

REPORT OF THE BOARD OF DIRECTORS OF PROSEGUR COMPAÑÍA DE SEGURIDAD, S.A. WITH RESPECT TO THE PROPOSAL TO AUTHORISE THE TRANSFER OF PROSEGUR CASH SHARES REFERRED TO IN ITEM ONE OF THE AGENDA OF THE EXTRAORDINARY GENERAL SHAREHOLDERS MEETING CONVENED FOR 2 DECEMBER 2016, ON FIRST CALL, AND FOR 3 DECEMBER 2016, ON SECOND CALL

1. PURPOSE

This report is drawn up by the Board of Directors of Prosegur Compañía de Seguridad, S.A. (“**Prosegur**” or the “**Company**”) for the purpose of explaining the proposal submitted to the General Shareholders' Meeting for authorising the transfer of shares in the Prosegur Group company that is the parent company of its Cash in Transit division (currently the company Prosegur CIT Holding, S.A.U., which will become Prosegur Cash, S.A.U. - hereinafter, "**Prosegur Cash**"), including by means of making an offer of sale of and/or subscription to shares under the framework of it potentially being listed on the Spanish Stock Exchange, with Prosegur Compañía de Seguridad, S.A. always maintaining a share of more than 50% in Prosegur Cash (directly and/or indirectly).

2. REGULATORY FRAMEWORK

Article 160.f) of the Spanish Companies Act establishes that it is the jurisdiction of the general shareholders' meeting to deliberate and agree on the purchase, disposal or contribution to another company with essential assets.

To this effect, the aforementioned article establishes that the essential nature of an asset is presumed when the amount of the transaction exceeds 25% of the value of the assets listed on the last balance sheet approved by the company.

The operation contemplated in this report (the "**Operation**") supposes Prosegur's possible transfer or contribution (directly or indirectly) of a shareholding in Prosegur Cash of up to 49.99% of its share capital, including by means of an offer of sale of and/or subscription to Prosegur Cash shares, which could represent a sum of more than 25% of the total value of the assets listed on the last balance sheet approved by Prosegur.

Given that Prosegur will maintain more than 50% of the Prosegur Cash shares at all times (directly or indirectly), therefore maintaining control of the asset, it is doubtful that the Operation could be compared with the transfer or contribution of an essential asset in the sense of article 160.f) of the Spanish Companies Act.

However, given the lack of specification of this article and the absence of jurisprudence in this regard to provide certainty on how to apply it, following a criterion of prudence,

the Board of Directors of Prosegur has felt it appropriate to submit the Transaction to the General Shareholders' Meeting for authorisation.

3. EXPLANATION OF THE PROPOSAL

As the market was informed by the significant event of 28 September 2016, Prosegur has continued to make progress in the company and organisational restructuring process defined in its strategic plan focussed on transforming the management model by country to a model by business (in line with best practices in the sector), separating the Cash in Transit, Security and Alarms divisions. The objective of this management model by business is to accelerate profitable growth for Prosegur, given the significant opportunities identified in each division.

The Cash in Transit division groups together the services for local and international management and transport (land, maritime and air) of cash and other high-value goods, including services for collection, transport, custody and deposit of cash and other value goods; management and automation of cash and control systems and traceability of cash flows; comprehensive solutions for cashpoints; planning and forecasting cash needs for the branches and vaults of financial entities; self-service cash machines and outsourcing of processes and service of added value (AVOS) for financial institutions and insurance providers.

The Prosegur Group organisational and corporate restructuring process has been carried out legally by executing different business unit segregation operations, the sale and purchase and contribution of shares and different sale and purchase and contribution operations of shares and shareholding between the Prosegur Group company (the "**Reorganisation**"). It must not be ruled out that other internal company restructuring operations may take place (for example, by means of the sale and purchase and/or contribution of shares and shareholding) between Prosegur Group companies.

As a result of the Reorganisation, which the Prosegur Group company named Prosegur Cash, S.A.U., wholly owned, directly and/or indirectly by Prosegur, is aware of and records for all intents and purposes, has become the parent company of the Cash in Transit division, grouping the shareholding of the Prosegur Group in the companies that comprise the aforementioned division throughout the world.

As part of its strategic plan, Prosegur is still considering other growth alternatives, with the possible capturing of resources, including possibly listing Prosegur Cash on the Spanish Stock Exchange, possibly during the first half of 2017, depending on market conditions.

For this purpose, the Company will consider the possible transfer or contribution of part of its shareholdings in Prosegur Cash, including by means of making an offer of sale of and/or subscription to shares, always maintaining a share of more than 50% in Prosegur Cash (directly and/or indirectly).

In the event of an offer of sale and/or subscription of shares, in accordance with usual practices on financial markets, the price for sale of and/or subscription to shares is determined after the corresponding process of bookbuilding, by which the placement entities perform activities to promote the offer and request purchase and/or subscription proposals or mandates from potential investors, which is an ideal method for determining the market price of the shares.

By this Transaction, Prosegur aims to attract new capital interested in investing in the Cash in Transit business. In addition, Prosegur contemplates the possibility of reducing its debt, redistributing funds to the businesses of Alarms and Security to continue boosting their organic growth and, possibly, remunerate Prosegur shareholders.

In this context, although the Transaction is still being studied and, to date, there is not yet any definitive decision regarding it, the Board of Directors considers it appropriate to request authorisation from the General Shareholders' Meeting for its possibility so that it is able to perform the Transaction at the opportune time if this is what is decided.

4. PROPOSED RESOLUTION

The proposed resolution for approval by the General Shareholders' Meeting is transcribed literally below:

Authorisation, for the purpose of the provisions of article 160.f) of the Spanish Companies Act, for the transfer or contribution of shares in Prosegur Cash (Prosegur Group's Cash in Transit division), including by means of making an offer for the sale and/or subscription of shares under the framework of it potentially being listed on the Spanish Stock Exchange.

PROPOSED RESOLUTION

- 1.- *Authorise, for the purpose of provisions of article 160.f) of the Spanish Companies Act, the transfer or contribution of shares in the Prosegur Group company that is the parent company of its Cash in Transit division (currently the company Prosegur CIT Holding, S.A.U. - hereinafter, "Prosegur Cash"), including by means of making an offer of sale of and/or subscription to shares under the framework of it potentially being listed on the Spanish Stock Exchange, with Prosegur Compañía de Seguridad, S.A. always maintaining a share of more than 50% in Prosegur Cash (directly and/or indirectly).*
- 2.- *Acknowledge and approve (as necessary) the organisational and corporate restructuring process carried out by the Prosegur Group for the purposes of restructuring the group based on its three main divisions, by means of executing different business segregation operations, sales and purchases and contributions of shares and by different sale and purchase and contribution operations between the Prosegur Group and authorising additional internal company restructuring operations within the Prosegur Group that are necessary or appropriate.*

- 3.- *Authorise the Board of Directors, in the broadest terms, with express powers of substitution, to decide to perform the aforementioned additional company restructuring operations within the Prosegur Group that are necessary or appropriate, in addition to the aforementioned transfer or contribution of Prosegur Cash shares, including by means of making an offer for the sale and/or subscription of shares and it being listed on the Stock Market, when deemed necessary, making all the decisions and taking all the actions that are necessary or appropriate for this purpose, including, in particular and without limitation, setting the amount of the possible offer and the price or value of the transfer, contribution, sale and/or subscription of the Prosegur Cash shares.*

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Madrid, 26 October 2016.