

8 February 2016

GLI Finance Limited

("GLI" or the "Company")

Proposed fundraising and notice of Extraordinary General Meeting

Following GLI's announcement on 21 December 2015, the Board confirms that, on 5 February 2016, the Company agreed binding terms for the entry into a strategic relationship with Golf Investments.

The Board intends to use the proceeds from implementation of the Proposals to substantially repay the outstanding balance on the Company's existing loan facility with Sancus (the "Loan Facility") and for general corporate purposes. The Board believes that the terms it has agreed with Golf Investments will reduce the Company's overall cost of capital, help to accelerate the growth of GLIAM and GLIAF and substantially repay the Loan Facility.

Implementation of the Proposals is subject, inter alia, to the approval of Ordinary Shareholders at an Extraordinary General Meeting to be held on 25 February 2016. A circular, including a notice convening the Extraordinary General Meeting, has been posted to Shareholders and will also be available to view on the Company's website at www.glifinance.com.

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Introduction

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

The Announcement also made reference to GLI having agreed indicative terms with Golf Investments, with a view to providing the Group with further capital. The Board announces that on 5 February 2016, the Company entered into a conditional share sale and purchase agreement (the "Share Sale Agreement") with Golf Investments and GLIAF, further details of which are set out below.

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

The Board intends to use the proceeds of the Ordinary Share Issue together with the proceeds of the sale of its shares in GLIAF and GLIAM to substantially repay the outstanding balance on the Company's existing loan facility with Sancus (the "Loan Facility") and for general corporate purposes. The outstanding balance on the Loan Facility at today's date is £29,860,000. It is the intention following completion of the GLIAM Share Acquisition that the Company will work as a strategic partner with Golf Investments to expand GLIAF and to develop other income related products which in turn may support the growth of the platforms owned by the Company. The Board believes that the terms it has agreed with Golf Investments will reduce the Company's overall cost of capital by both helping to accelerate the growth of GLIAM and GLIAF whilst substantially repaying the Loan Facility. Prior to

the Ordinary Share Issue, the Somerston Group had no previous commercial relationship with the Company or Sancus.

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

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

The Share Sale Agreement

On 5 February 2016, the Company entered into the Share Sale Agreement with Golf Investments and GLIAF pursuant to which Golf Investments will acquire from the Company:

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

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

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

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

The Warrants

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

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

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

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

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

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

Conditions attaching to the Proposals

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

Information on Somerston and Golf Investments

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

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

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

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

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

Extraordinary General meeting

Resolutions

The Articles prohibit the issue of Ordinary Shares, including the grant of a right to subscribe for, or to convert any securities into Ordinary Shares, for cash without first offering those Ordinary Shares to existing Shareholders unless such pre-emption rights are disappplied by Shareholders in general meeting. Accordingly, a special resolution will be proposed at the Extraordinary General Meeting to disapply pre-emption rights in connection with the issue of the Warrants. A special resolution will also be proposed to disapply pre-emption rights in respect of the issue of new Ordinary Shares up to 10 per cent. of the issued Ordinary Share capital of the Company.

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

Shareholder circular

A Notice convening the Extraordinary General Meeting of the Company, which is to be held at Sarnia House, Le Truchot, St. Peter Port, Guernsey GY1 4NA at 10.00 a.m. on 25 February 2016, has been set out at the end of the Circular sent to Shareholders. ZDP Shareholders will not (unless they also hold Ordinary Shares) be entitled to attend or vote at the Extraordinary General Meeting.

Recommendation

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

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

Expected Timetable

2016

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

References to times herein 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.

Definitions

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

"AIM"	the market of that name operated by the London Stock Exchange
"Board" or "Directors"	the board of directors of the Company, including a duly constituted committee thereof
"C Share Subscription"	the conditional commitment on the part of Golf Investments to subscribe or procure subscriptions for up to 10,000,000 C Shares, as described in this announcement
"C Shares"	C shares of £0.10 each in the capital of GLIAF
"Company" or "GLI"	GLI Finance Limited
"Extraordinary General Meeting" or "EGM"	the extraordinary general meeting of the Company to be held at 10.00 a.m. on 25 February 2016, or any adjournment thereof, for the purpose of considering and, if thought fit, passing the Resolutions
"GLIAF"	GLI Alternative Finance plc, an investment trust managed by GLIAM
"GLIAF Share Acquisition"	the proposed acquisition by Golf Investments from the Company of 15,000,000 redeemable ordinary shares in the capital of GLIAF
"GLIAF Shares"	15,000,000 redeemable ordinary shares in the capital of GLIAF

"GLIAM"	GLI Asset Management Limited, the manager of GLIAF and, at the date of this announcement, a wholly-owned subsidiary of the Company
"GLIAM Share Acquisition"	the proposed acquisition by Golf Investments from the Company of 125,000 ordinary shares in the capital of GLIAM, representing 50 per cent. of the issued share capital of GLIAM
"Golf Investments"	Golf Investments Limited, a company incorporated in Jersey with registered number 120155
"Group"	the Company and its subsidiaries from time to time
"Loan Facility"	the loan agreement dated 15 September 2014, as amended, between the Company (as borrower), Sancus (as facility agent and security trustee) and each of Sancus, Sancus (Gibraltar) Limited and other parties named therein as lenders
"London Stock Exchange"	London Stock Exchange plc
"Notice"	the notice of the Extraordinary General Meeting set out at the end of the Circular
"Ordinary Shareholders"	holders of Ordinary Shares
"Ordinary Share Issue"	the issue of 15,000,000 Ordinary Shares to Golf Investments in December 2015
"Ordinary Shares"	ordinary shares of no par value each issued by the Company
"Proposals"	the proposals described and defined in this announcement, comprising the issue of the Warrants, the GLIAF Share Acquisition, the GLIAM Share Acquisition and the proposed disapplication of pre-emption rights
"Resolution(s)"	the special resolutions to be proposed at the EGM as set out in the Notice
"Sancus"	Sancus Limited, a company incorporated in Jersey with registered number 113391
"Share Sale Agreement"	the conditional agreement dated 5 February 2016 entered into between Golf Investments, the Company and GLIAF in relation to, <i>inter alia</i> , the GLIAF Share Acquisition, the GLIAM Share Acquisition and the C Share Subscription
"Shareholders"	Ordinary Shareholders and ZDP Shareholders
"Somerton Group"	Somerton Group Limited and its subsidiary undertakings from time to time
"Warrants"	the warrants to be issued to Golf Investments pursuant to the Share Sale Agreement and which entitle the holder to subscribe for up to 32,000,000 new Ordinary Shares at the relevant subscription price therefor
"ZDP Shareholders"	holders of ZDP Shares
"ZDP Shares"	zero dividend preference shares of no par value each issued by the Company that entitle their holders to a capital repayment per share of 130.696 pence on 5 December 2019

About GLI Finance

GLI Finance is a specialist provider of finance to small and medium sized enterprises and is quoted on the AIM market of the London Stock Exchange (ticker GLIF). The loans are provided to SMEs through a variety of finance platforms in which GLI Finance has an equity stake.

The platforms in which GLI Finance is invested vary by geography, industry, size of lending and by type of lending. They include global trade finance, UK and US SME lending, offshore lending, UK invoice discounting, European invoice discounting, supply chain finance and UK property-backed lending.