

PROPOSAL AND REPORT BY THE BOARD OF DIRECTORS OF PARQUES REUNIDOS SERVICIOS CENTRALES, S.A. IN RELATION TO THE RATIFICATION AND RE-ELECTION OF MR RICHARD GOLDING AS DIRECTOR, WITH THE CATEGORY OF “OTHER EXTERNALS”, INCLUDED ON ITEM 2 OF THE AGENDA OF THE EXTRAORDINARY GENERAL SHAREHOLDERS MEETING TO BE HELD ON 4 OCTOBER AT THE FIRST CALL AND 5 OCTOBER 2018 AT THE SECOND CALL

1. INTRODUCTION

This report has been prepared by the Board of Directors of Parques Reunidos Servicios Centrales, S.A. (the “**Company**”), in accordance with the provisions of paragraph 5 of article 529 *decies* of the reinstated text of the Spanish Companies Act (*Ley de Sociedades de Capital*), approved by Royal Legislative Decree 1/2010 of 2 July (the “**Spanish Companies Act**”). Its aim is to provide grounds for the proposal to be submitted for approval by the extraordinary General Shareholders Meeting of the company called for 4 October at the first call and 5 October 2018 at the second call, under item 7.1 of the agenda.

In accordance with the provisions of said article, the proposal to appoint or re-elect members of the Board of Directors who do not have the category of independent directors (as in this case) corresponds to the Board of Directors. This proposal must be accompanied by an explanatory report by the Board of Directors assessing the competence, experience and merits of the proposed candidate, based on a report by the Appointments and Remuneration Committee, in accordance with paragraph 6 of article 529 *decies* of the Spanish Companies Act.

This report aims (i) to justify the proposal to the General Meeting of Shareholders to ratify and re-elect Mr Richard Golding as director of the Company, with the category of “other externals”; and (ii) to assess the competence, experience and merits of the proposed candidate, based on the said prior report from the Company’s Appointments and Remuneration Committee.

The report by the Appointments and Remuneration Committee is attached as an Appendix to this report.

For the purpose of article 518.e) of the Spanish Companies Act, this report contains full information on the identity, CV and category to which the proposed candidate belongs.

Based on this, the Board of Directors of the Company issues this proposal and report on the ratification and re-election of Mr Richard Golding as a director of the Company, with the category of “other externals”, which has been approved by the members of the Board at their meeting held on 26 July 2018.

2. JUSTIFICATION OF THE PROPOSAL

2.1 Professional and personal background

Mr Golding is a graduate in Business Administration from London Thames University. He has held a number of positions during his career, including Marketing Manager at Cadbury Schweppes, and Chairman, member of the Board of Directors and Regional Chief Executive Officer at RJR Nabisco. He has also been Chief Executive Officer of Dorna Promoción del Deporte; Chairman, Executive Chairman¹ and member of the Board of Directors of the Company and President of Memora Group.

He is currently a director at Distribuidora Internacional de Alimentación, S.A. (DIA), operating partner consultant at Hill Path Capital and an industry advisor at Advent International.

To sum up, in the opinion of this Board of Directors, the candidate is a person with renowned prestige and professional competence who meets the requirements of renowned honourability, suitability, professional ability, competence, experience, qualifications, education, availability and commitment that are inherent and necessary to continue as Company director, as established by the Company’s Directors Selection Policy.

¹ The position of Executive Chairman was not equivalent to the position of Chairman of the Board of Directors. The position of Executive Chairman comprised the Company’s institutional representation and all the powers of a general proxy.

2.2 Report by the Appointments and Remuneration Committee and evaluation of the candidate

At the beginning of July 2018, as soon as the members of the Board of Directors became aware of Mr Peter Long's intention to resign from all his positions at the Company, the Board of Directors began the corresponding process to assess the appointment of a director to fill the eventual vacancy. Following several conversations among the members of the Board, it was proposed to fill this vacancy through the appointment of Mr Richard Golding as a director, with the category of "other externals", and as Chairman of the Board of Directors.

The Board of Directors, at the meeting held on 17 July 2018, resolved to appoint Mr Richard Golding as director of the Company, through the co-option procedure, and as Chairman of the Board of Directors. Mr Golding, who attended the meeting personally, accepted the referred appointments.

In this regard, the Appointments and Remuneration Committee issued the required prior report with a favourable opinion on the proposed designation of Mr Richard Golding as a director of the Company, with the category of "other externals", and Chairman of the Board, in view of the following factors, among other:

- (i) the candidate's deep knowledge of the leisure park industry and of the Company's business, given his strong track record as Executive Chairman and member of the Board of Directors of the Company until February 2014, and considering that he has been providing consulting services to the Company, until his appointment as director;
- (ii) his potential contributions as director, giving his point of view and deep knowledge of the leisure park industry;
- (iii) the receipt of positive responses from the other directors, and particularly the independent directors, with respect to his appointment as director of the Company, with the category of "other externals";
- (iv) his highly qualified professional profile and track record that is appropriate for performing the duties of director, and his demonstrable solvency, competence and experience, as well as the combination of attributes and skills needed to head up the duties of supervision currently carried out by the Board of Directors; and

- (v) the needs of the Board of Directors with respect to the current qualitative and quantitative composition.

All the above made clear that his designation as director of the Company would provide significant advantages to this management body, and thus, the Committee proposed him as director of the Company by means of the co-optation procedure. As anticipated, Mr Golding's appointments as director of the Company was approved by the members of the Board at the meeting held on 17 July 2018.

Simultaneously, and in view of the imminent announcement of the extraordinary General Shareholders Meeting of the Company which will decide on the ratification and re-election of Mr Richard Golding as director of the Company, the Appointments and Remunerations Committee, based on the above, issued a favourable report on the imminent proposal on the ratification and re-election of the referred director.

The Board accepts the report from the Appointments and Remuneration Committee, considering that the professional profile of Mr Richard Golding, his track record and international prestige evidence that he meets the appropriate competence, experience and merits requirements to serve the position of director of the Company.

It is hereby stated that Mr Golding abstained from deliberating and voting in relation to the report issued by the Board of Directors.

2.3 Justification

Within the framework of the above, and in accordance with the provisions of the Directors Selection Policy, the Board of Directors considers that for a Company director to carry out his duties of supervision and control and the rest of the duties inherent to his position well, he must properly combine the following:

- (i) accredited competence and experience;
- (ii) expertise in, among others, the investments areas in which the Company engages in its business;
- (iii) possibility of dedication and involvement in the Company's business; and

- (iv) knowledge that is additional and supplementary to that inherent to the Company's activity.

The track record and CV of Mr Richard Golding accredit his competence and merits to serve in the position of director. His strong track record and extensive knowledge of the leisure park industry and of the Company's business guarantee appropriate continuity in the management of the Company's interests. In particular, the Board of Directors has taken into consideration his extensive knowledge of the Company's industry and portfolio, since he held the positions of Executive Chairman and member of the Board of Directors of the Company through February 2014, and has provided consulting services to the Company until his appointment.

Because of the above, as well as the reasons given by the Appointments and Remuneration Committee for this designation (which this body accepts), the Board of Directors considers the ratification and re-election of Mr Richard Golding as Company director justified and convenient. The Board is convinced that he will contribute continuity to the management of the Company and the group.

2.4 Category

M. Richard Golding does not perform executive duties nor does he represent any of the shareholders at the Board of Directors. Therefore, pursuant to the applicable laws, he is not deemed to be an executive or a proprietary director.

Also, the Board, in line with the considerations made by the Appointments and Remunerations Committee, has taken into consideration that Mr Golding has provided consulting services to the Company through his appointment as director by means of the co-option procedure. However, the Committee understands that such professional relationship is in no way relevant—for the purposes of the applicable laws—for the candidate or for the Company. Therefore, pursuant to section 4.e) of article 529 duodecies of the Spanish Companies Law, the preceding circumstance would not per se prevent the candidate from qualifying as an independent director.

However, this Committee has considered that Mr Richard Golding was a member of the Board of Directors and Executive Chairman of the Company until February 2014. Therefore, pursuant to section 4.a) of article 529 duodecies of the Spanish Companies Law, the candidate

shall not be considered as an independent director until the five-year period provided for in the cited article has elapsed.

Consequently, Mr Richard Golding shall be assigned to the category “other external directors”.

Notwithstanding the above, and considering the reasons that prevent the candidate from qualifying as an independent director, the Company intends to review the category assigned to Mr Richard Golding early in 2019, once the five-year period provided for in section 4.a) of article 529 duodecies of the Spanish Companies Law from the date of his resignation as Executive Chairman and member of the Board of Directors of the Company in February 2014 has elapsed.

2.5 Conclusions of the Board of Directors

Given the above, the Board of Directors considers the appointment justified and proposes that Mr Richard Golding be ratified and re-elected as director of the Company, with the category of “other externals”, for the statutory period of four years. The Board of Directors proposes his ratification and re-election to the extraordinary General Shareholders Meeting to be held on 4 or 5 October 2018 at the first or second call, respectively, under item 2 of the agenda.

3. PROPOSED RESOLUTION

The proposed resolution submitted for the approval of the General Shareholders Meeting reads as follows:

“ITEM TWO ON THE AGENDA

Ratification of the appointment and re-election, where appropriate, of Mr Richard Golding as director, with the category of “other director”, for the statutory period of four years.

Ratify the resolution adopted by the Board of Directors on 17 July 2018, appointing Mr Richard Thomas Walter Sadler Golding, married, of legal age, of British nationality, with passport of his nationality number [...], in force, and Foreigners Identification Number [...], in force, with domicile for these purposes at Paseo de la Castellana, 216, planta 16, 28046 Madrid, Spain, as a member of the Board, under the category of “other directors”, by the co-



This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version will prevail.

option system to replace the former director Mr Peter Long—who was appointed as a director for a four year period on 13 April 2016—and reappoint him as a director of the Company for the statutory period of four years, based on the Board of Directors’ proposal and with the favorable report of the Appointments and Remunerations Committee, under the category of “other directors”.

The proposed reappointment is accompanied by a supporting report from the Board, evaluating the competence, experience and merits of Mr Richard Thomas Walter Sadler Golding, as well as the report from the Appointments and Remuneration Committee mentioned above. These reports have been made available to the shareholders as from the publication of the notice of the General Meeting of Shareholders.

Mr Richard Thomas Walter Sadler Golding may accept his appointment by any means valid in law.”

Madrid, 26 July 2018.

ANNEX

REPORT PREPARED BY THE APPOINTMENTS AND REMUNERATION COMMITTEE OF PARQUES REUNIDOS SERVICIOS CENTRALES, S.A. IN RELATION TO THE RATIFICATION AND RE-ELECTION OF MR RICHARD GOLDING AS DIRECTOR OF THE COMPANY, WITH THE CATEGORY OF “OTHER EXTERNALS”, IN VIEW OF THE IMMINENT EXTRAORDINARY GENERAL SHAREHOLDERS MEETING TO BE HELD ON OCTOBER 2018

1. INTRODUCTION

The Board of Directors is assessing the potential appointment of Mr Richard Golding as director of the Company, by means of the co-option procedure, to fill the upcoming vacancy on the Board of Directors of the Parques Reunidos Servicios Centrales, S.A. (the “**Company**”) and on the position of Chairman of the Board of Directors, as a result of Mr Peter Long’s imminent resignation from all the positions he holds at the Company.

In the event that the Board of Directors resolves to appoint Mr Richard Golding as director of the Company through the co-options procedure, and in view of the imminent extraordinary general Shareholders Meeting of the Company, the Board of Directors of the Company shall propose the ratification and re-election of Mr Richard Golding as director of the Company to the referred General Meeting, which is expected to be held on October 2018-

In accordance with the provisions of paragraph 6 of article 529 *decies* of the reinstated text of the Spanish Companies Act (*Ley de Sociedades de Capital*) approved by Royal Legislative Decree 1/2010 of 2 July (the “**Spanish Companies Act**”), the proposal for the appointment or reappointment of any non-independent director (which is the case) must be backed, in addition, by a report from the Appointments and Remuneration Committee.

In this regard, the Appointments and Remunerations Committee has issued, on the same date, the corresponding report regarding the appointment of Mr Richard Golding as director of the Company, through the co-option procedure.

Since it is not foreseeably feasible for the members of the Appointments and Remunerations Committee to meet before the extraordinary General Shareholders Meeting of the Company mentioned above is held, this report is issued pursuant to section 6 of article 529 *decies* of the

Spanish Companies Law, regarding the need for the Appointments and Remunerations Committee to report the proposals to ratify and re-elect the directors which are not considered as independent directors. As such, the Appointments and Remunerations Committee issues this report to justify the eventual proposal on the ratification and re-election that the Board of Directors would submit for the approval of the upcoming extraordinary General Shareholders Meeting, which is expected to be held on October 2018.

2. PURPOSE OF THE REPORT

The report is prepared with the aim of complying with the provisions of paragraph 6 of article 529 *decies* of the Spanish Companies Law, in connection with the eventual proposal on the ratification and re-election that the Board of Directors would submit for the approval of the upcoming extraordinary General Shareholders Meeting, which is expected to be held on October 2018.

3. ASPECTS CONSIDERED BY THE APPOINTMENTS AND REMUNERATION COMMITTEE

As soon as the members of the Board of Directors became aware of Mr Peter Long's intention to resign from his positions as director of the Company and Chairman of the Board of Directors, the Board of Directors began the corresponding process to assess the appointment of a director to fill the upcoming vacancy. Following several conversations among the members of the Board, it was proposed to fill this vacancy through the appointment of Mr Richard Golding as director, with the category of "other externals", and as Chairman of the Board of Directors.

Additionally, the Appointments and Remunerations Committee carried out an analysis of the needs of the Board, on the basis of the Company's Directors Selection Policy. Taking into account the foregoing, and considering the shareholding structure and the maximum number of Board members currently fixed, the Committee has concluded that, a new non-executive director—other than a proprietary director—must be appointed. This director will be appointed by means of the co-option (*cooptación*) system to fill Mr Peter Long's imminent vacancy, who was appointed as director of the Company for a four-year term on 13 April 2016.

In this regard, this Committee has taken into consideration:

- (vi) the candidate's deep knowledge of the leisure park industry and of the Company's business, given his strong track record as Executive Chairman¹ and member of the Board of Directors of the Company until February 2014, and his current position as external consultant for the Company;
- (vii) his potential contributions as director, giving his point of view and deep knowledge of the leisure park industry;
- (viii) the receipt of positive responses from the other directors, and particularly the independent directors, with respect to his appointment as director of the Company, with the category of "other externals";
- (ix) his highly qualified professional profile and track record that is appropriate for performing the duties of director, and his demonstrable solvency, competence and experience, as well as the combination of attributes and skills needed to head up the duties of supervision currently carried out by the Board of Directors; and
- (x) the needs of the Board of Directors with respect to the members who make it up.

Therefore, the Committee considers that Mr Richard Golding's professional profile, career and international recognition prove that he possesses the required skills, expertise and merits to carry out his tasks as director of the Company.

According to the Director's Selection Policy the Appointments and Remuneration Committee has verified, to the extent possible, that there are no incompatibilities, prohibitions or conflicts of interest involved, as established by the law or as provided in the system of corporate governance; and that the procedures for selecting Board members has not involved any implicit bias that may imply any form of discrimination and, in particular, that they do not obstruct the selection of female directors

¹ The position of Executive Chairman was not equivalent to the position of Chairman of the Board of Directors. The position of Executive Chairman comprised the Company's institutional representation and all the powers of a general proxy.

4. CONCLUSIONS OF THE APPOINTMENTS AND REMUNERATION COMMITTEE.

In light of the above, the Appointments and Remuneration Committee considers the appointment of Mr Richard Golding justified and issues a favourable report on his ratification and reappointment as director of the Company, thus supporting the potential proposal of the Board of Directors to be submitted to the extraordinary General Shareholders Meeting of the Company to be held in October 2018.

5. CATEGORY OF DIRECTOR TO WHICH HE BELONGS OR MUST BE ASSIGNED

Mr Richard Golding will not perform executive duties nor will he represent any of the shareholders at the Board of Directors. Therefore, he will not be deemed to be an executive or a proprietary director.

Also, this Committee has taken into consideration that Mr Golding currently provides consulting services to the Company. However, the Committee understands that such professional relationship is in no way relevant for the candidate or for the Company. Therefore, pursuant to section 4.e) of article 529 duodecies of the Spanish Companies Law, the preceding circumstance would not per se prevent the candidate from qualifying as an independent director.

However, this Committee has considered that M. Richard Golding was a member of the Board of Directors and Executive Chairman of the Company until February 2014. Therefore, pursuant to section 4.a) of article 529 duodecies of the Spanish Companies Law, the candidate shall not be considered as an independent director until the five-year period provided for in the cited article has elapsed.

Consequently, Mr Richard Golding shall be assigned to the category “other external directors”.

Notwithstanding the above, and considering the reasons that prevent the candidate from qualifying as an independent director, the Company intends to review the category assigned to Mr Richard Golding early in 2019, once the five-year period provided for in section 4.a) of article 529 duodecies of the Spanish Companies Law from the date of his resignation as



This document is a translation of an original text in Spanish. In case of any discrepancy between both texts, the Spanish version will prevail.

Executive Chairman and member of the Board of Directors of the Company in February 2014 has elapsed.

Madrid, 17 July 2018.