



REPORT SUBMITTED BY THE BOARD OF DIRECTORS OF AMREST HOLDINGS SE REGARDING THE PROPOSAL OF DELEGATION OF POWERS TO THE BOARD OF DIRECTORS TO INCREASE SHARE CAPITAL UNDER ITEM THIRTEEN ON THE AGENDA FOR THE GENERAL SHAREHOLDERS' MEETING OF AMREST CALLED TO BE HELD ON JUNE 6, 2018, ON FIRST CALL

I. Purpose of the report

This report has been prepared by the Board of Directors of AMREST HOLDINGS SE (“AmRest” or the “Company”) pursuant to the provisions of Sections 286 and 297.1.b) of the Spanish Companies Act (the “Spanish Companies Act”), approved by Royal Legislative Decree 1/2010, of July 2, in order to support the proposal submitted for approval of the shareholders at the General Shareholders’ Meeting of the Company called to be held on June 6, 2018, on first call, under item thirteen on the Agenda, in connection with the delegation of powers to the Board of Directors of the Company to increase the share capital, within a term period of no more than five years, with the power to exclude the pre-emption right on subscription.

II. Rationale for the proposal

Pursuant to Section 297.1.b) of the Spanish Companies Act, the shareholders at the General Shareholders’ Meeting may, by complying with the requirements established to amend the Statutes, delegate to the Board of Directors the power to resolve, on one or more occasions, to increase the share capital up to a given amount, at the time and in the amount decided by the Board, without previously consulting with the shareholders at the General Shareholders’ Meeting. The aforementioned legal provision establishes (i) that the amount of such capital increases may under no circumstances exceed one-half (1/2) of the share capital of the Company at the time of the authorization; and (ii) that they must be made by means of cash contributions within a maximum period of five years from the date that the resolution is adopted at the General Shareholders’ Meeting.

The Board of Directors believes that the proposed resolution submitted for approval by the shareholders at the General Shareholders’ Meeting is justified by the advisability of making use of the mechanism contemplated by current Spanish applicable corporate laws and



regulations whereby the Board is given an instrument which allows it to carry out one or more increases in share capital, within the limits and subject to the periods, terms and conditions decided by the shareholders at the General Shareholders' Meeting, without calling or holding a new General Shareholders' Meeting. It is noted that the dynamics of commercial listed companies and the current environment and circumstances of the market, in which the success of many strategies frequently depends on the ability of the company to deal with them, requires that their strategy decision-making bodies have the most suitable instruments to respond appropriately and in time to the needs of the company at any time, including the need of new funding. In general, it is not possible to anticipate what the Company's capital needs will be and, besides that, as stated before, the recourse to shareholders at the General Shareholders' Meeting, which entails, in many cases, delays and increased costs, may hinder a prompt and effective response by the Company to market opportunities. Therefore, it is proposed to approve the aforementioned authorization that will improve the Board of Director's responsiveness by providing it with an appropriate level of flexibility to meet the Company's needs as required by the circumstances.

Maximum volume of capital increases

Therefore, and for such purposes, the proposal to use the device provided by Section 297.1 of the Spanish Companies Act is submitted to the shareholders at the General Shareholders' Meeting, consisting of delegating to the Board of Directors the resolution to increase the Company's share capital by the maximum amount of 10,606,946.5 Euros.

Exclusion of pre-emptive rights

Additionally, article 10 of the current Statutes of the Company provides the possibility of excluding pre-emptive rights when the shareholders at the General Shareholders' Meeting delegate the power to increase the share capital in accordance with Section 297.1.b) of the Spanish Companies Act. In such case, the Board of Directors may also be given the power to exclude pre-emptive rights with respect to issuances of shares covered by the delegation, provided that (i) the circumstances described in such section are present, (ii) such proposed exclusion is stated in the call to the General Shareholders' Meeting, and (iii) the par value of the shares to be issued plus the issue premium, if any, is equal to the fair value of the shares of the Company as set forth in the report to be prepared, at the request of the Board of Directors,



by an auditor other than the auditor of the Company, appointed for such purpose by the Commercial Registry on each occasion that the Board exercises the power to exclude pre-emptive rights.

The Board of Directors believes that this additional possibility, which implies a significant improvement in the Board of Director's responsiveness in contrast to a simple delegation of the power to increase share capital, is justified by several reasons. Firstly, the exclusion of pre-emptive rights normally allows for a reduction of the costs associated with the transaction (including, specially, the fees of the financial entities participating in the issuance) as compared to an issuance with pre-emptive rights. Secondly, the exclusion of pre-emptive rights enables the directors to increase the promptness and responsiveness which is sometimes necessary to act in today's financial markets in order to take advantage of the times when market conditions are more favourable. Furthermore, the exclusion of pre-emptive rights may allow the Company to optimize the financial conditions of the transaction and, in particular, the issue price of the new shares, as it may bring it closer to the expectations of the qualified investors to whom such capital increases are customarily addressed, while reducing execution risks through a lower exposure of the transaction to changes in market conditions. Finally, the exclusion of pre-emptive rights mitigates the distorting effect on trading in the Company's shares during the issuance period, which tends to be shorter than for an issuance with pre-emptive rights.

The ability to exclude pre-emptive rights is a power that the shareholders acting at the General Shareholders' Meeting delegate to the Board of Directors, and it is within the purview of the Board to decide in each case, in view of the specific circumstances and in accordance with the legal requirements, whether or not such rights should effectively be excluded. In the event that the Board of Directors decides to make use of the power to exclude pre-emptive rights in connection with a specific capital increase that it may ultimately approve in exercise of the authorization granted by the shareholders at the General Shareholders' Meeting, a directors' report and an auditor's report shall be prepared as required by Section 308 and 506 of the Spanish Companies Act. Both such reports shall be made available to the shareholders and disclosed at the first General Shareholders' Meeting held after the capital increase resolution is adopted.



Despite the fact that there are no limits imposed neither by the Spanish Companies Act nor by the Statutes of the Company on the right of the shareholders acting at the General Shareholders' Meeting to delegate to the Board of Directors the power to exclude pre-emptive rights, other than the restriction indirectly imposed through the maximum amount of half (1/2) of the share capital that is authorized to be increased by means of the delegation justified hereby, the Board of Directors has believed it more appropriate, in line with international trends and recommendations on good market practices, to limit the use of such power to a maximum of twenty percent (20%) of the share capital at the time of the authorization, in conjunction with the power contemplated in item Fourteen on the Agenda.

Listing

The proposal also contemplates making application, when appropriate, for listing of the shares to be issued by the Company under the delegation of powers on Spanish or foreign, official or unofficial, organized or other secondary markets, authorizing the Board of Directors to carry out all acts and formalities that may be required for admission to listing with the appropriate authorities of the various Spanish or foreign securities markets.

Delegation

Finally, it is proposed to expressly authorize the Board of Directors to delegate the powers contemplated in this proposed resolution, as permitted by article 249.bis. 1) of the Spanish Companies Act.

III. Proposed resolution to be submitted to the General Meeting

In sum, the proposed resolution submitted for approval by the shareholders at the General Shareholders' Meeting reads as follows:

“PROPOSED RESOLUTION REGARDING ITEM THIRTEEN ON THE AGENDA

13. Delegation of powers to the Board of Directors to increase the share capital in compliance with the provisions of article 297.1.b) of the Companies Act, within a period of no more than five years, with the power to exclude the pre-emption rights on subscription in the terms of article 506 of the Companies Act, up to the maximum amount of the equivalent of 20% of the share capital at the time when the increase is authorised, together with the same power as of item fourteen of the Agenda.



To authorise the Board of Directors, as broadly as required under law, so that it may increase the share capital on one or more occasions and at any time under the provisions of section 297.1.b) of the Companies Act, within a term of five years from the date of approval of this resolution, by up to one-half of the current share capital, i.e. up to a maximum par value of 10,606,946.5 euros. Any capital increases made for the purpose of covering the conversion of debentures that are approved by the Board of Directors in the exercise of the powers delegated by the Company's shareholders under item fourteen of the Agenda, shall be deemed to be included within this limit.

Increases in share capital under this authorisation shall be carried out through the issuance and quotation of new shares (with or without a premium), the consideration for which shall be cash contributions. In each increase, the Board of Directors shall decide whether the new shares to be issued are ordinary, preferred, redeemable, non-voting or any other kind of shares among those permitted by law. Furthermore, as to all matters not otherwise contemplated, the Board of Directors may establish the terms and conditions of the share capital increases and the characteristics of the shares, and may also freely offer the new shares that are not subscribed within the period or periods for the exercise of pre-emption rights. The Board of Directors may also resolve that, in the event of incomplete subscription, the share capital shall be increased only by the amount of the subscriptions made and amend the article of the Statutes relating to share capital and number of shares.

Furthermore, in connection with the increases in share capital that may be carried out under this authorisation, the Board of Directors is authorised to totally or partially exclude pre-emption rights. This power shall in any event be limited to capital increases carried out pursuant to this authorisation and to those increases made under the authorisation contemplated in item fourteen of the Agenda up to a maximum amount equal, in the aggregate, to 20% of the share capital on the date of adoption of this resolution.

In accordance with the applicable law, the Board of Directors shall use the faculty granted hereof when the interests of the Company so requires, provided that the par value of the shares to be issued plus any premium agreed, if appropriate, is equal to the fair value of the Company's shares based on a report to be drawn up by an auditor other than the Company's auditor, appointed for this purpose by the Spanish Commercial Register.



[ENGLISH LOOSE TRANSLATION FOR INFORMATION PURPOSES ONLY]

The Company shall, when appropriate, make application for trading of the shares issued under this authorisation on Spanish or foreign, official or unofficial, organised or other secondary markets, and the Board of Directors shall be authorised to carry out all acts and formalities that may be required for admission to listing with the appropriate authorities of the various Spanish or foreign securities markets.

The Board of Directors is authorised to further delegate powers contemplated in this resolution, in favour of any of the members of the Board of Directors.

Pursuant to the provisions of articles 286 and 297.1.b) of the Companies Act, the directors have prepared a report providing a rationale for the proposal presented herein, which has been made available to all shareholders since the notice of the General Meeting, among others, through the Company's website."

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In Madrid, on May 4, 2018