



Press Release

October 24, 2016 - As previously announced, in June 2016, after a 17 year long dispute between the Federal Government of Argentina (“the State”) and the Government of the City of Buenos Aires (“the City”), the State decided to transfer the jurisdiction of the Casino de Buenos Aires (“CBA”) license to the City (decree n° 743 June 2, 2016). We expect that the main consequences of this change of jurisdiction will be: (1) the City will be the new authority regulating the operations of CBA, (2) the City will be responsible for the regulations regarding the renewal of the license at its maturity in October 2019, and (3) CBA will start paying local taxes to the City. We estimate the amount of the new local tax, which CBA commenced paying in June 2016, will represent approximately €8.0 million per year for Cirsa.

Such transfer of jurisdiction to the City, which resolves the 17 year dispute, between the City and the State, over which governmental entity has jurisdiction over the CBA license, did not, however, resolve the City’s related claim against CBA for past due local taxes for the period from 1999-2016 that the City asserted that CBA was liable to pay to the City. We consider that the continued pendency of this tax claim, the validity of which would need to be adjudicated by the relevant judicial authorities, could potentially detrimentally impact CBA’s future relationship with the City, in its capacity as the regulatory authority that oversees CBA’s existing operations and that will be responsible for evaluating the renewal of CBA’s license, which expires in October 2019.

On September 8, 2016, the City passed a transitory law (“*Ley de Moratoria Fiscal*”) (“Fiscal Settlement Law”) pursuant to which individuals and companies are allowed to achieve a “no fault” resolution of their fiscal affairs with the City. The Fiscal Settlement Law provides, among other things, that individuals and companies that elect to agree to a settlement of pending tax claims before December 31, 2016 can do so by agreeing to pay the amount of taxes asserted to be due by the City tax authorities and to dismiss all of its ongoing judicial proceedings against the City tax authorities. In exchange, the City tax authorities will not impose any penalties on the amount of taxes due, dismiss all judicial proceedings against the taxpayer and permit the payments to be made in 90 monthly installments (7.5 years).

On October 21, 2016, in order to achieve greater certainty with respect to our tax position with respect to the City and in an effort to further develop a mutually beneficial and professional relationship with the new regulatory authority, CBA elected to utilize the Fiscal Settlement Law to settle the pending claims of the City against CBA for asserted past due local taxes. It should be emphasized, however, that by electing to participate in the settlement regime provided under the Fiscal Settlement Law, we and CBA are not required to, and are not making any admission as to the validity or amount of the tax claims that have been asserted by the City tax authorities.

Accordingly, pursuant to such election, the total amount of local taxes for the period (1999 – 2016) is 652 million Argentinean Pesos which represents, at today's exchange rate, approximately €39.5 million (€25.7 million after income tax deductions), which amount will be paid 15% up-front and the rest in 90 monthly installments. The principal amount of the settlement will be denominated in Argentinean Pesos and will accrue interest at a rate of 1.8% per month.

The estimated impact on our cash-flow, assuming that the future depreciation of the Argentinean Peso vs. the Euro is equivalent to the 1.8% monthly interest rate, is set forth below:

<i>millions of Euros</i>	2016	2017	2018	2019	2020	2021	2022	2023	2024	Total
Up-front payment (15%)	-5.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-5.9
90 monthly installments	-0.7	-4.5	-4.5	-4.5	-4.5	-4.5	-4.5	-4.5	-1.5	-33.6
Income Tax deductions	3.8	7.5	2.5	0.0	0.0	0.0	0.0	0.0	0.0	13.8
Net Cash-Flow	-2.9	3.0	-2.0	-4.5	-4.5	-4.5	-4.5	-4.5	-1.5	-25.7

Contact

For further information, please contact:

Fina Millo

Tel: +34 93 739 6771

Fax: +34 93 739 6599

fmillo@cirsa.com