

GLI Finance Limited

Building leaders in SME Alternative Finance

Up to £3.5m of bonds available to eligible investors via UK Bond Network

June 2016

7.0% coupon
5-year maturity
4.4x asset cover

Introduction

GLI Finance Limited is a specialist provider of finance to small and medium sized enterprises. GLI lends to SMEs through the listed fund, GLI Alternative Finance (GLIAF), which is managed by Amberton Asset Management and a joint venture between GLI and Somerston. Furthermore, GLI provides loans via a portfolio of finance platforms in which it has an equity stake.

GLI's portfolio of platforms vary by geography, industry, size of lending and by type of lending. Their expertise incorporates traditional credit management skills to provide Invoice Finance, Trade Finance, Supply Chain Finance, Term Lending and Corporate Bonds.

Following a strategic review of its operations initiated by CEO Andrew Whelan, GLI has announced its intention to offer up to £3.5m of bonds to eligible investors via UK Bond Network.



Project Clarity

A strategic review of GLI's operations, **Project Clarity**, was initiated by the Company's CEO, Andrew Whelan, in December 2015.

On 16 May 2016, GLI announced that, following that review, it had entered into agreements in respect of the acquisition of interests in certain entities within the Sancus and BMS sub-groups of the company. The purpose of these acquisitions is to increase GLI's stake in the Sancus and BMS sub-groups and consolidate them under a new "Sancus BMS" brand, in order to create one unified lending business, operating in Jersey, Guernsey, Gibraltar, the UK and Ireland.

Part of the vendor consideration for this transaction will be the issue of new, 7.0% unsecured bonds due 2021, issued by GLI in an aggregate principal amount of £10 million.

In addition, the Company intends to make an offer through UK Bond Network's platform of up to £3.5m of the bonds, the net proceeds of which would be applied toward repayment of the Company's existing syndicated loan facility with Sancus (Jersey) Limited and other lenders.

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The proposals will provide financial and operational efficiencies through simplifying the Group's structure, and better position the Group for the further development and expansion of its platform portfolio. The Board believes that this is an exciting time for GLI as we continue the execution of our long-term growth strategy.

Andrew Whelan

Chief Executive Officer, GLI Finance



Illustrative Terms & Use of Proceeds

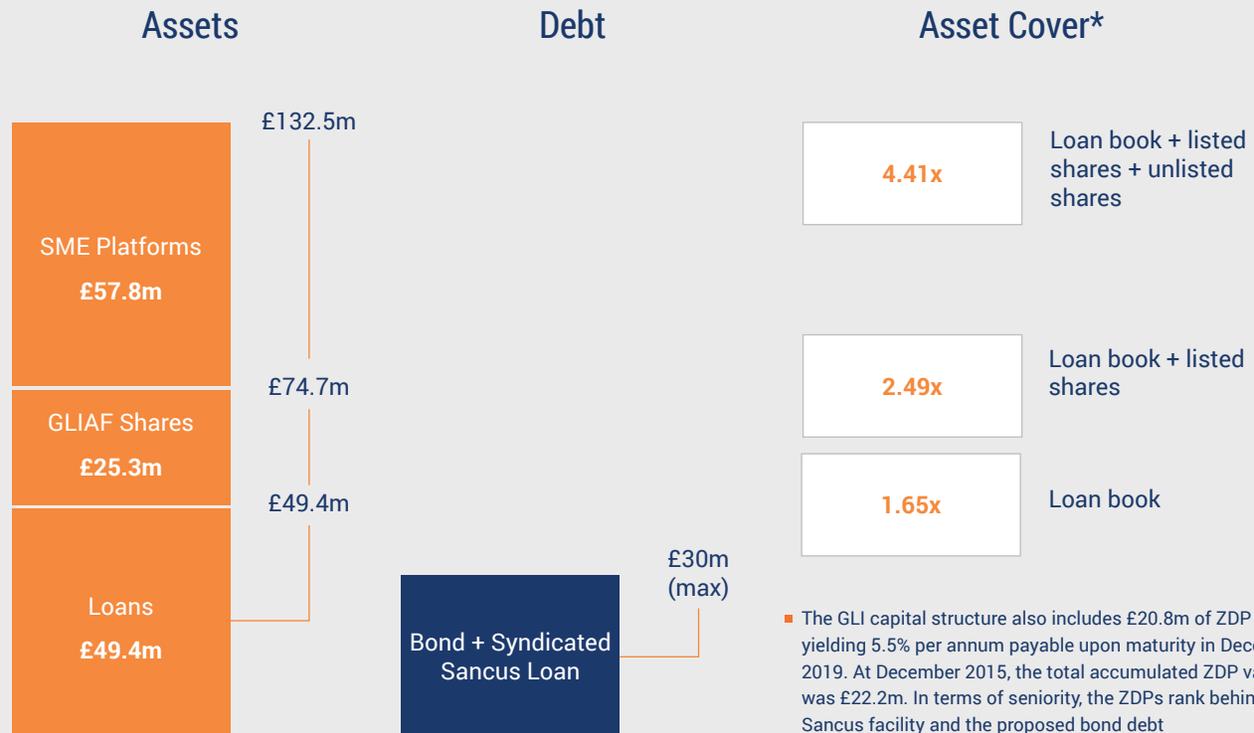
Illustrative terms

Issuer	GLI Finance Limited (AIM:GLIF)
Offer Period	Starts: 0900, Thursday 23 June 2016 Ends: 1630, Thursday 30 June 2016
Amount	Up to £3.5 million (with £10 million to be offered separately as part consideration for an acquisition described on the “Project Clarity” page)
Covenants	The Articles contain a restriction on total debt of £30m
Coupon	7.0% gross per annum
Maturity	30 June 2021; interest paid semi-annually, bullet repayment upon maturity
Security	Unsecured
Transferable	Yes
Bond listing	Scheduled within 6 months of issue on a Recognised Stock Exchange

Use of Proceeds

- Up to £3.5m (to be offered via UK Bond Network) will seek to pay down part of a syndicated £15m loan from Sancus to GLI
- £10m (to be offered separately) will go to preference shareholders of Sancus Gibraltar Holdings Limited

Asset Cover Calculation



*Based on the Balance Sheet as at 31 Dec 2015 (adjusted up to 31 March 2016) as per slide 20 and the maximum amount of debt of £30m allowable as per the Articles.

Relationships

GLI's platforms have established two key relationships with the British Business Bank in the UK, as well as a relationship with the Irish equivalent, The Ireland Strategic Investment Fund.

The **British Business Bank** brings together public and private sector funds to create more effective and efficient finance markets for small and medium-sized businesses in the UK.

- On 22 January 2016, BMS Finance, a leading senior lender to UK SMEs, announced £30m of further commitments into its UK-focused investment vehicle
- BMS Finance's investment vehicle, originally backed by £15m from British Business Bank Investments Limited and matched with £15m from the BMS Finance management team and GLI Finance, has deployed over £31m into 14 transactions since launch in August 2014. As a result the existing investors have committed a further £30m of capital to be invested in UK SMEs

Sources: BMS Finance: "New investment fund for the provision of debt finance to UK SME's from BMS Finance" & BMS Finance: "BMS Finance closes further £30m of commitments for UK SME lending"

fundingoptions

Funding Options, part of GLI's platform portfolio, is a portal for SMEs to access alternative finance.

- Funding Options was selected by HM Treasury as one of three Designated Finance Platforms for the Bank Referral Scheme
- Banks will soon be obliged to offer any SME they decline to finance a referral to these designated platforms, through which they will be able to access alternative providers

The **Ireland Strategic Investment Fund** (€7.8 billion) has a statutory mandate to invest on a commercial basis in a manner designed to support economic activity and employment in Ireland. It is controlled and managed by the National Treasury Management Agency (NTMA).

- On 30 March 2016, BMS announced the launch of a dedicated €30 million fund to provide growth capital to SMEs in the Irish market
- The fund, BMS Finance Ireland, is backed by investors including the Ireland Strategic Investment Fund and will provide debt finance to high-growth Irish SMEs for working capital, contract wins, capital expenditure, acquisitions and MBOs

Source: GLIF RNS: "BMS Finance launches €30m Irish SME debt fund"

Summary

The full terms and conditions of the Bonds and the suite of Offer Documents - including a Company Presentation - will become available to those who have registered and self-certified as appropriate investors via the UK Bond Network platform from Thursday 16 June 2016. The offer itself will then open on the UK Bond Network platform at 0900 on Thursday 23 June 2016, closing one week later at 1630 on Thursday 30 June 2016.

Visit the link below for further details:

www.ukbondnetwork.com/register

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UK Bond Network is an online platform which enables sophisticated, HNW and professional investors to invest in bonds issued by quoted and unquoted British businesses. They conduct professional due diligence on every transaction, provide certainty of funding for borrowers, and place great emphasis on giving both investors and businesses the control, transparency and flexibility they need.

GLI has a minority equity investment in UK Bond Network through UK Bond Network's parent company, UK Bond Network Group.

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