

## EMEA DC Statement 4 September 2018

The EMEA Determinations Committee (the **DC**) has determined that, for the purposes of both the 2014 Definitions and the Updated 2003 Definitions, there is no Successor in respect of the Reference Entity as a result of the Guarantee Substitution (as defined below) that was implemented on 11 May 2018 and Ladbrokes Coral Group Limited (formerly known as Ladbrokes Coral Group PLC) remains the Reference Entity.

Capitalised terms used but undefined in this statement have the meaning given to them in the Credit Derivatives Determinations Committees Rules (January 20, 2016 Version) (including in the 2014 Definitions and the Updated 2003 Definitions, as defined therein).

### Background

- (A) GVC Holdings PLC (**GVC**) acquired Ladbrokes Coral Group Limited (formerly known as Ladbrokes Coral Group PLC)<sup>1</sup> (the **Reference Entity** or **Ladbrokes Coral**) on 28 March 2018 (the **Acquisition**).
- (B) Ladbrokes Group Finance plc (the **Issuer**) had previously issued £100,000,000 5.125 per cent. Bonds due 2022 (ISIN: XS1066478014) (the **2022 Notes**) and £400,000,000 5.125 per cent. Notes due 2023 (ISIN: XS1514268165) (the **2023 Notes** and together with the 2022 Notes, the **Notes**), in each case guaranteed by the Reference Entity (in such capacity, the **Original Guarantor** and such guarantee, the **Original Guarantee**).
- (C) In connection with the Acquisition, the Issuer agreed with the holders of the Notes: (i) to substitute GVC for the Reference Entity as Original Guarantor in respect of each of the Notes (in such capacity, the **Substitute Guarantor** and such guarantee, the **Substitute Guarantee**) and (ii) to designate the Reference Entity as an additional guarantor in respect of each of the Notes ((i) and (ii) collectively, the **Guarantee Substitution**).
- (D) The Guarantee Substitution was implemented on 11 May 2018 (the **Implementation Date**).

### Analysis

#### **Relevant Obligations<sup>2</sup>**

The DC determined that the Notes were Relevant Obligations for the purposes of the 2014 Definitions but not for the purposes of the Updated 2003 Definitions on the basis that the Reference Entity's Original Guarantee in respect of the Notes was not a Qualifying Guarantee under the Updated 2003 Definitions.

The terms and conditions of the Notes (as set out in each respective prospectus) provide that any merger or consolidation of the Reference Entity or any sale of all or substantially all of its assets would be prohibited unless the relevant successor "*expressly assume[s] all the obligations of the [Reference Entity] in respect of the [Notes] and under the Trust Deed*". In such circumstances, the Reference Entity will be released from its obligations as Original Guarantor upon the assumption of those obligations by the relevant successor.

As the payment obligations of the Reference Entity can be discharged other than by payment pursuant to these release provisions, the DC determined that the Reference Entity's Guarantee in respect of the Guaranteed Bonds did not constitute a Qualifying Guarantee under Section 2.23 of the Updated 2003 Definitions. However, these transfer provisions constitute a Permitted Transfer under Section 3.25 of the

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<sup>1</sup> The Companies House website indicates that the company re-registered as a private limited company on or about 29 March 2018: <https://beta.companieshouse.gov.uk/company/00566221>

<sup>2</sup> See Section 2.2(f) of the 2014 Definitions and the Updated 2003 Definitions.

2014 Definitions; therefore, the release of the guarantor in these circumstances does not prevent the Reference Entity's Original Guarantee constituting a Qualifying Guarantee thereunder.

Conclusion in respect of the Updated 2003 Definitions: The DC concluded that as the Notes did not constitute Relevant Obligations for the purposes of the Updated 2003 Definitions, no entity succeeded to Relevant Obligations for the purposes of Section 2.2(a) of the Updated 2003 Definitions and therefore Ladbrokes Coral remains as the Reference Entity under Updated 2003 Transactions.

### ***Succession***

A Successor determination under the 2014 Definitions can only be made in circumstances where one or more entities succeeds to some or all of the Relevant Obligations of the Reference Entity. In this context, "succeed" means that "*an entity other than the Reference Entity...assumes or becomes liable for [the Reference Entity's] Relevant Obligations...and...the Reference Entity is not thereafter a direct obligor or provider of a [Qualifying Guarantee] with respect to such Relevant Obligations...*".<sup>3</sup>

The consent solicitation memorandum in relation to the Guarantee Substitution stated that "*The Issuer further proposes that the Notes will continue to benefit from a guarantee of [the Reference Entity]. [The Reference Entity] will not be released from its guarantees under the 2022 Notes and the 2023 Notes and will be deemed to have acceded to each of the 2022 Notes Trust Deed and the 2023 Notes Trust Deed as an Additional Guarantor.*" (emphasis added).

Conclusion in respect of the 2014 Definitions: As such, although an entity other than the Reference Entity (i.e. GVC) has become liable for the Relevant Obligations (i.e. the Notes) as a result of the Guarantee Substitution, the Reference Entity remains a provider of a Qualifying Guarantee<sup>4</sup> with respect to the Relevant Obligations thereafter. Therefore, it cannot be concluded that GVC has *succeeded* to the Reference Entity's Relevant Obligations for the purposes of Section 2.2 of the 2014 Definitions and so GVC is not a Successor in respect of 2014 Transactions, and Ladbrokes Coral remains the sole Reference Entity thereunder.

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<sup>3</sup> See Section 2.2(d) of the 2014 Definitions.

<sup>4</sup> In contrast to the position under the Updated 2003 Definitions (as noted above), the DC was of the view that the Reference Entity's Original Guarantee in respect of the Notes was a Qualifying Guarantee under the 2014 Definitions.