

APHRODITE SPRINGS PUBLIC LIMITED

Date: 29 November 2022

To:

The shareholders of APHRODITE SPRINGS PUBLIC LIMITED (the "**Company**")

Written Report of the Board of Directors of the Company

With respect to the resolution standing before you relating to, inter alia, the increase of the share capital of the Company, the issue and allotment of shares and the exclusion of the pre-emption rights, as set forth in Articles of Association of the Company and the Companies Law, Cap. 113, as amended, the directors of the Company have considered the following:

On 1 April 2021, the Company entered into two subscription agreements with each of Prodea Real Estate Investment Company S.A. ("**Prodea**") and Invel Real Estate Partners Three Limited ("**Invel**") respectively (the "**Subscription Agreements**"). Pursuant to the Subscription Agreements, in exchange for the contribution and payment of the total amount of €5,150,000 (which will be contributed and paid by Invel and Prodea proportionately on the basis of their shareholding) to the Company (the "**Capital Injection**"), the Company agreed to issue and allot to Invel and Prodea the relevant shares, within three months from the date of the Subscription Agreements.

Given that the issue and allotment was not made within the abovementioned timeframe, an amount equal to the proportion of Capital Injection paid by Invel and Prodea is now payable to Invel and Prodea by the Company. The management of the Company, together with Invel and Prodea, decided that it is in the best interests of the Company that the total liability of circa €5,150,000 towards the Company is not repaid in cash but instead be capitalised (the "**Capital Increase 1**")

The Company is also in need of €200,000 for working capital purposes (the "**Capital Increase 2**") and of €1,500,000 for the payment of the annual instalments of the levy which is payable to the Republic of Cyprus in relation to a golf course permit (the "**Capital Increase 3**" and together with Capital Increase 1 and Capital Increase 2, the "**Capital Increase**").

In this respect, the directors of the Company have agreed the following:

- Increase of the authorised share capital of the Company from €34,200 divided into 20,000 ordinary shares of €1.71 nominal value each to €41,370.03 divided into 24,193 ordinary shares of €1.71 nominal value each
- Issue price in relation to the issue and allotment of the shares: €1,634 each (i.e. nominal value of €1.71 and premium of €1,632.29)
- Period of issuance: Within one year
- Exclusion of the pre-emption rights of the Company pursuant to sections 59A and 60B of the Companies Law, Cap. 113, as amended

The directors of the Company further agreed that the allotment of the shares to Invel and Prodea in relation to the Capital Increase shall be as follows:

- 1) Capital Increase 1:
 - Number of shares to be allotted to Invel: 118 ordinary shares
 - Number of shares to be allotted to Prodea: 3,034 ordinary shares
- 2) Capital Increase 2:
 - Number of shares to be allotted to Invel: 5 ordinary shares
 - Number of shares to be allotted to Prodea: 118 ordinary shares
- 3) Capital Increase 3:
 - Number of shares to be allotted to Invel: 34 ordinary shares
 - Number of shares to be allotted to Prodea: 884 ordinary shares

The Company has decided that the shares to be issued and allotted to Invel and Prodea respectively would be at a value of €1,634 each (i.e. nominal value of €1.71 and premium of €1,632.29). Such issue price is considered as fair and just since it is the trading price of the shares of the Company.

The directors of the Company believe that these transactions are for the benefit of the Company as are necessary in order for the Company to deal with its obligations.

The Directors shall be empowered to allot shares for cash as if the right of pre-emption contained in the Articles of Association of the Company and section 60B of the Companies Law, Cap. 113 did not apply to such allotment for a period which expires five years from the date of the EGM (as defined below).

This proposal is subject to a resolution of a general meeting of the Company taken by the shareholders of the Company. Once the said resolution has passed, a certified true copy thereof shall be filed with the Registrar of Companies in Cyprus for the purpose of its publication in accordance with the provisions of the Companies Law, Cap. 113, as amended.

By order of the Board of Directors



George Misirlis