

-CORESTATE CAPITAL HOLDING S.A.

société anonyme

4, rue Jean Monnet, L-2180 Luxembourg, Grand Duchy of Luxembourg

registered with the Luxembourg Trade and Companies Register

under registration number B 199780

(the **Company**)

**REPORT OF THE MANAGEMENT BOARD OF THE COMPANY TO THE EXTRAORDINARY
GENERAL MEETING OF THE SHAREHOLDERS OF THE COMPANY TO BE HELD ON
22 NOVEMBER 2022**

Dear Shareholders

In accordance with article 420-26 (5) of the Luxembourg law on commercial companies dated 10 August 1915, as amended (the **Law**), the management board of the Company (the **Management Board**) submits for your review and consideration this report on the proposal to be made at the extraordinary general meeting of the shareholders of the Company to be held on 22 November 2022 (the **Meeting**) regarding the creation of an increased authorised share capital of the Company in an aggregate amount of fifteen million Euro (EUR 15,000,000), represented by a maximum of two hundred million (200,000,000) new shares without a nominal value, for a duration of five (5) years following the date of the Meeting and the request for authorisation to be granted to the Management Board to cancel or limit the pre-emptive rights of the shareholders set out in the Law in connection with such authorised capital (the **Authorisation**).

1

PURPOSE OF THE AUTHORISATION

The purpose of the Authorisation is to allow the Management Board to deleverage and effectively restructure the Company by way of issuance of rights, options, convertible instruments or by way of direct share issues (whether on a regulated or unregulated market), i.e. by share offerings, whether or not made to the existing shareholders of the Company.

The Authorisation could in particular, without limitation, be used in order to:

- engage in restructuring programmes, public offerings, acquisition (private or public) or merger transactions, or, generally, additional equity financing programmes;
- increase the share capital by incorporation of reserves or issuance premium; or
- remunerate shareholders by way of a distribution in kind.

The Management Board shall further be allowed to rely on the Authorisation to implement an employee stock option plan and/or the remuneration of senior management. The Management Board also requests, pursuant to and in accordance with article 420-26 (6) of the Law, that at the Meeting the shareholders of

the Company authorise the Management Board to carry out a free allocation of existing shares and to issue shares free of charge to certain employees and corporate officers of the Company (or related companies) (as more specifically described in the Law) (**Free Shares**) and to determine the terms and conditions of any such allocation. The Management Board considers that such an addition to the authorised share capital clause (being the ability to allocate and to issue Free Shares) will facilitate the operation and management of any incentive plans and potentially reduce the costs incurred by the Company in connection with the operation of any such plan(s).

In light of the current challenges and uncertainties in the real estate market and the larger economic context, in particular the rising inflation rates and potential threats of worsening economic conditions (including potential difficulty in accessing new financing or refinancing tools) it is essential for the Company's economic viability to be equipped for the injection of new equity capital at short notice, should a suitable opportunity present itself. Similarly, the Company needs to have the means to act quickly should a deleveraging by way of debt-to-equity swap be deemed opportune and in the interest of the Company. In order to react quickly and efficiently to fluctuations in the market as well the development of any discussions with financing providers, the availability of a sizeable authorised capital as a (re)financing source is critical.

As such, it is necessary to give the management bodies access to an authorized capital the size of which is sufficient to deal with potential financing needs of the Company, as opposed to the issuance of shares at a general meeting of shareholders with the related requirement to formally convene such shareholders' meeting and respect a 30-day notice period. A regular share capital increase would be lengthy and cost-intensive. The potential turmoil on the equity markets may also cast doubts on the likelihood of a successful capital raising by way of a public offering. Given that the Management Board has not yet made any decision as to the viability, timing and size of any potential capital increase, the envisaged authorised capital provides it with the flexibility to act in the Company's best interest in a market environment that the Management Board expects will remain uncertain for the foreseeable future.

While the Management Board already has access to the existing authorised capital, the need to evaluate a wide range of possible options and to ensure that potential investors can obtain an adequate shareholding, including by way of a debt-to-equity-swap, requires a substantial increase of the authorised capital. The Management Board believes it is of paramount importance to have access to an authorised capital that would allow it to potentially raise significant sums to ensure a sustainable future for the Company, while also enabling creative solutions such as additional incentive programs and earn-out components for interested parties.

For the reasons mentioned above, the Management Board considers it necessary to request from the general meeting the renewal and extension of its authorization to issue shares (or other instruments convertible into shares) having the power to cancel or restrict the shareholders' pre-emptive rights as part of any such issuance. The Management Board considers such authorization to be of pivotal importance for the Company's ability to continue to meet its potential financing needs and remain economically viable for the foreseeable future.

2 AUTHORISATION TO CANCEL OR RESTRICT THE SHAREHOLDERS' PRE-EMPTIVE RIGHTS

As regards the authorisation to cancel or restrict the shareholders' pre-emptive rights, the Management Board deems such authorisation to be indispensable to achieve the goals as described above. The Management Board further notes that, as provided in the Law, if the Meeting grants to the Board the authorisation to allocate or issue Free Shares, it will be implied that all shareholders have waived their preferential subscription rights for the benefit of those to whom the shares are freely allocated.

3 ISSUE PRICE

The issue price of any new shares to be issued under the Authorisation will in each case correspond at least to the accounting par value of the existing shares (at the time of the respective issuance of any such new shares or at the time of the grant of options or issue of other securities or instruments convertible into shares, as the case may be), it being noted that existing Free Shares may be allocated from treasury free of charge and that newly issued Free Shares shall be paid up by capitalisation of distributable profits and reserves including share premium and capital surplus. The Management Board may decide, at its discretion but always subject to the corporate interest of the Company, to issue new shares under the Authorisation at a price which is higher than the accounting par value of the existing shares (at the time of the respective issuance of any such new shares).

3 November 2022

The Management Board