



## **TRUSTCO GROUP HOLDINGS LIMITED**

Incorporated in the Republic of Namibia

(Registration number 2003/058)

Registered as an external company in South Africa

(External registration number 2009/002634/10)

NSX share code: TUC

JSE share code: TTO

ISIN Number: NA000AORF067

("Trustco" or "the Company")

### **Global Credit Rating Announcement and update on progress made with restructuring of debt with international funders ("Lenders Group")**

Global Credit Ratings ("GCR") has downgraded Trustco's national scale long term rating of BBB<sub>(NA)</sub> and its short term rating of A2<sub>(NA)</sub> to LD<sub>(NA)</sub>.

GCR notes the following in its rating rationale:

- The rating action reflects an agreed upon lender standstill between Trustco and the Lenders Group. Trustco continued to service interest as per the original agreements with the Lenders Group and the standstill agreement between the parties.
- Under GCR rating definitions a limited default (LD) occurs when an obligor has failed to meet scheduled payments and/or interest payments on one or more of its obligations. The request for the restructuring was initiated by Trustco before the payment obligations were due and prior to the Lenders Group agreeing to the restructuring. Fundamentally the terms of the credit standstill requires that no principal payments against the original agreements with the Lenders Group will be made until the restructuring is complete – regardless of available liquidity the Trustco Group has.



- GCR confirmed that they expect the renegotiations to be successful, due to the strong funder buy in to the process and believes that there may be some further non-payment of principal during the standstill period as agreed with the Lenders Group. Post the restructuring or upon evidence that there will be no more non-payment of principal, the GCR would be able to lift the ratings to a non-default grade.
- GCR also noted that Trustco's credit profile benefits from good diversification, including a more recent expansion in natural resources. GCR stated that revenue stability is expected to benefit from the group's relatively strong business diversification. The parties believe that due to the partial sale of one of the subsidiaries, the current liquidity situation of the entity is adequate.

Lastly, GCR confirmed that upside rating movement will likely follow the successful restructuring of debt and repayment of principal on schedule.

#### **Restructuring update with Lenders Group**

Trustco has appointed PWC as debt restructuring specialists to assist with the process of realigning covenants and payment terms as part of the re-financing process with the Lenders Group. The parties would assess and reconsider some of the restrictive and obsolete financial covenants. Some of these covenants date back as far as ten years ago. Trustco now aims to replace said covenants with a series of updated and modernised covenants, more aligned to Trustco's current capital structure, updated IFRS standards and the rapid development and dynamics of Trustco's operating segments. Trustco has also bolstered its internal finance capacity and now has a dedicated team working with PWC on a mutually beneficial agreement between Trustco and the Lenders Group. Trustco believes the restructuring process could be finalised as early as December 2018.

Dr Quinton van Rooyen, Group MD and CEO of Trustco, remarked, "Trustco has since inception focused on developing and acquiring a diversified asset base capable of supporting the group regardless of the current economic conditions, in order to provide resilience to the group's business models and enabling them to provide superior growth to shareholders. Restructuring our funding lines is thus a necessity as these assets are developed to align with our diversified basket of top quality assets and will ensure continued resilience going forward. As such, I see this rating and the



restructuring process a required step for Trustco to move forward and fully expect it to have a positive impact on future growth.”

The rating is valid until August 2019 and the announcement is available at

<https://globalratings.net/news/article/gcr-downgrades-trustco-group-holdings-limiteds-rating-to-lbsubna-sub> and on Trustco’s website at <http://www.tgh.na/investors/global-credit-rating/>

31 August 2018

Amanda Bruyns

**Company Secretary:** Trustco Group Holdings Limited

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