

Invitation

to the annual general meeting of
Castle Alternative Invest AG
Wednesday, 15 May 2019, 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 2018

The board of directors proposes to approve the management report, the annual financial statements and the consolidated financial statements as of 31 December 2018 as well as to acknowledge 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 13,277.

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 39,312,105 by CHF 7,826,610¹⁾ to CHF 31,485,495¹⁾ by way of cancellation of 1,565,322¹⁾ shares with a par value of CHF 5 each. These shares include 379,704¹⁾ shares that were bought back by the Company under the 2018 – 2019 share buyback program, 734,251 shares that were tendered to the Company following the issuance of tradable put-options in 2018 and 451,367 shares that were bought back by the Company under the 2017 – 2018 share buyback program launched on 24 July 2017;
- 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 31,485,495¹⁾ and is divided into 6,297,099¹⁾ registered shares with a par value of CHF 5 per share. The shares are fully paid-in.”

¹⁾ 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.

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

V. Distribution of a tax free extraordinary dividend

BKS requests to distribute a tax free dividend from capital contribution reserves in the amount of CHF 38,000,000.

The board of directors proposes to decline this request.

VI. Capital reduction through nominal value reduction

The board of directors proposes:

- to reduce the share capital of CHF 31,485,495¹⁾ by CHF 31,170,640.05¹⁾ to CHF 314,854.95¹⁾ by reducing the nominal value per share from CHF 5.00 to CHF 0.05 and consequently distribute CHF 4.95 per share to shareholders;

in case of acceptance of the request by BKS regarding agenda item V, the board proposes section a) of this agenda item to read as follows:

- to reduce the share capital of CHF 31,485,495¹⁾ by CHF 31,170,640.05¹⁾ to CHF 314,854.95¹⁾ by reducing the nominal value per share from CHF 5.00 to CHF 0.05 and to transfer CHF 4.95 per share to the Company's reserves from capital contributions;
- 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 314,854.95¹⁾ and is divided into 6,297,099¹⁾ registered shares with a par value of CHF 0.05 per share. The shares are fully paid-in.”

¹⁾ These figures will be modified at the annual general meeting subject to the voting results under agenda item IV.

VII. Reclassification of reserves

The board of directors proposes to reclassify TCHF 2,428 capital contribution reserves that are not confirmed by the Federal Tax Administration and TCHF 31,906 other legal reserves into accumulated surplus.

VIII. 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

IX. 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 amendments 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

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

BKS requests to extend 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.

XI. 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 request by BKS regarding agenda item IX, 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.

XII. 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 request by BKS regarding agenda item IX, 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.

XIII. 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 (i) acceptance of the requests by BKS regarding agenda items IX and X, 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 (ii) acceptance of the request by BKS regarding agenda item IX but refusal of request X, 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 (iii) refusal of the request by BKS regarding agenda item IX but acceptance of request X, 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.

XIV. 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 2020 be approved.

XV. 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 2019.

XVI. Election of statutory auditors

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

Agenda item request by shareholder BKS

XVII. 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 VIII by at least 4 million shares to roughly 4,629,345 shares (corresponding to roughly 73.6% 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.

Agenda item request by shareholder BKS

XVIII. Actions to reduce costs

BKS 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 2018

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 2018 are available for inspection at the registered office of the company at Schützenstrasse 6, 8808 Pfäffikon, Switzerland.

Invitations/Admission cards

Shareholders registered with voting rights in the shareholders' register until and including 3 May 2019 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 10 May 2019) will facilitate the preparations for the general meeting. No new share registrations with voting rights shall be made in the shareholders' register between 3 May 2019 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. 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 is prohibited.

Pfäffikon SZ, 18 April 2019

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