



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

OTCQX share code: TSCHY

ISIN Number: NA000A0RF067

("Trustco" or "the Company")

SMALL RELATED PARTY TRANSACTION - PROPOSED ACQUISITION OF THE BANKING AND FINANCE SEGMENT BY INSURANCE AND ITS INVESTMENTS SEGMENT.

1. Introduction

Trustco Shareholders ("**Shareholders**") are advised that Trustco intends to enhance its organisational structure which will enable optimal capital structures within segments as well as allow for more efficient access to equity markets by disposing of all businesses held in its Banking and Finance Segment to its Insurance and its Investment Segment (the "**Restructuring Transaction**").

Trustco currently has three operating segments namely, Insurance and its Investments ("**Insurance Segment**"), Banking and Finance ("**Banking Segment**") and Resources ("**Resources Segment**"). In order to enhance Trustco's organisational structure it is proposed that the Insurance Segment acquire the Banking Segment and this new enlarged segment be renamed Financial Services ("**Financial Services Segment**"). Trustco will therefore, following the implementation of the aforementioned acquisition, operate only in two segments – Resources and Financial Services.

In order to facilitate the Restructuring Transaction, the Insurance Segment, through Legal Shield Holdings Limited ("**LSH**"), will acquire all the companies in the Banking Segment as well as Trustco's education businesses.



2. The Restructuring Transaction

Terms of the Restructuring Transaction have been agreed to and in order to implement the Restructuring Transaction, a number of sale of shares agreements shall be entered into between LSH (the holding company of the Insurance Segment and an 80% held subsidiary of Trustco), TBN Holdings Limited (“TBN”) (the holding company of the Banking Segment and a wholly owned subsidiary of Trustco), Trustco Business Developments (Pty) Ltd (a wholly owned subsidiary of Trustco and the owner of Trustco’s education business being Institute for Open Learning (Pty) Ltd and Trustco) in terms of which LSH shall acquire:

- Trustco Capital (Pty) Ltd from TBN;
- Institute for Open Learning (Pty) Ltd from TBN;
- Trustco Bank Namibia Limited from Trustco;
- Trustco Finance (Pty) Ltd from TBN; and
- TBN from Trustco.

Collectively, the (“**Restructuring Transaction Agreements**”).

3. Nature of business

The description of the businesses being disposed of as part of the Restructuring Transaction are set out below:

- Trustco Capital (Pty) Ltd invests in intellectual capital, mortgage financing and any other business associated therewith.
- Institute for Open Learning (Pty) Ltd provides distance education courses and vocational training and is involved in any other business and activity associated therewith.
- Trustco Bank Namibia Limited is a licensed commercial bank and provides a full range of banking products.
- Trustco Finance (Pty) Ltd is a registered microlender and provides financial assistance for education and training purposes and all related activities.
- TBN is the holding company of Trustco Bank Namibia Limited.



4. The rationale

The rationale for the Restructuring Transaction is to simplify the Company structure by consolidating all entities involved in Trustco's financial services value chain into one segment, as well as to position the business to raise capital for growth and to unlock synergies and growth opportunities. The Board of LSH is currently contemplating a separate listing for the Financial Services segment.

5. Purchase consideration

The businesses being acquired by Legal Shield Holdings have been valued by LSH at NAD1.8 billion and will be settled by issuing 21 Legal Shield Holdings Limited shares to Trustco. Trustco will, following the Restructuring Transaction, own 101 of the 121 shares in issue in LSH and will therefore increase its shareholding in LSH from 80% to 83.4% as a result of the Restructuring Transaction. Trustco has valued the enlarged LSH, inclusive of the businesses acquired as part of the Restructuring Transaction to be NAD 10.4 billion resulting in the consideration being received by Trustco to be NAD298.5 million.

6. Effect on Trustco shareholding in companies disposed of

The change in Trustco's shareholding in the companies disposed of as part of and upon implementation of the Restructuring Transaction is shown below:

Company	Shareholding prior to restructuring Transaction	Shareholding post restructuring Transaction	Change
LSH	80%	83.4%	3.4%
TBN	100%	83.4%	-16.6%
Trustco Capital (Pty) Ltd	100%	83.4%	-16.6%
Institute for Open Learning (Pty) Ltd	100%	83.4%	-16.6%
Trustco Bank Namibia Limited	100%	83.4%	-16.6%
Trustco Finance (Pty) Ltd	100%	83.4%	-16.6%

The boards and shareholders of the abovementioned companies have agreed to the transaction.



7. Conditions precedent

The Restructuring Transaction Agreements are subject to the following condition precedent being the obtaining of all regulatory approvals, specifically from the Bank of Namibia, which are necessary for the implementation of the specific agreement.

8. Effective Date of the Restructuring Transaction

The effective date of the Restructuring Transaction shall be the date upon which all conditions precedent have either been fulfilled or waived.

9. Financial information

The value of the net assets that are the subject of the Restructuring Transaction as at 31 March 2019, being the last financial year end of Trustco, was NAD163 million. The profit after tax attributable to such net assets for the year ended 31 March 2019 was NAD262 million.

The transaction is not expected to result in any material gains or losses in the consolidated financial results.

10. CLASSIFICATION OF THE RESTRUCTURING TRANSACTION

The Riskowitz Value Fund ("**RVF**") is a material shareholder of Trustco and thus considered to be a related party to Trustco in terms of paragraph 10.1(b)(i) of the Listings Requirements of the JSE Limited ("JSE Listings Requirements").

RVF also holds, prior to the Restructuring Transaction, 20% in LSH. Therefore, as the businesses to be disposed of are being sold to an entity which is held 20% by RVF, it is considered to be a small related party transaction in terms of paragraph 10.7 of the JSE Listings Requirements.

RVF has signed an irrevocable undertaking in favour of the proposed acquisition for the Restructuring Transaction.



11. Fairness opinion

As a result of the Restructuring Transaction being classified as a small related party transaction, in terms of 10.7(c) it requires a fairness opinion ("**Opinion**") from an independent professional expert acceptable to the JSE ("**Independent Expert**"), confirming that the terms of the Restructuring Transaction are fair as far as shareholders of Trustco are concerned.

Due to the strategic nature of the Restructuring Transaction, the directors of Trustco felt it prudent to release details of the Restructuring Transaction as soon as possible to the market and as a result, the above Fairness Opinion has not been obtained yet.

Trustco are in the process of appointing the above Independent Expert and a further announcement will be made once the requisite opinion for the Independent Expert is available in accordance with paragraph 10.7(c) of the JSE Listings Requirements.

Windhoek, Namibia

28 October 2019

Heleen Steyn

Acting Company Secretary: Trustco Group Holdings Limited

JSE Sponsor

Vunani Corporate Finance - Johannesburg

NSX Sponsor

Simonis Storm Securities Proprietary Limited – Namibia

OTCQX Sponsor

J. P Galda – New York