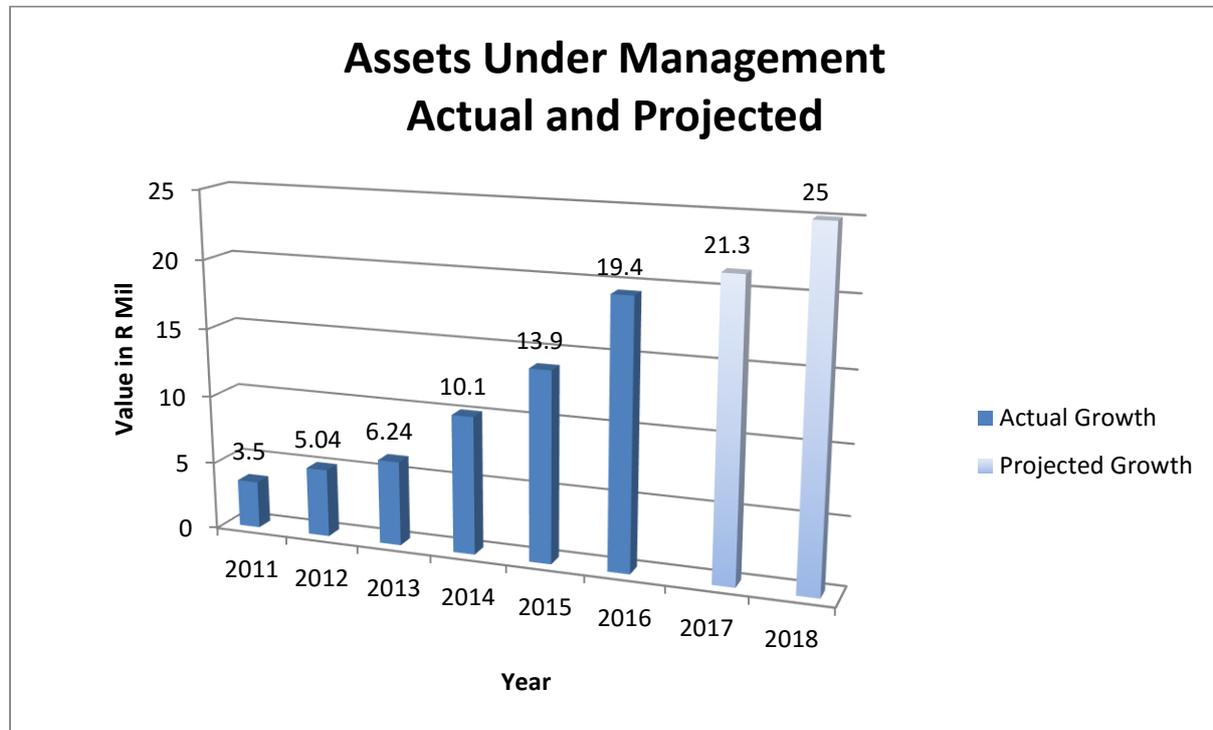


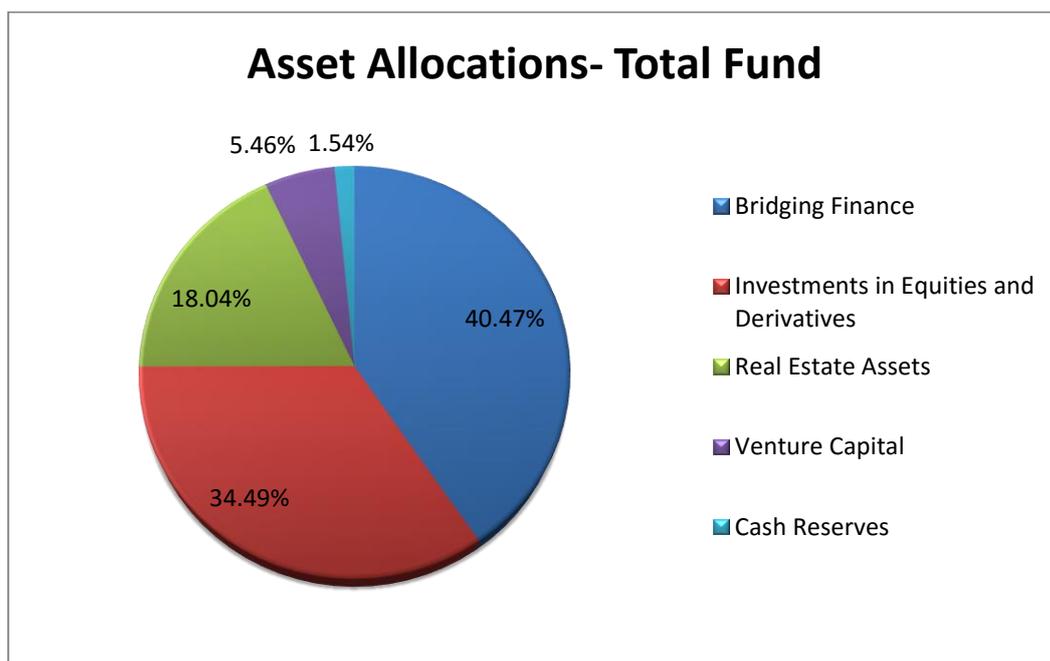


## Highlights -2016 Financial Year (Ending 29/02/2016)

Holbiz has grown well this year with a 40% increase in assets under management, we surpassed our target of 17.6 Mil forecasted last year and are on track to reach our 2018 goal of 25 Million.



We have seen a significant increase in the size of our equities trading division relative to the total fund size.



Firstly I would like to thank all our shareholders and investors for their continued support during the 2016 Financial Year. This year has been a good year for stabilising our investment strategy as well as opening up new investment opportunities, we have had some exciting new developments with regards to adding additional income streams to the business as well as initiating our offshore partnership with Holvest Offshore LTD.

Your continued support and trust in Holbiz has been duly noted, and appreciated, as we endeavour to continue to provide secure, above average, returns to all our stakeholders.

We have significantly deleverage our business loans in line with our risk management processes initiated last year. Currently 92% of the funds under management are controlled by shareholders directly or through controlled entities.

## **Overview of Operating Activity for 2016.**

### **Bridging Finance**

#### **Bridging Finance – Rio Ridge**

Bridging finance continues to perform well. Returns have been consistent and timeously paid and our working relationship with executive management continues to grow. We have had a slow but profitable start to opening the KZN branch and are successfully sourcing new deals which is helping diversify income streams.

Rio has shown steady growth over the year and has expanded their operations. However we still remain focused on pure property based bridging finance. Compliance with NCR and FSB requirements are up to date and Rio is continually looking for new funding to help grow its book.

The bridging market remains stable and there are no foreseeable regulator risks on the horizon. We anticipate for our bridging investments to continue to develop going forward. Bridging currently forms approximately 40.47% of our fund portfolio.

### **Investments in Equities and Derivatives**

#### **Short Term Trading – K2014**

K2014 performed well this year with a 30%+ return on equity, we continue to expect solid performance going forward.

## **Equity Investments –Local**

Our local equity and derivatives investments have performed well again this year. To date we have achieved a net return of 51.5% since inception vs a paltry 10.43% return from the JSE top 40 over the same period. This equates to a return of 21.31% per annum.

At present we remain 100% in cash but are keeping a close eye on developments.

## **Equity Investments –Offshore**

The 2016 FY was a very exciting year in terms of offshore trading we have effectively signed a management agreement with Holvest Offshore a Limited liability company in Mauritius. We are currently managing the trading strategies for Holvest. We will be able to report on our first years trading in next year's report.

## **Real Estate**

### **Property Investments- Residential**

Our property investments (54 Ashley) continues to show resilience and growth, the property market in its selected location remains strong and we have embarked on an upgrade and repair project to maximise asset value.

## **Venture Capital**

### **Venture Capital Project 1 – Beach Home Properties**

Beach Home Properties ( 'BHP') has had a tough year with the difficult credit environment, that said they have survived their first year and are on track to repay the loan by May 2016, currently there balance is sitting above the initially agreed credit limit however we are making arrangements to have this paid back below the limit ASAP and final payment as per agreement.

### **Venture Capital Project 2 – Bazigyn (Pty) Ltd trading as Talk International**

Bazigyn/ Talk International ("TI") has had a good year in the debt review space, it has grown nicely to have close to 1500 clients under debt review by the end of February 2015, Holbiz has provided consulting services for the full duration of the year but this will end in February 2015. That said as part of our collaboration with TI we have taken a 30% stake in a new FSP Harmony Exclusive (Pty) Ltd

T/A Harmony Financial Services which is specializing in selling insurance back into the debt review client base. Harmony will be paying salaries to the Holbiz directors as of this year for their management role, this will shift some of the cost base away from Holbiz.

The growth prospects for both TI and Harmony are very exciting and remain our major time focus at this stage.

We have extended the terms of the loan repayment by 60 days and expect loan repayment before the end of April 2016 and a 40% ROE in the form of interest on the loan by May 2016.

### **Venture Capital Project 3 – Quantlab**

Quantlab has performed well this year achieving just under its required 8 Million solvency mark. Our collaboration has continued successfully and Quantlab is up to date on its loan repayments.

### **Other Investments**

#### **Unsecured Lending-Bridge ( Micro Loans )**

We have official written off our investment in bridge loans as of the end February 2015, this has given us a large tax loss which we are currently offsetting against new income.

That said we still technically own shares in Bridge although it is impossible to accurately value them at this time. Bridge has had a turbulent year to say the least and on numerous occasion has barely survived liquidation, it is still embroiled in numerous legal battles most notably with the NCR. That's said the last report from the new CEO indicates that the situation seems to be stabilising and the company is no longer burning cash. It is for the first time in a long time profitable and growing. It will be a very long road for Bridge to get themselves out of their present mess however we remain hopeful that we will be able to reclaim some of this bad debt in the distant future.

### **Risk Report**

We have reviewed our risk framework in light of the developments this year and continue to monitor risk across the board regularly. We believe that the best way to keep a handle on our risk is to keep as much in house as possible.

With regards to our bridging loan section we have once again seen almost zero defaults during the period which shows our continued focus on good quality pure bridging is paying off.

We have some concern as to the prospect of strong equity returns this year as the market globally is looking overbought, that said we intend to try to capitalise on all opportunities and expect our strategies to provide absolute returns regardless of market environment.

We have some political and currency risks with regards to South Africa although our overall outlook remains positive. We have decided to put additional focus into growing our offshore asset base.

Overall we feel comfortable that we can achieve our investment goals for the coming year with an 80% confidence level.

## **Growth and New Investment Opportunities**

Holbiz was founded on seeking out and implementing new, out of the box investment opportunities. We are involved in an opportunity review structure with regular meetings and brain storming activities. That said we feel it prudent to continue with our consolidation phase in 2017. Considering the number of new projects initiated in 2015. It is unlikely that we will make any new venture capital investments this year.

In terms of new projects our focus will be twofold, firstly we will be focused on growing our insurance business locally through our JV with Talk International. Secondly to increase investment and provide above average returns for our offshore clients.

We are constantly looking for new opportunities and welcome any feedback or leads you may have for us.

## **Summary**

All our investors have seen 100% on time payments on their loan agreements and our shareholders can expect another profitable year. We look forward to another successful year in the 2017 FY and expect to see a continued shift towards liquid rand hedged investment. If you have any question with regards to the above please feel free to contact me directly.

Kind Regards,

Rowan Hewitt – CEO