



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")

ACQUISITION BY LEGAL SHIELD HOLDINGS LIMITED OF CONSTANTIA RISK AND INSURANCE HOLDINGS LIMITED AND CONDUIT VENTURES PROPRIETARY LIMITED AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Trustco Shareholders ("**Shareholders**") are referred to the cautionary announcement released on SENS on 27 November 2019 regarding the possible acquisition of a company operating in the South African insurance market and the announcement released by Conduit Capital Limited ("**Conduit**") dated 9 December 2019.

Shareholders are hereby advised that pursuant to the cautionary announcement Trustco, Legal Shield Holdings Limited ("**LSH**") and Conduit ("**the Parties**") entered into a binding term sheet on 6 December 2019 in terms of which LSH shall acquire all the shares and claims ("**Sale Equity**") held by Conduit in Constantia Risk and Insurance Holdings Proprietary Limited ("**Constantia**") and Conduit Ventures Proprietary Limited ("**Conduit Ventures**") for a total consideration of ZAR 2,000,004,232 (Two billion four thousand two hundred and thirty two Rand) ("**Purchase Consideration**") ("**the Transaction**").



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Mr. R. J. Taljaard (Non Executive), Prof. L.J. Weldon (Non Executive)*, Ms. K.N. van Niekerk (Non Executive)*

*(South Africa)



1. DESCRIPTION OF THE BUSINESS CONDUCTED BY LSH

LSH is a diversified financial services provider in Namibia with a client base of more than 280,000 members comprising of individuals and small businesses. It currently holds both a short and long-term insurance licence, and a commercial banking license (subject to regulatory approval, refer to the announcement released on 28 October 2019 regarding the proposed acquisition of the Banking and Finance segment by the Insurance and its Investments segment) which will enable it to provide a full spectrum of services across the financial services value chain in Namibia. It also owns over 4,000 hectares of high-quality real estate assets in Namibia.

At the end of its last reporting period, LSH (including the proposed Banking and Finance segment acquisition) held assets of NAD 5.8 billion, Capital and Reserves of NAD 2.1 billion, recorded Revenues of NAD 1.5 billion and Profit after Tax of NAD 900 million.

2. DESCRIPTION OF THE BUSINESS CONDUCTED BY CONSTANTIA

Constantia offers a range of niche insurance and risk management solutions in South Africa, covering areas such as medical malpractice cover, primary health insurance and medical gap cover products, funeral and life insurance, guarantee and indemnity solutions, medical evacuation insurance and niche motor and property lines. It operates both in the short term and long term insurance markets and has access to substantial growth opportunities if capital is made available.

At the end of its last reporting period, Constantia held assets of ZAR 2.1 billion, Capital and Reserves of ZAR 699 million, recorded Revenues of ZAR 2.1 billion and a Loss after Tax of ZAR 582 million.



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3. DESCRIPTION OF THE BUSINESS CONDUCTED BY CONDUIT VENTURES

Conduit Ventures owns a number of subsidiaries that offers insurance adjacent services to Constantia, as well as other insurers. These services include software solutions, risk management solutions and claims related services.

At the end of its last reporting period, Conduit Ventures held assets of ZAR 68 million, Capital and Reserves of ZAR 0 million, recorded Revenues of ZAR 17 million and a Loss after Tax of ZAR 12million.

4. RATIONALE FOR THE TRANSACTION

Trustco, through its subsidiary LSH, wishes to expand its insurance business regionally which goal will be achieved via the Transaction. Significant synergies exist between the two businesses in that Constantia services traditional insurance markets in South Africa while LSH services the micro insurance market in Namibia, and there are opportunities for the businesses to leverage off each other's respective skills and to create cross selling opportunities. Furthermore, the strength of the LSH asset base is likely to facilitate new growth prospects for Constantia. Both businesses have attractive business models and high growth potential, and it is envisioned that as a collective they can create substantial sustainable value.

5. SETTLEMENT OF THE PURCHASE CONSIDERATION

The Purchase Consideration shall be settled via the issuance to Conduit of 231,857 (two hundred and thirty-one thousand eight hundred and fifty seven) shares in LSH ("LSH Consideration Shares") at a price of NAD 8,626.02 per LSH share. The total shares in issue



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before the issuance of the purchase consideration will be 1,210, 000 (one million two hundred and ten thousand).

The LSH Consideration Shares shall be issued and held in Trustco's attorneys trust account until all conditions precedent ("**Conditions Precedent**") to the Transaction have either been fulfilled or waived.

6. **CONDITIONS PRECEDENT**

The Transaction is subject to the fulfilment or waiver of the following Conditions Precedent:

- The Purchaser shall have completed, to its satisfaction, various due diligence investigations on Constantia and Conduit Ventures.
- All regulatory and other approvals which are necessary for the implementation of the Transaction, including approval from JSE, Competition Commission, Takeover Regulation Panel, FSCA and Bank of Namibia shall have been obtained, either unconditionally or with acceptable conditions.
- All Parties having obtained board approval from their respective boards.
- All Parties having obtained shareholder approval to execute the Transaction.

7. **BREAK FEE**

Should Trustco decide not to pursue the Transaction for any reason other than a material discovery via the various due diligence investigations to be undertaken, Trustco shall pay a ZAR 10 million breakage fee to Conduit.



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8. NET ASSETS AND PROFITS

The net assets and losses at the last reporting date that are the subject of this transaction are ZAR 700 million and ZAR 594 million respectively as at the previous reporting date.

9. EFFECTIVE DATE AND CLOSING DATE

The effective date of the Transaction shall be 1 December 2019 or the soonest practical date thereafter.

The closing date ("**Closing Date**") of the Transaction shall be 31 March 2020, unless extended in writing by the Parties. The Transaction shall lapse and be of no force or effect if the Conditions Precedent, as set out above, have not been fulfilled or waived by the Closing Date.

10. CLASSIFICATION OF THE TRANSACTION

Related party transaction

Sean Riskowitz controls Protea Asset Management ("**Protea**"). Protea is the Investment Advisor to the Riskowitz Value Fund LP and other accounts ("**RVF**"). 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**").

Sean Riskowitz, through Protea and its associates, jointly own 237,767,048 Conduit shares meaning Sean Riskowitz and the above entities which he controls and manages are considered to be related parties to Conduit in terms of paragraph 10.1(b) (i) of the Listings Requirements of the JSE Limited ("**JSE Listings Requirements**") as they are a material shareholder of Conduit.



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Therefore, as Sean Riskowitz, via the entities he controls and manages is a related party to both Trustco and Conduit and that the Purchase Consideration is more than 10% of Trustco's market capitalization at the time of signing the binding term sheet, the Transaction is considered to be a related party transaction in terms of section 10 of the Listings Requirements consequently requiring the approval of Shareholders at a general meeting.

Specific repurchase of shares

Conduit, via Constantia currently owns 51,795,735 Trustco shares which shall effectively be repurchased from a related party upon successful conclusion of the Transaction hence the Transaction is also classified as a specific repurchase in terms of paragraph 5.69 of the Listings Requirements consequently also requiring the approval of Shareholders at a general meeting.

A circular containing full details of the Transaction as well as a notice to convene a general meeting of Shareholders in order to consider and, if deemed fit, to pass with or without modification, the resolutions necessary to approve and implement the Transaction, will be made available to Shareholders in due course.

10. WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Further to the information set out in this announcement, caution is no longer required to be exercised by Shareholders when dealing in their shares.

9 December 2019

Heleen Steyn

Acting Company Secretary



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Trustco Group Holdings Limited

JSE Sponsor

Vunani Corporate Finance - Johannesburg

NSX Sponsor

Simonis Storm Securities Proprietary Limited – Windhoek

OTCQX Sponsor

J.P Galda & Co – New York



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