

REPORT FROM THE APPOINTMENTS AND REMUNERATION COMMITTEE OF PARQUES REUNIDOS SERVICIOS CENTRALES, S.A. REGARDING ITS FUNCTIONING FOR THE YEAR ENDING 30 SEPTEMBER 2017

I. INTRODUCTION

In accordance with Recommendation 6 of the Good Governance Code for Listed Companies in Spain approved by the Spanish Securities Market Commission on 18 February 2015 (the “**Good Governance Code**”) on the documents that must be disclosed to the shareholders from the moment the General Meeting is convened, and to enable the Board of Directors of Parques Reunidos Servicios Centrales, S.A. (“**Parques Reunidos**” or the “**Company**”) to draft the annual assessment of the Appointments and Remuneration Committee (the “**Committee**”) pursuant to the provisions under article 529 *nonies* of the Spanish Companies Act, whose consolidated text was approved by Legislative Royal Decree 1/2010 of 2 July (the “**Spanish Companies Act**”), such Committee shall draft an annual report on its functioning, where it must also highlight the main incidents arising, if any, in relation to its own functions. In compliance with those norms, the Committee hereby drafts this report.

This report will be available to shareholders and investors on the Company’s website (www.parquesreunidos.com) from the moment that the Annual General Meeting is convened.

II. MEMBERS

At the date of this report, article 40 of the Company’s Bylaws and article 15 of the Board of Directors Regulations establish that the Committee must comprise at least three and at most five directors, designated by the Board of Directors, at the proposal of its Chairman, from among the external or non-executive directors. Most of the Committee members must be independent. The Board of Directors also designates its Chairman from among the directors, who shall form part of such Committee. In accordance with article 15.4 of the Board of Directors Regulations, the members of the Committee shall serve their office while their appointment as Company directors is in force, unless the Board of Directors resolves otherwise.

The Committee’s members at 30 September 2017 is as follows:

- **Mr Peter James Long** (Chairman) is the Chairman of the Board of Directors and an external independent director of Parques Reunidos. He was appointed as a Company director on 13 April 2016. The Board of Directors appointed him as a member of the Committee on 13 April 2016. Mr Long has over 20 years’ experience in FTSE 100 consumer-oriented companies.

Mr Long is currently the Chairman of Royal Mail Group plc, Chairman of Countrywide plc and a member of the Supervisory Board of TUI AG, where he also occupied the position of the Joint Chief Executive until February 2016. He is also the President of the Family Holiday Association, a UK based charity which provides short breaks away from home for more than 10,000 disadvantaged parents and children, as

well as a member of The Tourism Council, a partnership between the UK Government and the tourism and hospitality sector.

Between 2007 and 2014 Mr Long was the Chief Executive Officer of TUI Travel plc and between 1996 and 2007 he served as group managing director and then CEO of First Choice Holidays PLC (“**First Choice**”). Prior to joining First Choice, he was the Chief Executive Officer of Sunworld and of the travel division of the International Leisure Group. He has also been a director at RAC plc, an senior independent director at Rentokil Initial plc, and a director at Debenhams plc. He has also held senior posts at the International Leisure Group, including Director of Intasun Holidays and Finance Director of the Travel Division.

In 2001, Mr Long became a member of the British Travel Industry Hall of Fame. He also received the Odyssey Award twice from the Institute of Travel and Tourism in 1998 and 2008. In 2009, he was awarded the Medal of the Order of Isabella the Catholic for contributions to services to Spanish tourism. He is a Fellow of the Tourism Society.

Mr Long has a Higher National Diploma in Business Studies from Southampton College of Technology and the CIMA (Chartered Institute of Management Accountants) professional qualification. He is also an Honorary Doctorate in Business Administration from Bournemouth University.

- **Mr Nicolás Villén Jiménez** (member) is an external independent director of Parques Reunidos. He was appointed as a Company director on 13 April 2016, the date on which the Board of Directors appointed him as a member of the Committee.

Mr Villén has extensive experience in the infrastructure industry, where he has held numerous management positions. He is currently an external advisor to IFM Investors Pty (an Australian infrastructure fund) and a director at ACR Grupo (real estate and development sector) and at Banca March, S.A. (banking sector). He was also appointed as a director at Applus+ Services, S.A. (a testing, inspection and certification company) in October 2015.

Between 1993 and 2009, Mr Villén was the Chief Financial Officer of Ferrovial (an infrastructure company), with experience in the field of information technologies. Subsequently, between 2009 and 2012 he was the Chief Executive Officer of Ferrovial Aeropuertos, Ferrovial’s airport division which includes all the BAA Limited airports (Heathrow, Gatwick, Stansted, Edinburgh, Glasgow, Aberdeen, Southampton and Naples) (“**BAA**”). Previously, he was the Chief Executive Officer of Midland Montagu Ventures and of Smith Kline & French and held various management positions at Abbott Laboratories (healthcare sector) and Corning Glass Works (specialised in glass, ceramics and optical physics). During his stay at Ferrovial, he held numerous management international positions, including at BAA, now Heathrow Airport Holdings, since Ferrovial’s acquisition in 2006. He has also been a director at Aer Lingus, CLH and Dinamia.

He has a Bachelor Degree in Industrial Engineering from Madrid Polytechnic University, a Master’s Degree in Electrical Engineering from Florida University and

an MBA from Columbia University. He has received the Fulbright and Samuel Bronfman grants.

- **Mr Dag Erik Johan Svanstrom** (member) is an external independent director of Parques Reunidos. He was appointed as a Company director on 13 April 2016. The Board of Directors appointed him as a member of the Committee on 28 July 2016.

He is the President of Hotels.com and Expedia Affiliate Network (“**Expedia**”), a private brand within the Expedia, Inc. Group, which is present in 80 markets worldwide and deals with over 19 billion dollars in gross bookings. He is also a member of the Expedia Inc. Travel Leadership Team, which reports to the Chief Executive Officer of Expedia.

Before being the Chairman, Mr Svanstrom worked eight years at Expedia Inc. in Asia-Pacific, where he set up EAN Partners and Hotels.com in the region. As the managing director of Hotels.com for Asia and the Pacific, he developed the business until it became a regional operator in 15 Asian markets.

Prior to joining Expedia Inc., between 2007 and 2015 Mr Svanstrom was a member of the Board of Directors on eLong, Inc. (Nasdaq: LONG), one of China’s largest online travel agencies, and Head of the Digital Innovations Group at McDonald’s Corporation for three years, during which time he led the launch of Redbox (www.redbox.com) and the rolling out of Wi-Fi services at McDonald’s store network.

Prior to that, Mr Svanstrom was the Chief Executive Officer of Freefund, an online database company matching university students with corporations and employers across Europe. Between 1997 and 1999, Mr Svanstrom was the Vice-President for Business Development at Glocalnet AB, a voice-over-IP telecommunications company, where he collaborated in its IPO process at the Stockholm Stock Exchange.

Mr Svanstrom holds a Master’s Degree in Economics from the Stockholm School of Economics.

- **Mr Colin Hall** (member) is an external proprietary director of Parques Reunidos. He was appointed as a director at Parques Reunidos to represent Groupe Bruxelles Lambert by co-option on 25 April 2017 until the next General Meeting, to fill the vacancy left by the resignation of Mr Fredrik Arp.

Mr Hall is the Head of Investments at Groupe Bruxelles Lambert (GBL), one of the largest shareholders of Parques Reunidos. He began his career in 1995 in Morgan Stanley’s merchant banking division. In 1997, he joined Rhône Group, a private equity firm, where he held several management position in New York and London during a period of 10 years. In 2009, he co-founded a hedge fund supported by Tiger Management (New York), where he worked until 2011. In 2012, he became the Chief Executive Officer of Sienna Capital, a fully-owned subsidiary of GBL, which regrouped its alternative investments (private equity, debt and specific thematic funds). In 2016, he was appointed as the Head of Investments at GBL. Mr Hall is also a director at Imerys and Umicore.

Mr Hall holds a Bachelor's Degree (BA) from Amherst College and an MBA from the Stanford University business school.

Mr Javier Abad Marturet also formed part of the Committee until 25 April 2017. As a result of the divestment made by Arle Capital Partners Limited, the company which he represented as a proprietary director, Mr Abad resigned from the Board of Directors of Parques Reunidos and, therefore, from the Committee.

- **Mr Javier Abad Marturet** (member) was appointed as an external proprietary director of Parques Reunidos on 30 March 2010 and as a member of the Committee on 13 April 2016, and resigned, as stated above, on 25 April 2017.

Mr Abad was the founding partner of Arle Capital Partners Limited, a private equity manager firm based in the United Kingdom since 2010. Previously, between 2006 and 2010 he was a partner at Candover Partners Limited, a European private equity firm, and before that (2001-2006) he was a partner at Apax Partners LLP, a private equity investment group, where he made numerous transactions in the industry and service sectors, including Everis Consulting (a multinational consultancy firm), Wisdom Entertainment, S.L. (a diversified company specialising in artist development, artist management, music and publications) and Fractus, S.A. (a company which designs and produces high efficiency systems for wireless GSM, CDMA, Bluetooth, 802.11, RFID and UWB systems).

Prior to that, he was a partner at A.T. Kearney, Inc. (a global management consulting firm) for eleven years. With nearly 20 years of experience in the private equity sector, Mr Abad headed Arle's service sector. He has extensive experience in businesses throughout Europe and is a member of the Board of Directors of Hidling Anders AB (a bed manufacturer). He was also a Board member at Technogym S.p.A. (a fitness equipment supplier). He holds a Master's Degree in Telecommunications from the ETSITM and an MBA from the IESE.

The Committee's non-member secretary is Mr Gabriel Núñez Fernández.

Consequently, during the year ending 30 September 2017, the Committee's membership was consistent with that established in the Board of Directors Regulations and with article 529 *quincedies*.1 of the Spanish Companies Act, in accordance with its current wording. All the Committee's members are non-executive directors and two of them are independent, while the Chairman was designated from among the independent directors.

III. MEETINGS

The Committee holds an ordinary meeting every six months. Likewise, it can meet at the request of any of its members and whenever it is convened by its Chairman, which must do so every time that the Board or its Chairman requests the issuance of a report or the adoption of proposals and, in any case, whenever it is appropriate for the proper execution of its duties.

The Committee met six times during the fiscal year ending 30 September 2017.

Consequently, the Committee met with the necessary frequency for the correct performance of its functions, and all the Committee members attended the meetings, either in

person or by multi-conference, in accordance with the provisions of article 33.5 of the Bylaws of Parques Reunidos and article 16.9 of the Board of Directors Regulations.

IV. POWERS

The Appointments and Remuneration Committee of Parques Reunidos carries out the basic functions attributed to it in article 529 *quincedies*.4 of the Spanish Companies Act as well as the tasks established in article 15 of the Board of Directors Regulations and article 40 of the Bylaws. In particular, the Committee has the following powers, among others:

- Assess the competencies, know-how and experience require for the Board, where it shall define the necessary functions and skills necessary for candidates to fill each vacancy, and evaluate the time and dedication required to successfully carry out their tasks.
- Establish a representation goal for the least-represented gender in the Board of Directors.
- Submit, to the Board of Directors or, where applicable, to the General Meeting, the proposed appointments of directors for them to be designated by co-option, their re-election or their removal by the General Meeting.
- Report on the proposed appointments and removals in senior management and the basic terms of their contracts.
- Examine and organise the succession of the Board Chairman and chief executive of the Company.
- Propose to the Board of Directors the remuneration policy for directors and general managers or those who perform senior management functions and report directly to the Board of Directors, to executive committees or Executive Directors, along with individual remuneration and other terms of executive directors' contracts, ensuring that said policy is complied with.

V. ACTIVITIES DURING THE YEAR ENDING 30 SEPTEMBER 2017

To comply with the functions stated in the preceding section, the Committee focused the objectives of its meetings on the following main activities:

- The Committee ratified the appointment and re-election of Mr Fernando Eiroa Giménez as the Company's Chief Executive Officer, delegating to him all the powers of the Board of Directors, except for those which cannot be passed on to him pursuant to the law or the Bylaws.
- In accordance with Recommendation 14 of the Good Governance Code, the Committee reported that the Directors' Selection Policy is aimed at ensuring that the appointment or re-election proposals are based on a prior analysis of the Board's needs and favour diversity of knowledge, experience and gender. The Committee believes that the policy fosters the target that the number of female directors will represent at least 30% of all the members of the Board of Directors by 2020. That policy was

- approved by the Board of Directors on 7 February 2017 and made available to the shareholders through the Company's website.
- The Committee approved the report justifying the proposed appointment of Mr Javier Fernández Alonso as a Company director, approved by the Annual General Meeting on 16 March 2017, as well as the report justifying the appointment by co-option of Mr Colin Hall as a Company director, approved by the Board of Directors on 25 April 2017.
 - The Committee also resolved to propose to the Board of Directors that Mr Colin Hall should replace Mr Javier Abad Marturet as a Committee member. Likewise, the Committee resolved to propose to the Board of Directors that Mr Javier Fernández Alonso should be appointed as a member of the Audit and Control Committee. The Committee provided a favourable report regarding both appointments, considering that the stated directors had the appropriate knowledge, skills and experience to carry out the functions.
 - In accordance with article 8.5 of the Board of Directors Regulations, on 28 November 2016 the Committee verified the category of the members of the Board of Directors and reported this in the corresponding section of the annual corporate governance report.
 - The Committee examined and provided a favourable report regarding the annual director remuneration report, for approval by the Board of Directors. Likewise, the Committee provided a favourable report to the Board of Directors regarding:
 - The proposed variable remuneration for the year ending 30 September 2016 for the management staff directly reporting to the Board of Directors or to the Chief Executive Officer;
 - The proposed variable remuneration policy for the year ending 30 September 2016 for all the management team of the group of companies of Parques Reunidos who are eligible for this type of remuneration, including those not directly answerable to the Board of Directors or to the CEO; and
 - The change to the variable remuneration structure for certain groups of managers, including the CEO, and, for such purpose, the Committee reported on the proposed amendment to the contracts with the management team and the amendment to the director remuneration policy for the year ending 30 September 2017 and the subsequent two years.
 - The Committee provided a favourable report regarding the appointment of Mr Jesús Fernández Morán as the European Chief Operating Officer.
 - The Committee provided a favourable report regarding new members to the Company's Long-Term Incentive Plan ("LTIP"). The Committee also resolved to review the LTIP with the aim of making it more attractive and thereby rewarding exceptional performance, trying to delimit the benefit of this improvement among the group's "key" managers.

- To comply with the provisions of article 15.6.(iii) of the Company's Board of Directors Regulations, on 7 February 2017 the Committee assessed the functioning and quality of the work carried out by the Board of Directors, the performance by the Board Chairman and by the Company's Chief Executive Officer as well as other matters.

This report on the activities performed by the Committee during the year ending 30 September 2017 will be available to shareholders and investors on the Company's website (www.parquesreunidos.com) from the moment that the Annual General Meeting is convened.

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