

**PROPOSAL AND REPORT BY THE BOARD OF DIRECTORS OF PARQUES REUNIDOS SERVICIOS CENTRALES, S.A. IN RELATION TO THE APPOINTMENT AS PROPRIETARY DIRECTOR OF MR CARLOS ORTEGA ARIAS-PAZ, INCLUDED ON ITEM 7.4 OF THE AGENDA OF THE GENERAL SHAREHOLDERS MEETING TO BE HELD ON 21 MARCH 2018 AT THE FIRST CALL AND 22 MARCH 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 General Shareholders Meeting of the company called for 21 March at the first call and 22 March 2018 at the second call, under item 7.4 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 to appoint Mr Carlos Ortega as director of the Company, with the category of “proprietary director”; 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.



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

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 appointment of Mr Carlos Ortega as a proprietary director of the Company, which has been approved by the members of the Board at their meeting on 7 February 2018.

## **2. JUSTIFICATION OF THE PROPOSAL**

### **2.1 Professional and personal background**

Mr Carlos Ortega is currently is Chief Strategy Officer at Corporación Financiera Alba with two main responsibilities; leading the development of the firm's international co-investment strategy (looking for opportunities in Europe and foster relationships with key potential like-minded foreign co-investors for investments abroad – and potentially also in Spain) and support the Investment Department. Mr Ortega is involved in all transactions being analysed by Alba. He is also a member of Alba's Management Committee.

Mr Ortega has more than 20 years' international experience in M&A deals —having worked 8 years at Goldman Sachs and 15 years at Crédit Agricole—. During his over 25 years' international experience he has worked in London, New York and Madrid.

Mr Ortega started his career at McKinsey & Company as a management consultant between 1990 and 1992. He later joined Goldman Sachs in 1994, where he worked until 2002 between New York and London, as Executive Director. In 2002 he joined Crédit Agricole, Corporate and Investment Bank as Managing Director, where he was the Head of Iberian Investment Banking.

Mr Ortega holds a Bachelor of Arts degree in International Economics and Industrial Organisation in Harvard University and an MBA from the Harvard Business School. Mr Ortega is also a board member of the Harvard Club of Spain, Liaison of Harvard College Admissions in Spain and Chair of International Interviewers of Harvard University in Spain.

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

The Board of Directors began the corresponding process to evaluate the appointment of Mr Carlos Ortega as a director of the Company (with the category of proprietary director representing the shareholder Corporación Financiera Alba, S.A.) in view of the (i) shareholding structure of the Company, and (ii) the potential quantitative composition of the Board which may result following the holding of the ordinary General Shareholders Meeting.

In this regard, the Appointments and Remuneration Committee issued the required prior report with a favourable opinion on the proposed appointment of Mr Carlos Ortega as proprietary director of the Company, in view of, among other factors:

- (i) the reception of positive feedback from the other directors, and particularly the independent directors, with respect to his appointment as proprietary director of the Company;
- (ii) his potential contributions as proprietary director, giving his point of view and knowledge of the market and, in particular, as an expert and representative of Corporación Financiera Alba, S.A.; and
- (iii) his highly qualified professional profile that is appropriate for the duties of proprietary 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.

All the above makes clear that his appointment as proprietary director of the Company will provide significant advantages to this management body.

The Board accepts the report from the Appointments and Remuneration Committee, considering that the professional profile of Mr Carlos Ortega, 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.

### **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 Carlos Ortega accredits his competence and merits to serve in the position of director. His extensive experience and profound knowledge guarantee appropriate continuity in the management of the Company's interests. Because of the above, as well as the reasons given by the Appointments and Remuneration Committee for this appointment (which this body accepts) the Board of Directors considers the appointment of Mr Carlos Ortega 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**

Mr Carlos Ortega will represent Corporación Financiera Alba, S.A., a shareholder with a significant holding in the Company, on the Board of Directors. In accordance with the provisions of applicable law, the candidate will therefore have the category of proprietary director of the Company.

### **2.5 Conclusions of the Board of Directors**

Given the above, the Board of Directors considers the appointment justified and proposes that Mr Carlos Ortega be appointed director, with the category of proprietary director. The Board of Directors proposes his appointment to the General Shareholders Meeting to be held on 21 or 22 March 2018 at the first or second call, respectively, under item 7.4 of the agenda.

### 3. PROPOSED RESOLUTION

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

#### **“ITEM 7.4 ON THE AGENDA**

***Appointment of Mr Carlos Ortega Arias-Paz as director, with the category of “proprietary director”, for the statutory period of four years***

*At the proposal of the Board of Directors, and with a favourable report from the Appointments and Remuneration Committee, appoint Mr Carlos Ortega Arias-Paz, of legal age, of Spanish nationality, with Spanish Id. number [...] and with domicile for these purposes at Paseo de la Castellana, 216, 28046 Madrid, Spain, as director of the Company with the category of “proprietary director”.*

*The proposed appointment is accompanied by a supporting report from the Board, assessing the competence, experience and merits of Mr Carlos Ortega Arias-Paz, as well as the report from the Appointments and Remuneration Committee mentioned above. These reports have been made available to the shareholders since the publication of the notice calling the General Meeting.*

*Mr Carlos Ortega Arias-Paz may accept his appointment by any means valid in law.”*

Madrid, 7 February 2018

## ANNEX

### **REPORT PREPARED BY THE APPOINTMENTS AND REMUNERATION COMMITTEE OF PARQUES REUNIDOS SERVICIOS CENTRALES, S.A. IN RELATION TO THE APPOINTMENT AS PROPRIETARY DIRECTOR OF MR CARLOS ORTEGA ARIAS-PAZ, INCLUDED UNDER ITEM 7.4 OF THE AGENDA OF THE GENERAL SHAREHOLDERS MEETING TO BE HELD ON 21 AND 22 MARCH 2018 AT FIRST AND SECOND CALL, RESPECTIVELY**

#### **1. INTRODUCTION**

The Board of Directors of Parques Reunidos Servicios Centrales S.A. (the “**Company**”) is considering to propose the appointment of Mr Carlos Ortega as director of the Company.

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 of any director must also be backed by a report from the Appointments and Remuneration Committee.

The present report complies with this legal obligation.

#### **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 Act.

#### **3. ASPECTS CONSIDERED BY THE APPOINTMENTS AND REMUNERATION COMMITTEE**

The Board of Directors began the corresponding process to evaluate the appointment of Mr Carlos Ortega as a director of the Company (with the category of proprietary director representing the shareholder Corporación Financiera Alba, S.A.) in view of the (i) shareholding structure of the Company, and (ii) the potential quantitative composition of the Board which may result following the holding of the ordinary General Shareholders Meeting.

Once this process has begun, the Appointments and Remuneration Committee carried out an analysis of the needs of the Board. Taking into account the provisions of the above paragraph,

this Committee has concluded that, after the increase in the number of board members composing the Board of Directors of the Company, a director must be appointed to fill the new vacancies.

This Appointments and Remuneration Committee has taken into consideration:

- (i) the receipt of positive responses from the other directors, and particularly the independent directors, with respect to his appointment as proprietary director of the Company;
- (ii) his potential contributions as proprietary director, giving his point of view and knowledge of the market, and in particular, as an expert and representative of Corporación Financiera Alba, S.A.;
- (iii) his highly qualified professional profile that is appropriate for performing the duties of proprietary 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
- (iv) the needs of the Board of Directors with respect to the members who make it up.

#### **4. CONCLUSIONS OF THE APPOINTMENTS AND REMUNERATION COMMITTEE**

In light of the above, the Appointments and Remuneration Committee considers the appointment of Mr Carlos Ortega justified and issues a favourable report on his appointment as director of the Company, supporting the proposal of the Board of Directors.

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

Mr Carlos Ortega will represent Corporación Financiera Alba, S.A., a significant shareholder of the Company, on the Board of Directors. In accordance with applicable law, the candidate will therefore have the category of “proprietary director” of the Company.

Madrid, 7 February 2018