GlobalCapital plc

EXTRAORDINARY GENERAL MEETING

22 | 07 | 16

SHAREHOLDERS' CIRCULAR
DATED 23 June 2016

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 Extraordinary General Meeting of the Company to be held on the 22 July 2016.

IMPORTANT INFORMATION

THIS IS AN IMPORTANT DOCUMENT.

SHAREHOLDERS SHALL BE REQUESTED TO VOTE ON THE ISSUES AND MATTERS DESCRIBED HEREIN AT THE EXTRAORDINARY GENERAL MEETING. IN THE EVENT THAT SHAREHOLDERS RECEIVING THIS DOCUMENT ARE IN ANY DOUBT AS TO THE IMPORTANCE 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 in connection with the special business being proposed at the Extraordinary General Meeting of the Company to be held on the 22 July 2016 (the "**EGM**"). It is being sent to all shareholders entitled to attend and vote at that meeting to enable them to understand better the general nature of the resolutions that are to be considered at the EGM as special business and to provide the necessary information about the effect and scope of these resolutions to assist shareholders to make a properly informed decision.

This Circular is being issued in compliance with the Listing Rules published by the Listing Authority and particularly in compliance with the requirements of Listing Rule 6.2 on the contents of all circulars and with the requirements 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 extraordinary general meeting, an explanatory circular must accompany the notice.

Where any or all of the ordinary shares 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 referred to in this Circular.

1. INTRODUCTION

An Extraordinary General Meeting of the Company has been convened to be held on the 22 July 2016 at 10:00 hrs at Mistral Suite, Marina Hotel, Corinthia Beach Resort, St. George's Bay, St. Julians STJ 3301, Malta (the "EGM").

This Circular is intended to explain to shareholders the import of the special business that is required to be addressed at the EGM and to provide them with sufficient explanation to enable them to make informed decisions.

2. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents or certified copies thereof will be available for inspection at the registered office of the Company at Testaferrata Street, Ta' Xbiex, XBX 1403, Malta for at least fourteen (14) days from the date of publication of this Circular:

a) the memorandum and articles of association of the Company;

b) the last Annual Financial Report of the Company.

3. THE RESOLUTIONS

The shareholders are being requested to consider, and if deemed fit, approve three (3) resolutions, all of which constitute special business at the EGM (hereinafter the "Resolutions") details of which are provided below.

3.1. RESOLUTION 1: To increase the authorised share capital of the Company (Extraordinary Resolution)

3.1.1. Text of Resolution:

To delete the current text of clause 6. 1. of the Memorandum 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 twenty-four million seven hundred and forty-nine thousand six hundred and twenty Euro (€24,749,620) divided into eighty-five million (85,000,000) ordinary shares of €0.291172 each."

3.1.2. Purpose of Resolution

The purpose of this resolution is to increase the authorised share capital of the Company from €8,735,160 divided into thirty million (30,000,000) ordinary shares of €0.291172 each share, to twenty-four million seven hundred and forty-nine thousand six hundred and twenty Euro (€24,749,620) divided into eighty-five million (85,000,000) ordinary shares of €0.291172 each share. The proposed increase in the Company's authorised share capital represents an increase of 183.33% per cent (%) in the authorised share capital of the Company.

3.1.3. The Resolution Explained

In order to enable the share issue described below to take effect, it is necessary for the authorised share capital to be increased. It is therefore being proposed that clause 6.1 of the Memorandum of Association of the Company be deleted in its entirety and substituted by the following: "The Authorised Share Capital of the Company is twenty-four million seven hundred and forty-nine thousand six hundred and twenty Euro (€24,749,620) divided into eighty-five million (85,000,000) ordinary shares of €0.291172 each." This resolution requires the approval of the shareholders at a general meeting through the passing of an extraordinary resolution.

3.2. RESOLUTION 2: To increase the issued share capital of the Company (Ordinary Resolution)

3.2.1. 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 five (5) years in accordance with Article 4.1 of the Company's Articles of Association which authorisation may be renewed for further periods of a maximum of five (5) years each.

The approval of this resolution by the General Meeting shall itself entail the approval of the General Meeting for the purposes of article 6.1 of the Articles of Association of the Company as amended at the date hereof by virtue of Resolution 3 below.

3.2.2. Purpose of Resolution

The purpose of this Resolution is to obtain shareholder approval to increase the issued share capital of the Company, up to the authorised share capital of the Company. The increase in the issued share capital of the Company contemplated by this Resolution is however subject to the approval by the shareholders of the first Resolution relating to the increase in the authorised share capital of the Company. Furthermore, in view of the amendments to article 6.1 of the Articles of Association being proposed by virtue of Resolution 3 below, the second part of Resolution 2 above clarifies that the approval of this Resolution 2 is also to constitute the approval of the shareholders for the purposes of the proposed article 6.1 of the Articles of Association.

3.2.3. The Resolution Explained

The Board of Directors is proposing that the Company in general meeting provides the authority to the Directors to issue equity securities up to the maximum value of the authorised share capital, which upon the passing of the first Resolution above will be increased to twenty-four million seven hundred and forty-nine thousand six hundred and twenty Euro (€24,749,620) divided into eighty-five million (85,000,000) ordinary shares of €0.291172 each. On the basis of the issued share capital of the Company as at the date of this Circular, the maximum number of shares which the Directors would be entitled to issue is 55,000,000 ordinary shares of a nominal value of €0.291172 each (representing 183.33% of the issued share capital as at the date of this Circular).

The Directors have the intention to use this general authority to increase the issued share capital of the Company, subject to any necessary regulatory approval, in order to increase the Company's capital base by raising additional equity to meet the Company's general financing requirements and to repay the Company's €10,000,000 5% Unsecured Bonds 2021 on maturity.

Furthermore, in view of the amendments to article 6.1 of the Articles of Association being proposed by virtue of Resolution 3 below, the second part of Resolution 2 above clarifies that the authorisation to increase the issued share capital of the Company, up to the authorised share capital of the Company, encapsulates the necessary authorisation in view of a dilution of a substantial interest (should this transpire to be the case), as required by the proposed article 6.1 of the Articles of Association.

3.3. RESOLUTION 3: Amendments to the Company's Memorandum and Articles of Association (Extraordinary Resolution)

3.3.1. Proposed text of the Resolution:

That the text of the existing Clause 5 of the Memorandum of Association of the Company and articles 6.1, 74, 75, 76, 77, 78, 80 and 87 of the Articles of Association of the Company set out in Appendix A under the heading "Existing Provisions" be hereby amended by the adoption and substitution of the proposed clause 5 of the Memorandum of Association of the Company and articles 6.1 74, 75, 76, 77, 78, 80 and 87 of the Articles of Association of the Company set out in Appendix A under the "Proposed Provisions" which shall henceforth substitute and replace the said Existing Provisions in their entirety.

3.3.2. Purpose of Resolution

The purpose of this Resolution is to obtain shareholder resolution of the changes to the Memorandum and Articles of Association of the Company as set out in Appendix A.

3.3.3. The Resolution Explained

The Board of Directors of the Company is proposing to the Company's shareholders to consider and approve the following changes to the Memorandum and Articles of Association of the Company:

i. To amend clause 5 of the Memorandum of Association of the Company as detailed in Appendix A;

ii. To amend article 6.1 of the Articles of Association of the Company, as provided for in Appendix A; and

iii. To amend those articles relating to the manner of appointment of Directors in the Articles of Association of the Company, namely that Clauses 74, 75, 76, 77, 78, 80 and 87 of the Memorandum and Articles of Association be replaced in toto with the "Proposed Provisions" indicated in Appendix A.

The object of the proposed change in (i) is to bring clause 5 of the Memorandum of Association of the Company in line with current legislation.

The object of the proposed change in (ii) is to align article 6.1 of the Articles of Association with clause 3.1 of Appendix 5.2 of the Listing Rules, which requires that the Company's Articles of Association include a provision to the effect that a Company shall not issue shares where such issue would dilute a substantial interest in the Company without prior approval of the shareholders in general meeting.

The object of the proposed changes in (iii) above is to enhance the corporate governance framework of the Company by providing for a more transparent process of appointment of directors conducted at general meetings where the views of the minority can be expressed. Accordingly, it is being proposed that the existing process of appointment of directors, outside the forum of the general meeting, by way of letter addressed to the Company for every 14% of all the voting rights held of the Company, as set out in the article 74.2 of the Existing Provisions in Appendix A be abolished and that henceforth all directors be appointed by ordinary resolution at the general meeting as set out in article 74.2 of the Proposed Provisions in Appendix A. The proposed Resolution, therefore, envisages that each Director shall be elected on an individual basis by Ordinary Resolution of the Company in General Meeting. The said Ordinary Resolution shall be determined and decided by means of a poll. It is also being proposed to retain unchanged the right of any shareholder entitled to vote at the general meeting to nominate one person to stand for the election of directors, subject to such person being seconded by such shareholder/s holding in aggregate 5,000 ordinary shares between them.

What is expected of shareholders?

Shareholders are expected to vote on the Resolutions.

The consequence of the first Resolution being carried is that the authorised share capital of the Company will be increased to twenty-four million seven hundred and forty-nine thousand six hundred and twenty Euro (€24,749,620) divided into eighty-five million (85,000,000) ordinary shares of €0.291172 each.

The consequence of the second Resolution being carried is that the Directors will be authorised to issue new ordinary shares in the Company (subject to any necessary regulatory approvals having first been obtained), including in the event of a dilution of a substantial interest.

Shareholders are also expected to vote on the third Resolution and therefore on whether they approve the changes proposed in respect of the process of appointment of Directors of the Company at general meetings.

Recommendation of the Directors

The consequence of the first and second Resolutions being carried is that the Company shall be allowed to increase its share capital to strengthen its capital base, as explained above. The consequence of the third resolution being carried is that the Company shall adopt a more transparent process of appointment of directors conducted at general meetings in accordance with the principles of good corporate governance as explained above. 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.