

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 GROUP HOLDINGS LIMITED ("TRUSTCO") : LOAN AND PAYMENT OF
PURCHASE PRICE CONVERSION: WITHDRAWAL OF CAUTIONARY
ANNOUNCEMENT**

1. Introduction and Background

Shareholders are referred to the announcement published on SENS on 2 April 2024, in which shareholders were advised that the related party loan repayment date was postponed.

Shareholders are advised that Trustco (“**the Borrower**”) has agreed terms with Dr Quinton van Rooyen (“**van Rooyen**”) and Next Capital (Pty) Ltd (“**Next**”) (collectively referred to as “**the Lenders**”) to convert Trustco's indebtedness towards the Lenders, inclusive of:

- the N\$ 1,478,768,750 (one billion four hundred and seventy-eight million seven hundred and sixty-eight thousand seven hundred and fifty Namibia Dollars) related party loan (“**the Loan**”); and
- the N\$2,949,072,000 (two billion nine hundred and forty-nine million and seventy-two thousand Namibia Dollars) as the outstanding purchase price to the Lenders for the mining assets sold (“**the Outstanding Purchase Price**”);

being the total indebtedness between Trustco and the Lenders ("**Indebtedness**")

- into 1,263,904,915 (one billion two hundred and sixty-three million nine hundred and four thousand nine hundred and fifteen) Trustco shares ("**Conversion Shares**") and
- into 2,520,574,359 (two billion five hundred and twenty million five hundred and seventy-four thousand three hundred and fifty-nine) Trustco shares ("**Settlement Shares**");

all for N\$ 1,17 per share ("**Conversion Price**"), being the audited Net Asset Value ("**NAV**") per share, as of 31 August 2023 and recorded in the audited annual financial statements ("**AFS**") of Trustco;

2. Rationale

- 2.1 In January 2019 the Lenders advised Trustco, after consultation with Trustco's long-term lender group, mainly based in Europe and the USA, ("**International Lenders Group**"), that the loans advanced in terms of the Huso Transactions and the Related Party Loan Transaction are being waived (the "**loan waiver**");
- 2.2 The loan waiver contributed to the EBITDAASA (Earnings Before Interest, Tax, Depreciation, Amortization and Stock Adjustments) of Trustco Resources Pty (Ltd), which triggered the agreed earn-out mechanism, and 628,800,000 (Six Hundred and Twenty-Eight Million Eight Hundred Thousand) Trustco ordinary shares were issued to the Lenders;
- 2.3 The JSE subsequently instructed Trustco to restate its annual financial statements ("**2019 AFS**"), which the Financial Services Panel ("**FSP**") confirmed that Trustco should restate accordingly;
- 2.4 The North Gauteng High Court upheld the FSP decision, which is currently the subject of an appeal to the Supreme Court of Appeal of South Africa; and Trustco subsequently restated its 2019 AFS (under protest). Following the restatement, the Lenders returned the 628,800,000 (Six Hundred and Twenty-Eight Eight Million Eight Hundred Thousand) Trustco ordinary shares, which were in turn cancelled;

- 2.5 Trustco has a Loan of N\$1,478,768,750, excluding interest, of which N\$ 1,000,000,000 Billion (One Billion) became due and payable on 31 March 2024, the balance and interest are payable on demand. These loans were previously approved by shareholder to acquire the mining assets;
- 2.6 Trustco's investment in Meya Mining has been diluted to 19.5% (nineteen comma five percent) from 65% (sixty-five percent), which significantly diminishes the earnings capabilities of the Resources segment. Currently Trustco only accounts for that investment on a fair value basis, and as a result the previously agreed EBITDAASA earn-out payment method may no longer be achieved as contemplated;
- 2.7 Trustco wishes to clear its legacy debt and raise new capital for future investments, and the loss of management control by the Van Rooyen family may be an act of default vis-à-vis the International Lenders Group of Trustco;
- 2.8 the International Lender Group and the Company requested the Lenders to convert their Indebtedness to equity and to postpone the repayment of the Loan past 31 March 2024;
- 2.9 the parties agree that the total Indebtedness shall be converted into fully paid-up TTO Shares of the Company; and
- 2.10 Both parties agree that the restatement was done under protest, but that the rule of law had to be followed.

3. Terms of the agreement

3.1. The following definitions are used:

- **Conversion Notice:** means a notice issued by Trustco from time to time during the Conversion Period to advise the Lenders during the Conversion Period that one or more or all of the loans will be converted;
- **Conversion Obligation:** means the obligation the Lenders have after the Closing Date to convert any amount of the Outstanding Loan Amount into such number of Shares by dividing the Outstanding Loan Amount by the Conversion Price;
- **Conversion Period:** means from the closing date for a period up to 31 August 2033;

- **Conversion Right:** means the right and obligation of Trustco to convert the restated loans into ordinary shares of Trustco.
- 3.2. The Lenders will upon receiving a Conversion Notice accept the number of Conversion Shares as may be required, to fully and finally settle the loan amount stipulated in the Conversion Notice.
- 3.3. The Conversion Right will only be valid for the Conversion Period.
- 3.4. The Conversion Price will remain fixed, irrespective of the share trading price, or the listing status or value of Trustco.
- 3.5. Interest:
- The Lenders have previously waived the historical interest on the re-stated loans, which was accrued but not paid in the amount of N\$ 622 million;
 - Interest shall accrue monthly from 1 September 2023 and be payable quarterly at the prime lending rate of commercial banks in Namibia on the unconverted portion of the Outstanding Loan Amount;
 - The Lenders have the right to waive, defer, postpone or forgive any Interest due or the quarterly payment thereof at its sole discretion;
 - The Lender may postpone the issuance of any shares, but interest shall not accrue on the portion of the loan represented by such postponement;
 - Any outstanding interest shall not be capable of being converted into equity.
4. **Suspensive Conditions**
- 4.1 If the following conditions are not fulfilled or waived by the Party obligated to do so, by the due dates, unless the context clearly creates obligations and rights upon the Parties, from the Effective Date, this agreement will be of no force and effect.
- 4.2 All necessary regulatory approvals be obtained by the Company, including the Namibian Competition Commission and Bank of Namibia.
- 4.3 The required shareholders' approval be obtained as soon as practical by the Company in writing in irrevocable proxy form and after approval by the Trustco Board in this Agreement.
- 4.4 If required, the African and International Lenders Group of Trustco's approval to be obtained for this transaction.

- 4.5 The restructuring and settlement agreements with the International and African Lenders Group be finally approved by the Lenders or Trustco simultaneously with this transaction and executed upon by the relevant subsidiaries.
- 4.6 Resolutions be passed by the relevant Boards of Trustco and the Lenders
- 4.7 The historical and future interest be waived/postponed by the African and International Lenders Group to the satisfaction and *pari passu* with the Lenders.
- 4.8 That the proposal by part of the International Lender Group that indicated they require early exits from their current debt position (“**Early Exit** Lenders”) in December 2023 be implemented by 30 June 2024 or as otherwise agreed.
- 4.9 That all security as contemplated in the agreement get registered and effected in the names of the Lenders.
- 4.10 That the envisaged Management Agreement be approved by shareholders at General Meeting as soon as practical.
- 4.11 A certificate issued by the office of the Company Secretary of Trustco Group Holdings that the suspensive conditions have been discharged will be conclusive proof of that fact from the date of such notice.

5. Financial Information

The book value of the net assets of Trustco, which are the subject of the Transaction, as of 31 August 2023, was NAD 1 153 million. The loss after tax attributable to Trustco for the year ended 31 August 2023 was NAD 681 million.

The above financial information has been extracted from the year-end results of Trustco dated 31 August 2023 of Trustco.

6. 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. Next is the investment vehicle of the Van Rooyen family.

A related party fairness opinion on the loan conversion will be required in compliance with paragraph 5.53(b) of the JSE listings requirements.

7. Circular to shareholders

Next and its associates are material shareholders in Trustco and are thus a related party ("**Related Party**") to Trustco in terms of paragraph 10.1(b) (i) of the Listings Requirements of the JSE Limited ("**Listings Requirements**").

In terms of paragraph 5.51 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.

The Transaction is a category 1 related party transaction in terms of section 9 of the Listings Requirements requiring a circular, a fairness opinion as well as a notice to convene a general meeting of Shareholders 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. In terms of paragraph 9.22 of the Listings Requirements, as the Transaction will increase the securities issued by more than 50%, the category 1 circular will include the information required to be disclosed for a pre-listing statement.

8. Increase in authorised share capital

As a consequence of the Transaction, the issuer will include a shareholder's special resolution, to vote on the increase of the authorised share capital from 2,500,000,000 ordinary shares to 7,500,000,000 ordinary shares by increasing the authorised share capital by 5,000,000,000 ordinary shares, together with the corresponding amendment to the Group's Memorandum and Articles of Association ("**Memorandum**").

9. 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.

10. Withdrawal of Cautionary Announcement

With the conclusion of the Transaction, shareholders are advised that caution is no longer required to be exercised when dealing in the Company's securities regarding the Transactions in process.

Windhoek, Namibia,

11 June 2024

Komada Holdings (Pty) Ltd

**Company Secretary and Investor Relations Services to Trustco Group
Holdings Limited**

JSE Sponsor

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