

**REPORT BY THE BOARD OF DIRECTORS OF PARQUES REUNIDOS
SERVICIOS CENTRALES, S.A. IN RELATION TO THE APPOINTMENT AS
INDEPENDENT DIRECTOR OF MS JACKIE KERNAGHAN, INCLUDED ON
ITEM 7.5 OF THE AGENDA OF THE GENERAL SHAREHOLDERS MEETING
TO BE HELD ON 21 MARCH AT THE FIRST CALL AND 22 MARCH 2018 AT
THE SECOND CALL**

1. INTRODUCTION

The Appointments and Remuneration Committee of Parques Reunidos Servicios Centrales, S.A. (the “**Company**”) has proposed the General Meeting of Shareholders the appointment of Ms Jackie Kernaghan as director of the Company.

This report has been prepared by the Board of Directors of 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 7.5 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 have the category of independent directors (as in this case) corresponds to the Appointments and Remuneration Committee. This proposal must be accompanied by an explanatory report by the Board of Directors assessing the competence, experience and merits of the proposed candidate.

This report aims (i) to justify the proposal of the Appointments and Remuneration Committee to the General Meeting of Shareholders to appoint Ms Jackie Kernaghan as director of the Company, with the category of “independent director”; and (ii) to assess the competence, experience and merits of the proposed candidate.

The proposal of 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.

Consequently, the Board of Directors of the Company issues this report on the designation of Ms Jackie Kernaghan as independent 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 REPORT

2.1 Professional and personal background

Jackie Kernaghan has an extensive experience in the Hotel and Travel Industries. During her career she has held many high profile roles including, among others, Chair of the Institute of Travel and Tourism, Advisor to the UK Government's White Paper on Tourism, Member of the World Tourism Organisation's Advisory Committee, Member of ABTA's Tour Operating Council and European Businesswoman of Achievement.

Ms Kernaghan is currently Managing Director at JKS Associates, Business Consultants and a Non-Executive Director at SDWorx UK, where she has strategically guided the Executive Team to transform the business from a small payroll-only operator to become one of the UK's premier H.R. Management and Software companies.

She started her career in Cosmos Holidays, where she held various positions from 1974 to 1986. She then worked for the tour operator Intasun Reisen, Dusseldorf, Germany from 1986 to 1988 as Managing Director. From 1988 to 1989 she worked in the leisure transportation industry for Coach Europe & Drive Europe as Managing Director. From 1989 to 1991 she worked for the tour operator Global Holidays & Lancaster Holidays as Managing Director. From 1991 to 1993 she worked for the tour operator Riva Travel as Managing Director. In 1993 she joined Forte Hotels plc (the world's largest hotel operator at that time with a well balanced portfolio of properties ranging from Luxury to familiar brands). During her tenure, she worked as Director of the Worldwide Sales, Reservations and Yield Management, Senior VP of Leisure Sales and Marketing and was later appointed CEO of the Air Travel Group. In 2000 she joined Nicholson McBride as Managing Director. Ms Kernaghan created a team of Business Psychologists working with key FTSE 100 companies, predominantly in the

Finance, Legal, Automotive and Oil Industries. The team specialized in post-merger Strategic Direction, Cultural and Financial Integration, enabling clients to fast-track business growth.

In summary, the candidate, according to this Board of Directors' understanding, is an individual with a recognised prestige and professional competence, who meets the repute, suitability, professional solvency, competence, experience, qualification, formation, availability and compromise requirements necessary to be appointed as director of the Company, as provided for in the Directors' Selection Policy.

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

The Appointments and Remuneration Committee in view of (i) the current shareholding structure of the Company; and (ii) the potential quantitative composition of the Board following the holding of the ordinary General Shareholders' Meeting, of Directors, analyzed the current structure and composition of the Board, as well as the knowledge, competencies, experience and needs of the member of the Board.

During this process, the Appointments and Remuneration Committee carried out an analysis of the needs of the Board. Taking into account the foregoing, the Committee concluded that, in light of the current shareholder structure of the Company and the potential quantitative composition of the Board which may result following the holding of the ordinary General Shareholders' Meeting, that an independent director must be appointed.

In this regard, the Appointments and Remuneration Committee took into account on its proposal of designation:

- (i) the receipt of positive responses from the other directors, and particularly the independent directors, with respect to her appointment as independent director of the Company;
- (ii) her potential contributions as independent director, giving her point of view and knowledge of the market;
- (iii) her highly qualified professional profile that is appropriate for performing the duties of independent director, and her 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.

All the above made clear that her designation as independent director of the Company would provide significant advantages to this management body, and thus, the Committee proposed the appointment of Ms Jackie Kernaghan as independent director of the Company.

Moreover, the Appointments and Remuneration Committee deems that, considering the candidate's profile and professional career, Ms Jackie Kernaghan will exercise her duties as director with the loyalty of a faithful representative, acting in good faith, in the best interest of the Company, responsible, and with freedom and independence of judgement, as shown by her professional track record. Furthermore, the Appointments and Remuneration Committee considers that Ms Jackie Kernaghan will devote the necessary time to carry out her tasks effectively and is sufficient available for the proper development of her functions.

Furthermore, this designation contributes to reach the 2020 target on number of female directors of at least 30% of the total Board members in line with the Directors' Selection Policy.

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 the track record and CV of Ms Jackie Kernaghan accredits her competence and merits to serve as director. Her extensive experience and knowledge guarantee appropriate continuity in the management of the interests of the Company. Additionally, having him as member of the Board of Directors is in line with the policy and commitment of the Company with a diverse structure of the Board of Directors.

2.4 Category

Ms Jackie Kernaghan will not represent any shareholder on the Board of Directors nor will exercise executive tasks. In accordance with applicable law, the candidate will therefore have the category of independent director of the Company.



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

2.5 Conclusions of the Board of Directors

In light of the above, the Board of Directors considers the appointment of Ms Jackie Kernaghan justified and issues a favorable report on her appointment as director of the Company on the understanding that he will support the continuity in the management of the Company and its group supporting the proposal of the Appointments and Remuneration Committee.

Madrid, 7 February 2018.

ANNEX

PROPOSAL PREPARED BY THE APPOINTMENTS AND REMUNERATION COMMITTEE OF PARQUES REUNIDOS SERVICIOS CENTRALES, S.A. IN RELATION TO THE APPOINTMENT AS INDEPENDENT DIRECTOR OF MS JACKIE KERNAGHAN, INCLUDED ON ITEM 7.5 OF THE AGENDA OF THE GENERAL SHAREHOLDERS MEETING TO BE HELD ON 21 MARCH AT THE FIRST CALL AND 22 MARCH 2018 AT THE SECOND CALL

1. INTRODUCTION

This proposal from the Appointments and Remuneration Committee of Parques Reunidos Servicios Centrales, S.A. (the “**Company**”) in accordance with the provisions of paragraph 4 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 propose 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 7.5 of the agenda, the appointment of Ms Jackie Kernaghan as director with the category of independent director.

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.

2. PURPOSE OF THE PROPOSAL

The proposal is prepared with the aim of complying with the provisions of paragraph 4 of article 529 *decies* of the Spanish Companies Act.

3. ASPECTS CONSIDERED BY THE APPOINTMENTS AND REMUNERATION COMMITTEE

The Appointments and Remuneration Committee in view of (i) the current shareholding structure of the Company; and (ii) the potential quantitative composition of the Board following the holding of the ordinary General Shareholders Meeting, analyzed the current structure and composition of the Board, as well as the knowledge, competencies, experience and needs of the member of the Board.

In this context, the Appointments and Remunerations Committee evaluated the professional and biographical profile of the candidate:

Jackie Kernaghan has an extensive experience in the Hotel and Travel Industries. During her career she has held many high profile roles including, among others, Chair of the Institute of Travel and Tourism, Advisor to the UK Government's White Paper on Tourism, Member of the World Tourism Organisation's Advisory Committee, Member of ABTA's Tour Operating Council and European Businesswoman of Achievement.

Ms Kernaghan is currently Managing Director at JKS Associates, Business Consultants and a Non-Executive Director at SDWorx UK, where she has strategically guided the Executive Team to transform the business from a small payroll-only operator to become one of the UK's premier H.R. Management and Software companies.

She started her career in Cosmos Holidays, where she held various positions from 1974 to 1986. She then worked for the tour operator Intasun Reisen, Dusseldorf, Germany from 1986 to 1988 as Managing Director. From 1988 to 1989 she worked in the leisure transportation industry for Coach Europe & Drive Europe as Managing Director. From 1989 to 1991 she worked for the tour operator Global Holidays & Lancaster Holidays as Managing Director. From 1991 to 1993 she worked for the tour operator Riva Travel as Managing Director. In 1993 she joined Forte Hotels plc (the world's largest hotel operator at that time with a well balanced portfolio of properties ranging from Luxury to familiar brands). During her tenure, she worked as Director of the Worldwide Sales, Reservations and Yield Management, Senior VP of Leisure Sales and Marketing and was later appointed CEO of the Air Travel Group. In 2000 she joined Nicholson McBride as Managing Director. Ms Kernaghan created a team of Business Psychologists working with key FTSE 100 companies, predominantly in the Finance, Legal, Automotive and Oil Industries. The team specialized in post-merger Strategic Direction, Cultural and Financial Integration, enabling clients to fast-track business growth.

In the mentioned procedure, the Appointments and Remuneration Committee carried out an analysis of the needs of the Board. Taking into account the foregoing, and considering the current shareholding structure of the Company and the quantitative composition of the Board which may result following the holding of the ordinary General Shareholders Meeting, this Committee concluded that, a director had to be appointed.

In this regard, and in connection with the proposal for the appointment of the mentioned independent director, this Committee has taken into consideration:

- (i) the receipt of positive responses from the other directors, and particularly the independent directors, with respect to her appointment as independent director of the Company;
- (ii) her potential contributions as independent director, giving her point of view and knowledge of the market;
- (iii) her highly qualified professional profile that is appropriate for performing the duties of independent director, and her 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.

In view of the above, the Committee deems that the candidate's professional profile, career and international recognition prove that Ms Jackie Kernaghan counts with the required skills, expertise, merits to carry out her tasks as director of the Company.

According to the Directors' 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.

Furthermore, this designation contributes to reach the 2020 target on number of female directors of at least 30% of the total Board members in line with the Directors' Selection, Policy.

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

Ms Jackie Kernaghan will not represent any shareholder on the Board of Directors nor will exercise executive tasks. In accordance with applicable law, the candidate will therefore have the category of independent director of the Company.

5. CONCLUSIONS OF THE APPOINTMENTS AND REMUNERATION COMMITTEE.

In light of the above, the Appointments and Remuneration Committee considers the appointment of Ms Jackie Kernaghan that he meets the appropriate competence, experience and merits requirements to serve the position of director of the Company under conditions established by Law and regulation, and consequently, submits for the approval of the General Meeting Of Shareholders the proposal of appointment of Ms Jackie Kernaghan as independent director of the Company.

6. PROPOSED RESOLUTION

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

“ITEM 7.5 OF THE AGENDA

Ratification and re-election of Ms Jackie Kernaghan as director, with the category of independent director, for the statutory period of four years.

Appoint Ms Jackie Kernaghan, of legal age, of British nationality with Foreigners Identification Number [...] in force and with domicile for these purposes at Paseo de la Castellana, 216, planta 16, 28046 Madrid, Spain, as director of the Company with the category of independent director, for the statutory period of four years form the date of this General Shareholders Meeting, based on the proposal of the Appointments and Remuneration Committee.

The proposed appointment is accompanied by a supporting report from the Board, evaluating the competence, experience and merits of Ms Jackie Kernaghan. This report and the mentioned proposal have been made available to the shareholders as from the publication of the notice of the General Meeting of Shareholders.

Ms Jackie Kernaghan may accept her appointment by any means valid in law.”

Madrid, 7 February 2018.