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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 Resolution 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 acquisition of interests in the Sancus and BMS groups
and simplification of the Group structure
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 4NA at 10.30 a.m. on 6 June 2016 or any adjournment thereof is set out at the end of this document. 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 10.30 a.m. on 2 June 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

| | 2016 |
|--|----------------------|
| Publication of this document | 16 May |
| Latest time and date for receipt of Forms of Proxy for the Extraordinary General Meeting | 10.30 a.m. on 2 June |
| Extraordinary General Meeting | 10.30 a.m. on 6 June |
| Expected date of Completion of the Acquisitions | 30 June |

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
GY1 4NA
Channel Islands

16 May 2016

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

Dear Shareholder

1. Introduction

In December 2015, the Company's new chief executive officer Andrew Whelan initiated a strategic review of the Company's operations. As part of the review and as announced on 29 March 2016, the Company has been exploring how to maximise the value of its existing niche lending businesses. In this regard, the Board announced today that, on 14 May 2016, the Company entered into conditional share sale and purchase agreements in respect of the acquisition by the Company of certain interests in entities within the Sancus and BMS sub-groups of the Group as follows:

- the entire issued share capital of Sancus (Gibraltar) Limited ("**Sancus Gibraltar**") from Sancus Gibraltar Holdings Limited ("**Sancus Gibraltar Holdings**") and the intragroup loan (the "**Intragroup Loan**") made by Sancus Gibraltar Holdings to Sancus Gibraltar for a total consideration of £23.5 million, to be settled by the issue of 43,408,360 New Ordinary Shares issued by the Company at a fixed price of 31.1 pence per New Ordinary Share (being an aggregate issue price of approximately £13.5 million) and new unsecured 7 per cent. bonds due 30 June 2021 issued by the Company ("**Bonds**") in an aggregate principal amount of £10 million (the "**Sancus Gibraltar Acquisition**"); and
- the ordinary shares that it does not already own in GLIF BMS Holdings Limited ("**GBHL**") from Tranquil Capital Limited ("**Tranquil**") and the BMS Management Sellers for a total consideration of £5.175 million (subject to adjustment), to be settled by the issue of 11,093,247 New Ordinary Shares to the BMS Management Sellers at a fixed price of 31.1 pence per New Ordinary Share (being an aggregate issue price of approximately £3.45 million), the payment to Tranquil of £482,950 in cash and the satisfaction of certain sums owed by Tranquil to GBHL (the "**BMS Acquisition**").

The share sale and purchase agreements relating to the proposed Acquisitions are described in further detail below.

The purpose of the Acquisitions is to increase the Company's stake in the Sancus and BMS sub-groups and to consolidate them under a new "Sancus BMS" brand, in order to create one unified operating subsidiary lending to businesses and the owners of businesses in niche markets with a high return on capital. The Board believes that this will simplify the Group structure, reduce the scope for conflicts of interests to arise, provide a mechanism by which key individuals within the Sancus and BMS sub-groups will increase their longer-term commitment to the Group and better position the Group for the further development and expansion of its platform and lending businesses. In addition, as part of its ongoing balance sheet management, the Company proposes to issue up to £4 million of Bonds through UK Bond Network Limited.

The Proposals set out below do not require the approval of Shareholders. However, your Board would like to offer Shareholders the opportunity to consider what it believes is an important step in the development of the Group's business. Accordingly, the purpose of this document is to provide you with details of and background to the Proposals and the reasons why the Board considers that the Proposals are in the best interests of the Company and Shareholders as a whole. The Board unanimously recommends that you vote in favour of the Resolution to be proposed at the Extraordinary General Meeting to be held at 10.30 a.m. on 6 June 2016, as the Directors intend to do in respect of their own holdings of Ordinary Shares. The Notice convening this meeting is set out in Part 3 of this document.

2. Background to and reasons for the Proposals

Since the Company's incorporation in 2005, its primary objective has been to achieve a return on equity of 10 to 15 per cent. per annum through the provision of finance to SMEs and this remains the case. The Company's strategy for achieving this objective has evolved over time and the Company's focus in recent years has been on establishing itself as a leading player in the rapidly growing alternative finance sector.

This shift in focus for the Group began in 2012 with the acquisition of a majority stake in BMS Finance AB Limited ("**BMS**"), a senior lending business focused on SMEs, for total consideration of £11.6 million. The Company has a 62.5 per cent. equity stake in GBHL, which in turn holds a 100 per cent. interest in BMS, the UK operating business. GBHL also holds certain non-core interests which relate to the legacy Noble Venture Finance fund and which are to be sold in order to further simplify the overall structure.

BMS provides senior secured lending up to £5 million to UK and Irish SMEs which are at, or approaching, profitability. The funding for the BMS loan portfolio is derived partly from its own balance sheet, partly from the Company and partly through each of the British Business Bank and the Ireland Strategic Investment Fund (ISIF) under matched funding agreements. The ISIF mandate is a recent win for BMS and will allow the business to expand its operations in Ireland. In addition, the Company holds 10 year 7 per cent. interest-bearing loan notes issued by GBHL in a principal amount of approximately £16 million. GBHL draws on this facility in order to support BMS's growing loan book.

The loan book for BMS continues to develop and this is expected to increase over time. Having originally been a pure balance sheet lender, when the Company funded the management buyout in 2012, BMS has built up third party capital through its matched funding arrangements. As the proportion of third party capital grows, the profitability of the core business is expected to increase.

In December 2014 the Group acquired the entire issued share capital of Sancus (Jersey) Limited (which changed its name from Sancus Limited on 6 May 2016), the Jersey-based operating subsidiary of Sancus Holdings Limited, and Sancus (Guernsey) Limited, a then-dormant subsidiary, for a total consideration of £37.75 million (which was satisfied by the issue of 31,415,930 Ordinary Shares at 56.5 pence per Ordinary Share and a further £20 million in ZDP Shares). Prior to this, the Company had a holding of 8.4 per cent. of Sancus Holdings Limited's ordinary shares and a £3.75 million holding of preference shares.

Sancus (Jersey) Limited provides secured lending to asset rich, cash constrained borrowers. Its target market is entrepreneurs, SMEs, high net worth individuals and professionals. Sancus (Jersey) Limited has continued to see strong growth in its loan origination business, having completed approximately £173 million of loans since inception. All loans are fully secured and the Board believes that its future pipeline is strong.

Sancus (Guernsey) Limited registered as a Non-regulated Financial Services Business with the Guernsey Financial Services Commission in 2015 and the Guernsey business has started to contribute to the Group.

Sancus Gibraltar was incorporated in March 2015 and became operational in 2015 under the Sancus brand in Gibraltar. This business has already completed a total of approximately £34.5 million in loans across 12 transactions, of which three loans totalling approximately £12.5 million have been repaid. Of the £22 million loan book currently outstanding (including a loan to the Company of approximately £2.2 million), approximately £5.8 million has been lent by Sancus Gibraltar and £15.2 million has been co-lent by third parties who have been introduced to the opportunity to lend alongside Sancus Gibraltar. The Board also believes that a solid pipeline of new business is developing.

Sancus Gibraltar has significantly exceeded its forecast profit target for the year to date in its first year of trading and the Board considers that the business is ahead of Sancus (Jersey) Limited at the same stage of its development. Sancus Gibraltar has benefited from the “lessons learned” by Sancus (Jersey) Limited and its ability to attract co-lenders in its syndicated loan book, which has assisted in leveraging the rate of return on the monies deployed across the loan book.

The Company is also exploring the option of establishing additional operations under the Sancus brand in other offshore jurisdictions, having regard to mitigating the scope for future conflicts of interest.

The Group’s interests in Sancus (Jersey) Limited and in Sancus (Guernsey) Limited are held by Sancus Group Limited (“**SGL**”), a wholly-owned subsidiary of the Company. In addition, SGL holds a 15.29 per cent. holding of ordinary shares in Sancus Gibraltar Holdings, the holding company of Sancus Gibraltar. SGL also has an option to increase its shareholding in Sancus Gibraltar Holdings by a further 1,000 ordinary shares for a total consideration of £1 million, which equates to £1,000 per ordinary share. SGL also holds a 2 per cent. holding of ordinary shares in Sancus IOM Holdings Limited, the holding company of Sancus (IOM) Limited which operates the Sancus brand in the Isle of Man and began trading in December 2015. Similar to its option in respect of Sancus Gibraltar Holdings, SGL also holds an option to acquire up to 20 per cent. in total of the ordinary shares in issue in Sancus IOM Holdings Limited, which expires in December 2018, at a price of £1,000 per ordinary share.

The Board believes that consolidating the Group’s holding of these two key platforms and combining their brands and businesses will provide the Group with the opportunity to further develop and expand its activities in the alternative finance arena. Following Completion, the combined Sancus BMS Group is expected to make pre-tax profit of approximately £2.5 million in 2016, rising to approximately £4 million in 2017 when loan books are fully deployed, the businesses are fully integrated and increasing levels of commercial, operating and financial synergies are realised. The Board also sees potential for the Sancus BMS Group in terms of generating free cash flow to service future dividend payments to the Company’s Ordinary Shareholders, with this free cash flow to be paid up to the Company.

The Board believes that this is an exciting time for the Company and that the Proposals present an opportunity for the consolidation and development of the Company’s core platform and niche lending businesses.

3. Financial information on Sancus Gibraltar and GBHL

Sancus Gibraltar has generated net revenue and pre-tax profit in excess of £1,435,000 and £568,000 respectively in the 11 months since it began trading in June 2015 to April 2016. The net assets of Sancus Gibraltar at 30 April 2016 were approximately £595,000. Post-Completion, the net assets of Sancus Gibraltar (calculated on a pro forma basis making an adjustment for the restructuring of the Intragroup Loan following its transfer to SGL) are expected to be approximately £4.8 million.

GBHL, including its wholly-owned subsidiary BMS, generated consolidated net revenue and pre-tax profit in excess of £6,258,000 and £1,273,000 respectively in the year ended 31 December 2015. The consolidated net assets of GBHL at 31 December 2015 were approximately £3,431,500.

4. The Proposals

4.1 Integration of the Acquisitions and further development of the Sancus BMS sub-group

Subject to Shareholder approval, the Company has agreed to acquire the interests in the Sancus Gibraltar and BMS businesses that it does not already own, by way of the Sancus Gibraltar Acquisition and the BMS Acquisition. The Acquisitions are inter-conditional and, if the Resolution is passed at the General Meeting, Completion is expected to occur on or around 30 June 2016.

Following Completion, SGL will be the sole shareholder of the Jersey, Guernsey and Gibraltar operating subsidiaries of the Sancus sub-group. It will also be sole shareholder of GBHL. The Board believes that a significant element of the complexity associated with the Group’s current structure will therefore be removed following Completion as follows:

- the Board will be able to act with complete autonomy in matters regarding GBHL, including control over distribution of GBHL's profits, which it is not able to do so at present given the significant minority interests that exist within the entity; and
- the founder shareholders of Sancus Gibraltar Holdings include Andrew Whelan (the Company's chief executive officer) and John Davey (a director of SGL). Whilst the Group has established procedures to manage any conflicts that arise as a result of Mr Whelan's and Mr Davey's respective roles within the Group and their interests in the capital of Sancus Gibraltar Holdings, the scope for such conflicts to arise should be eliminated following Completion.

It is the Company's current intention, following Completion, to also transfer its majority shareholding of Platform Black Limited ("**Platform Black**") to SGL. Platform Black has an innovative online trading platform and a lending business that is complementary to those of Sancus and BMS. The Company holds approximately 84 per cent. of the ordinary shares of Platform Black and also £5 million of preference shares. Platform Black will be renamed Sancus (PB) Limited as part of these proposals. The intragroup transfer of Platform Black is not conditional on Shareholder approval of the Resolution. The Board believes that the transfer will enable the Sancus BMS Group to leverage Platform Black's technology to increase the scale of its operations.

It is intended that these entities, together with other subsidiaries which may be acquired or incorporated from time to time, will form a single consolidated business to be rebranded as "Sancus BMS". The Board anticipates that Sancus BMS will be well placed to further develop its platform and lending businesses as an integral part of the GLI Finance Group, operating under a separate, recognised brand but with the marketing, corporate and administrative support of being part of the Group.

Following Completion, it is anticipated that the management and employees of Sancus Gibraltar will be brought into the Group and their contracts of employment will be continued.

At Completion, each of Ewan Stradling, Shane Lanigan and Martin Ling (directors of BMS and BMS Management Sellers) will enter into an amended and restated employment contract with BMS. Amongst other changes, the new contracts will amend their notice periods to 12 months, in the case of Messers Stradling and Lanigan, and 6 months, in the case of Mr Ling.

It is expected that Andrew Whelan, chief executive officer of the Company, will also become the chief executive officer of the enlarged Sancus BMS sub-group and have an active role in its further development.

4.2 Principal terms of the Sancus Gibraltar Acquisition

Under the terms of the Sancus Gibraltar SPA, SGL has conditionally agreed to acquire the entire issued share capital of Sancus Gibraltar and the Intragroup Loan from Sancus Gibraltar Holdings.

The total consideration payable to Sancus Gibraltar Holdings under the Sancus Gibraltar SPA is £23.5 million, to be satisfied by the Company (as parent company of SGL, the buyer) by:

- the issue by the Company of 43,408,360 New Ordinary Shares at a fixed price of 31.1 pence per New Ordinary Share (being an aggregate issue price of £13.5 million), which represents a premium of 1 pence to the average closing mid-price per Ordinary Share for the five trading days immediately preceding the date of this document; and
- the issue by the Company of new unsecured 7 per cent. Bonds due 30 June 2021 in an aggregate principal amount of £10 million. Further details on the Bonds are set out at paragraph 4.5 below.

Immediately following completion of the Sancus Gibraltar Acquisition, Sancus Gibraltar Holdings' only assets will be 43,408,360 New Ordinary Shares, the Bonds and approximately £250,000 of cash to provide working capital to meet ongoing administrative costs prior to its anticipated liquidation in due course.

The New Ordinary Shares issued to Sancus Gibraltar Holdings under the Sancus Gibraltar SPA will be subject to a lock-up period of three months from the date of Completion. This lock-up period will be extended if there are any outstanding claims for a breach of any of the warranties given by Sancus Gibraltar Holdings under the Sancus Gibraltar SPA. In due course (and, in the case of the New Ordinary Shares, following the expiry of the lock-up period) it is expected that the consideration received by Sancus Gibraltar

Holdings under the Sancus Gibraltar SPA will be distributed to its shareholders. It is expected that the New Ordinary Shares will be distributed *pro-rata* to holders of ordinary shares in Sancus Gibraltar Holdings, and that the Bonds will be distributed *pro-rata* to holders of preference shares in Sancus Gibraltar Holdings by way of a redemption of such preference shares.

SGL currently holds 15.29 per cent. of the ordinary shares in Sancus Gibraltar Holdings and preference shares in a principal amount of £1.5 million. SGL also holds an option for it to be issued with an additional 1,000 new ordinary shares in Sancus Gibraltar Holdings (in addition to the 10,000 ordinary shares already in issue) for a total subscription price of £1,000,000. Accordingly, following Completion and once the relevant New Ordinary Shares are distributed, SGL expects to receive 6,638,483 New Ordinary Shares in respect of its holding of ordinary shares in Sancus Gibraltar Holdings (or such higher number of New Ordinary Shares as reflects SGL's enlarged shareholding in Sancus Gibraltar Holdings in the event that the option referred to above is exercised) and Bonds in a principal amount of £1,500,000. It is intended that these New Ordinary Shares and Bonds will be transferred to the Company and held in treasury.

Certain of the New Ordinary Shares distributed to the ordinary shareholders of Sancus Gibraltar Holdings will be subject to the provisions of Lock-in Deeds as further described at paragraph 4.4 below.

The Intragroup Loan was made available by Sancus Gibraltar Holdings to Sancus Gibraltar on 20 May 2015 and the outstanding principal amount is expected to be approximately £14 million at Completion. The principal amount, plus interest, is repayable on demand. The Intragroup Loan will be transferred to SGL by way of novation.

Completion of the Sancus Gibraltar SPA is conditional upon, amongst other things:

- approval of the Proposals by Shareholders at the General Meeting;
- approval of the Sancus Gibraltar Acquisition (i) by ordinary shareholders of Sancus Gibraltar Holdings at a general meeting of Sancus Gibraltar Holdings convened for 3 June 2016, (ii) by preference shareholders of Sancus Gibraltar Holdings at a separate class meeting convened for 3 June 2016, and (iii) separately in writing by holders of ordinary shares in Sancus Gibraltar Holdings who together hold at least 75 per cent. of the voting rights attaching to those ordinary shares (excluding those held by the Sancus Gibraltar Holdings Limited Employee Benefit Trust);
- the simultaneous Completion of the BMS Acquisition; and
- all preference shares of Sancus Gibraltar Holdings being fully paid up and (other than in respect of £250,000 retained cash, as referred to above) all cash reserves of Sancus Gibraltar Holdings being lent down to Sancus Gibraltar.

SGL may terminate the Sancus Gibraltar SPA prior to Completion in certain standard events, including if SGL becomes aware of any material breach of any of the warranties or undertakings given in favour SGL under the agreement. These may include circumstances where there has been a material adverse change in the financial or trading condition or prospects of Sancus Gibraltar. If the Sancus Gibraltar SPA is terminated, the BMS Acquisition will not complete (unless otherwise agreed by the parties to the BMS SPA).

The Sancus Gibraltar SPA contains warranties given in favour of SGL and covering matters including the ownership of Sancus Gibraltar, its business, employees and finances and other customary matters. These warranties are subject to a financial limit on aggregate claims before any claims can be made and an overall limit such that the maximum liability of Sancus Gibraltar Holdings is limited to £21 million. The warranties are also subject to further customary limitations.

Under the Sancus Gibraltar SPA, Sancus Gibraltar Holdings has given certain undertakings in favour of SGL in respect of the period to Completion. These undertakings include to carry on the business of Sancus Gibraltar in the ordinary and usual course and not to, in respect of that company: make any distributions, make any payment other than routine payments, alter any share or loan capital or make or settle any claims, disputes or legal proceedings. Sancus Gibraltar Holdings has also given certain non-competition and non-solicitation undertakings which will last for a period of three years following Completion.

4.3 Principal terms and conditions of the BMS Acquisition

Under the terms of the BMS SPA, the Company has conditionally agreed to acquire the ordinary shares that it does not already own in GBHL from Tranquil Capital Limited (“**Tranquil**”) and the BMS Management Sellers.

The total consideration payable to Tranquil and the BMS Management Sellers under the BMS SPA is £5.175 million, as may be adjusted (up to a maximum consideration of £5.75 million) to reflect the amount of any surplus above £3.8 million in the net asset value of GBHL as shown in completion accounts prepared for the purpose and drawn up to the date of Completion. The consideration is to be satisfied by:

- the payment to Tranquil of £482,950 in cash;
- the payment to GBHL of £1,242,050 in cash in satisfaction of sums owed to GBHL by Tranquil, in part arising from the sale of assets to Tranquil detailed below (which will have no net effect on the cash position of the Group given that, on Completion, GBHL will be a wholly owned subsidiary of the Company); and
- the issue by the Company to the BMS Management Sellers of an aggregate of 11,093,247 New Ordinary Shares at a fixed price of 31.1 pence per New Ordinary Share (being an aggregate issue price of approximately £3.45 million), which represents a premium of 1 pence to the average closing mid-price per Ordinary Share for the five trading days immediately preceding the date of this document.

The New Ordinary Shares issued to the BMS Management Sellers will be subject to the provisions of Lock-in Deeds as further described at paragraph 4.4 below.

At Completion, Tranquil will acquire from GBHL its interests in Noble Venture Finance I, L.P. and BMS Equity Limited for an aggregate price of £442,050.

Completion of the BMS SPA is conditional upon, amongst other things:

- approval of the Proposals by Shareholders at the General Meeting; and
- the simultaneous Completion of the Sancus Gibraltar Acquisition.

Under the BMS SPA, Tranquil and the BMS Management Sellers have given certain warranties in favour of the Company covering matters including the ownership of their GBHL shares and the absence of any material change in the financial or trading position of GBHL. Subject to exceptions, these warranties are subject to financial limits such that the maximum liability of any seller is limited to the consideration received by it. The warranties are also subject to further customary limitations. The BMS Management Sellers shall be entitled to meet any claim for breach of warranty or otherwise under the BMS SPA by the transfer back to the Company of New Ordinary Shares received by them at their issue price.

Under the BMS SPA, Tranquil and the BMS Management Sellers have given certain undertakings in favour of the Company in respect of the period to Completion. These undertakings include to carry on the business of GBHL in the ordinary and usual course and not to, in respect of GBHL: make any distributions, make any payment other than routine payments, alter any share or loan capital or make or settle any claims, disputes or legal proceedings.

The Company and SGL have entered into a conditional share sale and purchase agreement by which, immediately following Completion, the entire issued share capital of GBHL and the loan notes issued by GBHL and held by the Company (as referred to at paragraph 2 above) will be transferred by the Company to SGL.

4.4 New Ordinary Shares to be issued as part of the consideration relating to the Acquisitions

Application will be made to admit 54,501,607 New Ordinary Shares to trading on AIM as soon as practicable following their issue. It is expected that Admission will become effective and that dealings in the New Ordinary Shares will commence at 8.00 a.m. on or around 1 July 2016 (assuming Completion occurs on 30 June 2016).

The New Ordinary Shares, when issued, will be credited as fully paid and will rank in full for all dividends and other distributions declared, made or paid on the Ordinary Shares and otherwise *pari passu* in all

respects with the existing Ordinary Shares save that they will not be entitled to the dividends otherwise payable on the Ordinary Shares declared prior to 1 December 2016.

Under Lock-in Deeds between the Company and each of the Sancus Employee Sellers and each of the BMS Management Sellers, which are to be executed on or prior to Completion, each of them is to agree that, except in certain limited circumstances, he will not dispose of the New Ordinary Shares received by him at or in connection with Completion during the period of three years from Completion.

In addition, the Lock-in Deeds provide that if a Sancus Employee Seller or a BMS Management Seller ceases to be employed by the Group before the end of the aforementioned period and is deemed to be a bad leaver in accordance with the terms of the relevant Lock-in Deed, he will be required to transfer back to the Company (or as it may direct), in each case for an aggregate consideration of £1, a proportion of the New Ordinary Shares received by him at or in connection with Completion. This proportion is on a downwards sliding scale dependent on whether the Sancus Employee Seller or BMS Management Seller (as applicable) ceases employment with the Group prior to the first, second or third anniversary of Completion.

The Sancus Employee Sellers include Andrew Whelan (the Company's chief executive officer), John Davey (a director of SGL) and Stephen O'Brien (the managing director of Sancus Gibraltar). The BMS Management Sellers include Ewan Stradling (the chairman of BMS), Shane Lanigan (the managing director of BMS) and Martin Ling (a director of BMS).

The issue of the New Ordinary Shares implies pro forma net asset value dilution of approximately 2.7 pence per existing Ordinary Share (or 6.5 per cent.) based on the Company's most recently published quarterly net asset value update announced on 9 May 2016, falling to 1.8 pence (or 4.2 per cent.) on the assumption that the New Ordinary Shares receivable by SGL are transferred to the Company and taken into treasury (as referred to in paragraph 4.2 above). The Board believes that any dilutive effects of the issue of the New Ordinary Shares are more than offset by the strategic benefits that the Acquisitions will bring to the Group and potential for Shareholder value creation.

4.5 Bonds to be issued as part of the consideration relating to the Sancus Gibraltar Acquisition

The Bonds, issued in the aggregate principal amount of £10 million, will have a 5 year maturity expiring on 30 June 2021. The Company may repay the Bonds in full or in part prior to that date on at least one month's written notice to the relevant holder(s). Further, the holders of Bonds will have a right to call for the redemption of their Bonds upon the occurrence of certain change of control events of the Company, and the Bonds are mandatorily redeemed on a voluntary winding up of the Company (other than for a reorganisation, subject to conditions) or a sale of all or a substantial part of the Company's undertaking or assets. Standard events of default which could lead to the redemption of the Bonds also apply. Interest will accrue on the principal amount of the Bonds outstanding at a rate of 7 per cent. per annum and will be payable in arrears on 30 June and 31 December in each year until redemption.

The Company has agreed to use all reasonable commercial endeavours to procure, as soon as reasonably practicable following Completion:

- the listing of the Bonds on the Cayman Islands Stock Exchange or such other recognised non-UK stock exchange as may be determined by the Company; and
- that the Bonds are tradable via the UK Bond Network bond auction platform operated by UK Bond Network Limited, or a similar platform as may be determined by the Company.

4.6 Further Bond Issue via UK Bond Network

The Company also intends to make available further Bonds in an initial amount of up to £4 million, through UK Bond Network Limited (the "**UK Bond Network Issue**") as agent for the Company, using its designated website auction platform. The net proceeds from the UK Bond Network Issue will be applied towards repayment of the Company's existing loan facility with Sancus (Jersey) Limited and other lenders (the "**Sancus Loan Facility**"). The amount outstanding under the Sancus Loan Facility as at 13 May 2016 (being the latest practicable date prior to publication of this document) was £14.86 million.

Only certain investors (“**Eligible Investors**”) which may include high net worth, sophisticated, professional and institutional investors (in each case as defined in FSMA and regulations made under FSMA) will be eligible to participate in the UK Bond Network Issue. In order to participate in the UK Bond Network Bond Issue, Eligible Investors may be required to make certain representations and deliver certain self-certification documents to UK Bond Network Limited in accordance with its rules and as required under FSMA.

Eligible Investors who wish to access further details and participate in the UK Bond Network Issue will need to become a member of UK Bond Network’s platform. Eligible Investors should initially register their interest at www.ukbondnetwork.com/GLIFinance. The Company’s current intention is for the closing of the UK Bond Network Issue to coincide with the Completion of the Acquisitions on or around 30 June 2016. The Company will make a further announcement once the relevant offer documentation has been made available on the UK Bond Network platform.

The Company has a minority equity investment in UK Bond Network Limited.

5. Related party transactions

Overview

Sancus Gibraltar Holdings

Andrew Whelan (the Company’s chief executive officer), John Davey (a director of SGL, a wholly owned subsidiary of the Company) and Geoffrey Miller (a former chief executive officer of the Company) each hold interests in the issued share capital of Sancus Gibraltar Holdings as follows:

| | <i>Percentage holding of ordinary shares in Sancus Gibraltar Holdings</i> | <i>Holding of preference shares in Sancus Gibraltar Holdings</i> |
|-----------|---|--|
| Mr Whelan | 6.05% | £50,000 |
| Mr Davey | 6.24% | £240,000 |
| Mr Miller | 2.00% | – |

Mr Whelan and Mr Davey are also directors of Sancus Gibraltar Holdings and Mr Miller is a former director of that company.

As described above, Sancus Gibraltar Holdings intends to transfer its holding of New Ordinary Shares and Bonds to the ordinary and preference shareholders in Sancus Gibraltar Holdings *pro rata* to their existing holdings following the end of the lock-in period.

In view of the interests of Mr Whelan, Mr Davey and Mr Miller in the capital of both companies, this will result in the transfer of New Ordinary Shares and Bonds as follows:

- Mr Whelan: 2,626,205 New Ordinary Shares and Bonds in a principal amount of £50,000;
- Mr Davey: 2,708,681 New Ordinary Shares and Bonds in a principal amount of £240,000; and
- Mr Miller: 868,167 New Ordinary Shares.

BMS

The Company holds 62.5 per cent of the issued ordinary share capital in GBHL, with the remaining ordinary shares held by Tranquil and the BMS Management Sellers as follows:

| | <i>Percentage holding of ordinary shares in GBHL</i> |
|--------------------------|--|
| Tranquil Capital Limited | 12.50% |
| Ewan Stradling | 8.33% |
| Shane Lanigan | 8.33% |
| Martin Ling | 8.33% |

As described in paragraph 4.3 of this letter, the Company will issue 3,697,749 New Ordinary Shares to each of the BMS Management Sellers in consideration for the sale of their ordinary shares in GBHL and will pay £1,725,000 in cash to (or on behalf of) Tranquil in consideration for the sale of its ordinary shares in GBHL.

Related party transaction

Each of Mr Whelan, Mr Davey, Mr Miller, Mr Stradling (including Tranquil as one of his connected parties), Mr Lanigan and Mr Ling is classified as a related party of the Company under Rule 13 of the AIM Rules by virtue of each individual's current or former directorship(s) of the Company and/or its subsidiaries.

Where an AIM company enters into a transaction above a certain size with a related party under the AIM Rules, the directors of the company (with the exception of any director that has an interest in the transaction) are required, after consulting with the company's nominated adviser, to state whether, in their opinion, the transaction is fair and reasonable insofar as its shareholders are concerned.

Whilst the issue of New Ordinary Shares and, where applicable, Bonds to each individual referred to above and the payment of cash to (and on behalf of) Tranquil (the "**Related Party Transactions**") fall under the relevant *de minimis* thresholds under the AIM Rules, the Company wishes to apply the relevant provisions of the AIM Rules in any event.

The Directors consider, having consulted with the Company's nominated adviser, Panmure Gordon, that the terms of the Related Party Transactions are fair and reasonable insofar as Shareholders are concerned. Mr Whelan did not participate in the Board's consideration of the Related Party Transaction to which he is a party.

6. Extraordinary General Meeting

Resolution

Shareholders are being asked to approve the Proposals at the Extraordinary General Meeting. The Resolution will be proposed as an ordinary resolution. The Resolution requires a simple majority of those members present (whether in person or by proxy) and voting, to vote in favour of it in order for it to be passed.

Action to be taken

A notice convening an Extraordinary General Meeting of the Company, which is to be held at 10.30 a.m. on 6 June 2016, is set out at the end of this document. Whether or not you intend to be present at the Extraordinary General Meeting, 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 10.30 a.m. on 2 June 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. ZDP Shareholders will not (unless they also hold Ordinary Shares) 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 the Shareholders as a whole and unanimously recommends that you vote in favour of the Resolution to be proposed at the Extraordinary General Meeting to be held at 10.30 a.m. on 6 June 2016.

The Directors intend to vote in favour, or procure the vote in favour, of the Resolution at the General Meeting in respect of their beneficial holdings of Shares which, in aggregate, amount to 4,416,575 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:

| | |
|---|--|
| “Acquisitions” | the Sancus Gibraltar Acquisition and the BMS Acquisition |
| “Admission” | admission of the New Ordinary Shares to trading on the AIM market of the London Stock Exchange |
| “AIM” | the AIM market, operated by the London Stock Exchange |
| “AIM Rules” | the AIM Rules for Companies, published by the London Stock Exchange |
| “Articles” | the articles of incorporation of the Company |
| “BMS” | BMS Finance AB Limited, a company incorporated in England and Wales with registered number 06008835 |
| “BMS Acquisition” | the proposed acquisition by the Group of the ordinary shares that it does not already own in GBHL under the BMS SPA |
| “BMS Management Sellers” | Ewan Stradling, Shane Lanigan and Martin Ling |
| “BMS SPA” | the conditional sale and purchase agreement dated 14 May 2016 entered into between the Company, Tranquil, the BMS Management Sellers and GBHL in relation to the BMS Acquisition |
| “Board” or “Directors” | the board of directors of the Company, including a duly constituted committee thereof |
| “Bond Instrument” | the bond instrument of the Company dated 14 May 2016 constituting the Bonds |
| “Bonds” | the 7 per cent. bonds due 30 June 2021 to be issued by the Company, on the terms of the Bond Instrument, including to Sancus Gibraltar Holdings pursuant to the Sancus Gibraltar Acquisition |
| “Company” | GLI Finance Limited, a non-cellular company limited by shares incorporated in Guernsey with registered number 43260 |
| “Completion” | completion of both or either of the Sancus Gibraltar Acquisition and the BMS Acquisition, as the context requires |
| “Extraordinary General Meeting” or “EGM” | the extraordinary general meeting of the Company to be held at 10.30 a.m. on 6 June 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 |
| “FSMA” | the UK Financial Services and Markets Act 2000, as amended |
| “GBHL” | GLIF BMS Holdings Limited, a company incorporated in Guernsey with registered number 55823 |
| “Group” | the Company and its subsidiaries from time to time |

| | |
|---------------------------------------|---|
| “Independent Directors” | the Directors other than Mr Whelan in respect of the Related Party Transaction to which he is a party |
| “Intragroup Loan” | the loan made under the revolving intercompany loan facility agreement dated 20 May 2015 between Sancus Gibraltar Holdings as lender and Sancus Gibraltar as borrower |
| “Lock-in Deeds” | the lock-in deeds to be entered into on or before Completion between the Company and each of the BMS Management Sellers and the Sancus Employee Sellers |
| “London Stock Exchange” | the London Stock Exchange plc |
| “New Ordinary Shares” | such Ordinary Shares to be issued by the Company to each of Sancus Gibraltar Holdings and the BMS Management Sellers as part of the consideration relating to the Acquisitions in accordance with the SPAs |
| “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 |
| “Proposals” | the proposals set out in this document comprising the Acquisitions |
| “Resolution” | the ordinary resolution to be proposed at the EGM as set out in the Notice |
| “Sancus” | the Sancus sub-group of companies held by SGL |
| “Sancus Employee Sellers” | each of Andrew Whelan, Stephen O’Brien and John Davey, as holders of ordinary shares in Sancus Gibraltar Holdings to whom consideration paid in respect of the Sancus Gibraltar Acquisition is expected to be distributed |
| “Sancus Gibraltar” | Sancus (Gibraltar) Limited, a company incorporated in Gibraltar with registered number 112755 |
| “Sancus Gibraltar Acquisition” | the proposed acquisition by the Group of Sancus Gibraltar under the Sancus Gibraltar SPA |
| “Sancus Gibraltar Holdings” | Sancus Gibraltar Holdings Limited, a company incorporated in Guernsey with registered number 60004 |
| “Sancus Gibraltar SPA” | the conditional share sale and purchase agreement dated 14 May 2016 entered into between SGL, the Company and Sancus Gibraltar Holdings in relation to the Sancus Gibraltar Acquisition |
| “SGL” | Sancus Group Limited, a company incorporated in Guernsey with registered number 57766 |
| “Shareholders” | holders of Shares |
| “Shares” | Ordinary Shares and/or, where the context requires, ZDP Shares |
| “SME” | small and medium-sized enterprise |

| | |
|---------------------------------|--|
| “SPAs” | the Sancus Gibraltar SPA and the BMS SPA |
| “Tranquil” | Tranquil Capital Limited, a company incorporated in the British Virgin Islands with registered number 1472388 |
| “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 4NA at 10.30 a.m. on 6 June 2016 for the purpose of considering and, if thought fit, passing the following resolution.

Ordinary Resolution

THAT the Proposals as described in the circular to shareholders of the Company dated 16 May 2016 be approved.

By order of the Board

16 May 2016

Registered Office

Sarnia House
Le Truchot
St. Peter Port
Guernsey
GY1 4NA

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 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. 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 the Resolution is a simple majority of the total number of votes cast in favour of the Resolution. If a poll vote is called, the Resolution will be passed if shareholders representing a simple majority of the total voting rights of shareholders, being entitled to do so and voting in person or by proxy on the Resolution, vote in favour of the Resolution.
13. If the Resolution is duly passed at the meeting (or any adjourned meeting thereof), and other necessary formalities are completed, this will result in all of the proposed Resolution becoming binding on each shareholder in the Company whether or not they voted in favour of the Resolution, 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 16 May 2016 shall, unless the context otherwise requires, bear the same meaning when used in this Notice.