



**CPI PROPERTY GROUP**

*Société Anonyme*

40, rue de la Vallée, L-2661 Luxembourg

R.C.S. Luxembourg B 102254

(hereinafter the "**Company**")

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**REPORT OF THE BOARD OF DIRECTORS OF THE COMPANY ESTABLISHED ACCORDING TO ARTICLE 420-26 (5) OF THE LUXEMBOURG LAW DATED 10 AUGUST 1915 ON COMMERCIAL COMPANIES AS AMENDED**

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The board of directors of the Company (the "**Board**") presents, according to Article 420-26 (5) of the Luxembourg law on commercial companies dated 10 August 1915, as amended (the "**LCA**"), a report concerning the proposal to authorise the Board to limit or suppress the shareholders' preferential subscription rights during capital increases within the framework of the authorised capital it is proposed to introduce as foreseen in items 3 and 4 of the Company's extraordinary general meeting of shareholders convened to be held on 30 May 2024 at 11:00 CEST (or in the case of adjournment or re-convening of the extraordinary general meeting in the absence of a quorum, the date of holding of the adjourned or reconvened extraordinary general meeting) (the "**Meeting**").

**1- Resolutions concerning the authorised capital submitted to shareholders' votes at the Meeting**

During the Meeting, it is proposed to the shareholders of the Company to adopt the following resolutions related to the authorised capital of the Company:

Resolution 3:

*"The Meeting resolves to approve the report issued by the Company's board of directors according to article 420-26 (5) of the LCA, relating to the possibility for the board of directors of the Company to cancel or limit any preferential subscription right of the shareholders of the Company upon the increases of capital in the framework of the authorised share capital as mentioned in agenda item 4."*

Resolution 4:

*"The Meeting resolves to introduce a new authorised share capital and to set it to an amount of three billion eight-hundred eighty-five million seven hundred fourteen thousand two hundred eighty-five Euros and seventy cents (EUR 3,885,714,285.70) for a period of five (5) years from the date of the general meeting of the shareholders held on 30 May 2024 (or in case of adjourning or reconvening the general meeting because no quorum has been reached, the date of the adjourned or reconvened general meeting), which would authorize the issuance of up to thirty-eight billion eight hundred fifty-seven million one hundred forty-two thousand eight hundred fifty-seven (38,857,142,857) new ordinary shares in addition to the shares currently outstanding. The Meeting further resolves to grant to the board of directors of the Company, based on the report drawn up by the board of directors as referred to in Article 420-26 (5) of the LCA, all powers for a period of five (5) years in order to carry out capital increases within the framework of the authorised capital under the conditions and methods it will set with the possibility to cancel or limit any preferential subscription right of the shareholders on the issue of new shares to be issued within the framework of the authorised corporate capital, being understood that all financial instruments carrying an entitlement to, or the right to subscribe for, shares issued until the expiry of that period may still be converted or exercised subsequently to that date."*



Resolution 5:

*“The Meeting resolves to amend article 5.2 of the articles of association of the Company, which shall henceforth read as follows:*

**“ARTICLE 5:**

*[...]*

**5.2 Authorised capital:**

*In addition to the issued and subscribed corporate capital of [eight hundred sixty-one million nine hundred fifty-two thousand two hundred seventy-nine Euros and ten cents (EUR 861,952,279.10)], the Company also has an authorised, but unissued and unsubscribed share capital set at three billion eight-hundred eighty-five million seven hundred fourteen thousand two hundred eighty-five Euros and seventy cents (EUR 3,885,714,285.70) consisting of up to thirty-eight billion eight hundred fifty-seven million one hundred forty-two thousand eight hundred fifty-seven (38,857,142,857) new ordinary shares in addition to the shares currently outstanding (the “Authorised Capital”).*

*Subject to the provisions of article 8 of the articles of association of the Company, the Board of Directors is authorized and empowered within the limits of the Authorised Capital to (i) realize any increase of the share capital or equity of the Company with or without the issuance of new shares it being understood that the Board of Directors is authorized to issue such new shares in one or several issues and (ii) issue bonds, preferred equity certificates, warrants, options or other instruments convertible, exchangeable or exercisable into new shares and to issue new shares further to the conversion or exercise of the above mentioned instruments, it being understood that (a) if such instruments are issued before or during the period set forth in the paragraph below, the new shares upon the conversion or exercise of such instruments may be issued after the expiry of said period and (b) the Board of Directors is authorized to issue such new shares in one or several issues. For the avoidance of doubt, any increase of the share capital or equity of the Company, as well as any issue of bonds, preferred equity certificates, warrants, options or other instruments convertible, exchangeable or exercisable into new shares decided by the Board of Directors prior to 30 May 2024 under the previous authorised share capital of the Company but not realized, converted or exercised at this date remains validly approved and can be realized, issued, converted or exercised under this new Authorised Capital.*

*Such authorisation conferred to the Board of Directors will expire five (5) years after the date of the general meeting of shareholders held on 30 May 2024 and can be renewed in accordance with the applicable legal provisions, it being understood that the Board of Directors can proceed to an increase of share capital or issue of the above mentioned instruments as of the date of the general meeting of shareholders held on 30 May 2024.*

*The new shares and the instruments to be issued in accordance with the above provisions may be paid up through contributions in cash or in kind, by the incorporation of reserves, issue premiums or retained earnings, including in the three latter cases in favour of new shareholders. The new shares to be issued in accordance with the provisions of this article 5 may be issued with or without share premium, it being understood that (i) such shares shall not be issued at a price below the par value and (ii) if the consideration payable to the*



*Company for such newly issued shares exceeds their accounting par value, the excess is to be treated as share premium in respect of such shares in the books of the Company.*

*The Board of Directors is specifically authorised to issue such new shares and, where applicable, the instruments to be issued in accordance with the provisions of this article 5 without reserving (i.e. by cancelling or limiting) for the existing shareholders the preferential right to subscribe for such shares and instruments.*

*The Board of Directors is authorised to determine the place and date of the issue or the successive issues, the issue price, the terms and conditions of the subscription of and paying up on the new shares (referred to in this article 5) and, if applicable, the duration, amortization, other rights (including early repayment), interest rates, conversions rates and exchange rates of the aforesaid instruments (referred to in this article 5) as well as all the other conditions and terms of such instruments including as to their subscription, issue and payment.*

*The Board of Directors is authorised to do all things necessary to amend this article 5 of the present articles of association in order to record a change of the issued and authorised share capital following any increase pursuant to the present article. The Board of Directors is empowered to take or authorise the actions required for the execution and publication of such amendment in accordance with the LCA. Furthermore, the Board of Directors may delegate to any duly authorised person, the duties of accepting subscriptions, conversions or exchanges and receiving payment for shares, bonds, preferred equity certificates, warrants, options or instruments and to do all things necessary to amend article 5 of the present articles of association in order to record a change of the issued and authorised share capital following any increase pursuant to the present article.”*

The exact amount(s) and dates(s) referred to in Article 5 of the articles of association as amended above will be set according to the final amount(s) and date(s) on the effective holding date of the Meeting which will resolve on items 1, 3 and 4 of the agenda of the Meeting.

**2- Circumstances in which the Board proposes to limit or suppress the preferential subscription rights of shareholders when making future capital increases in the framework of the authorised capital:**

**It is reminded that the aim of the legislator in establishing a preferential subscription right is to prevent a shareholder from seeing its share and control in a company being diminished or diluted because of an increase in capital to which he or she was not able or allowed to subscribe.**

**As a measure of protection of the financial interests of shareholders, the limitation or suppression of the preferential right can only be envisaged in a framework justified by special circumstances and should only be used in the sole interest of the Company.**

**The present report has been issued by the Board in order to present the particular circumstances justifying the limitation or elimination of this preferential right within the framework of an authorization granted to the Board for a period of five years.**

The Board proposes to the Meeting to authorise the Board to limit or suppress the preferential subscription rights of the shareholders in the event of future capital increases within the limits of the authorised capital in the following circumstances, any one of which being sufficient to justify the implementation of the measure:



- a) Using the authorised capital with a limitation or suppression of the preferential subscription right of existing shareholders offers the Board the flexibility and speed required to become involved in public and private markets both national and in Europe, to gather funds for competing on tenders without having to resort to very costly bank bonds or guarantees, to develop and carry out large construction projects, refurbishments and developments requiring the gathering and perennial movement of large amounts of capital or to convert a supplier's debt and/or bond debt and/or beneficiary shares (*parts bénéficiaires*) issued by the Company into equity;

or

- b) A rapid decision to accept the subscription of a new or existing shareholder without resorting to a consultation of existing shareholders may also be necessary given the particularly difficult economic and financial circumstances that we have known and that may occur over time. Whether these very serious difficulties result from an economic, social, financial or political crisis, whether they are rooted globally or locally in countries where the Company's has its economic interests and/or makes its decisions is irrelevant to the Company regarding the nature of its businesses, its financial structure, (call for public saving), the markets in which it is involved and the transnational financial flow it is experiencing. The Company must at all times be able to raise the necessary funds to cope with its changing needs in working capital, to cover unexpected charges and to preserve its cash balance, to improve the structure of its finances and optimize its wealth management regarding restrictions of access to credit and the cost of external funding, to reinforce its own funds by converting suppliers' debts or venture partners into capital and to convert bond debt into equity, and to convert beneficiary shares (*parts bénéficiaires*) issued by the Company into equity;

or

- c) A third-party subscription may also be required, if appropriate, to save the Company from serious and imminent damage from a third person and/or a harm, and/or a litigation, and/or particularly negative economic and financial circumstances, peculiar to the Company, causing or likely to cause consequential risks, losses or damages. This subscription with limitation or suppression of the preferential subscription right will allow, if appropriate, the Company to strengthen its liquidity or supply funding in accordance with the prudential rules in force;

or

- d) The use of the authorised capital with a limitation or suppression of the preferential subscription right for existing shareholders may help the Board defend against a take-over bid or a hostile attack, in the context of which one or several shareholders and/or future shareholders would attempt to take control of the Company or any other capital action would be brought against the Company, planned or not, by one or several shareholders and/or future shareholders. In such scenario, the use of the authorised capital clause may prove to be one of the most rapid and effective means of preserving the social interests of the Company and to defend its values and projects as well as to sustain the employment of its staff and to guarantee protection of its holdings;

or

- e) Using the authorised capital with a limitation or suppression of the preferential subscription right for existing shareholders may prove beneficial in the exercise of stock options, convertible bonds, warrants or other convertible securities into shares issued by the Company, the conversion of debt to capital (including the conversion of debt of other companies of the group into share capital of the Company), the conversion of



beneficiary shares (*parts bénéficiaires*) issued by the Company into share capital and to allow share issues for the benefit of employees, management and directors of the Company;

or

- f) Using the authorised capital with a limitation or suppression of the preferential subscription right for existing shareholders may allow the Board to realize capital increases for the benefit of one or several existing shareholders or, in particular, for the benefit of new shareholders in order to preserve or guarantee the implementation of the strategic direction of the Company or to give a fresh impetus or better stability to the Company and allow it to develop in the best conditions;

or

- g) The long, costly and relatively complex procedure for a listed company to call a new extraordinary general meeting of the shareholders of the Company which could decide on different types of capital increases (e.g. a capital increase with a preference right) instead of what is proposed by agenda items 3 and 4 may be, under certain circumstances, incompatible with certain fluctuations of the financial markets or business opportunities to which the Company could lay claim. The impossibility of calling a new extraordinary general meeting of the shareholders of the Company in time under such circumstances may be damaging to the Company. In such circumstances, the technique of authorised capital may also be used.

### **3- Methods by which the Board proposes to limit or suppress the preferential subscription right of shareholders while achieving future capital increases in the framework of the authorised capital:**

The Board recommends the Meeting to authorise it to limit or suppress the shareholders' preferential subscription rights while it is achieving future capital increases within the framework of the authorised capital, in respect of all capital increases, including contributions in cash or in kind, among others, the conversion of debt to capital (including the conversion of debt of other companies of the group into share capital of the Company), by credit compensation, by incorporating reserves, first issues or related benefits, with or without the issue of new shares, or following the issue and the exercise of subordinated or non-subordinated bonds, convertible or refundable or exchangeable for shares (determined at time of issue or following it), or following the issue of bonds with warrants or any other share subscription right, or following the conversion of beneficiary shares (*parts bénéficiaires*) into ordinary shares, or by the issue of warrants or any other instrument bearing a share subscription right.

The share price at which new shares will be issued will be determined based on the par value set in the Company's articles of association at time of issue.

Besides the par value, new shareholders may have to pay an issue premium, as applicable and decided by the Board, which will be calculated in terms of the accounting value of existing shares.

The Board of Directors of the Company.

Luxembourg, 26 April 2024

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Mr. David Greenbaum  
CEO & Managing Director