

31 August 2017

ANNOUNCEMENT

COSMOS INSURANCE PUBLIC COMPANY LIMITED (THE "COMPANY")

RE: Recapitalisation of the Company in compliance with Solvency II and Extraordinary General Meeting

Pursuant to the relevant regulations of the Cyprus Stock Exchange and the Cyprus Securities and Exchange Commission and in order to inform shareholders and investors in general as fully as possible, the Board of Directors of COSMOS INSURANCE PUBLIC COMPANY LTD wishes to announce the following:

At its meeting of 30 August 2017, the Company's Board of Directors examined issues relating to the recapitalisation of the Company in compliance with the new institutional framework on Solvency II and, in that context, the strengthening of its capital base with the amount of €4 million.

Directors Andreas Tyllis and Michael Tyllis stated to the Board that they have an interest in the transactions intended to be pursued as a result of the decisions that may be taken at the meeting and therefore did not participate in the vote on the said decisions.

In consultation with the financial advisors, auditors and legal counsels of the Company, the Board of Directors has examined a relevant suggestion included in a draft memorandum (the "Memorandum") submitted and adopted by the Board of Directors. Based on the Memorandum, the strengthening of the capital base will be effected in two phases. In the first phase, shares will be issued to the Company's main shareholders, i.e. Kyriakos M. Tyllis & Co Ltd, to cover an amount of €2,030,000 against an offer by the operations department of Kyriakos M. Tyllis Co Ltd, consisting in two residential properties in the area of Idalio, which is the lowest of the two valuations performed by the two approved valuers and submitted to the Board. In the second phase, Rights will be issued to all the Company's shareholders pro rata to their number of shares. The main shareholders, M. Tyllis & Co Ltd and Mr. Andreas Tyllis, have offered to participate in the issue with the amount of €450,000 each. Kyriacos M. Tyllis & Co Ltd, will exercise the Rights to undertake shares against a total cash amount of €450,000 and will transfer to Andreas Tyllis Rights attributed to it and which will not be exercised, so that he may participate in the issue with a total cash amount of €450,000, in order to cover the minimum required capital increase of the Company for purposes of compliance with the institutional framework.

Upon studying the above and considering market conditions and the urgent need to comply with the new institutional framework, as well as the fact that the issuance of new capital against the consideration offered by the main shareholders as above will ensure the solid increase of the Company's capital base and in view of enforcing this option, the Board of Directors has decided that it is necessary to convene an extraordinary general meeting for the adoption of a special waiver resolution by the shareholders of the right to be issued and allotted 5,139,240 ordinary shares of a nominal value of €0.02 each to at their net asset value as at 31 December 2016, i.e. €0.395 per share, and has taken the following decisions:

1. Recapitalisation

- A. To adopt the proposed plan for the strengthening of the Company's capital base, as set out in the relevant Memorandum submitted to the Board.
- B. To proceed with the first phase of the strengthening of the Company's capital base, by convening an extraordinary general meeting to approve a special waiver resolution of the shareholders' rights to obtain shares, so that 5,139,240 shares of a nominal value of €0.02 each can be allotted to Kyriacos M. Tyllis & Co for a total amount of €2,030,000, i.e. €0.395 per share.
- C. In a second phase, to be implemented the soonest possible upon completing the necessary preliminary work for preparing the prospectus and making the relevant arrangement, to issue 23,124,240 Rights for the acquisition of ordinary shares of a nominal value of €0.02 each. Every ten (10) Rights to be exercised will be converted into seventeen (17) new ordinary shares against an amount of €0.05 per share. The Rights will be issued and allotted at a proportion of one (1) Right per one (1) share to be held at a date to be determined at a later stage.
- D. The new shares to be issued as a result of the recapitalisation and the Rights will be listed on the Cyprus Stock Exchange.
- E. To undertake the necessary actions to obtain the authorisation of the Securities and Exchange Commission so that Kyriacos M. Tyllis & Co Ltd and its associated persons do not conduct a public offer in relation to the acquisition of new shares and Rights in the first and second phase as stated above.
- F. To authorise Mr. Andreas Tyllis to take the necessary actions to implement the plan for the strengthening of the Company's capital base as stated above and as set out in the aforesaid Memorandum with such changes or variations as deemed necessary in consultation with the Company's directors.

2. Extraordinary General Meeting

To convene an Extraordinary General Meeting of the Company's shareholders on 25 September 2017 at 17.00 at the Company's registered office, 46 Grivas Dighenis Ave., 1080 Nicosia (4th floor). The Invitation to the Extraordinary General Meeting is attached herewith. Pursuant to the provisions of Article 128 of the Companies Law Cap. 113, the Notice, attached herewith, will not be sent or posted to the shareholders. The relevant information and the proxy are available on the Company's website www.cosmosinsurance.com.cy

By order of the Board of Directors of Cosmos Insurance Public Company Ltd

(signed)
Andreas Tyllis
Managing Director

COSMOS INSURANCE

Notice of Extraordinary General Meeting

Notice is hereby given that the Extraordinary General Meeting of the shareholders of Cosmos Insurance Public Company Ltd (the "Company") will be held on the 25th of September 2017, at 17.00, 46 Grivas Dighenis Str., 1080 Nicosia (4th floor).

Agenda

1. Waiver of the Rights of the Company's shareholders in connection with the issue and allotment of 5,139,240 ordinary shares of Kyriacos M. Tyllis and Co Ltd against a contribution in kind.

It is proposed that the Extraordinary General Meeting examines and approves the following resolution:

Special Resolution

"To approve and it is hereby approved to authorise the final and irrevocable waiver of the Rights attributable to the Company's shareholders under the law and/or pursuant to the Company's Articles of Association and/or otherwise in connection with the issue and allotment of shares in the Company in order to issue and allot 5,139,240 ordinary shares of a nominal value of EURO 0.02 each to Kyriacos M. Tyllis & Co Ltd, against a contribution in kind consisting in immovable property, as determined by the Company's Board of Directors subject to the provisions of the law on the issue and allotment of shares against contributions in kind".

Explanation: The aforesaid resolution is proposed as a means of raising, in a first phase, capital amounting to €2,030,000 as part of the amount required to cover the Company's capital requirements under Solvency II. The immovable property to be transferred has been valued by experts pursuant to Article 47B of the Companies Law, Cap. 113 and the relevant reports are attached as Appendix to this Notice (page 9 onwards). Relevant information on the intended transaction and the first and second phase of the recapitalisation of the Company is set out in the Memorandum dated 30 August 2017 which is posted on the Company's website.

Nicosia, 31 August 2017

By order of the Board of Directors for
Cosmos Insurance Public Company Ltd

(signed)
Andreas Tyllis
Managing Director