

LGB Corporate Finance

CASE STUDY
AUGUST 2017

Reward Finance Group Limited

LGB Corporate Finance secured Foresight Group as the funder for a £40m partial recapitalisation and wholesale financing for Reward Finance Group, a leading independent SME lender, with a transaction executed in four months.

Reward Finance, which provides secured loans to UK SMEs, had been seeking a funding partner to restructure and help accelerate the growth of the business. LGB Corporate Finance explored a range of options and quickly leveraged its exclusive investor network to source funding from Foresight Group. LGB Corporate Finance provided strategic advice on the structure and terms of the innovative secured debt package, which was required to meet Reward Finance's dual objectives of partial refinancing of shareholder loans and wholesale funding. Through careful transaction management the deal was completed swiftly.

WITH A COMPETITIVE OFFERING AND STRONG DEMAND REWARD FINANCE WAS WELL POSITIONED FOR FURTHER GROWTH

By focusing on providing short term secured loans and invoice discounting facilities to SMEs, Reward Finance fills a gap left following the retreat of conventional banks from the SME lending markets. The company emphasises quick decision-making and transparent processes and has grown quickly, supporting companies in a variety of different situations. Reward Finance is 70% owned by Johannesburg Stock Exchange listed Tradehold Group, with the remainder of shares held by management. The company has delivered strong growth of its loan book and consistent profitability since inception.

LGB'S INVESTOR NETWORK LEVERAGED TO IDENTIFY MOST APPROPRIATE PARTNER

Through its adviser and investor network, and following a tailored search process, LGB Corporate Finance identified leading infrastructure and private equity manager Foresight Group as a partner to help Reward Finance meet its objectives. Foresight Group has over £2.7b AUM across funds including listed vehicles, LPs, EIS and VCTs. LGB Corporate Finance was also aware that the group was developing its offering to provide secured debt facilities of between £10m-£50m as part of its inheritance tax solutions strategy. This accommodated Reward Finance's financing requirements and objectives.

FLEXIBLE FINANCING PACKAGE SECURED IN A MATTER OF MONTHS

The £40m transaction was executed successfully and completed concurrently with a partial recapitalisation of the group's shareholdings. Some £20m was drawn down immediately to fund the partial shareholder refinancing with the balance available to support expansion of the loan book. By maintaining competitive tension between prospective funders and managing a tight deal process LGB Corporate Finance was able to deliver a transaction which completed in a matter of months.

LGB Corporate Finance's extensive insight and knowledge of the private debt landscape, particularly around secured loan note programmes, enabled Reward Finance to benefit from the most flexible funding option at the best possible interest rate, unlocking capital across the wider Tradehold Group.



KEY FACTS

£40m

LGB Corporate Finance secured Foresight Group as the funder for a partial recapitalisation and wholesale financing

£2.7bn

Foresight Group has over £2.7 b AUM across funds including listed vehicles, LPs, EIS and VCTs

£20m

£20m drawn down immediately to fund the partial shareholder refinancing