

Leading proxy advisors ISS and Glass Lewis both recommend a vote against all resolutions proposed by Reggeborgh Invest

Institutional Shareholders Service (ISS) and **Glass Lewis & Co**, the two leading independent providers of corporate governance and responsible investment solutions, advising institutional investors on voting in companies' General Meetings, have both published their research reports for the Extraordinary General Meeting of ELLAKTOR and **they both have provided recommendations AGAINST the resolutions proposed by Reggeborgh Invest B.V.**, citing lack of clarity and conflicts of interest.

In particular, regarding **Items 1 & 2**, *Reduction of the Company's share capital through reduction of the nominal value of all Company's shares and Increase of the Company's share capital with pre-emption rights for the existing shareholders*, as proposed by the Board of ELLAKTOR:

- **Glass Lewis** notes that: *"We generally believe that Management and the Board are in the best position to make decisions regarding the Company's finances... In this case, given the reasonably detailed explanation of the Company's intended uses of the proceeds of the issuance, we are inclined to support the terms of the issuance. **We believe the additional capital provided by the authority will provide the Company with sufficient flexibility to pursue its investment strategy, which we believe is in the best interests of shareholders. We recommend that shareholders vote FOR this proposal.**"*
- **ISS**, which acts as the primary proxy advisor for the vast majority of ELLAKTOR's foreign institutional shareholders, called on shareholders to support the company's Board of Directors proposals 1 & 2, as these were considered sufficient. However, regarding the dissidents' criticism of ELLAKTOR's capital adequacy, ISS states that *"**the dissidents have not made public any alternate business plan that would provide a better solution for shareholders**".* ISS therefore concludes to say that *"Considering the company's rationale, the plan presented to investors by the company, as well as the lack of specific plans for the restoration of the company's capital adequacy submitted by the dissidents, support for Item 2 is warranted"*

Regarding **Items 3-6**: *Revocation of all the members of the BoD of the Company, Election of a new BoD, Revocation of all members of the Company's Audit Committee and Election of a new Audit Committee*, as proposed by the dissidents Reggeborgh Invest BV, Angelos Giokaris and Christos Panagiotopoulos:

- **Glass Lewis is, in general, reluctant to recommend support of dissident candidates for election to the Board unless the following conditions are met:** (i) the Board has undertaken an action clearly contrary to the interests of shareholders or (ii) there are serious problems at the company and the dissident shareholders (and proposed new Board members) have a clear and realistic plan to solve these problems. In this case, neither of these criteria has been met. **Given the lack of information regarding potential candidates and the absence of any compelling rationale for the proposed**

changes, we do not believe that it is in best interests of shareholders to support these proposals. We recommend that shareholders vote AGAINST proposals 3, 4, 5 and 6.”

- **ISS recommends a vote AGAINST these items is because the dissidents have not disclosed any alternate, better plans to the management's current strategy while it also noted that two of the dissidents' candidates seem conflicted.** ISS provides a detailed explanation in its report that outlines the position of the company, namely that the proposal to elect a new Board comes from the main shareholder - Reggeborgh Invest BV - of the main competitor company in Greece, GEK TERNA, who therefore is conflicted.

More specifically, ISS adds that the dissident's candidate for the Board's chairmanship, **Georgios Mylonogiannis**, may also be conflicted, as he is the founder and partner of a law firm which advises the Hellenic Republic Asset Development Fund (HRADF) about an ongoing tender (Concession of the Egnatia Odos Motorway), in which an ELLAKTOR's subsidiary participates in a consortium with other companies. In the context of this tender, there have also been legal proceedings between the HRADF and that consortium, with the latter having submitted an appeal (as an extension of the bids' submission date was not granted by HRADF as requested by the consortium, with HRADF not receiving its bid). Similarly, the dissident's proposed CEO, **Aristides Xenofos**, until a few days ago held the position of Executive Chairman of HRADF's Board, participating in decisions regarding this tender and proceeding with legal actions (as HRADF's representative). Meanwhile, HRADF has proceeded with GEK TERNA, the sole bidder.

The Board of Directors states that there is not any reference whether the dissidents' Independent Director nominees meet the independence criteria of Law 3016/2002, as well as of the company's Corporate Governance code.

As concerns the **Audit Committee**, the company states that except for the proposed Chairman, the dissidents' rationale, as well as the candidates' resumes, **do not indicate that the nominees possess sufficient and relevant knowledge of the company's sector and activities.**

ISS therefore concludes that: “As mentioned under Items 1 and 2, the dissidents have not presented any alternate solution that may warrant support to their proposals. Without displaying the qualifications of the dissident's candidates, **considering a lack of disclosed strategy and apparent conflicted of interests, support for Items 3-6 does not seem expedient.**”

The ISS and Glass Lewis reports clearly identify the important issues arising from the lack of a strategy proposal and the apparent conflict of interest in Reggeborgh's resolutions. Their recommendations provide a strong assurance that the international investment community will support the company in implementing its strategy, in the interest of the shareholders.