

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 Shares in GLI Finance Limited (the “**Company**”), you should pass this document, together 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.

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.

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

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 11.30 a.m. on 16 September 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 receiving agent, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, no later than 11.30 a.m. on 14 September 2016. The completion and return of the Form of Proxy will not prevent a Shareholder attending and voting at the Extraordinary General Meeting if he or she is entitled to do so.

This document does not constitute or form part of any offer or instruction to purchase, subscribe for or sell any shares or other securities in the Company nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with any contract therefor.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document and/or the accompanying Form of Proxy comes should inform themselves about and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction.

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EXPECTED TIMETABLE

	<i>2016</i>
Publication of this document	18 August
Latest time and date for receipt of Forms of Proxy for the Extraordinary General Meeting	11.30 a.m. on 14 September
Extraordinary General Meeting	11.30 a.m. on 16 September

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*)
John Whittle (*Alternate Director to James Carthew, Non-Executive Director*)

Registered Office:

Sarnia House
Le Truchot
St. Peter Port
Guernsey
Y1 1GR
Channel Islands

18 August 2016

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

Dear Shareholder

1 Introduction

On 11 August 2016, your Board announced that the Company had placed 23,020,560 new Ordinary Shares in the Company at a price of 31 pence per share with Golf Investments Limited ("**Golf**"), a member of the Somerston group of companies ("**Somerston**"). The Placing raised gross proceeds of approximately £7.1 million. The new Ordinary Shares were admitted to trading on AIM on 15 August 2016.

The Company has an existing strategic relationship with Somerston, which commenced in December 2015 when Somerston made a strategic investment in the Company. Somerston has since become a partner in certain of the Company's ventures. The Placing helps deepen that relationship as well as providing the Group with further capital. The Placing was fully underwritten by Golf, and in consideration of such commitment the Company agreed, subject to the approval of Ordinary Shareholders, to issue the Warrants to Golf as further described below.

The purpose of this document is to provide you with details of the proposed issue of Warrants to Golf, the issue and allotment of which requires the waiver of rights of pre-emption by Ordinary Shareholders by a special resolution, and 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 also requires the approval by Ordinary Shareholders of a special resolution (together the "**Proposals**").

2 The Placing

The Placing has raised cash for the Group at a time when it is growing and has opportunities to invest and secure its position as a leading specialist provider of finance to small and medium sized enterprises. In an announcement released on 9 August 2016, your Board gave an update on the Group's strategic review. As explained in that announcement, the net proceeds of the Placing will be deployed as part of the Company's management of its liquid assets to meet its ongoing cash requirements, such as investments in existing platforms (primarily as preference shares, loans or via facility commitments), operating expenditure and distributions.

The Placing was fully underwritten by Golf. Under the terms of the Placing Agreement entered into in respect of the Placing between the Company, Panmure Gordon as placing agent and Golf as underwriter, the Company agreed, subject to the approval of Ordinary Shareholders, to issue the Warrants to Golf in consideration of such underwriting commitment. The Warrants will, when issued, confer on the warrant holder the right to subscribe for up to 10,000,000 new Ordinary Shares at a subscription price of 37 pence per Ordinary Share.

In the event that the Warrants are not issued to Golf by 30 September 2016, for example because Ordinary Shareholders do not approve the Proposals at the Extraordinary General Meeting, then a cash underwriting fee shall be paid by the Company to Golf. The cash underwriting fee is an amount equal to four per cent. of the gross proceeds of the Placing, being a fee of £285,454.

3 Further information on the issue of the Warrants

The Company has executed a warrant instrument that constitutes the Warrants to subscribe in cash for up to 10,000,000 new Ordinary Shares at a subscription price of 37 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 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 68,370,103 Ordinary Shares, representing approximately 22.2 per cent. of the current issued Ordinary Share capital (excluding treasury shares). Assuming exercise of the Warrants in full and no other change to the issued Ordinary Share capital (including an assumption that the Existing Warrants issued to Somerston on 4 March 2016 are not also exercised), the Somerston group would hold 78,370,103 Ordinary Shares, representing approximately 25.46 per cent. of the issued Ordinary Share capital. In addition, should Somerston also exercise the Existing Warrants, and make no further purchases or sales of Ordinary Shares, it would hold 110,370,103 Ordinary Shares, representing approximately 35.86 per cent. of the issued Ordinary Share capital.

The issue of the Warrants is conditional upon Ordinary Shareholders approving the first Resolution to be proposed at the EGM in respect of the disapplication of certain rights of pre-emption that would otherwise apply to the issue of the Warrants.

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

At the annual general meeting of the Company held on 19 May 2016, 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 23,020,560 new Ordinary Shares under the Placing, the Company is seeking a renewal of this authority to disapply pre-emption rights in respect of the issue, including the sale from treasury, 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 in order 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) 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) Resolution 2 – to disapply pre-emption rights in respect of the issue, including the sale from treasury, 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; or (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 Related party transaction

Somerston, as a substantial shareholder of the Company, is classified as a related party for the purposes of the AIM Rules. The following statement was set out in the announcement of the Placing made on 9 August 2016 as regards Somerston's participation in the Placing: "The Directors consider, having consulted with the Company's nominated adviser, Panmure Gordon, that the terms of the Placing are fair and reasonable insofar as Shareholders are concerned."

7 Action to be taken

A notice convening an Extraordinary General Meeting of the Company, which is to be held at 11.30 a.m. on 16 September 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 11.30 a.m. on 14 September 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.

8 Recommendation

The Board believes that the Proposals are in the best interests of the Company and the 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 beneficial holdings of Shares which, in aggregate, amount to 4,536,030 Ordinary Shares representing approximately 1.44 per cent. of the Company's issued Ordinary Share capital (excluding treasury shares).

Yours faithfully

Patrick Firth
Chairman

PART 2

DEFINITIONS

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

“AIM”	the AIM market, operated by the London Stock Exchange
“AIM Rules”	the AIM Rules for Companies, published by the London Stock Exchange
“Board” or “Directors”	the board of directors of the Company, including a duly constituted committee thereof
“Company”	GLI Finance Limited, a non-cellular company limited by shares incorporated in Guernsey with registered number 43260
“Existing Warrants”	the warrants issued to Golf on 4 March 2016, as announced on that date, which entitle the holder to subscribe for up to 10,000,000 new Ordinary Shares at a subscription price of 40 pence per Ordinary Share, 10,000,000 new Ordinary Shares at a subscription price of 45 pence per Ordinary Share and 12,000,000 new Ordinary Shares at a subscription price of 55 pence per Ordinary Share
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held at 11.30 a.m. on 16 September 2016, or any adjournment thereof
“Form of Proxy”	the form of proxy to be used by Shareholders in connection with the EGM which accompanies this document
“Golf”	Golf Investments Limited, a company incorporated in Jersey with registered number 120155
“Group”	the Company and its subsidiaries from time to time
“London Stock Exchange”	the London Stock Exchange plc
“Notice”	the notice of the Extraordinary General Meeting set out at the end of this document
“Ordinary Shares”	the ordinary shares of no par value in the capital of the Company
“Ordinary Shareholders”	holders of Ordinary Shares
“Panmure Gordon”	Panmure Gordon (UK) Limited
“Placing”	the placing of 23,020,560 new Ordinary Shares which completed on 15 August 2016
“Placing Agreement”	the placing agreement dated 9 August 2016 between the Company, Panmure Gordon and Golf, in respect of the Placing
“Proposals”	the proposals set out in Part 1 of this document, comprising the issue of the Warrants and the proposed disapplication of pre-emption rights
“Resolutions”	the special resolutions to be proposed at the EGM as set out in the Notice

“Shareholders”	holders of Shares
“Shares”	Ordinary Shares and/or, where the context requires, ZDP Shares
“Somerset Group”	Somerset Group Limited and its subsidiary undertakings from time to time
“Warrants”	the warrants constituted by a warrant instrument dated 9 August 2016 and to be issued, subject to the approval of Ordinary Shareholders, to Golf pursuant to the Placing Agreement and which entitle the holder to subscribe for up to 10,000,000 new Ordinary Shares at a subscription price of 37 pence per Ordinary Share
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland
“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 11.30 a.m. on 16 September 2016 for the purpose of considering and, if thought fit, passing the following 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 10,000,000 new Ordinary Shares, as described in the circular to Shareholders dated 16 September 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, including the sale from treasury, of up to an aggregate number of Ordinary Shares (or rights to subscribe for, or to convert any securities into, 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 issued and allotted after such expiry and the Directors may issue and 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

18 August 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 shareholder’s common seal (or in any other manner permitted by law and having the same effect as if executed under seal) or 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 receiving agent, Capita Asset Services, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU 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. In the case of joint holders, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority will be determined by the order in which the names stand in the register of shareholders in respect of the joint holding.
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 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 18 August 2016 shall, unless the context otherwise requires, bear the same meaning when used in this Notice.

