

TRADEHOLD'S UK FINANCIAL SERVICES ARM GETS £40 MILLION DEBT FUNDING FACILITY FOR GROWTH

The UK financial services group Reward Finance, 70% owned by Tradehold, has obtained a £40 million (about R680 million) debt funding facility from the UK's Foresight Group. The money will be used to benefit further from opportunities developing in the UK market.

Reward is the main component of a new company, VestIN, into which Tradehold is unbundling its financial services interests. The other component is the whole-owned Cape-based Mettle Investments.

VestIN has a primary listing on the Bermuda Stock Exchange and a secondary listing on the JSE's AltX. Tradehold shareholders are to receive shares in VestIN equal to the number of shares held in Tradehold.

Until now Reward's growth has been funded solely by Tradehold and its affiliates. Said Tradehold chairman Christo Wiese: "By obtaining external funding for Reward, less shareholder equity needs to be tied up in that business. Freeing up such capital will significantly enhance the return on equity for the shareholders of Reward as well as for the shareholders of VestIN."

Based in Leeds, Reward provides secured, asset-backed loans to UK-based SME's seeking more flexible financing, with an immediacy mainstream lenders cannot provide. At the end of the financial year to February 2017 its loan book stood at £40 million, up 25% on the previous year while income grew to £7,6 million (about R129 million).

Tom Flannery, joint managing director of Reward, said since the establishment of the company in 2011 it had consistently enjoyed strong, profitable growth. The volatility in the UK business environment over the last few years had created substantial opportunities for the group with banks and other mainstream lenders becoming increasingly hesitant to provide loans to smaller businesses.

"We are aggressively addressing this gap in the market and are expanding the business in terms of additional offices and debt offerings to take full advantage of the opportunities on offer," Flannery said.

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MEDIA ENQUIRIES	Friedrich Esterhuyse, joint CEO, Tradehold 021 929 4888; festerhuyse@mettle.net Marlise Potgieter, August Collective, 021 461 0311