

**REPORT ISSUED BY THE BOARD OF DIRECTORS OF PARQUES REUNIDOS SERVICIOS CENTRALES, S.A. IN CONNECTION WITH THE PROPOSED AMENDMENT OF THE BYLAWS REFERRED TO IN ITEM ELEVENTH OF THE AGENDA OF THE GENERAL SHAREHOLDERS MEETING OF PARQUES REUNIDOS SERVICIOS CENTRALES, S.A., TO BE HELD ON 21 MARCH 2018 AND 22 MARCH 2018, ON FIRST AND SECOND CALL, RESPECTIVELY**

The Board of Directors of Parques Reunidos Servicios Centrales, S.A. (“**Parques Reunidos**” or the “**Company**”) pursuant to article 286 of the Spanish Companies Act, explains and justifies the proposed amendment and includes the entire text of the proposed bylaws amendment.

The Board of Directors, after the favourable report of the Audit and Control Committee, proposes to the General Meeting the amendment of a series of articles of the Bylaws and the inclusion of a transitory provision aimed at (i) improving comparisons with the financial statements of competitors and optimizing the management of certain obligations of the Company; and (ii) incorporating certain provisions in line with the market practice of a significant number of listed companies in Spain which will serve to facilitate and optimize the organization and development of the General Shareholders Meetings.

For these reasons, it is considered appropriate to propose to the General Shareholders Meeting the amendment of the following articles of the bylaws: articles 4 and 41 (“Term of Company, commencement of operations and financial year” y “Preparation and verification of the annual accounts”) and article 18 (“Entitlement to attend”). Furthermore, in connection with the amendments of articles 4 and 41, it is proposed to introduce a transitory provision in the Bylaws.

The proposed amendments are those reported below:

**1. Amendment of articles 4th y 41th and introduction of a transitory provision:**

The amendment consists of changing the end of the financial year to 31 December of each year for the purposes of matching the financial year to the calendar year. The amendment of the end date of the financial year aims, among others, to align the publication of the Company’s financial results with that of the majority of listed companies in Spain, thus

improving the comparisons of the financial statements with that of the companies operating in the same sector of activity as that of the Company.

In addition, given that the commercial legislation prohibits the financial year from having a longer duration than one year, the proposal for the amendment of the end of the financial year to 31 December requires, for the proper implementation from a commercial law perspective, to introduce a transitory provision, setting, with an exceptional and transitional nature, a financial year with an irregular term stating on 1 October 2018 and ending on 31 December 2018, in such a way that the 2019 and the following financial years may match the calendar year. Consequently, the Company will prepare and make available to the shareholders, in due course, the following financial information:

- The Company shall prepare the audited individual and consolidated annual accounts for the group of companies of which the Company is the parent Company, as of 30 September 2018, in which it will incorporate the financial statements corresponding to its subsidiaries, for the period from 1 October 2017 and 30 September 2018.
- The Company shall prepare individual and consolidated annual accounts for the group of companies of which the Company is the parent Company, as of 31 December 2018, in which it will incorporate the financial statements corresponding to its subsidiaries, for the period from 1 October 2018 and 31 December 2018.

The full articles shall read as follows:

*“Article 4.- Term of Company, commencement of operations and financial year*

- 1. The Company will have an indefinite term.*
- 2. The Company commenced operations on the date of execution of the deed of establishment, i.e., 23 November 2006.*
- 3. The financial year will commence on 1 January and end on 31 December of each year.”*

*“Article 41.- Preparation and verification of the annual accounts*

- 1. The financial year will begin on 1 January and end on 31 December of each year.*

2. *Within three months from the end of the financial year, the Board of Directors, in accordance with the structure, principles and guidelines contained in the applicable regulations, will prepare and sign the annual accounts, the management report and the proposal for application of results and, if applicable, the consolidated annual accounts and management report. The annual accounts and the management report must be signed by all of the directors. If the signature of any director is missing, this fact will be indicated on each of the documents from which it is missing, with an express statement of the reason.*
3. *The annual accounts and the management report will be reviewed by the statutory auditors on the terms provided by law.”*

The current transitional provision shall be substituted by the following text:

*“Transitional provision*

*As an exception to the provision of articles 4.3 and 41.1 of the Bylaws, the financial year beginning on 1 October 2017 shall end on 30 September 2018. Likewise, a financial year with an irregular term is established, which shall commence on 1 October 2018 and end on 31 December 2018.”*

## **2. Amendment of article 18th:**

The amendment consists of the introduction of a provision by virtue of which, the holders of three hundred or more shares registered in their name in the corresponding registry of book entries shall be entitled to assist to both ordinary and extraordinary General Meetings.

Such amendment, in line with the provisions of article 521 bis of the Spanish Companies Act, aims to adjust the regulation of the right of attendance to the General Shareholders Meeting of the Company to the provisions of the internal regulations of a representative number of listed companies in Spain, also considering the composition of the shareholder base of the Company (mainly comprised of institutional investors).

In this sense, the percentage of listed companies that require a minimum number of shares to attend the General Meeting was 43,8% in 2016. Such percentage rises 57,1% in connection

with companies of the Ibex 35<sup>1</sup>. Likewise, this amendment helps to simplify and optimize the organization, management and development of the General meeting of the Company.

Such amendment is completed with the proposal included in the item Twelfth of the agenda of this ordinary General Meeting, which aims to introduce the same provision in the Regulations of the General Shareholders Meeting of the Company.

The full article shall read as follows:

*“Article 18.- Entitlement to attend*

*1. The holders of 300 or more shares will be entitled to attend the General Meetings, both ordinary and extraordinary meetings. The holders of lower numbers of shares may grant a proxy to another person with the right to attend, or pool together with other shareholders who are in the same situation, until they reach at least that number, appointing a representative from amongst themselves. The group must be formed specifically for each general meeting of shareholders and be recorded in writing.*

*2. In addition to the provisions of the preceding paragraph, in order to attend the General Meeting it will be required that the shareholder have registered ownership of the shares in the corresponding book entry records, five calendar days in advance of the date the Meeting is to be held, and be in possession of the corresponding attendance card or document that, in accordance with law, evidences the shareholder's status as such, which will indicate the number, class and series of shares owned by the shareholder, as well as the number of votes it can cast”*

Madrid, 7 February 2018

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<sup>1</sup> Corporate Governance Report of entities with securities admitted to trading on regulated markets for the financial year 2016, published by the Spanish National Securities Market Commission (<http://cnmv.es/portal/Publicaciones/PublicacionesGN.aspx?id=21>)