

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)

JSE share code: TTO

NSX share code: TUC

OTCQX share code: TSCHY

ISIN Number: NA000A0RF067

(“Trustco” or “Company”)

**TRUSTCO: GRANTS OPTION TO FOUNDER FAMILY TO CONVERT N\$1,4 BILLION
LOAN INTO ORDINARY SHARES THROUGH CONVERSION OPTION**

1. Introduction

Shareholders are advised that Trustco (“**the Borrower**”) has negotiated terms with Dr. Quinton van Rooyen (“**van Rooyen**”) and Next Capital (Pty) Ltd (“**Next**”) (collectively referred to as “**the Lender**”) to grant an option to convert the N\$1,478,768,750 (one billion four hundred and seventy eight million seven hundred and sixty eight thousand seven hundred and fifty Namibian Dollars) related party loan into 1,050,000,000 (one billion and fifty million) Trustco shares at a price of N\$1,41 per share. The terms to the Conversion Option were agreed between the Parties on 31 August 2023.

2. Background

Dr. van Rooyen and/or Next and/or associates of Dr. van Rooyen provided loans to Trustco and/or entities that form part of the Trustco group of companies, during previous financial years. Next is the investment vehicle of the Van Rooyen family.

3. Rational

- 3.1. Subsequently, the Lender advised that the loans advanced in terms of the Huso Transactions (approved by shareholders on 13 June 2017) and the Related Party Loan Transaction (approved by shareholders on 22 January 2019), are being waived.
- 3.2. The subsequent Total Loan Waiver contributed to the EBITAASA of Trustco Resources, which triggered the earn out mechanism, and a number of 628,800,000 Trustco shares was issued in terms of the Huso Transaction at a price of N\$4,69 per share.
- 3.3. The Trustco Board, the JSE accredited auditors and the JSE approved the issue of the shares at the time.
- 3.4. The JSE subsequently directed and the Financial Services Panel (“**FSP**”) confirmed that Trustco should restate its annual financial statements (“**AFS**”) and cancel the 628,800,000 Trustco shares. The North Gauteng High Court upheld this decision which is currently the subject of an appeal to the Supreme Court of South Africa.
- 3.5. Trustco restated its AFS and after the return of the shares by the Lender, cancelled the 628,800,000 Trustco ordinary shares.
- 3.6. Trustco now has a related party liability to the Lender in the amount of N\$1,478,768,750, of which N\$1,000,000,000 would become due and payable on 31 March 2024.
- 3.7. The Net asset value (NAV) of Trustco decreased further as of 28 February 2023 to N\$1,61 per share as per its (unaudited) interim results. The raising of the loan has decreased the NAV of the company by over NAD1,4 billion.

3.8. Trustco needs to be able to clear its legacy debt and raise new capital for further investments and address the 'going concern' disclosures in its AFS preferably by 31 August 2023, its financial year end.

3.9. Both parties agree that the restatement was done under protest, but that the rule of law had to be followed.

4. Terms of conversion option

4.1. The Lender or their nominees is granted an option to convert its N\$1,478,768,750 related party loan into 1,050,000,000 ordinary Trustco shares at a price of N\$1,41 per share.

4.2. The option will be valid until 31 August 2029 ("Option Period"). The Option can be exercised after shareholder approval in Tranches of not more than 25% of the Issued number of Shares in any 12 (twelve) month period.

4.3. The Lender will advise the Company Secretary of Trustco, by written notice of the exercising of the Option in any 12 (twelve) month period.

4.4. From the date that shareholders approved the Conversion Option, the loan amount will bear no interest and the repayment date set out in the Related Party Loan Transaction will be amended as required.

4.5. At the expiry of the Option Period, any balance of the loan amount will be payable on written demand by the Lender. Interest will accrue on any outstanding amount at the expiry of the Option Period to date of final payment. Interest will then accrue at the Prime Lending Rate of Namibia as published at the time.

4.6. The number of shares relate to a price of N\$1,41 per share and would be used when exercising the Option. The Option Price will remain fixed,

irrespective of (a) the share trading price of Trustco or (b) the listing status of Trustco.

- 4.7. The terms of the Related Party Loan Transaction will be amended in line with the conversion Option.

5. Related parties

Van Rooyen and Next are both regarded as related parties in terms of Section 10 of the JSE Listings Requirements as Van Rooyen is a director of Trustco and Van Rooyen and Next are material shareholders of Trustco. A related party fairness opinion on the loan conversion will be required in compliance with paragraph 5.53(b) of the JSE listings requirements.

6. Circular to shareholders

In terms of paragraph 5.51(g) of the JSE Listings Requirements, the specific issue requires the approval by way of an ordinary resolution (requiring at least a 75% majority of the votes cast in favour of such resolution) by all Trustco shareholders present or represented by proxy at a general meeting, excluding van Rooyen, Next and/or associates. A circular to Shareholders together with the detailed terms and date of the meeting, will be made available in due course.

7. Increase in authorised share capital

A special resolution will be put to shareholder to vote on the increase of the authorised share capital from 2,500,000,000 to 3,500,000,000 by increasing the authorised share capital with 1,000,000,000, together with the corresponding amendment to the Group's Memorandum of Incorporation ("**MOI**").

8. Board responsibility

The board individually and collectively accepts full responsibility for the accuracy of the information contained in this announcement. In addition,



the Board certifies that to the best of its knowledge and belief, the information contained in this announcement solely pertaining to the Group is true and, where appropriate, does not omit anything that is likely to affect the importance of the information contained herein, and that all reasonable enquiries to ascertain such information have been made.

Windhoek, Namibia,

1 September 2023

Komada Holdings (Pty) Ltd

Company Secretary and Investor Relations Services to Trustco Group Holdings Limited

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