

# Invitation

to the annual general meeting of  
**Castle Alternative Invest AG**  
Tuesday, 15 May 2018, 14:00 h (doors open 13:30h)  
at the offices of the company at  
Schützenstrasse 6, 8808 Pfäffikon SZ, Switzerland

## Agenda

### I. Approval of the management report, the annual financial statements and the consolidated financial statements 2017

The board of directors proposes to approve the management report, the annual financial statements and the consolidated financial statements as of 31 December 2017 as well as acknowledging the reports of the statutory auditor.

### II. Appropriation of the balance sheet surplus

The board of directors proposes to carry forward the balance sheet surplus of TCHF 31,207.

### III. Discharge of the board of directors and the general manager

The board of directors proposes that discharge be granted to its members as well as to the general manager.

### IV. Capital reduction through cancellation of shares

The board of directors proposes:

- to reduce the share capital of CHF 43,606,485 by CHF 4,550,715<sup>1)</sup> to CHF 39,055,770<sup>1)</sup> by way of cancellation of 910,143<sup>1)</sup> shares with a par value of CHF 5 each. These shares include 594,551<sup>1)</sup> shares that were bought back by the Company under the 2017 – 2018 share buyback program, 277,578 shares that were tendered to the Company following the issuance of tradable put-options in 2017 and 38,014 shares that were bought back by the Company under the 2016 – 2017 share buyback program launched on 6 June 2016;
- to confirm as a result of the report of the auditors that the claims of the creditors are fully covered notwithstanding the capital reduction;
- to amend article 4 of the articles of association according to the following wording as per the date of the entry of the capital reduction in the commercial register (the proposed amendments are shown in *italics*):

“Article 4: Share capital

The share capital of the Company amounts to CHF 39,055,770<sup>1)</sup> and is divided into 7,811,154<sup>1)</sup> registered shares with a par value of CHF 5 per share. The shares are fully paid-in.”

<sup>1)</sup> These figures will be modified at the annual general meeting due to further trades on the second line between approval for this invitation and the annual general meeting.

### V. New share buyback program

Once the current share buyback program has been terminated, the board of directors proposes that the board of directors be authorised to repurchase at its discretion the Company's own shares by way of a public share buyback program via a second trading line at SIX Swiss Exchange or via the issuance of put options, up to a maximum of 10% of the share capital, within a period of maximum 3 years after termination of the current share buyback program. These repurchased shares shall be cancelled. The necessary amendments of the articles of association (reduction of share capital) and the audit report will be proposed to a subsequent general meeting.

### Agenda item request by shareholder BKS Global PCC Limited (“BKS”)

#### VI. Limitation of number of board of directors

BKS requests to limit the number of board of directors to a maximum of three members and to amend article 13 of the articles of association to the following wording (the proposed are shown in *italics*): The board of directors shall consist of a *maximum of three members*, who are already elected by the shareholders meeting for one-year term and who may be re-elected.

The board of directors proposes to decline this request.

### Agenda item request by shareholder BKS Global PCC Limited (“BKS”)

#### VII. Amendment of the articles of association/Maximum compensation of each member of the board of directors

BKS requests:

the extension of article 20c paragraph 1 of the articles of association to the following wording: *The total annual compensation of each member of the board of directors does not exceed CHF 20,000.*

The board of directors proposes to decline this request.

#### VIII. Elections to the board of directors

The board of directors proposes to re-elect (each one separately) Tim Steel as member of the board and chairman of the board of directors, Dr Konrad Bächinger, Reto Koller, Dr André Lagger and Kevin Mathews as members of the board of directors for a term of one year up to the end of the next ordinary general meeting of the shareholders.

In case of acceptance of the agenda item request by BKS Global PCC Limited regarding agenda item VI, the board of directors proposes the re-election (each one separately) of Tim Steel as member of the board and chairman of the board of directors, Dr Konrad Bächinger and Kevin Mathews as members of the board of directors for a term of one year up to the end of the next ordinary general meeting of the shareholders.

#### IX. Elections to the compensation committee

The board of directors proposes to elect (each one separately) Dr André Lagger and Dr Konrad Bächinger as members of the compensation committee for a term of one year up to the end of the next ordinary general meeting of the shareholders.

In case of acceptance of the agenda item request by BKS Global PCC Limited regarding agenda item VI, the board of directors proposes the election (each one separately) of Kevin Mathews and Dr Konrad Bächinger as members of the compensation committee for a term of one year up to the end of the next ordinary general meeting of the shareholders.

#### X. Compensation of the board of directors

The board of directors proposes that a maximum total amount of CHF 215,000 as compensation for the members of the board of directors for the term of office until the next shareholders meeting be approved.

In case of acceptance of agenda item request by BKS Global PCC Limited regarding agenda items VI and VII, the board of directors proposes that a maximum total amount of CHF 60,000 as compensation for the members of the board of directors for the term of office until the next shareholders meeting be approved.

In case of (i) acceptance of the agenda item request by BKS Global PCC Limited regarding agenda item VI but refusal of agenda item request VII, the board of directors proposes that a maximum total amount of CHF 150,000 as compensation for the members of the board of directors for the term of office until the next shareholders meeting be approved.

In case of (ii) refusal of the agenda item request by BKS Global PCC Limited regarding agenda item VI but acceptance of agenda item request VII, the board of directors proposes that a maximum total amount of CHF 100,000 as compensation for the members of the board of directors for the term of office until the next shareholders meeting be approved.

#### XI. Compensation of the executive management

The board of directors proposes that a maximum total amount of CHF 75,000 as compensation for the members of the executive management for the business year 2019 be approved.

## **XII. Appointment of an independent proxy**

The board of directors proposes the appointment of Mr Peter Marty, Biberzeltenstrasse 21, 8853 Lachen, Switzerland as independent proxy for the company for the period from the AGM until the end of the next annual general meeting of the company, regarding the business year 2018.

## **XIII. Election of statutory auditors**

The board of directors proposes to re-elect PricewaterhouseCoopers Ltd. as statutory auditors for a one year term.

## **Further agenda item requests by shareholder BKS Global PCC Limited ("BKS")**

### **XIV. Actions to reduce the discount of the share price to the net asset value of the Company's shares**

BKS requests:

to extend the buyback program relating to agenda item V by at least 4 million shares to roughly 4,781,115 shares (corresponding to roughly 61.2% of the share capital) by way of using any and all possibilities within the scope of tax free capital repayments and share buybacks.

The board of directors proposes to decline this request.

### **XV. Actions to reduce costs**

BSK requires and requests that the board of directors shall examine and take all actions in order to significantly reduce the costs (management and performance fees as well as operating expenses), which amount to almost 2% of the assets.

The board of directors proposes to decline the request. The request falls in particular into the non-transferable and inalienable duties of the board of directors pursuant to Swiss company law in art. 716a cif. 3 of the Code of Obligations. According to this provision the board of directors is solely responsible to take cost reducing actions. The board of directors thus would need to challenge an affirmative decision by the shareholders meeting immediately to the extent the decision is not null and void.

## **Information**

### **Management report 2017**

The management report, the annual financial statements and consolidated financial statements and the reports of the statutory auditors of Castle Alternative Invest AG for the year 2017 are available for inspection at the registered office of the company at Schützenstrasse 6, 8808 Pfäffikon, Switzerland. Each shareholder may request to receive a copy of these documents.

### **Invitations/Admission cards**

Shareholders registered with voting rights in the shareholders' register until and including 4 May 2018 shall receive, with their invitation to the annual general meeting, a registration card to apply for an admission card and voting documentation. The timely return to SIX SAG AG (latest by 8 May 2018) will facilitate the preparations for the general meeting. No new share registrations with voting rights shall be made in the shareholders' register between 4 May 2018 and the end of the general meeting.

### **Admission cards/Proxy**

The registration card attached to this invitation may be used as follows: (i) to order the admission card and the voting documents in order to attend the general meeting in person or to appoint in writing a representative who needs not be a shareholder as proxy; or (ii) to appoint the independent proxy, Mr Peter Marty, Biberzeltenstrasse 21, 8853 Lachen, Switzerland. Shareholders may have the possibility to use electronic authorisations and instructions via [www.sherpany.com](http://www.sherpany.com). By signing and returning the registration form without ordering an admission card or issuing specific voting instructions to the independent voting proxy, the independent voting proxy will vote in favor of the motions of the board of directors. This will also apply for any voting on additional motions that were not included in the invitation. Proxy voting by banks or corporate bodies of the Company.

Pfäffikon SZ, 17 April 2018

On behalf of the board of directors

Chairman  
Tim Steel

This is a non-binding translation of the German-language original, which can be downloaded from [www.castleai.com](http://www.castleai.com)