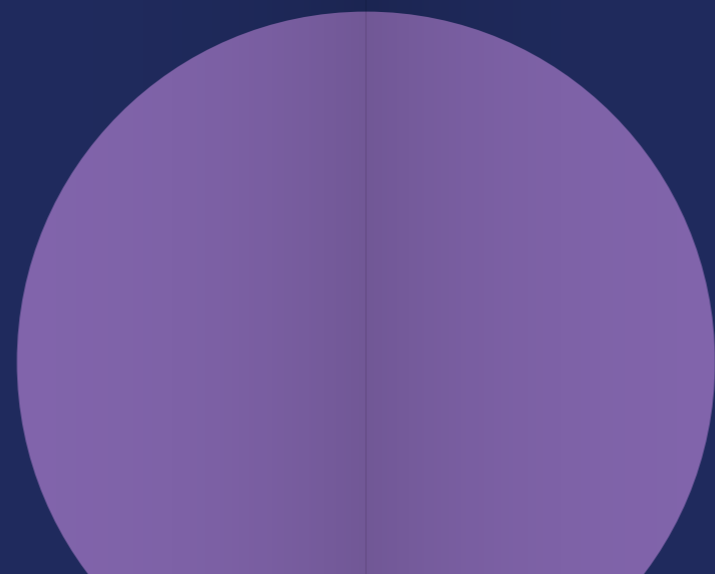




Explanatory Circular

Dated 16th July 2019

for Extraordinary General Meeting
being held on 6th August 2019



This Circular is being issued by

BMIT TECHNOLOGIES P.L.C.

A PUBLIC LIMITED LIABILITY COMPANY REGISTERED IN MALTA WITH COMPANY REGISTRATION NUMBER C 48299 HAVING ITS REGISTERED ADDRESS AT BUILDING SCM02, LEVEL 2, SMARTCITY MALTA, RICASOLI, KALKARA, MALTA

Dated 16th July 2019

THIS CIRCULAR IS BEING ISSUED IN FULFILMENT OF THE REQUIREMENTS OF THE LISTING RULES ISSUED BY THE LISTING AUTHORITY



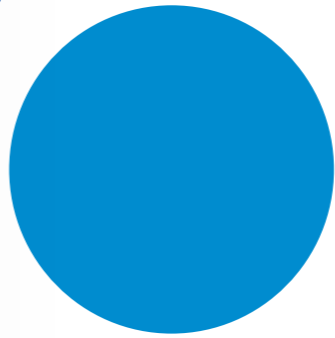
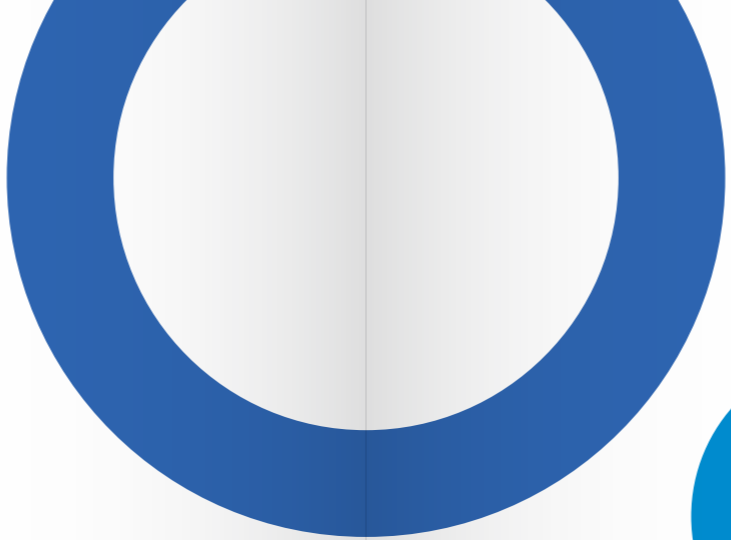
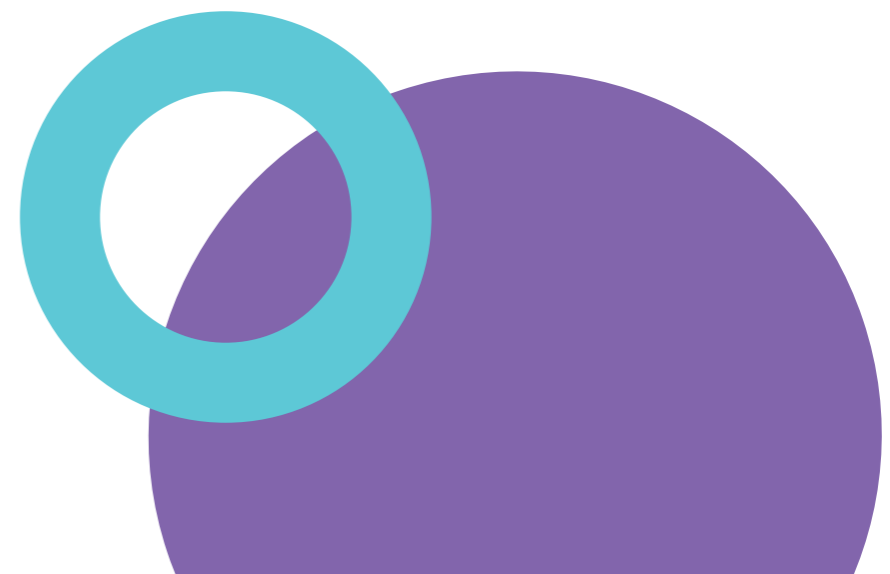


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DEFINITIONS

"Agreement"	the deed of sale between the Seller and the Purchaser pursuant to which the Seller sells and transfers and the Purchaser purchases and acquires the Property;
"BMIT Limited"	BMIT Limited, a private limited liability company registered under the laws of Malta with company registration number C 39594 and with registered office at Building SCM 02, Level 2, SmartCity Malta, Ricasoli, Kalkara, SCM 1001, Malta;
"BMIT Group" or "Group"	the Company and its subsidiaries, listed in section 3 of this Circular;
"Circular"	this document in its entirety;
"Companies Act"	the Companies Act (Cap. 386 of the laws of Malta);
"Company"	BMIT Technologies p.l.c., a public limited liability company registered under the laws of Malta with company registration number C 48299 and with registered office situated at Building SCM 02, Level 2, SmartCity Malta, Ricasoli, Kalkara, SCM 1001, Malta;
"Director(s)"	the director(s) of the Company as identified in section 9 of this Circular;
"EGM"	the Extraordinary General Meeting of the Company to be held on the 6 August 2019;
"Listing Rules"	the Listing Rules issued by the Listing Authority under article 13 of the Financial Markets Act (Cap. 345 of the laws of Malta) as amended, supplemented or otherwise modified from time to time;
"Promise of Sale Agreement"	the agreement entered into between the Seller and the Purchaser on the 23 May 2019 pursuant to which the Seller promised and bound itself to sell and transfer the Property to the Purchaser and Purchaser promised and bound itself to purchase and acquire the Property from the Seller;
"Property"	the immovable property, without official number, constructed on two plots of land known as plot fifty-five (55) and fifty-six (56) respectively, situated in Triq Manwel Borg Gauci corner with Triq Luigi Maria Galea in Tal-Handaq, Qormi, Malta;
"Proposed Acquisition"	the acquisition of the Property;
"Purchaser"	BMIT Limited or any other company forming part of the BMIT Group;
"Record Date"	5 July 2019 (last trading date being 3 July 2019), being the record date for ascertaining those Shareholders entitled to attend the EGM;
"Seller"	BM Holdings & Investments Limited, a limited liability company registered in Malta with company registration number C 39616 and with registered office situated at 124, Triq ic-Cawqli, Qormi, QRM 3906, Malta;
"Share/s"	ordinary share/s having a nominal value of €0.10c, which collectively make up the share capital of the Company; and
"Shareholders"	holders of the Shares.

This document contains forward-looking statements, including, without limitation, statements containing the words "believes", "expects", "intends", "may", "will" or, in each case, their negative or other variations or similar expressions. Such forward-looking statements involve unknown risks, uncertainties and other factors which may cause the actual achievements to be different from achievements expressed or implied by such forward-looking statements.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neutral genders. References to persons shall, where

applicable, include a body or other association of persons whether having legal personality or not. Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act or the Listing Rules or any modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act or the Listing Rules or a modification thereof, as the case may be, unless otherwise provided. Any reference to a time of a day in this Circular is a reference to Malta time.

1. IMPORTANT INFORMATION

This Circular is being issued pursuant to the Listing Rules, particularly in compliance with the requirements of Listing Rule 5.163.2, for the purpose of explaining to the Company's Shareholders the nature of the proposed transaction and the resolution relating thereto. This Circular has been drawn up in accordance with Chapters 5 and 6 of the Listing Rules, particularly, Listing Rule 6.2 on the contents of circulars, and Listing Rule 6.18 on the contents of circulars relating to acquisitions and realisations.

This Circular is important and requires your immediate attention. Shareholders are advised that they should consider seeking the advice of an appropriate independent adviser before taking any decision in connection with the proposed resolution.

All members appearing on the register at the Central Securities Depository of the Malta Stock Exchange on the Record Date are entitled to receive notice, participate and vote at the EGM of the Company.

All the Directors of the Company whose names appear in section 9 of this Circular accept responsibility for the information contained herein. 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 Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. INTRODUCTION

On the 23 May 2019 the Company announced the entry into, and execution of the Promise of Sale Agreement. In accordance with the Listing Rules, an EGM is being convened on the 6 August 2019 in order to seek the Shareholders' approval in respect of the Proposed Acquisition. The purpose of this Circular is to provide the Shareholders with information on the envisaged transaction that would allow a better understanding of the nature of the resolution to be considered and decided upon at the EGM, thereby permitting them to make a properly informed decision. The acquisition of the Property is subject to a number of conditions, including the attainment of Shareholder approval at the EGM.

3. BACKGROUND

The BMIT Group is composed of the Company, BMIT Technologies p.l.c., and its subsidiaries, namely, BM IT Limited, BM Support Services Limited, a private limited liability company, registered under the laws of Malta with company registration number C 39699, BellNet Limited, a private limited liability company, registered under the laws of Malta with company registration number C 30793 and Kinetix IT Solutions Limited, a private limited liability company, registered under the laws of Malta with company registration number C 27726.

Through BM IT Limited, the BMIT Group retains a 40% shareholding in MIGS Limited, a private limited liability company registered under the laws of Malta with company registration number C 65920.

The core business of the BMIT Group is primarily carried out through BM IT Limited, BM Support Services Limited, BellNet Limited and Kinetix IT Solutions Limited.

The combined portfolio of the Group enables it to offer its customers a complete suite of data centre centric services, including hosting and managed services, as well as a range of public, private and hybrid cloud services. These can be deployed at the customers' premises, hosted at any of the BMIT Group's data centres, or integrated with services offered by leading cloud services providers. Moreover, the BMIT Group specialises in the design, implementation, support and optimization of ICT solutions for the corporate sector.

Today the BMIT Group proudly delivers its services to over 500 corporate customers from various industries including online gaming, financial services, ICT, manufacturing, media, transportation, retail and hospitality. The Group's scale and range of customers, partnerships with leading technology players and its employees' technology certifications enable it to obtain a proficient understanding of the business, technology and also regulatory requirements, as and where applicable.

The BMIT Group's operations are supported by a highly-specialised team of professionals. Through its people and the constant investment in technical certifications, the Group has attained various technology competencies. BMIT Limited is a Microsoft Gold Partner for Datacentre and an approved Microsoft Cloud Services Provider, an HPE Gold Partner for Servers and Services and HPE Gold Service Provider Partner, a VMware Service Provider Partner and a Cisco Select Partner. Kinetix IT Solutions Limited is a Microsoft Gold Partner for Cloud Platform and a Microsoft Gold Partner for Cloud Productivity. Employees at BMIT Group are also trained and certified in Information Technology Infrastructure Library (ITIL). These credentials enable the BMIT Group to design and implement secure and reliable IT solutions for various needs and to deliver a range of Managed IT Services, on- or off-premise, that help customers maximize their return on IT investment and deliver better and more services to their employees and customers.

BMIT Group's operations are presently conducted from two data centre facilities in Malta, one situated in Handaq, Qormi and the other located at SmartCity Malta, Ricasoli. Both data centre facilities are ISO27001 and PCI-DSS certified and managed 24x365 and inter-linked with the Group's international locations in Italy and Germany through its own 40Gbps private international managed network.

4. THE PROPOSED ACQUISITION

4.1 Company Announcement

By virtue of a Company Announcement dated 23 May 2019, the Directors of the Company announced that on the same day, BM IT Limited had entered into the Promise of Sale Agreement in terms of which it had bound itself to purchase and acquire the Property, subject to the terms and conditions of the said agreement.

The Property is presently leased by the Seller to BMIT Limited and houses a significant part of the BMIT Group's data centre facility in Handaq, Qormi. The lease agreement will expire in 2023.

The Directors believe that it is in the best interest of the Company and its Shareholders for the BMIT Group to acquire the Property.

In accordance with the Listing Rules, the Company is seeking to obtain the approval of Proposed Acquisition by its Shareholders at the upcoming EGM.

4.2 The Promise of Sale Agreement

By virtue of the Promise of Sale Agreement, the Seller promised and bound itself to sell and transfer to the Purchaser which promised and bound itself to purchase and acquire the Property for the price and under the terms and conditions set out in the agreement. The Promise of Sale Agreement is valid and effective up to the 23 January 2020.

In terms of the Promise of Sale Agreement, the Property will be acquired *tale quale*, with all its rights and appurtenances including own roof and overlying airspace and its underlying ground-space and sub-terrain. The Property is subject to an annual and perpetual ground-rent of two euro fifty-nine cent (€2.59), otherwise free and unencumbered and with immediate full vacant possession.

The sale and purchase of the Property is being made against a consideration of four million euro (€4,000,000) of which, four hundred thousand euro (€400,000) have been paid as deposit on execution of the Promise of Sale Agreement, as part of the price. The balance of price, amounting to three million six hundred thousand euro (€3,600,000) is payable in full and final settlement upon the entry into the Agreement. Costs, including stamp duty, fees due to architects and notarial fees in the region of two hundred fifty thousand euro (€250,000) are expected to be incurred in connection with the Proposed Acquisition. Of these, forty thousand euro (€40,000) have been paid on the execution of the Promise of Sale Agreement.

The Promise of Sale Agreement is subject to the purchase of the Property being approved by the Shareholders at the EGM. Should the Shareholders not approve the purchase of the Property, the Purchaser shall be released from its obligations arising from the Promise of Sale Agreement. The Proposed Acquisition is also conditional on Purchaser attaining a permit in terms of the Immovable Property (Acquisition by Non-Residents) Act (Cap. 246 of the laws of Malta) and to the Property being determined as free from any material structural defects. If any of these conditions are not satisfied, the Purchaser shall have an option to terminate the Promise of Sale Agreement in the manner provided therein.

The Purchaser's obligation to proceed with the purchase of the Property is further subject to, *inter alia*, the Seller's good title to the Property being determined, to there being no conditions arising from the title which would limit the use of the Property and to the Property's full compliance with building permits issued by the competent authorities and its non-contravention of any laws regulating buildings in general. Other conditions include the production, by the Seller, of proof showing that it has been recognised as the *utilista* of the Property by the direct owner and that all ground-rent payments due in respect of the Property have been settled, and the securing by the Purchaser of a continuous supply of power to the Property following its acquisition. In the event that any of these conditions is not satisfied or fulfilled, the Purchaser shall have a valid reason not to appear on the Agreement or to terminate the Promise of Sale Agreement and to the immediate payment of the deposit.

The parties appointed Notary Pierre Attard to register the Promise of Sale Agreement with the Inland Revenue Department.

4.3 Property Valuation Report

In connection with the Proposed Acquisition, AP Valletta Ltd., of 4, Sappers Street, Valletta was engaged as an independent valuer to carry out a valuation of the Property and issue a valuation report (the "**Valuation Report**").

The Valuation Report dated 28 May 2019 provides a dual valuation of the Property. The first valuation is based on the current characteristics, conditions and considerations attributable to the Property described in the Valuation Report, as well as current market trends. On this basis, the Property has been valued at three million four hundred thousand euro (€3,400,000). The second valuation assumes the approval of the Partial Local Plan Review, a process launched by the Planning Authority which would result in the site where the Property is situated being zoned for industrial use and the resultant approval of a permit for an additional floor and a partly receded level over the existing buildings. In this case, subject to the aforesaid and to other considerations set out in the Valuation Report, the Property would have an estimated value of four million euro (€4,000,000).

A condensed version of the Valuation Report is attached to this Circular as Appendix I. The full Valuation Report is available for inspection at the registered address of the Company.

AP Valletta Ltd. has given and has not withdrawn its written consent to the inclusion of the reference to its name in the form and context in which it is included in this Circular. AP Valletta Ltd. has also given, and has not withdrawn, its written consent for the publication of the Valuation Report in the form and context in which it is included within this Circular.

4.4 Rationale for the Proposed Acquisition

The Directors believe that the Proposed Acquisition at a price of €4,000,000 will benefit the Company and the BMIT Group for the following reasons:

- following the termination of the lease of the Property in November 2023, all BMIT Group's customers allocated to the Handaq facility would be required to undergo a migration process to the Group's planned new data centre facility in Żejtun. It is envisaged that the migration process would cost the Group approximately four hundred thousand euro (€400,000). Additional to this cost element, the Group would have to direct its key resources towards the relocation process, rather than towards the generation of more business for the Group. Furthermore, the migration would also expose the BMIT Group and its customers to a risk of operational disruption as the process would involve an element of downtime and the risk of unplanned complications. Furthermore, the Group would be exposed to a loss of business risk, since customers may view the migration as an opportunity to seek alternative providers in Malta or to relocate out of Malta, whilst others may seek to renegotiate terms as a means of compensation to the detriment of the Group. The purchase of the Property will minimise, and in some cases, avoid altogether, the impact of the above-mentioned risks since customers already located within the Handaq facility would not need to be relocated;
- the data centre in Handaq is currently the largest of the data centres operated by the BMIT Group in Malta, with a capacity of approximately 300 racks and an occupancy level in excess of 90%. The purchase of the Property would secure the Group's tenure of the Property as owner, and thus enable it to carry out a phased investment and fit-out of its new data centre facility in Żejtun which, when fully commissioned, will increase the Group's rack capacity by an additional 420 racks;

- as the purchase of the Property would result in the termination of the lease agreement, the BMIT Group would no longer have to honour the remaining lease payments, resulting in total lease cost savings for the Group of approximately eight hundred thousand euro (€800,000);
- throughout the term of the lease, the BMIT Group invested in improvements to the Property required to enable it to house a data centre facility. The purchase of the Property would result in such improvements not having to be written off following the expiry of the lease;
- in the event that the Partial Local Plan Review process resulting in the zoning of the site where the Property situated is approved, and the other conditions pertaining to the Property set out in the Valuation Report are satisfied, the BMIT Group's ability to build additional floors will enable the Group to increase its capacity in Handaq, should the need arise. This would permit the Group to consolidate elements of its operations, resulting in further savings in lease payments due to third parties.

4.5 Risks associated with the Proposed Acquisition

As the BMIT Group's strategy requires the deployment of resources in anticipation of a demand from new or existing customers, the Proposed Acquisition could negatively impact the Group should the demand for its data centre facilities not be sustained;

The purchase of the Property will expose the BMIT Group to risks generally associated with the market value of property. The market value of the Property may fluctuate as a result of various factors, such as changes in regulatory requirements and applicable laws, conditions of the financial markets, inflation, fluctuations in interest rates and other economic and social factors.

Should the Partial Local Plan Review process resulting in the zoning of the site where the Property situated is not be approved, or if approved, the Group does not satisfy the conditions pertaining to the Property set out in the Valuation Report, the BMIT Group will not be in a position to increase its floorspace at the Property and consolidate elements of its operations, as is currently envisaged.

5. FINANCIAL IMPLICATIONS OF THE PROPOSED ACQUISITION ON THE BMIT GROUP

The Property is currently subject to a lease agreement expiring on 14th November 2023. In terms of the agreement, the rent payable is reviewed every three-year period and increases by the higher of 10% and the official index of inflation. The rent charge for the Property during financial year 2018 was one hundred ninety thousand five hundred and fourteen euro (€190,514). Once acquired, the rental cost will no longer be incurred and as a result, the Group's profit before tax will increase by the amount of one hundred ninety thousand five hundred and fourteen euro (€190,514).

The price for acquiring the Property will amount to four million euro (€4,000,000). Costs relating to the Proposed Acquisition will amount to approximately two hundred fifty thousand euro (€250,000) and include stamp duty, architect fees and notarial fees for a total cost of four million two hundred fifty thousand euro (€4,250,000).

Once the Agreement is signed, the Property will be classified as Land and Buildings within the Property, Plant and Equipment category under non-current assets in the Statement of Financial Position. According to the Group's accounting policy, all Property, Plant and Equipment is initially recorded at historical cost and, thus, on initial recognition of the Property, the value of the total assets of the Group will increase by four million two hundred fifty thousand euro (€4,250,000). For accounting purposes, this value will be apportioned as three million euro (€3,000,000) for Land and one million two hundred fifty thousand euro (€1,250,000) for Buildings. Assuming that one million two hundred fifty thousand euro (€1,250,000) of the total cost of acquisition is attributed to the building component and further assuming a depreciation rate of 2% per annum for this component, the Proposed Acquisition will result in an additional annual depreciation charge of twenty five thousand euro (€25,000) that will reduce the Group's profit before tax with the same amount.

The current depreciation rate for the Property, Plant and Equipment situated in the Property is in line with the expiry of the lease i.e. it is subject to an accelerated rate of depreciation calculated up to 2023 which will result in a net book value of nil up to that year. However, with the Proposed Acquisition, the Property, Plant and Equipment situated in the Property will continue to be used up to the end of its useful life, which goes beyond 2023. This will reduce the annual depreciation charge by approximately fifty thousand euro (€50,000) for every year between 2020 and 2023. The increase in annual depreciation of twenty five thousand euro (€25,000) on the Building and the annual decrease of fifty thousand euro (€50,000) due to the revision in the accelerated depreciation rates will have a net effect of a

decrease of twenty five thousand euro (€25,000) on the annual depreciation charge of the Group between 2020 and 2023. The Group's profit before tax will increase by the corresponding amount over these years.

The intention is for the acquisition of the Property to be financed through a mix of internal cash generation and fresh borrowings. The deposit paid on the execution of the Promise of Sale Agreement amounting to four hundred thousand euro (€400,000) and the first 1% of stamp duty amounting to forty thousand euro (€40,000) have been financed through internal cash generation, resulting in the balance of the Group's cash and cash equivalents decreasing by a corresponding amount. The Group is seeking external finance to fund the remaining balance of the purchase price of three million six hundred thousand euro (€3,600,000) and the balance of fees payable on the execution of the Agreement (approximately two hundred and ten thousand euro (€210,000) which would increase its liabilities by a corresponding amount. Borrowing costs over the term of the loan facility will be recognised in the Statement of Comprehensive Income as finance costs. The level of borrowing costs depends on the applicable interest rate but are estimated to be in the region of one hundred fifty thousand euro (€150,000) per annum.

6. DECLARATIONS

The Proposed Acquisition will not have an effect on the ownership of the Company's capital.

There is no Director or connected person of such Director within the Company and/or its subsidiaries who may have any interest in the Proposed Acquisition or derive any advantages from the said transaction.

The total emoluments receivable by the Directors of the Company are not expected to change as a result of the Proposed Acquisition.

The Company is not aware of any legal or arbitration proceedings, including any pending or threatened proceedings, involving the Property and which may have a significant effect on the Company's or BMIT Group's financial position.

As the transaction refers to the acquisition of a property, there are no profits attributable to the assets the subject of the transaction, nor are there any key individuals that need to be identified in terms of Listing Rules 5.164.5 and 5.164.9.

7. RESOLUTION

The EGM shall be considering the following ordinary resolution, as special business, for approval at the meeting:

Quote

"To approve the acquisition of the immovable property constructed on two plots of land, known as plot 55 and 56, in Triq Manwel Borg Gauci corner with Triq Luigi Maria Galea in Tal-Handaq, Qormi by BMIT Technologies p.l.c. (the "Company") or BM IT Limited or any other subsidiary of the Company at a price of €4,000,000."

Unquote

Purpose of the Resolution: The purpose of the resolution is to obtain the Shareholders' approval in relation to the acquisition of the Property by the Company or BM IT Limited or any other subsidiary of the Company.

The Resolution explained: If approved by the Shareholders, the Company or BM IT Limited or any subsidiary company of the Company may, subject to the satisfaction of the other conditions specified in the Promise of Sale Agreement, proceed with the acquisition of the Property.

8. RECOMMENDATION

The Directors are of the opinion that the resolution as explained in this Circular is in the best interest of the Company and of the Shareholders as a whole. Accordingly, the Directors make their unqualified recommendation to the Shareholders to vote in favour of the resolution being submitted to their vote in connection with the Proposed Acquisition.

9. LIST OF DIRECTORS

The Directors of the Company who are responsible for the compilation of this Circular are:

- i. Carmela k/a Charmaine Farrugia
- ii. Arthur Galea Salomone
- iii. Nikhil Patil
- iv. Saviour sive Sonny Portelli
- v. Reuben Zammit

10. DOCUMENTS AVAILABLE FOR INSPECTION

Certified copies of the following documents will be available for inspection at the Company's registered office for a period of at least fourteen (14) days from the date of publication of this Circular:

- i. The Memorandum and Articles of Association of the Issuer;
- ii. Valuation Report dated 28 May 2019;
- iii. Letter of consent issued by AP Valletta Ltd.;
- iv. Audited financial statements of the Company for the period ended 31 December 2018.

APPENDIX I – VALUATION REPORT



AP Valletta Ltd.,
4, Sappers Street,
Valletta VLT 1320
Malta

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<http://www.apvalletta.eu>

Property Valuation
Ref: C00455.00_G01

55/56
Triq Manwel Borg Gauci
c/w Triq Luigi Maria Galea
Tal-Handaq
Qormi
MALTA

28 May 2019

28th May 2019

Our Ref: C00455.00_G01

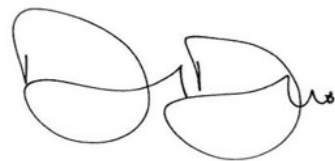
Valuation: 55/56, Triq Manwel Borg Gauci corner with Triq Luigi Maria Galea, Tal-Handaq, Qormi, MALTA

In arriving at the present valuation I have had regard for the matters described here.

The Property is subject to an annual and perpetual ground rent and is occupied by the Client, who is in the process of acquiring the Property, and therefore, for the purposes of this report, the Property has been valued as occupied by its owner so that, should it be sold, any purchaser would acquire unencumbered possession thereof, subject to vacation of the premises by such owner and subject to the payment of the ground rent.

On the basis of the characteristics and conditions described in the Valuation Report, as well as current market trends, I estimate the value of the interest in its current state to be **€3,400,000** (three million and four hundred thousand Euro) subject to the considerations made in Section 24 of the enclosed report.

In addition, and on the assumption that the proposed Local Plan Review outlined in Section 24 of the enclosed report is approved, and a resultant permit for an additional floor and a partly receded level over the existing building is approved, I estimate the value of the interest to be in the region of **€4,000,000** (four million Euro), subject to it being ascertained that the existing structure may withstand such additional floors without the requirement for additional strengthening and extensive alterations, and subject to the considerations made in Section 24 of the enclosed report.



David Drago
o.b.o. AP Valletta Ltd.

Encl: Valuation Report

28th May 2019

Our Ref: C00455.00_G01

VALUATION REPORT

1. Client

BM IT Limited and BMIT Technologies p.l.c.

2. Object of Valuation

55/56, Triq Manwel Borg Gauci corner with Triq Luigi Maria Galea, Tal-Handaq, Qormi, MALTA (the "Property")

3. Proprietor

BM Holdings & Investments Limited

4. Compliance with Valuation Standards

The valuation has been prepared in accordance with the *Kamra tal-Periti* Valuation Standards for Accredited Valuers (2012), which are largely based on the TEGOVA Valuation Standards (2009). Any reference hereafter to the "Valuation Standards" is to be inferred as a reference to the afore mentioned Standards published by the *Kamra tal-Periti*.

5. Capacity of Valuer

The undersigned has taken on this assignment as an External Valuer as defined in the Valuation Standards. Furthermore, it is hereby confirmed that the Valuer is not aware of any conflict of interest in relation to the Property or to the Proprietor.

6. Special Conditions

This report is confidential to the Client named above for the specific purpose described below. It may be disclosed to other professional advisors assisting the Client in respect of that purpose, but the Client shall not disclose the report to any other person. Neither the whole nor any part of this report, or reference to it, may be included in any published documents, circular or statement without the prior written consent of the undersigned.

The undersigned is responsible only to the Client and any other person making use of this valuation shall do so solely at his or her risk.

The title of ownership has not been investigated and such investigation was not within the scope of this valuation, nor does it fall within the competence of the undersigned. The considerations regarding title are as reported to the

undersigned by the Client or the Client's Customer, and any comments regarding title are being made in order to make the Client aware of any potential issues that could affect the value or the marketability of the property. The undersigned accepts no liability in this regard.

7. Basis of Valuation

This report leads to an estimation of the "Market Value" of the Property, as defined in the European Council Directive 2006/48/EC, that is, "the estimated amount for which the property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

Without prejudice to the foregoing, the price stated in this valuation is deemed to be the best price at which the sale of an interest in the property might reasonably be expected to have been completed unconditionally for cash consideration on the date of valuation, subject to the following premises:

- a. a willing seller;
- b. prior to the date of valuation there had been a reasonable period for the proper marketing of the interest, for the negotiation and agreement of the price and the terms of sale, and for the completion of the sale - in this particular case, and due to the high end type of property being considered, this reasonable period could be longer than normal, due to the restricted market for this type of property;
- c. the state of the market, level of property values and other relevant circumstances were, on the date of exchange of contracts, the same as the date of valuation;
- d. the absence of any additional bid by a purchaser with a special interest in the acquisition of the interest;
- e. a good title can be shown and the property is not subject to any unusual or onerous restrictions, encumbrances or outgoing;
- f. the Property is unaffected by any statutory notice and neither the property nor its use, actual or intended, gives rise to a contravention of any statutory requirements;
- g. the Property is free from latent defects and no deleterious materials have been used in its construction;
- h. only a visual inspection of the Property was carried out to establish the condition of repair and, unless otherwise specifically stated herein, and in that event only to the extent so specified, no parts of the Property which were covered, unexposed or otherwise inaccessible to visual inspection have been inspected, and no tests have been made as to whether or not such parts are free of defects, so that the valuation assumes that a structural survey would reveal no major defects involving substantial expenditure.

8. Capacity of Valuer

AP Valletta Ltd, of 4, Sappers Street, Valletta, was engaged as an External Valuer to carry out a valuation of the Property. The report is signed off by David Drago, Executive Director of AP Valletta Ltd and holder of Warrant Number 305 issued in accordance with Chapter 390 of the Laws of Malta (Periti Act). David Drago is also a partner in AP Valletta, a Partnership of Warrant Holders established under Chapter 390 of the Laws of Malta and holder of Warrant Number P/2.

9. Date of Inspection

The Property was inspected on the 23rd May 2019 in the presence of the Client.

10. Inspected by

Vanessa Farrugia, for and on behalf of AP Valletta Ltd., as appointed delegate of the undersigned.

11. Sources of Information

The undersigned relied on the site plan and the local plan review as well as information provided by the Client during the site inspection and during the course of the valuation exercise.

12. Date of Valuation

This valuation is effective as at the date of this report.

13. Purpose of Valuation

The valuation is required for inclusion in an explanatory circular to be issued by BMIT Technologies p.l.c to its Shareholders in connection with the proposed purchase of the Property by the BMIT Technologies p.l.c. or its subsidiaries.

14. Description

<i>Property Type:</i>	The Property consists of commercial premises comprising a basement, ground floor and first floor, together with the overlying airspace.
<i>Construction Type:</i>	The structure consists primarily of a reinforced concrete frame, with masonry external walls.

15. Tenure

The Client informed that the property is subject to an annual and perpetual ground rent of €2.59 (*two Euro and fifty nine cents*), approximately equivalent to LM1.11 (*one Maltese Lira and eleven cents*), payable to the family Francia.

16. Occupation

At the time of inspection, the Property was leased to BM IT Limited for a period of three years *di fermo* which commenced on the 30 November 2007, which term is automatically renewable for further periods of three years each up to a maximum of fourteen years ending on 14 November 2023. The rent due is of €8.00 (eight Euro) per square metre per month, increasing at the end of each three year period by 10% or in accordance with the official index of inflation, whichever is the higher. The Client informed that the rent paid in 2018 amounted to €190,514 (one hundred and ninety thousand, five hundred and fourteen Euro). The Client is in the process of acquiring the Property.

17. Age

Judging by the methods and style of construction, the state of the Property and the date of issue of the planning permit for construction, the Property is over 25 years old.

18. Location

- Aspect:** The property is located within the Industrial Area of Tal-Handaq in the limits of the town of Qormi.
- Surroundings:** Surrounding properties are similar in character to the one under report and include industrial premises and offices.
- Amenities:** The Property is not located in close proximity to common amenities, but is situated a short drive away from the towns of Qormi and Marsa.

19. Common Areas

The Property does not share any facilities with third parties. The party walls are assumed co-owned in equal parts with the owners of the adjacent properties.

20. Local Authority

N/A

21. Accommodation

A land survey of the Property under report was not carried out and such survey was not within the scope of this valuation. The Client informed that the Property has a gross floor area of approximately 1,491 m².

22. The Site

- Boundaries:** Site boundaries of the Property are clearly defined by party walls all round, with three parts being defined by frontage on *Triq Manwel Borg Gauci*, *Triq Luigi Maria Galea* and on the corner between the two streets.
- Physical Characteristics:** The site is situated on sloping ground with no known unusual characteristics. A ground investigation was not carried out, and no details were provided by the Client as to any such investigation carried out by the Client. This valuation therefore assumes that any technical investigations would not reveal any ground conditions that would have a significant impact on the value of the property, including but not limited to fissures, the presence of clay, and ground contamination.

It has a frontage of approximately 17.4m on *Triq Manwel Borg Gauci*, a frontage of approximately 21.4m on *Triq Luigi Maria Galea*, and a frontage of approximately 9.5m on the corner between the two streets. The total area of the site in question is approximately 490m².

- Easements:** No signs of any easements were observed. The Client has no knowledge of the existence of any easement.

23. Roads

Triq Manwel Borg Gauci and *Triq Luigi Maria Galea* are made up and surfaced with tar macadam, which is in a good condition. Adjacent roads are also made up and surfaced. The streets and adjoining access roads have street lighting installed.

24. Planning Considerations

The Property falls under the requirements of the Central Malta Local Plan (CMLP) published by the Malta Environment and Planning Authority (MEPA). The planning functions of the MEPA have been assumed by the Planning Authority which was established in 2016.

The Property is located in an Area of Containment. In 2016, the Planning Authority withdrew the previously existing policy for Areas of Containment and committed to "enable the option of adopting masterplans for Areas of Containment through an alternative procedure to the Local Plan Review process. The development which can be allowed in the interim to the adoption of a masterplan may be determined through a context-driven approach within the framework of the SPED, the local plans and surrounding legal commitments."

No masterplan for the area within which the Property is located has been drawn up, however a Planning Control Application with reference PC/00013/13 was submitted and is currently being processed to establish the zoning and building height limitations for the area. Details of this application are not available online.

In 2017, the Planning Authority launched a public consultation process for a proposed Partial Local Plan Review. A copy of the proposed review is enclosed at Annex 3. The site of the Property under review is proposed to be zoned for industrial use, with a maximum height limitation of 15.4m, subject to the provisions of the draft policy PRHA1. This would permit the following uses: Offices, Retail, Light Industry, General Industry, Warehousing, Storage and Distribution, and Ancillary and Supporting Land Uses. This proposal does not appear to have been approved to date.

Should the proposed amendments to the Local Plan be approved, this may allow for the vertical extension of the Property.

Based on research carried out on the website of the Planning Authority, the following applications for development permission were submitted for the Property under review:

- **PA/07232/94:** No description available (*Approved*)
- **PA/03118/95:** Erection of first floor to existing factory for offices and for storing food stuffs and related products (*Withdrawn*)
- **PA/04091/97:** To erect garages/stores at semi-basement level, ground floor, offices and stores at first floor (*Approved*)
- **PA/03597/05:** To amend permit PA 4091/97 (minor internal and external alterations) (*Approved*)
- **PA/03202/07:** Construction of second floor and minor external alterations (*Refused*)

A preliminary assessment of the property has revealed that the property may not be compliant with the approved permit in terms of its existing use. It has also been observed that the property may not be entirely compliant with existing building regulations, particularly those regarding Access for All. It is therefore recommended that an application is submitted to the Planning Authority to sanction the property in its current state and with its current use, and this valuation assumes a positive outcome of such application, which is reasonably expected to be obtained. It is to be noted that there does not appear to be any enforcement action on the Property.

25. Statutory considerations

Based on a preliminary visual inspection, there do not appear to be any contraventions of current statutory conditions, although it is recommended that a due diligence process is undertaken in order to ascertain the compliance of the Property with all applicable requirements including, but not limited to, Access for All Guidelines, Fire Safety and Ventilation Requirements, Lift Regulations and other applicable statutory requirements.

26. Components, Finishes and Condition of Repair

This is not a condition report. No surveys or inspections were made of unexposed or inaccessible parts of the structure. However, the following were noted by visual inspection:

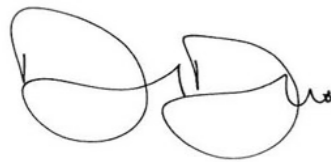
The structure appears to be in good condition. Finishes are generally of an average standard throughout the Property. The exterior facades are plastered and painted, and external apertures are mainly in aluminium. Internally, walls and ceilings are plastered and painted. Flooring at ground floor and first floor consists in a raised flooring system and services mostly run exposed on the underside of the ceiling slabs, however in some areas accessible soffit systems are present. Partitions throughout the Property are a mix of aluminium, gypsum board and glass and various custom-made joinery items were recorded.

Workmanship is of an average quality throughout. All the building services described previously appear to be in good working order. Overall, the Property is considered to be adequately finished for its intended use, and it is being considered that a major refurbishment would not be required before at least 10 years' time, barring any extraordinary events.

27. Environmental Considerations

The Property has three main exposed façades, the two longer ones facing East and North West, and the shorter one facing North East.

The Property does not include any energy-saving aspects that could be detected during the inspection carried out.



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NOTES



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