 26 September 2015 and for the 40 weeks ended 2 July 2016 is audited and the comparative information for the 40 weeks ended 4 July 2015 is unaudited.

Combined income statement

	40 weeks ended 2 July 2016	40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	52 weeks ended 27 September 2014	52 weeks ended 28 September 2013
	£m Audited	£m Unaudited	£m Audited	£m Audited	£m Audited
Revenue	870.4	777.2	1,006.6	948.1	801.0
Operating expenses	(755.9)	(666.6)	(872.5)	(917.9)	(684.3)
EBITDA	182.3	158.6	204.0	200.3	175.0
Exceptional items	(9.2)	(4.4)	(4.8)	(13.8)	(13.0)
EBITDA (post exceptional items)	173.1	154.2	199.2	186.5	162.0
Depreciation, amortisation and impairment	(58.6)	(43.6)	(65.1)	(156.3)	(45.3)
Historic Coral Group operating profit/(loss)	114.5	110.6	134.1	30.2	116.7
Financing costs	(64.7)	(68.3)	(85.0)	(87.5)	(90.0)
Financing income	1.6	0.7	0.9	0.8	1.4
Profit/(loss) before tax	51.4	43.0	50.0	(56.5)	28.1
Income tax	7.7	(9.4)	(16.0)	9.2	10.9
Profit / (loss) for the period/ year	59.1	33.6	27.2	(47.3)	39.0

Note:

The Historic Coral Group's revenue for the 12 months ended 2 July 2016 was £1,099.8 million (unaudited).⁽¹⁾

The Historic Coral Group's operating profit for the 12 months ended 2 July 2016 was £138.0 million (unaudited).⁽¹⁾⁽²⁾

The Historic Coral Group's adjusted operating profit for the 12 months ended 2 July 2016 was £176.7 million (unaudited).⁽¹⁾⁽³⁾

The Historic Coral Group's EBITDA for the 12 months ended 2 July 2016 was £227.7 million (unaudited).⁽¹⁾⁽⁴⁾

- (1) The unaudited income statement line items of the Historic Coral Group for the 52 weeks ended 2 July 2016 are based on the audited income statement of the Historic Coral Group for the 40 weeks ended 2 July 2016, combined with the audited year ended 26 September 2015, after eliminating the unaudited 40 weeks ended 4 July 2015.
- (2) Operating profit is defined as profit before net finance income/expense and tax.
- (3) Adjusted operating profit is defined as profit before net finance income/expense, tax and exceptional items.
- (4) This represents the total EBITDA of the Historic Coral Group, before exceptional items, including the Historic Coral Group LBOs that are to be transferred under the Coral Business Transfer Agreements.

Combined balance sheet

	40 weeks ended 2 July 2016	40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	52 weeks ended 27 September 2014	52 weeks ended 28 September 2013
	£m Audited	£m Unaudited	£m Audited	£m Audited	£m Audited
Assets					
Non-current assets					
Goodwill and Intangible assets	1,453.5	1,478.0	1,467.7	1,487.3	1,589.3
Property, plant and equipment	90.1	83.6	95.0	87.9	87.3
Deferred tax assets	17.7	29.1	23.3	30.5	30.8
Retirement benefit assets	42.2	24.8	35.7	20.7	18.3
	1,603.5	1,615.5	1,621.7	1,626.4	1,725.7
Current assets					
Inventories	0.4	0.5	0.5	0.7	2.5
Trade and other receivables	39.1	44.0	33.6	30.4	26.0
Cash and cash equivalents	134.5	34.1	37.1	42.7	24.7
	174.0	78.6	71.2	73.8	53.2
Total assets	1,777.5	1,694.1	1,692.9	1,700.2	1,778.9
Liabilities					
Current liabilities					
Trade and other payables	(168.0)	(145.7)	(161.9)	(137.0)	(110.8)
Current income taxation	(2.0)	(0.8)	(0.5)	(2.9)	(2.3)
Other financial liabilities	(6.1)	(2.6)	(5.7)	(4.5)	(4.8)
Interest bearing loans and borrowings with the rest of the Gala Coral Group	(985.0)	(860.7)	(831.1)	(895.3)	(949.0)
Provisions	(2.9)	(1.3)	(2.4)	(2.7)	(7.9)
	(1,164.0)	(1,011.1)	(1,001.6)	(1,042.4)	(1,074.8)
Non current liabilities					
Other payables	(4.6)	(6.9)	(7.2)	(6.7)	(5.3)
Deferred tax liabilities	(185.8)	(203.9)	(205.9)	(203.0)	(220.4)
Provisions	(8.4)	(15.4)	(14.7)	(18.4)	(7.1)
	(198.8)	(226.2)	(227.8)	(228.1)	(232.8)
Total liabilities	(1,362.8)	(1,237.3)	(1,229.4)	(1,270.5)	(1,307.6)
Net assets	414.7	456.8	463.5	429.7	471.3

Note – As at 2 July 2016, the Historic Coral Group had £850.5 million of net debt, the debt element of which comprised interest bearing loans and borrowings with the rest of the Gala Coral Group. This figure includes £20.4 million of cash held in trust by the Gala Coral Group in relation to customer balances.

Combined statement of cash flows

	40 weeks ended 2 July 2016	40 weeks ended 4 July 2015	52 weeks ended 26 September 2015	52 weeks ended 27 September 2014	52 weeks ended 28 September 2013
	£m Audited	£m Unaudited	£m Audited	£m Audited	£m Audited
Cash generated from operations	162.0	136.8	209.0	222.3	192.2
Income tax paid	(2.0)	(4.1)	(5.3)	(3.5)	(2.2)
Net cash inflow from operations	160.0	132.7	203.7	218.8	190.0
Cash inflows/(outflow) from investing activities					
Acquisitions (net of cash acquired)	(0.5)	(1.1)	(1.3)	(6.5)	(5.2)
Purchase of intangible assets	(18.6)	(13.0)	(16.3)	(14.8)	(31.7)
Purchase of property, plant and equipment	(22.0)	(21.9)	(35.4)	(36.1)	(26.4)
Proceeds from sale of property, plant and equipment and intangible assets	—	—	—	—	—
Net cash outflow from investing activities	(41.1)	(36.0)	(53.0)	(57.4)	(63.3)
Cash inflows/(outflow) from financing activities					
Interest paid	(0.9)	(0.6)	(0.9)	(0.4)	(0.5)
Interest charged on balances with the rest of the Gala Coral Group	(63.6)	(67.4)	(83.4)	(86.8)	(89.1)
Net cash funding payments to the rest of the Gala Coral Group	58.2	(35.8)	(71.1)	(55.5)	(36.1)
Net cash outflow from financing activities	(23.6)	(103.8)	(155.4)	(142.7)	(125.7)
Net increase / (decrease) in cash and cash equivalents	95.3	(7.1)	(4.7)	18.7	1.0
Cash and cash equivalents at beginning of the year	37.1	42.7	42.7	24.7	23.1
Exchange gains/(losses)	2.1	(1.5)	(0.9)	(0.7)	0.6
Cash and cash equivalents at the end of the year	134.5	34.1	37.1	42.7	24.7

Pro forma numbers for the Group

For the avoidance of doubt, the following unaudited pro forma statement of net assets and unaudited pro forma income statement set out below do not show the impact of the issue of the Notes on the Group's financial position or results.

The unaudited pro forma statement of net assets and the unaudited pro forma income statement set out below have been extracted without material adjustment, from Part X of the Merger Prospectus.

The unaudited pro forma statement of net assets and the unaudited pro forma income statement set out below have been prepared on the basis set out in the notes below to illustrate the effect of the Merger and the associated refinancing on the Historic Ladbrokes Group's net assets as if the event had taken place as of 30 June 2016 and on the income statement of the Historic Ladbrokes Group as if the event had taken place on 1 January 2015. The unaudited pro forma statement of net assets and the unaudited pro forma income statement have been prepared for illustrative purposes only and by their nature address a hypothetical situation and, therefore, do not represent the Group's actual financial position or results.

The financial information contained in the unaudited pro forma financial statement of net assets and the unaudited pro forma income statement has been prepared using the Historic Ladbrokes Group's accounting policies from the Guarantor's Annual Report and Accounts 2015.

Section A: Unaudited pro forma income statement

	Historic Ladbroke's Group for the 12 months ended 31 December 2015	Adjustments			Pro forma Group (£m)
		Historic Coral Group for the year ended 26 September 2015	Merger adjustments	Refinancing	
	(Note 1) (£m)	(Note 2) (£m)	(Note 3) (£m)	(Note 4) (£m)	
Revenue	1,199.5	1,006.6	—	—	2,206.1
Operating expenses before depreciation and amortisation	(1,070.1)	(807.4)	(55.8)	—	(1,933.3)
Share of results from joint venture and associates	4.0	—	—	—	4.0
Depreciation, amortisation and amounts written off non-current assets	(148.8)	(65.1)	—	—	(213.9)
Profit/(loss) before tax and finance expense	(15.4)	134.1	(55.8)	—	62.9
Finance expense	(28.3)	(85.0)	—	52.9	(60.4)
Finance income	0.5	0.9	—	—	1.4
Profit/(loss) before tax	(43.2)	50.0	(55.8)	52.9	3.9
Income tax credit/ (expense)	48.3	(16.0)	—	(10.7)	21.6
Profit for the year from continuing operations	5.1	34.0	(55.8)	42.2	25.5
Loss for the year from discontinuing operations	—	(6.8)	—	—	(6.8)
Profit / (loss) for the year	5.1	27.2	(55.8)	42.2	18.7

Section B: Unaudited pro forma net assets

	Historic Ladbroke's Group as at 30 June 2016	Historic Coral Group as at 2 July 2016	Adjustments		Pro forma Group
			Merger adjustments	Refinancing	
	(Note 1) (£m)	(Note 2) (£m)	(Note 3) (£m)	(Note 4) (£m)	(£m)
Assets					
Non-current assets					
Goodwill and intangible assets	682.5	1,453.5	752.5	—	2,888.5
Property, plant and equipment	173.6	90.1	—	—	263.7
Interest in joint venture	13.9	—	—	—	13.9
Interest in associates and other investments	24.1	—	—	—	24.1
Other financial assets	8.0	—	—	—	8.0
Deferred tax assets	8.0	17.7	—	—	25.7
Retirement benefit asset	93.5	42.2	—	—	135.7
	<u>1,003.6</u>	<u>1,603.5</u>	<u>752.5</u>	<u>—</u>	<u>3,359.6</u>
Current assets					
Inventories	—	0.4	—	—	0.4
Trade and other receivables	61.9	39.1	—	—	101.0
Corporation tax recoverable	4.8	—	—	—	4.8
Cash and short term deposits	149.5	134.5	(33.5)	(3.3)	247.2
	<u>216.2</u>	<u>174.0</u>	<u>(33.5)</u>	<u>(3.3)</u>	<u>353.4</u>
Total Assets	<u>1,219.8</u>	<u>1,777.5</u>	<u>719.0</u>	<u>(3.3)</u>	<u>3,713.0</u>
Liabilities					
Current liabilities					
Trade and other payables	(293.5)	(168.0)	—	—	(461.5)
Corporation tax liabilities	(4.8)	(2.0)	—	—	(6.8)
Other financial instruments	—	(6.1)	—	—	(6.1)
Lease liabilities	(1.5)	—	—	—	(1.5)
Interest bearing loans and borrowings	(224.6)	(985.0)	—	985.0	(224.6)
Provisions	(11.1)	(2.9)	—	—	(14.0)
	<u>(535.5)</u>	<u>(1,164.0)</u>	<u>—</u>	<u>985.0</u>	<u>(714.5)</u>
Non-current liabilities					
Interest bearing loans and borrowings	(99.0)	—	—	(981.7)	(1,080.7)
Other financial liabilities	(35.4)	(4.6)	—	—	(40.0)
Deferred tax liabilities	(59.6)	(185.8)	—	—	(245.4)
Lease liabilities	(3.1)	—	—	—	(3.1)
Provisions	(3.5)	(8.4)	—	—	(11.9)
	<u>(200.6)</u>	<u>(198.8)</u>	<u>—</u>	<u>(981.7)</u>	<u>(1,381.1)</u>
Total liabilities	<u>(736.1)</u>	<u>(1,362.8)</u>	<u>—</u>	<u>3.3</u>	<u>(2,095.6)</u>
Net assets	<u>483.7</u>	<u>414.7</u>	<u>719.0</u>	<u>—</u>	<u>1,617.4</u>

Notes:

- (1) The financial information of the Historic Ladbroke's Group for the year ended 31 December 2015 and the financial information of the Historic Ladbroke's Group as at 30 June 2016 have been

extracted, without material adjustment, from the published financial statements of the Historic Ladbrokes Group for the year ended 31 December 2015 and the published unaudited interim financial statements of the Historic Ladbrokes Group for the six months ended 30 June 2016 respectively, which are both incorporated by reference in this Prospectus.

- (2) The financial information of the Historic Coral Group for the 52 weeks ended 26 September 2015 and the financial information of the Historic Coral Group as at 2 July 2016 has been extracted, without material adjustment, from the historical financial information of the Historic Coral Group set out in Part IX of the Merger Prospectus.

- (3) The adjustments arising as a result of the Merger are set out below:

- (i) The consideration will be the issuance of the Consideration Shares to Gala Group Finance Limited. The total consideration payable is £1,167.2 million.

The consideration has been calculated on the basis that the Company issues 866,518,803 Consideration Shares with a nominal value of 28 $\frac{1}{3}$ pence each at a price of 134.7 pence per share, being the price of an Ordinary Share at 25 October 2016. An adjustment has been made to goodwill (which has been calculated based on the balance sheet of the Historic Coral Group as at 2 July 2016), as follows

Total consideration	£1,167.2 million
Less: Historic Coral Group net assets acquired	£(414.7) million
Pro forma goodwill adjustment	<u>£752.5 million</u>

No purchase price allocation assumptions in relation to the value of any acquired Historic Coral Group intangible assets have been included in the pro forma statement of net assets. All purchase consideration in excess of the Historic Coral Group net asset value has therefore been treated as goodwill. After Completion, ahead of 31 December 2016, the Directors will be required to undertake a fair value exercise of the identifiable assets and liabilities of the acquired business to assess the purchase price for accounting purposes. This fair value exercise may result in fluctuations in the value of the Group's balance sheet line items.

- (ii) Estimated transaction costs of £76.1 million are expected to be incurred in connection with the Merger of which £20.3 million had been incurred by 31 December 2015 resulting in a pro forma income statement adjustment of £55.8 million. A further £22.3 million had been incurred in the period to 30 June 2016, resulting in a pro forma cash adjustment in the balance sheet of £33.5 million. No tax impact has been assumed.

- (4) This adjustment includes:

- (i) Of the £850.5 million net debt net indebtedness of Coral at 2 July 2016 (which includes £20.4m of cash held on behalf of customers), an adjustment of £985.0 million has been made to reflect the repayment of the amounts owed to the Gala Coral Group undertakings, offset by the draw down against the New Facilities Agreement of up to £985.0 million. This drawdown is stated net of £3.3 million in estimated debt issue costs associated with the facilities which will be paid in cash and deducted from the carrying value of the new facilities. These issue costs will be amortised over a 4 year term, and are presented, along with the new facilities, as non-current liabilities.
- (ii) A reduction in the finance costs of £52.9 million which reflects the interest incurred by Gala Group Finance Limited on its loans and borrowings with GC Group (Jersey) Limited undertakings, which would not have been incurred by the Group had the transaction completed on 1 January 2015, offset by the interest charge on the additional drawdown against the New Facilities Agreement, not against the interest charge on the Notes. The reduction in finance costs is offset by a related reduction in the income tax credit of £10.7 million.
- (iii) The tax impact of the above adjustments.

- (5) In connection with the Merger, Ladbrokes Betting & Gaming Limited and Coral Racing Limited entered into the Business Transfer Agreements and the Additional Business Transfer

Agreement, pursuant to which the Group will transfer 360 LBOs to the Purchasers and Bet 21 Limited for an agreed value of £55.5 million. The pro forma financial information table does not include the effects of the Retail Disposals, however the associated EBITDA of the LBOs that are to be transferred for the most recent full financial year for both the Historic Ladbrokes Group and the Historic Coral Group was £12.8 million and £13.0 million, respectively.

Pursuant to the terms of the New Facilities Agreement, an amount at least equal to 50 per cent. of the net proceeds from the Retail Disposals shall be applied in prepayment and/or cancellation of Facility A under the New Facilities Agreement (in accordance with clause 10.7 of that agreement).

- (6) No adjustment has been made to reflect the financial performance of the Historic Ladbrokes Group since 30 June 2016 or of the Historic Coral Group since 2 July 2016.
- (7) The nature of the adjustments described in note 4 and note 5 of the unaudited pro forma income statement means that adjustments of a similar nature will have a continuing impact on the Group.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes and the Guarantor believes that the following factors may affect its ability to fulfil its obligations under the Notes Guarantee. Most of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring. In addition, risk factors which are specific to the Notes are also described below.

Factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes or of the Guarantor to make payments due under the Notes Guarantee may occur for other reasons and neither the Issuer nor the Guarantor makes any representation that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

RISKS RELATING TO THE MERGER AND DIVESTMENT PROCESS

Risks relating to the Merger

Synergy benefits resulting from the Merger may fail to materialise, may take longer to realise or may be materially lower than has been estimated

It is expected that the combination of the businesses of the Historic Ladbrokes Group and the Historic Coral Group will achieve significant cost savings for the Group. However, there is a risk that the estimated synergy benefits may fail to materialise or that such synergy benefits may be materially lower than has been estimated or cost more than expected or take longer than expected to achieve. This risk is heightened because the Group's ability to achieve the estimated synergies will be dependent upon a significant number of factors, some of which may be beyond the control of the Group.

In addition, the expected synergy benefits resulting from the Merger may be materially lower than expected if, after Completion, the Group's relationships with suppliers and other partners of the Historic Ladbrokes Group and the Historic Coral Group are adversely affected as a result of the Merger (including if suppliers and other partners terminate or wish to renegotiate any arrangements with the Group as a result of the Merger).

Failure to achieve the estimated synergy benefits either at all or within the expected timeframe could have a material adverse effect on the Group's business, financial condition and results of operations.

Integration of the Historic Coral Group and the Historic Ladbrokes Group may be more time consuming and costly than expected and unforeseen difficulties may arise

The integration process of the Historic Ladbrokes Group and the Historic Coral Group following Completion may be complex. Successful integration will require a significant amount of management time and may affect or impair the ability of the management team of the Group to run the business effectively during the period of integration. The integration process may also place a significant additional burden on the Group's employees and could lead to employee disengagement and underperformance. If the integration process proves more difficult than is anticipated, there is a risk to the operations of the Group.

In addition, the integration may take longer or cost more than is expected, or difficulties relating to the integration, including those of which the Group is not yet aware, may arise. In such circumstances, the profitability of the Group could be detrimentally affected, which could have a material adverse effect on the business, financial condition and results of operations of the Group.

Risks relating to the divestment process

Obligations under the Business Transfer Agreements

The Business Transfer Agreements contain certain customary warranties and indemnities given in favour of each Purchaser, including an indemnity in respect of all matters arising in connection with the operation of the relevant business prior to completion of the relevant Business Transfer Agreement, which could cause the Group to incur liabilities and obligations to make payments that may not have arisen had the Retail Disposals not taken place. Further details of the warranties and indemnities given to the Purchasers are set out in the “Material Contracts” section of this Prospectus.

The Retail Disposals may consume the Enlarged Group’s resources and management time

The Retail Disposals are conditional upon Completion of the Merger. Following Completion of the Merger, the relevant LBOs will be transferred to the relevant purchasers on a phased basis determined by the purchasers, subject to all such LBOs being required to have transferred by 31 January 2017 in the case of Stan James and 31 March 2017 in the case of Betfred. The Group will not be able to determine the timing of the transfer of the LBOs, which may result in transfers of LBOs taking place in a way which is not optimal for the Group. In addition, the process of transferring the disposed LBOs to the purchasers may be more complex than expected. The Historic Ladbrokes Group and the Historic Coral Group have made plans and plan to put in place resources to manage the phased transfer of the LBOs. However, the Retail Disposals could involve additional costs and may consume more resources and management time of the Group than is currently expected. Any or a combination of the foregoing could have a material adverse effect on the Group’s business, financial condition and results of operations.

RISKS RELATING TO THE BETTING AND GAMING INDUSTRY AND MARKETPLACE

Risks relating to the betting and gaming industry

There can be no assurance that the existence and/or the enforcement of laws and regulations in jurisdictions from which the Group accepts bets or wagers will not have a material adverse effect on the business, financial condition and results of operations of the Group

Most countries regulate or, in some cases, prohibit gambling activities. Each of the Historic Ladbrokes Group and the Historic Coral Group monitored and sought to comply with, and the Group will monitor and seek to comply with, the relevant laws and regulations of the jurisdictions in which it has regulated operations. However, there can be no assurance that the Group and the Directors will not face criminal or civil claims in jurisdictions from which it accepts, or has accepted, bets and wagers or from which the Group’s advertisements can, or could be, accessed via the internet for breach of law or regulation in relation to the Group’s operations. In particular:

EU

- The Group is exposed to the risk of conflicting laws and regulations (or conflicting interpretations of such laws and regulations) with regard to the legality or appropriate regulatory compliance of its activities within the EU. The domestic laws and regulations of certain member states of the EU prohibit, or impose restrictions on, certain betting and gaming transactions. Any such laws or regulations should, in theory, be consistent with the principles of freedom of establishment and free movement of services under EU law. However, the case law in this area suggests that it may be difficult to prove that the restrictions imposed on betting and gaming transactions by an EU member state are inconsistent with EU law. Accordingly:
 - (i) there is a risk that member states will introduce or maintain restrictions or punitive tax regimes that may be contrary to EU law; and
 - (ii) the Group and/or the Directors, as applicable, may face criminal or civil claims in such member states in connection with the actions of the Group, notwithstanding that such actions may be consistent with EU law.

Australia

- In Australia, interactive and internet gambling is regulated by each individual state, in each case as applicable to gaming and sports betting activities conducted within such state, and

the Interactive Gambling Act 2001, which purports to regulate certain types of interactive and internet gambling offered to individuals located in Australia. The Interactive Gambling Act 2001 prohibits certain interactive gambling services on racing and sporting events and online gaming type services, providing that a person is guilty of an offence if that person intentionally provides such services to people located within Australia. The Group believes that it will have put in place systems and controls which are intended to ensure that no interactive gambling service which is prohibited under the Australian legislation is offered to Australian customers. If these systems and controls were to fail and the Group were to be in breach of any relevant legislation, the Group and/or the Directors, as applicable, may face criminal or civil claims.

The Commonwealth Government has announced an intention to amend the Interactive Gambling Act 2001, which may result in further restrictions to the products that can be lawfully offered to individuals in Australia.

General

- The Group's systems and controls to ensure regulatory compliance may fail or be found to be inadequate. The Group has sought to put in place systems and controls in place, which are intended to ensure that it does not offer products to or accept bets or wagers on either its betting or its gaming products via the internet from any jurisdiction in which it has determined that it does not wish to accept bets or wagers (whether because of legal concerns or otherwise). These systems and controls include monitoring and analysing information provided by potential customers' registered addresses and existing customers' location through IP address blocking. In the event that the Group's current or the Historic Ladbrokes Group's and/or the Historic Coral Group's historical systems and controls are found to be inadequate (as a result of a failure of the IT systems used to prevent bets or wagers being accepted from any jurisdiction in which it has been determined not to accept bets or wagers or otherwise) or that a customer manages to place a bet or wager from a jurisdiction where the relevant group is, or was, not licensed to conduct business or where betting or gaming is, or was, otherwise restricted or illegal, the Group and/or the Directors, as applicable, may face criminal or civil claims.
- The Group may not consider the gambling laws and regulations in every jurisdiction from which they accept bets or wagers or from which their advertisements can be accessed via the internet and may be subject to the application of existing laws and regulations of which they are not aware, under which the Group and/or the Directors, as applicable, may face criminal or civil claims.

Even if such claims are successfully resisted they may result in considerable legal and other costs being incurred, management time and resources being diverted and damage to the Group's reputation and brand image. If such claims are successful they may result in civil or criminal sanctions against the Group and/or the Directors, as applicable. Any or a combination of the foregoing could have a material adverse effect on the Group's business, financial condition and results of operations.

There can be no assurance that licensing requirements in jurisdictions in which the Group has established operations will not have a material adverse effect on the business, financial condition and results of operations of the Group

Gambling licences and approvals were held by or on behalf of the relevant members of the Historic Ladbrokes Group and the Historic Coral Group in the jurisdictions in which they had established operations and such licences and approvals are now held by or on behalf of the relevant members of the Group. In addition, certain of the Historic Ladbrokes Group's and the Historic Coral Group's employees and senior executives, including its Chief Executive and the Chief Financial Officer, were required to hold personal management licences and the same requirements apply to the Group. These licences and approvals include the following:

UK retail

UK gambling licences are held by or on behalf of the relevant members of the Group. The Group's UK retail operations are regulated by the Gambling Commission.

Online

Gibraltar remote gambling licences are held by or on behalf of the relevant members of the Group. The Group's online betting and gaming operations are regulated by the Gibraltar Gambling Commissioner in respect of regulated territories where licences are not already held and it is legally permitted to provide remote gambling facilities into that territory under their Gibraltar remote gambling licence. UK remote gambling licences are also held by or on behalf of the relevant members of the Group.

Australia

A Northern Territory gambling licence is held by or on behalf of the relevant members of the Group. This licence allows the Group's Australian business to accept bets and wagers from all states across Australia, provided that all such bets and wagers are processed through servers located in Australia. The Group's Australian operations are regulated by the Northern Territory Racing Commission. Ladbrokes Digital Australia Pty Ltd holds an Australian Financial Services Licence, which authorises it to provide non-cash payment products (the relevant products being the Ladbrokes Visa Debit Card and the Ladbrokes EFTPOS Card). For these purposes Ladbrokes Digital Australia Pty Ltd is regulated by the Australian Securities and Investments Commission.

Ireland

Irish bookmakers' licences are held by or on behalf of the relevant members of the Group. The Group's Irish retail operations are licensed by the Irish Revenue Commissioners.

Belgium

Belgian gambling licences are held by or on behalf of the relevant members of the Group. The Group's Belgian retail and online operations are regulated by the Belgian Gaming Commission.

Spain

Spanish gambling licences are held by or on behalf of the Group's joint venture with Cirsa Gaming Corporation, Sportium. Sportium is regulated by the applicable regional regulatory authorities and the Dirección General de Ordenación del Juego ("DGOJ").

Italy

The renewal process for Italian sports and horserace betting licences is currently unclear. However, such licences are held by or on behalf of the relevant members of the Group (for more detail, see *"There is currently little clarity in relation to the renewal processes for the Italian sports and horserace betting licences held by Eurobet Retail"*, below). The Group's Italian retail operations are regulated by L'Agenzia delle Dogane e dei Monopoli ("ADM").

The licences that are held by or on behalf of the relevant members of the Group, are subject to a number of terms and conditions and breach of such terms and conditions, including, in some instances, breaches committed by members of the corporate group other than the relevant licence holder, could result in fines, termination or non-renewal of the licence or approval in question or other regulatory sanctions. The termination or non-renewal of all or any such licences or approvals, whether for breach of their terms and conditions or otherwise, or the imposition of any regulatory sanctions, could have a material adverse effect on the Group's business, financial condition and results of operations.

There can be no assurance that laws, regulations or licensing requirements applicable to the Group will not change

There can be no assurance that any jurisdiction from which the Group accepts bets and wagers or from which its advertisements can be accessed via the internet will not introduce laws or regulations seeking to prohibit or regulate betting and gaming activities or the advertisement of such activities or amend existing laws or regulations, which could impair the Group's ability to undertake betting and gaming operations in that jurisdiction and have an adverse effect on the Group's business, financial condition and results of operations.

The UK's Department for Culture, Media and Sport announced a review of gaming machines and social responsibility measures on 24 October 2016 (the "**Triennial Review**"). The UK Government's stated objective of the Triennial Review is to look across the industry to determine what, if any, changes are needed to strike the right balance between socially responsible growth and the protection of consumers and wider communities. The UK Government has asked parties with an interest in the way in which gambling is regulated in Great Britain to provide their views on: (i) maximum stakes and prizes for all categories of gaming machines permitted under the Gambling Act 2005; (ii) the appropriate allocations of gaming machines permitted in licensed premises under the Gambling Act 2005; and (iii) social responsibility measures to minimise the risk of gambling related harm across the industry as a whole, including gaming machines. The UK Government has indicated it will also specifically review, and consider views on, gambling advertising to understand whether the existing measures ensure that the young and vulnerable are protected.

Depending on the findings of the Triennial Review, the UK Government may decide to make changes to the laws or regulations applicable to the business of the Group, including the laws and regulations applicable to FOBTs or the advertisement of betting and gaming activities and any such changes could have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, there have been some recent signs that the Australian betting and gaming regulatory environment may be becoming more difficult. For example, the Northern Territory Racing Commission recently banned "click-to-call" functionality, which Australian betting and gaming operators had used to allow customers to place in-play bets on sport using synthesised voice calls. Ladbrokes Digital Australia Pty Ltd withdrew its "click-to-call" product as a result of this ban. The Commonwealth Government is proposing to introduce a similar ban under possible reforms to the Interactive Gambling Act 2001 (Cth), such a ban is likely to have minimal impact on Ladbrokes Digital Australia Pty Ltd because it will duplicate the existing Northern Territory ban. This change, or any further tightening of laws and regulations relating to gambling activities in Australia, could restrict the Group's growth opportunities in Australia and have an adverse effect on the Group's business, financial condition and results of operations.

Furthermore, there can be no assurance that any jurisdiction in which licences are held by the Group will not change its licensing requirements, including the terms and conditions to which such licences and approvals are subject. If the regulatory scheme of any jurisdiction in which the Group operates were to change its licensing requirements, the Group may be required to expend significant capital or other resources in order to comply with the new requirements and/or may be required to modify its product offering or its operations in order to comply with the new requirements and/or may not be able to meet the new requirements, any or a combination of which could have a material adverse effect on the Group's business, financial condition and results of operations.

In particular, the Scotland Act 2016 has given the Scottish Parliament the power to regulate the number of gaming machines that a betting premise licence authorises the licence holder to make available on the site to which that licence relates. These powers only apply to gaming machines for which it is possible to stake more than £10 in respect of a single game (presently only gaming machines offering B2 content (for more detail, see ("*Information on the Historic Ladbrokes Group*") section of this Prospectus) and do not apply to betting premise licences that were issued before 24 May 2016. However, this change could impact the number of gaming machines permitted on new betting premises in Scotland.

The CMA has launched an investigation into online betting and gaming

On 21 October 2016, the CMA announced an investigation into online betting and gaming, focusing on potential unfair treatment of customers. This investigation is being undertaken as part of a joint programme of work with the Gambling Commission on fairness and transparency in the betting and gaming industry. As part of the preliminary stages of the investigation, the Historic Ladbrokes Group and the Historic Coral Group have received information notices from the CMA asking them to submit evidence.

As the investigation is only in its preliminary stages, there is no indication as to what the outcome will be. However, the investigation may lead to actions being taken by the CMA, including guidance being issued or enforcement action undertaken. Any such action could have a material adverse effect on the Group's business, financial condition and results of operations.

The success of the Group's business is dependent upon its relationships with government authorities and the principal bodies of sport and event industries

The Group's relationships with governmental authorities and regulatory bodies for the betting and gaming industry, in particular the Gambling Commission in the UK, the Gibraltar Gambling Commissioner in Gibraltar, the Northern Territory Racing Commission in Australia, ADM in Italy and the principal regulatory and administrative bodies of certain sport and event industries are significant factors contributing to the success of the Group's business.

The Group currently engages with its regulators with regard to the betting and gaming regulatory framework and other issues of shared concern, such as problem gambling, and with the principal bodies of sport and event industries with regard to sports rights payments, including levies such as the statutory Horserace Betting Levy, animal welfare and other issues. The Group has a social responsibility committee focused on responsible gambling. Furthermore, the Historic Ladbrokes Group and the Historic Coral Group are founder members of the Senet Group, an independently chaired UK body which looks to promote and monitor standards in the industry. However, if the Group fails to maintain such relationships, or if such relationships were adversely affected for any reason, including as a result of any action or omission on the part of the Group or as a result of negative publicity concerning the Group or the betting and gaming industry, this could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is vulnerable to increases in taxation and/or levies

The Group is subject to taxation and/or levies in all of the countries in which it operates.

The taxation and levies imposed upon betting and gaming companies have changed considerably over time, and there can be no assurance that the levels of taxation and/or levies to which the Group is subject in the UK or in any other jurisdiction will not be increased. In addition, many governments are changing the way they regulate betting and gaming and are introducing new taxation and/or levy regimes as they do so. For example, the Government of South Australia has announced that it intends to impose a 15 per cent. POCT on gambling by South Australian residents from 1 July 2017.

As a result, there is a very material risk that new taxes and/or levies could be introduced which are applicable to the Group and the law or regulations governing existing taxes and/or levies to which the Group is subject could be amended.

Any such changes to the taxation and/or levies to which the Group is subject may increase the amount of tax and/or levies payable by it and/or may require it to expend significant capital or other resources in order to comply with the new or modified obligations. Any or a combination of the foregoing could have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, there remains uncertainty as to how the Austrian betting duty regime applied to the Historic Ladbrokes Group's historic betting exchange business in that country and there is the possibility that a significant historic liability may arise.

If any company within the Group is found to be, or to have been, tax resident in any jurisdiction other than the jurisdiction(s) in which that company is currently thought to be (or, as relevant, to have been) tax resident, or is found to have, or to have had, a permanent establishment in any jurisdiction other than the jurisdiction(s) (if any) in which that Company is currently thought to have (or, as relevant, to have had) a permanent establishment (whether on the basis of existing law or the current practice of any tax authority or by reason of a change in such law or practice), this may have a material adverse effect on the amount of tax payable by the Group, which could in turn have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may be subject to increases in payments related to sports and increases in costs under contracts with third parties that could result in increases in content costs

The Group enters into contracts with regard to, for example, the distribution of television pictures, audio and other data that is broadcast into its LBOs and the use of software to enable it to provide online casino and gaming activities. The Group is likely to continue to enter into similar contracts in the future.

Increased costs under these contracts could result in increases in content costs, which could have a material adverse effect on the business, financial condition or results of operations of the Group.

In addition, the Group is subject to, certain financing arrangements intended to support industries from which it profits, including the statutorily imposed Horserace Betting Levy in the UK, which is intended to support the British horse racing industry, and the voluntary levy which is collected by the British Greyhound Racing Fund and is intended to support the greyhound racing industry in the UK. The Group is likely to continue to be subject to similar financing arrangements in the future, although it cannot predict with any certainty what levies, subsidies, taxes, fees or other payments or arrangements may be required for the success of its business in the future. Any material increase in the amount of, or material change, to such payments currently made by the Group as part of such financing arrangements, or any requirement to pay additional levies, subsidies, taxes, fees or other payments, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may be adversely affected by negative publicity and broader political pressure surrounding the betting and gaming industry

The betting and gaming industry is at times exposed to negative publicity, including in relation to the use of gaming machines in LBOs, problem gambling, gambling by minors and gambling online. Publicity regarding problem gambling and other concerns with the betting and gaming industry, even if not directly connected to the Group and its respective products, could have a material adverse effect on the Group's business, financial condition and results of operations. If the perception develops that the betting and gaming industry is failing to address such concerns adequately, the industry may be subject to increased regulation or taxation. Any increase in regulation or taxation of the Group could have a material adverse effect on the Group's business, financial condition and results of operations.

There is currently little clarity in relation to the renewal processes for the Italian sports and horserace betting licences held by Eurobet Retail

For the 2015 calendar year, Eurobet Retail made up approximately 12.5 per cent. of the Historic Coral Group's overall net revenue and, now following Completion, it is estimated that Eurobet Retail will make up approximately 6 per cent. of the Group's net revenue. Operating licences awarded both in the Italian retail and online markets are granted for fixed periods, after which a further bid must be accepted by ADM through a competitive public bidding process in order to renew them. However, there is little clarity about the renewal process for operating licences in Italy, although there are certain expectations regarding the timing of this process (as set out below). The current licences held by Eurobet Retail, which govern its Italian sports and horserace betting operations, were due to expire in June 2016, but ADM has permitted existing operators, such as Eurobet Retail, to continue to operate under their current licences in exchange for them extending the date of their guarantees to ADM from 30 June 2017 to 30 June 2018. The new tender documentation for Italian sports and horserace betting licences is expected to be issued by ADM towards the end of 2016 or early 2017, with the completion of the process and the assignment of the new licences likely to take place in 2017. A significant part of the Group's online business in Italy is derived from "netpoint" customers. These customers are originally recruited in retail and typically remain loyal through the online business. If these licences are not renewed, or are made subject to onerous or unacceptable terms and conditions or to inflated costs, or are renewed in a smaller number, the Group's ability to operate in the Italian retail market could be materially adversely affected. In addition, an inability to operate in the Italian retail market would prevent the Group from attracting further "netpoint" customers and may result in the loss of the Group's existing "netpoint" customers, which could have a material adverse effect on the growth of the Group's online business in Italy. In addition, the franchise system under which the Group operates its business in Italy (see "*The franchise model operated by the Group in Italy, Belgium and Spain may give rise to business risk and unforeseen difficulties may arise*") could be damaged by a reduction in the number of operating licences that the Group successfully secures, as franchisees may migrate to competitors, with an enhanced risk that these franchisees may attempt to migrate the Group's existing customers with them, all of which could have a material adverse effect on the business, financial condition and result of operations of the Group.

The receipt and holding of customer funds could be regarded as a deposit-taking business

The betting and gaming industry is not currently regulated as a deposit-taking business on the basis that no interest is paid to its customers and that it is an account for services. If this position were to change, the Group may have to reorganise the way in which it receives payments from its customers or apply for authorisation to take deposits. Such a change could disrupt the Group's business and could, therefore, have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may fail to detect money laundering and/or fraudulent activities and/or fail to comply with any licensing objectives that are applicable in the jurisdictions in which it has established operations

Certain of the Group's customers may seek to launder money through its business or increase their winnings through fraudulent activities. The Group has sought to extend best practice with a number of processes and audit controls to minimise opportunities for money laundering and fraud. If the Group is unsuccessful in detecting money laundering and/or fraudulent activities, it could suffer loss directly, be subject to civil or criminal sanctions and/or lose the confidence of their customers, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Fourth Money Laundering Directive ((EU) 2015/849) ("**MLD4**") entered into force on 25 June 2015 and EU member states are required to bring national implementing legislation into force by 26 June 2017. The UK Government has recently launched a consultation on the steps that it plans to take to transpose MLD4 into national Law. The Group's business falls within the scope of MLD4 and the Group will be required to comply with the provisions of the relevant implementing legislation. Such compliance may require the Group to expend significant capital or other resources and/or may require the Group to modify its product offering or operations, any or a combination of which could have a material adverse effect on the Group's business, financial condition and results of operations.

As a licensed gambling operator, the Group is required to comply with any licensing objectives that are applicable in the jurisdictions in which it has established operations. In particular, the Group's operations in the UK mean that it is required to comply with the licensing objectives set out in the Gambling Act 2005 (the "**Gambling Act**"), which are: (i) keeping crime out of gambling; (ii) ensuring that gambling is conducted in a fair and open way; and (iii) protecting children and other vulnerable people from being harmed or exploited by gambling.

Both the Historic Ladbrokes Group and the Historic Coral Group have been the subjects of public statements from the Gambling Commission setting out potential issues with their respective compliance with the Gambling Act's licensing objectives. Furthermore, in April 2016, the Historic Coral Group acknowledged that there had been serious shortcomings in its compliance with these objectives and entered into a voluntary settlement with the Gambling Commission, which included it giving an undertaking to divest itself of a customer's gross gambling yield to the sum of £846,664 and making a payment of £30,000 to cover the costs incurred by the Gambling Commission in investigating the matter.

The Group will seek to put in place further steps to respond to any shortcomings identified by the Gambling Commission and already has procedures in place (which the Group intends to maintain) which seek to ensure that they comply with the Gambling Act's licensing objectives. However, if the Group were found to be in breach of their obligation to comply with any licensing objectives that are applicable in the jurisdictions in which they have established operations, by, for example, failing to properly comply with the applicable anti-money laundering legislation or failing to meet their social responsibility obligations, then the relevant authority may impose a financial penalty on them or impose other penalties, including removing or imposing conditions on the relevant gambling licences. Such action could have a material adverse effect on the Group's business, financial condition and results of operations.

Risks relating to the marketplace in which the Group operates

The Group's business may be adversely affected by competition from other betting and gaming operators

The Group faces competition primarily from other land-based bookmakers, online betting exchanges and other online betting and gaming operators. These competitors are based both inside and outside the UK.

Online betting and gaming is characterised by intense and substantial competition between operators and by relatively low barriers to entry for new participants. Competition is expected to continue to intensify as new operators start to provide online betting and gaming products and existing operators improve and expand their product offerings. Furthermore, the Group's competitors may be better positioned to take advantage of rationalisation or consolidation (as has been the trend in the betting and gaming industry recently with a number of significant mergers) and may thereby gain a competitive advantage or increase an existing competitive advantage over the Group. In addition, the Group faces competition from market participants operating in, and benefiting from, low tax jurisdictions and those who benefit from greater liquidity as a result of accepting bets and wagers from jurisdictions from which the Group does not accept bets and wagers (whether because of legal concerns or otherwise). There can be no assurance that increased competition from other bookmakers, online betting exchanges and other online operators, as well as from suppliers of other betting and gaming products, in any segment of the betting and gaming industry, including the online betting and gaming segment, will not have a material adverse effect on the Group's business, financial condition and results of operations.

The illegal betting market in Italy is of a significant size, and this limits the potential profitability of legitimate and regulated betting operations

The Group operates in Italy. The illegal or unregulated betting market in Italy is of a significant size, both online and offline, and by some estimates may be half the size of the regulated betting market. Illegal or unregulated betting operations do not pay tax to the Italian regulator, and hence they have a competitive advantage over the Group's Italian businesses, and may be able to offer more attractive odds and other products that are not available to the Eurobet Retail businesses as a regulated and licensed tax-paying entity. The continued existence and potential growth of the illegal or unregulated betting market in Italy may therefore reduce the growth prospects of the Group's Italian operations and may have a material adverse effect on the Group's business, financial condition and results of operations.

Demand for the Group's products and services may be adversely affected by general economic conditions and consumer trends beyond the Group's control

As with other industries, demand for the Group's products and services is influenced by general economic conditions and consumer trends beyond the Group's control. There can be no assurance that the Group's business, financial condition and results of operations will not be adversely affected by general economic conditions or consumer trends. In particular, the difficult global economic conditions over the last eight years are unprecedented in recent history, and if such conditions continue or worsen, there can be no assurance that they will not have a material adverse effect on the Group's business, financial condition and results of operations.

Exposure to UK political developments, including the outcome of the UK referendum on membership of the EU

On 23 June 2016, a referendum was held on the UK's membership of the EU, the outcome of which was a vote in favour of leaving the EU. The result of the referendum means that the long term nature of the UK's relationship with the EU is unclear and this seems likely to result in a sustained period of political and economic uncertainty. Any such uncertainty could result in significant volatility in financial markets and could adversely affect the value of Sterling. Furthermore, depending on the terms reached as regards any exit from the EU, it is possible that there may be adverse practical and/or operational implications for the Group. This is particularly the case because the Group's online betting and gaming operations are operated from locations outside the UK, including Gibraltar. The Group is monitoring political developments to identify and assess the medium to long term implications of the UK's vote to exit the EU and the impact that it may have on the business of the Group.

RISKS RELATING TO THE GROUP

Operational and bookmaking risks

The Group may experience significant losses with respect to individual events or betting outcomes and in respect of any failure to accurately determine the odds compilations or failure in the pricing and trading liability management processes

The Group's fixed-odds betting products involve betting where winnings are paid on the basis of the stake placed and the odds quoted, rather than derived from a pool of stake money received from all customers. A bookmaker's odds are determined so as to provide an average return to the bookmaker over a large number of events and therefore, over the long term, the gross win percentage for both the Historic Ladbrokes Group and the Historic Coral Group have remained fairly constant.

However, there is an inherently high level of variation in gross win percentage event by event and day by day. The Group has systems and controls in place which seek to manage bookmaking risks, but there can be no assurance that these will be effective in reducing the Group's exposure to this risk. As a result, in the short term, there is less certainty of generating a positive gross win and the Group may experience (and the Historic Ladbrokes Group and the Historic Coral Group have from time to time experienced) significant losses with respect to individual events or betting outcomes (particularly if large individual bets are placed on an individual event or betting outcome by high net worth individuals or other bettors). In addition, the gross win percentage of the high rollers section of the Group's business can vary significantly. Any significant losses on a gross win basis could have a material adverse effect on the Group's cash flows and therefore a material adverse effect on their business, financial condition and results of operations.

The Group employs a team of odds compilers (who determine the odds at which they will accept bets in relation to any particular event) and trading liability managers who seek to control liabilities in relation to the relevant group's retail, telephone, digital and high rollers businesses. There can be no assurance that errors of judgement or other mistakes will not be made in relation to the compilation of odds or that the systems the Group has in place to limit risk will be consistently successful. Any significant misjudgements or mistakes made by the Group in relation to odds compilation and/or the failure of their pricing, trading and liability management systems could result in the Group incurring significant losses on a gross win basis, which could have a material adverse effect on its financial condition and results of operations.

The operations of the Group are reliant on a number of key sites

The Group has a number of key sites, in particular Coral Retail's principal office in Stratford in London, which is expected to serve as the Group's principal office for its retail business in the UK, the Historic Ladbrokes Group's existing principal office and main operations centre at Imperial House in Rayners Lane in Middlesex (which will remain operational for a transitional period after Completion), the Historic Ladbrokes Group's premises in Europort in Gibraltar, where the majority of the Historic Ladbrokes Group's online gaming operations are based, the Historic Ladbrokes Group's premises in Tel Aviv in Israel where the Historic Ladbrokes Group's digital marketing operations are based, the Historic Ladbrokes Group's premises in Brisbane, where the Historic Ladbrokes Group's Australian online gaming operations are based. Online's premises in Gibraltar and Eurobet's central premises in Rome. The unplanned unavailability of any of the Group's key locations, whether partial or complete, and for whatever reason, including natural disasters, terrorist acts, political instability, other acts of war or hostility or outbreak of infectious diseases might have a material adverse effect on the Group's business, financial condition and results of operations.

Failure of the Group's business continuity and IT disaster recovery plans

The Historic Ladbrokes Group and the Historic Coral Group had put in place business continuity and IT disaster recovery plans for key trading areas of their respective operations, and the Group will review, assess and develop, these existing business continuity and IT disaster recovery plans. The Historic Ladbrokes Group has access to a business continuity site for its core UK business and has made arrangements for off-site data storage, alternate system availability and remote working for key operational and senior management. Each of the Historic Ladbrokes Group and the Historic Coral Group have back-up IT systems for business critical systems, generally in different geographic

locations from the main system centres and all critical data was replicated in real-time. However, despite such planning, there can be no assurance that the Group will be able to respond effectively to any significant business interruptions. Any such failure may result in loss of data or loss of business and adversely affect customers' experience, which might, in turn, have a material adverse effect on the Group's business, financial condition and results of operations.

The Group relies on the experience and talent of key personnel, on its ability to recruit and retain qualified employees for the success of its business and the appropriateness of its succession planning

The successful management and operations of Group is reliant upon the contributions of its senior management team and other key personnel, including the staff of its bet acceptance centre, who review referred bets for approval, its odds compilers and online international trading liability managers, who control the odds compilation liabilities of the Group and the senior management of its online operations. In addition, the Group's future success depends in part on their ability to continue to recruit, motivate and retain highly experienced and qualified employees as well as continue to deliver an appropriate organisational structure and succession plan to meet their objectives. There is competition in the betting and gaming industry for skilled personnel, in particular for qualified bet pricing and trading liability management personnel. Although the Group takes steps intended to protect itself in relation to the loss of key personnel (such as the inclusion of restrictive covenants and/or "garden leave" provisions in the employment contracts of such personnel), the loss of service of any of the Group's senior management team or other key personnel, or an inability to attract new personnel, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is exposed to the risk of failure in their operating structure and employee disengagement

Failures in the Group's operating structure as a result of employees failing to understand reporting lines and accountability procedures could lead to management effectiveness being undermined and employees becoming disengaged with an associated risk of employee underperformance. Such failures in the operating structure could materially adversely affect the Group's business, financial condition and results of operations and could also result in reputational damage to the Group.

The Group is exposed to the risks of expansion into new geographic regions

The Group actively explores opportunities for international expansion of its business as part of its strategy. The success of any expansion of the business into new geographic regions will depend on a number of factors, including: (i) the Group's ability to achieve sufficient scale of operations, to comply with local regulations, and the legal framework and enforcement environment in the target territory, and to establish and maintain relationships with key partners, suppliers and regulators; (ii) the presence of established and entrenched competitors; (iii) difficulties in developing products and services that are tailored to the needs of local customers; (iv) lack of local acceptance or knowledge of the Group's products and services; and (v) lack of recognition of the Group's brands. There can be no assurance that any attempted expansion of the business into any new geographic region will not fail and consequently have a material adverse effect on the business, financial condition and results of operations of the Group.

The business of Group is subject to sports schedules

The Group's business, financial condition and results of operations are impacted by the scheduling and live broadcasting of major sporting events. Disruptions to the scheduling and broadcasting of those sports may have a material impact on the Group's results of operations. For example, the scheduling of major sporting events, including the English Grand National, the Cheltenham Festival, the Premier League, the European Champions League and, at more infrequent intervals, the FIFA World Cup and UEFA European Football Championship is of key importance to the business of the Group. The cancellation, postponement or curtailment of any of these significant sporting events, for example due to adverse weather conditions, natural disasters, terrorist acts, other acts of war or hostility or the outbreak of infectious diseases, or cancellation of, disruption to, or postponement of the live broadcasting and other coverage of such sporting events on television, online and elsewhere, for example due to contractual disputes, technological or communication problems, the insolvency of a

major broadcaster or changes in the broadcaster's content selection, could materially adversely affect the operations, financial performance and prospects of the Group.

Potential litigation may adversely affect the Group's activities

The Group faces the general risk of potential litigation in connection with its business, its customers, its employees and its external service providers, suppliers and partners (including the effects of changes in the laws, regulations or policies or their respective interpretations). Such actions may result in the Group incurring considerable legal and other costs (including fines and penalties), management's time and resources may be diverted, the provision of services may be disrupted, and there may be damage to the Group's reputation and brand image or a material adverse effect on the Group's business, results of operations and financial condition (in each case, whether or not the relevant actions are successful).

The Group has a relatively high fixed cost base as a proportion of their total costs, meaning that falls in revenue could have a significant adverse effect on the Group's profitability

The Group has a relatively high fixed cost base as a proportion of their total costs, consisting primarily of staff and rental costs associated with its betting shop estate. Such costs have recently been increased by the introduction of the UK national living wage and by the commitment of the Historic Ladbrokes Group to move to single scheduling as a voluntary only policy in the evenings. This relatively high fixed cost base means that the Group's profitability is exposed to any decrease in revenue if the Group is unable, in the short to medium term, to reduce its costs substantially to mitigate the effect of any significant falls in revenue or profit. The Group's profitability therefore is likely to be more significantly and negatively affected by decreases in revenue than would be the case for a business with a more flexible cost base. Any decrease in profitability could have a material adverse effect on the Group's business, financial condition and results of operations.

The franchise model operated by the Group in Italy, Belgium and Spain may give rise to business risk and unforeseen difficulties may arise

The Group is licensed to conduct betting and gaming operations in Italy through Eurobet Retail, in Belgium through Tierce Ladbroke S.A. and in Spain through the Group's joint venture with Cirsa Gaming Corporation, Sportium. Eurobet Retail conducts its operations using a franchise model, whereby Eurobet Retail enters into a franchise agreement with a franchisee operator, who then establishes a betting office using the Eurobet Retail licence, product and systems infrastructure. Tierce Ladbroke S.A. also makes use of franchise operators to conduct a majority of its business and a small element of Sportium's business is conducted using a franchise model.

If the franchisee operators are ineffective, or the Group is unable to attract and retain experienced franchisee operators, or if any unforeseen circumstances arise in the operation of the franchise model, the performance of Eurobet Retail, Tierce Ladbroke S.A and Sportium is likely to be negatively impacted and this could have a material adverse effect on the business, financial condition and results of operations of the Group.

The Historic Ladbrokes Group and the Historic Coral Group each has a defined benefit pension scheme to which they and, now following Completion, the Group, may be required to make increased contributions to fund any funding shortfalls

The Historic Ladbrokes Group and the Historic Coral Group provide retirement benefits for their respective former and current employees through a number of pension schemes, including two defined benefit pension schemes.

Historic Ladbrokes Group Plan

The Historic Ladbrokes Group defined benefit pension scheme (the "**Ladbrokes Plan**") was closed to new entrants from 1 August 2007 and closed to future benefit build-up from 31 August 2015. The Ladbrokes Plan's assets must be held separately from those of the Historic Ladbrokes Group and, now following Completion, the Group. As at 30 June 2016, the estimated present value of the Ladbrokes Plan's funded obligations (on an IAS 19 accounting basis) was £316.2 million and the fair value of the

Ladbrokes Plan's assets was £409.7 million, giving a net asset value of £93.5 million. Under the current agreement with the trustees of the Ladbrokes Plan, the Historic Ladbrokes Group and, now following Completion, the Group, will pay into the Ladbrokes Plan £187,500 in respect of each month from April 2016 to June 2017. Contributions of £62,500 per month towards regular expenses of maintaining the Ladbrokes Plan are payable from July 2017.

Historic Coral Group Plan

The Historic Coral Group defined benefit pension scheme (the “**Coral Plan**”) was closed to new entrants from 1 July 2008 and closed to future benefit build-up from 28 September 2013. The Coral Plan's assets must be held separately from those of the Historic Coral Group and, now following Completion, the Group. As at 2 July 2016, the estimated present value of the Coral Plan's funded obligations (on an IAS 19 accounting basis) was £375.8 million and the fair value of the Coral Plan assets was £418.0 million, giving a net asset value of £42.2 million. Under the current agreement with the trustees of the Coral Plan, the Historic Coral Group has agreed to pay £2.75 million a year into the Coral Plan up until October 2016, [with the final payment expected to be made on or before 31 October 2016.]

As the value of the assets and liabilities of the Ladbrokes Plan and the Coral Plan can change over time, including as a result of fluctuations in financial markets (along with changes in legislative requirements and trustees' covenant assessments), there is a risk that further contributions over and above those currently agreed could be required from the Group in the future. Such additional contributions could have an adverse impact on the Group's business, financial condition and results of operations.

Any incident that raises concerns over the Group's safety regime could have a material adverse reputational and financial impact on the Group

The Group is subject to the health and safety requirements that are in place in the countries in which it operates. As a result, the Group operates a health and safety programme which aims to, among other things, safeguard employee wellbeing and ensure that employees interact safely with customers. Any failure in health and safety performance which results in a major or significant health and safety incident is likely to be costly in terms of potential liabilities incurred as a result of that incident including any potential civil or criminal claims against the Group and/or the Directors, as applicable. Such a failure could generate significant adverse publicity and have a material adverse impact on the Group's reputation, which in turn could materially adversely affect the Group's business, prospects, financial condition and results of operations.

Failure by the Group to maintain and enhance its dual brands could have a material adverse effect on its business, financial condition and results of operations

The success of the Group is dependent in part on the strength of the Ladbrokes and Coral brands. The Ladbrokes and Coral brands are long-established, trusted and widely recognised and that this will further the development of the Group's betting and gaming activities. It is expected that, as the betting and gaming industry becomes increasingly competitive, the success of the Group will be in part dependent on maintaining and enhancing the strength of all its brands. If the Group's marketing strategy is ineffective or if it is, for any other reason, unable to maintain and enhance the strength of the dual Ladbrokes and Coral brands, then its ability to retain and expand its customer base and its attractiveness to existing and potential partners may be impaired, and its business, financial condition and results of operations could be adversely affected.

The copyright, trademarks, domain names, trade secrets, customer databases and similar intellectual property of the Group is critical to its success in enhancing the Ladbrokes and Coral brands. The Group relies on a combination of copyright and trademark laws, trade secret protection, confidentiality and non-disclosure agreements and other contractual provisions in order to protect their intellectual property. There can be no assurance that these efforts will be adequate, or that third parties will not infringe upon or misappropriate proprietary rights belonging to the Group. In addition, although the Group has trademark and copyright protection, enforcement is limited in certain jurisdictions, and the global nature of the internet makes it impossible to control the ultimate destination of websites.

The Group may be the subject of claims of infringement of the rights of others, or party to claims to determine the scope and validity of the intellectual property rights of others. Such claims, whether or not valid, could require the Group to spend significant sums in litigation, pay damages, re-brand or re-engineer services, acquire licences to third party intellectual property and distract management attention from the business, which may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group, following the recent Merger, may not be able to implement successfully its business strategy

There can be no certainty that, after Completion, the Group will be able to implement successfully the business strategy set out in the "Strategy of the Group" section of this Prospectus (including in Australia where there has been a recent change of leadership). No representation is or can be made as to the future performance of the Group, and there can be no assurance that the Group will achieve its objectives. The Group's ability to implement its business strategy may be adversely affected by factors that cannot currently be foreseen, such as unanticipated costs and expenses, technological change, severe economic downturn, the level of interest rates, foreign exchange risks, governmental policy, inflation rates, sector conditions or other changes in economic, political, judicial, administrative, taxation, or regulatory factors (some of which are discussed in more detail in other risk factors). All of these factors may necessitate changes to the business strategy described in this Prospectus, or materially adversely affect the Group's business, financial condition or results of operations, both in the short and long term.

Risks relating to information technology and communications

The market for online betting and gaming products and services is in a state of technological change

The market for online and mobile betting and gaming products and services is characterised by technological developments, new product and service introductions, evolving industry standards and ever-changing consumer trends. There is a risk that the emergence of new products and services, the evolution of existing ones and changes in consumer trends could render the technology and systems used by the Group obsolete and such developments will require it to: (i) use leading technologies effectively, continue to develop its existing technological expertise, enhance its current products and services and develop new products and services to exploit emerging trends and product developments; and (ii) continue to improve the performance, features and reliability of their technology and advanced information systems. Furthermore, the widespread adoption of new internet technologies or standards could require substantial expenditure to replace, upgrade, modify or adapt the Group's technology and systems, which could have an adverse impact on the Group's business, financial condition and results of operations.

The Group is highly dependent on technology and advanced information systems that may fail or be subject to disruption

The Group's operations are highly dependent on technology and advanced information systems and there is a risk that such technology or systems could fail or be vulnerable to cyber-crime attacks. In addition, there can be no assurance that the technology and systems currently used by the Group will be successful, or that they will not be: (i) subject to damage, computer viruses or cyber-crime, (ii) rendered obsolete by new technologies and more advanced systems introduced in the industry or adopted by competitors, or (iii) disrupted for any other reason including natural disasters, terrorist acts, political instability, other acts of war or hostility or outbreak of infectious diseases. Any failure or disruption of, or damage to, the Group's technology or systems could have a material adverse effect on the Group's business, reputation, financial condition or results of operations. In addition, new internet or other technology-based products, services or enhancements offered by the Group may contain design flaws or other defects and/or require costly modifications or may result in a loss of confidence in the Group's products and services by its customers or loss of revenue, any or a combination of which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may at any time be required to expend significant capital or other resources to protect against network failure and disruption. If replacements, expansions, upgrades and other maintenance are not completed efficiently or there are operational failures, the quality of the product and service experienced by the customer will decline. If, as a result, customers were to reduce or stop their use of the Group's products and services, this could have a material adverse effect on the Group's business, financial conditions and results of operations.

The Group's systems may be vulnerable to hacker intrusion, malicious viruses and other cyber-crime attacks

As with all digital businesses, the Group's businesses may be vulnerable to cyber-crime attacks. These attacks may include distributed denial of service attacks and other forms of cyber-crime, such as attempts by computer hackers to gain unauthorised access to their systems and databases for the purposes of manipulating results, misappropriation of funds or theft of data. Any such attacks may cause systems failure and/or business disruption and could have a material adverse effect on the Group's business, financial condition and results of operations. Such attacks are by their nature technologically sophisticated and may be difficult or impossible to detect and defend against. If the Group fails to implement adequate prevention measures or should any such prevention measures fail or be circumvented, its reputation may be harmed and they may face claims or investigations, which in turn could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is dependent on card payments for the success of their business

The Group currently accepts credit and debit card payments from online and telephone customers and debit card payments in their other betting shops. The Historic Ladbrokes Group also accepts credit card payments in its betting shops in the Republic of Ireland. Ladbrokes Australia also has a Ladbrokes branded Visa debit card through which online winnings can be withdrawn by customers holding the card. The Group will continue to accept these payment methods and will continue to operate the Ladbrokes branded Visa debit card. Certain U.S. based card schemes and card-issuing institutions currently restrict the use of their credit cards for online betting and gaming transactions. Should all or an additional number of the major card schemes or card issuing companies stop accepting payment transactions for betting and gaming operations (or if there are any errors or disruption in the relevant systems or any deterioration in the relevant relationships), the Group's business, financial condition and results of operations could be materially adversely affected.

The Group's business is dependent on banks, credit card companies, payment processors and other financial institutions, networks and suppliers to enable funds to be paid in and withdrawn by their customers. Any disruption in those systems or relationships could have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, the Group is exposed to the risk of chargebacks. Chargebacks occur when customers, card issuers or payment processors seek to void credit card or other card payment transactions. Customers occasionally seek to reverse real money losses through chargebacks. While the Group seeks to maintain existing control procedures to protect against chargebacks, there can be no assurance that the Group's exposure to chargebacks will not adversely affect its business, financial condition and results of operations.

The Group is subject to regulation regarding the use of personal customer data

The Group processes large amounts of personal customer data (including name, address, age, bank details and betting and gaming history) as part of its business and therefore must comply with strict data protection and privacy laws in all jurisdictions in which it operates. Such laws restrict the Group's ability to collect and use personal information relating to players and potential players including the marketing use of that information. The Historic Ladbrokes Group and the Historic Coral Group have put in place both systems and procedures and cyber security mechanisms which seek to ensure that personal customer data is handled appropriately and in compliance with applicable data protection and privacy laws. Notwithstanding these measures, the Group is, and will be, exposed to the risk that, as a result of human error, cyber-crime or otherwise, personal customer data could be wrongfully appropriated, lost or disclosed, or processed in breach of data protection regulation, by or on behalf of

the Group. Such an occurrence could result in the Group facing liability under data protection laws, the loss of its customers, the loss of goodwill of its customers and the deterrence of new customers, any or a combination of which could have a material adverse effect on the Group's business, financial condition and results of operations.

Furthermore, the General Data Protection Regulation ((EU) 2016/679) ("GDPR") entered into force on 24 May 2016 and will apply in all EU member states from 25 May 2018. The Group will continue to review and develop existing processes to ensure that customer personal data is processed in compliance with the GDPR's requirements, to the extent that they are applicable to the Group, and it may be required to expend significant capital or other resources and/or modify its operation to meet such requirements, any or a combination of which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group is dependent on a number of third parties for the operation of their business

The Group has relationships with a number of key third party suppliers who provide products and services to the Group, including for the supply of products and services for infrastructure, networks and telecommunications as well as products and services relating to the delivery of customer-facing content and services. Many of these suppliers are long-term suppliers of important products and services. However, the Group exercises little control over many of these third party suppliers and is reliant on them to perform its services in accordance with the terms of its contracts, which increases its vulnerability to problems with the products and services they provide.

The Group may not be successful in recovering any losses which result from the failure of third party suppliers to comply with their contractual obligations to it and third party suppliers may seek to recover losses from the Group under indemnities or in respect of breaches of obligations or warranties under their agreements with members of the Group. In addition, some of the services on which the Group rely are only provided by a very limited number of suppliers and there is a risk that the Group would not be able to find alternative suppliers to provide these services if the current suppliers failed to comply with their contractual obligations. Such events and any significant disruption in the supply of products and services to the Group or failure by these third party suppliers to handle current or higher volumes of use or any other adverse event affecting the Group's relationship with them could have a material adverse effect on the Group's reputation, business, financial condition and results of operations.

The Group is exposed to the risk of over-reliance on external consultants for the operation of the business

The Group employs a significant number of external consultants to help develop and maintain its IT systems. As a result, there is a risk that the Group could face operational challenges resulting from a lack of embedded knowledge about its IT systems and procedures. This dependence on external consultants may increase the risk of breaches of confidence, loss of core competence in connection with IT systems and business and reputational damage if such risks materialise. This, in turn, could have a material adverse effect on the Group's business, financial condition and results of operations.

Financial risks

The cost of finance could increase or financing could cease to be available

The ability of the Group to operate their business depends in part on being able to raise funds. While the Group currently seeks to maintain a balance between continuity of funding and flexibility through the use of borrowings with a range of maturities (and the Historic Ladbroke's Group entered into the New Facilities Agreement in 2015), there can be no assurance that, over the longer term, the Group will be able to find lenders who are willing to lend on no worse terms than the Group's existing financing arrangements, including the New Facilities Agreement, or at all, or that existing financing arrangements of the Group will be able to be refinanced on no worse terms, or at all, upon maturity. In addition, a significant weakening of the financial condition and operating results of the Group could result in it failing to comply with the covenants in its financing agreements which could, in turn, restrict its access to financing and capital. An increase in the cost, or lack of availability, of finance and capital could have a material adverse effect on the Group's business, financial condition and results of operations.

As at 30 June 2016 the Group's leverage (combining the leverage of the Historic Ladbroke's Group and the Historic Coral Group as at that date) was 2.7 times net debt to EBITDA. The Group is targeting a reduction in leverage to 2.0 times net debt to EBITDA within 18 to 24 months of Completion. The Group will be aiming to reduce leverage to a medium term target of 1.5-2.0 times net debt to EBITDA. However, in the event of material interruptions to cash flows, there is a risk that leverage may not decrease at the rate anticipated, or at all.

The Group is subject to risks resulting from currency fluctuations and interest rate fluctuations

The Group prepares its respective financial statements in Pounds Sterling and generates a proportion of its revenues in other currencies. To the extent that revenues are received in currencies other than Pounds Sterling, and currency exchange rates are unfavourable, the Group may lose some of the economic value of its revenues in Pounds Sterling terms. If the Group expands its international operations, it may receive more of its revenue in currencies other than Pounds Sterling.

The Group (and, in particular, Ladbroke's Group Finance plc) is subject to risks resulting from interest rate fluctuations. The Group (and, in particular, Ladbroke's Group Finance plc) has a substantial level of financial indebtedness and interest on this indebtedness is a significant cost for the Group. To the extent that the existing or future indebtedness of the Group bears interest at a variable rate and is unhedged, changes in interest rates may increase its cost of borrowing, increasing interest expense and reducing operating cash flows. This could have a material adverse effect on the Group's business, financial condition and results of operations.

The Historic Ladbroke's Group and, now following Completion the Group, has certain liabilities under guarantees in connection with hotel leases relating to the Historic Ladbroke's Group's former hotels division

The Historic Ladbroke's Group formerly operated an international chain of full service hotels and resorts through its hotels division. For the purposes of this business, the Company provided guarantees to third parties in respect of liabilities of subsidiaries under hotel leases. The Historic Ladbroke's Group sold its hotels division to Hilton Hotels Corporation on 23 February 2006 but, since the release of each of these guarantees requires the consent of the beneficiary of that guarantee, not all liabilities under the guarantees could be discharged at that time. Therefore, the Historic Ladbroke's Group and, now following Completion, the Group, is exposed to a contingent liability should any of the disposed subsidiaries default on their obligations under the relevant leases. The Company is committed to seeking, and has received an undertaking from Hilton Hotels Corporation that efforts will be made to obtain, releases of these guarantees, which expire between 2017 and 2042.

The Company has an indemnity from Hilton Hotels Corporation in relation to any loss it may incur under these guarantees. The net financial liability recognised in the Historic Ladbroke's Group's balance sheet at 30 June 2016 in respect of these guarantees was £3.2 million.

However, there can be no assurance that Hilton Hotels Corporation will not default on its obligations under the indemnity. Overall, the maximum exposure was assessed at £202 million as at 30 June 2016. While it is extremely unlikely that claims of such magnitude will be made, if any significant claims are made under any of the guarantees and Hilton Hotels Corporation fails to meet its obligations under the indemnity, this could have a material adverse effect on the Group's business, financial condition and results of operations.

RISKS RELATING TO THE NOTES AND CORPORATE STRUCTURE

The Issuer has no material assets or sources of revenue except for claims against, and advances made to it by, other Group companies under intercompany loans and assets or liabilities under certain hedging arrangements. The Guarantor is a holding company with no revenue-generating operations of its own. Accordingly, in order to service and repay the Notes, the Issuer must rely on interest and principal payments from Group companies or on intercompany loans advanced to it, and the Guarantor must rely on dividends or other distributions or payments from its subsidiaries.

The Issuer is a wholly-owned finance subsidiary of the Guarantor and will use the net proceeds from the sale of the Notes to finance the repayment and cancellation of amounts outstanding under Facility A of the New Facilities Agreement. Any of the net proceeds from the issue of the Notes not so used will be used towards the general corporate purposes of the Group, or any member of the Group, including, without limitation, for working capital purposes. The Issuer intends to service and repay the Notes out of the payments it receives under these intercompany loan agreements or out of loans advanced to it by other Group companies. The Issuer has no other material assets or sources of revenue except for its claims under this and other outstanding intercompany loans, loans advanced to it by other Group companies and assets or liabilities under certain hedging arrangements. Accordingly, the Issuer's ability to service and repay the Notes depends on the ability of the Guarantor and the other debtors under intercompany loans to service such indebtedness and on the ability of other Group companies to advance loans to it. Therefore, in meeting its payment obligations under the Notes, the Issuer is wholly dependent on the profitability and cash flow of the Guarantor and such other Group companies.

The Guarantor is a holding company and all of its operations are conducted through its subsidiaries. The ability of the Guarantor's subsidiaries to distribute funds to it by way of dividends, distributions, interest, return on investments or other payments (including loans) is subject to the profitability and cash flow of the subsidiaries. These distributions are subject to important restrictions, including restrictions under English company law on subsidiaries that are incorporated in England and Wales which prohibit English companies from paying dividends unless they are paid out of profits available for distribution – in general, the accumulated earnings of the relevant subsidiary.

Generally, the claims of subsidiaries of the Guarantor will have priority over claims of the Guarantor with respect to the assets and earnings of such subsidiaries. In the event of a bankruptcy, liquidation, winding-up, dissolution, receivership, insolvency, reorganisation, administration or similar proceeding relating to such subsidiaries, holders of such subsidiaries' indebtedness and their trade creditors will generally be entitled to payment of their claim from the assets of such subsidiaries before assets are made available for distribution to the Guarantor. The Notes and the Notes Guarantee will therefore be structurally subordinated to the creditors of the Guarantor's subsidiaries (other than the Issuer).

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH THE NOTES

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Issuer's call option

The Notes contain an optional redemption feature, which is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of the Notes generally may not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes having taken into account the cost of redeeming the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Claims of secured creditors will have priority, with respect to their security, over the claims of unsecured creditors, such as Noteholders

Claims of the Issuer's secured creditors, if any, and the Guarantor's secured creditors, if any, will have priority, with respect to the assets securing such secured creditors' debt, over the claims of Noteholders. In the event that any of the Issuer's secured debt, if any, or the Guarantor's secured debt, if any, becomes due or the relevant creditor thereunder institutes proceedings over the assets that secure the relevant debt, the Issuer's assets or, as the case may be, the Guarantor's assets remaining after repayment of that secured debt might not be sufficient to repay all amounts owing in respect of the Notes.

Modification, waivers and substitution

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally and to obtain written resolutions on matters relating to the Notes from Noteholders without calling a resolution. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority, and Couponholders.

The Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes, the Trust Deed or the Agency Agreement, (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution in place of the Issuer of the Guarantor or any Subsidiary of the Guarantor as principal debtor under the Trust Deed, the Notes and the Coupons or the substitution in place of the Guarantor as guarantor in respect of the Notes of a new group holding company of the Ladbrokes Coral group of companies, in each case in the circumstances and subject to the conditions described in Conditions 13 (*Substitution*) and 14.2 (*Modification, Waiver, Authorisation and Determination*).

The covenants contained in the Conditions of the Notes are limited

In addition to the Negative Pledge described herein, the Conditions of the Notes contain a covenant that limits the ability of the Issuer, the Guarantor and any other Subsidiary of the Guarantor to incur Debt unless the Notes have an Investment Grade rating from at least two of the Rating Agencies and no Event of Default or Potential Event of Default (as defined in the Trust Deed) has occurred and is continuing. Additionally the Conditions of the Notes contain a restriction on the Guarantor's ability to consolidate, merge or amalgamate with or into, or sell, assign or convey, transfer, lease or otherwise dispose of all or substantially all of its assets to, another Person. However, prospective investors should note that the Conditions of the Notes do not restrict (among other things) the making of investments or the payment of dividends.

There are, however, a significant number of important exceptions to the financial covenant described above. These exceptions include (but are not limited to) the Incurrence of Debt of up to £1.45 billion under revolving credit or similar debt facilities or notes and up to £100 million of finance leases entered into in the ordinary course of the Group's business.

These and other exceptions to the financial covenant may in certain circumstances allow members of the Group to incur significant indebtedness. There can be no assurance that members of the Group will at all times be able to meet all debt obligations as they fall due.

Change of law

The Conditions of the Notes are based on English law in effect as at the date of issue of the Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the Notes, and any such change could materially adversely impact the rights under, and the value of, the Notes.

Denominations involve integral multiples: definitive Notes

The Notes have denominations consisting of a minimum of £200,000 plus one or more higher integral multiples of £1,000. It is possible that the Notes may be traded in amounts that are not integral multiples of £200,000. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than £200,000 in its account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to £200,000.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of £200,000 may be illiquid and difficult to trade.

Because the Temporary Global Note and the Permanent Global Note representing the Notes will be held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on the procedures of those clearing systems for transfer, payment and communication with the Issuer and/or the Guarantor

The Notes will be represented by one or more Global Note(s) which will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg (the "**Common Depositary**"). Definitive Notes will only be issued in limited circumstances, as described in Section "*Summary of Provisions Relating to the Notes while Represented by the Global Notes – Exchange*". Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the relevant Global Note. While the Notes are in global form, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are in global form, the Issuer or the Guarantor, as the case may be, will discharge its payment obligations under the Notes by making payments to the Common Depositary. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. Neither the Issuer nor the Guarantor has any responsibility or liability for the records held relating to, or payments made in respect of, beneficial interests in the Global Notes by the Common Depositary.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear or Clearstream, Luxembourg.

Risks related to the market generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Notes Guarantee in Sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of Sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Sterling would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. A drop in the level of interest rates prevailing in the market will have a positive impact on the price of the Notes, as the Notes pay a fixed annual rate of interest. Conversely, an increase in the interest rate level prevailing in the market will have an adverse impact on the price of the Notes. For investors holding the Notes until maturity, any changes in the interest rate level prevailing in the market during the term will not affect the yield of the Notes, as the Notes will be redeemed at par.

Credit ratings may not reflect all risks

Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies Inc. and Fitch Ratings Ltd. [have assigned] credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

USE OF PROCEEDS

The net proceeds of the issue of the Notes, after deduction of underwriting fees and commissions, are expected to be approximately £[●]. Some or all of the net proceeds from the issue of Notes will be used to finance the repayment and cancellation of amounts outstanding under Facility A of the New Facilities Agreement.

Any of the net proceeds from the issue of the Notes not so used will be used towards the general corporate purposes of the Group, or any member of the Group, including, without limitation, for working capital purposes.

CAPITALISATION TABLE

The following table sets forth the Group's cash and cash equivalents, and consolidated capitalisation as of 30 June 2016 on an adjusted basis to give the pro forma unaudited effect of the Merger as if the Merger had occurred on 30 June 2016. This table should be read in conjunction with the "Information About the Merger", "Use of Proceeds", "Information on the Historic Ladbrokes Group", "Information on the Historic Coral Group", "Description of Other Indebtedness", "Unaudited pro forma net assets statement" and the consolidated financial statements and unaudited pro forma financial statements and related notes thereto included elsewhere in this Prospectus.

The information in this table is extracted directly and/or derived from the "Unaudited pro forma net assets statement" in the "Summary consolidated historical financial and other information" section and does not represent new pro forma information.

Actual amounts may vary from estimated amounts depending on several factors including: differences from our estimates of fees and expenses, fluctuations in cash on hand between 30 June 2016 and the Issue Date and fluctuations in applicable exchange rates.

	As at 30 June 2016
	£m
	Pro Forma Group (Unaudited) ⁽¹⁾
Cash and cash equivalents⁽²⁾	247.2
Loans and borrowings	
Trade finance facilities ⁽³⁾	4.6
Borrowings ⁽⁴⁾⁽⁵⁾	1,305.3
Total loans and borrowings	1,309.9
Net assets / Total equity⁽⁶⁾	1,617.4
Total capitalisation⁽⁷⁾	2,680.1

- (1) The amount shown is the pro forma capitalisation as at 30 June 2016 for the Historic Ladbrokes Group and 2 July 2016 for the Historic Coral Group extracted directly from the "Unaudited pro forma net assets statement" in section "Summary consolidated historical financial and other information".
- (2) Cash and cash equivalents includes (amongst others) £48.5 million of cash held in trust by the Historic Ladbrokes Group in relation to customer balances and £20.4 million of cash held in trust by the Historic Coral Group in relation to customer balances. In connection with the Merger, Ladbrokes Betting & Gaming Limited and Coral Racing Limited entered into the Business Transfer Agreements, pursuant to which the Group will transfer 360 LBOs for an agreed value of £55.5 million, which is excluded from the cash amount shown.
- (3) The total £4.6 million 'Trade finance facilities' comprise the £1.5 million 'Lease liabilities' amount in the current liabilities section of the unaudited pro forma net assets statement and the £3.1 million non-current 'Lease liabilities' amount in the unaudited pro forma net assets statement.
- (4) The total £1,305.3 million 'Borrowings' is made up of the £224.6 million 'Interest bearing loans and borrowings' amount in the current liabilities section of the unaudited pro forma net assets statement and the £1,080.7 million non-current 'Interest bearing loans and borrowings' amount in the unaudited pro forma net assets statement. Borrowings comprise existing £225 million 7.625% Senior Notes due 2017, existing £100 million 5.125% Senior Notes due 2022 and the draw down against the New Facilities Agreement of up to £985.0 million net of £3.3 million in estimated debt issue costs which will be deducted from the carrying value of the new facilities and amortised over a 4 year term, presented as non-current liabilities. The New Facilities Agreement comprises: (i) a £600 million Facility A, which is due to mature one year after the date of the New Facilities Agreement, subject to three extension options, which would, if all three were exercised, extend the maturity of this facility to July 2018; (ii) a £400,000,000 multi-currency revolving loan facility ("Facility B"), which is due to mature on the fifth anniversary of the date of the New Facilities Agreement; and (iii) a £350,000,000 multi-currency revolving loan facility ("Facility C"), which is due to mature on 13 June 2019.

- (5) Some or all of the net proceeds from the issue of Notes will be used to finance the repayment and cancellation of amounts outstanding under Facility A of the Issuer's New Facilities Agreement.
- (6) Net assets / Total equity is unaudited pro forma 30 June 2016 Consolidated Net Assets /Equity extracted from the "*Unaudited pro forma net assets statement*" in section "*Summary consolidated historical financial and other information*" of this Prospectus.
- (7) The total capitalisation amount of £2,680.1 million comprises the £1,617.4 million net assets amount from the unaudited pro forma net assets statement plus the £1,309.9 million total loans and borrowings amount from the Capitalisation Table, minus the £247.2 million cash and cash equivalents amount from the unaudited pro forma net assets statement.

INFORMATION ON THE BETTING AND GAMING INDUSTRY

1. Industry

The betting and gaming industry includes activities such as bookmaking, on-course and off-course betting and gaming (through retail, online and mobile channels), gaming machines, local and national lotteries, casinos, bingo and football pools. The Group operates in the betting and gaming industry in the UK, Australia, Belgium, Ireland, Spain and Italy. The Group is also active in the online betting and gaming market in other international territories and to a lesser extent the UK telephone betting market.

The Group faces competition primarily from other bookmakers, other online gaming operators and online betting exchanges.

(a) UK retail

The betting and gaming industry in the UK comprises a range of activities, including bookmaking, casinos, bingo, gaming machines, the National Lottery as well as other lotteries and football pools.

The off-course betting market was established in 1961 in the UK, when the UK Government legalised off-course betting shops in the UK. The number of shops grew rapidly, and by 1987 there were approximately 10,300 LBOs in the UK. Since then, the sector has experienced consolidation and a reduction in the number of LBOs. By 1994, there were 9,670 LBOs in the UK and by 31 March 2016 there were estimated to be 8,809 LBOs.¹ It is estimated that as at 31 March 2016 William Hill had approximately 26 per cent., the Historic Ladbrokes Group had approximately 24 per cent., the Historic Coral Group had approximately 21 per cent., Betfred had approximately 16 per cent. and other operators had approximately 13 per cent. of LBOs in the UK.² The Group's UK retail businesses face competition from these operators and from a number of other smaller competitors.

Traditionally the core betting products in LBOs were UK horse racing, greyhound racing and multiple event accumulator bets. However, there have been significant legislative changes over the years which have enabled bookmakers to improve the quality of their customer offering in the shops and the environment in which they deliver it.

At the start of this century, there were a number of positive regulatory developments, including a move to a more favourable gross profits-based tax regime, the introduction of gaming machines and winter evening opening and the legalisation of advertising, including on television. As a result, LBOs now provide customers with greater flexibility and offer a far wider range of betting and gaming products. In recent years, the implementation of the Gambling Act 2005 and Gambling (Licensing & Advertising) Act 2014 have introduced more formal regulation designed to keep crime out of gambling, make sure that gambling operators conduct their business in a fair and open way and protect the young and the vulnerable from being harmed or exploited by gambling. This has led to the development of a number of regulations which apply to UK licensed operators, which are documented in the Gambling Commission's Licence Conditions and Codes of Practice. This has included changes to self-exclusion arrangements in both retail and digital and requirements to offer customers more responsible gambling tools, such as time-outs and reality checks, and to operate with greater auto-play restrictions and improved customer information regarding how customer funds are held and protected. Other changes in regulation have brought about the introduction of time and spend limit functionality on gaming machines and the requirement to allow only account based play for stakes of over £50 in any one spin and an industry code for socially responsible advertising.

While online betting and gaming has been the main factor contributing towards growth in the sector, retail gross gambling yield (i.e. stakes less customer winnings) has remained stable, totalling £3.2 billion during the period April 2014 to March 2015, which represents growth of approximately 2 per cent. per year between 2011 and 2015.³ Additionally, the introduction of the National Lottery in 1994 has contributed to changing social attitudes towards betting and gaming. This, combined with the increased variety of betting and gaming products offered (football, for instance, has become an increasing proportion of the Group's UK OTC gross win), has led to growth in the market. Overall gross

¹ Gambling Commission – Industry statistics – April 2011 to March 2015, p.9

² Gambling Commission – Industry statistics – April 2011 to March 2015, p.9

³ Gambling Commission – Industry statistics – April 2011 to March 2015, p.5

gambling yield totalled approximately £11.2 billion during the period April 2014 to March 2015, and has grown by approximately 8 per cent. per year between 2011 and 2015, driven primarily by online development.⁴

New entrants to the UK betting and gaming market face certain practical issues. Applicants are required to satisfy the Gambling Commission that they are capable of operating in an industry which is highly regulated in order to be granted the necessary operating licence. Furthermore, the industry remains competitive with a number of operators.

(b) European retail – Ireland, Belgium, Spain and Italy

Regulated under the Betting Act 1931, the number of LBOs in the Republic of Ireland has increased from approximately 700 in 2000 to approximately 900 in 2016. Sports and horse betting is allowed in registered premises throughout the week (including during evenings all year round, even when no Irish horse racing is taking place). However, gaming machines are not available. Estimates suggest off-course betting grew by approximately 32 per cent. between 2003 and 2013 and in 2013 accounted for in excess of approximately 95 per cent. of the land-based horseracing gambling revenue.⁵ It is a highly fragmented market; at the end of 2014 approximately 79 per cent. of LBOs were controlled by the Historic Ladbrokes Group, Paddy Power Betfair and BoyleSports with the remainder comprising smaller chains (each with less than 7 per cent. share) and independent shops.⁶

In Belgium, companies may operate sports betting operations under the jurisdiction of the Ministry of Justice and are liable to pay taxes and levies in Belgium. The licensed shops are restricted to offering bets on horses, dogs and sports. In Belgium, the current competition to the Group's retail operations includes Tipico, Betcenter, Betfirst and Stanleybet.

In Spain, off-course betting is regulated at the regional level. Each 'autonomous community', as they are known, regulates gambling activity independently of the approach adopted by neighbouring communities. This results in regional variances in restrictions on the products that can be offered, for example the Basque country does not permit betting on horse racing in retail outlets. To date, 15 out of 17 of the autonomous regions have regulated gambling, with the two remaining communities expected to regulate soon. Remote gambling in Spain, on the other hand, has been regulated nationally by the DGOJ since 2011. In Spain, the current competition to the Group's retail operations includes Codere and Kirol.

Italy is the largest regulated betting and gaming market in Europe based on gross win, and has experienced growth in recent years due to improvements in the regulatory environment allowing operators to introduce new product categories such as virtual racing and bet-in-play. Operating licences awarded both in the Italian retail and online markets are granted for fixed periods, after which a further bid must be accepted by ADM through a competitive public bidding process in order to renew them. There is currently little clarity in relation to the renewal processes for the Italian sports and horserace betting licences held by Eurobet Retail (for more detail, see the "*There is currently little clarity in relation to the renewal processes for the Italian sports and horserace betting licences held by Eurobet Retail*" in the part of this Prospectus headed "*Risk Factors*"). The current licences held by Eurobet Retail, which govern its Italian sports and horserace betting operations, were due to expire in June 2016, but ADM has permitted existing operators, such as Eurobet Retail, to continue operating under their current licences in exchange for them extending the expiry date of their guarantees to ADM. In spite of the Italian market becoming legal and regulated at the end of 2006, there remains an active illegal market. Eurobet Retail's principal competitors in Italy are Snai, Intralot, GTECH and Sisal. Eurobet Online's principal competitors in Italy are Bet365, Snai, Sisal, GTECH, William Hill and Paddy Power Betfair.⁷

⁴ Gambling Commission – Industry statistics – April 2011 to March 2015, p.5. Much of this increase is attributable to the fact that overseas based operators providing online services to UK customers have been included in the Gambling Commission's statistics from 1 November 2014 (the date from which such operators have had to be licensed by the Gambling Commission).

⁵ Global Betting and Gaming Consultancy, Global Gambling Report 11th Edition (2016): Ireland, p. 6

⁶ Global Betting and Gaming Consultancy, Global Gambling Report 11th Edition (2016): Ireland, p. 10

⁷ H2 Gaming Capital, "Global Gambling Data", 22 September 2016

(c) Online betting and gaming

Online betting and gaming has grown rapidly since it was established in the late 1990s, and increased broadband penetration and an increase in the usage of mobile devices are widely expected to continue to drive growth in the market. In the year to June 2016, it was estimated that 16 per cent. of adults in the UK had participated in online betting and gaming at least once, while 11 per cent. had done so during the past four weeks.⁸ Between November 2014 and September 2015 online activity represented approximately 30 per cent. of gross gambling yield in the total betting and gaming market in the UK. According to H2 Gaming Capital, between 2015 and 2021, the global gross win online will increase at a compounded annual growth rate of 7.2 per cent. for sportsbook, 10.2 per cent. for casino products, 9.3 per cent. for poker products and 9.4 per cent. for bingo products.

The Group faces competition in its online operations from a number of bookmakers (such as William Hill and Paddy Power Betfair), exchanges such as Smarkets and other online operators based elsewhere in the UK and overseas (including PartyGaming, 888.com and bwin) that are specifically targeting the UK and Europe. In Australia, the Group's main competitors are William Hill, Paddy Power Betfair, Tabcorp, Tatts, Crownbet and Bet365. Competition in the online marketplace has intensified and is expected to continue to do so as new operators enter the market and existing operators improve and expand their product offerings. The competitive environment remains subject to change depending on regulatory and technological developments.

2. Regulatory environment

The Group operates in a heavily regulated industry across multiple geographical jurisdictions. The Group holds (or has held on its behalf) licences to operate in the UK, Australia, Belgium, Ireland, Italy and Spain, as well as a number of other less material jurisdictions under its Gibraltar remote licences. The licences and approvals held by or on behalf of members of the Group are subject to a number of terms and conditions, breach of which could result in fines, termination or non-renewal of the licence or approval in question or other regulatory sanctions. The relevant regulatory bodies in many of these markets have also issued various codes of practice with which the Group must comply. For instance, in the UK, the Group are required to comply with the Gambling Commission's Licence Conditions and Codes of Practice.

As a regulated sector, the betting and gaming industry is subject to anti-money laundering legislation, such as national legislation implementing the third EU Money Laundering Directive (no. 2005/60/EC) and, in the UK, the Proceeds of Crime Act 2002. The Group has in place a number of processes to detect and report suspicious activity, and to handle requests for assistance from law enforcement agencies and regulators. This is overseen by dedicated anti-money laundering teams.

(a) Retail operations

There are three licence types that have been issued to members of the Group and their directors and employees to enable them to operate in the UK. The first is an operating licence issued to the relevant trading company by the Gambling Commission. Two members of the Historic Ladbrokes Group hold the Historic Ladbrokes Group's operating licences. Three members of the Historic Coral Group hold the Historic Coral Group's UK operating licences. The second licence type is a personal management licence. The Gambling Commission specifies certain senior roles within the organisations that must be undertaken by a personal management licence holder. The Historic Ladbrokes Group as at 25 October 2016 has 42 personal management licence holders. The Historic Coral Group as at 25 October 2016 has 34 personal management licence holders. The third licence type is a premises licence, which is issued by the relevant local authority. The Group holds separate premises licences for each of their LBOs.

Each Group LBO in the UK is licensed to provide up to four gaming machines offering B2 Content (jackpot slot content with a maximum stake of £100⁹ and a maximum jackpot of £500) and/or B3 Content (jackpot slot content with a maximum stake of £2 and a maximum jackpot of £500). The

⁸ Gambling Commission Survey Data on Gambling Participation, July 2016

⁹ Following the introduction, on 6 April 2015, of the Gaming Machine (Circumstances of Use) (Amendment) Regulations 2015, players wishing to stake more than £50 are required to use pre-paid loyalty cards to pay over the counter.

operation of gaming machines is subject to both The Gaming Machine (Circumstance of Use) Regulations 2007 and the Gambling Commission's Gaming Machine Technical Standards requirements.

Other jurisdictions in which the Group will have retail operations include:

- (i) Northern Ireland, where the Group is regulated under the provisions of the Lotteries and Amusements (Northern Ireland) Order 1985 (as amended) with the betting shops estate in Northern Ireland licensed by the local magistrates' courts;
- (ii) the Republic of Ireland, where the Group is regulated under the Betting Act 1931. Bookmaker's licences and betting shop licences are required to operate betting shops in the Republic of Ireland. Licences must be renewed annually and must be approved by the police and the Office of the Revenue Commissioners in the Republic of Ireland. Licences cannot be held by corporations and the requisite licences for the betting shop estate in the Republic of Ireland are held by individuals on behalf of the Company;
- (iii) Belgium, where sports betting is licensed by the Ministry of Justice;
- (iv) Spain, where the Group has a retail presence via its joint venture operations, which are appropriately licensed by the applicable regional regulatory authorities; and
- (v) Italy, where Eurobet Retail and Eurobet Online trade under the Eurobet brand. Operating licences awarded both in the Italian retail and online markets are granted for fixed periods, after which a further bid must be accepted by ADM through a competitive public bidding process in order to renew them.

(b) Online operations

Remote gambling licences for the provision of their online betting and gaming products into the UK are held by or on behalf of the relevant members of the Group.

Other than its Australian, Belgian, Irish (betting and intermediary), Spanish, and UK online operations, where separate licences are held by the relevant entities or persons, the provision of the Group's online betting and gaming products is regulated in Gibraltar and gambling licences for these operations issued by the Gibraltar Regulatory Authority are held by or on behalf of the relevant members of the Historic Ladbrokes Group. The Group use their Gibraltarian gambling licences for regulated territories where licences are not already held and they are legally permitted to provide remote gambling facilities into that territory under their Gibraltarian licences. The Betdaq business, as regards business to business activities, is regulated in Alderney.

In Australia, interactive and internet gambling is regulated by each individual state, in each case applicable to gaming and sports betting activities conducted within such a state, and the Interactive Gambling Act 2001 (Cth), which purports to regulate certain types of interactive and internet gambling occurring both within and outside Australia. A gambling licence issued by the Northern Territory Racing Commission is currently held by or on behalf of the relevant members of the Historic Ladbrokes Group and although each state has its own form of gambling regulation, that licence permits the Company to offer gambling facilities throughout Australia, but taking into account any specific individual state's regulation.

In addition, the Company's Australian subsidiary, Ladbrokes Digital Australia Pty Ltd, is regulated by the Australian Securities and Investments Commission under chapter 7 of the Corporations Act 2001 (Cth). Ladbrokes Digital Australia Pty Ltd is required to be licensed in Australia, because it arranges non-cash payment products and in doing so, is taken to be providing general financial product advice in Australia. Specifically, the non-cash payment products concerned are the Ladbrokes Visa Debit Card and Ladbrokes EFTPOS Card. Ladbrokes Digital Australia Pty Ltd has an Australian Financial Services Licence Authorising it to engage in these activities.

The Group's online businesses accept bets and wagers in each territory where they are licensed to do so. However, people accessing the Group's websites in respect of gambling transactions under the Group's Gibraltarian licences may be located in any country and, whilst the Group has measures in place to prevent customers gambling on their websites from territories where it is known they are not legally permitted to do so, it is the customer's responsibility to ensure that transacting with the Group is legal in the jurisdiction in which they are located, which is made clear in the terms and conditions of each of the Group's websites.

Regulation of online betting, in particular, is still an evolving area in many jurisdictions. The Group's legal and regulatory teams actively monitor developments in respect of all jurisdictions in which they believe there are material risks to their respective groups. The Group has taken the decision that they will not accept online business from customers located in certain jurisdictions, such as the United States and many others. The list of restricted territories for which the Group will not accept online business is kept under review and the situation monitored by specific working groups to make sure that the Group continues to operate only in territories where it believes it is legally entitled to do so.

Where considered necessary, the Group obtains independent legal advice concerning the scope and applicability of gambling laws and regulations in respect of particular jurisdictions. This advice is used to modify the Group's approach in relation to doing business in that jurisdiction on a case-by-case basis and, based on the relevant jurisdiction, the Group undertakes procedures in order to mitigate any such risks. The Group has systems and controls in place which seek to ensure that the Group offers gambling products via the internet into jurisdictions from which it has determined it does not wish to accept transactions. The systems and controls include monitoring and analysing information provided by potential customers' registered addresses and IP addresses.

(c) Costs of content

UK Horserace Betting Levy

The British betting industry supports the British horse racing industry via the Horserace Betting Levy, a subsidy based on the gross win from bets struck in the UK on horse races held in the UK. This levy arrangement has been established on a statutory basis since off-course betting was legalised in 1961. The Horserace Betting Levy is an annual scheme with representatives of all classes of bookmakers (comprising the Bookmakers Committee) responsible to the Horserace Betting Levy Board for recommending the basis of each year's scheme. When the Horserace Betting Levy Board and the Bookmakers Committee cannot agree a basis, the Secretary of State for Culture, Media and Sport determines the outcome. For the 2016/17 scheme, the Secretary of State directed that the Horserace Betting Levy continue to be set at 10.75 per cent. of profits from betting on UK horse racing.

In March 2016, the UK Government announced proposals to reform the Horserace Betting Levy so that it will apply to all bookmakers who take bets on UK horse racing (including remote betting operators, to whom the Levy does not currently apply). The proposed reforms are currently expected to take effect from April 2017. Recent correspondence from the UK's Department of Culture, Media and Sport, suggests that the new fee, for both UK retail and online operators, is likely to be set at 10 per cent. of gross profits from betting on UK horse racing.

UK Greyhound levy

The Group contributes voluntarily to the British Greyhound Racing Fund, which is the official funding body for greyhound racing in Great Britain as licensed by the Greyhound Board of Great Britain: www.bgrf.org.uk.

Grants from the British Greyhound Racing Fund cover all aspects of welfare, integrity, development and promotion of the sport and the British Greyhound Racing Fund works closely with the Greyhound Board of Great Britain. In the financial year 2015-2016, bookmakers were requested to pay 0.6 per cent. of their greyhound turnover to the British Greyhound Racing Fund.

Other sports

Whilst the Group pays licence fees to content suppliers for their established intellectual property rights, the Group does not pay for the right to bet on other sports.

3. Responsible gambling

The Historic Ladbrokes Group has always placed great emphasis on being a responsible business, advocating and maintaining high standards across its sector, particularly with respect to its understanding of responsible gambling behaviours and the options for harm minimisation. The Historic Ladbrokes Group and the Historic Coral Group are active participants of the Association of British Bookmakers' and Remote Gambling Association's responsible gambling committees. In addition, the Historic Ladbrokes Group was a key instigator in setting up the Industry Group on Responsible Gambling and the Historic Ladbrokes Group and Historic Coral Group are founder members of the Senet Group.

The Historic Ladbrokes Group has a dedicated Social Responsibility Committee to oversee delivery against the Historic Ladbrokes Group's responsible gambling objectives. The Committee will continue to fulfil this function in respect of the Group.

Responsible gambling has also been a key focus of the Historic Coral Group and this responsibility is taken extremely seriously. A gambling committee chaired by the former Gala Coral CEO has involved all operating divisions and reported to the board of Gala Coral on progress at every meeting. While the vast majority of customers play within their limits, the Group recognises its responsibility to potentially vulnerable gamblers.

INFORMATION ABOUT THE MERGER

1. Background to and reasons for the Merger

(a) The Merger

The Merger completed on [1 November] 2016. The Group (which is now made up of the Historic Ladbrokes Group and the Historic Coral Group) will be one of the leading European betting and gaming groups providing its customers with a wide choice of products and flexibility across channels.

The combination of the Historic Ladbrokes Group and the Historic Coral Group is compelling strategically and is attractive as a platform for long-term growth. There are five opportunities that have been identified and will be central to the overall strategy of the Group, which are: (i) the creation of a group with the potential to deliver faster online growth; (ii) the creation of a group with the UK's largest LBO estate; (iii) the creation of a group with an extensive international portfolio of regulated businesses; (iv) the delivery of significant synergies underpinning Shareholder returns; and (v) the creation of a group with an enhanced and integrated technology platform.

The potential to deliver faster online growth

It is expected that, on a combined basis, the online business of the Group will generate approximately 25 per cent. of revenues and would be a substantially increased player in the UK online market as a result of the Merger.

Digital sports betting and gaming remain the key growth opportunities in the market and the Merger enables the Group to drive further online growth. This will be delivered through enhanced multi-channel and marketing capabilities, and the ability to deploy shared innovation across multiple brands.

An effective multi-channel offering delivers higher value to customers at lower cost and enhances customer experience, driving loyalty. The Historic Coral Group has already deployed market leading multi-channel technology across its estate. The Historic Ladbrokes Group's multi-channel programme launched in July 2015 has now delivered over 130,000 signups. Metrics such as player value and retention associated with these players continue to look strong compared to core digital players. The Group intends to take the best from both the Historic Ladbrokes Group's and the Historic Coral Group's multi-channel technology to enhance its overall omni-channel offer.

The Group intends to operate a dual-brand strategy in the UK across both its retail and its digital businesses. The Board believes that this is the optimal route to maximising the value of the Group's customer bases. The intention is to continue to offer customers distinctive products and promotions. Where appropriate, the Group will leverage product innovation and technology across both brands in particular through multi-channel which will be central to generating digital growth. In digital, where customers typically have multiple betting applications on their smartphone, the Group will aim to be two of these applications rather than one. The Group also is expected to be able to use its sophisticated customer analytical tools to anticipate the actions of players, thereby allowing it to present attractive personalised offers from the second brand to online customers who are expected to be about to churn.

The use of dual brands does not limit the delivery of synergies – the Group expects to combine its core trading platforms, IT systems and retail governance teams, and through dual-brand sourcing deliver procurement synergies in certain key categories of marketing spend. IT integration planning is well advanced and a plan has been put in place for the integration of the Historic Ladbrokes Group's and the Historic Coral Group's IT systems.

The Historic Ladbrokes Group and the Historic Coral Group also intend to pool their digital innovation teams in order to strengthen the product pipelines of the Group. The Group will continue to focus on delivering innovation across its multiple brands, with a view to enhancing returns.

The Group will have market leading technology supporting its online operations. The Historic Ladbrokes Group and the Historic Coral Group currently use similar technology platforms, including partnerships with suppliers such as Playtech, OpenBet and Scientific Games. This commonality is expected to accelerate integration without causing any material disruption to the customers of the Group.

The UK's largest LBO estate – strongly cash generative, more efficient and sustainable in the long term

The Group's dual-brand strategy will ensure that its customers can retain their brand preference. The combined retail estate of the Group will continue to build on its track record of product innovation.

The Merger also represents an opportunity to improve further shop efficiency through the reduction of central overheads and through joint procurement. This will make the Group's UK retail estate more resilient in the face of recent taxation increases.

Disposals

On 26 July 2016, the CMA published its final conclusions in relation to the Merger in which it stated that the Merger could proceed subject to the divestment of 350 to 400 LBOs, and that Completion of the Merger could occur when the LBO divestment process was substantially complete.

On 15 October 2016:

- (a) Ladbrokes Betting & Gaming Limited entered into: (i) a business transfer agreement to sell 168 LBOs to Betfred; and (ii) a business transfer agreement to sell 17 LBOs to StanJames; and
- (b) Coral Racing Limited entered into: (i) a business transfer agreement to sell 154 LBOs to Betfred; and (ii) a business transfer agreement to sell 20 LBOs to Stan James.

On 21 October 2016, Ladbrokes Betting & Gaming Limited entered into a further business transfer agreement, on substantially the same terms as the Business Transfer Agreements, with Bet 21 Limited in respect of the sale of 1 LBO to Bet 21 Limited, the Additional Transfer Agreement.

The aggregate number of LBOs being sold to Betfred is 322 for a cash consideration of £55.0 million. The aggregate number of LBOs being sold to Stan James is 37 for a cash consideration of £0.5 million. The Business Transfer Agreements were entered into on substantially similar terms. The Business Transfer Agreements contain certain customary warranties and indemnities in relation to the business and assets transferring to the Purchasers, including an indemnity in respect of all matters arising in connection with the operation of the relevant business prior to completion of the relevant Business Transfer Agreement.

On 26 October 2016 the CMA approved the purchasers, the LBO disposal packages and the terms of the Business Transfer Agreements and the Additional Transfer Agreement. Descriptions of the Business Transfer Agreements have been included in sections 6 and 7 of Part XIII (Additional Information) of this Prospectus.

An extensive international portfolio of regulated businesses

It is expected that the international operations will represent approximately 13 per cent. of the Group's revenue.

The Group will have strong retail and online operations in Italy (number two online), Belgium (number one in retail) and Spain (number one in retail) and an attractive and rapidly growing online operation in Australia (number three corporate bookmaker).

Combining the substantial experience gained from these operations with the enhanced financial resources of the Group provides a foundation for future international growth.

Significant synergies underpinning Shareholder returns

It is expected that the Group will be able to achieve recurring annual pre-tax cost synergies of at least £65 million as a result of the Merger. The Company expects these synergies to be phased in over the three years after Completion.

An enhanced and integrated technology platform

To assist in providing the flexibility for the Group to achieve integration and realise synergies from the combination of the Historic Coral Group's and the Historic Ladbrokes Group's digital businesses, Playtech has agreed with the Company to amend the existing Marketing Services Agreement with the Company.

As part of this arrangement, Playtech and the Company have agreed to accelerate the determination of amounts due to Playtech under the Marketing Services Agreement. The sum agreed is £75 million, of which £40 million was satisfied by way of the issue of shares in the Group on Completion (the “**Playtech Issue**”) and with a further guaranteed £35 million in cash paid upon delivery by Playtech of key operational milestones but, in any event, within 42 months following Completion.

This will accelerate the integration of the Historic Ladbrokes Group’s and the Historic Coral Group’s digital platforms and therefore the delivery of cost synergies. The additional benefits of this agreement are not reflected in the synergy estimate and would reflect incremental value generation for the Group.

(b) Integration review

At the time of the Circular, the directors of the Company and the directors of Gala Coral recognised that, to achieve some of the expected benefits of the Merger, it would be necessary to undertake a review of how best to integrate the Historic Ladbrokes Group and the Historic Coral Group. The Integration Review has now commenced and a steering committee has been established to coordinate integration planning. However, prior to the completion of the Merger, the Historic Ladbrokes Group and the Historic Coral Group were separate groups of companies and data sharing was subject to certain restrictions for commercial and competition law reasons.

The Integration Review has started to put together plans to integrate the Group’s operations and resources to ensure that the optimal combination is achieved post-Completion. In addition, the Integration Review has resulted in some proposed changes to the locations of the Group’s places of business and work is currently being done to determine whether any fixed assets of the Group will be required to be redeployed. The analysis carried out to date has indicated the potential to generate cost synergies for the Group in areas where there is an overlap of functions. Although the number of employees actually affected by the Merger will depend on the outcome of the Integration Review, it is estimated that there will be a decrease of approximately 3 per cent. of the Group’s full-time equivalent employees.

The existing contractual and statutory employment rights of all employees of the Historic Coral Group and the Historic Ladbrokes Group will be fully respected following Completion save to the extent that the location of the places of business of the Group are impacted by the Integration Review.

It is not envisaged that contributions into the Company pension schemes, the accrual of benefits for existing members or the admission of new members will be impacted by the Merger.

(c) Financial effects of the Merger

Having reviewed and analysed the potential benefits of the Merger and taking into account the factors that the Historic Ladbrokes Group and the Historic Coral Group can influence, it is expected that the Group, comprising both the Historic Ladbrokes Group and the Historic Coral Group in their entirety, will be able to achieve recurring annual pre-tax cost synergies of at least £65 million as a result of the Merger. The Group expects these synergies to be phased in over the three years after Completion with approximately 35 per cent. delivered in year one, 85 per cent. in year two and 100 per cent. by the end of year three, post-Completion.

The principal sources of quantified cost synergies are as follows:

- (i) approximately £7 million from reduced corporate costs; and
- (ii) approximately £58 million through combining the retail and digital operations, by eliminating duplicated activities where appropriate and by streamlining general and administration costs across the two operations. It is expected that these savings will be realised approximately 60 per cent. in retail and approximately 40 per cent. in digital operations, respectively.

It is expected that the realisation of the quantified cost synergies will result in non-recurring costs of approximately 1.25 times annual quantified synergies, predominantly in the first year after Completion. Aside from these costs, no material cost dis-synergies are expected in connection with the Merger.

In addition to the quantified cost synergies outlined above, the Group expects further upside from cross-brand marketing, exchange of expertise relating to product innovation and the transfer of operational best practices.

The Retail Disposals are not expected to impact the quantified cost synergies or non-recurring costs of implementation. The associated revenue and EBITDA for the LBOs that are being transferred for the most recent full financial year for both the Historic Ladbrokes Group and the Historic Coral Group is £12.8 million and £13 million, respectively.

The Board believes the financial benefits will accrue as a direct result of the Merger and could not be achieved independently. The estimated synergies reflect both the beneficial elements and the relevant costs.

2. Current trading and prospects

Historic Ladbrokes Group

The Historic Ladbrokes Group issued its trading update for the three months ended 30 September 2016 on 18 October 2016 (the “**Q3 Trading Update**”). The Q3 Trading Update is incorporated by reference into this Prospectus. Trading for the period from 30 September 2016 to the date of this Prospectus has been and is in line with the expectations of the Directors and there has been no material change to the financial position of the Historic Ladbrokes Group.

Historic Coral Group

The period post 2 July 2016 represents the 15 week period to 16 October 2016 incorporating the 12 week period to 25 September 2016 (fourth quarter of the financial year ended 25 September 2016) and the subsequent 3 week period to 16 October 2016.

12 week period to 25 September 2016 (fourth quarter of 2016 financial year):

Trading in the 12 week period to 25 September (fourth quarter of 2016 financial year) was positive with Coral Group net revenue 8.9 per cent. ahead of last year (year to date +11.3 per cent.).

Coral Retail total net revenue grew 0.3 per cent, driven by an improvement in OTC gross win margin and machines growth.

Eurobet Retail net revenue was 31.2 per cent. ahead of last year, with strong growth in sports stakes.

Online saw continued strong growth with net revenue 23.7 per cent. ahead of last year (year to date +28.3 per cent.) with Coral.co.uk net revenue 31.7 per cent. ahead driven by strong sports stakes growth.

3 week period to 16 October 2016

The Historic Coral Group's net revenue was ahead of last year, with growth in all divisions except Coral Retail which was marginally behind.

Trading for the period from 16 October 2016 to the date of the Merger Prospectus has been in and is in line with the expectations of the Historic Coral Group and there has been no material change to the financial position of the Historic Coral Group since that date.

3. Strategy of the Group

The Group's strategy will seek to exploit the combined strengths of the Historic Ladbrokes Group and the Historic Coral Group, and will initially focus on the following strategic opportunities.

Developing multi-channel

Digital sports betting and gaming remain the key growth opportunities in the market. The Group will seek to leverage its strong positions in the OTC sports betting markets of the UK, Belgium, Ireland, Italy and Spain to drive further online growth.

The Group combined multi-channel experience of the “Grid” and “Coral Connect” will allow it to provide the market leading omni-channel offering in the sector. The Group intends to take the best from both of these products to enhance its overall omni-channel offering.

Maintaining dual brands in the UK

The Group intends to operate a dual-brand strategy in the UK across both its retail and its digital businesses. It is expected that this is the optimal route to maximise the value of the Group’s customer bases. The intention is to continue to offer customers distinctive products and promotions. Where appropriate, the Group will leverage product innovation and technology across both brands, in particular in multi-channel, which will be central to generating digital growth. In digital, where customers typically have multiple betting applications on their smartphone, the Group will aim to be two of these applications rather than one. The Group is also expected to be able to use its sophisticated customer analytical tools to anticipate the actions of players, thereby allowing it to present attractive and personalised offers from the second brand to online customers who are expected to be about to churn.

Pursuing international opportunities

The Group will review and seek opportunities in international markets both to enhance its existing international portfolio, but also to manage the risk of an over reliance on its core UK market. Opportunities that allow the Group to leverage its sports betting expertise and cross sell into its gaming knowledge will be the basis for its review of international opportunities. However, international markets with a strong gaming customer base in which the Board believes the Group can grow market share shall continue to be front of mind.

The Historic Ladbrokes Group and the Historic Coral Group’s combined expertise in working with regulators and the development of the Group’s regulatory and compliance experience will prepare the Group for working with international partners if the opportunity appears and with the Group’s scales, brands and product innovation the Group will have much to offer international partners if such a partnership is of benefit to the Group.

4. Dividend policy

The Company announced on 24 July 2015 a total dividend of 3p per Ordinary Share for the full year in 2015 (consisting of 1p paid as an interim dividend and 2p paid as a final dividend) with dividends remaining at this level until underlying earnings per share cover exceeds two times underlying earnings per share, at which time a two times dividend cover policy would be adopted consistent with this policy, Ladbrokes announced an interim dividend of 1p on 4 August 2016. The Group’s dividend policy will initially consist of a dividend of a minimum of 3p per Ordinary Share per annum (consisting of 1p paid as an interim dividend and 2p paid as a final dividend) before increasing progressively in the medium term to a 2 times dividend cover policy.

5. Conduct Agreement

The Company, Coral, the Four Principal Coral Shareholders and the Coral Management Shareholders entered into the Conduct Agreement on 24 July 2015 pursuant to which the Four Principal Coral Shareholders and the Coral Management Shareholders agreed certain restrictions in relation to the Consideration Shares.

Pursuant to the Conduct Agreement, the parties have agreed that the Consideration Shares issued to Coral at Completion will be transferred from Coral to the ultimate shareholders of Gala LuxCo as soon as reasonably practicable after, and in any event within 10 Business Days from, Completion. However, Coral shall be permitted to withhold documents of title in respect of 5 per cent. of the Consideration Shares to which each of the ultimate shareholders of Gala LuxCo is entitled for 180 day period post-Completion. In addition, Coral shall, as agent for the ultimate shareholders of Gala LuxCo, be permitted to sell such number of any Consideration Shares so retained as is necessary to enable Coral to meet any claims from the Company under the Merger Agreement.

Standstill and lock-up

The Conduct Agreement provides that, during the period from signing of the Conduct Agreement until six months post-Completion, Coral, the Four Principal Coral Shareholders and Coral Management Shareholders will not buy Ordinary Shares or announce any offer to acquire the Company.

In addition, for a period of 180 days post-Completion, Coral, the Four Principal Coral Shareholders and Coral Management Shareholders are prohibited (subject to certain customary exceptions) from selling, transferring or disposing of any of the Consideration Shares. However, Coral is entitled to sell up to £40 million of Consideration Shares post-Completion. Orderly sale provisions apply (subject to certain customary exceptions) to Consideration Shares held by the Four Principal Coral Shareholders (subject to each continuing to hold a minimum percentage of Ordinary Shares) and the Coral Management Shareholders (subject to the relevant individual being a PDMR of the Company) for a period of 180 days following the initial lock-up period so as to ensure the maintenance of an orderly market for Ordinary Shares. In addition, the Conduct Agreement obliges Coral, the Four Principal Coral Shareholders and the Coral Management Shareholders to make it a condition of the Distribution that each other Gala LuxCo shareholder agrees to be bound by the same lock-up restrictions and, to the extent that such Gala LuxCo shareholder is interested (directly or indirectly) in 2 per cent. or more of the Ordinary Shares, the same orderly sale restrictions.

INFORMATION ON THE HISTORIC LADBROKES GROUP

1. Introduction and history

(a) Introduction

The Historic Ladbrokes Group is a bookmaker that primarily operates in the UK, Australia, Belgium, Ireland and Spain and which enjoys strong brand recognition in its key markets. The Historic Ladbrokes Group provides betting and gaming services across multiple channels and markets with £1.2 billion of net revenue for the year ended 31 December 2015.

As at 25 October 2016, the Company had 2,140 LBOs in Great Britain. These outlets provide betting opportunities on a wide range of sporting and non-sporting events. In addition, as at 25 October 2016, the Company had approximately 218 LBOs in Ireland (including Northern Ireland) and 453 LBOs in Belgium and approximately 1,721 outlets situated in Spain, where betting services are available through the Sportium brand (the joint venture with Cirsa Gaming Corporation, S.A.). The Company also operates an online betting and gaming business, offering innovative products through Ladbrokes.com and Ladbrokes Australia.

(b) History and development

The Company was incorporated in England and Wales on 16 May 1956 under the Companies Act 1948 and was floated on the London Stock Exchange in 1967. The Issuer was incorporated in England and Wales on 14 June 1979 under the Companies Act 1948.

The Historic Ladbrokes Group's experience in wagering and betting extends back to 1886 when Mr Schwind and Mr Pennington went into partnership as commission agents, principally with the objective of backing horses trained by Pennington at Ladbroke Hall in Worcestershire. The Historic Ladbrokes Group gained its name in 1902 when Arthur Bendir joined the partnership and changed the emphasis of the business from backing horses to laying them as a bookmaker. The business experienced a further step-change when Cyril Stein and his uncle, Max Parker, purchased the firm in 1956. Immediately following the acquisition, the firm introduced 'no limit' and 'ante post' betting and sponsored its first horse race. The Historic Ladbrokes Group diversified into other businesses in the 1970s, including the hotel business. In 1987, the Historic Ladbrokes Group acquired the Hilton International hotels division.

In 2006, the Historic Ladbrokes Group sold its hotel business and returned to its traditional core betting business. The Historic Ladbrokes Group has focused on expanding this business in recent years, launching its online betting and gaming business in 2000 and entering the Spanish market through a retail joint venture under the Sportium brand with Cirsa Gaming Corporation, S.A. in 2008. In 2013, this was expanded to include a digital offering under the Sportium brand. Also in 2013, the Historic Ladbrokes Group expanded into Australia with the purchase of Gaming Investments Pty Ltd. This transaction was accompanied by the launch of Ladbrokes.com.au.

In 2013 the Historic Ladbrokes Group established a product and marketing services partnership with Playtech, designed to drive growth in digital products, and, in December 2013, a new mobile service was launched on Playtech's Mobenga platform. By April 2014, the migration of products to Playtech's gaming software was largely complete.

In July 2015, the Company undertook a placing of 92,378,680 Ordinary Shares, which as at 24 July 2015 represented approximately 9.99 per cent. of the Company's existing Ordinary Shares (excluding treasury shares (the **"2015 Placing"**)). The 2015 Placing raised proceeds of £115.5 million (net of expenses), which has been used to strengthen the balance sheet of the Historic Ladbrokes Group, which will provide additional financial flexibility to manage and grow the Group's business.

2. Business overview

(a) Products

The Historic Ladbrokes Group's business consists of offering a variety of betting and gaming products to retail and online customers and a variety of betting products to telephone customers.

Betting

Betting products are products where the Historic Ladbrokes Group offers odds on an event occurring, which give rise to either a liability to make a certain payment to a customer or the retention by the Historic Ladbrokes Group of the stake placed by such customer. The odds offered by the Historic Ladbrokes Group in such cases vary depending on the nature of the event. The Historic Ladbrokes Group makes money where the amounts staked by customers and retained by it are more than the Historic Ladbrokes Group's liability to make payments to customers. In fixed-odds betting, the liability to make payment is in principle unlimited, but the Historic Ladbrokes Group is not obliged to accept any bets, or may accept bets on certain conditions only (for example, to limit maximum exposure), in order to manage its overall liabilities. In pool betting products, there is no liability to make payment greater than the total percentage of the amount of money staked by customers that the operator has promised to offer in prizes.

Sports betting is provided through all of the Historic Ladbrokes Group's business channels. The most popular sport on which the Historic Ladbrokes Group offers odds is horse racing, followed by football. The Historic Ladbrokes Group also offers odds on many other sports including rugby, cricket, tennis, golf, motor racing, greyhound racing, darts, snooker, American football, baseball, basketball and ice hockey. The Historic Ladbrokes Group accepts a range of different types of bets from simple bets on the outcome of a single event to more complex bets, such as accumulator bets on the outcome of a number of different races or sporting events.

The Historic Ladbrokes Group also accepts bets on non-sporting events through all of the Historic Ladbrokes Group's business channels, such as bets on the outcome of political elections, television competitions, popular music chart results and high profile novelty bets. The Historic Ladbrokes Group also takes bets on events the outcome of which is based on chance. For example, numbers betting is a type of fixed-odds bet in which customers place bets on the odds of one or more numbers being drawn from a pool of numbers. It is presented in a variety of formats such as the Irish Lottery and is the basis of computer-generated virtual horse or greyhound racing.

Gaming

The Historic Ladbrokes Group also offers a number of gaming products such as slots, casino games, bingo, poker and other skill games. Gaming products are games the outcome of which is dependent on chance, such as roulette, pontoon, blackjack and other table games or slot machine games. Skill games are games where, though partly based on chance, it is argued that the odds can be changed over the long run based on the application of skill. This applies in games between customers, such as poker.

With gaming products, the customer bets against the house and the Historic Ladbrokes Group makes its profit based on probabilities in the long run of different events occurring and uses "house" rules and procedures to apply risk limits. In skill games, the Historic Ladbrokes Group acts as the host or facilitator for customers who play against one another. Accordingly, the Historic Ladbrokes Group takes no principal gaming risk. In return for facilitating these games, the Historic Ladbrokes Group charges its customers a type of commission, in poker known as a 'rake', except in tournaments where a one-off entry fee is charged. Customers for skill games can compete online against each other either on individual tables or in tournaments.

(b) Principal channels of product delivery

The Historic Ladbrokes Group delivers its betting and gaming products to customers through retail betting outlets and its online channel. The Historic Ladbrokes Group is organised into five business divisions:

UK retail

The Historic Ladbrokes Group is the second largest operator in the UK retail betting and gaming market, based on number of LBOs with a market share of approximately 24.4. per cent. as at 31 March 2016, and at 25 October 2016 had 2,140 LBOs in Great Britain. The Historic Ladbrokes Group's British LBOs had 8,507 gaming machines at 25 October 2016. These gaming machines offer B2 Content

(jackpot slot content with a maximum stake of £100¹⁰ and a maximum jackpot of £500) and B3 Content (jackpot slot content with a maximum stake of £2 and a maximum jackpot of £500). The UK retail business also includes the Historic Ladbrokes Group's greyhound stadia and the Historic Ladbrokes Group's holding in Satellite Information Services (Holdings) Limited, a data and content provider to the betting and gaming industry. The UK retail business had net revenues of £827.4 million for the year ended 31 December 2015 and accounted for 69.2 per cent. of the Historic Ladbrokes Group's net revenue (excluding high rollers) for the year ended 31 December 2015. For the half year ended 30 June 2016 (unaudited), the UK retail business had net revenues of £436.6 million and accounted for 66.0 per cent. of the Historic Ladbrokes Group's net revenue (excluding high rollers).

Digital

The digital segment comprises all of the Historic Ladbrokes Group's digital operations including Ladbrokes.com, the seventh largest operator in the UK online market on the basis of revenue and digital exchanges, Ladbrokes Australia and other regulated operations in Belgium and Sportium.es (a joint venture with Cirsa Gaming Corporation, S.A.). The digital business had net revenues of £242.8 million for the year ended 31 December 2015 and accounted for 20.3 per cent. of the Historic Ladbrokes Group's net revenue (excluding high rollers) for the year ended 31 December 2015. For the half year ended 30 June 2016 (unaudited), the digital business had net revenues of £158.1 million and accounted for 23.9 per cent. of the Historic Ladbrokes Group's net revenue (excluding high rollers).

Ladbrokes.com and exchanges

This section of the digital business includes Ladbrokes.com, Betdaq and the Ladbrokes Exchange. In July 2015, the Historic Ladbrokes Group launched its new desktop product, powered by the Mobenga platform, which gives customers a consistent experience with strong mobile and tablet offers. In addition, other enhancements such as cash-out and single wallet were launched. As at 30 June 2016, Ladbrokes.com had 1,033,716 unique active digital players. Ladbrokes.com and exchanges had net revenues of £119.6 million for the half year ended 30 June 2016 (unaudited).

Australia

The Historic Ladbrokes Group's Australian business operates under the Ladbrokes, Bookmaker and Betstar brands. Since its launch in 2013, Ladbrokes Australia has successfully pursued a challenger strategy building market share through effective use of affiliates and product innovation such as 'live play' and the cash in option via a network of newsagents. Ladbrokes Australia had net revenues for the year ended 31 December 2015 of £53.2 million. For the half year ended 30 June 2016 (unaudited), Ladbrokes Australia had net revenues of £35.5 million.

Other regulated operations

Other regulated operations include the Historic Ladbrokes Group's digital activities in Belgium and Spain. The Belgian digital business was launched in the second quarter of 2014 to capitalise on the Historic Ladbrokes Group's significant and long-standing retail presence in Belgium. Over the last year, the Historic Ladbrokes Group's digital joint venture in Spain, Sportium.es, has invested heavily in La Liga sponsorship and associated La Liga promotional campaigns as it looks to acquire customers and increase scale. In the second quarter of 2015, the Historic Ladbrokes Group closed its Danish online business, which had been loss making for some time. The other regulated operations segment of the digital business had net revenues of £4.1 million for the year ended 31 December 2015. For the half year ended 30 June 2016 (unaudited), the other regulated operations segment of the digital business had net revenues of £3.0 million.

European retail

The Historic Ladbrokes Group's European retail division comprises its operations in Northern Ireland, the Republic of Ireland, Belgium and Spain. The European retail business had net revenues of £119.8 million for the year ended 31 December 2015 and accounted for 10.0 per cent. of the Historic

¹⁰ Following the introduction, on 6 April 2015, of the Gaming Machine (Circumstances of Use) (Amendment) Regulations 2015, players wishing to stake more than £50 are required to use pre-paid loyalty cards or pay over the counter.

Ladbrokes Group's net revenue (excluding high rollers) for the year ended 31 December 2015. For the half year ended 30 June 2016 (unaudited), the European retail business had net revenues of £64.4 million and accounted for 9.7 per cent. of the Historic Ladbrokes Group's net revenue (excluding high rollers).

Ireland (including Northern Ireland)

The Historic Ladbrokes Group's business in the Republic of Ireland went through an examinership process in 2015. This process led to a substantial reduction in the Historic Ladbrokes Group's Irish estate and nearly 90 people left the business (almost all of these opted to do so under the voluntary redundancy scheme). As at 25 October 2016, the Historic Ladbrokes Group had 141 outlets in the Republic of Ireland and 77 in Northern Ireland. The Irish retail business had net revenues of £64.2 million for the year ended 31 December 2015. For the half year ended 30 June 2016 (unaudited), the Irish retail business had net revenues of £32.4 million.

Belgium

As at 25 October 2016, the Historic Ladbrokes Group had a total of 453 Belgian outlets, including both Ladbrokes shops and newsagent outlets. A majority of the Company's operations in Belgium are conducted using a franchise model, whereby the Company enters into a franchise agreement with a franchisee operator, who then establishes a betting office using the Company retail licence, product and systems infrastructure.

The Historic Ladbrokes Group has recently introduced virtual betting products and SSBTs to enhance the quality of offering in its Belgian retail estate. Since the introduction of virtual betting, the Belgian regulator has been reviewing the manner in which virtual betting can be offered to customers in betting shops and potential requirements for further regulation. This process is ongoing. The Belgian retail business had net revenues of £55.6 million for the year ended 31 December 2015. For the half year ended 30 June 2016 (unaudited), the Belgian retail business had net revenues of £32.0 million.

Spain

The Historic Ladbrokes Group has a significant retail presence in Spain through its joint venture with Cirsa Gaming Corporation, Sportium. As at 25 October 2016, Sportium services are available from a total of 1,721 outlets, which is Spain's largest bookmaker on the basis of gross win. A majority of the outlets in Spain are locations where Sportium has acquired the right to provide its betting and gaming services (for examples "bars" or "corners"), rather than being locations operated directly by Sportium or a Sportium franchisee. A "bar" is simply a SSBT situated in a bar, and Sportium pays a commission to the bar owners. A "corner" is an area within an arcade or other outlet where Sportium has SSBTs, in addition to a manned counter that Sportium customers have access to. The arcades will be owned by a third party and the person manning the counter may be an employee of the third party or a contractor for Sportium. As at 25 October 2016, approximately 87 of the outlets at which Sportium services are available operate under a franchise model, whereby Sportium enters into a franchise agreement with a franchisee operator, who then establishes a betting office using Sportium's retail licence, product and systems infrastructure.

In 2015, Sportium launched in Castilla y Leon and the Canary Islands and now operates in fifteen Spanish regions, having entered Catalonia, Castilla-La Mancha, La Rioja and Extremadura in 2014. The Sportium retail joint venture produced an operating loss of £1.8 million (the Company's share) for the year ended 31 December 2015. For the half year ended 30 June 2016 (unaudited), the Sportium retail joint venture produced an operating loss of £0.2 million (the Company's share).

Core telephone betting

Traditional telephone betting continues to decline as the Historic Ladbrokes Group actively migrates customers to digital products and platforms. The telephone business had net revenues of £5.5 million for the year ended 31 December 2015 and accounted for 0.5 per cent. of the Historic Ladbrokes Group's net revenue (excluding high rollers) for the year ended 31 December 2015. For the half year ended 30 June 2016 (unaudited), the telephone business had net revenues of £2.7 million and accounted for 0.4 per cent. of the Historic Ladbrokes Group's net revenue (excluding high rollers).

High rollers

The high rollers business provides a personalised telephone betting service for certain high net worth individuals who have been invited to join the service based on their staking sizes and activity levels. The high rollers business had net revenues of £4.0 million and accounted for 0.3 per cent. of the Historic Ladbrokes Group's net revenue for the year ended 31 December 2015. For the half year ended 30 June 2016 (unaudited), the high rollers business generated an operating loss of £0.1 million.

3. Key strengths

The Historic Ladbrokes Group believes that the following strengths will enable it to continue to compete effectively and contribute to the Group's achievement of its strategic objectives.

Strong brand recognition in key markets

The Historic Ladbrokes Group believes that its heritage and strong brand presence in the UK provide a competitive advantage in an industry where attracting and maintaining customers is crucial to developing the business.

Outside the UK, the Historic Ladbrokes Group has developed a reputation in some key markets as a leading betting and gaming company. In Australia, Ladbrokes ranks second for brand awareness among corporate bookmakers.

The Historic Ladbrokes Group believes that Ladbrokes' brands provide a strong foundation for protecting the Historic Ladbrokes Group's market share in the UK, the Republic of Ireland and Belgium, growing the digital business and maximising the opportunities in Australia and Spain. The Historic Ladbrokes Group believes that its brands are a key asset in retaining loyal customers and attracting new ones. The Historic Ladbrokes Group is making significant investment in marketing activities to build awareness and engages in market research to monitor performance.

Leading and consistently cash generative UK retail business

The Historic Ladbrokes Group is the second largest operator in the UK retail betting and gaming market, based on number of LBOs, and at 25 October 2016 had 2,140 outlets in Great Britain.

For the years ended 31 December 2013, 2014 and 2015, the UK retail business produced net revenues of £800.9 million, £811.5 million and £827.4 million, respectively, and profit before tax, net finance expense and exceptional items of £133.9 million, £119.3 million and £116.1 million, respectively. For the half year ended 30 June 2016 (unaudited), the UK retail business produced net revenues of £436.6 million and profit before tax, net finance expense and exceptional items of £63.5 million.

Significantly improved digital offer

In recent years, the Historic Ladbrokes Group has invested in its digital products and platforms and delivered improving customer metrics. Ladbrokes.com is delivering growth in recreational customer numbers and amounts staked in its mobile and tablet services. This is a result of its transition in December 2013 to the Playtech Mobenga platform along with its partnership with Chelsea Apps Factory to deliver a more effective, innovative and competitive product. In July 2015, the Historic Ladbrokes Group launched its new desktop product, powered by the Mobenga platform, which gives customers a consistent experience with strong mobile and tablet offers. In addition, other enhancements such as cash-out and single wallet were launched. As a result of the Historic Ladbrokes Group's improved customer offer and the benefits of the Company's Israel's CRM capabilities, gaming net revenues for the half year ended 30 June 2016 (unaudited) increased by 26.8 per cent. from the previous half year.

Strongly growing Australian business

Following the formation of Ladbrokes Australia in 2013 and the subsequent acquisitions of bookmaker.com.au and betstar.com.au, Ladbrokes Australia's financial performance and, in particular,

revenue growth has been strong. Ladbrokes Australia has developed into a proven and effective market challenger. As at 30 June 2015, it had a 7.3 per cent. market share (with an upward trend) and was the third largest corporate bookmaker in Australia on the basis of revenue. The Group intends to continue Ladbrokes Australia's challenger strategy led by a strong pipeline of new and enhanced products and effective marketing across all media.

4. Current trading and prospects

The Company issued its Q3 Trading Update on 18 October 2016. The Q3 Trading Update is incorporated by reference into this Prospectus. Trading for the period from 30 September 2016 to the date of this Prospectus has been and is in line with the expectations of the Directors and there has been no material change to the financial position of the Historic Ladbrokes Group since that date.

5. Principal investments

A description of the Historic Ladbrokes Group's principal investments for the year ended 31 December 2013 is given on pages 78-79 of the Annual Report and Accounts 2013 (which is incorporated by reference into this Prospectus). Capital expenditure for the year ended 31 December 2013 was £101.7 million.

A description of the Historic Ladbrokes Group's principal investments for the year ended 31 December 2014 is given on pages 99-100 of the Annual Report and Accounts 2014 (which is incorporated by reference into this Prospectus). Capital expenditure for the year ended 31 December 2014 was £59.0 million.

A description of the Historic Ladbrokes Group's principal investments for the year ended 31 December 2015 is given on page 106-107 of the Annual Report and Accounts 2015 (which is incorporated by reference into this Prospectus). Capital expenditure for the year ended 31 December 2015 was £74.5 million.

It is expected that the Historic Ladbrokes Group's capital expenditure for the year ended 31 December 2016 will be in the range of £90-95 million.

6. Property, plant and equipment

The majority of the Historic Ladbrokes Group's properties are occupied under lease and constitute the premises from which its betting shops operate. Of the Historic Ladbrokes Group's 2,791 property interests as at 25 October 2016, 2,708 were leasehold and 83 freehold.

Details of the principal properties of the Historic Ladbrokes Group are set out below:

Address	Description	Size	Freehold or Leasehold
Imperial House Imperial Drive Rayners Lane Harrow Middlesex HA2 7JW UK	Head office	88,000 square feet	Leasehold
Suite 851 Fifth Floor Europort Gibraltar	Offices related to various operational and administrative functions of the Historic Ladbrokes Group's eGaming business	7,029 square feet	Leasehold

Other than land and buildings, the remainder of the Historic Ladbrokes Group's property, plant and equipment comprises fixtures, fittings and equipment with a net book value of £141.3 million as at 31 December 2015.

There are currently no environmental issues which will materially affect the Historic Ladbrokes Group's use of the assets described above or the Historic Ladbrokes Group's use of its betting shop estate.

7. Intellectual property

The Historic Ladbrokes Group's copyright, trademarks, domain names, trade secrets, customer databases and other intellectual property are important to its success. The Historic Ladbrokes Group owns or has a licence to use the intellectual property rights in the key software used in its operations.

The Historic Ladbrokes Group's registered UK and European Community trademarks which are material to its business include "Ladbrokes". These names are also either registered or pending in appropriate worldwide jurisdictions. The Historic Ladbrokes Group has registered a portfolio of domain names and takes active measures to protect its trademarks.

The Historic Ladbrokes Group uses a mixture of software under licence and internally developed software for which it owns the copyright and retains rights of ownership. The Company relies on the protection of trademark and copyright law, trade secret protection, contractual protection and licence agreements with its employees, customers and others to protect its proprietary rights.

8. Risk management

Risk management is highly important to all of the Historic Ladbrokes Group's operational businesses.

Trading risk is tightly controlled through a four-stage risk management process, which relies on: (i) the compilation of odds by a team of expert odds compilers and bookmaking risk managers; (ii) access to market information before odds are compiled and after odds are published; (iii) tightly controlled bet acceptance limits under which the Historic Ladbrokes Group is under no obligation to accept any bet; and (iv) effective hedging.

Unlike the Historic Ladbrokes Group's bookmaking products, gaming machine and online gaming products have a theoretical likelihood of success for the customer which is transparent. While it is possible for the Historic Ladbrokes Group to incur losses in the short term, over time the margin reverts to predetermined averages and hedging is not required.

There is also no trading risk on the Historic Ladbrokes Group's pari-mutuel products. Poker income generally comprises a percentage of the total pot in each game known as a 'rake'.

The Historic Ladbrokes Group also has systems and controls in place which seek to ensure that the Historic Ladbrokes Group does not accept bets or wagers via the internet from jurisdictions from which it has determined that it does not wish to accept bets, whether because it is or may be unlawful to do so and the Historic Ladbrokes Group has decided not to take any risk in such regard or for any other reason. The systems and controls include monitoring and analysing information provided by potential customers' registered addresses and of customers' payment methods.

9. Information technology systems

The Historic Ladbrokes Group operates a number of IT systems to support its various businesses. The Historic Ladbrokes Group's information technology is managed by in-house teams of IT personnel and through partners such as Playtech, who host the Historic Ladbrokes Group's online information management system. Due to the importance of IT to its business, the Historic Ladbrokes Group's systems are hosted in secure data centres in Swindon, Rayners Lane and Gibraltar, with disaster recovery facilities based in a further data centre in Leeds. All critical data is replicated in real-time.

The Historic Ladbrokes Group's primary IT support requirements consist of betting risk management, site hosting, games and sportsbetting delivery and management, payment processing, and customer support. In order to ensure business continuity, the Historic Ladbrokes Group's key systems have appropriate redundancy and data replication across data centres. Fully documented and tested data recovery and systems recovery plans are in place with business continuity strongly emphasised. These arrangements are inspected and audited regularly.

10. Marketing

The Historic Ladbrokes Group enjoys strong brand recognition in its key markets and the Ladbrokes brand is long-established, trusted and widely recognised. Since its launch in 2013, Ladbrokes Australia has successfully pursued a challenger strategy and, as at May 2016, Ladbrokes ranks second for brand awareness among corporate bookmakers in Australia. In recent years, the Historic Ladbrokes Group has invested in its digital products and platforms to help ensure that the quality of the Historic Ladbrokes Group's digital offering matches its strong brand recognition.

The Historic Ladbrokes Group is currently increasing its marketing intensity as part of its strategy to grow its recreational sportsbetting customer base. The Historic Ladbrokes Group has recently entered into some high profile sponsorship agreements, including a title sponsorship deal with the Scottish Professional Football League, an agreement with the Football Association to become its official betting partner and FA Cup betting partner, title sponsorship deals with the Rugby Football League for the Challenge Cup and Four Nations competitions and a title sponsorship deal with World Snooker for the 2016 World Grand Prix and Players Championships. In addition to this increased marketing intensity, the Historic Ladbrokes Group has relaunched its advertising strategy by targeting media that recreational customers use and making use of well-known ambassadors, such as Frankie Dettori, Chris Kamara and Ally McCoist, to highlight its brand. Furthermore, the Historic Ladbrokes Group has given more marketing capacity to Ladbrokes Israel to use its digital marketing expertise to help grow the Historic Ladbrokes Group's digital appeal.

11. Supplier relationships

The Historic Ladbrokes Group has a number of key suppliers who provide it with products and services. The Historic Ladbrokes Group has a supplier relationship management programme under which it pro-actively manages its relationships with its top tier of suppliers, currently around 50.

In the online channel, the Openbet technology platform is used for the Historic Ladbrokes Group's sportsbook. Playtech supplies the Historic Ladbrokes Group with casino gaming and poker software, while Virtue Fusion (which is a division of Gaming Technology Solutions Limited, owned by Playtech) provides bingo software.

In the retail channel, the most significant relationships are with Satellite Information Series (Holdings) Limited, in which Ladbrokes has a shareholding, and Turf TV who are the main providers of television pictures, audio and data into the Historic Ladbrokes Group's LBOs. The Historic Ladbrokes Group has a contract with Global Draw to provide FOBT machines across the British retail estate. Global Draw also is important in supplying gaming machine content to the majority of the Historic Ladbrokes Group's LBOs in Great Britain. The Historic Ladbrokes Group's contract for the provision of self service betting terminal control is with Best Gaming Technology GmbH (recently acquired by Playtech). In addition, Inspired Gaming supplies virtual racing content to the majority of the Historic Ladbrokes Group's LBOs in Great Britain.

12. Employees

(a) Employee statistics

The table below sets out the average weekly number of employees, including Executive Directors, of the Historic Ladbrokes Group for the years ended 31 December 2013, 2014 and 2015.

	Year ending 31 December 2015	Year ending 31 December 2014	Year ending 31 December 2013
UK retail	11,955	11,823	12,213
European retail	1,276	1,404	1,441
Digital	766	696	747
Telephone	134	123	274
Central services	100	95	88
Total	14,231	14,141	14,763

INFORMATION ON THE HISTORIC CORAL GROUP

1. The Historic Coral Group

The Historic Coral Group can trace its origins to 1926 when Joe Coral started offering bets to customers from a billiards club in Stoke Newington.

The Historic Coral Group is now one of Europe's largest betting and gaming groups based on annual gross win, with an established presence in the UK and Italy, the two largest regulated betting and gaming markets in Europe. The Historic Coral Group comprises three main trading divisions: Coral Retail, Eurobet Retail and Online. The Historic Coral Group operates Telebet, a telephone betting business which is part of Online and a central support division.

(a) Coral Retail

Coral Retail is the third largest operator in the retail market in the UK where it directly owns and operates 1,806 LBOs under the 'Coral' brand as at 25 October 2016, with an estimated market share, of approximately 20.8 per cent. as at 31 March 2016 based on number of LBOs. LBOs operated by Coral Retail offer both OTC betting and gaming machines. The OTC betting services of Coral Retail offer customers a wide range of betting opportunities, including all mainstream domestic and international sporting events, such as football, horse and greyhound racing, golf, rugby and cricket. The gaming machines operated by Coral Retail are FOBTs, which offer a variety of simulated slot machine games, roulette, blackjack and quiz games to customers.

Coral Retail's LBOs typically consist of a high street storefront which contains one or more OTC betting positions where customers place their bets and settle their winnings, television screens and seating to follow live sporting events, and up to four FOBTs. The standard opening hours for Coral Retail's LBOs are from 8:30 a.m. to 10:00 p.m.

Coral Retail advertises its LBOs through print media, online and other channels such as sponsorship of sporting events. Its promotions include offering free bets, enhanced odds, limited-time offerings of certain gaming machine games and customer loyalty promotions.

Coral Retail also operates two greyhound stadia, in Hove and Romford, which allows the Historic Coral Group direct access to greyhound racing content.

Coral Retail's LBOs accept bets on a wide variety of sporting events. Football and horse and greyhound racing make up the largest part of OTC betting operations.

Coral Retail's LBOs also accept bets on non-sporting events, such as the outcomes of elections, national talent contests and reality television programmes. Numbers betting, which involves betting on various games based on a random number generator, and betting on foreign and in-house lotteries also make up part of Coral Retail's OTC betting business.

(b) Eurobet Retail

Eurobet Retail was created in 2006 and opened its first shop in June 2007. It is now number three in the market for OTC betting in Italy based on annual gross win, which is primarily generated from football betting operations, with a smaller share in the horse race betting market. Eurobet Retail operates in the Italian retail market under the 'Eurobet' brand through LBOs run on a franchise model. Under that model, franchisees provide the premises and incur the running costs, and Eurobet Retail provides the product, trading and brand marketing. Franchisees receive a share of the retail net revenue they generate, plus a commission for the online activity of customers they recruit.

Retail betting licences in Italy are supply-constrained. The last auction for Italian licences took place in 2013, when Eurobet won 500 new licences, which comprised 25 per cent. of those made available in the auction. Following the roll-out of these shops and as at 2 July 2016, Eurobet operated 834 licences, generated over €450 million in annual gross win and had a 15.7 per cent. share (by turnover) of the Italian retail sports betting market.

The Group understands that ADM, the Italian betting and gaming regulator, is currently in the process of preparing for the next auction of Italian licences. The current licences held by Eurobet Retail, which govern its Italian sports and horserace betting operations, were due to expire in June 2016, but ADM has permitted existing operators, such as Eurobet Retail, to continue operating under their current licences in exchange for them extending the expiry date of their guarantees to ADM. The new tender documentation for Italian sports and horserace betting licences is expected to be issued by ADM towards the end of 2016 or early 2017, with the completion of the process and assignment of the new licences likely to take place in early 2017.

(c) Online

The Historic Coral Group operates Coral UK Online, Eurobet Online and Telebet.

Coral UK Online

Coral UK Online was completely relaunched in 2012. This involved a relocation to Gibraltar, a substantial replacement of the management team and the development of a brand new technology architecture. The Historic Coral Group operates in the UK through three key brands: 'Coral', 'Gala Bingo' and 'Gala Casino'. The back office operations are fully integrated, with each brand being marketed to different customer segments. Coral UK Online is the sixth largest operation in the UK market with an 8.1 per cent. market share as at 31 December 2015.

www.coral.co.uk

www.coral.co.uk has demonstrated strong growth since its relaunch in autumn 2012. Customers can place bets on the outcome of various sporting events, including in play betting or play online slots or casino games. The multi-channel offering 'Coral Connect' allows customers to access a single wallet across all platforms as well as the ability to deposit and withdraw funds in shops directly from the online wallet.

www.galabingo.com

www.galabingo.com is the second largest player in the online bingo market in the UK. Customers can participate in scheduled bingo sessions or play slots games and roulette (including live roulette). While bingo is the driver of visits, a substantial proportion of turnover is generated from online games.

www.galacasino.com

www.galacasino.com offers a full range of casino and live casino products including a full suite of proprietary and third party online games.

Eurobet Online business

Eurobet Online operates through the website www.Eurobet.it and is available to Italian residents. It delivers a full range of sports betting, casino and games products, including virtual racing and bet-in-play products.

The operation is based in Rome, alongside its retail counterpart, with secure servers also hosted in Rome.

Eurobet Online runs its own in-house software platform for sports betting and casino games, which also integrates with software providers for poker, bingo, casino and virtual racing products.

Eurobet Online is the number two online sports operator in Italy, with its growth underpinned by multi-channel acquisitions through the retail estate.

(d) Telebet

Telebet is the Historic Coral Group's telephone-based betting operation. It is based in Barking, UK alongside the Coral UK Online business customer service operation. It is open seven days per week between 8:30 a.m. and 10:45 p.m.

2. Sources of revenue

For the 52 weeks ended 26 September 2015, the Historic Coral Group generated revenue and EBITDA of £1,006.6 million and £204.0 million, respectively, and a total EBITDA margin of 20.3 per cent. For the same period, 88.7 per cent. of the Historic Coral Group's revenue was generated from customers in the UK, with the remainder generated primarily from customers in Italy.

The following chart sets out key information for each of the Historic Coral Group's businesses for the 40 weeks ended 2 July 2016.

<u>Division</u>	<u>Coral Retail</u>	<u>Eurobet Retail</u>	<u>Online</u>
% Revenue	63.0	8.8	27.9
% EBITDA	61.0	9.4	32.2
% Gross Win	58.2	8.0	33.5

3. Key strengths

The Historic Coral Group believes that the following strengths will enable it to continue to compete effectively and contribute to the Group's achievement of its strategic objectives:

- dynamic technology platforms;
- multi-channel capability;
- innovative and exclusive content; and
- use of business intelligence.

(a) Dynamic technology platforms

The Historic Coral Group's technology uses the best of in-house software and third party providers often with ring-fenced development teams. The Historic Coral Group's technology platform was fully rebuilt in 2011-12, and was relaunched in the second half of 2012. This was the first fully integrated use of Playtech's Information Management System as a single wallet and enabled the Historic Coral Group to manage customers across all sports and gaming products. The 'Coral Connect' card was launched in March 2014 and was the first multi-channel offering in the UK retail betting and gaming market.

The Historic Coral Group also operates a single proprietary native app, delivering a full range of products to a customer with a single download and removing the need for multiple log-ins as a customer moves between betting and gaming products.

Eurobet's technology platform is integrated across online, mobile and retail, with multi-channel functionality including a single wallet.

(b) Multi-channel capability

The 'Coral Connect' card was launched in March 2014 and was the first seamless multi-channel offering in the UK retail betting and gaming market. Coral Connect allows a shared wallet to be used across online and retail, which delivers greater convenience to customers, permits easy player supervision and allows targeted incentives to further responsible play.

Coral Connect customers are around double the value online of non-Coral Connect customers and the ability to deposit and withdraw funds in shop directly from the online wallet has proved very popular. This facility is a key differentiator for www.coral.co.uk and is a major contributor to the significantly lower churn rates of Coral Connect customers.

(c) Innovative and exclusive content

The Historic Coral Group believes that innovation is critical to maintaining and growing market share in a highly competitive market and the Historic Coral Group has launched a number of new products in recent years including the Football Jackpot, the Health Lottery, enhanced numbers products and scratch cards.

The online betting market has been characterised by a greater degree of innovation in recent years with all major operators, including the Historic Coral Group, now providing “cash out” or “partial cash out” facilities, better visualisations, better scoreboards and many more live streamed events.

Exclusive gaming content generated by the Historic Coral Group’s in-house development team has proven to be profitable and sustainable with a strong pipeline to develop further new internal and multi-channel games.

(d) Use of business intelligence

The UK online operation includes highly developed data capture architecture, with all player activity being collated in a strategic data warehouse in Gibraltar. The Historic Coral Group is able to target campaigns on the basis of this data, through dedicated teams in Gibraltar and Israel. The strong capabilities in business intelligence drives decision making across the business such as using lifetime value and churn modelling, which has enabled the Historic Coral Group to optimise acquisition spend and effective intervention to prevent churn.

The Historic Coral Group’s ultimate goal is to interact with all customers on a one-to-one basis, providing each customer with a unique experience tailored to their own preferences, and recent betting and gaming patterns.

4. Current trading and prospects

The period post 2 July 2016 represents the 15 week period to 16 October 2016 incorporating the 12 week period to 25 September 2016 (fourth quarter of the financial year ended 25 September 2016) and the subsequent 3 week period to 16 October 2016.

12 week period to 25 September 2016 (fourth quarter of 2016 financial year):

Trading in the 12 week period to 25 September (further quarter of 2016 financial year was positive with Coral Group net revenue 8.9 per cent. ahead of last year (year to date +11.3 per cent.).

Coral Retail total net revenue grew 0.3 per cent, driven by an improvement in OTC gross win margin and machines growth.

Eurobet Retail net revenue was 31.2 per cent. ahead of last year, with strong growth in sports stakes.

Online saw continued strong growth with net revenue 23.7 per cent. ahead of last year (year to date +28.3 per cent.) with Coral.co.uk net revenue 31.7 per cent. ahead driven by strong sports stakes growth.

3 week period to 16 October 2016

The Historic Coral Group’s net revenue was ahead of last year, with growth in all divisions except Coral Retail which was marginally behind.

Trading for the period from 16 October 2016 to the date of the Merger Prospectus has been in and is in line with the expectations of the Historic Coral Group and there has been no material change to the financial position of the Historic Coral Group since that date.

5. Principal investments

The Historic Coral Group does not have any principal investments other than its significant subsidiaries, all of which are wholly owned by GC Group (Jersey) Limited.

6. Property, plant and equipment

The Historic Coral Group leases its principal executive office, which is located in central London. Coral Retail is located in Stratford, London. Eurobet is based in the Historic Coral Group’s offices in Rome, Italy. Online is managed in Gibraltar, and the division has a customer support centre in Woking, UK and a centre for customer analytics in Tel Aviv, Israel. The Historic Coral Group’s Telebet operations are based in Barking, UK.

In addition to the Historic Coral Group's executive and other administrative offices, as at 25 October 2016, the Historic Coral Group operated approximately 1,806 LBOs and 2 greyhound stadia. Of the Historic Coral Group's 1,818 property interests (excluding non-operational properties) as at 25 October 2016, 1,812 were leasehold and 6 freehold. The Eurobet Retail business operates through franchised 'shops' and 'corners' which are owned or leased by franchisees who incur the running costs associated with such premises.

Details of the principal properties of the Historic Coral Group are set out below:

<u>Address</u>	<u>Description</u>	<u>Size</u>	<u>Freehold or Leasehold</u>
2nd Floor 34 St. James's Street London SW1A 1HD	Historic Coral Group Executive Offices	1,712 square foot	Leasehold
One Stratford Place Montfichet Road London E20 1EJ	Coral Retail's main office	41,519 square foot	Leasehold

There are currently no environmental issues which will materially affect the Historic Coral Group's use of the assets described above or the Historic Coral Group's use of its betting shop estate.

7. Intellectual property

The Historic Coral Group has a number of brands, logos, websites and other intellectual property that it seeks to protect from third party infringement through the registration of trademarks, domain names in the UK and other jurisdictions and through certain other means of trade secret protection, licences, confidentiality and non-disclosure agreements, as well as through other contractual provisions.

The Historic Coral Group has trademarks registered over its core brands, as well as each of its divisional brands, including Coral and Eurobet, and certain of its online brands, including www.coral.co.uk, www.galacasino.com and www.galabingo.com. Like the 'Coral' and 'Eurobet' brands, the 'Gala' brand is owned by the Historic Coral Group though it and other bingo trademarks are licensed to Caledonia Investments, the operator of the bingo retail business, under a trademark licence agreement.

8. Risk management

Risk management is highly important to all of the Historic Coral Group's operational businesses.

Trading risk is tightly controlled through a four-stage risk management process which relies on: (i) the compilation of odds by a team of expert odds compilers and bookmaking risk managers; (ii) access to market information before odds are compiled and after odds are published; (iii) tightly controlled bet acceptance limits under which the Historic Coral Group is under no obligation to accept any bet; and (iv) effective hedging.

Unlike the Historic Coral Group's bookmaking products, gaming machine and online gaming products have a theoretical likelihood of success for the customer which is transparent. While it is possible for the Historic Coral Group to incur losses in the short term, over time the margin reverts to predetermined averages and hedging is not required.

There is also no trading risk on the Historic Coral Group's pari-mutuel products. Poker income generally comprises a percentage of the total pot in each game known as a 'rake'. Similarly, the Historic Coral Group's bingo income is derived from a fee charged to participants.

The Historic Coral Group also has systems and controls in place which seek to ensure that the Historic Coral Group does not accept bets or wagers via the internet from jurisdictions from which it has determined that it does not wish to accept bets, whether because it is or may be unlawful to do so and the Historic Coral Group has decided not to take any risk in such regard or for any other reason. The systems and controls include monitoring and analysing information provided by potential customers' registered addresses and of customers' payment methods.

9. Information technology systems

The Historic Coral Group operates a number of IT systems to support its various businesses. The Historic Coral Group's information technology is managed by in-house teams of IT personnel and through partners such as Playtech, who host the Historic Coral Group's online information management system. Due to the importance of IT to its business, the Historic Coral Group's systems are hosted in modern, secure data centres in Gibraltar and Woking. As part of its technology diversity and ongoing in-house development strategy, the Historic Coral Group also leverages cloud based services from Tier1 providers such as Google to help deliver the front end experience to customers. All critical data is replicated in real-time between the Historic Coral Group's data centres for back-up purposes and data held with key suppliers is also backed up within the Historic Coral Group's own IT systems.

The Historic Coral Group's primary IT support requirements consist of betting risk management, site hosting, games and sportsbetting delivery and management, payment processing and customer support. In order to ensure business continuity, the Historic Coral Group's key systems have appropriate redundancy and data replication across data centres and enterprise grade, high availability systems within the data centre. Fully documented and tested data recovery and systems recovery plans are in place with business continuity strongly emphasised. These arrangements are inspected and audited regularly.

10. Supplier relationships

The Historic Coral Group has contractual arrangements with third parties for the supply of certain of the large variety of products and services it uses in its businesses. The most significant of these arrangements are for the supply of Playtech's systems to Online, the supply of video and audio content for LBOs operated by Coral Retail, the supply of FOBTs and related games and other content for LBOs operated by Coral Retail, and the supply of other software platforms to Online.

From time-to-time, in a number of cases, the Historic Coral Group has elected to use a single supplier for all of or a substantial proportion of a specific category of products or services utilised by one or more of its businesses. The Board believes that, in virtually all cases, these suppliers can be replaced, but replacement may result in incurring costs and experiencing disruptions.

11. Marketing

The Historic Coral Group advertises its LBOs through print media, online, and through other channels, such as sponsorship of sporting events. The Historic Coral Group's promotions include offering free bets, enhanced odds, limited-time offerings of certain FOBT games and customer loyalty promotions.

The Historic Coral Group undertakes both online and offline marketing to promote its brand and products to customers. Offline marketing typically involves print, event and radio advertising. Online marketing involves a number of internet-based marketing tools, including natural and paid search, TV, press and event advertising and promotions. The marketing investment made by Online increased by 35 per cent. in the first three quarters of the 2016 financial year to £59.2 million, which equates to 24 per cent. of Online's net revenue.

12. Employees

The following table sets out the breakdown of the monthly average of the Historic Coral Group's employees in each of its businesses for the period indicated:

	52 weeks ended 28 September 2013	52 weeks ended 27 September 2014	52 weeks ended 26 September 2015	40 weeks ended 2 July 2016
Coral Retail	10,915	10,244	9,884	9,895
Eurobet Retail	115	159	179	206
Online	320	546	629	792
Central Support Division	37	44	39	33
Total	11,387	10,993	10,731	10,926

DESCRIPTION OF OTHER INDEBTEDNESS

Finance Facilities

The Issuer, as borrower, the Company as guarantor and Barclays Bank PLC as agent on behalf of the lenders have entered into the New Facilities Agreement dated 8 October 2015. The New Facilities Agreement comprises: (i) a £600,000,000 sterling term loan facility. Facility A, which is due to mature one year after the date of the New Facilities Agreement, subject to three extension options, which would, if all three were exercised, extend the maturity of this facility to July 2018; (ii) a £400,000,000 multi-currency revolving loan facility. Facility B, which is due to mature on the fifth anniversary of the date of the New Facilities Agreement; and (iii) a £350,000,000 multi-currency revolving loan facility. Facility C, which is due to mature on 13 June 2019. The New Facilities Agreement also allows for any lender to make available to Ladbroke's Group Finance plc and any of the Company's subsidiaries in the Group various ancillary facilities in place of all or part of its Facility B and Facility C commitment.

The Issuer has applied all amounts borrowed under Facility A towards the repayment of certain financial indebtedness of the Historic Coral Group.

Interest and fees

Loans under the New Facilities Agreement bears interest at the percentage rates per annum equal to the aggregate of IBOR and the applicable margin.

Commitment fees are payable on the aggregate undrawn and uncanceled amount of each facility during each facility's availability period. An arrangement fee was separately agreed between the Issuer and the lenders.

Guarantee

The Company provides a continuing guarantee of all amounts payable to the finance parties under the New Facilities Agreement and undertakes to pay any amount on demand when due.

Representations and warranties

The New Facilities Agreement contains customary representations and warranties, including, without limitation:

- corporate representations (including status and incorporation, binding obligations, non-conflict with constitutional documents, laws or other obligations, validity and admissibility in evidence and true and fair financial statements);
- no event of default;
- pari passu ranking with all other unsubordinated and unsecured indebtedness;
- sanctions;
- no misleading information; and
- no proceedings pending or threatened.

Covenants and undertakings

The New Facilities Agreement has a net borrowings to EBITDA financial covenant of 3.5 times and an EBITDA to net borrowing costs financial covenant of 3.0 times. The net borrowings to EBITDA financial covenant widens to 4.25 times for the test period during which a class 1 acquisition is made and the two immediately following test periods.

In addition, the New Facilities Agreement contains certain undertakings, including, without limitation, a restriction on certain sales and other disposals, a restriction on the creation or subsistence of security subject to certain exceptions, a sanctions undertaking and a restriction on financial indebtedness of subsidiaries of the Company (other than Ladbroke's Group Finance plc) subject to certain exceptions.

Change of control, regulatory events, mandatory prepayment and events of default

The New Facilities Agreement contains a change of control provision, provisions relating to the occurrence of regulatory events (including breaches of certain gambling laws), a mandatory prepayment provision and events of default.

Under the terms of the mandatory prepayment provision, the Issuer must prepay and/or cancel Facility A using: (i) at least 50 per cent. of any proceeds received from the disposal of assets to satisfy potential CMA requirements; and (ii) all proceeds received from any bond issuance.

The events of default include, without limitation, failure to make payments under the New Facilities Agreement, breach of the financial covenants, breach of other obligations contained in the New Facilities Agreement, breach of representations, certain events of liquidation or reorganisation and similar events, insolvency, cross-default in excess of specified amounts, suspension of operations, invalidity of the New Facilities Agreement and creditors' process or enforcement of security in respect of property having a value in excess of specified amounts.

If an event of default, a change of control of the Company or a regulatory event occurs, the agent bank may give notice of cancellation of all available commitments and/or declare all outstanding advances, together with accrued interest, to be immediately due and payable. On the giving of such notice the outstanding amounts would be repayable immediately.

Existing Notes

2017 Notes

Ladbrokes Group Finance plc has issued £225,000,000 7.625 per cent. notes due 2017 (the "**2017 Notes**") pursuant to a prospectus and a subscription agreement dated 1 March 2010. Payment obligations under the 2017 Notes are guaranteed by the Company.

The 2017 Notes are subject to certain covenants, including, without limitation: (i) a covenant that restricts, subject to certain exceptions, the creation or subsistence of security for indebtedness for borrowed monies unless the 2017 Notes are secured equally and rateably with such indebtedness to the satisfaction of the trustee of the 2017 Notes (the "**2017 Notes Trustee**") (or certain other alternative arrangements are made); (ii) a limitation on the incurrence of financial indebtedness by any member of the Historic Ladbrokes Group subject to certain exceptions and provided that the issuer of the notes and any guarantor may incur indebtedness if the Fixed Charge Coverage Ratio (as defined in the 2017 Notes) is equal to or greater than 2.75 to 1.00 after giving effect to the new indebtedness on a pro forma basis; and (iii) a covenant that restricts merger, consolidation and the sale of substantially all assets, subject to certain exceptions.

The 2017 Notes are also subject to certain events of default, including, without limitation, failure to make payments in respect of the 2017 Notes, certain events of liquidation or reorganisation and similar events, cessation of payment of debts generally or cessation of business, creditors' process, insolvency, composition with creditors, cross-acceleration in excess of specified amounts and breach of other obligations under the 2017 Notes.

In an event of default (in certain cases only after certification by the 2017 Notes Trustee that the relevant event is, in its opinion, materially prejudicial to the interests of the holders of such notes) the 2017 Notes Trustee may, or if requested or directed by a certain proportion of the holders of the 2017 Notes, shall declare the 2017 Notes immediately due and payable.

2022 Notes

Ladbrokes Group Finance plc has issued £100,000,000 5.125 per cent. notes due 2022 (the "**2022 Notes**") pursuant to a prospectus dated 27 May 2014, a subscription agreement dated 13 June 2014 and a trust deed dated 16 June 2014. Payment obligations under the 2022 Notes are guaranteed by the Company.

The 2022 Notes are subject to certain covenants, including, without limitation: (i) a covenant that restricts, subject to certain exceptions, the creation or subsistence of security for indebtedness for

borrowed monies unless the 2022 Notes are secured equally and rateably with such indebtedness to the satisfaction of the trustee of the 2022 Notes (the “**2022 Notes Trustee**”) (or certain other alternative arrangements are made); (ii) a limitation on the incurrence of financial indebtedness by any member of the Historic Ladbroke Group subject to certain exceptions and provided that the issuer of the notes and any guarantor may incur indebtedness if the Fixed Charge Coverage Ratio (as defined in the 2022 Notes) is equal to or greater than 2.75 to 1.00 after giving effect to the new indebtedness on a pro forma basis; and (iii) a covenant that restricts merger, consolidation and the sale of substantially all assets, subject to certain exceptions.

The 2022 Notes are also subject to certain events of default, including, without limitation, failure to make payments in respect of the 2022 Notes, certain events of liquidation or reorganisation and similar events, cessation of payment of debts generally or cessation of business, creditors’ process, insolvency, composition with creditors, cross-acceleration in excess of specified amounts and breach of other obligations under the 2022 Notes.

In an event of default (in certain cases only after certification by the 2022 Notes Trustee that the relevant event is, in its opinion, materially prejudicial to the interests of the holders of such notes) the 2022 Notes Trustee may, or if requested or directed by a certain proportion of the holders of the 2022 Notes, shall declare the 2022 Notes immediately due and payable.

Bank guarantees and letters of credit

Bank guarantees and letters of credit have been issued on behalf of certain subsidiaries of the Company and certain joint ventures in which the Group has an interest.

As at [1 November] 2016, the principal outstanding amount of such guarantees and letters of credit was £[57,648,225.15], of which £[43,966,379.15] in principal outstanding amount was issued (both assuming an exchange rate of £1 being equal to €[1.12] and £1 being equal to \$[1.22]) under the £[75,000,000] letter of credit ancillary facility dated [1 November] 2016 which the Issuer has in place. The remainder was issued under certain uncommitted lines of credit. The Company has provided a counter-indemnity in respect of some of the guarantees and letters of credit issued under uncommitted lines of credit.

Certain issue and other fees are payable to the issuers of the bank guarantees and letters of credit.

DIRECTORS

Board of Directors of the Guarantor

The names, business experience, functions and principal business activities outside the Group of the current directors of the Guarantor, as well as the dates of their initial appointment as directors, are set out below. The business address of each of the directors of the Guarantor is Imperial House, Imperial Drive, Rayners Lane, Harrow, Middlesex HA2 7JW.

Director	Role
John Kelly	Chairman
Jim Mullen	Chief Executive
Carl Leaver	Executive Deputy Chairman
Paul Bowtell	Chief Financial Officer
Mark Clare	Senior Independent Non-Executive Director
Mark Pain	Non-Executive Director
Christine Hodgson	Non-Executive Director
Stevie Spring	Non-Executive Director
Rob Templeman	Non-Executive Director

John Kelly (*Chairman*)

John was appointed as Senior Independent Non-Executive Director of [Ladbrokes Coral Group plc] in September 2010, and subsequently as Chairman of [Ladbrokes Coral Group plc] in December 2015.

John brings extensive experience from the gaming and betting industry having previously been a board member of a number of betting companies. With over 30 years' experience as a director in a wide range of leisure companies, John also has a wealth of experience to draw from in his role as Chairman and leader of the Board.

John was the founder and Chief Executive of the Historic Coral Group, having led a management buy-in from Bass Plc in 1997 and subsequently became Chairman. After founding Gala Coral, he was a board member at Mecca Leisure Limited, the Chairman of Trainline.com and Chairman of Novus Leisure Limited. He was also a board member of The Prince of Wales' Business in the Community Charity.

John is currently Chairman of Kings Park Capital LLP Advisory Board and Kings Park Capital LLP Investment Committee and is co-founder of Dunelmia Partners LLP.

Jim Mullen (*Chief Executive*)

Jim was appointed as Chief Executive Officer of [Ladbrokes Coral Group plc] in April 2015 and a Director in May 2015.

Jim's extensive experience in the gaming and betting industry, particularly online gaming, brings valuable insight to lead the Group and implement the strategy to grow its recreational customer base and build scale.

Jim joined [Ladbrokes Coral Group plc] in November 2013 as Managing Director of the Digital business. Prior to joining [Ladbrokes Coral Group plc], Jim was Chief Operating Officer for William Hill's digital operations for three years and held senior positions at the Murray Group, Arc Worldwide and News International where he was Director of Digital Strategy.

Carl Leaver (*Executive Deputy Chairman*)

Carl is the current Chief Executive Officer of Gala Coral. Carl has a broad range of experience in consumer-oriented industries. Before joining Gala Coral in November 2010, he was director of International, Home and Direct for Marks & Spencer. Prior to this he was Chief Executive Office at DeVere Group PLC and before that he worked for Whitbread where he held the position of Managing Director of Travel Inn. He has previously held senior positions with Nomura International and Forte. He graduated in law from Nottingham University and started his career with Pedigree Petfoods (part of the Mars Inc. Group) as a business planner. He has also been the Non-Executive Chairman of Carluccio's since September 2016.

Paul Bowtell (*Chief Financial Officer*)

Paul joined Gala Coral in October 2011 as Chief Financial Officer. Prior to that he was CFO of First Choice Holidays PLC and became Chief Financial Officer of TUI Travel PLC after its merger with First Choice Holiday PLC. A Chartered Accountant, he has extensive experience across the UK retail sector, having held a number of senior positions with Centrica, WH Smith and Forte. Paul brings significant financial and commercial knowledge to the Group Board. He is also currently a Non-Executive Director and Audit Committee Chairman of Capita Plc, positions he has held since June 2010 and from which he will step down in early 2017, and was a Non-Executive Director of Sthree Plc from November 2007 to April 2014. In addition, Paul is Chairman of Alua Hotels Group, a privately owned company.

Mark Clare (*Senior Independent Non-Executive Director*)

Mark was appointed as Senior Independent Non-Executive Director of [Ladbroke's Coral Group plc] on 21 September 2016.

Mark brings substantial operational and financial experience to the Board and has a strong background operating in a regulated environment and considerable knowledge of customer facing businesses.

Mark was Chief Executive of Barratt Developments plc, an Executive Director of Centrica plc having also held a number of senior roles both within Centrica plc and British Gas, a Trustee of the Building Research Establishment and the UK Green Building Council and a Non-Executive Director of BAA plc.

Mark is currently the Senior Independent Non-Executive Director of United Utilities Group plc and a Non-Executive Director of United Utilities Water Limited and Premier Marina Holdings Limited.

Mark Pain (*Non-Executive Director*)

Mark was appointed as Non-Executive Director of [Ladbroke's Coral Group plc] in December 2015.

Mark brings a range of skills and experience in financial management, strategic planning, business leadership and change. He also has over 17 years' experience as a board director in a number of sectors.

Mark held senior executive and board positions at Abbey National plc, was Group Finance Director of Barratt Developments PLC and has also been a Non-Executive Director on the boards of LSL Property Services plc, Punch Taverns plc and Spirit Pub Group plc.

Mark is currently Chairman and a Non-Executive Director of London Square Developments Limited, a Non-Executive Director of the Yorkshire Building Society and Aviva Insurance Ltd and a Trustee of Somerset House.

Christine Hodgson (*Non-Executive Director*)

Christine was appointed as Non-Executive Director of [Ladbroke's Coral Group plc] in May 2012 and as Senior Independent Non-Executive Director of [Ladbroke's Coral Group plc] in December 2015.

Christine has extensive experience in business leadership, finance, accounting and technology having worked in a number of international organisations. This brings valuable experience to Board and committee discussions.

Christine was a senior manager at Coopers & Lybrand and the Corporate Development Director of Ronson plc before joining Capgemini, where she has held various UK and global roles, including Chief Executive Officer of Technology Services North West Europe and Chief Financial Officer of Global Outsourcing.

Christine is currently Chairman of Capgemini UK plc and a Non-Executive Director of Standard Chartered PLC. Christine is a board member of The Prince of Wales' Business in the Community Charity, sits on the Audit Committee of The Queen Elizabeth Diamond Jubilee Trust and is the Chairman of The Careers & Enterprise Company, a government backed charity.

Stevie Spring (Non-Executive Director)

Stevie was appointed as Non-Executive Director of [Ladbrokes Coral Group plc] on 21 September 2016.

Stevie brings extensive skills in digital, marketing, and advertising as well as broad experience in non-executive roles, particularly as remuneration chair.

Stevie was previously CEO of Future plc and ClearChannel UK and held senior executive roles in international advertising groups.

Stevie is currently a Non-Executive Director and Chairman of the Remuneration Committee of the Co-operative Group and chairs the Inspired Thinking Group, tech start-up 'Kino-mo' and BBC Children in Need.

Rob Templeman (Non-Executive Director)

As well as being Non-Executive Director of the Group, Rob is also Chairman of the RAC. He was previously Chairman of Gala Coral, a job he assumed in November 2010.

Rob has over 25 years' experience in consumer-facing businesses. He has been the Chief Executive of some major UK companies, including Debenhams, Homebase, Harveys Furnishing Group and Halfords, where he was also the Chairman.

Previously, Rob has also held the roles of Chairman of the British Retail Consortium, and Chairman of the charity Graduate Fashion Week. In addition, Rob was also a Trustee of the charity Children with Cancer UK, and chaired the committee for their annual ball.

As at the date of this Prospectus, none of the directors of the Guarantor has any potential conflicts of interests between his duties to the Guarantor and his private interests or other duties to third parties

Board committees of the Guarantor

The Board of the Guarantor is committed to, and in compliance with, high standards of corporate governance as set out in the United Kingdom Corporate Governance Code (the "**Code**") that was published in September 2012 by the Financial Reporting Council.

The Senior Independent Non-Executive Director's role is to satisfy the function outlined in the Code. No one individual has unfettered powers of decision making. John Kelly satisfied the independence criteria detailed in provision A.3.1 of the Code on his appointment as Chairman.

The Code recommends that at least half the members of the Board (excluding the chairman) of a public limited company incorporated in the United Kingdom should be independent in character and judgement and free from relationships or circumstances which are likely to affect, or could appear to affect, their judgement.

The Board of the Guarantor has established Nomination, Remuneration and Audit Committees, with formally delegated duties and responsibilities, and written terms of reference. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

The terms of reference of the committees, including their objectives and the authority delegated by them by the Board, are available upon request or via the Group's website and are reviewed at least annually by the relevant committee and the Board. All committees have access to independent expert advice.

The Nomination Committee assists the Board in discharging its responsibilities relating to the composition of the Board. The Nomination Committee is responsible for evaluating the balance of skills, knowledge and experience on the Board, the size, structure and composition of the Board, retirements and appointments of additional and replacement directors and will make appropriate recommendations to the Board on such matters. The members of the committee are the Chairman of the Board and Independent Non-Executive Directors. The chairman of the committee is John Kelly. The other members are Christine Hodgson, Mark Pain, Mark Clare and Stevie Spring. The composition of the Nomination Committee complies with the recommendations of the Code.

The Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Group's policy and framework on executive remuneration and the remuneration of the Chairman, determining the individual remuneration and benefits package of each of the Executive Directors and recommending and monitoring the remuneration of senior management below Board level. The Remuneration Committee comprises Independent Non-Executive Directors, namely Christine Hodgson, Mark Pain, Mark Clare, Stevie Spring and John Kelly. The chairman of the Remuneration Committee is Stevie Spring. The composition of the Remuneration Committee complies with the recommendations of the Code.

The Audit Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing the Group's annual financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the Group's internal audit activities internal controls and risk management systems. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports remains with the Board. All the members of the Audit Committee are Independent Non-Executive Directors, namely Christine Hodgson, Mark Pain, and Stevie Spring. Mark Pain is chairman of the Audit Committee. The composition of the Audit Committee complies with the recommendations of the Code.

Board of Directors of the Issuer

The names, business experience, functions and principal business activities outside the Group of the current directors of the Issuer, are set out below. The business address of each of the directors of the Issuer is Imperial House, Imperial Drive, Rayners Lane, Harrow, Middlesex HA2 7JW.

Director	Role	Significant activities outside the Group
Geoffrey Keith Howard Mason	Group Company Secretary	—
Vinod Parmar	Group Treasurer	—
Snehal Shah	Group Financial Controller and Head of Investor Relations	—

As at the date of this Prospectus, none of the directors of the Issuer has any potential conflicts of interests between his duties to the Issuer and his private interests or other duties to third parties.

MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

Guarantor

As at the Latest Practicable Date, and so far as it is known to the Guarantor by virtue of the notifications made to it pursuant to the Companies Act 2006 and/or the Disclosure Guidance and Transparency Rules, the name of each person (other than any director of the Guarantor) who, directly or indirectly, is interested in an amount of the Guarantor's issued share capital required to be so notified and the percentage of such person's interest in the share capital of the Guarantor is:

Name of Shareholder	Number of Ordinary Shares held (Note 1)	Percentage of Existing Ordinary Shares (Note 2)
[Playtech plc]	[●]	[●]
[FIL Limited]	[●]	[●]
[The Capital Group Companies, Inc.]	[●]	[●]
[UBS Group AG]	[●]	[●]
[Old Mutual Plc]	[●]	[●]
[Jupiter Asset Management Limited]	[●]	[●]

- (1) For each Shareholder, this table details the interest in the Company's voting rights that (as at the Latest Practicable Date) was most recently notified by that Shareholder to the Company under Rule 5 of the Disclosure Guidance and Transparency Rules. Therefore such details may not be accurate as at the Latest Practicable Date.
- (2) This table assumes that 866,518,803 Consideration Shares are issued to Coral and 42,105,263 Playtech Shares are issued to Coral and that no further issue of Ordinary Shares occurs between the Latest Practicable Date and Admission (as defined on page 130 and 132 respectively). The percentage share ownership is calculated by reference to the Company's issued share capital excluding Ordinary Shares held in treasury.

As at the Latest Practicable Date, the Guarantor is not aware of any person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Guarantor nor is it aware of any arrangements the operation of which may at a subsequent date result in a change in control of the Guarantor.

The interests of the directors of the Guarantor in the share capital of the Guarantor, excluding interests under share options and any of the share plans, as at the Latest Practicable Date are shown below:

	As at the Latest Practicable Date	
	Number of Ordinary Shares	Percentage of issued share capital of Group
Directors		
John Kelly	[77,441]	[0.004]
Jim Mullen	[37,005]	[0.002]
Mark Clare	—	[●]
Christine Hodgson	[15,000]	[0.001]
Mark Pain	[50,000]	[0.003]
Carl Leaver	[●]	[●]
Paul Bowtell	[●]	[●]
Rob Templeman	[●]	[●]
Stevie Spring	—	[●]

Note:

Figures are calculated assuming: (i) that the interests in the Company of the Directors as at close of business on the Latest Practicable Date do not change; (ii) that 866,518,803 Consideration Shares

are issued; (iii) that 42,105,263 Playtech Shares are issued; and (iv) that no further issues of Ordinary Shares occur between the Latest Practicable Date and Admission (as defined on page 130 and 132 respectively). Following the Distribution, Carl Leaver, Paul Bowtell and Rob Templeman will hold some Consideration Shares. However, these shares are not included in the table as the number of shares held by each of them was not able to be calculated by the Latest Practicable Date.

Related Party Transactions

Details of related party transactions (which for these purposes are those set out in the standards adopted according to Regulation (EC) No 1606/2002) that the Historic Ladbroke's Group has entered into are set out below:

- (A) during the financial year ended 31 December 2013, such transactions are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in note 32 on pages 92 to 93 of the Guarantor's Annual Report and Accounts 2013, which is hereby incorporated by reference into this Prospectus;
- (B) during the financial year ended 31 December 2014, such transactions are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in note 32 on pages 116 to 118 of the Guarantor's Annual Report and Accounts 2014, which is hereby incorporated by reference into this Prospectus;
- (C) during the financial year ended 31 December 2015, such transactions are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in note 33 on pages 123 to 128 of the Guarantor's Annual Report and Accounts 2015, which is hereby incorporated by reference into this Prospectus; and
- (D) during the half year ended 30 June 2016, such transactions are disclosed in accordance with the respective standard adopted according to Regulation (EC) No 1606/2002 in note 11 on page 34 of the Interim Results 2016, which is hereby incorporated by reference into this Prospectus.

The Historic Ladbroke's Group have not entered into any related party transactions between 30 June 2016 and the Latest Practicable Date.

Details of related party transactions that the Historic Coral Group has entered into are set out in the Historic Coral Group historical financial information which is included in Part IX of the Merger Prospectus.

The Historic Coral Group have not entered into any related party transactions between 2 July 2016 and the Latest Practicable Date.

Issuer

The Issuer is a direct wholly-owned subsidiary of the Guarantor. As at the Latest Practicable Date, the Issuer is not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Issuer.

CONDITIONS OF THE NOTES

The following is the text of the Conditions of the Notes which (subject to modification) will be endorsed on each Note in definitive form (if issued):

The £[●][●] per cent. Guaranteed Notes due [●] (the “**Notes**”, which expression shall in these Conditions, unless the context otherwise requires, include any further notes (“**Additional Notes**”) issued pursuant to Condition 16 (*Further Issues*) and forming a single series with the Notes) of Ladbroke Group Finance plc (the “**Issuer**”) are constituted by a Trust Deed dated [●] (the “**Trust Deed**”) made between the Issuer, [Ladbroke Coral Group plc] (the “**Guarantor**”) as guarantor and The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”, which expression shall include its successor(s)) as trustee for the holders of the Notes (the “**Noteholders**”) and the holders of the interest coupons appertaining to the Notes (the “**Couponholders**” and the “**Coupons**” respectively).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the Agency Agreement dated [●] (the “**Agency Agreement**”) made between the Issuer, the Guarantor, Deutsche Bank AG, London Branch as principal paying agent (the “**Principal Paying Agent**”, which expression shall include any successor principal paying agent, and the expression “**Paying Agents**” means and includes the Principal Paying Agent and each Paying Agent from time to time appointed to exercise the powers and undertake the duties imposed upon the Principal Paying Agent and each Paying Agent (and for the avoidance of doubt, each of their respective successors in title, permitted assigns and permitted transferees) and notified to the Noteholders in accordance with the terms of the Agency Agreement (and “**Paying Agent**” means any one of them)) and the Trustee are available for inspection during normal business hours by the Noteholders and the Couponholders at the registered office for the time being of the Trustee, being at the date of issue of the Notes at Fifth Floor, 100 Wood Street, London EC2V 7EX and at the specified office of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

1. Form, Denomination and Title

1.1 Form and Denomination

The Notes are in bearer form, serially numbered, in denominations of £200,000 and integral multiples of £1,000 in excess thereof up to and including £399,000, each with Coupons attached on issue.

Notes of one denomination may not be exchanged for Notes of any other denomination.

1.2 Title

Title to the Notes and to the Coupons will pass by delivery.

1.3 Holder Absolute Owner

The Issuer, the Guarantor, any Paying Agent and the Trustee will (except as required by law) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon or of any trust or interest therein) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

2. Status of the Notes and the Notes Guarantee

2.1 Status of the Notes

The Notes and the Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3.1 (*Negative Pledge*)) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

2.2 Status of the Notes Guarantee

The payment of principal and interest in respect of the Notes and of all other moneys payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantor in the Trust Deed (the “**Notes Guarantee**”). The obligations of the Guarantor under the Notes Guarantee are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3.1 (*Negative Pledge*)) unsecured obligations of the Guarantor and (subject as provided above) rank and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.

3. Covenants

3.1 Negative Pledge

So long as any of the Notes remains outstanding (as defined in the Trust Deed), each of the Issuer and the Guarantor shall not, and the Guarantor shall procure that no other Subsidiary of it shall, create, assume or permit to subsist, as security for any Debt, any Security other than any Permitted Security upon the whole or any part of its present or future revenues or assets (including any uncalled capital) unless, in any such case, the Issuer and/or the Guarantor and/or the other Subsidiary, as the case may be, shall simultaneously with, or prior to, the creation or assumption of such Security and, in any other case, promptly, take any and all action necessary to procure that all amounts payable under the Notes by the Issuer and by the Guarantor under the Notes Guarantee, are secured equally and rateably with the Debt secured by such Security to the satisfaction of the Trustee or that such other Security is provided or such other arrangement (whether or not including the giving of Security) is made as the Trustee shall, in its absolute discretion, deem not materially less beneficial to the interests of the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

3.2 Limitation on Debt

(A) Fixed Charge Coverage Ratio

The Guarantor will not, and will not permit any Subsidiary of it to, directly or indirectly, Incur any Debt including Acquired Debt; provided, however, that the Guarantor, the Issuer, any Financing Subsidiary or any Additional Guarantor may Incur Debt (including any Acquired Debt) if, on the date of such Incurrence and after giving effect thereto on a *pro forma* basis, the Fixed Charge Coverage Ratio would be equal to or greater than 2.00 to 1.00.

Notwithstanding the foregoing, the above covenant will not prohibit the Incurrence of any of the following Debt:

- (i) Debt of the Guarantor, the Issuer, any Financing Subsidiary or any Additional Guarantor (including, if applicable, reimbursement obligations in respect of guarantees or letters of credit issued thereunder but excluding any unutilised or undrawn amount) under the Credit Facilities in an aggregate principal amount at any one time outstanding not to exceed the sum of (a) £1,450,000,000 plus (b) in the case of any refinancing of any Debt under this subparagraph (i) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;
- (ii) the Incurrence by the Issuer, the Guarantor or any of its other Subsidiaries of intercompany Debt between or among the Issuer, the Guarantor or any of its other Subsidiaries provided, however, that (a) any subsequent issuance or transfer of any Capital Stock which results in any such Subsidiary ceasing to be a Subsidiary of the Guarantor and any such Debt thus being held by a Person other than the Issuer, the Guarantor or any of its other Subsidiaries or any subsequent transfer of such Debt (other than to the Guarantor or a Subsidiary of the Guarantor), shall be deemed, in each case in respect of such Debt, to constitute the Incurrence of such Debt which was not permitted by this subparagraph (ii), and (b) for any Debt of the Issuer or the Guarantor and owing to any member of the Group (other than the Issuer or the

Guarantor), such Debt shall be unsecured and subordinated in right of payment to the payment and performance of the Issuer and the Guarantor's obligations under the Notes and the Notes Guarantee;

- (iii) Debt, other than Debt described in subparagraphs (i), (ii), (v), (vi), (vii), (viii), (ix), (x), (xi), (xii), (xiii), (xiv), (xv), (xvi) and (xvii) of this Condition 3.2(A) (*Fixed Charge Coverage Ratio*), outstanding as of the Issue Date;
- (iv) Refinancing Debt in respect of Debt Incurred pursuant to the first paragraph of this covenant above or Debt described in this subparagraph or subparagraph (iii) above; provided, however, that if such Refinancing Debt directly or indirectly refinances Debt of the Issuer, a Financing Subsidiary, an Additional Guarantor or the Guarantor, such Refinancing Debt shall be Incurred only by the Issuer, a Financing Subsidiary, the Guarantor or any Additional Guarantor or any one or more of them;
- (v) Hedging Obligations entered into in the ordinary course of business and not for speculative purposes as determined in good faith by senior management of the Guarantor, including without limitation any such Hedging Obligations Incurred in connection with the issuance of the Notes;
- (vi) Debt in respect of bid, performance, completion, surety or appeal bonds or Guarantees of any of the foregoing, or similar instruments, in each case given in the ordinary course of business (including the expansion of business into new territories);
- (vii) Debt in respect of workers' compensation claims and self-insurance obligations;
- (viii) Debt in respect of bankers' acceptances and letters of credit or similar credit transactions (including Guarantees or indemnities related thereto) in the ordinary course of business including the expansion of business into new territories;
- (ix) Debt arising from the honouring by a bank or other financial institution of a cheque, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Debt is covered within five Business Days in the place where the account against which the cheque, draft or similar instrument is drawn is held;
- (x) Debt consisting of advance or extended payment terms in the ordinary course of business (including Trade Payables);
- (xi) the following:
 - (a) Debt owed to banks or other financial institutions Incurred in the ordinary course of business of the Guarantor and its Subsidiaries maintained with such banks or financial institutions and which arises in connection with ordinary banking arrangements to manage cash balances of the Guarantor and its Subsidiaries; and
 - (b) Debt of any Subsidiary of the Guarantor under ancillary facilities (including, but not limited to, letter of credit facilities, bank guarantees and overdraft arrangements (being arrangements which are repayable on demand)) in an aggregate principal amount at any one time outstanding not to exceed £100,000,000, the aggregate principal amount of all such outstanding Debt at any time being the "**Overdraft Amount**";
- (xii) the Guarantee by the Guarantor, the Issuer or any Additional Guarantor of Debt of the Guarantor or any Subsidiary of the Guarantor that was permitted to be Incurred by another provision of this covenant; provided that if the Debt being Guaranteed is subordinated in right of payment to the Notes or the Notes Guarantee, then such Guarantee shall be subordinated to the same extent as the Debt Guaranteed;
- (xiii) Debt of any other Person Incurred and outstanding on or prior to the date on which such other Person was acquired by the Guarantor or a Subsidiary of the Guarantor (the "**Acquiring Subsidiary**"); provided, however, that on the date that such Person is acquired by the Guarantor or the Acquiring Subsidiary, such Person becomes a Subsidiary of the Guarantor and the Guarantor or the Issuer would have been able to Incur such Debt pursuant to the first paragraph of this covenant;

- (xiv) Debt arising from agreements of the Guarantor or a Subsidiary of it providing for indemnification, obligations in respect of earnouts, adjustments of purchase price or similar obligations, in each case Incurred or assumed in connection with any acquisition or disposition of any business, assets or a Subsidiary of the Guarantor other than Debt Incurred by any Person acquiring all or a portion of such business, assets or a Subsidiary of the Guarantor for the purpose of financing such acquisition;
- (xv) Debt represented by Finance Leases entered into by the Guarantor and its Subsidiaries in the ordinary course of business which does not exceed £100,000,000 in the aggregate at any one time outstanding;
- (xvi) any Bond Refinancing Debt;
- (xvii) Debt Incurred on behalf of, or representing guarantees of Debt of, joint ventures of the Guarantor or any Subsidiary provided that, at the time of Incurrence of such Debt, the aggregate amount of Debt outstanding pursuant to this subparagraph (xvii) shall not exceed £75,000,000; and
- (xviii) additional Debt of the Guarantor or any Subsidiary of it in an aggregate principal amount which does not exceed £150,000,000 at any one time outstanding.

For the purposes of determining compliance with this covenant, in the event that an item of proposed Debt meets the criteria of more than one of the categories described in subparagraphs (i) through (xviii) above, or is entitled to be Incurred pursuant to the first paragraph of this covenant, the Guarantor will be permitted to classify such item of Debt on the date of its Incurrence, or later reclassify all or a portion of such item of Debt, in any manner that complies with this covenant except that all Debt outstanding on the Issue Date under the Guarantor's existing £1,350,000,000 facilities agreement dated 8 October 2015 (as amended and/or restated from time to time) shall be deemed initially Incurred under subparagraph (i)(a) of this covenant. The accrual of interest, the accretion or amortisation of original issue discount, the payment of interest on any Debt in the form of additional Debt with the same terms, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an Incurrence of Debt or an issuance of Disqualified Stock for purposes of this covenant; provided, in each such case, that the amount thereof is included in Consolidated Interest Expense of the Guarantor as accrued. Notwithstanding any other provision of this covenant, the maximum amount of Debt that the Guarantor or any Subsidiary of it may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

The amount of any Debt outstanding as of any date will be:

- (a) the accreted value of the Debt, in the case of any Debt issued with original issue discount;
- (b) in respect of Debt of another Person secured by Security on the assets of the specified Person, the lesser of:
 - (1) the fair market value of such asset at the date of determination; and
 - (2) the amount of the Debt of the other Person;
- (c) the greater of the liquidation preference or the maximum fixed redemption or repurchase price of the Disqualified Stock, in the case of Disqualified Stock; and
- (d) the principal amount of the Debt, in the case of any other Debt.

For the purposes of the foregoing, the "maximum fixed redemption or repurchase price" of any Disqualified Stock that does not have a fixed redemption or repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were redeemed or repurchased on any date of determination.

For the purposes of determining compliance with this covenant, the Sterling Equivalent of the principal amount of Debt denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Debt was Incurred, in the case of term Debt, or first drawn, in the case of Debt Incurred under a revolving credit facility; provided that (a) if such Debt is Incurred to refinance other Debt denominated in a

currency other than Sterling, and such refinancing would cause the applicable Sterling-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such Sterling-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Debt does not exceed the principal amount of such Debt being refinanced, (b) the Sterling Equivalent of the principal amount of any such Debt outstanding on the Issue Date shall be calculated based on the relevant currency exchange rate in effect on the Issue Date, and (c) if any such Debt is subject to a Currency Exchange Protection Agreement with respect to the currency in which such Debt is denominated covering principal, premium, if any, and interest on such Debt, the amount of such Debt and such interest and premium, if any, shall be determined after giving effect to all payments in respect thereof under such Currency Exchange Protection Agreements.

The principal amount of any Debt Incurred to refinance other Debt, if Incurred in a different currency from the Debt being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Debt is denominated that is in effect on the date of such refinancing.

For the purposes of determining compliance with this covenant, there shall be no double counting of any Debt.

(B) Covenant Suspension

If, on any date following the Issue Date, the Notes have an Investment Grade rating from at least two of the Rating Agencies and no Event of Default or Potential Event of Default (as defined in the Trust Deed) has occurred and is continuing (a “**Suspension Event**”), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have an Investment Grade rating from at least two of the Rating Agencies, the covenant contained in Condition 3.2(A) (*Fixed Charge Coverage Ratio*) will not apply.

However, such covenant will be reinstituted and apply according to its terms as of and from the first day on which a Suspension Event ceases to be in effect. Such covenant will not, however, be of any effect with regard to actions of the Guarantor or the Issuer properly taken in compliance with the provisions of the Trust Deed during the continuance of the Suspension Event and no Event of Default or Potential Event of Default will be deemed to have occurred solely by reason of any Incurrence of Debt during that period. In addition, for the purpose of the covenant contained in Condition 3.2(A) (*Fixed Charge Coverage Ratio*), all Debt Incurred (or contractually committed to be Incurred pursuant to the paragraph below) during the continuance of the Suspension Event shall be deemed Incurred pursuant to subparagraph 3.2(A)(iii) above.

For the avoidance of doubt, the Issuer is entitled to honour any contractual commitment in the future after any date on which the Notes cease to have an Investment Grade rating from at least two of the Rating Agencies, without it causing an Event of Default or Potential Event of Default, as long as the contractual commitments were entered into in good faith during the continuance of the Suspension Event and not in anticipation of the Notes no longer having an Investment Grade rating.

3.3 Merger, Consolidation and Sale of Substantially All Assets

The Guarantor shall not consolidate, merge or amalgamate with or into (whether or not the Guarantor is the surviving corporation), or sell, assign or convey, transfer, lease, or otherwise dispose of, in one transaction or a series of transactions, all or substantially all of its assets (determined on a consolidated basis for it and its Subsidiaries) to, another Person, unless:

- (A) the resulting, surviving or transferee Person, if other than the Guarantor (the “**Successor**”), shall be a Person organised and existing under the laws of England and Wales, Australia, any member state of the European Union as of 1 January 2004, or any State of the United States and shall expressly assume, by a supplement to the Trust Deed, executed and delivered to the Trustee, in a form satisfactory to the Trustee, all the obligations of the Guarantor in respect of the Notes and under the Trust Deed;
- (B) immediately after giving effect to such transaction on a *pro forma* basis (and treating any Debt which becomes an obligation of the Guarantor or the Successor, as applicable, or any

Subsidiary of the Guarantor or the Successor, as the case may be, as a result of such transaction as having been Incurred by the Guarantor or the Successor or such Subsidiary at the time of such transaction) no Event of Default or Potential Event of Default shall have occurred and be continuing;

- (C) immediately after giving effect to such transaction on a *pro forma* basis, as if such transaction had occurred at the beginning of the applicable Measurement Period (and treating any Debt which becomes an obligation of the Guarantor or the Successor, as applicable, or any Subsidiary of the Guarantor or the Successor, as the case may be, as a result of such transaction as having been Incurred by the Guarantor or the Successor or such Subsidiary at the time of such transaction), either:
- (i) the Guarantor or, as the case may be, the Successor could incur at least £1 of additional Debt pursuant to the first paragraph of the covenant in Condition 3.2(A) (*Fixed Charge Coverage Ratio*) (subject to any suspension pursuant to Condition 3.2(B) (*Covenant Suspension*)); or
 - (ii) the Fixed Charge Coverage Ratio for the Guarantor or, as the case may be, the Successor and its Subsidiaries would be greater than or equal to such ratio for the Issuer and its Subsidiaries immediately prior to such transaction; and
- (D) the Guarantor shall have delivered to the Trustee (i) a certificate signed by two Authorised Signatories of the Guarantor stating that such consolidation, merger, amalgamation or sale, assignment, conveyance, transfer, lease or other disposition and such supplement to the Trust Deed (if any) comply with the provisions of this covenant and (ii) an opinion(s) of independent legal advisers of recognised standing as to all relevant laws in a form(s) satisfactory to the Trustee and opining as to the matters referred to in (A) above and provided that in giving an opinion, legal counsel may rely on the certificate in (i) as to any matter of fact.

The Successor shall succeed to, and be substituted for and may exercise every right and power of, the Guarantor under the Trust Deed. Except in the case of a lease, the Guarantor shall be relieved of all obligations and covenants under the Trust Deed and the Notes.

Nothing contained in the foregoing restrictions on merger, consolidation, amalgamation and asset transfers shall prohibit:

- (A) any Subsidiary of the Guarantor from consolidating or amalgamating with, merging with or into, or transferring all or part of its properties and assets to the Guarantor or another Subsidiary of the Guarantor provided that, after giving effect to any such merger, consolidation, amalgamation or asset transfer, no Event of Default or Potential Event of Default shall have occurred and be continuing or would result therefrom; or
- (B) the merger, consolidation or other combination of the Issuer, the Guarantor or any of its Subsidiaries with or into another person for the purpose of changing the legal domicile of that Person, reincorporating (or other similar transaction) the Issuer, Guarantor or, as the case may be, any of its Subsidiaries, in another jurisdiction, or changing the legal form of the Issuer, Guarantor or any of its Subsidiaries.

3.4 Trustee not obliged to monitor

The Trustee shall be under no obligation to monitor compliance by the Issuer or the Guarantor with any of the covenants, restrictions or provisions set out in this Condition 3 (*Covenants*) and shall have no liability to any person as a result of any failure to monitor such compliance.

4. Interest

4.1 Interest Rate and Interest Payment Dates

The Notes bear interest from and including [●] (the “**Issue Date**”) at the rate of [●] percent, per annum (the “**Rate of Interest**”), payable semi-annually in arrear on [●] and [●] in each year (each an “**Interest Payment Date**” and the period from (and including) an Interest Payment Date (or the Issue Date) to (but excluding) the next (or first) Interest Payment Date an “**Interest Period**”). The first Interest Payment Date will be [●]. The amount of interest in respect of each semi-annual

period will amount to £[●] per £1,000 in principal amount of the Notes. The number of days in any Interest Period will be deemed to be the actual number of days in the Interest Period divided by 365.

4.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue as provided in the Trust Deed.

4.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full half-year, it shall be calculated by (i) applying the Rate of Interest to the Calculation Amount, (ii) multiplying such amount by (a) the actual number of days in the period from and including the date from which interest begins to accrue to but excluding the date on which it falls due (such period, the “**Accrual Period**”) divided by (b) the product of (1) the number of days in the Determination Period in which the Accrual Period falls (“**Determination Period**” means the period from and including the earlier of the [●] or [●] (as the case may be) preceding the date on which such interest falls due to but excluding the earlier of the next following [●] or [●] (as the case may be)) and (2) two and (iii) rounding the resultant figure to the nearest pence, half of any pence being rounded upwards. In the case of any such period, the amount of interest payable in respect of a Note shall be the product of the amount (determined in the manner provided above) per Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the denomination of such Note, without any further rounding.

5. Payments

5.1 Payments in respect of Notes

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office of any of the Paying Agents.

5.2 Method of Payment

Payments will be made by credit or transfer to an account in pounds sterling maintained by the payee with or, at the option of the payee, by a cheque in pounds sterling drawn on, a bank in London.

5.3 Missing Unmatured Coupons

Each Note should be presented for payment together with all relative unmatured Coupons, failing which the full amount of any relative missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to Condition 8 (*Prescription*)) or, if later, five years after the date on which the Coupon would have become due, but not thereafter.

5.4 Payments subject to applicable laws

Payments in respect of principal and interest on the Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*).

5.5 Payment only on a Presentation Date

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 4 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date.

5.6 Initial Paying Agents

The name of the initial Paying Agent and its initial specified office is set out at the end of these Conditions. The Issuer and the Guarantor reserve the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (A) there will at all times be a Principal Paying Agent; and
- (B) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or such other relevant authority.

Notice of any termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 12 (*Notices*).

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and the Guarantor and, in certain limited circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, the Noteholders or the Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

5.7 FATCA

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through to 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto.

6. Redemption and Purchase

6.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on [●].

6.2 Redemption for Taxation Reasons

If the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that:

- (A) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after [●], on the next Interest Payment Date either (i) the Issuer would be required to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) or (ii) the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts; and
- (B) the requirement cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (*Notices*), redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be required to pay such additional amounts, were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two Authorised Signatories of the Issuer or, as the case may be, the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above in which event they shall be conclusive and binding on the Noteholders and the Couponholders.

6.3 Redemption of Notes upon a Change of Control

If a Put Event occurs, unless notice of redemption of all of the Notes has previously been given pursuant to Condition 6.2 (*Redemption for Taxation Reasons*), each Noteholder shall have the option to require the Issuer to redeem or purchase the Notes of such holder at a cash purchase price equal to 101 per cent. of the principal amount thereof together with interest accrued to but excluding the date of redemption or purchase, as the case may be. Such option shall operate as set out below.

As soon as practicable after the occurrence of a Put Event and in any case not later than 30 days thereafter, the Issuer shall, and at any time upon the Trustee becoming aware that a Put Event has occurred the Trustee may, and if so requested by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give a notice (the **"Change of Control Notice"**) to the Trustee (in the case of a notice from the Issuer) and the Noteholders in accordance with Condition 12 (*Notices*) stating:

- (A) that a Put Event has occurred and that each Noteholder is entitled to require the Issuer to redeem or purchase the Notes of such holder pursuant to this Condition 6.3 (*Redemption of Notes upon a Change of Control*);
- (B) the circumstances and relevant facts regarding such Put Event;
- (C) the redemption or purchase price and the redemption or purchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is given); and
- (D) the procedures for exercising the option in this Condition 6.3 (*Redemption of Notes upon a Change of Control*).

To exercise the option to require the redemption or purchase of a Note under this Condition 6.3 (*Redemption of Notes upon a Change of Control*), the holder of the Note must deliver such Note at the specified office of a Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the **"Put Period"**) of 45 days after the Change of Control Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of each Paying Agent (a **"Change of Control Put Notice"**). The Note should be delivered together with all Coupons appertaining thereto maturing after the date which is 7 days after the expiration of the Put Period (the **"Put Date"**), failing which the relevant Paying Agent will require payment of an amount equal to the face value of any missing such Coupon. Any amount so paid will be reimbursed in the manner provided in Condition 5.3 (*Missing Unmatured Coupons*) against presentation and surrender of the relevant missing Coupon (or any replacement therefore issued pursuant to Condition 11 (*Replacement of Notes and Coupons*)) at any time after such payment, but before the expiry of the period of five years from the Relevant Date in respect of that Coupon. The relevant Paying Agent will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made on the Put Date by

transfer to that bank account and, in every other case, on or after the Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of a Paying Agent. A Change of Control Put Notice, once given shall be irrevocable. For the purposes of these Conditions, receipts issued pursuant to this Condition shall be treated as if they were Notes. The Issuer shall redeem or purchase the relevant Notes on the Put Date unless previously redeemed and cancelled or purchased.

The Trustee is under no obligation to ascertain whether a Put Event or any event which could lead to the occurrence of or could constitute a Put Event has occurred and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Put Event or other such event has occurred.

A “**Put Event**” will occur if, while any of the Notes remains outstanding:

- (i) a Change of Control occurs; and
- (ii) either (a) the Notes do not have an Investment Grade rating from at least two of the Rating Agencies at the time the Change of Control occurs, or (b) the Notes do have an Investment Grade rating from at least two of the Rating Agencies (and if there are more than two such ratings, the Issuer shall be entitled to determine which two Rating Agencies shall be relevant for the purposes of this provision) at the time the Change of Control occurs but at any time during the Change of Control Period either such Rating Agency rates the Notes as non-Investment Grade and such rating is not within the Change of Control Period restored to an Investment Grade rating by such Rating Agency or replaced by an Investment Grade rating of another Rating Agency, or any such Rating Agency withdraws its rating of the Notes and the rating of such Rating Agency is not within the Change of Control Period replaced by an Investment Grade rating of another Rating Agency; and in each case such Rating Agency announces or publicly confirms or informs the Trustee in writing that such non-Investment Grade rating or withdrawal of rating was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control (whether or not the Change of Control shall have occurred at the time such rating is given or rating is withdrawn).

6.4 Redemption at the Option of the Issuer

(A) The Issuer may, having given not less than 15 nor more than 30 days’ notice to the Noteholders in accordance with Condition 12.1 (*Notices to the Noteholders*), the Trustee and the Principal Paying Agent (which notices shall specify the date fixed for redemption), redeem all of the Notes or, subject as provided in Condition 6.5 (*Provisions relating to Partial Redemption*) below, from time to time some of the Notes only, at any time at such amount as is equal to the greater of the following together with interest accrued to but excluding the date of redemption:

- (i) the principal amount outstanding of the Notes; and
- (ii) the price, expressed as a percentage (as reported in writing to the Issuer and the Trustee by a financial adviser appointed by the Issuer and approved by the Trustee), at which the Gross Redemption Yield on the Notes (if the Notes were to remain outstanding to their original maturity) on the Calculation Date is equal to (x) the Gross Redemption Yield at 3.00 p.m. (London time) on that date of the [●] per cent. Treasury Stock due [●] (or, where such financial adviser advises the Issuer and the Trustee that, for reasons of illiquidity or otherwise, such stock is not appropriate for such purpose, such other government stock as such financial adviser may recommend) plus (y) 0.50 per cent.

For such purposes, “**Calculation Date**” means the date which is the second business day in London prior to the date of redemption and “**Gross Redemption Yield**” means a yield calculated on the basis set out by the United Kingdom Debt Management Office in the paper “Formulae for Calculating Gilt Prices from Yields” page 5, Section One: Price/Yield Formulae “Conventional Gilts”; Double-dated and Undated Gilts and Assumed (or Actual) Redemption on a Quasi-Coupon Date” (published 8 June 1998 and subsequently updated on 15 January 2002 and 16 March 2005 and as further updated or amended from time to time). For the purposes of the above calculation, “**business day in London**” means a day

on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

- (B) The Issuer may, having given not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 12.1 (Notices to the Noteholders), the Trustee and the Principal Paying Agent (which notices shall specify the Issuer Maturity Par Call Redemption Date as the date fixed for redemption), redeem all of the Notes, but not some only, on the Issuer Maturity Par Call Redemption Date in an amount equal to the principal amount outstanding of the Notes plus accrued interest (if any) at the Issuer Maturity Par Call Redemption Date.

6.5 Provisions relating to Partial Redemption

In the case of a partial redemption of Notes, Notes to be redeemed will be selected, in such place as the Trustee may approve and in such manner as the Trustee may deem appropriate and fair, not more than 30 days before the date fixed for redemption, notice of any such selection will be given not less than 15 days before the date fixed for redemption. Each notice will specify the date fixed for redemption and the aggregate principal amount (including accrued interest) of the Notes to be redeemed, the serial numbers of the Notes called for redemption, the serial numbers of Notes previously called for redemption and not presented for payment and the aggregate principal amount of the Notes which will be outstanding after the partial redemption.

6.6 Purchases

The Issuer, the Guarantor or any of the Guarantor's other Subsidiaries may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to the Principal Paying Agent for cancellation.

6.7 Cancellations

All Notes which are purchased pursuant to Condition 6.3 (*Redemption of Notes upon a Change of Control*) or redeemed will forthwith be cancelled (together with all unmatured Coupons attached to the Notes or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.6 (*Purchases*) above (together with all unmatured Coupons cancelled therewith) shall be forwarded to the Principal Paying Agent for cancellation and cannot be reissued or resold.

6.8 Notices

- (A) Notice of any redemption in relation to Condition 6.4 (*Redemption at the Option of the Issuer*) or Condition 6.5 (*Provisions relating to Partial Redemption*) above, may state that such notice is conditional upon the occurrence of one or more events specified therein, in which case such notice will be revoked by the Issuer (by written notice to the Trustee prior to the specified date for redemption) if such condition is not satisfied.
- (B) Subject to Condition 6.8(A) above, upon the expiry of any notice as is referred to in Condition 6.2 (*Redemption for Taxation Reasons*), 6.3 (*Redemption of Notes upon a Change of Control*), 6.4 (*Redemption at the Option of the Issuer*), 6.5 (*Provisions relating to Partial Redemption*) or 6.6 (*Purchases*) above, the Issuer shall be bound to redeem or purchase, as the case may be, the Notes to which the notice refers in accordance with the terms of such Condition.

7. Taxation

7.1 Payment without Withholding

All payments in respect of the Notes by or on behalf of the Issuer or the Guarantor shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which

would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

- (A) presented for payment by or on behalf of a holder who is liable to the Taxes in respect of the Note or Coupon by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note or Coupon;
- (B) presented for payment more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Presentation Date;
- (C) presented for payment in the United Kingdom;
- (D) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a member state of the European Union; or
- (E) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting any form or certificate, or by making a declaration of non-residence or other claim for exemption to the relevant tax authority.

7.2 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

8. Prescription

Notes and Coupons will become void unless presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 5 (*Payments*).

9. Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), (but in the case of the happening of any of the events described in paragraphs (C), (D), (F), (G) or (I), only if the Trustee shall have certified in writing to the Issuer and the Guarantor that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice in writing to the Issuer that the Notes are, and they shall thereupon immediately become, due and repayable at their principal amount together with accrued interest as provided in the Trust Deed if any of the following events shall occur and be continuing ("**Events of Default**"):

- (A) default is made in the payment of any amount of principal or premium or purchase moneys due under Condition 6.3 (*Redemption of Notes upon a Change of Control*) in respect of any of the Notes for a period of seven days or more or any amount of interest in respect of any of the Notes for a period of 21 days or more;
- (B) an order is made or an effective resolution is passed for winding up, or an administration order is made in relation to, the Issuer, the Guarantor or any of the Material Subsidiaries (except for (i) the purpose of a reconstruction, merger, consolidation, amalgamation or other similar arrangement the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders, (ii) in connection with any consolidation, merger, amalgamation, sale, assignment, conveyance, transfer, lease or other disposal effected in compliance with Condition 3.3 (*Merger, Consolidation and Sale of Substantially All Assets*), or (iii) in the case of a Material Subsidiary, a voluntary solvent winding up in connection with the transfer of all or the major part of its business, undertaking and assets to the Issuer, the Guarantor or any other Subsidiary of the Guarantor which thereby becomes a Material Subsidiary);

- (C) the Issuer, the Guarantor or any of the Material Subsidiaries stops or, without the prior written approval of the Trustee, announces its intention unconditionally to stop payment of its debts generally (or any then current conditional intention to stop payment of its debts generally which has been announced becomes unconditional) or ceases or, without the prior written approval of the Trustee, announces its intention unconditionally to cease to carry on the whole of its business or substantially the whole of its business (or any then current conditional intention to cease to carry on the whole of its business or substantially the whole of its business which has been announced becomes unconditional) (except a cessation or announcement of any intended cessation (i) for the purpose of a reconstruction, merger, consolidation, amalgamation or other similar arrangement the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders, (ii) in connection with any consolidation, merger, amalgamation, sale, assignment, conveyance, transfer, lease or other disposal effected in compliance with Condition 3.3 (*Merger, Consolidation and Sale of Substantially All Assets*), or (iii) in the case of a Material Subsidiary, in connection with the transfer of all or the major part of its business, undertaking and assets to the Issuer, the Guarantor or any other Subsidiary of the Guarantor which thereby becomes a Material Subsidiary), provided that a *bona fide* disposal for full value on an arm's length basis of the whole or substantially the whole of the business, undertaking and assets of the Issuer, the Guarantor or a Material Subsidiary shall be deemed not to be a cessation for the purposes of this paragraph;
- (D) a distress, execution or any similar proceeding is levied or enforced upon or sued out against a substantial part of the chattels or property of the Issuer, the Guarantor or any of the Material Subsidiaries and is not discharged within 21 days;
- (E) any trustee, liquidator, provisional liquidator, receiver, administrative receiver, administrator or other similar official is appointed in relation to the Issuer, the Guarantor or any of the Material Subsidiaries or in respect of the whole or a substantial part of their respective properties or assets or an encumbrance takes possession of the whole or a substantial part of the undertaking or assets of the Issuer, the Guarantor or any of the Material Subsidiaries and in any of the foregoing cases is not discharged within 21 days or the directors of the Issuer, the Guarantor or any of the Material Subsidiaries request any person to make any such appointment or to take possession as aforesaid (except in any such case for the purpose of a reconstruction, merger, consolidation, amalgamation or other similar arrangement the terms of which have previously been approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders, or, in the case of a Material Subsidiary, in connection with the transfer of all or the major part of its business, undertaking and assets to the Guarantor or any other Subsidiary of the Guarantor which thereby becomes a Material Subsidiary);
- (F) the Issuer, the Guarantor or any of the Material Subsidiaries becomes or is declared or determined by any competent court to be unable, or admits in writing its inability, to pay its debts as they fall due or is adjudicated or found bankrupt or insolvent by any competent court;
- (G) any kind of composition, scheme of arrangement, compromise or other similar arrangement involving the Issuer, the Guarantor or any of the Material Subsidiaries and all its creditors or substantially all (determined by reference to the amount or value of their claims) its creditors is entered into or made;
- (H) any indebtedness for borrowed moneys of the Issuer, the Guarantor or any of the Material Subsidiaries shall be or be declared due and payable prior to the date on which the same would otherwise become due and payable by reason of the occurrence of an event of default (howsoever described) in relation thereto or the Issuer, the Guarantor or any of the Material Subsidiaries defaults in the repayment of any indebtedness for borrowed moneys and such default is not remedied within 14 days of the maturity thereof or, if longer, any applicable grace period as originally provided or any guarantee of or indemnity in respect of any indebtedness for borrowed moneys given by the Issuer, the Guarantor or a Material Subsidiary shall not be paid within 14 days of the date when such guarantee or indemnity is due and called upon or, if longer, any applicable grace period as originally provided; provided that no event described in this paragraph 9(H) shall constitute an Event of Default

unless the relevant amount of indebtedness for borrowed moneys or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of indebtedness for borrowed moneys and/or other liabilities due and unpaid relative to all (if any) other events specified in this paragraph 9(H) which have occurred and are continuing amounts to at least £40,000,000 (or the equivalent in any other currency or currencies as at the date the relative indebtedness for borrowed moneys or other relative liability becomes due);

- (I) default is made by the Issuer or the Guarantor in the performance or observance of any obligation, condition or provision binding on it under the Notes or the Trust Deed (other than any obligation for the payment of any principal or interest in respect of the Notes and as referred to in paragraph (J) below) and, except where, in the opinion of the Trustee, such default is not capable of remedy (in which case no such continuation or notice as hereinafter provided shall be required), such default continues for 30 days after written notice thereof by the Trustee to the Issuer requiring the same to be remedied;
- (J) default is made by the Issuer or the Guarantor in the performance or observance of any provision of Condition 3 (*Covenants*) and, except where, in the opinion of the Trustee, such default is not capable of remedy (in which case no such continuation or notice as hereinafter provided shall be required), such default continues for 30 days after written notice thereof by the Trustee to the Issuer requiring the same to be remedied; or
- (K) the Notes Guarantee or any guarantee given in substitution therefor by a Successor pursuant to Condition 3.3 (*Merger, Consolidation and Sale of Substantially All Assets*) or any Additional Guarantor Guarantee ceases to be in full force and effect.

10. Enforcement

10.1 Enforcement by the Trustee

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (a) it has been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding, and (b) it has been indemnified and/or secured and/or prefunded to its satisfaction.

10.2 Enforcement by the Noteholders

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

11. Replacement of Notes and Coupons

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12. Notices

12.1 Notices to the Noteholders

All notices to the Noteholders will be valid if published in a leading English language daily newspaper published in London or such other English language daily newspaper with general circulation in Europe as the Trustee may approve. It is expected that publication will normally be made in the Financial Times. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or the relevant authority on which the Notes are for the time being listed or by which they have been admitted to listing. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication

in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this paragraph.

12.2 Notices from the Noteholders

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Principal Paying Agent or, if the Notes are held in a clearing system, may be given through the clearing system in accordance with its standard rules and procedures.

13. Substitution

The Trustee may, without the consent of the Noteholders, the Guarantor or Couponholders, agree with the Issuer to the substitution in place of the Issuer of the Guarantor or of any Subsidiary of the Guarantor as principal debtor under the Trust Deed, the Notes and the Coupons. The Trustee may also agree, without such consent as aforesaid, to the substitution of a new group holding company of the Ladbroke's Coral group of companies in place of the Guarantor if the Guarantor has or will be replaced as the ultimate holding company of the Ladbroke's Coral group of companies by such new group holding company pursuant to an amalgamation, merger or reconstruction the terms of which shall have been previously approved in writing by the Trustee and which are not, in the opinion of an independent merchant or investment bank of international repute appointed for such purpose by the Trustee (at the request and expense of the Guarantor), materially prejudicial to the interests of the Noteholders. Any such substitution shall be subject to such conditions as the Trustee may require and (in any case where the Guarantor or any new group holding company of the Ladbroke's Coral group of companies is not the new principal debtor or replaced as guarantor) to the unconditional and irrevocable guarantee of the Guarantor.

14. Meetings of Noteholders, Modification, Waiver, Authorisation and Determination

14.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Issuer at the request of Noteholders holding not less than ten per cent, in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, or the Coupons, all as more particularly described in the Trust Deed), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. The Trust Deed provides that (a) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such a resolution, (b) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding, or (c) consents given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holder(s) of not less than three-fourths in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution of the Noteholders shall be binding on all the Noteholders, whether or not they vote on such resolution, and on all Couponholders.

14.2 Modification, Waiver, Authorisation and Determination

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Trustee, proven.

14.3 Trustee to have regard to Interests of Noteholders as a Class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 7 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 7 (*Taxation*) pursuant to the Trust Deed.

14.4 Notification to the Noteholders

Any modification, abrogation, waiver, authorisation, determination or substitution shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any modification or substitution shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12 (*Notices*).

15. Indemnification of the Trustee and its contracting with the Issuer and the Guarantor

15.1 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

15.2 Trustee Contracting with the Issuer and the Guarantor

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, inter alia, (a) to enter into business transactions with the Issuer and/or the Guarantor and/or any of the Guarantor's other Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or the Guarantor and/or any of the Guarantor's other Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

16. Further Issues

The Issuer is at liberty from time to time without the consent of the Noteholders or Couponholders, but subject always to the provisions of these Conditions and the Trust Deed, to create and issue further notes or bonds (whether in bearer or registered form) either (a) ranking

pari passu in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed, or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue. Any further notes or bonds which are to form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed shall, and any other further notes or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

17. Listing

So long as any of the Notes remain outstanding, each of the Issuer and the Guarantor has covenanted in the Trust Deed that it shall use all reasonable endeavours to maintain the listing of the Notes on the regulated market of the London Stock Exchange (as defined in the Trust Deed) or, if it is unable to do so having used such endeavours, or if the maintenance of such listing is reasonably considered by the Issuer to be unduly onerous, it shall use all reasonable endeavours to obtain and maintain a quotation or listing of the Notes on such other stock exchange or exchanges or securities market or markets as the Issuer may (with the prior written approval of the Trustee) decide and shall also, upon obtaining a quotation or listing of the Notes on such other stock exchange or exchanges or securities market or markets, enter into a trust deed supplemental to the Trust Deed to effect such consequential amendments to the Trust Deed as the Trustee may require or as shall be requisite to comply with the requirements of any such stock exchange or securities market.

18. Governing Law

The Trust Deed (including the Notes Guarantee), the Notes and the Coupons and any non-contractual obligations arising therefrom or in connection therewith shall be governed by, and construed in accordance with, English law.

19. Rights of Third Parties

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

20. Definitions

For the purposes of these Conditions:

“Acquired Debt” means Debt of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of the Guarantor, whether or not such Debt is Incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, the Guarantor;

“Additional Guarantor” means a wholly-owned Subsidiary of the Guarantor (excluding for these purposes any Capital Stock that is required to be held by other persons under applicable law) which has provided a guarantee in respect of the Notes on terms *mutatis mutandis* as the Notes Guarantee, such guarantee (an **“Additional Guarantor Guarantee”**) to be in a supplement to the Trust Deed executed and delivered by the Additional Guarantor to the Trustee and to be in a form satisfactory to the Trustee and to be delivered with an opinion(s) of independent legal advisers of recognised standing as to all relevant laws in a form satisfactory to the Trustee;

“Authorised Signatory” means, in relation to any communication to be made, or any document to be executed or certified, by the Issuer or the Guarantor, any person who is at such time duly authorised by such entity, to make such communication, or to execute or certify such document, on behalf of the Issuer of the Guarantor;

“Average Life” means, as of the date of determination, with respect to any Debt, the quotient obtained by dividing:

- (A) the sum of the products of (i) the numbers of years from the date of determination to the date of each successive scheduled principal payment of such Debt or scheduled redemption and (ii) the amount of such payment, by
- (B) the sum of all such payments;

“Bond Refinancing Debt” means Debt Incurred by the Issuer, the Guarantor or any of its Subsidiaries where the Guarantor gives notice to the Trustee not later than 30 days after the Incurrence of such Debt that such Debt is intended to be utilised to refinance (as defined in the definition of Refinancing Debt) any Relevant Debt outstanding on the date of that Incurrence, provided that:

- (A) the notice to the Trustee shall specify the Relevant Debt which is intended to be so refinanced;
- (B) the Bond Refinancing Debt has a Stated Maturity no earlier than the Stated Maturity of the Relevant Debt;
- (C) the Bond Refinancing Debt is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of:
 - (i) the aggregate principal amount (or, if issued with original issue discount, the aggregate accreted value) of the Relevant Debt being refinanced (including, with respect to both the Bond Refinancing Debt and the Relevant Debt being refinanced, amounts then outstanding and amounts available thereunder); plus
 - (ii) unpaid interest, prepayment penalties, redemption or repurchase premiums, defeasance costs, fees, expenses and other amounts owing with respect thereto, plus reasonable financing fees and other reasonable out-of-pocket expenses incurred in connection therewith;

(for the avoidance of doubt, the Bond Refinancing Debt may be part of a larger Incurrence of Debt provided that there is compliance with the provisions of Condition 3.2(A) (*Fixed Charge Coverage Ratio*));

“Business Day” means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place;

“Calculation Amount” means £1,000;

“Capital Stock” of any Person means any and all shares, interests, participations or other equivalents of or interests (including partnership interests) in (however designated) equity of such Person, including any Preferred Stock, and all rights to purchase, warrants, options or other equivalents with respect to any of the foregoing, but excluding any debt securities convertible into or exchangeable for such equity;

“Change of Control” means:

- (A) any Person or any Persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006 as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Guarantor or any holding company of the Guarantor, shall become interested (within the meaning of Part 22 of the Companies Act 2006 as amended) in (i) more than 50 percent, of the issued or allotted ordinary share capital of the Guarantor, or (ii) shares in the capital of the Guarantor carrying more than 50 percent, of the voting rights normally exercisable at a general meeting of the Guarantor); or
- (B) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Guarantor and its Subsidiaries taken as a whole to any Person;

“Change of Control Period” means the period:

- (A) commencing on the Relevant Announcement Date; and

- (B) ending 90 days after the relevant Change of Control (both dates inclusive) or such longer period for which the Notes are under consideration by a Rating Agency for rating or rating review (such consideration having been announced publicly within the period ending 90 days after the date of the Change of Control and such period not to exceed 60 days after the public announcement of such consideration);

“Consolidated EBITDA” means, without duplication, the consolidated profit before taxation of the relevant Person for a period, adjusted by:

- (A) adding back Consolidated Interest Expense and depreciation and amortisation for such period;
- (B) excluding any non-recurring, extraordinary, unusual or exceptional items, and any amount attributable to minority interests for such period;
- (C) adding back any non-cash charges by virtue of IAS 19 (Employee benefits);
- (D) adding back the amount of cost savings, operating expense reductions, other operating improvements and synergies which are expected in good faith by the relevant Person to result from the applicable *pro forma* event and to occur within 18 months from the date of the calculation of Consolidated EBITDA and provided that such amount under this limb (D) shall not exceed 15 per cent. of the total amount of Consolidated EBITDA;
- (E) excluding any net after-tax income or loss from discontinued operations and any net after-tax gains or losses on disposal of discontinued operations;
- (F) excluding any net after-tax gains or losses (less all fees and expenses or charges relating thereto) attributable to business disposals or asset disposals other than in the ordinary course of business (as determined in good faith by senior management of the Guarantor);
- (G) excluding any non-cash impairment charges, any write-offs, write-down or amortisation of assets and the amortisation of intangibles arising in each case pursuant to GAAP;
- (H) excluding any unrealised gains or losses (i) relating to the translation of assets and liabilities denominated in foreign currencies and (ii) arising from changes in the fair value of Hedging Obligations;
- (I) excluding any expenses, charges or other costs related to any corporate reorganisation of the Group;
- (J) excluding any costs or expenses incurred pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement; and
- (K) adding back any interest, fees, commission, discounts, prepayment fees, premiums or charges and other finance payments;

“Consolidated Interest Expense” means, with respect to any Person for any period, the sum, without duplication, of:

- (A) the consolidated interest expense of such Person and its Subsidiaries for such period, whether paid or accrued, including, without limitation, amortisation of original issue discount, non-cash interest expense (excluding any non-cash interest expense attributable under GAAP to foreign exchange transactions or movement in the mark-to-market valuation of Hedging Obligations or other derivative instruments and any deemed finance charge under GAAP in respect of any pension liabilities and other provisions), the interest component of any deferred payment obligations, the interest component of all payments associated with Finance Leases, commissions, discounts and other fees and charges in respect of letters of credit or bankers’ acceptance financings, but excluding any gain or loss that would be reflected in consolidated interest expense as a result of purchases of Debt by way of tender or open market purchases; plus
- (B) the consolidated interest expense of such Person and its Subsidiaries that was capitalised during such period; plus
- (C) any finance cost (in respect of the Relevant Secured Debt Amount in the case of (ii)) on Debt of another Person that is (i) Guaranteed by such Person or any of its Subsidiaries, or (ii) secured by Security on assets of such Person or any of its Subsidiaries,

in each case whether or not such Guarantee or Security is called upon, plus:

- (D) any dividend payments, whether in cash or otherwise, on any Preferred Stock of such Person or any of its Subsidiaries other than:
 - (i) dividend payments paid solely in Capital Stock (other than Disqualified Stock or options, warrants or rights to acquire Disqualified Stock); or
 - (ii) to such Person or any of its Subsidiaries; but deducting
- (E) any non-recurring, extraordinary, unusual or exceptional items, and any amount attributable to minority interests for such period; minus
- (F) interest income for such period (excluding any non-recurring, extraordinary, unusual or exceptional interest income);

“Credit Facilities” means one or more debt facilities or other financing arrangements (including, without limitation, commercial paper facilities or indentures) (in each case, whether drawn or otherwise) providing for revolving credit loans, term loans, notes (including, for the avoidance of doubt, the Notes and the 5.125 per cent. Sterling Bonds of the Issuer due 2022) or letters of credit together with any related documents thereto (including, without limitation, any guarantee agreements and security documents), in each case as such agreement may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from time to time, including any agreements extending the maturity of, refinancing, replacing (whether or not contemporaneously) or otherwise restructuring (including increasing the amount of available borrowings thereunder (provided that, for the avoidance of doubt, such increase in borrowings is permitted by the covenant described under Condition 3.2 (*Limitation on Debt*) as additional borrowers or guarantors thereunder) all or any portion of the Debt under such agreement or any successor or replacement agreements and whether by the same or any other agent, lender or group of lenders or investors and whether such refinancing or replacement is under one or more debt facilities or commercial paper facilities, indentures or other agreements or deeds, in each case with banks or other institutional lenders or trustees or investors providing for revolving credit loans, term loans, notes or letters of credit;

“Currency Exchange Protection Agreement” means, in respect of any Person, any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement or arrangement designed to protect against fluctuations in currency exchange rates to which such Person is a party or beneficiary;

“Debt” means, with respect to any Person on any date of determination (without duplication):

- (A) the principal of and premium (if any such premium is then due and owing) in respect of:
 - (i) indebtedness of such Person for moneys borrowed; and
 - (ii) indebtedness evidenced by bonds, notes, debentures, loan stock or other similar instruments for the payment of which such Person is responsible or liable;
- (B) all Finance Leases of such Person;
- (C) all the principal of all moneys owing in connection with the sale or discounting of receivables (otherwise than any receivables to the extent they are sold or discounted on a non-recourse basis);
- (D) the principal of any indebtedness arising from any deferred payment agreements arranged primarily as a method of raising finance or financing the acquisition of an asset and where the deferred and unpaid purchase price of such asset is due more than twelve months after acquisition thereof;
- (E) all obligations of such Person in respect of bid, performance, advanced payment, completion, surety or appeal bonds or Guarantees or counter-indemnities of any of the foregoing, or similar instruments and all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction (including Guarantees or indemnities related thereto);
- (F) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock of such Person (but excluding, in each case, any accrued dividends);

- (G) all obligations of the type referred to in subparagraphs (i) through (vi) of other Persons and all dividends of other Persons for, the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any Guarantee;
- (H) all obligations of the type referred to in subparagraphs (i) through (vi) of other Persons secured by any Security on any property or asset of such Person (whether or not such obligation is assumed by such Person), the amount of such obligation being deemed to be the lesser of the value of such property or assets or the amount of the obligation so secured (the **"Relevant Secured Debt Amount"**); and
- (I) to the extent not otherwise included in this definition, Hedging Obligations of such Person; provided, however, that notwithstanding the foregoing, that "Debt" shall be deemed not to include any (i) netting, set-off or other cash pooling arrangement entered into by any member of the Group in the ordinary course of its banking arrangements, (ii) deferred or prepaid revenues, (iii) any lease, concession or licence of property (or Guarantee thereof) which would be considered an operating lease under GAAP, (iv) obligations under any licence, permit or other approval (or Guarantee given in respect of such obligations) incurred in the ordinary course of business, (v) letter of credit to the extent collateralised by cash or cash equivalents and (vi) purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the respective seller;

"Disqualified Stock", with respect to any Person, means any Capital Stock which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder) or upon the happening of any event:

- (A) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise prior to the stated maturity of the Notes;
- (B) is convertible or exchangeable at the option of the holder for Debt or Disqualified Stock; or
- (C) is mandatorily redeemable or must be purchased, upon the occurrence of certain events or otherwise, in whole or in part, in each case on or prior to the first anniversary of the stated maturity of the Notes,

and any Preferred Stock of a Subsidiary of the Guarantor, provided, however, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require the Guarantor or a Subsidiary of it to purchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the stated maturity of the Notes shall not constitute Disqualified Stock if:

- (i) the "change of control" provisions applicable to such Capital Stock are not more favourable to the holders of such Capital Stock than the terms applicable to the Notes and described under Condition 6.3 (*Redemption of Notes upon a Change of Control*); and
- (ii) any such requirement only becomes operative after compliance with such terms applicable to the Notes, including the redemption or purchase of any Notes tendered pursuant thereto.

If Capital Stock is issued to any plan for the benefit of directors, officers or employees of the Guarantor or any of its Subsidiaries or by any such plan to such directors, officers or employees, such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Guarantor or any Subsidiary of it in order to satisfy applicable statutory or regulatory obligations;

"EBITDA" means, without duplication, the profit before taxation of the relevant Person for a period, adjusted by:

- (A) adding back Interest Expense and depreciation and amortisation for such period;
- (B) excluding any non-recurring, extraordinary, unusual or exceptional items, and any amount attributable to minority interests for such period;
- (C) adding back any non-cash charges by virtue of IAS 19 (Employee benefits);
- (D) adding back the amount of cost savings, operating expense reductions, other operating improvements and synergies which are expected in good faith by the relevant Person to

result from the applicable *pro forma* event and to occur within 18 months from the date of the calculation of EBITDA and provided that such amount under this limb (D) shall not exceed 15 per cent. of the total amount of EBITDA;

- (E) excluding any net after-tax income or loss from discontinued operations and any net after-tax gains or losses on disposal of discontinued operations;
- (F) excluding any net after-tax gains or losses (less all fees and expenses or charges relating thereto) attributable to business disposals or asset disposals other than in the ordinary course of business (as determined in good faith by senior management of the Guarantor);
- (G) excluding any non-cash impairment charges, any write-offs, write-down or amortisation of assets and the amortisation of intangibles arising in each case pursuant to GAAP;
- (H) excluding any unrealised gains or losses (i) relating to the translation of assets and liabilities denominated in foreign currencies and (ii) arising from changes in the fair value of Hedging Obligations;
- (I) excluding any expenses, charges or other costs related to any corporate reorganisation of such Person;
- (J) excluding any costs or expenses incurred pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement; and
- (K) adding back any interest, fees, commission, discounts, prepayment fees, premiums or charges and other finance payments;

“Finance Lease” means an obligation that is required to be classified and accounted for as a capital or finance lease for financial reporting purposes in accordance with GAAP and the amount of Debt represented by such obligation shall be the capitalised amount of such obligation determined in accordance with GAAP and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease;

“Financing Subsidiary” means a wholly-owned Subsidiary of the Guarantor established for the purpose of and engaged exclusively in the business of Incurring Debt and ancillary activities (including, for the avoidance of doubt, the issuing of debt securities convertible into equity of the Guarantor) Guaranteed by the Guarantor and loaning the proceeds thereof to the Guarantor or another Subsidiary of the Guarantor and whose only material liabilities are the Debt so Incurred by it from time to time and any hedging or other liabilities ancillary to that Debt and whose only material assets are such loans made by it from time to time;

“Fixed Charge Coverage Ratio” as of any date of determination (the **“Transaction Date”**) means the ratio of (x) the aggregate amount of Consolidated EBITDA of the Guarantor and its Subsidiaries for the most recent Measurement Period to (y) Consolidated Interest Expense of the Guarantor and its Subsidiaries for such Measurement Period; provided that:

- (A) if the Guarantor or any Subsidiary of it has Incurred any Debt (other than revolving credit borrowings) since the beginning of such period that remains outstanding on such Transaction Date or if the transaction giving rise to the need to calculate the Fixed Charge Coverage Ratio is an Incurrence of Debt, or both, Consolidated EBITDA and Consolidated Interest Expense of the Guarantor and its Subsidiaries for such period shall be calculated after giving effect on a *pro forma* basis to (i) such Debt as if such Debt had been Incurred on the first day of such period and (ii) the discharge of any other Debt repaid, repurchased, defeased or otherwise discharged with the proceeds of such new Debt as if such discharge had occurred on the first day of such period;
- (B) if the Guarantor or any Subsidiary of it has repaid, repurchased, defeased or otherwise discharged any Debt since the beginning of such period or if any Debt is to be repaid, repurchased, defeased or otherwise discharged (in each case other than Debt Incurred under any revolving credit facility unless such Debt has been permanently repaid and has not been replaced) on the Transaction Date, Consolidated EBITDA and Consolidated Interest Expense of the Guarantor and its Subsidiaries for such period shall be calculated on a *pro forma* basis as if such discharge had occurred on the first day of such period and as if the Guarantor or such Subsidiary had not earned the interest income actually earned during such period in respect of cash or cash equivalents used to repay, repurchase, defease or otherwise discharge such Debt;

- (C) if since the beginning of such period, the Guarantor or any Subsidiary of it shall have made any asset disposition, the Consolidated EBITDA of the Guarantor and its Subsidiaries for such period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) of the Guarantor and its Subsidiaries directly attributable to the assets which are the subject of such asset disposition for such period or increased by an amount equal to the Consolidated EBITDA (if negative) of the Guarantor and its Subsidiaries directly attributable thereto for such period and Consolidated Interest Expense of the Guarantor and its Subsidiaries for such period shall be reduced by an amount equal to the Consolidated Interest Expense of the Guarantor and its Subsidiaries directly attributable to any Debt of the Guarantor or any Subsidiary repaid, repurchased, defeased or otherwise discharged with respect to the Guarantor and its continuing Subsidiaries in connection with such asset disposition for such period (or, if the Capital Stock of any Subsidiary of it is sold, the Consolidated Interest Expense of the Guarantor and its Subsidiaries for such period directly attributable to the Debt of such Subsidiary to the extent the Guarantor and its continuing Subsidiaries are no longer liable for such Debt after such sale);
- (D) if since the beginning of such period the Guarantor or any Subsidiary of it shall have made an investment in any Subsidiary of it (or any Person who becomes a Subsidiary of the Guarantor) or an acquisition of assets, including cash equivalents and any acquisition of assets occurring in connection with a transaction giving rise to the need to calculate the Fixed Charge Coverage Ratio, Consolidated EBITDA and Consolidated Interest Expense of the Guarantor and its Subsidiaries for such period shall be calculated after giving *pro forma* effect thereto (including the Incurrence of any Debt in accordance with paragraph (A) above and the increase to the Consolidated EBITDA (if positive) of the Guarantor and its Subsidiaries directly attributable to such investment or acquisition or a reduction of the Consolidated EBITDA (if negative) of the Guarantor and its Subsidiaries directly attributable to such investment or acquisition) as if such investment or acquisition occurred on the first day of such period; and
- (E) if since the beginning of such period any person that subsequently became a Subsidiary of the Guarantor or was merged with or into the Guarantor or any Subsidiary of it since the beginning of such period shall have made any asset disposition, investment or acquisition of assets that would require an adjustment pursuant to paragraph (C) or (D) above if made by the Guarantor or a Subsidiary of it during such period, Consolidated EBITDA and Consolidated Interest Expense for of the Guarantor and its Subsidiaries such period shall be calculated after giving *pro forma* effect thereto (including the Incurrence of any Debt in accordance with paragraph (A) above) as if such investment or acquisition occurred on the first day of such period.

For purposes of this definition, whenever *pro forma* effect is to be given to an investment or an acquisition or disposition of assets, the amount of income or earnings relating thereto and the amount of Consolidated Interest Expense associated with any Debt Incurred or repaid, repurchased, defeased or otherwise discharged in connection therewith, the *pro forma* calculations shall be determined in good faith by a responsible financial or accounting officer of the Guarantor. Any such *pro forma* calculation may include adjustments appropriate, in the reasonable good faith determination of the Guarantor, to reflect operating expense reductions and other operating improvements or synergies reasonably expected to result from the applicable *pro forma* event. If any Debt bears a floating rate of interest and is being given *pro forma* effect, the interest expense on such Debt shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Debt if such Hedging Obligation has a remaining term as at the Transaction Date in excess of 12 months);

“GAAP” means generally accepted accounting principles in the United Kingdom as in effect on the Issue Date;

“Group” means the Guarantor and its Subsidiaries;

“Guarantee” means any obligation of any Person directly or indirectly guaranteeing any Debt or other obligation of any other Person and any obligation, direct or indirect, of such Person:

- (A) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation of such other Person (whether arising by virtue of partnership

- arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or
- (B) entered into for purposes of assuring in any other manner the obligee of such Debt or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part).

The term “**Guarantee**” used as a verb has a corresponding meaning;

“**Hedging Obligations**” of any Person means the obligations and rights of such Person pursuant to any Interest Rate Protection Agreement or Currency Exchange Protection Agreement or other similar agreement or arrangement involving interest rates, currencies, commodities or otherwise;

“**Incur**” means, with respect to any Debt or other obligation, to incur (including by conversion, exchange or otherwise), create, issue, assume, Guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Debt, including, for the avoidance of doubt, by acquisition of Subsidiaries or by the acquisition of any asset securing any Debt (and “**Incurrence**”, “**Incurred**” and “**Incurrence**” shall have meanings correlative to the foregoing);

“**Interest Expense**” means, with respect to a Person for any period, the sum, without duplication, of:

- (A) the interest expense of such Person for such period, whether paid or accrued, including, without limitation, amortisation of original issue discount, non-cash interest expense (excluding any non-cash interest expense attributable under GAAP to foreign exchange transactions or movement in the mark-to-market valuation of Hedging Obligations or other derivative instruments and any deemed finance charge under GAAP in respect of any pension liabilities and other provisions), the interest component of any deferred payment obligations, the interest component of all payments associated with Finance Leases, commissions, discounts and other fees and charges in respect of letters of credit or bankers' acceptance financings, but excluding any gain or loss that would be reflected in interest expense as a result of purchases of Debt by way of tender or open market purchases; plus
- (B) the interest expense of such Person that was capitalised during such period; plus
- (C) any finance cost (in respect of the Relevant Secured Debt Amount in the case of (ii)) on Debt of another Person that is (i) Guaranteed by such Person, or (ii) secured by Security on assets of such Person,
- in each case whether or not such Guarantee or Security is called upon, plus:
- (D) any dividend payments, whether in cash or otherwise, on any Preferred Stock of such Person other than:
- (i) dividend payments paid solely in Capital Stock (other than Disqualified Stock or options, warrants or rights to acquire Disqualified Stock); or
- (ii) to such Person or any of its Subsidiaries; but deducting
- (E) any non-recurring, extraordinary, unusual or exceptional items, and any amount attributable to minority interests for such period; minus
- (F) interest income for such period (excluding any non-recurring, extraordinary, unusual or exceptional interest income);

“**Interest Rate Protection Agreement**” means, in respect of any Person, any interest rate protection agreement, interest rate future agreement, interest rate swap agreement, interest rate option agreement, interest rate cap agreement, interest rate collar agreement, interest rate floor agreement interest rate hedge agreement or other similar agreement or arrangement designed to protect against fluctuations in interest rates to which such Person is a party or beneficiary;

“**Investment Grade**” means, with respect to a rating given by a Rating Agency, an investment grade credit rating (Baa3 or BBB-, as the case may be, or equivalent, or better) from such Rating Agency;

“**Issuer Maturity Par Call Redemption Date**” means a date which shall be at any time during the period commencing on (and including) the day that is 90 days prior to the stated maturity of the Notes to (but excluding) the stated maturity of the Notes;

“Listing Rules” means the Listing Rules of the Financial Conduct Authority, as amended from time to time;

“Material Subsidiary” means a Subsidiary of the Guarantor:

- (A) whose EBITDA (Consolidated EBITDA in the case of a Subsidiary which itself has Subsidiaries) represents 10 per cent, or more of the Consolidated EBITDA of the Guarantor and its Subsidiaries calculated by reference to the latest audited (consolidated or unconsolidated, as the case may be) accounts of such Subsidiary and the latest audited consolidated accounts of the Guarantor, provided that in the case of any Subsidiary which itself has Subsidiaries, no consolidated accounts are prepared and audited, its Consolidated EBITDA shall be determined on the basis of *pro forma* consolidated accounts of the relevant Subsidiary and its Subsidiaries; or
- (B) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary which immediately prior to such transfer is a Material Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall cease to be a Material Subsidiary pursuant to this paragraph (B) on the date on which the consolidated accounts of the Guarantor for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Material Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of paragraph (A) above or, prior to or after such date, by virtue of any other applicable provision of this definition; and
- (C) each Financing Subsidiary and each Additional Guarantor.

A certificate signed by two Authorised Signatories of the Guarantor that in their opinion a Subsidiary is or is not or was or was not at any particular time or during any particular period a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties;

“Measurement Period” means the most recently ended four fiscal quarters for which consolidated financial statements or management accounts of the Guarantor are available;

“Permitted Security” means:

- (A) any Security existing at the Issue Date;
- (B) any Security on assets acquired by a member of the Group after the Issue Date provided that (i) any such Security is in existence prior to, and has not been created at the instigation of the Issuer and/or the Guarantor, as the case may be, in contemplation of, such acquisition and (ii) the amount secured by such Security does not exceed, at any time, the amount secured thereby as at the date of acquisition;
- (C) any Security on assets of a company which becomes a member of the Group after the Issue Date provided that (i) any such Security is in existence prior to, and has not been created at the instigation of the Issuer and/or the Guarantor, as the case may be, in contemplation of, such company becoming a member of the Group and (ii) the amount secured by such Security does not exceed, at any time, the amount secured thereby as at the date such company becomes a member of the Group;
- (D) any Security created after the Issue Date as additional security for the amount secured by any Security falling within (A), (B) or (C) above the agreement for which contains an obligation to create such additional security;
- (E) any Security arising from Finance Leases incurred in the ordinary course of business over the assets leased pursuant to such Finance Leases;
- (F) any Security securing Hedging Obligations entered into in the ordinary course of business and not for speculative purposes as determined in good faith by senior management of the Guarantor Incurred in accordance with the terms of these Conditions;
- (G) any Security on cash and cash equivalents made to defease or to satisfy and discharge any Debt;

- (H) any Security created for the purpose of securing a counter-indemnity or any other obligations provided by any member of the Group in connection with the issuance of any performance bonds, advanced payment bonds or documentary letters of credit arising in the ordinary course of its business;
- (I) any lien or right of set-off arising by operation of law and in the ordinary course of business (including pursuant to the counterparty's standard terms of business);
- (J) any Security arising in relation to any bankers lien or any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;
- (K) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;
- (L) any Security for taxes, assessments or governmental charges or claims that (i) are not yet due and payable or (ii) are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted;
- (M) any Security securing Debt Incurred to finance all or part of the price of any acquisition, development, modification, investment, joint venture or improvement of a particular asset, provided that such Debt does not exceed £25,000,000 in the aggregate at any one time;
- (N) any Security created as security for any Debt Incurred solely for the purpose of any extension of maturity, renewal or refinancing of any indebtedness secured by Security permitted by (A) to (M) above; and
- (O) any Security securing Debt the outstanding principal of which, on the date of creation of the latest such Security or, as the case may be, the assumption of any such additional Debt (when aggregated with the outstanding principal amount of any of Debt which has the benefit of Security other than any permitted under (A) to (N) above), does not exceed £150,000,000 in the aggregate at any one time;

"Person" means, any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organisation, government or any agency or political subdivision thereof or any other entity;

"Preferred Stock", as applied to the Capital Stock of any corporation, means Capital Stock of any series (however designated) which is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation, over shares of Capital Stock of any other series of such corporation;

"Presentation Date" means a day which (subject to Condition 8 (*Prescription*)):

- (A) is or falls after the relevant due date;
- (B) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and
- (C) in the case of payment by credit or transfer to a pounds sterling account in London as referred to above, or in any other case unless the relevant due date or any day following the relevant due date but prior to such day was a Business Day in London, is a Business Day in London;

"Put Event" is as defined in Condition 6.3 (*Redemption of Notes upon a Change of Control*);

"Rating Agency" means (i) Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or (ii) Fitch Ratings Ltd or their respective successors or any internationally recognised securities rating agency or agencies substituted for any of them by the Issuer from time to time with the prior written approval of the Trustee (which approval may be given by the Trustee if to do so would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders) (and the Trustee may (and shall if so required by the Issuer, subject to its being indemnified and/or secured and/or prefunded to its satisfaction) consult promptly and may rely absolutely on advice from a reputable financial adviser in this regard and shall not be liable to the Noteholders, Couponholders or any other person for such reliance) and, in each case, their successors but excluding any rating agency providing a rating of the Notes on an unsolicited basis;

"Refinancing Debt" means Debt that refunds, refinances, replaces, renews, repays or extends (including pursuant to any defeasance or discharge mechanism) (collectively, **"refinances"** and **"refinance"** and **"refinanced"** shall each have a correlative meaning) already existing Debt; provided that, except in the case of Debt that refinances all of the outstanding Notes (including upon redemption or purchase pursuant to Condition 6.3) (*Redemption of Notes upon a Change of Control*):

- (A) the Refinancing Debt has a Stated Maturity not earlier than any Stated Maturity of the Debt being refinanced;
- (B) the Refinancing Debt has an Average Life at the time such Refinancing Debt is Incurred that is equal to or greater than the Average Life of the Notes; and
- (C) such Refinancing Debt is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of:
 - (i) the aggregate principal amount (or, if issued with original issue discount, the aggregate accreted value) of the Debt being refinanced (including, with respect to both the Refinancing Debt and the Debt being refinanced, amounts then outstanding and amounts available thereunder); plus
 - (ii) unpaid interest, prepayment penalties, redemption or repurchase premiums, defeasance costs, fees, expenses and other amounts owing with respect thereto, plus reasonable financing fees and other reasonable out-of-pocket expenses incurred in connection therewith;

"Relevant Announcement Date" means the date of the first public announcement of the relevant Change of Control;

"Relevant Date" means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 12 (*Notices*);

"Relevant Debt" means any present or future indebtedness (whether principal, premium, interest or other amounts) which has an initial maturity of over 12 months and is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which are, for the time being quoted, listed or ordinarily dealt in or is capable of being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other established securities market and any guarantee or indemnity of any such indebtedness;

"Relevant Jurisdiction" means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax;

"Relevant Secured Debt Amount" has the meaning given to that term in the definition of "Debt";

"Security" means any mortgage, charge, pledge, lien or other encumbrance other than an encumbrance arising solely by operation of law; and, for the avoidance of doubt, any contractual rights of set-off of accounts or combination of accounts shall not be or be deemed to be Security;

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such security is due and payable, including pursuant to any mandatory redemption provision (but excluding any provision providing for the redemption or repurchase of such security upon the happening of any contingency);

"Sterling" means British pounds sterling, the lawful currency of the United Kingdom;

"Sterling Equivalent" means, with respect to any monetary amount in a currency other than Sterling, at any time of determination thereof by the Guarantor or the Trustee, the amount of Sterling obtained by converting such currency other than Sterling involved in such computation into Sterling at the spot rate for the purchase of Sterling with the applicable currency other than Sterling as published in The Financial Times in the "Currency Rates" section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by the Guarantor) on the date of such determination;

“Subsidiary” means a subsidiary as defined in Section 1159 of the Companies Act 2006 as amended; and

“Trade Payables” means, with respect to any Person, any accounts payable or any indebtedness or monetary obligation to trade creditors created, assumed or Guaranteed by such Person arising in the ordinary course of business in connection with the acquisition of goods or services.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL NOTES

The following is a summary of the provisions to be contained in the Trust Deed to constitute the Notes and in the Global Notes which will apply to, and in some cases modify, the Conditions of the Notes while the Notes are represented by the Global Notes.

1. EXCHANGE

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only:

- (A) upon the happening and continuance of any of the events defined in Condition 9 as “Events of Default”;
- (B) if either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available; or
- (C) if the Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 7 which would not be required were the Notes represented by the Permanent Global Note in definitive form and a certificate to that effect signed by two Directors of the Issuer is delivered to the Trustee.

Thereupon (in the case of (A) and (B) above) the holder of the Permanent Global Note (acting on the instructions of one or more of the Accountholders (as defined below)) or the Trustee may give notice to the Issuer and (in the case of (C) above) the Issuer may give notice to the Trustee and the Noteholders, of its intention to exchange the Permanent Global Note for definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Permanent Global Note may or, in the case of I above, shall surrender the Permanent Global Note to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the Permanent Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

For these purposes, “**Exchange Date**” means a day specified in the notice requiring exchange falling not less than 45 days and not more than 60 days after that on which such notice is given and being a day on which banks are open for general business in the place in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (B) above, in the place in which the relevant clearing system is located.

2. PAYMENTS

On and after [●] 2016, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made to the bearer of such Global Note against presentation for endorsement on or before the Snapshot Date and, if no further payment falls to be made in respect of the Notes, against surrender of such Global Note to the order of the Principal Paying Agent or such other Paying Agent on or before the Snapshot Date as shall have been notified to the Noteholders for such purposes. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

3. NOTICES

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders rather than by publication as required by Condition 12. Any such notice shall be deemed to have been given to the Noteholders on the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

Whilst any of the Notes held by a Noteholder are represented by a Global Note, notices to be given by such Noteholder may be given by such Noteholder to the Principal Paying Agent (where applicable) through Euroclear and/or Clearstream, Luxembourg and otherwise in such manner as the Principal Paying Agent and Euroclear and Clearstream, Luxembourg may approve for this purpose.

4. ACCOUNTHOLDERS

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (each an “**Accountholder**”) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders and giving notice to the Issuer pursuant to Condition 9 or Condition 6.3) other than with respect to the payment of principal and interest on such principal amount of such Notes, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

5. PRESCRIPTION

Claims against the Issuer and the Guarantor in respect of principal and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 18).

6. CANCELLATION

Cancellation of any Note represented by a Global Note and required by the Conditions of the Notes to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant part of the schedule thereto.

7. PUT OPTION

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, the option of the Noteholders provided for in Condition 6.3 may be exercised by an Accountholder giving notice to the Principal Paying Agent in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instructions by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Principal Paying Agent by electronic means) of the principal amount of the Notes in respect of which such option is exercised and at the same time presenting or procuring the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly within the time limits set forth in that Condition.

8. REDEMPTION AT THE OPTION OF THE ISSUER

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, no drawing of Notes will be required under Condition 6.5 (*Provisions relating to Partial Redemption*) in the event that the Issuer exercises its call option pursuant to Condition 6.4 (*Redemption at the Option of the Issuer*) in respect of less than the aggregate principal amount of the Notes outstanding at such time. In such event, the standard procedures of Euroclear and/or Clearstream, Luxembourg shall operate to determine which interests in the Global Note(s) are to be subject to such option.

9. EUROCLEAR AND CLEARSTREAM, LUXEMBOURG

References in the Global Notes and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee.

UNITED KINGDOM TAXATION

General

The comments below are of a general nature and are not intended to be exhaustive. They assume that there will be no substitution of the Issuer or the Guarantor or further issues of securities that will form a single series with the Notes, and do not address the consequences of any such substitution or further issue (notwithstanding that such substitution or further issue may be permitted by the Conditions of the Notes). Any Noteholders who are in doubt as to their own tax position should consult their professional advisers.

United Kingdom Taxation

The comments in this part are based on current United Kingdom tax law as applied in England and Wales and HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs). They describe only the United Kingdom withholding tax treatment of payments under the Notes. They do not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of the Notes. They do not necessarily apply where the income is deemed for tax purposes to be the income of any other person. They relate only to the position of persons who are the absolute beneficial owners of their Notes and Coupons. In particular, Noteholders holding their Notes via a depositary receipt system or clearance service should note that they may not always be the beneficial owners thereof. Certain classes of persons such as dealers, certain professional investors, or persons connected with the Issuer may be subject to special rules and this summary does not apply to such Noteholders.

United Kingdom Withholding

Interest on the Notes

Once the Notes are and continue to be listed on a recognised stock exchange within the meaning of Section 1005 Income Tax Act 2007, payments of interest by the Issuer on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax. The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List by the United Kingdom Listing Authority and are admitted to trading on the London Stock Exchange.

If the Notes are not or cease to be listed on a recognised stock exchange interest will generally be paid by the Issuer under deduction of income tax at the basic rate unless: (i) another relief applies; or (ii) the Issuer has received a direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

If interest were paid under deduction of United Kingdom income tax (for example if the Notes failed to be listed on a recognised stock exchange), Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.

Payments in Respect of the Guarantee

The United Kingdom withholding tax treatment of payments by the Guarantor under the terms of the Guarantee in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes) is uncertain. In particular, such payments by the Guarantor may not be eligible for the exemption in respect of securities listed on a recognised stock exchange described above in relation to payments of interest by the Issuer. Accordingly, if the Guarantor makes any such payments, these may be subject to United Kingdom withholding tax at the basic rate.

SUBSCRIPTION AND SALE

[●], [●] and [●] (together, the “**Bookrunners**”) have, pursuant to a Subscription Agreement (the “**Subscription Agreement**”) dated [●] 2016, jointly and severally agreed to subscribe the Notes at the issue price of 100 per cent, of the principal amount of Notes, less a combined management and underwriting commission and selling concession of [●] per cent., of the principal amount of the Notes. The Issuer will also reimburse the Bookrunners in respect of certain of their expenses, and has agreed to indemnify the Bookrunners against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

United States

The Notes and the Notes Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to any other exemption from the registration requirements of the Securities Act. Terms used in this section have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and U.S. Treasury regulations promulgated thereunder.

Each Bookrunner has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes and the Notes Guarantee (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Notes and the Notes Guarantee during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes and the Notes Guarantee within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of the Notes and the Notes Guarantee, an offer or sale of the Notes and the Notes Guarantee within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

Each Bookrunner has represented and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Bookrunner has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws, regulations and ministerial guidelines of Japan.

General

Neither the Issuer nor the Guarantor nor any Bookrunner has made any representation that any action has been or will be taken by the Issuer, the Guarantor or any of the Bookrunners that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Bookrunner has undertaken that it will comply to the best of its knowledge and belief in any country or jurisdiction in which it, directly or indirectly, offers or sells any Notes or distributes or publishes this Prospectus (in preliminary, proof or final form) or any other offering circular, prospectus, form of application, advertisement or other document or information relating to the Notes in all material respects with any applicable laws and regulations.

GENERAL INFORMATION

1. LISTING AND ADMISSION TO TRADING

It is expected that official listing will be granted on or about [●] 2016 subject only to the issue of the Temporary Global Note. Application has been made to the UK Listing Authority for the Notes to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market. It is expected that such admission will become effective, and that dealings in the Notes on the London Stock Exchange may commence, on or about [●] 2016.

The Issuer estimates that the amount of expenses related to the issue of the Notes will be approximately £[●].

2. AUTHORISATION

Each of the Issuer and the Guarantor has obtained all necessary consents, approvals and authorisations in connection with, as applicable, the issue and performance of the Notes and the giving of the Notes Guarantee. The creation and issue of the Notes has been authorised by a resolution of the Board of Directors of the Issuer passed on [●] 2016. The giving of the Notes Guarantee by the Guarantor has been authorised by a resolution of the Board of Directors of the Guarantor passed on [●] 2016 and by resolution of the completion committee of the Board of Directors of the Guarantor passed on [●].

3. CLEARING SYSTEMS

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for this issue is [●] and the Common Code is [●].

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

4. NO SIGNIFICANT CHANGE

[There has been no material adverse change in the prospects of the Guarantor or the Historic Ladbroke's Group since 31 December 2015, being the date of the Historic Ladbroke's Group's last published audited financial statements. Other than the Merger, there has been no significant change in the financial or trading position of the Guarantor or the Historic Ladbroke's Group since 30 September 2016, being the date to which the interim financial statements in the Q3 Trading Update of the Historic Ladbroke's Group were made up.]

[There has been no material adverse change in the prospects of the Issuer since 31 December 2015, being the date of the Issuer's last published audited financial statements. Other than the Merger, there has been no significant change in the financial or trading position of the Issuer since 31 December 2015, being the date to which the published audited financial statements of the Issuer were made up.]

[There has been no material adverse change in the prospects of the Historic Coral Group since 2 July 2016, being the date of the Historic Coral Group's last published audited financial statements. Other than the Merger and the repayment of £[712,353,830.81] under the senior facilities agreement dated 26 May 2011, of Gala Electric Casinos Limited and Gala Group Finance Limited, £[188,472,569.44] under the 11.5 per cent. senior notes due 2019 of Gala Electric Casinos Limited and £[93,228,581.11] under the 8.875 per cent. senior secured notes due 2018 of Gala Group Finance Limited on [1 November] 2016, there has been no significant change in the financial or trading position of the Historic Coral Group since 2 July 2016, being the date to which the most recent financial information has been prepared.]

5. LEGAL AND ARBITRATION PROCEEDINGS

5.1 Historic Ladbroke's Group

- (A) Save as disclosed in this section 5.1(A), there are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings that are

pending or threatened of which the Company and/or the Issuer is aware) during the 12 months prior to the date of this Prospectus that may have, or have had in the recent past significant effects on the Company, the Issuer and/or the Historic Ladbrokes Group's financial position or profitability.

The Group is assisting Leicester City Council with its enquiries following an incident at one of the Historic Ladbrokes Group's LBOs. In terms of enforcement action, the Council has issued an improvement notice in connection with specific Historic Ladbrokes Group LBOs that are located in the area regulated by Leicester City Council, which is being appealed by the Group, with the appeal scheduled to be heard on 3 November 2016, unless adjourned. The Historic Ladbrokes Group has also taken formal steps to prohibit Leicester City Council from retaining and relying upon privileged material acquired during the course of its investigation. If the Historic Ladbrokes Group's appeal is unsuccessful, the Historic Ladbrokes Group may be required to make changes to the operations of the relevant LBOs. The potential impact of the improvement notice and any related operational changes on the Historic Ladbrokes Group cannot currently be quantified.

- (B) The Historic Ladbrokes Group has received communications from Mr. Dermot Desmond threatening litigation arising out of the Historic Ladbrokes Group's acquisition of Global Betting Exchange Alderney Limited ("**Betdaq**") in 2013. The communications received do not quantify the amount of any claim which Mr. Dermot Desmond may make, but the Historic Ladbrokes Group considers his claims without merit and would defend such claims were he (or any associated entity) to issue proceedings. As the Historic Ladbrokes Group considers such claims to be without merit, it has not included such claims in section 5.1(A) above. However, given the high profile nature of the Historic Ladbrokes Group's relationship with Mr. Dermot Desmond, the Historic Ladbrokes Group has included this summary in the Prospectus to ensure that all Shareholders and prospective Shareholders are properly informed.

5.2 Historic Coral Group

There are no, nor have there been any, governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Company and/or the Issuer is aware) during the 12 months prior to the date of this Prospectus that may have, or have had in the recent past, significant effects on the Historic Coral Group's financial position or profitability.

6. MATERIAL CONTRACTS

Save as set out below, no contracts have been entered into (other than contracts entered into in the ordinary course of business) by any member of the Group, either: (a) within the two years immediately preceding the date of this Prospectus that are or may be material; or (b) that contain any provision under which any member of the Group has any obligations or entitlements that are or may be material as at the date of this Prospectus, save as disclosed below. Not all of the contracts referred to in this section are material contracts and the descriptions below are included for convenience only.

(i) Merger Agreement and the Conduct Agreement

Details of the Merger Agreement and the Conduct Agreement are set out in Part V (*Principal Terms of the Merger Agreement and Other Related Documentation*) of the Circular, which is incorporated by reference into this Prospectus.

(ii) Ladbrokes Business Transfer Agreements

The Ladbrokes Business Transfer Agreements transfer the business and assets, including the employees, in connection with 185 Historic Ladbrokes Group LBOs to the Purchasers.

The total consideration payable under the Ladbrokes Business Transfer Agreements is expected to be £28,959,019, which will be satisfied in cash on the fifth business day after notice is given to the Purchasers of Completion of the Merger.

The Ladbrokes Business Transfer Agreements were conditional on Completion of the Merger. The relevant LBOs will be transferred to the relevant Purchaser on a phased basis under the Ladbrokes Business Transfer Agreements with a long stop date for all LBOs to be transferred by 31 January 2017 in the case of Stan James and 31 March 2017 in the case of Betfred.

Ladbrokes Betting & Gaming Limited has given certain customary warranties and indemnities in relation to the business and assets transferring to the Purchasers, including an indemnity in respect of all matters arising in connection with the operation of the business transferring to the Purchasers prior to completion of the Ladbrokes Business Transfer Agreements.

The Additional Transfer Agreement was entered into on substantially the same terms as the Ladbrokes Business Transfer Agreements.

(iii) Coral Business Transfer Agreements

The Coral Business Transfer Agreements transfer the business and assets, including the employees, in connection with 174 Historic Coral Group LBOs to the Purchasers.

The total consideration payable under the Coral Business Transfer Agreements is expected to be £26,540,981, which will be satisfied in cash on the fifth business day after notice is given to the Purchasers of Completion of the Merger.

The Coral Business Transfer Agreements were conditional on Completion of the Merger. The relevant LBOs will be transferred to the relevant Purchaser on a phased basis under the Coral Business Transfer Agreements with a long stop date for all LBOs to be transferred by 31 January 2017 in the case of Stan James and 31 March 2017 in the case of Betfred.

Coral Racing Limited has given certain customary warranties and indemnities in relation to the business and assets transferring to the Purchasers, including an indemnity in respect of all matters arising in connection with the operation of the business transferring to the Purchasers prior to completion of the Coral Business Transfer Agreements.

(iv) Financing arrangements – See “*Description of Other Indebtedness*” section of this Prospectus

(v) Playtech

(A) Playtech Marketing Services Agreement

On 10 March 2013, Ladbrokes International entered into a marketing services agreement with PT Turnkey Services Limited (“**PTS**”) (the “**Marketing Services Agreement**”). Pursuant to the terms of the Marketing Services Agreement, PTS agreed to provide marketing and advisory services, including sophisticated business intelligence and customer relationship management systems, to Ladbrokes International in order to grow the Company’s digital business. The Marketing Services Agreement commenced on 1 May 2013 and terminates on 31 December 2017.

The fees payable to PTS under the Marketing Services Agreement are calculated on a success-fee basis linked to the growth in the EBITDA of the Company’s digital business as between 31 December 2012 and 31 December 2017. In addition, should EBITDA of the Company’s digital business in the financial year ending 31 December 2017 be more than £100 million higher than for financial year ending 31 December 2012, PTS will receive a one off bonus equal to 75 per cent. of the excess over and above the £100 million target. This is subject to a cap of £50 million. The Marketing Services Agreement provides that at least 25 per cent. of the fees will be settled by way of the issue of Ordinary Shares to PTS and PTS may elect to have up to 100 per cent. of the fees settled by the issue of Ordinary Shares.

On 23 July 2015, Ladbrokes International and PTS agreed to amend the Marketing Services Agreement conditional upon Completion (the “**Marketing Amendment Agreement**”). Pursuant to the Marketing Amendment Agreement, the existing terms of the Marketing Services Agreement have ceased to apply and have been replaced with new provisions that provide for: (i) the payment to PTS of £40 million at Completion, which was

satisfied by way of the issue of shares in the Group at Completion, and (ii) the payment to PTS of a further guaranteed £35 million in cash payable upon delivery of key operational milestones but, in any event, within 42 months from Completion.

(B) Playtech Software Agreements

On 10 March 2013, Ladbrokes International entered into a new software licence and services agreement with Playtech Software Limited ("**PSL**") (as amended from time to time, the "**Software Agreement**"). Pursuant to the terms of the Software Agreement, PSL agreed to provide services in relation to online casino and gaming activities and a software licence to allow the Company access to PSL's full product suite and technology. The Software Agreement commenced on 25 March 2014 and has an initial term of 10 years followed by rolling five-year terms. There is a break clause in the Software Agreement that entitles Ladbrokes International to terminate the Software Agreement on 25 December 2019. The fees payable to PSL under the Software Agreement are calculated on a product-by-product basis (principally by reference to the revenue generated by products).

On 23 July 2015, Ladbrokes International and PSL agreed to amend the Software Agreement conditional upon Completion (the "**Software Amendment Agreement**"). Pursuant to the Software Amendment Agreement, the existing break clause in the Software Agreement has terminated and ceased to apply and has been replaced with a new break clause that entitles Ladbrokes International to terminate the Software Agreement on the date that is the later of: (i) 54 months from Completion; and (ii) 31 December 2020. Ladbrokes International has also agreed revised fee arrangements to apply following Completion.

On 19 July 2011, Gala Coral Interactive (Gibraltar) Limited ("**GCI**") entered into an agreement for the provision of online gambling services with PSL and Playtech Limited (collectively, "**PT**"), as amended by deeds of variation dated 3 May 2012, 9 October 2013 and 6 November 2013 (the "**Coral Software Agreement**"). Pursuant to the terms of the Coral Software Agreement, PT agreed to set up, integrate, launch and maintain an online gaming system on behalf of GCI, and to provide games to GCI for use on that system. The Coral Software Agreement commenced on 19 July 2011 and has an initial term of 10 years followed by rolling five-year terms. There is a break clause in the Coral Software Agreement that entitles GCI to terminate the Coral Software Agreement on 19 July 2017 and 19 July 2019. The fees payable to GCI under the Coral Software Agreement are calculated on a product by product basis (principally by reference to the revenue generated by products).

On 23 July 2015, GCI and PSL entered into a letter agreement pursuant to which, inter alia, GCI agreed that it would not exercise its right to terminate the Coral Software Agreement prior to 31 March 2017 and, if requested by PSL, GCI would amend the Coral Software Agreement to reflect the changes to the termination provisions of the Coral Software Agreement envisaged by the Software Amendment Agreement and Marketing Amendment Agreement.

7. AUDITORS

The auditor of the Issuer for the financial year ended 31 December 2013 was Ernst & Young LLP of 1 More London Place, London, SE1 2AF, which is registered to carry out audit work by the Institute of Chartered Accountants of England and Wales.

The auditor of the Guarantor for the financial year ended 31 December 2013 was Ernst & Young LLP of 1 More London Place, London, SE1 2AF, which is registered to carry out audit work by the Institute of Chartered Accountants of England and Wales.

The auditor of the Issuer for each of the financial years ended 31 December 2014 and 31 December 2015 was PricewaterhouseCoopers LLP of One Embankment Place, London, WC2N 6RH, which is registered to carry out audit work by the Institute of Chartered Accountants of England and Wales.

The auditor of the Guarantor for each of the financial years ended 31 December 2014 and 31 December 2015 was PricewaterhouseCoopers LLP of One Embankment Place, London, WC2N 6RH, which is registered to carry out audit work by the Institute of Chartered Accountants of England and Wales.

The reporting accountant of the Historic Coral Group for each of the 52 weeks ended 28 September 2013, 27 September 2014 and 26 September 2015 and the 40 weeks ended 2 July 2016 was KPMG LLP of 15 Canada Square, London, E14 5GL, which is registered to carry out audit work by the Institute of Chartered Accountants of England and Wales.

8. US TAX

The Notes and Coupons will contain the following legend:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the documents set out below are available for inspection during usual business hours on any weekday (public holidays excepted) for a period of 12 months from the date of this Prospectus at the registered office of [Ladbrokes Coral Group plc] at Imperial House, Imperial Drive, Rayners Lane, Harrow, Middlesex HA2 7JW and at the offices of Slaughter and May, One Bunhill Row, London EC1Y 8YY:

- (A) the Memorandum of Association and the Articles of Association of the Issuer;
- (B) the Memorandum of Association and the Articles of Association of the Guarantor;
- (C) a copy of this Prospectus, together with any supplement to this Prospectus or further prospectus;
- (D) a copy of the Merger Prospectus, together with any supplement to the Merger Prospectus or further prospectus;
- (E) a copy of the Circular;
- (F) a copy of the unaudited interim results of the Historic Ladbrokes Group for the six months ended 30 June 2016;
- (G) the Annual Report and Accounts of the Guarantor for the year ended 31 December 2015;
- (H) the Annual Report and Accounts of the Guarantor for the year ended 31 December 2014;
- (I) the Annual Report and Accounts of the Guarantor for the year ended 31 December 2013;
- (J) the Annual Report and Financial Statements of the Issuer for the year ended 31 December 2015;
- (K) the Annual Report and Consolidated Financial Statements of the Issuer for the year ended 31 December 2014;
- (L) the Q3 Trading Update; and
- (M) the Agency Agreement and the Trust Deed.

In addition, this Prospectus is also available at the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com.

10. YIELD

The yield of the Notes is [●] per cent, per annum calculated on the basis of the Issue Price and as at the date of this Prospectus.

11. BOOKRUNNERS TRANSACTING WITH THE ISSUER AND THE GUARANTOR

Certain of the Bookrunners and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the

Issuer, the Guarantor and their affiliates in the ordinary course of business. Certain of the Bookrunners and their affiliates may have positions, deal or make markets in the Notes, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer, the Guarantor and their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Bookrunners and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantor or their affiliates. Certain of the Bookrunners or their affiliates that have a lending relationship with the Issuer or the Guarantor routinely hedge their credit exposure to the Issuer or the Guarantor (as the case may be) consistent with their customary risk management policies. Typically, such Bookrunners and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such positions could adversely affect future trading prices of Notes. The Bookrunners and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

DEFINITIONS

The definitions set out below apply throughout this Prospectus, unless the context requires otherwise.

“ADM”	L'Agenzia delle Dogane e dei Monopoli;
“Admission”	Merger Admission and Playtech Shares Admission;
“Anchorage Shareholders”	<ol style="list-style-type: none"> 1. Anchorage Capital Master Offshore, Ltd.; and 2. Anchorage Illiquid Opportunities Offshore Master III, L.P.;
“Apollo Shareholders”	<ol style="list-style-type: none"> 1. AIE Eurolux S.à r.l.; 2. Broadleaf (Lux) S.à r.l.; 3. Lily (Lux) S.à r.l.; 4. SOMA Lux SPV S.à r.l.; 5. AEC (Lux) S.à r.l.; 6. Apollo Fund VI BC L.P.; and 7. ANS Europe (Lux) S.à r.l.;
“BBSW”	the average bid rate administered by the Australian Financial Markets Association (or any other person that takes over administration of that rate);
“Board” or the “Directors”	the current directors of the Company whose names are set out in the “ <i>Management</i> ” section of this Prospectus;
“Business Day”	a day (excluding Saturdays, Sundays and public holidays in England and Wales) on which banks are generally open for business in London for the transaction of normal banking business;
“Circular”	the circular (incorporated by reference into this Prospectus) sent to Shareholders dated 30 October 2015 in connection with the Merger;
“CMA”	the Competition and Markets Authority;
“Conduct Agreement”	the conduct agreement entered into between the Company, Coral, the Four Principal Coral Shareholders and the Coral Management Shareholders, dated 24 July 2015;
“Consideration Shares”	the 866,513,803 Ordinary Shares to be issued to Coral on Completion pursuant to the Merger Agreement;
“Consideration Shares Admission”	admission of the Consideration Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities;
“Coral”	Gala Group Finance Limited;
“Coral Management Shareholders”	Rob Templeman, Carl Leaver, Paul Bowtell and Andy Hornby;

“Coral Retail”	the division of the Historic Coral Group responsible for operating the Historic Coral Group’s UK based LBOs;
“Coral UK Online”	the business of the Historic Coral Group which operates through the websites www.coral.co.uk , www.galabingo.com and www.galacasino.com ;
“CRM”	customer relationship management;
“Disclosure Guidance and Transparency Rules”	the Disclosure Guidance and Transparency Rules of the UKLA;
“Disposed Assets”	has the meaning given to it in the Merger Prospectus;
“Distribution”	the distribution which is explained in section 10.1 of the Circular, which is incorporated by reference into this Prospectus;
“EBITDA”	earnings before exceptional items, interest income and expenses, taxation, depreciation and amortisation;
“EFTPOS”	electronic funds transfer at point of sale;
“ESOP”	Employee Share Ownership Plan;
“EU”	European Union;
“Eurobet”	Eurobet Retail and Eurobet Online;
“Eurobet Online”	business of the Historic Coral Group that operates through the website www.Eurobet.it ;
“Eurobet Retail”	the division of the Historic Coral Group responsible for the conduct of operations within the market for operation of LBOs in Italy;
“EURIBOR”	the euro interbank offered rate administered by the European Money Markets Institutes (or any other person which takes over the administration of that rate);
“Existing Ordinary Shares”	the Ordinary Shares in issue immediately prior to Completion;
“FCA”	the UK Financial Conduct Authority;
“FOBTs”	fixed-odds betting terminals;
“Four Principal Coral Shareholders”	the Apollo Shareholders, Promontoria Holding 156 B.V., Park Square Capital I S.A R.L. and the Anchorage Shareholders;
“Gala Coral”	Gala Coral Group Limited;
“Gala Coral Group”	Gala Coral Group Limited and its subsidiaries and subsidiary undertakings from time to time;
“Gala Group”	Gala LuxCo and its subsidiaries and subsidiary undertakings from time to time but excluding members of the Historic Coral Group;
“Gala LuxCo”	GCG Manager S.A. LuxCo SCA, a partnership limited by shares incorporated in Luxembourg, which is the parent entity of the Gala Group;

“Gambling Commission”	the body established under the Gambling Act 2005 to regulate commercial gambling in Great Britain;
“General Meeting”	the meeting of the Shareholders convened on 24 November 2015 at which the resolutions in relation to the Merger were approved;
“GTECH”	International Gaming Technology plc or IGT plc or, if relevant, its subsidiaries and/or subsidiary undertakings;
“IAS”	the International Accounting Standards;
“IBOR”	BBSW, EURIBOR and/or LIBOR, as appropriate;
“IP”	Internet Protocol;
“Ladbrokes International”	Ladbrokes International plc;
“Latest Practicable Date”	[●] 2016;
“LBO”	licensed betting office;
“LIBOR”	the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person that takes over the administration of that rate);
“Listing Rules”	the Listing Rules of the UKLA;
“London Stock Exchange”	London Stock Exchange plc;
“Merger Admission”	Readmission and Consideration Shares Admission;
“Merger Agreement”	the agreement entered into between, among others, the Company and Coral relating to the Merger dated 24 July 2015 (as amended from time to time);
“New Facilities Agreement”	as defined in section “ <i>The Offering</i> ” of this Prospectus;
“Official List”	the official list of the UKLA;
“Online”	Coral UK Online and Eurobet Online;
“Ordinary Shares”	ordinary shares in the capital of the Company with a nominal value of 28 1/3 pence each;
“OTC”	over the counter;
“PDMR”	person discharging managerial responsibilities (as such term is defined in the Market Abuse Regulation);
“Playtech”	Playtech plc or, if relevant, its subsidiaries and/or subsidiary undertakings;
“Playtech Issue”	as defined in section “ <i>Information about the Merger</i> ” of this Prospectus;
“Playtech Shares”	the Ordinary Shares to be issued to Playtech on or shortly after Completion pursuant to the Marketing Services Agreement;
“Playtech Shares Admission”	admission of the Playtech Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities;

“POCT”	point of consumption tax;
“Pounds Sterling”	pounds sterling, the lawful currency of the UK;
“PRA”	Prudential Regulation Authority;
“Prospectus”	this document;
“Prospectus Rules”	the Prospectus Rules of the FCA;
“Purchasers”	Stan James and Betfred;
“PwC”	PricewaterhouseCoopers LLP;
“Readmission”	readmission of the Existing Ordinary Shares to the premium listing segment of the Official List and to trading on the London Stock Exchange’s main market for listed securities;
“Remuneration Committee”	the Remuneration Committee of the Company;
“Retail Disposals”	The disposal of 360 LBOs by the Historic Ladbrokes Group and the Historic Coral Group to satisfy CMA requirements;
“Shareholder”	a holder of Ordinary Shares (and “Shareholders” shall be construed accordingly);
“Sisal”	Sisal Group S.p.A. or, if relevant, its subsidiaries and/or subsidiary undertakings;
“Snai”	Snai S.p.A. or, if relevant, its subsidiaries and/or subsidiary undertakings;
“Snapshot Date”	the close of the business day prior to the Interest Payment Date;
“SSBT”	self service betting terminals;
“Telebet”	the sports betting business provided over the telephone operated by the Historic Coral Group;
“UK”	the United Kingdom of Great Britain and Northern Ireland;
“UKLA”	the FCA acting in its capacity as the competent authority for the purposes of Part VI of the FSMA;
“U.S.” or “United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia and all areas other areas subject to its jurisdiction; and
“VAT”	value added tax as provided for in the Value Added Tax Act 1994 and regulations made thereunder and shall include any other tax of a similar nature which is introduced in substitution or in addition to such tax and by any equivalent tax in any jurisdiction.

In this Prospectus, references to “£” are to the currency of the UK and references to **“pence”** and **“p”** represent pence in Pounds Sterling.

In this Prospectus, references to any statute or statutory provisions shall be construed as a reference to the same as it may have been from time to time be amended, modified or re-enacted.

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