

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action to be taken, you are recommended to seek your own personal financial advice immediately from an appropriately qualified independent adviser authorised pursuant to the Financial Services and Markets Act 2000 if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

If you have sold or otherwise transferred all of your Ordinary Shares or ZDP Shares (as appropriate) in GLI Finance Limited (the “**Company**” or “**GLI**”), you should pass this document, together, where applicable, with the accompanying Form of Proxy, as soon as possible, to the purchaser or transferee or to the person through whom the sale or transfer was effected for transmission to the purchaser or transferee.

GLI FINANCE LIMITED

(a non-cellular company limited by shares incorporated in Guernsey with registered number 43260)

Proposed issue of warrants and disapplication of pre-emption rights

and

Notice of Extraordinary General Meeting

This document should be read in its entirety. Your attention is drawn to the Letter from the Chairman of the Company which recommends that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting referred to below.

Notice of an Extraordinary General Meeting of the Company to be held at the Company’s registered office, Sarnia House, Le Truchot, St. Peter Port, Guernsey GY1 1GR at 10.00 a.m. on 25 February 2016 or any adjournment thereof is set out at the end of this document. Ordinary Shareholders are requested to complete and return the enclosed Form of Proxy.

To be valid, the enclosed Form of Proxy must be completed and returned in accordance with the instructions printed thereon so as to be received as soon as possible by the Company’s registrar, Equiniti Limited, Freepost RTHJ-CLLL-KBKU, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 8LU, no later than 10.00 a.m. on 23 February 2016. The completion and return of the Form of Proxy will not prevent an Ordinary Shareholder attending and voting at the Extraordinary General Meeting if he or she is entitled to do so.

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EXPECTED TIMETABLE

2016

Publication of this circular	5 February
Latest time and date for receipt of Forms of Proxy	10.00 a.m. on 23 February
Extraordinary General Meeting	10.00 a.m. on 25 February

References to times in this document are to times in Guernsey unless otherwise stated.

The above times and/or dates may be subject to change and, in the event of such change, the revised times and/or dates will be notified to Shareholders by an announcement through a regulatory information service.

PART 1

LETTER FROM THE CHAIRMAN

GLI FINANCE LIMITED

(a non-cellular company limited by shares incorporated in Guernsey with registered number 43260)

Directors:

Patrick Firth (*Non-Executive Chairman*)
Andrew Whelan (*Executive Director*)
Emma Stubbs (*Executive Director*)
Frederick Forni (*Non-Executive Director*)
James Carthew (*Non-Executive Director*)

Registered Office:

Sarnia House
Le Truchot
St. Peter Port
Guernsey
GY1 1GR
Channel Islands

5 February 2016

To Ordinary Shareholders and, for information only, to ZDP Shareholders

Dear Shareholder

1. Introduction

Your Board announced on 21 December 2015 (the “**Announcement**”) that the Company was at an advanced stage of negotiations with a view to entering into a strategic relationship with Golf Investments Limited (“**Golf Investments**”), part of the Somerston group of companies. As part of these negotiations, on 21 December 2015, GLI agreed to issue 15,000,000 new Ordinary Shares to Golf Investments at a price of 37 pence per Ordinary Share, raising gross proceeds of £5.55 million (the “**Ordinary Share Issue**”). These shares were admitted to trading on AIM on 31 December 2015.

The Announcement also made reference to GLI having agreed indicative terms with Golf Investments, with a view to providing the Group with further capital. The Company today announced that it has entered into a conditional share sale and purchase agreement (the “**Share Sale Agreement**”) with Golf Investments and GLIAF, further details of which are set out below.

The purpose of this letter is to provide you with details of: (i) a proposed issue of warrants to Golf Investments which confer on the warrant holder (the initial warrant holder being Golf Investments) the right to subscribe for up to 32,000,000 new Ordinary Shares (the “**Warrants**”), the allotment of which requires the waiver of rights of pre-emption by Ordinary Shareholders by a special resolution; (ii) a proposed acquisition, conditional on shareholder approval for the issue of the Warrants, by Golf Investments from GLI of 15,000,000 redeemable ordinary shares in GLI Alternative Finance plc (the “**GLIAF Share Acquisition**”); (iii) a proposed acquisition, conditional, inter alia, on completion of the GLIAF Share Acquisition, by Golf Investments of a 50 per cent. stake in GLI Asset Management Limited (the “**GLIAM Share Acquisition**”); and (iv) a proposed disapplication of pre-emption rights in respect of up to 10 per cent. of the issued Ordinary Share capital of the Company, which requires the approval by Ordinary Shareholders of a special resolution, (together the “**Proposals**”).

The Board intends to use the proceeds of the Ordinary Share Issue together with the proceeds of the sale of its shares in GLIAF and GLIAM to substantially repay the outstanding balance on the Company’s existing loan facility with Sancus (the “**Loan Facility**”) and for general corporate purposes. The outstanding balance on the Loan Facility at today’s date is £29,860,000. It is the intention following completion of the GLIAM Share Acquisition that the Company will work as a strategic partner with Golf Investments to expand GLIAF and to develop other income related products which in turn may support the growth of the platforms owned by the Company. The Board believes that the terms it has agreed with Golf Investments will reduce the Company’s overall cost of capital by both helping to accelerate the growth of GLIAM and GLIAF whilst substantially repaying the Loan Facility. Prior to the Ordinary Share Issue, the Somerston Group had no previous commercial relationship with the Company or Sancus.

Further information on Golf Investments and the Somerston group is set out in paragraph 4 below.

2. The GLIAF Share Acquisition, the GLIAM Share Acquisition, the issue of Warrants and the C Share Subscription

The Share Sale Agreement

The Company has today entered into the Share Sale Agreement with Golf Investments and GLIAF pursuant to which Golf Investments will acquire from the Company:

- (i) 15,000,000 redeemable ordinary shares in GLIAF (the “**GLIAF Shares**”), at a price per share equal to the lower of £1 or GLIAF’s prevailing NAV per share at the time of completion of the GLIAF Share Acquisition; and
- (ii) 125,000 ordinary shares in GLIAM, representing 50 per cent. of GLIAM’s issued ordinary share capital, for total consideration of £250,000.

The Share Sale Agreement, which contains certain warranties given by the Company in favour of Golf Investments, also contains the following provisions:

- (i) a right of Golf Investments, for as long as it and its associates (being persons connected with Golf Investments) hold 7 per cent. or more of the issued Ordinary Shares, to appoint a non-executive director to the Board of the Company;
- (ii) a commitment by Golf Investments to subscribe or procure subscriptions for the lesser of:
(a) 10,000,000 C Shares in GLIAF; and (b) such number of C Shares in GLIAF which when aggregated with Golf Investments’ interest and the interests of persons acting in concert with it in the voting share capital of GLIAF will result in their aggregate interests being 29.9 per cent. of the voting share capital of GLIAF (the “**C Share Subscription**”). The C Share Subscription is conditional, inter alia, on: (i) an issue of C Shares in GLIAF taking place within one year of the date of completion of the GLIAF Share Acquisition; and (ii) Golf Investments’ obligation to subscribe for C Shares forming part of a fundraise for GLIAF which raises net proceeds of not less than £20 million; and
- (iii) a provision to adjust the price paid for the GLIAF Shares following the publication of GLIAF’s audited accounts for the period to 30 June 2016 if the NAV per share shown therein is different from the NAV at completion of the GLIAF Share Acquisition.

In connection with the GLIAM Share Acquisition, the Company proposes to enter into a shareholders’ agreement with Golf Investments pursuant to which, inter alia, each of the Company and Golf Investments will be entitled to appoint two directors to the board of GLIAM.

The Warrants

Pursuant to the terms of the Share Sale Agreement, the Company shall execute a warrant instrument in agreed form constituting warrants to subscribe in cash for up to 32,000,000 new Ordinary Shares at the following subscription prices:

- (i) 10,000,000 Ordinary Shares at 40 pence per Ordinary Share;
- (ii) 10,000,000 Ordinary Shares at 45 pence per Ordinary Share; and
- (iii) 12,000,000 Ordinary Shares at 55 pence per Ordinary Share.

The Warrants will be exercisable on any business day until the fourth anniversary of the date of their issue. The instrument constituting the Warrants contains provisions typically found in such instruments, including those relating to the adjustment of the subscription price or number of Ordinary Shares to be issued on exercise of the Warrants on the occurrence of certain events, protections for the holder(s) of the Warrants and procedures for the modification of the rights of the Warrants.

The Warrants will, conditional on Ordinary Shareholder approval, be issued to Golf Investments and may only (save with the consent of the Company) be transferred by the holder to another member of its corporate group.

Application will be made for any new Ordinary Shares that arise on the exercise of the Warrants to be admitted to trading on AIM (or any other stock exchange on which the Ordinary Shares may at the relevant time be admitted to listing or trading).

As at the date of this document, the Somerston Group holds 20,770,611 Ordinary Shares, representing approximately 9.03 per cent. of the current issued Ordinary Share capital. Assuming exercise of the Warrants in full and no other change to the issued Ordinary Share capital, the Somerston Group would hold 52,770,611 Ordinary Shares, representing approximately 20.14 per cent. of the issued Ordinary Share capital.

Conditions attaching to the Proposals

All of the matters referred to above in this paragraph 2 are conditional upon Ordinary Shareholders approving disapplication of certain rights of pre-emption in respect of the issue of the Warrants. In addition, the GLIAM Share Acquisition is conditional upon inter alia: (i) the Guernsey Financial Services Commission confirming it has no objection to (or being deemed to so confirm) to the GLIAM Share Acquisition; (ii) completion of the GLIAF Share Acquisition; and (iii) the Company and Golf Investments entering into a legally binding shareholders' agreement in relation to GLIAM.

3. Information on Somerston and Golf Investments

Somerston is a privately owned group of companies headquartered in Jersey. With its origins in shipping, Somerston now primarily focuses on real estate investment and development internationally as well as making private equity and venture capital investments. Somerston has held strategic interests in a number of listed companies. Further details on Somerston are available to view at www.somerston.com.

Golf Investments is a wholly-owned subsidiary of Somerston specifically incorporated for the purposes of the arrangements described above.

4. Disapplication of pre-emption rights in respect of new Ordinary Shares

At the annual general meeting of the Company held on 30 April 2015, Ordinary Shareholders approved a resolution to disapply pre-emption rights in respect of the issue of up to 10 per cent. of the then issued share capital of the Company. Following the issue of 15,000,000 new Ordinary Shares to Golf Investments in December 2015, the Company is seeking a renewal of the authority to disapply pre-emption rights in respect of up to 10 per cent. of the issued Ordinary Share capital.

The Company is seeking a renewal of this authority to provide flexibility for the future issue of new Ordinary Shares to raise additional capital for the Company without first being required to offer them to existing Shareholders on a pro rata basis.

5. The Resolutions

The following resolutions are being proposed at the EGM:

- (i) Special Resolution 1 – to disapply pre-emption rights in connection with the issue of the Warrants. Resolution 1 to be proposed at the EGM will be proposed as a special resolution.
- (ii) Special Resolution 2 – to disapply pre-emption rights in respect of the issue of new Ordinary Shares up to 10 per cent. of the issued share capital of the Company. Resolution 2 to be proposed at the EGM will also be proposed as a special resolution.

In order to be passed, a special resolution requires: (i) on a show of hands, not less than seventy five per cent. (75%) of those Ordinary Shareholders present (whether in person or by proxy) and voting to vote in favour of it; and (ii) on a poll, Ordinary Shareholders representing not less than seventy five per cent. (75%) of the total voting rights in the Company present (whether in person or by proxy) and voting to vote in favour of the resolution.

6. Action to be taken

A notice convening an Extraordinary General Meeting of the Company, which is to be held at 10.00 a.m. on 25 February 2016, is set out at the end of this document. Whether or not they intend to be present at the Extraordinary General Meeting, Ordinary Shareholders are requested to complete and return the accompanying Form of Proxy in accordance with the instructions printed thereon, so as to be received as soon as possible and, in any event, no later than 10.00 a.m. on 23 February 2016. The completion and return of the Form of Proxy will not preclude you from attending the meeting and voting in person should you so wish.

The consent of ZDP Shareholders is not required for the Proposals and ZDP Shareholders will not (unless they also hold Ordinary Shares) receive a Form of Proxy or be entitled to attend or vote at the Extraordinary General Meeting.

7. Recommendation

The Board believes that the Proposals are in the best interests of the Company and Shareholders as a whole and unanimously recommends that you vote in favour of the Resolutions to be proposed at the Extraordinary General Meeting.

The Directors intend to vote in favour, or procure the vote in favour, of the Resolutions at the Extraordinary General Meeting in respect of their own beneficial holdings of Ordinary Shares which, in aggregate, amount to 4,410,795 Ordinary Shares, representing approximately 1.92 per cent of the Company's issued Ordinary Share capital.

Yours faithfully

Patrick Firth
Chairman

PART 2

DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“AIM”	the market of that name operated by the London Stock Exchange
“Board” or “Directors”	the board of directors of the Company, including a duly constituted committee thereof
“C Share Subscription”	the conditional commitment on the part of Golf Investments to subscribe or procure subscriptions for up to 10,000,000 C Shares, as described in Part 1 of this document
“C Shares”	C shares of £0.10 each in the capital of GLIAF
“Company” or “GLI”	GLI Finance Limited
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held at 10.00 a.m. on 25 February 2016, or any adjournment thereof, for the purpose of considering and, if thought fit, passing the Resolutions
“Form of Proxy”	the form of proxy for use by Ordinary Shareholders in connection with the EGM which accompanies this document
“GLIAF”	GLI Alternative Finance plc, an investment trust managed by GLIAM
“GLIAF Share Acquisition”	the proposed acquisition by Golf Investments from the Company of 15,000,000 redeemable ordinary shares in the capital of GLIAF
“GLIAF Shares”	15,000,000 redeemable ordinary shares in the capital of GLIAF
“GLIAM”	GLI Asset Management Limited, the manager of GLIAF and, at the date of this document, a wholly-owned subsidiary of the Company
“GLIAM Share Acquisition”	the proposed acquisition by Golf Investments from the Company of 125,000 ordinary shares in the capital of GLIAM, representing 50 per cent. of the issued share capital of GLIAM
“Golf Investments”	Golf Investments Limited, a company incorporated in Jersey with registered number 120155
“Group”	the Company and its subsidiaries from time to time
“Loan Facility”	the loan agreement dated 15 September 2014, as amended, between the Company (as borrower), Sancus (as facility agent and security trustee) and each of Sancus, Sancus (Gibraltar) Limited and other parties named therein as lenders
“London Stock Exchange”	London Stock Exchange plc
“Notice”	the notice of the Extraordinary General Meeting set out at the end of this document

“Ordinary Shareholders”	holders of Ordinary Shares
“Ordinary Share Issue”	the issue of 15,000,000 Ordinary Shares to Golf Investments in December 2015
“Ordinary Shares”	ordinary shares of no par value each issued by the Company
“Proposals”	the proposals described and defined in Part 1 of this document, comprising the issue of the Warrants, the GLIAF Share Acquisition, the GLIAM Share Acquisition and the proposed disapplication of pre-emption rights
“Resolutions”	the special resolutions to be proposed at the EGM as set out in the Notice
“Sancus”	Sancus Limited, a company incorporated in Jersey with registered number 113391
“Share Sale Agreement”	the conditional agreement dated 5 February 2016 entered into between Golf Investments, the Company and GLIAF in relation to, <i>inter alia</i> , the GLIAF Share Acquisition, the GLIAM Share Acquisition and the C Share Subscription
“Shareholders”	Ordinary Shareholders and ZDP Shareholders
“Somerton Group”	Somerton Group Limited and its subsidiary undertakings from time to time
“Warrants”	the warrants to be issued to Golf Investments pursuant to the Share Sale Agreement and which entitle the holder to subscribe for up to 32,000,000 new Ordinary Shares at the relevant subscription price therefor
“ZDP Shareholders”	holders of ZDP Shares
“ZDP Shares”	zero dividend preference shares of no par value each issued by the Company that entitle their holders to a capital repayment per share of 130.696 pence on 5 December 2019

PART 3

NOTICE OF EXTRAORDINARY GENERAL MEETING

GLI FINANCE LIMITED

(a non-cellular company limited by shares incorporated in Guernsey with registered number 43260)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of GLI Finance Limited (the “**Company**”) will be held at the Company’s registered office, Sarnia House, Le Truchot, St. Peter Port, Guernsey GY1 1GR at 10.00 a.m. on 25 February 2016 for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as special resolutions.

Special Resolutions

1. **THAT**, pursuant to Article 8.7 of the articles of incorporation of the Company (the “**Articles**”), the provisions of Article 8.2 shall not apply and shall be excluded in relation to the issue of warrants entitling the holder(s) to subscribe for up to 32,000,000 new Ordinary Shares, as described in the circular to Shareholders dated 5 February 2016 of which this Notice forms part, provided that such disapplication shall expire on the date which is one year from the date on which this resolution is passed.
2. **THAT**, in addition to the authority granted pursuant to Resolution 1 above but in substitution for any other existing power or authority granted pursuant to Article 8.7 of the Articles, the provisions of Article 8.2 of the Articles shall not apply and shall be excluded in relation to the issue of up to an aggregate number of Ordinary Shares as represents 10 per cent. of the number of Ordinary Shares in issue immediately following the passing of this resolution, provided that such disapplication and exclusion shall expire at the conclusion of the next annual general meeting of the Company following the date of the passing of this resolution (unless previously renewed, revoked or varied by the Company by special resolution) save that the Company may before such expiry make an offer or agreement which would or might require Ordinary Shares to be allotted after such expiry and the Directors may allot Ordinary Shares in pursuance of such an offer or agreement as if the disapplication and exclusion conferred hereby had not expired.

By order of the Board

5 February 2016

Registered Office

Sarnia House
Le Truchot
St. Peter Port
Guernsey
GY1 1GR

Notes:

1. Any shareholder entitled to attend, speak and vote at the meeting is entitled to appoint one or more proxies to attend, speak and, on a poll, vote instead of him. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by the shareholder. A shareholder entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way. A proxy may be an individual or a body corporate who need not be a shareholder of the Company.
2. In the case of a shareholder which is a company, the instrument appointing a proxy must be executed under the hand of a duly authorised officer, attorney or other person.
3. The Form of Proxy, together with, if appropriate, any power of attorney or other authority or a notarially certified copy of any power of attorney or other authority (if any) under which it is signed, must be deposited at the Company’s registrars, Equiniti Limited, Freepost RTHJ-CLLL-KBKU, Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 8LU not later than 48 hours before the time appointed for holding the meeting.
4. To appoint more than one proxy to vote in relation to different shares within your holding you may photocopy the form. Please indicate the proxy holder’s name and the number of shares in relation to which they are authorised to act as your proxy (which in aggregate should not exceed the number of shares held by you). Please also indicate if the proxy instruction is one of multiple instructions being given. All Forms of Proxy must be signed and should be returned together in the same envelope.

5. Where there are joint registered holders of any Ordinary Shares, such persons shall not have the right of voting individually in respect of such shares but shall elect one of their number to represent them and to vote whether in person or by proxy in their name. In default of such election the person whose name stands first on the register shall alone be entitled to vote.
6. Any corporation which is a shareholder of the Company may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or any class of shareholders of the Company and the person so authorised shall be entitled to exercise the same power on behalf of the corporation which he represents as that corporation could exercise if it were an individual shareholder of the Company.
7. To change your proxy instructions, simply submit a new proxy appointment using the method set out above. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence. Please note that the cut-off time for receipt of proxy appointments also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
8. Return of a completed Form of Proxy will not preclude a shareholder from attending and voting personally at the meeting. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
9. Only shareholders registered in the register of shareholders of the Company 48 hours before the time fixed for the meeting or adjourned meeting shall be entitled to attend, speak and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after such time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
10. The quorum for a meeting of shareholders is two or more shareholders (provided that they are entitled to vote on the business to be transacted at the meeting) present in person or by proxy and holding 5 per cent. or more of the voting rights available at such meeting.
11. If, within half an hour from the appointed time for the meeting, a quorum is not present, the meeting shall stand adjourned to such time and place as the Board may determine. If at the adjourned meeting a quorum is not present within 15 minutes after the time appointed for the holding of the meeting, the meeting shall be dissolved.
12. The majority required for the passing of a special resolution is: (i) on a show of hands, not less than seventy five per cent. (75%) of those Ordinary Shareholders present (whether in person or by proxy) voting in favour of it; and (ii) on a poll, Ordinary Shareholders representing not less than seventy five per cent. (75%) of the total voting rights in the Company present (whether in person or by proxy) voting in favour of it.
13. If the resolutions are duly passed at the meeting (or any adjourned meeting thereof), and other necessary formalities are completed, this will result in all of the proposed resolutions becoming binding on each shareholder in the Company whether or not they voted in favour of the resolutions, or voted at all.
14. To allow effective constitution of the meeting, if it is apparent to the chairman that no shareholders will be present in person or by proxy, other than by proxy in the chairman's favour, then the chairman may appoint a substitute to act as proxy in his stead for any shareholder, provided that such substitute proxy shall vote on the same basis as the chairman.
15. Terms defined in the circular to shareholders dated 5 February 2016 shall, unless the context otherwise requires, bear the same meaning when used in this Notice.

