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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.

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## **GLI FINANCE LIMITED**

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

### **Proposed acquisition of Sancus Limited and Sancus (Guernsey) Limited and proposed adoption of new Articles of Incorporation**

**and**

### **Notice of Extraordinary General Meeting**

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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.

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 11.00 a.m. on 12 December 2014 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 11.00 a.m. on 10 December 2014. 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.

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## EXPECTED TIMETABLE

2014

Publication of this circular	17 November
Latest time and date for receipt of Forms of Proxy for EGM	11.00 a.m. on 10 December
Extraordinary General Meeting	11.00 a.m. on 12 December
Effective date of adoption of New Articles and expected date of completion of the Acquisition	12 December

*References to times in this document are to times in London, England 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*)  
Geoffrey Miller (*Chief Executive Director*)  
Emma Stubbs (*Chief Financial Officer*)  
Frederick Forni (*Non-Executive Director*)  
James Carthew (*Non-Executive Director*)

*Registered Office:*

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

17 November 2014

Dear Shareholder

**1. Introduction**

The Board announced today that on 14 November 2014, the Company entered into a conditional sale and purchase agreement with Sancus Holdings Limited ("**SHL**") (the "**SPA**"), under which the Company has conditionally agreed to acquire the respective entire issued share capitals of Sancus Limited ("**SL**") and Sancus (Guernsey) Limited ("**SGL**") from SHL and the intragroup loans (the "**Intragroup Loans**") made by SHL to SL (the "**Acquisition**") for a total consideration of £37.75 million. The payment of the consideration relating to the Acquisition would involve the Company issuing to SHL new Ordinary Shares (the "**New Ordinary Shares**") and new redeemable zero dividend preference shares in the Company (the "**ZDP Shares**") (as further described below). Therefore, in connection with the Acquisition, the Board is seeking the approval of Shareholders for the New Articles to be adopted in order to reflect the creation of such a new class of ZDP Shares and to provide for the rights attached to the ZDP Shares (altogether, the "**Proposals**"). The Board believes that the ZDP Shares will diversify the funding of the Company's capital structure and better align the structure with the Board's expectation of the future returns from the Company's business. The issue of ZDP Shares is also expected to reduce the Company's overall cost of capital.

The purpose of this letter 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 11.00 a.m. on 12 December 2014, 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 4 of this document.

Shareholder approval by way of a special resolution (the "**Resolution**") is required in order to approve the proposed adoption of the New Articles which are necessary as a result of the Acquisition.

## **2. Background to the Proposals**

### ***Background to the Acquisition***

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 began in 2012 with the acquisition of BMS Finance AB Limited, a senior lending business focused on SMEs, for total consideration of £11.6 million. The Company has since made or committed to make equity and debt investments in a further 15 alternative lending platforms totalling approximately £21.1 million spanning a variety of asset classes. This includes the Company's £3.025 million investment (£0.3 million of ordinary shares and £2.725 million of preference shares) in December 2013 in SHL, the parent company of SL, a Channel Islands-based alternative lender.

A key aspect of this transition has also been the divestment of the Company's CLO portfolio, a process which concluded with the sale, in June 2014, of the Company's remaining CLO assets to Fair Oaks Income Fund Limited ("**FOIF**") for total consideration of \$54.7 million (\$20.4m of cash and the remainder in shares in FOIF).

The Company holds 7.4 per cent of SHL's ordinary shares in issue at the date of this document. Mr Geoffrey Miller, the Company's Chief Executive Officer, was appointed to the board of SHL as a non-executive director on 9 December 2013. The Company's interest in SHL's preference shares is to increase by £1.0 million prior to completion of the Acquisition and, as part of this investment, the Company's holding of ordinary shares in SHL will increase to 8.4 per cent. Further information on SL is provided below. The Board has, subject to the satisfaction of certain conditions, now agreed that the Company will acquire the respective entire issued share capitals of SL and SGL as well as the Intragroup Loans for total consideration of £37.75 million as detailed below.

### ***Reasons for the Acquisition***

The Board believes that the Acquisition will provide the Company with the opportunity to achieve an immediate step-change in the scale and breadth of its activities in the alternative finance arena. The Acquisition therefore will represent a key event in the Company's development.

The Acquisition will provide the Company with an existing loan book and an income stream from SL's current loan book. SL also has a pipeline of future loan origination opportunities in the Channel Islands, supported by its established network of contacts, expanding presence in the market and growing market recognition. The Board also intends to research the potential for SL to expand its operations into other offshore jurisdictions, such as the Isle of Man and Malta, as the Board believes this represents another area of opportunity in the medium-term.

In addition, the SL network of contacts and market presence also provides the Enlarged Group with potential access to a wide pool of capital from Channel Islands-based high net worth individuals and family offices. These sources could provide future lenders and co-lenders, not only to SL, but to other platforms within the group of alternative finance platforms in which the Company holds equity interests.

The Acquisition also brings additional experienced management with loan origination and underwriting capabilities to develop and drive growth in the Company's proprietary loan book. It is the Board's intention to expand the Enlarged Group's loan origination business following the Acquisition, and in light of this, to reorganise the Company's investment activities into two divisions, Lending and Platforms. Mr Andrew Whelan, SL's Chief Executive Officer, will be appointed to a newly created post, Director of Lending, with responsibility for loan origination and management. Mr Whelan's appointment will become effective immediately following the Acquisition and it is intended that he will join the Board as an executive director. Further details of the intended reorganisation are provided below.

In summary, the Board believes that there is a good strategic fit between SL and the Company and that the Acquisition will not only bring the entirety of SL's current and future lending business within the Enlarged Group but will provide the management skills and potential access to the capital required to facilitate a broader expansion of the Enlarged Group's loan origination activities.

### ***Information on SL***

SL is an offshore alternative secured lending business, which makes loans to Channel Islands-based entrepreneurs, SMEs, high net worth individuals and professionals. SL's Channel Islands focus reflects its management team's network of contacts in this area.

Since its incorporation in July 2013 and commencing to trade in January 2014, SL has grown rapidly and written approximately £47.6 million of loans across 20 transactions, of which two loans totalling approximately £4.5 million have been repaid. Of the £43.1 million loan book currently outstanding, £17.3 million has been lent by SL, with a further £25.8 million co-lent by third parties that have been introduced to the opportunity to lend alongside SL. Co-lenders tend to be Channel Islands-based family office investors and high net worth individuals.

Loans advanced to date range from £0.25 million to a £30 million facility provided to the Company, of which approximately £23 million has been drawn at the date of this document. The length of the loans made to date averages 11 months. All loans are secured over certain assets of the borrower, with loan to value ratios averaging 49 per cent. The average annual interest rate charged on the loans advanced to date is approximately 10.4 per cent.

SL has, to date, received £17.8 million of funding from SHL via intercompany loans. SHL, incorporated under Guernsey law in June 2013, has in turn received funding from its ordinary and preference shareholders totalling £23.2 million, of which £7.3 million has been provided by its directors and their connected parties, with the remainder by Channel Islands-based family office investors and high net worth individuals. SHL intends, between the date of this document and completion of the Acquisition, to make

a further £5.0 million of funding available to SL, such that the aggregated intragroup loan due from SL to SHL at completion is expected to be £22.8 million.

SL's head office is based in St Helier Jersey and it also has a satellite office in St Peter Port Guernsey. SL's business is currently unregulated for the purposes of the Financial Services (Jersey) law 1998.

The Board believes that SL has the following key strengths, making the Acquisition an attractive opportunity for the Company:

- SL is recognised as a leading player in Jersey's growing alternative lending market with little competition in its chosen area of operation. The Board believes that SL has established this niche partly as a result of its innovative approach taken to lending, for example by offering flexible terms to borrowers reflecting the specific and, in some cases, complex circumstances of each loan. SL can also customise its approach to loan collateral, for example, by adopting a more flexible approach than traditional lenders to taking security over unusual assets. This is reflected in the interest rate that SL charges, reflecting in turn complexity of circumstances rather than pure credit risk. SL also, on occasions, takes warrants over the borrower's underlying equity to boost its targeted return, again demonstrating the flexible approach taken.
- SL already has a proven ability to react quickly and decisively to new opportunities and arrange for loans to be advanced often within weeks of initial enquiry. The Board believes that the speed with which SL acts, whilst not compromising its internal procedures or due diligence standards, is a competitive advantage compared with traditional finance providers, particularly given borrowers' often urgent need for capital.
- SL has a proven revenue model and is already generating monthly profits in its first year of trading. All of SL's costs associated with loan origination are met by the borrower; a commitment fee is charged on issue of the offer letter to the borrower with arrangement fees charged at completion. SL also differentiates itself from many peer to peer lenders primarily dependent on fee income, as a significant proportion of revenues are generated by interest received on funds lent.
- Another differentiator is SL's investment of proprietary capital on the loans where co-lenders are involved. This is an important source of comfort to co-lenders, reducing their risk profile accordingly.
- SL has established robust policies, processes, controls and procedures governing areas such as client take-on, credit committee approval, due diligence, security and loan documentation. These policies are rigidly adhered to and help to ensure that significant risks are identified at an early stage of assessment of a new opportunity.
- SL has a pipeline of opportunities to grow its loan book further through lending to Channel Islands-based borrowers. SL's expanding presence and growing recognition in this market will, the Board believes, open up access to capital from other potential co-lenders, for example funds held in trust and under management in Jersey.

- The Board believes that SL has attractive prospects in the longer-term, for example there could be opportunities to develop SL's presence in alternative lending markets in other offshore jurisdictions such as the Isle of Man and Malta or through other capital distribution channels.

### **Financial information 31 October**

Set out below are selected profit and loss account extracts from SL's unaudited management accounts for the 10 months ended October 2014:

	£'000
Net operating income	1,373
EBITDA	858
PBT	501

*Source: SL's unaudited management accounts*

### **Integration of the Acquisition and further development of the Enlarged Group**

Following completion of the Acquisition, the Board intends to support the ongoing development of SL's lending business, which will continue to be led by Mr Andrew Whelan, SL's Chief Executive Officer and a founder shareholder of SHL. A key objective of the Board will be to increase the scale of its lending activities in SL's current markets as well as penetrate other new markets. In the short-term, the Board plans to leverage the Company's Guernsey location to accelerate SL's presence in this market.

Mr John Davey and Mr Richard Harrop, both of whom are SHL founder shareholders and have been integral to SL's growth since establishment, will remain on SL's board as non-executive directors following completion of the Acquisition. The Board believes that SL will continue to benefit from Mr Davey's, Mr Harrop's and Mr Whelan's network of contacts across the Channel Islands as a source of new opportunities for both SL and the Enlarged Group.

As discussed above, the Board is also, following the Acquisition, intending to reorganise the Enlarged Group's investment activities into two divisions, Lending and Platforms. The purpose of the Lending division will be to manage all loans originated via the Company's platforms or made directly by the Company. The Platforms division will be responsible for the strategic development of, and realising synergies and cross-selling opportunities between the various platforms.

The Board believes that segmenting the Enlarged Group's activities into these two areas will provide clearer accountability, greater transparency and better performance evaluation. Mr Andrew Whelan will become the Company's Director of Lending, with Platforms being led by Mr Geoffrey Miller and Mr Marc Krombach, the Company's Managing Director. The Board is currently in the planning stages of the reorganisation and a detailed update will be provided once this process has been completed.

The Board believes that the platforms in which the Company has invested to date all have a clearly defined niche in their chosen markets and fit with the Company's objective of originating finance for SMEs through the platforms in which it has an equity interest. In a global environment where traditional lending sources for SMEs are significantly constrained, alternative finance providers are becoming increasingly accepted and, given the breadth of the Company's presence in this rapidly growing market through its alternative lending investments, the Board is optimistic as to the Company's future prospects.

### ***Principal terms and conditions of the Acquisition***

Under the terms of the SPA, the Company has conditionally agreed to acquire the respective entire issued share capitals of SL and SGL (SGL being a dormant company that has never traded since its incorporation in June 2014) from SHL, as well as the Intragroup Loans (with an approximate outstanding value of approximately £22.8 million that SL would otherwise need to repay to SHL in the future), for a total consideration of £37.75 million, to be satisfied by the issue to SHL of:

- 31,415,930 New Ordinary Shares at a fixed price of 56.5 pence per New Ordinary Share, representing a 3.4 per cent. discount to the closing mid-market price of 58.5 pence per Ordinary Share on 14 November 2014 (being the last trading day prior to announcement of the Acquisition); and
- 20,000,000 ZDP Shares at a fixed price of £1 each.

The Intragroup Loans that SL would otherwise need to repay to SHL in the future will be transferred by SHL to the Company by way of novation.

Immediately following completion of the Acquisition, SHL's only assets will be the New Ordinary Shares, the ZDPs and approximately £0.2 million of cash to provide working capital to meet ongoing administrative costs prior to its anticipated liquidation in due course.

The SPA contains warranties in favour of the Company which will apply for a period which is the longer of either: (a) the period commencing on the date of completion of the Acquisition and expiring six months thereafter; or (b) the period commencing on the date of completion of the Acquisition and expiring on the earlier of (i) the date on which an unqualified audit opinion on SL is given by the auditor of SL in its audit report on SL for the period ending 31 December 2014 or (ii) the first anniversary of completion of the Acquisition (the "**Cover Period**"). A claim under the SPA will be satisfied by the transfer back to the Company by SHL of the relevant number of New Ordinary Shares issued to it pursuant to the Acquisition as is equal to the value of such claim.

Separately, certain restrictive covenants are given by Mr John Davey, a director of SHL, which will apply for 2 years from completion of the Acquisition.

Completion of the Acquisition is conditional upon, amongst other things:

- approval by Shareholders of the proposed adoption of the New Articles covered by the Resolution (please see paragraph 5 below for further details);

- approval by SHL's ordinary shareholders of the sale of SL and SGL to the Company;
- the Board not having decided to terminate the SPA as a result of a Material Adverse Change having occurred between the date of the SPA and Completion;
- confirmation having been given (and not withdrawn, amended or lapsed) in writing by the Jersey Financial Services Commission that it consents to the proposed change of control of SL pursuant to the consent issued to SL under the Control of Borrowing (Jersey) Order 1958;
- confirmation having been given (and not withdrawn, amended or lapsed) in writing by the Population Office in Jersey that it consents to the proposed change of control of SL pursuant to Article 25(3) of the Control of Housing and Work (Jersey) Law 2012;
- the Board, acting reasonably, is able to certify that the Acquisition is fair and reasonable to the Company and its existing shareholders for the purposes of sections 295 and 296 of the Guernsey (Companies) Law 2008; and
- the Company and Mr Andrew Whelan having entered into or agreed to enter into a service agreement in such form as agreed between the Company and Mr Whelan relating to the provision of services by him to the Company from Completion, and the Company and Ms Nicola de Veulle, SL's Chief Operations Officer, having entered into or agreed to enter into a service agreement in such form as agreed between the Company and Ms de Veulle relating to the provision of services by her to the Company from Completion.

***New Ordinary Shares to be issued as part of the consideration relating to the Acquisition***

Application will be made to admit the 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 on 18 December 2014. At Admission, SHL will be interested in 31,415,930 Ordinary Shares, representing 18.2 per cent of the Company's enlarged issued share capital.

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 other than that they will not be entitled to the dividend otherwise payable on the Ordinary Shares in respect of the period ending 31 December 2014.

Under a lock-in deed between the Company, SHL and Panmure Gordon which is to be executed upon the completion of the Acquisition, SHL is to agree that, except in certain limited circumstances, it will not dispose of the New Ordinary Shares during the Cover Period, as well as (if applicable) such extended period where a claim has been notified by the Company to SHL during the Cover Period but where the claim has not yet been settled, withdrawn or finally judicially determined by a court of competent jurisdiction.

SHL's current intention is to transfer the New Ordinary Shares to SHL's ordinary shareholders *pro rata* to their existing holdings following the end of the lock-in period.

Mr Geoffrey Miller is a non-executive director of SHL and has, under the SHL Employee Benefit Trust, an effective interest in two per cent. of SHL's issued and to be issued ordinary share capital. In respect of Mr Miller's interest in ordinary shares in the capital of SHL this will result in the transfer of 628,318 New Ordinary Shares to Mr Miller. As for Mr Miller's current interests in the Company's issued share capital, Mr Miller will not be able to sell his New Ordinary Shares whilst he is a Director of the Company.

In respect of the Company's holding of ordinary shares in the capital of SHL, this will result in the transfer of 2,642,865 New Ordinary Shares to the Company. The Company intends to hold the New Ordinary Shares in treasury following the transfer.

Following the end of the lock-in period, there will be an orderly marketing period of six months, during which time SHL can only effect a disposal of the New Ordinary Shares through Panmure Gordon (subject to certain exceptions considered normal for an arrangement of this nature). If SHL disposes of any New Ordinary Shares to any of its ordinary shareholders, SHL is obliged to use its best endeavours to ensure that its ordinary shareholders will also effect any further disposals of such New Ordinary Shares transferred to them during the orderly marketing period through Panmure Gordon (again, subject to certain exceptions considered normal for an arrangement of this nature).

Furthermore, each of Mr John Davey, Mr Andrew Whelan, Mr Richard Harrop and Ms Nicola de Veulle will enter into a lock-in deed with the Company and Panmure Gordon upon completion of the Acquisition, whereby each of them will agree not to dispose of any New Ordinary Shares which each of them will receive from SHL in the future, except in certain limited circumstances, for a period of 18 months from the date of completion of the Acquisition. In relation to Mr Davey, Mr Whelan and Mr Harrop, at the end of the lock-in period, there will be an orderly marketing period of six months, during which time each of them can only effect a disposal of his New Ordinary Shares through Panmure Gordon (subject to certain exceptions considered normal for an arrangement of this nature).

#### ***ZDP Shares to be issued as part of the consideration relating to the Acquisition***

The ZDP Shares have a redemption value of 130.696p per share on their maturity date of 5 December 2019, compared with an initial right to capital of 100p per share at issue. The return over the period is expected to be equivalent to an annual return of 5.5%, over their five year life. The rights, which include class consents, attached to the ZDP Shares are set out in Part 2 of this document.

The ZDP Shares will not be admitted to trading on AIM or any other regulated or similar market immediately following Completion. The Board intends to use all reasonable endeavours to procure that the ZDP Shares are admitted to trading on AIM or another stock exchange in the first half of 2015. We will write to you regarding such proposals in due course.

SHL has undertaken to redeem, upon the allotment and issue to it by the Company of the ZDP Shares, the preference shares outstanding, by transferring the ZDPs to SHL's preference shareholders *pro rata* to their existing holdings as soon as reasonably practicable following Completion. In respect of the Company's holding of preference shares in the capital of SHL, this will result in the transfer of 3,725,000 ZDP Shares to

the Company. The Company intends to hold the ZDP Shares in treasury following the transfer.

### **3. Board changes**

It is intended that, following completion of the Acquisition, Mr Andrew Whelan will be appointed to the Board as an executive director. Mr Whelan has over 25 years of experience of the financial services industry. He started his career with Morgan Grenfell in 1987 and also worked for Kleinwort Benson within the Dresdner Private Banking Group before joining Liberty Ermitage in 2001, where he became Group Executive Director and Managing Director of Ermitage Global Wealth Management Jersey Limited. Mr Whelan was a founding partner of Ermitage Group in 2006 following a management buy-out of the business from Liberty Life. Mr Whelan left Ermitage Group in 2011 following its sale to Nexar Capital Group. Between April 2012 and August 2013, Mr Whelan was with International Asset Monitor as Managing Director of its newly established Jersey office, before founding SHL on 1 September 2013 and joining as Chief Executive Officer. Mr Whelan has an effective interest in 11.7 per cent. of SHL's ordinary issued and to be issued share capital.

Mr Whelan is a Fellow of the Chartered Institute for Securities & Investment.

### **4. Related party transaction**

Mr Geoffrey Miller, the Company's Chief Executive Officer and a Director of the Company, is a non-executive director of SHL. The aggregate interests of Mr Miller and his fellow SHL directors in SHL's issued and to be issued voting share capital exceed 30 per cent. As such, SHL is classified as a related party of the Company under Rule 13 of the AIM Rules and the Acquisition is therefore treated as a related party transaction. It is also subject to the requirements of Rule 3.01 of the Authorised Closed-Ended Scheme Rules, 2008.

The Independent Directors consider, having consulted with the Company's nominated adviser, Panmure Gordon, that the terms of the Acquisition are fair and reasonable insofar as Shareholders are concerned.

### **5. Adoption of the New Articles**

As the Acquisition will involve the issuing of ZDP Shares to SHL, New Articles will need to be adopted in order to reflect the creation of such a new class of ZDP Shares and to provide for the rights attached to such shares. Please see Part 2 of this document containing the provisions proposed to be adopted to the New Articles.

### **6. Extraordinary General Meeting**

#### ***Resolution***

Any proposed adoption of the New Articles requires Shareholder approval in accordance with the Articles. Under The Companies (Guernsey) Law, 2008 a resolution to adopt new articles of incorporation can only be passed by way of a special resolution. Accordingly, the Resolution, to approve the proposed adoption of the New Articles, will be proposed as a special resolution. The Resolution requires not less than seventy five

per cent. (75%) 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 11.00 a.m. on 12 December 2014, 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 11.00 a.m. on 10 December 2014. 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.

**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 11.00 a.m. on 12 December 2014.

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 2,136,202 Ordinary Shares representing approximately 1.51 per cent of the Company's issued Ordinary Share capital.

Yours sincerely

**Patrick Firth**  
Chairman

**PART 2**  
**PROVISIONS PROPOSED TO BE ADOPTED TO THE NEW ARTICLES**

For the purposes of these provisions, the following definitions are used:

<b>"Final Capital Entitlement"</b>	130.696 pence per ZDP Share.
<b>"Issue Date"</b>	the date on which the ZDP Shares are first issued.
<b>"Maturity Date"</b>	5 December 2019.
<b>"ZDP Shares"</b>	the redeemable zero dividend preference shares of no par value each in the capital of the Company.
<b>"ZDP Shareholder"</b>	a holder of ZDP Shares.

**1 ZDP SHARES**

**1.1 Rights as to dividends**

- 1.1.1 The ZDP Shares carry no rights to receive dividends out of the revenue or any other profits of the Company.

**1.2 Rights as to capital**

- 1.2.1 The assets of the Company available for distribution to Members after payment of all of the Company's liabilities in full will be applied as follows (and in each case distributed among the holders of shares of each class rateably according to amounts paid up on such shares held by them):

1.2.2

- (a) first, there shall be paid to the holders of ZDP Shares an amount equal to 100 pence per ZDP Share as increased each day from the Issue Date up to and including the Maturity Date at the daily compound rate which results in the Final Capital Entitlement per ZDP Share on the Maturity Date, and increasing thereafter (in the event that any ZDP Shares are not redeemed by the Maturity Date) on the same compounded basis in respect of any ZDP Shares not so redeemed; and
- (b) second, subject to the terms of the Articles, there shall be paid to the holders of Ordinary Shares in proportion to their holdings the surplus assets of the Company available for distribution.

**1.3 Rights as to voting**

- 1.3.1 (a) The holders of the ZDP Shares shall have the right to receive notice of general meetings of the Company but shall not have the right to attend or vote at any general meeting of the Company unless the business of the meeting includes any resolution to vary, modify or abrogate any of the special rights attached to the ZDP Shares and at any meeting where any such business is to

be considered such holders shall be entitled to vote in relation to such business alone; and

- (b) where by virtue of the provisions above the holders of the ZDP Shares are entitled to vote, every such holder present in person or by a duly authorised representative (if a corporation) at a meeting shall, in relation to such business, have one vote in respect of every ZDP Share held by him.

1.3.2

- (a) Subject to (b) and (c) below, the Company shall not without the previous sanction of a resolution of the holders of the ZDP Shares passed at a separate class meeting of such holders convened and held in accordance with the provisions of the Articles:
  - (i) pay dividends to holders of Ordinary Shares in excess of the aggregate of 5 pence per Ordinary Share per annum increased at the rate of 2.5 per cent. per annum;
  - (ii) issue further shares or securities, or rights to subscribe for or to convert or exchange any securities into shares or securities or reclassify issued share capital into shares or securities of a particular class where such shares or securities would on issue, conversion, exchange or reclassification rank as to capital in priority to or *pari passu* with the ZDP Shares, unless in respect of such issue, conversion, exchange or reclassification (a) the Cover Test would be met immediately following any such issue, conversion, exchange or reclassification; or (b) A Cover and B Cover is otherwise increased as a result of and upon such issue, conversion, exchange or reclassification;
  - (iii) pass a resolution releasing the Directors from their obligation to redeem the ZDP Shares on the Maturity Date in accordance with section 1.4 below;
  - (iv) other than the redemption of the ZDP Shares provided for in section 1.4 below, pass a resolution to reduce the capital of the Company in any manner, including any resolution authorising the Directors to purchase shares save that the Company may without such sanction take authority to make, and effect purchases of its own shares provided that in any event, (i) the Cover Test would be met immediately following any such purchase; or (ii) A Cover and B Cover is otherwise increased immediately following any such purchase;
  - (v) incur any borrowings in excess of £30 million (excluding any interest on any such borrowings

and excluding Relevant Items being monies borrowed for temporary purposes only and in the ordinary course of business including, without limitation, for the purpose of refinancing existing borrowings or settling transactions and any monies borrowed for the purpose of paying the Final Capital Entitlement or then accrued entitlement of the ZDP Shares) or guarantee the indebtedness of any of its subsidiaries;

- (vi) make any material change to the accounting policies adopted by the Directors which are in existence as at the Issue Date;
- (vii) pass a resolution for the voluntary winding up or liquidation of the Company, such winding up to take effect prior to the Maturity Date;
- (viii) make a material change to the business of the Company as a whole, which at the time of making such change, appears likely in the reasonable opinion of the Directors to be materially prejudicial to the holders of the ZDP Shares; or
- (ix) pass any resolution to vary, modify or abrogate any of the special rights attached to the ZDP Shares.

For the purpose of these provisions, the "**Cover Test**" is that the Directors shall have or shall have caused to be calculated that, in their opinion, were the actions detailed in (ii) or (iv) above (each an "**Action**") to take place on the date specified by the Directors for such calculation, provided that such date shall not be one which is over 60 days prior to the date on which the relevant Action is due to take place (the "**Calculation Date**"), those ZDP Shares in issue immediately thereafter would have A Cover of not less than 1.7 times and B Cover of not less than 3.25 times (as adjusted in accordance with the provisions below).

For the purpose of these provisions:

- (1) the "**A Cover**" on the ZDP Shares shall represent a fraction where the numerator is equal to the gross assets of the Company less current liabilities and trade and non-borrowing related liabilities (not otherwise current liabilities) (other than the liabilities to ZDP Shareholders) as at the Calculation Date, as determined by the Directors, and the denominator is equal to the aggregate amount which would be paid to the holders of the ZDP Shares in issue on the Calculation Date as a class (and on all shares ranking as to capital in priority thereto or *pari passu* therewith) on the Maturity Date, plus the Company's borrowings (if any) plus, to the extent not included in the current liabilities referred to above, the Directors' estimate of the shortfall (if any) of the Group's revenues less operational expenses (including dividends payable on the Company's Ordinary Shares, finance costs and management expenses), excluding any fair value adjustments over the period from the Calculation Date to the Maturity Date; and

- (2) the "**B Cover**" on the ZDP Shares shall represent a fraction where the numerator is equal to the gross assets of the Company less current liabilities and trade and non-borrowing related liabilities (not otherwise current liabilities) and all borrowings (other than the liabilities to ZDP Shareholders) as at the Calculation Date, as determined by the Directors, and the denominator is equal to the aggregate amount which would be paid to the holders of the ZDP Shares in issue on the Calculation Date as a class (and on all shares ranking as to capital in priority thereto or *pari passu* therewith) on the Maturity Date provided always, that the B Cover of 3.25 times shall be adjusted downwards when and to the extent that the amount of the Company's borrowings (excluding any interest on any such borrowings and excluding Relevant Items) is less than £30 million and in such event the amount of cover shall be reduced from 3.25 times by "**X**" where:

$$\mathbf{X} = 0.00000008 \times \mathbf{Y}; \text{ and}$$

$$\mathbf{Y} = \text{the amount of the Company's borrowings (as referred to above) below £30 million,}$$

so that, by way of illustration, if the amount of the Company's borrowings (as referred to above) is £28 million as at the relevant Calculation Date the B Cover amount shall be 3.09 times.

In calculating such A Cover and B Cover, the Directors shall:

- (aa) use the portfolio valuations underlying the net assets value figure published by the Company at the end of the immediately preceding quarter (or on such other date as the Board in its absolute discretion may determine);
- (bb) assume that the Action had been undertaken at the end of the month prior to the Calculation Date (or on such other date as the Board in its absolute discretion may determine);
- (cc) adjust the aggregate net assets at the end of the said month (or on such other date as the Board in its absolute discretion may determine) by adding the minimum net consideration (if any) which would be received upon such Action and by deducting any consideration payable on such Action;
- (dd) aggregate the capital entitlements of the existing ZDP Shares and the capital entitlements of any new ZDP Shares to be issued or reclassified as aforesaid, in each case as at the Calculation Date;
- (ee) disregard any reduction in gross assets caused by the accounting for shares held in treasury held by the Company to the extent it is not matched by a corresponding adjustment to the calculation of the denominator; and

- (ff) make such other adjustments as they in their absolute discretion consider appropriate;
- (b) notwithstanding the provisions above, if any offer is made (whether by the Company or any other person, including proposals for a reduction or cancellation of capital, capitalisation issue, share purchase or repurchase and/or redemption of shares of the relevant class or any shares issued in substitution therefor) to all the holders of ZDP Shares (other than the offeror and/or persons acting in concert with the offeror) which becomes or is declared unconditional in all respects (or would so become or be declared subject only to the passing of any Recommended Resolution (as defined below)) prior to the Maturity Date, and which enables the holders of the ZDP Shares to receive no later than the Maturity Date an amount in cash not less than that to which the Directors estimate (so far as practicable at the time and on the basis of such assumptions as they may reasonably deem appropriate) that the ZDP Shareholders would otherwise have been entitled on a redemption of their ZDP Shares or on a winding-up of the Company in each case on the Maturity Date (whether or not such offer is accepted in any particular case and ignoring any option to receive alternative consideration) and such offer is recommended by the Directors and stated to be, in the opinion of a financial adviser appointed by the Directors, fair and reasonable, the provisions of (d) below shall apply to the holders of ZDP Shares in relation to any resolution or resolutions (a "**Recommended Resolution**") proposed at any general meeting of the Company or at any separate meeting of the holders of ZDP Shares save that the provisions of (d) below shall cease as regards such shareholders if either the Directors consider that the aforementioned offer is unlikely to be honoured or the offeror breaches a material term of the offer or otherwise manifests an intention not to implement the offer;
- (c) notwithstanding the provisions above, if at any time on or before the Maturity Date a resolution (a "**Reconstruction Resolution**") is proposed at any general meeting of the Company or at any separate meeting of any class(es) of shareholders to sanction any form of arrangement for the transfer of all or part of the Company's assets to another entity or any proposals for the reduction or cancellation of capital, capitalisation issue, share purchase or repurchase and/or redemption of any shares (including, without limitation, any further resolutions which the Directors consider to be necessary or desirable for the purposes of effecting such proposals) and which enables the holders of the ZDP Shares to receive, no later than the Maturity Date, an amount in cash not less than that to which the Directors estimate (so far as practicable at the time and on the basis of such assumptions as they may reasonably deem appropriate) that the ZDP Shareholders would otherwise have been entitled on a redemption of their ZDP Shares or on a winding-up of the Company in each case on the Maturity Date then (ignoring any option to receive their entitlements otherwise than in cash), provided such proposals are recommended by the Directors and stated to be, in the opinion of a financial adviser appointed by the Directors, fair and reasonable, the provisions of (d) below shall apply to the holders of the ZDP Shares in relation to such resolution(s), save that such provisions shall cease as regards such shareholders if the arrangement is not implemented in accordance with its terms; and

- (d) where this paragraph applies in respect of any resolution, the ZDP Shareholders shall not be entitled to vote at any general meeting of the Company and the previous sanction of a special resolution of the ZDP Shareholders shall not be required in any case, provided that where, notwithstanding the foregoing, such sanction is required in any case by law, all ZDP Shareholders present in person, by representative (if a corporation) or by proxy and entitled to vote at such meeting shall (in respect of the votes attached to all such shares) vote in favour of the resolution or resolutions recommended by the Directors and where any vote is not cast or is cast against any such resolution or resolutions recommended by the Directors it shall be deemed to have been cast in favour. The vote on any Recommended Resolution or Reconstruction Resolution shall be taken on a poll.

#### **1.4 Rights as to redemption**

- 1.4.1 Unless the Directors have previously been released from their obligations to do so by a special resolution of the Company (such special resolution having been duly passed not earlier than the date falling one month prior to the Maturity Date and having been sanctioned by necessary class approval), the Company shall on the Maturity Date, compulsorily redeem all ZDP Shares in issue at an amount equal to the Final Capital Entitlement per ZDP Share.
- 1.4.2 In the event that, on the Maturity Date, the Company is not permitted to redeem any of the ZDP Shares by reason of statutory restriction or otherwise by law, it shall redeem the ZDP Shares then due for redemption so soon thereafter as the Company is permitted lawfully to do so (and if the Company is not permitted lawfully to redeem all of the then unredeemed ZDP Shares at one time, such redemption shall take place in tranches at such times as the Company is permitted lawfully to redeem some only of the then unredeemed ZDP Shares, and the ZDP Shares to be redeemed in such circumstances shall be selected *pro rata* to the holdings due to be redeemed at such time).
- 1.4.3 In the event that, on the Maturity Date, the Company is permitted to redeem some only of the ZDP Shares by reason of statutory restriction or otherwise by law, it shall redeem such ZDP Shares at such time and shall redeem the remaining ZDP Shares then due for redemption so soon thereafter as the Company is permitted lawfully to do so (and if the Company is not permitted lawfully to redeem all of the then unredeemed ZDP Shares at one time, such redemption shall take place in tranches at such times as the Company is permitted lawfully to redeem some only of the then unredeemed ZDP Shares). The ZDP Shares to be redeemed in such circumstances shall be selected *pro rata* to the holdings due to be redeemed at such time.
- 1.4.4 During such time after the Maturity Date when any of the ZDP Shares remains unredeemed, the Company shall not declare, make or otherwise pay any distributions (whether by way of dividend, redemption, repurchase of shares, reduction of capital or otherwise) to any of the holders of the Ordinary Shares.

**PART 3**  
**DEFINITIONS**

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

<b>"Acquisition"</b>	the proposed acquisition of the entire respective issued share capital of SL and SGL and the Intragroup Loans
<b>"AIM"</b>	the AIM market, operated by the London Stock Exchange
<b>"AIM Rules"</b>	the AIM Rules for Companies, published by the London Stock Exchange
<b>"Articles"</b>	the existing articles of incorporation of the Company
<b>"Board" or "Directors"</b>	the board of directors of the Company, including a duly constituted committee thereof
<b>"CLO"</b>	collateralised loan obligations
<b>"Company"</b>	GLI Finance Limited, a non-cellular company limited by shares incorporated in Guernsey with registered number 43260
<b>"Enlarged Group"</b>	the Company, its existing subsidiaries, together with SL and SGL, after completion of the Acquisition
<b>"Extraordinary General Meeting" or "EGM"</b>	the extraordinary general meeting of the Company to be held at 11.00 a.m. on 12 December 2014, or any adjournment thereof
<b>"Form of Proxy"</b>	the form of proxy to be used by Shareholders in connection with the EGM which accompanies this document
<b>"Independent Directors"</b>	the Directors apart from Mr Geoffrey Miller
<b>"Intragroup Loans"</b>	the intragroup loans made by SHL to SL under (i) a revolving intercompany loan facility agreement for £2,500,000 between SHL and SL dated 4 December 2013, (ii) a revolving intercompany loan facility agreement for £15,000,000 between SHL and SL dated 18 March 2014 and (iii) a revolving intercompany loan facility agreement between SHL and SL to be dated between the date of this document and completion of the Acquisition in an amount equal to £5,316,625
<b>"London Stock Exchange"</b>	London Stock Exchange plc
<b>"New Articles"</b>	the new articles of incorporation of the Company proposed to be adopted, incorporating the

	provisions set out in Part 2 of this document
<b>"New Ordinary Shares"</b>	such Ordinary Shares to be issued to SHL as part of the consideration relating to the Acquisition in accordance with the SPA
<b>"Ordinary Shares"</b>	the ordinary shares of no par value in the capital of the Company
<b>"Notice"</b>	the notice of the Extraordinary General Meeting set out at the end of this document
<b>"Proposals"</b>	the proposals set out in this document comprising the Acquisition and the proposed adoption of the New Articles
<b>"Resolution"</b>	the special resolution to be proposed at the EGM as set out in the Notice
<b>"Shareholders"</b>	holders of Ordinary Shares
<b>"SGL"</b>	Sancus (Guernsey) Limited, a non-cellular company incorporated in Guernsey with registration number 58612
<b>"SHL"</b>	Sancus Holdings Limited, a non-cellular company incorporated in Guernsey with registration number 56889
<b>"SL"</b>	Sancus Limited, a company incorporated in Jersey with registration number 113391
<b>"SME"</b>	small and medium-sized enterprise
<b>"SPA"</b>	the conditional sale and purchase agreement entered into between the Company and SHL in relation to the Acquisition dated 14 November 2014
<b>"United Kingdom"</b>	the United Kingdom of Great Britain and Northern Ireland
<b>"ZDP Shares"</b>	redeemable zero dividend preference shares of no par value each in the capital of the Company

## PART 4

### 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 11.00 a.m. on 12 December 2014 for the purpose of considering and, if thought fit, passing the following resolution.

#### **Special Resolution**

1. **THAT** the draft articles of incorporation produced to the meeting and initialled by the Chairman for the purposes of identification be adopted as the articles of incorporation of the Company in substitution for and the exclusion of the existing articles of incorporation of the Company.

*By order of the Board*  
17 November 2014

*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 special resolution is not less than seventy five per cent (75 per cent.) of the total number of votes cast 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 17 November 2014 shall, unless the context otherwise requires, bear the same meaning when used in this Notice.