

GLOBALCAPITAL P.L.C.

SHAREHOLDERS' CIRCULAR

DATED 7 AUGUST 2015

This circular is being issued by GlobalCapital p.l.c. (C 19526) with registered office at Testaferrata Street, Ta' Xbiex, XBX 1403, Malta (the "Company") pursuant to the requirements of the provisions of Chapter 6 of the Listing Rules in connection with the Special Business being proposed at the annual general meeting of the Company scheduled for the 4th September 2015.

IMPORTANT INFORMATION

THIS IS AN IMPORTANT DOCUMENT.

SHAREHOLDERS SHALL BE REQUESTED TO VOTE ON THE ISSUES AND MATTERS DESCRIBED HEREIN AT THE ANNUAL GENERAL MEETING. IN THE EVENT THAT SHAREHOLDERS RECEIVING THIS DOCUMENT ARE IN ANY DOUBT AS TO THE IMPORT OF THIS DOCUMENT OR AS TO ANY ACTION REQUIRED OF THEM THEY ARE URGED TO CONSULT THEIR INDEPENDENT PROFESSIONAL ADVISERS.

This circular (the "Circular") contains information about the resolutions that are being proposed for adoption at the forthcoming annual general meeting of shareholders scheduled for 4 September 2015 (the "AGM"). It is being sent to all shareholders entitled to attend and vote at that meeting to enable them to understand better the nature of the resolutions that are to be considered at the AGM as special business and to provide the necessary information about these resolutions to assist shareholders to make a properly informed decision.

This Circular is being sent in compliance with the Listing Rules of the Listing Authority and particularly in compliance with the requirements for such a circular in terms of Listing Rule 6.39 which requires that where shareholders are sent a notice of a meeting which includes any business, other than Ordinary Business at an annual general meeting, an explanatory circular must accompany the notice.

This Circular briefly explains to shareholders of the Company the resolutions proposed as special business at the AGM and complies with the requirements of Listing Rule 6.2 on the contents of all circulars.

Where any or all of the securities of the Company have been sold or transferred by the addressee of this Circular, then the Circular and any other relevant documents should be passed to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

All the Directors of the Company accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors who have taken all reasonable care to ensure that such is the case, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Circular does not constitute an offer, invitation or solicitation to any person to subscribe for, acquire, or dispose of any securities in the Company and no reliance ought to be made by any person on any information contained in this Circular as a basis for a decision to invest in, or dispose of, any securities issued, or which may be issued, by the Company.

There is no guarantee that any of the transactions referred to in this Circular will be completed successfully in whole or at all, or that shareholder support will be forthcoming for any of the resolutions or other actions, including the proposed Rights Issue, referred to in this Circular. Nor is there any guarantee that regulatory approval, in Malta and/or abroad, for any transaction or action referred to in this Circular will be forthcoming. Furthermore, a number of the transactions and actions contemplated herein are contingent on the actions of third parties and may also be impacted by other factors, such as general economic or market conditions, over which the Company has no control.

INTRODUCTION

This Circular is intended to explain to shareholders the import of the special business that is required to be addressed at the AGM and to provide them with sufficient explanation to enable them to make informed decisions. This circular does not include any information on the first four resolutions to be addressed at the AGM as these constitute Ordinary Business.

The memorandum and articles of association and the annual financial report of the Company are available for inspection at the Company's registered office for the duration of fourteen (14) days from the publication of this Circular.

SPECIAL BUSINESS

The fifth resolution - authorisation to disclose price-sensitive information

At the forthcoming annual general meeting, shareholders are being requested by the Directors to consider and, if thought fit, approve the following as an ordinary resolution:

That the Company be and is hereby authorised and empowered to make such disclosures, including disclosure of price sensitive information, as the Directors may consider appropriate to:

(i) EIP PLC, a limited liability company registered in Malta with company registration number C 65310 ("EIP");

(ii) BAI Co. (Mtius.) Ltd a company registered in Mauritius with company registration number O6007513 (“BAI”); and

(iii) the respective advisers of EIP and BAI,

as may be necessary for the purpose of enabling EIP and BAI to confirm or modify the price payable in respect of the proposed acquisition by EIP of six million three hundred ninety-nine thousand and ninety-two ordinary shares (6,399,092) in the Company from BAI, subject to compliance with the terms set out in Listing Rule 5.174 of the Listing Rules; and that, subject to confirmation by the Listing Authority, the acquisition by EIP of any shares of the Company pursuant to the exercise of its pre-emption rights in relation to any rights issue made by the Company in the period of twelve (12) months from the date of approval of this resolution shall, for the purposes of Listing Rule 5.174.6, be considered to constitute one transaction with the proposed acquisition of shares by EIP from BAI.

Explanation of the fifth resolution

Background

On the 22 July 2015 the Company announced that it had been made aware that EIP P.LC. (“EIP”), a limited liability company registered in Malta with company registration number C 65310, had entered into a share purchase agreement (the “SPA”) with BAI Co. (Mtius) Ltd a company registered in Mauritius with company registration number O6007513 (“BAI”) for six million three hundred ninety nine thousand and ninety two (6,399,092) ordinary shares in the Company, pursuant to which EIP had agreed to acquire a forty eight point four five percent (48.45%) shareholding interest in the Company. This shareholding constitutes a “Substantial Shareholding” in terms of Listing Rule 5.174 of the Malta Financial Services Authority (“MFSA”) as explained below.

The Company is not a party to the SPA and consequently the Directors are not privy to its contents. EIP has informed the Company, however, that the SPA is a legally binding agreement which is conditional upon the fulfilment of a number of conditions, including approval by the Company for due diligence to be carried out by EIP and all necessary regulatory approvals in Malta and abroad.

EIP has also requested the Company to provide access to certain information, including confidential information, relating to the Company and its subsidiaries in order to confirm or modify the price payable by EIP to BAI in terms of the SPA. This necessarily entails access to information which is not publicly available and which includes price-sensitive information.

Following such a request the Directors are proposing this resolution to the shareholders, for them to determine whether to authorise, within the parameters provided by the Listing Rules, the disclosure of information to (i) EIP, as a *bona fide* offeror within the terms of Listing Rule 5.174, (ii) BAI, as a *bona fide* transferor within the terms of the said Listing Rule, and (iii) their respective professional advisors, so that EIP

can proceed with the acquisition of 6,399,092 ordinary shares in the Company from BAI (the “Share Purchase”).

Furthermore, EIP has indicated its willingness, by entering into a conditional placement agreement dated 31 July 2015 (the “Placement Agreement”), to subscribe in full to all the new ordinary shares to which it will be entitled upon the Company making a rights issue, as defined in Appendix 3.1 of Chapter 3 of the Listing Rules, to all its shareholders in respect of such number of ordinary shares as may be necessary for the Company to raise a minimum of fourteen million Euro (€14,000,000) and a maximum of thirty million Euro (€30,000,000), whether by way of nominal value and/or premium, at a price yet to be determined by the Company (the “Rights Issue”) as further explained below.

The Placement Agreement is subject to a number of conditions including, amongst others:

- the completion of the Share Purchase, including the Company in general meeting authorising the disclosure of confidential information relating to the Company and its subsidiaries for the purpose of enabling EIP to confirm or modify the price payable to BAI in respect of the share Purchase;
- all necessary regulatory approvals in respect of the Share Purchase and the proposed Rights Issue;
- the MFSA confirming that the Share Purchase and the subscription by EIP to its *pro rata* entitlement of the proposed Rights Issue shall be considered as one transaction (the “Composite Transaction”) for the purposes of Listing Rule 5.174.6 and that accordingly the prohibition set out in Listing Rule 5.174.6 of the Listing Rules shall not exclude EIP from subscribing to its *pro rata* entitlement of the Rights Issue;
- the MFSA exempting EIP, pursuant to Listing Rule 11.21.4, from the obligation to make a “Mandatory Bid” (as defined in Chapter 11 of the Listing Rules) in the event of EIP acquiring a “Controlling Interest” (as also defined in Chapter 11 of the Listing Rules) in the Company as a result of executing its pre-emption rights in respect of the proposed Rights Issue.

Subject to completion of the Placement Agreement, EIP has agreed to subscribe for all the ordinary shares to which it will be entitled pursuant to the Rights Issue within the relevant offer period for an aggregate consideration of fourteen million five hundred and thirty five thousand Euro (€14,535,000).

Listing Rule 5.174

This Listing Rule contemplates the situation in which a *bona fide* offeror shows an interest in acquiring a “Substantial Shareholding” in a company whose securities are admitted to listing and provides the applicable parameters for a company to enable such *bona fide* offeror to make a proper evaluation of the Company and its business in order to make, confirm, withdraw or modify the offer to acquire the said “Substantial Shareholding”.

For the purposes of this Listing Rule a “Substantial Shareholding” means the entitlement to exercise or control the exercise of ten per cent (10%) or more of the votes able to be cast at general meetings or the

entitlement to appoint a majority of directors on the board of directors of a company or other legal person or undertaking whose securities have been authorised as admissible to listing.

This Listing Rule also requires that before the Company may disclose information about itself or its business which is not publicly available and which could be price sensitive certain conditions as set out in Listing Rule 5.174.3 are to be observed. These conditions are:

1. the express consent of the Company in general meeting by an ordinary resolution of the Company unless the memorandum or articles of the Company require an extraordinary resolution, to make such disclosure of information to *bona fide* offerors. Such consent may, but need not, be limited to a specific prospective offeror(s) (Listing Rule 5.174.3.1);
2. the signing of a confidentiality agreement signed by the prospective transferor and the prospective offeror(s) to prevent the disclosure and use of the information furnished, other than for the purpose of the acquisition of the Substantial Shareholding in the Issuer (Listing Rule 5.174.3.2);
3. an undertaking from the prospective offeror(s) whereby they bind themselves not to deal in the Company's shares or any derivative instrument relating thereto, whether directly or indirectly, for a period of one year following completion of the transaction or termination thereof or discontinuance or withdrawal, other than to complete the transaction that prompted the disclosure of information hereunder (Listing Rule 5.174.3.3);
4. an undertaking from the prospective transferor that it acknowledges that the information received from the Company cannot be used or communicated other than for the purposes of a transaction in the shares that are the subject of the offer, whether wholly or in part, whether with the prospective offeror(s) or otherwise, and that it cannot deal in other shares of the Company for a period of one year following completion of the transaction or termination thereof or discontinuance or withdrawal (Listing Rule 5.174.3.4).

Furthermore, Listing Rule 5.174.6 prohibits, in the event that the transaction that prompted the furnishing of information in confidence is completed, a purchaser which has had access to information in confidence in terms of Listing Rule 5.174 from acquiring further securities in the Company or from disposing of securities in the Company, whether directly or indirectly, for a period of one year from the date of acquisition.

The fifth resolution placed before shareholders at the AGM is intended specifically to comply with Listing Rule 5.174.3.1. However, as noted above EIP has also made the Share Purchase and the subscription by it to its *pro rata* entitlement of the proposed Rights Issue subject to the MFSA confirming that the Composite Transaction shall be considered as one transaction which prompted the furnishing of information in confidence for the purposes of Listing Rule 5.174.6 as indicated in the fifth resolution; accordingly, if this resolution is carried and subject to confirmation by the MFSA, the prohibition set out in Listing Rule 5.174.6 of the Listing Rules shall not exclude EIP from subscribing to its *pro rata* entitlement of the Rights Issue.

Listing Rule 11.21.4

Listing Rule 11.21.4 provides that the Listing Authority may grant exemptions from the obligation to make a Mandatory Bid in the event that "Control" has been obtained by an existing shareholder acquiring securities following an increase in capital as a result of executing his right of pre-emption and not through the purchase of securities acquired from other persons.

For the purposes of Chapter 11 of the Listing Rule, "Control" means the acquisition by a person or the acquisition by persons acting in concert with him which, when added to any existing holdings of those securities of the person and/or to holdings of those securities of persons acting in concert with him, directly or indirectly, give him fifty percent plus one (50% + 1) of the voting rights of the Company.

In the event that the Share Purchase is completed EIP will acquire a 48.45% shareholding interest in the Company which falls below the threshold of fifty percent plus one (50% + 1) referred to above and therefore does not constitute "Control" for the purposes of Chapter 11 of the Listing Rules. However, in the event of the proposed Rights Issue being made by the Company, should a substantial number of shareholders opt not to take up their entitlement, while EIP takes up its *pro rata* entitlement in full, EIP may as a result obtain Control of the Company for the purposes of Chapter 11 of the Listing Rules. EIP has, as explained above, made the Composite Transaction subject, amongst other matters, to the MFSA exempting EIP, pursuant to Listing Rule 11.21.4, from the obligation to make a Mandatory Bid in such an event.

The sixth resolution – increase in authorised share capital

At the forthcoming annual general meeting, shareholders are also being requested by the Directors to consider, and if thought fit, approve the following as an extraordinary resolution:

Proposed text of resolution:

To delete the current text of Clause 6. 1. of the Memorandum and Articles of Association of the Company and replace it by the following text so that Clause 6. 1. will read:

6. 1. *The Authorised Share Capital of the Company is forty million seven hundred and sixty-four thousand and eighty Euro (€40,764,080) divided into 140,000,000 ordinary shares of €0.291172 each.*

The seventh resolution – authority to directors to issue and allot new shares

At the forthcoming annual general meeting, shareholders are also being requested by the Directors to consider, and if thought fit, approve the following as an ordinary resolution:

Proposed text of the resolution:

That the Board of Directors be authorised to issue up to a maximum amount of new Ordinary Shares not exceeding the authorised share capital of the Company and that such authorisation be valid for a maximum period of twelve (12) months from the date of approval of this resolution.

Explanation of the sixth and seventh resolutions

It is the Directors view that the Company requires additional funding to meet the Company's business objectives as disclosed in the Directors' Report annexed to the Annual Financial Report of the Company for the financial year ended 31 December 2014. The sixth and the seventh resolutions described in this Circular will allow the Company to (i) increase its authorised share capital by thirty-two million, twenty-eight thousand, nine hundred and twenty Euro (€32,028,920) divided into one hundred and ten million (110,000,000) ordinary shares of €0.291172 each to an authorised share capital of forty million seven hundred and sixty-four thousand and eighty Euro (€40,764,080) divided into one hundred and forty million (140,000,000) ordinary shares of €0.291172 each; and (ii) authorise and empower the Directors to increase its issued share capital, at any time over the course of the next twelve (12) months up to the maximum amount of the authorised share capital of the Company, in order to proceed with the proposed Rights Issue which shall be made available to all shareholders of the Company.

The proposed increase in the Company's authorised share capital represents an increase of 466.66% per cent (%) in the authorised share capital of the Company.

Process

In the event that the shareholders approve the fifth resolution as proposed, the Directors shall be empowered to disclose the necessary information to EIP, BAI and their respective advisors within the parameters stated above. It is therefore expected, provided that this resolution is duly carried, that the Directors shall then proceed to negotiate, sign and execute with EIP and BAI a confidentiality agreement as required by Listing Rule 5.174 and to sign and execute such other agreements with EIP and BAI containing the undertakings required by the said Listing Rule. The Directors will then have satisfied all the requirements of Listing Rule 5.174 and shall proceed on an agreed process with EIP and BAI to disclose the information requested to the extent the Directors consider appropriate.

Furthermore, it is believed that, subject to the satisfaction of all the other conditions in the SPA, EIP will then be in a position to complete the Share Purchase whereupon EIP shall become the shareholder of 48.45% of the ordinary shares of the Company.

In the event that the shareholders approve the sixth and seventh resolutions and subject to all necessary regulatory approvals, the Directors intend to make the Proposed Rights Issue not earlier than the 01 December 2015 and not later than 31 January 2016. A prospectus for the Rights Issue will be issued by the Company subject to the necessary approval of the Listing Authority and an application will be made to the Listing Authority for the Admission to Listing on a Regulated Market of the new ordinary shares and to the Council of the Malta Stock Exchange for listing and trading of the new ordinary shares on the Official List of the Malta Stock Exchange. The new ordinary shares will rank *pari passu* with the existing ordinary shares in respect of all voting, dividend and other rights. Further information on the proposed Rights Issue including the date on which the new ordinary shares are expected to be issued and admitted to listing and on which dealings are expected to commence will be announced at a future date. The new ordinary shares may be held on the Central Securities Depository of the Malta Stock Exchange in dematerialised form.

What is expected of shareholders?

Shareholders are expected to vote on the fifth resolution and therefore on whether they are of the view that the Directors should provide information, including price sensitive information, to EIP, BAI and their respective professional advisers for the purpose of facilitating the proposed acquisition by EIP of 48.45% of the ordinary shares in the Company from BAI, subject to compliance with the Listing Rules.

Shareholders are also expected to vote on the sixth and seventh resolutions. The consequence of the sixth resolution being carried is that the authorised share capital of the Company will be increased to forty million seven hundred and sixty-four thousand and eighty Euro (€40,764,080). The consequence of the seventh resolution being carried is that the Directors will be authorised to issue new ordinary shares in the Company and consequently to make the proposed Rights Issue described above, subject to all necessary regulatory approvals having first been obtained.

Recommendation of the Directors

The consequence of the fifth resolution being carried is that the Directors will be authorised to provide such information as they may consider to be reasonably required by EIP and BAI in order to confirm or modify the price for the ordinary shares in the Company to be acquired by EIP from BAI and to enable EIP to subscribe to its *pro rata* entitlement of the proposed Rights Issue. The consequence of the sixth and seventh resolutions being carried is that the Company shall be allowed to increase its share capital through the proposed Rights Issue in the near future. It is the Directors' view that the Company requires a fresh capital injection. Therefore, the Directors consider the resolutions being proposed to be in the best interest of the Company as a whole. While the Directors recommend, in accordance with Listing Rule 6.2.5, that the shareholders vote in favour of the resolutions being proposed, for the purpose of deciding what voting action to take, each shareholder should carefully evaluate the proposed resolutions taking into account the relevant matters set out in this Circular.

Furthermore, the Directors strongly recommend that each shareholder seeks independent advice and guidance from its own professional advisors in order to decide whether or not to vote in favour of each of the proposed resolutions in the light of each shareholder's individual position.