

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions contained on pages 4 to 6 of this circular apply *mutatis mutandis* throughout this circular, including this cover page.

If you are in any doubt as to the action you should take, please consult your accountant, banker, broker, CSDP, legal advisor or other professional advisor immediately.

If you have disposed of all your shares in Trustco, this circular should be handed to the purchaser of such shares or the banker, broker, CSDP, legal advisor or other agent through whom the sale was affected.

Action required by Trustco shareholders

Trustco shareholders holding certificated shares and dematerialised shares with "own name" registration who are unable to attend the general meeting and who wish to be represented thereat, must complete and return the attached form of proxy (*blue*) in accordance with the instructions contained therein, so as to be received by the transfer secretaries by no later than 10:00 on Tuesday, 17 June 2014.

Trustco shareholders holding dematerialised shares, other than "own name" registration, who wish to attend the general meeting or vote by way of proxy must contact their broker or CSDP who will provide them with the necessary letter of representation to vote or will carry out their instructions. This must be affected in terms of the agreement between them and their broker or CSDP.

TRUSTCO GROUP HOLDINGS LIMITED



Incorporated in the Republic of Namibia
Registration number 2003/058
JSE share code: TTO NSX share code: TUC
ISIN: NA000A0RF067
("Trustco" or "the Company")


CIRCULAR TO TRUSTCO SHAREHOLDERS

Regarding

- **the Elisenheim acquisition for a purchase consideration of N\$220 000 000, which constitutes a category 1 transaction;**

and incorporating

- **a notice convening a general meeting of Trustco shareholders; and**
- **a form of proxy (*blue*) in respect of the general meeting of Trustco shareholders (for use by certificated Trustco shareholders and own-name dematerialised Trustco shareholders only).**

JSE Sponsor and Corporate Advisor  A division of Sasfin Bank Limited	Reporting Accountants  BDO	NSX Sponsor  IJG Securities
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Date of issue: 30 May 2014

This circular is only available in English. Copies of this circular may be obtained from the registered office of Trustco and from the sponsor, the addresses of which are set out in the "Corporate information" section of this circular.

CORPORATE INFORMATION

Company secretary and business address

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2 Keller Street
Windhoek, Namibia
(PO Box 11363, Windhoek, Namibia)

Transfer secretaries

Computershare Investor Services (Proprietary)
Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Reporting Accountant

BDO South Africa Incorporated
(Registration number 1995/002310/21)
13 Wellington Road
Parktown, 2193
(Private Bag X60500, Houghton, 2041)

Independent valuer

Gert Hamman Property Valuers CC
(Registration number 2007/2302)
922 Ziegler Street
Klein Windhoek
Namibia
(PO Box 86161, Eros, Namibia)

JSE Sponsor and Corporate Advisor

Sasfin Capital, a division of Sasfin Bank Limited
(Registration number 1951/002280/06)
29 Scott Street
Waverley, 2090
(PO Box 9510, Grant Park, 2051)

Transfer secretaries (Namibia)

Transfer Secretaries (Proprietary) Limited
(Registration number 93/713)
Robert Mugabe Avenue 4
(Burg Street entrance opposite Chateaux Street)
Windhoek, Namibia
(PO Box 2401, Windhoek, Namibia)

NSX Sponsor

IJG Securities (Proprietary) Limited
(Registration number 95/505)
100 Robert Mugabe Avenue
First Floor, Heritage Square
Windhoek, Namibia
(PO Box 186, Windhoek, Namibia)

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ACTION REQUIRED BY SHAREHOLDERS

The definitions commencing on page 4 of this circular apply *mutatis mutandis* to the following section on action required by Trustco shareholders.

Please take careful note of the following provisions regarding the action required by Trustco shareholders:

- If you have disposed of all of your Trustco shares, this circular should be handed to the purchaser of such shares or the CSDP, broker, banker, attorney or other agent who disposed of your Trustco shares for you.
- If you are in any doubt as to what action to take, consult your broker, CSDP, banker, attorney, accountant or other professional advisor immediately.
- This circular contains information relating to the Eisenheim acquisition. You should carefully read this circular and decide how you wish to vote on the resolutions to be proposed at the general meeting. The general meeting, convened in terms of the notice incorporated in this circular, will be held at Trustco's registered office, 2 Keller Street, Windhoek, on Thursday, 19 June 2014 commencing at 10:00.

1. **IF YOU HAVE DEMATERIALIZED YOUR TRUSTCO SHARES**

1.1 **Own-name registration**

You are entitled to attend in person, or be represented by proxy, at the general meeting. If you are unable to attend the general meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the South African transfer secretaries, Computershare, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), or the Namibian transfer secretaries, Transfer Secretaries (Pty) Ltd, Robert Mugabe Avenue 4 (Burg Street entrance opposite Chateaux Street) (PO Box 2401, Windhoek, Namibia), by no later than 10:00 on Tuesday, 17 June 2014.

1.2 **Other than own-name registration**

You are entitled to attend in person, or be represented by proxy, at the general meeting. You must **not** however, complete the attached form of proxy. You must advise your CSDP or broker timeously if you wish to attend, or be represented at the general meeting. If your CSDP or broker does not contact you, you are advised to contact your CSDP or broker and provide them with your voting instructions. If your CSDP or broker does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them. If you do wish to attend or be represented at the general meeting, your CSDP or broker will be required to issue the necessary letter of representation to you to enable you to attend or to be represented at the general meeting.

2. **IF YOU HOLD CERTIFICATED TRUSTCO SHARES**

You are entitled to attend, or be represented by proxy, at the general meeting. If you are unable to attend the general meeting, but wish to be represented thereat, you must complete and return the attached form of proxy, in accordance with the instructions contained therein, to be received by the South African transfer secretaries, Computershare, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), or the Namibian transfer secretaries, Transfer Secretaries (Pty) Ltd, Robert Mugabe Avenue 4 (Burg Street entrance opposite Chateaux Street) (PO Box 2401, Windhoek, Namibia), by no later than 10:00 on Tuesday, 17 June 2014.

IMPORTANT DATES AND TIMES

2014

Circular and notice of general meeting posted to Trustco Shareholders on	Wednesday, 30 May
Last day to trade to be eligible to vote at the general meeting on	Friday, 6 June
Record date in relation to voting at the general meeting on	Friday, 13 June
Forms of proxy for the general meeting to be received by 10:00 on	Tuesday, 17 June
General meeting of Trustco shareholders at 10:00 on	Thursday, 19 June
Results of the general meeting released on SENS on	Thursday, 19 June

Notes:

1. The definitions commencing on page 4 of this circular apply, mutatis mutandis, to this information on important dates and times.
2. The above dates and times are subject to amendment. Any amendment to the dates and times will be released on SENS.

DEFINITIONS

In this circular, unless otherwise stated or the context indicates a contrary intention, the following expressions shall have the meanings set out opposite them. Cognate expressions shall bear corresponding meanings, words denoting one gender shall include the others, natural persons shall include juristic persons and vice versa and the singular shall import and include the plural and vice versa.

“the Act”	the Namibian Companies Act, 2004 (Act 28 of 2004), as amended;
“acquisition agreement”	the agreement entered into between Trustprop and Philco on 23 January 2014 in terms whereof Trustprop will acquire the entire issued share capital of Elisenheim for the purchase consideration, as amended on 10 April 2014;
“Board” or “directors”	the current board of directors of Trustco whose names are reflected in Annexure I to this circular;
“Burmeister and Partners”	Burmeister and Partners (Proprietary) Limited (Registration number 78/03812), a private company, previously contracted by Elisenheim to provide the internal civil and electrical engineering design services for Phase 1 of the Elisenheim development;
“business day”	any day other than a Saturday, Sunday or public holiday officially recognised as such in South Africa and Namibia;
“certificated shares”	Trustco shares represented by a share certificate or other physical documents of title, which have not been surrendered for dematerialisation in terms of the requirements of Strate;
“circular”	this circular to shareholders, dated 23 May 2014, including the notice of general meeting and form of proxy;
“CSDP”	a Central Securities Depository Participant, accepted as a participant in terms of the South African Financial Markets Act, 2012 (Act 19 of 2012);
“dematerialised shareholders”	shareholders who hold Trustco shares which have been dematerialised in terms of the requirements of Strate;
“dematerialised” or dematerialisation”	the process by which shares held by certificated shareholders are converted to or held in an electronic form as uncertificated shares and are recorded in the sub-register of shareholders maintained by a CSDP;
“Elisenheim”	Elisenheim Property Development Company (Proprietary) Limited (Registration number 2001/621), a private company registered and duly incorporated in accordance with the laws of Namibia;
“Elisenheim acquisition” or “acquisition”	the acquisition of the entire issued share capital of Elisenheim from Philco on the terms and conditions of the acquisition agreement as detailed in this circular;
“Elisenheim development”	the property development of Elisenheim the further details of which are set out in Annexure II to this circular;

“general meeting”	the general meeting of the Trustco shareholders to be held at the registered office of the Company, 2 Keller Street, Windhoek, Namibia at 10:00 on Thursday, 19 June 2014;
“IFC”	International Finance Corporation, an international organisation, established by Articles of Agreement among its member countries, including the Republics of South Africa and Namibia;
“IFRS”	International Financial Reporting Standards;
“independent valuer”	Nadia van der Smit, a member of the South African Institute of Valuers of Gert Hamman Property Valuers (Registration number 2007/2302) of Namibia;
“INGPLAN Namibia”	INGPLAN Consulting Engineers Namibia, a firm of consulting engineers, previously contracted by Elisenheim to provide the internal designs for Phase 2 of the Elisenheim development in respect of civil (water, sewerage and roads) and electrical works;
“JSE”	JSE Limited (Registration number 2005/022939/06), a public company registered and duly incorporated in accordance with the laws of South Africa, licensed as an exchange under the South African Financial Markets Act, 19 of 2012, and listed on the JSE;
“last practicable date”	the last practicable date prior to the finalisation of the circular, being 14 May 2014;
“Listings Requirements”	the Listings Requirements of the JSE and the NSX, as amended from time to time;
“N\$”	Namibian dollar;
“Namibia”	the Republic of Namibia;
“Namibian transfer secretaries”	Transfer Secretaries (Proprietary) Limited (Registration number 93/713), a private company registered and duly incorporated in accordance with the laws of Namibia;
“NSX”	Namibian Stock Exchange, licensed as an exchange and regulated by the Stock Exchanges Control Act of Namibia (1985, as amended in 1992) and overseen by the Namibian Financial Institutions Supervisory Authority;
“Philco”	Philco Twenty Two (Proprietary) Limited, (Registration number 2005/0268), a private company registered and duly incorporated in accordance with the laws of Namibia, the shareholders of which are Edna Trust (50%), Philco Twenty One (Proprietary) Limited (25%) and RAF Trust (25%);
“purchase consideration”	N\$220 000 000, payable as set out in paragraph 4.2.4 of this circular;
“Rand” or “R”	Rand, the legal currency of South Africa;
“Rencap”	Renaissance Africa Master Fund, a closed fund managed by RenAsset Managers, formerly a large shareholder in Trustco;

“Sasfin”	Sasfin Capital, a division of Sasfin Bank Limited (Registration number 1951/002280/06), a public company registered and duly incorporated in accordance with the laws of South Africa and the corporate advisor and JSE sponsor to the Company;
“SENS”	The Stock Exchange News Service of the JSE;
“shares” or “Trustco shares”	ordinary shares with a par value of N\$0.23 each in the capital of the company, of which there are 772,142,090 in issue at the last practicable date;
“South Africa”	the Republic of South Africa;
“South African transfer secretaries”	Computershare Investor Services (Proprietary) Limited (Registration number 2004/003647/06), a private company duly registered and incorporated in accordance with the laws of South Africa;
“Strate”	Strate Limited, a company duly registered and incorporated with limited liability under registration 1998/022242/06 which is a registered Central Securities Depository responsible for the electronic clearing and settlement system for transactions that take place on the JSE and off-market trades;
“Trustco” or “the company”	Trustco Group Holdings Limited (Registration number 2003/058), a public company incorporated in Namibia, the shares of which are dual-listed with a primary listing on the JSE and a secondary listing on the NSX.
“Trustco Group” or “the Group”	Trustco and all of its subsidiaries from time to time, referred to collectively;
“Trustprop”	Trustco Property Holdings (Proprietary) Limited (Registration number 2006/289), a private company incorporated in Namibia, a wholly owned subsidiary of Trustco, the purchaser of Elisenheim; and
“vendor”	Philco, the full details of which are set out in Annexure IV to this circular.

TRUSTCO GROUP HOLDINGS LIMITED



Incorporated in the Republic of Namibia
Registration number 2003/058
JSE share code: TTO NSX share code: TUC
ISIN: NA000A0RF067
("Trustco" or "the Company")

Directors

Adv Raymond Heathcote (*Independent Non-executive Chairman*)

Mrs VC de Klerk (*Independent Non-executive Director*)

Mr W J Geyser (*Independent Non-executive Director*)

Mr R J Taljaard (*Independent Non-executive Director*)

Mr J Mahlangu (*Independent Non-executive Director*)

Mr Q van Rooyen (*Group Managing Director*)

Mr F J Abrahams (*Group Treasurer*)

Mr R McDougall (*Group Financial Director*)

All directors are Namibian with the exception of Mr J Mahlangu and Mr R McDougall who are South African.

CIRCULAR TO TRUSTCO SHAREHOLDERS

1. INTRODUCTION AND RATIONALE

Introduction

Shareholders are referred to the announcement dated 23 January 2014, wherein they were advised that Trustco, via its wholly owned subsidiary, Trustprop, entered into an agreement with Philco for the acquisition of the entire issued share capital of Elisenheim, a Namibian owner and developer of residential and commercial property, for a purchase consideration of N\$220 million.

Rationale

The acquisition is in line with Trustco's strategy and its quest to contribute towards Namibia's national development through the expansion of residential accommodation. With this acquisition the Group intends to address the shortage of housing in Namibia whilst utilizing the future proceeds of sales of erven to increase earnings in the Group.

2. PURPOSE OF THE CIRCULAR

The purpose of this circular is to provide Trustco shareholders with relevant information regarding the Elisenheim acquisition and to convene a general meeting at the registered office of the Company, 2 Keller Street, Windhoek, Namibia at 10:00 on Thursday, 19 June 2014, at which the shareholders will be requested to vote on the ordinary resolutions required to approve the Elisenheim acquisition on the terms and conditions set out in this circular.

3. **BACKGROUND AND OVERVIEW OF TRUSTCO**

Trustco Group Holdings Ltd is a diversified financial services company incorporated in Namibia. The business commenced in 1992 with the acquisition of a property development company and its operations have grown substantially since its inception. The Group operates in Namibia and South Africa and was listed on the NSX and the Africa Board of the JSE in 2006 and the Main Board of the JSE in 2009.

The Group operates subsidiaries in three main business sectors across Africa:

3.1 **Micro insurance**

The segment offers niche short term and life insurance products to the low income group. Products underwritten by this segment include legal insurance, funeral cover, income protection cover and hospitalisation cover.

3.2 **Education & microfinance**

The Group's education & microfinance segment offers in-house educational courses which are also offered on a fully financed basis. The education arm of the segment was purchased in 2005 and is committed to providing accredited and value-adding educational programmes. This has enabled the Group to contribute to the educational, economic and social advancement of Namibians. With skills acquired through studying with The Institute for Open Learning, students not only enhance their own net income, but plough their experience and knowledge back into the community. The financing arm of the division provides short term educational financing for courses as a registered microlender in terms of the Usury Act of Namibia, Act 73 of 1968, as amended.

3.3 **Property**

Trustco's property portfolio consists of industrial, residential and commercial properties situated mostly in Namibia. All properties within the Group are housed in this segment including owner-occupied properties, investment properties and real estate stock. The Group continues to develop serviced land in Namibia. The segment also contains a mortgage finance component which augments the property development and sales arm.

The Group's core operational revenues are derived from the above businesses in Namibia but its insurance products and innovative delivery methods enable Trustco to offer micro-financial services across the African continent in a variety of ways.

4. **THE PROPOSED ELISENHEIM ACQUISITION**

4.1 **Background on Elisenheim**

Elisenheim is the registered owner and developer of the Elisenheim town development. The development consists of a residential and commercial housing estate on approximately 1 186 hectares of land. The development began in 2010 with sales of Phase 1 which make up 450 residential erven substantially completed and transferred to individual owners. Elisenheim development is the largest privately owned town development in Namibia. The Elisenheim development is situated within the Windhoek Basin in Windhoek, the capital of Namibia, and falls within the city's municipal boundaries.

The undeveloped land owned by Elisenheim includes 4,787 residential erven planned for development in phases 2 to 13; as well as 62 general residential erven and 28 commercial properties. It is anticipated that the erven, demarcated and approved by the municipality in each phase, will be sold at intervals of between 10 and 18 months per phase. The remainder of the land, which is currently a nature estate of 558 Ha will initially be held as investment property.

Further details of the Elisenheim acquisition are set out in Annexure II to this circular. Further details of Philco, the vendor of the interest in Elisenheim, are set out in Annexure IV to this circular. Summary valuation reports by the independent valuer are set out in Annexure VII to this circular.

4.2 **Terms of the acquisition**

4.2.1 ***The acquisition***

Trustco, via its wholly owned subsidiary, Trustprop entered into the acquisition agreement with Philco, subject to the fulfilment of the conditions precedent set out in paragraph 4.2.3 below, in terms of which Trustco will acquire 100% of the issued share capital of Elisenheim.

4.2.2 **The effective date**

The effective date of the acquisition, from an accounting perspective and having regard to the consolidation Elisenheim, shall be 1 December 2013, notwithstanding the date of fulfilment of the conditions precedent to the acquisition set out herein below.

4.2.3 **Conditions precedent**

The acquisition agreement is subject to the fulfilment or waiver, as the case may be of the following outstanding conditions precedent:

- 4.2.3.1 approval of the acquisition by Trustco shareholders in general meeting in accordance with the Listings Requirements of the JSE and NSX and the Act;
- 4.2.3.2 approval of the acquisition by Philco shareholders in terms of its shareholders' agreement and the Act;
- 4.2.3.3 Elisenheim has terminated all agreements with service providers, Burmeister and Partners and INGPLAN Namibia and any of their affiliates on terms agreed to by Trustprop prior to such termination.

4.2.4 **Purchase consideration**

In terms of the acquisition agreement, as amended on 28 March 2014, the purchase consideration payable by Trustprop is the amount of N\$220 million and will be paid in cash as follows:

- 4.2.4.1 An amount of N\$50 000 000.00 (Fifty Million Namibia Dollars) on 1 April 2014 and a further amount of N\$ 100 000 000.00 (One Hundred Million Namibia Dollars) on 31 July 2014;
- 4.2.4.2 An amount of N\$44 000 000.00 (Forty Four Million Namibia Dollars) on 1 April 2015; and
- 4.2.4.3 An amount of N\$26 000 000.00 (Twenty Six Million Namibia Dollars) on 1 April 2016.

Trustco will guarantee the punctual payment of the aforesaid amounts by Trustprop. Trustco will fund the acquisition through bank funding.

4.2.5 **Warranties**

The parties have given each other the warranties and indemnities that are usual in transactions of this nature.

5. **PROSPECTS POST THE ELISENHEIM ACQUISITION**

Trustco, by developing the land owned by Elisenheim, aims to further the Namibian government's objective to increase the supply of housing to the population. It is estimated that at the present moment there is a minimum housing shortfall of 80,000 houses in Namibia. Namibia is currently ranked fourth globally in terms of housing-price increases, which demonstrates that public sector companies, which have the ability to develop land and supply houses, can create considerable value for their shareholders.

It is anticipated that the Elisenheim development erven will be sold off either to individuals or developers at the market price of serviced land at a rate commensurate with urban prices. It is anticipated that the acquisition will have a positive effect on the Net Asset Value and the annual basic and headline earnings of the group.

Trustco's vision is to continue to expand and grow in current product lines. These are:

1. Property;
2. Micro-finance for education; and
3. Insurance.

The new business opportunity in property division, via the Elisenheim acquisition will be augmented by on-going sales of the company's other property holdings, notably LaFrenz, which is a commercial and industrial park, and a potential commercial park in Ondangwa. It is intended that these sales will create a supply of serviced land to enable citizens and small business ventures to access affordable yet prime business locations across Namibia.

Micro-finance for education continues to supply educational solutions from entry-level administrative courses up to accredited tertiary degrees, whilst providing an affordable payment solution. The courses are generally distance learning opportunities which Trustco delivers in various mediums including digital media via electronic devices. Demand for education continues to rise in the country as individuals are eager to uplift themselves and create better opportunities, a target best achieved through education.

The insurance segment, already well-established and growing in Namibia has also rolled out micro-insurance products in South Africa. We aim to launch more products in the next few years and grow Trustco's presence in that country. Trustco also continues to exploit opportunities in the rest of Africa under partnerships and license agreements.

Trustco strives to increase shareholder value through growth in share price and related earnings, whilst still continuing to provide products and services which are accessible to the individual.

6. FINANCIAL INFORMATION

6.1 *Pro forma* financial information

The *pro forma* financial information has been compiled using accounting policies that comply with IFRS and that are consistent with those applied in the audited consolidated annual financial statements of Trustco for the year ended 31 March 2013. The *pro forma* figures have been given no greater prominence than unadjusted financial figures, are presented in a manner consistent with both the format and accounting policies adopted in the historical financial information and adjustments have been quantified on the same basis as would normally be calculated in preparing financial statements.

The *pro forma* consolidated statement of comprehensive income and statement of financial position, after the acquisition, are set out in Annexure V to this circular. The independent reporting accountants' limited assurance report on the *pro forma* financial information is set out in Annexure VI to this circular.

The unaudited *pro forma* financial effects of the acquisition, as set out below, are the responsibility of the directors, have been prepared for illustrative purposes only and, because of its nature, may not fairly present Trustco's financial position, changes in equity, results of operations or cash flows and are based on the unaudited, unreviewed, published results of Trustco for the 6 months ended 30 September 2013.

	Published financial information – 30 September 2013 (i)	<i>Pro forma</i> adjustments – purchase of Elisenheim (i)	<i>Pro forma</i> financial information after purchase of Elisenheim – 30 September 2013	Percentage change
EPS (cents) (ii – vi, xii)	8.59	(0.48)	8.11	-5.56%
Diluted EPS (cents) (ii – vi, xii)	8.53	(0.47)	8.06	-5.56%
HEPS (cents) (ii – vi, xii)	3.02	(0.48)	2.54	-15.84%
Diluted HEPS (cents) (ii – vi, xii)	3.00	(0.47)	2.52	-15.84%
NAV per share (cents) (ii, iii, vii – xi, xiii)	138.13	(0.05)	138.08	-0.04%
TNAV per share (cents) (ii, iii, vii – xi, xiii)	97.44	(3.82)	93.62	-3.92%
Ordinary shares in issue	772 142 090	–	772 142 090	0.00%
Ordinary shares in issue (excl. treasury shares)	771 095 918	–	771 095 918	0.00%
Weighted average number of ordinary shares in issue (excl. treasury shares)	757 559 000	–	757 559 000	0.00%
Diluted weighted average number of ordinary shares in issue (excl. treasury shares)	762 481 000	–	762 481 000	0.00%

The *pro forma* financial effects have been calculated on the basis of the following assumptions:

- i. The "Before" financial information has been extracted without adjustment from the published, unaudited condensed consolidated interim results of Trustco for the 6 months ended 30 September 2013. Elisenheim financial information for the 6 months ended 31 August 2013 has been extracted without adjustment from the reviewed interim results of Elisenheim for the 6 months ended 31 August 2013 as published in this circular (Annexure II);
- ii. Goodwill of N\$29.057 million is recognized in respect of the Elisenheim Acquisition as the present value of the purchase consideration (N\$211.084 million) exceeds the fair value of the net assets acquired (N\$182.026 million) by this amount;
- iii. Transaction costs of N\$600 000 are expected to be incurred in respect of the Elisenheim Acquisition. The payment of transaction costs will result in a reduction in taxation paid (calculated using a corporate tax rate of 33%). These adjustments will not have a continuing effect;
- iv. Interest income foregone (calculated using an interest rate of 5% per annum being the interest rate applicable to cash in the Trustco call account) on the amount paid in respect of transaction costs, this adjustment will not have a continuing effect;
- v. Interest expense incurred in respect of:
 - Bank interest on a N\$50 million down payment made to the vendors at 10.25%, being the Namibian mortgage rate, for 4 months prior to the payment of the further N\$100 million assuming that Trustco incurs debt in order to settle such down payment;
 - Interest paid to the vendors in respect of the N\$100 million to be paid 4 months subsequent to the down payment at an interest rate of 9.25%, being the Namibian mortgage rate less 1%, as per the addendum to the Acquisition Agreement; and
 - Bank interest on the full N\$150 million paid to the vendors at 10.25%, being the Namibian mortgage rate, for 2 months subsequent to the payment of the further N\$100 million assuming that Trustco incurs debt in order to settle such further payment.

The interest expense adjustment will have a continuing effect

- vi. The taxation effect of adjustments ii – v;
- vii. Adjustment of the carrying value of investment property to its fair value (N\$74.862 million) at the date of acquisition, the adjustment amounts to N\$27.432 million;
- viii. Adjustment of the carrying value of inventory to its fair value (N\$225.138 million) at the date of acquisition, the adjustment amounts to N\$30.433 million;
- ix. Elimination of Elisenheim equity and recognition of goodwill. Goodwill amounts to N\$29.057 million and arises as the present value of the purchase consideration exceeds the fair value of the identifiable net assets of Elisenheim;
- x. Payment of N\$50 million down payment in respect of the Elisenheim Acquisition, such down payment is funded by the incurrence of bank debt;
- xi. Present value of the deferred consideration amounts to be paid to the vendors as follows: 4 months subsequent to the down payment (N\$100 million plus interest at 9.25%), on the first anniversary of the down payment date (N\$44 million) and on the second anniversary of the down payment date (N\$26 million) are recorded as liabilities as at the transaction date. The present value of these amounts has been calculated using the Namibian mortgage rate of 10.25% as a discount rate;
- xii. The Basic earnings, Diluted earnings, Headline earnings and Diluted headline earnings per share were calculated based on the assumption that the Elisenheim Acquisition took place on 1 April 2013; and
- xiii. The NAV and NTAV per share were calculated as if the Elisenheim Acquisition took place on 30 September 2013.

6.2 Historical financial information of Elisenheim

The report of historical financial information of Elisenheim and the reporting accountants' report thereon are set out in Annexure II and III to this circular, respectively.

6.3 Summary valuation reports

The undeveloped land of Elisenheim was valued by the Independent Valuer. The summary valuation reports are presented in Annexure VII to this circular.

7. ADDITIONAL INFORMATION ON TRUSTCO

7.1 Directors' information

A full description of the information pertaining to the directors and management of Trustco including emoluments and interests, is set out in Annexure I to this circular.

7.2 Authorised and issued share capital of Trustco

The authorised and issued share capital of Trustco, before and after the acquisition is set out in the table below:

BEFORE AND AFTER THE ACQUISITION	N\$
Authorised	
2 500 000 000 ordinary ¹ shares of 23 cents each	575 000 000
Issued	
772 142 090 ordinary shares of 23 cents each	177 592 680
Including 75 906 651 ordinary shares held in treasury	17 458 530
Share premium account	46 300 000

¹ All ordinary shares rank equally and each share carries equal voting rights. No other classes of shares have been authorised or issued.

² Includes 75 906 651 treasury shares currently held by the Group.

There have been the following changes to Trustco's share capital in the three years preceding the date of this circular:

- The company issued 35 million ordinary shares to the IFC in terms of its general authority to issue shares for cash;
- The company repurchased 74 331 920 of its ordinary shares from Rencap with settlement on 11 March 2014;
- The company issued 30 million ordinary shares to public/private shareholders, who are not related parties, in terms of a general authority to issue shares for cash.

7.3 Major shareholders of Trustco

The major shareholders of Trustco who, as at the last practicable date prior to the date of issue of this circular, were beneficially interested in, directly or indirectly, 5% or more of the issued share capital of the company, are set out below:

Shareholder	Shareholding	%
Q van Rooyen*	392 554 120	50.84
Trustco Life Limited**	75 906 651	9.83
LLC Pershing [#]	73 502 638	9.52
Total	541 963 409	70.19

* Director

** Wholly owned subsidiary of Trustco Group Holdings Limited.

[#] LLC Pershing is the custodian of Buckley Capital and Riskowitz capital, which operate closed funds from the USA.

There have been no changes in the controlling shareholder of Trustco during the previous 5 years.

7.4 Material changes

As at the last practicable date, there have been no material changes in the financial or trading position of the Trustco Group since the publication of Trustco's audited results for the year ended 31 March 2013.

There have been no changes in the trading objects of Trustco in the previous 5 years.

7.5 **Material contracts**

On 31 January 2014 Trustco published and posted a circular to shareholders detailing the following transactions:

- a share warrant agreement entered into with the IFC;
- a put option agreement entered into with the IFC; and
- the amendment of a call option agreement with Rencap,

all of which were approved by the requisite majority of Trustco shareholders at a general meeting of the company, held on 28 February 2014.

Other than the aforesaid and as disclosed in this circular and as at the last practicable date, there have been no material contracts entered into, either verbally or in writing, by Trustco or any of its subsidiaries, being restrictive funding arrangements and/or a contract entered into otherwise than in the ordinary course of the business carried on by the Trustco Group; and:

- (a) entered into within the two years prior to the date of this circular; or
- (b) entered into at any time and containing an obligation or settlement that is material to the Trustco Group at the date of this circular.

7.6 **Working capital statement**

The directors, after considering the effect of the proposed acquisition, are of the opinion that the working capital available to the Group as enlarged by the proposed acquisition will be sufficient for the company's present requirements being for at least the next 12 months from the last practicable date.

7.7 **Litigation**

Trustco has been in dispute with Econet Wireless (Private) Ltd ("Econet") arising out of repeated breaches by Econet of an existing license and royalty agreement entered into in Zimbabwe since 2011. The contract with Econet in Zimbabwe expired in 2012. Arbitration on the dispute took place during December 2013 and the arbitrator found in favour of Econet and absolved Econet from liability for any further payments to Trustco. The arbitrator's award was made on the 15th January 2014. As disclosed in the audited financial statements of the Group as at 31 March 2013, the carrying value of the receivable from Econet was N\$ 42.1 million. This amount will be impaired and the impairment charge will be recognised in the fourth quarter of the 2014 financial year.

Other than as stated in this paragraph the directors of Trustco are not aware of any other legal or arbitration proceedings (including any such proceedings that are pending or threatened), involving the Group which may have, or have had, a material effect on the Group's financial position during the last 12 months preceding the date of this circular.

7.8 Material loans and borrowings

Trustco has the following material loans and borrowings as at 28 February 2014:

Material loans of Trustco and its subsidiaries						
Lender	Outstanding balance N\$	Secured or Unsecured and details of security	Terms and conditions of repayment	Rate of interest %	Details of redemption or conversion rights	If payable within 12 months – financing
ABSA (South Africa)	17,805,185	Share Pledge granted by TrustCo Group Holdings Limited and TrustCo Education (Pty) Limited in favour of IFC dated 21st September 2010.	36 equal monthly instalments to the amount of N\$ 814,000 including interest.	South African Prime rate less 1%.	N/A	N/A
African Development Bank	65,493,323	Cession over Book Debts granted by TrustCo Finance (Pty) Limited in favour of IFC and ABSA dated 19th November 2010.	First repayment date will be the 1st February or 1st August falling 24 months after the first Signature Date The Borrower shall repay the Loans by paying to the Lender in 10 equal semi-annual instalments of 10.00% of the aggregate amount of all the Loans. Repayments will be made on the first repayment Date and thereafter on the fixed semi-annual dates of 1st February and 1st August of each year	The rate of interest on each Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable: (a) Margin; and (i) three-month JIBAR, compounded for an Interest Period;	N/A	N/A
Instalment sale (vehicle lease liabilities)	2,725,739	Asset financing – motor vehicles (various)	various	various	N/A	N/A
Bank Windhoek (mortgage bonds)	36,133,092	Asset financing – buildings (various)	various	various	N/A	N/A

DEG	50,185,740	Secured according to the security sharing agreement between IFC, ABSA, AfDB, DEG and PROPARCO dated on 05 October 2012	The Borrower shall repay the Loans in ZAR by paying to each Lender the aggregate amount of each Loan in 10 equal semi-annual instalments of 10.00%. The first repayment date is 15th February 2015 and thereafter on 15th August and February of each year	The rate of interest on each Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable: (a) Margin; and (i) three-month JIBAR, compounded for an Interest Period;	N/A	N/A
International Finance Corporation	57,112,562		The Borrower shall repay the Loans in ZAR by paying the Loan in 10 equal semi-annual instalments of 10.00% from 15 December 2012.	Fixed interest rate of 13.02%	N/A	N/A
Instalment sale (aircraft lease liabilities)	33,363,611	Asset financing – aeroplanes (various)	various	various	N/A	N/A
Domestic Medium Term Note Programme (JSE)	201,300,544	Secured by covering mortgage bond	3 and 4 year bullet bonds	3M JIBAR +325	N/A	N/A
Domestic Medium Term Note Programme (JSE)	100,004,995	unsecured	5.5 amortising bond	3M JIBAR +550	N/A	N/A
Proparco	50,183,954	Secured according to the security sharing agreement between IFC, ABSA, AfDB, DEG and PROPARCO dated on 05 October 2012	The Borrower shall repay the Loans in ZAR by paying to each Lender the aggregate amount of each Loan in 10 equal semi-annual instalments of 10.00%. The first repayment date is 15th February 2015 and thereafter on 15th August and February of each year	The rate of interest on each Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable: (a) Margin; and (b) 3 month JIBAR rate.	N/A	N/A
Standard Bank (mortgage bond)	38,936,253	Asset financing – buildings (various)			N/A	N/A
ABSA (South Africa) Mortgage Bond	6,418,011	Asset financing – buildings (various)			N/A	N/A
Total	659 663 014					

7.9 Categorisation of the Elisenheim acquisition

The Elisenheim acquisition does not constitute a related party transaction, however it is a Category 1 acquisition in terms of the JSE Listings Requirements and requires shareholder approval. Accordingly a notice convening the general meeting is attached hereto.

8. TRANSACTION EXPENSES

The estimated costs of the acquisition, which costs shall be borne by the Company, are approximately N\$ 720 000. This amount (exclusive of VAT) is broken down as follows:

Name	N\$
Competition Commission fee for filing Merger Notice	125 000
Legal fees for filing Merger Notice (Dr Weder, Kauta & Hoveka per Jana de Kock)	34 293
Sasfin Capital – JSE sponsor	300 000
BDO South Africa – Reporting accountant	50 000
IJG Securities – NSX sponsor	10 000
JSE documentation fee	30 000
Printing and Mailing	125 000
Miscellaneous and contingencies	40 000
Total	714 293

9. DIRECTORS' RESPONSIBILITY STATEMENT

The directors of Trustco, whose names are provided on page 11 of this circular accept, collectively and individually, full responsibility for the accuracy of the information given in this circular and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that this circular contains all information required by the Listings Requirements.

10. OPINIONS, RECOMMENDATIONS AND UNDERTAKINGS

The board of directors has considered the terms and conditions of the acquisition and is of the opinion that the terms and conditions thereof are fair to Trustco shareholders, and recommends that Trustco shareholders vote in favour of the acquisition at the general meeting. All the directors who own Trustco shares in their personal capacity intend voting in favour of the acquisition and Mr Quinton van Rooyen has given an irrevocable undertaking to vote the 392 554 120 Trustco shares held by him and representing 50.84% of the voting rights in favour of the acquisition at the general meeting.

11. NOTICE OF GENERAL MEETING

A general meeting of Trustco shareholders will be held at Trustco's registered office, 2 Keller Street, Windhoek, on Thursday, 19 June 2014 commencing at 10:00, to consider the resolutions required to effect the acquisition. A notice convening the general meeting is attached to and forms part of this circular.

12. CONSENTS

Each of Sasfin, BDO South Africa Incorporated, IJG Securities (Proprietary) Limited, Transfer Secretaries, the independent valuer and Computershare has provided their written consent to the inclusion of their names and, where applicable, their reports in the form and context in which they appear in this circular and have not withdrawn their consent prior to the publication of this circular.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of this circular will be available in English, along with the following documents, or copies thereof, which will be available for inspection, during normal business hours at the registered office of Trustco and the offices of Sasfin, from the date of this circular up to and including the date of the general meeting:

- the articles of association of Trustco and its subsidiaries;
- the executive directors' service contracts;
- Trustco's unaudited and unreviewed interim statements for the interim period ended 30 September 2013;
- Trustco's audited financial statements (Company and Group) for the years ended 31 March 2011, 2012 and 2013;
- copies of the material contracts referred to in paragraph 7.5 above;
- copies of the valuation reports of the independent valuer;
- the written consents of the appointed professional advisors as set out in paragraph 12 above;
- the signed reporting accountants' reports on the report of historical financial information of Elisenheim and the financial effects of the transaction as set out in Annexures III and VI to this circular;
- a signed copy of this circular; and
- signed copy of the acquisition agreement and the amendment thereto dated 10 April 2014.

Signed on behalf of all of the directors of Trustco in terms of powers of attorney granted to them on 30 May 2014.

Director

Director

who warrant that they are duly authorised thereto.

Windhoek
Namibia

INFORMATION RELATING TO DIRECTORS AND MANAGEMENT

1. DIRECTORS OF TRUSTCO

The name, date of appointment, business address and function of each of the directors of the Company and its major subsidiaries as at the last practicable date are set out below:

DIRECTORS OF THE COMPANY

Name	Business address	Brief CV
Adv Raymond Heathcote (Appointed 29 September 2010)	Namlex Chambers 333 Independence Avenue Windhoek Namibia	<i>Independent non-executive chairman</i> Adv. R Heathcote is an advocate of the High Court of Namibia. He was an acting Judge of the High Court of Namibia in 2005, 2007, 2009 and 2011 and several of his judgments have been reported in both the Namibian and South African Law Reports. Adv. R Heathcote was not only honoured by being appointed Senior Counsel in 2009, but has further served as the president of the Society of Advocates in Namibia.
Veronica C de Klerk (Appointed 22 August 2006)	3 Ruhr Street Northern Industrial Windhoek Namibia	<i>Independent non-executive director Chairperson of Remuneration and Nominations Committee</i> Ms de Klerk is currently the executive director of Namibia's most prominent rural development organisation – Women's Action for Development (WAD), which is widely known as one of the most effective NGO's in Namibia. Under her leadership, WAD has initiated a diverse range of small businesses and is involved in training an impressive number of unemployed Namibians countrywide to acquire various skills in order to enter the labour market. Through her directorship and prominence in the media, the organisation has attracted a number of frontline Black Economic Empowerment partners to promote Broad Based Economic Empowerment (BBBEE). She has served the Trustco Group as a member of the remuneration and nominations committee and was recently appointed as the chairperson of the remuneration committee.

Winton J Geysers (Appointed 29 September 2010)	27 Kallie Roodt Street Northern Industrial Windhoek Namibia	<p>Independent non-executive director, Chairman of Audit and Risk Committee, Remuneration and Nominations Committee.</p> <p>As a member of the South African Institute of Chartered Accountants, he held the position of assistant manager at the audit firm Deloitte, Haskins & Sells (now Deloitte) and later joined their financial management services division where he provided accounting assistance, taxation and estate planning to a number of individuals and companies. Since then he has performed consultancy work for large corporations and has held various senior positions. Mr Geysers currently holds the position of Group managing director of Epic Holdings (Pty) Ltd and various other directorships in Namibian Companies. He is the chairman of the audit and risk committee and a member of the remuneration and nominations committee.</p>
Renier J Taljaard (Appointed 5 July 2012)	c/o Sam Nujoma and Robert Mugabe Avenue Windhoek Namibia	<p>Independent non-executive director, Audit and Risk Committee</p> <p>Mr Taljaard has held various senior executive positions. Mr Taljaard established Swabou Insurance in 1990 and Swabou Life in 1992. In addition, he founded the Harvest Reinsurance Company in 1997 and served on the Board of Trustco Insurance from 2000 to 2006. He has also held the position of managing director of both Trustco Insurance and Trustco Life, and joined the Board of Trustco Group Holdings on 5 July 2012. Mr Taljaard is a fellow member of the Insurance Institute of South Africa and Namibia and serves the Trustco Group as a member of the audit and risk committee.</p>
Jabulani Mahlangu (Appointed 4 February 2013) South African	Waterfall Crescent, Mahai Close Waterfall Park, Bekker Street Midrand, 1685 South Africa	<p>Independent non-executive director, Audit and Risk Committee</p> <p>Mr Mahlangu completed his articles with Pricewaterhouse Coopers (PwC) in 1996. He joined the Offices for Serious Economic Offences in 1998 and in 2000 returned to the offices of PwC where he was appointed as head of the PwC Forensic Services practice in Gauteng, and was made a partner in 2002. Mr Mahlangu further excelled by starting his own company, Ligwa Advisory Services and has a diverse client base. He has performed audit and forensic-related assignments internationally and in addition carried out various statutory appointments. Mr Mahlangu is a member of the audit and risk committee.</p>
Quinton van Rooyen (Founder)	2 Keller Street Windhoek	<p>Group Managing Director, Executive director.</p> <p>Mr Van Rooyen acquired Trustco for a meagre NAD100 in 1992 upon finalising his studies and simultaneously took over the company's debt. His business acumen and skill transformed the Group into a successful dual-listed entity. Moreover, his creativity led to him being voted <i>Business Communicator of the Year</i> in 2003 and voted second <i>'Most Admired Business Personality of the Year'</i> in 2007. His talent and passion is to create products and services that are sustainable, socially responsible and that create extraordinary wealth for stakeholders by harnessing opportunities in Africa. Mr Van Rooyen whole-heartedly believes that the full potential of Africa is yet to be realised.</p>

Floors Jacobus Abrahams (Appointed 1 April 2004)	2 Keller Street Windhoek	<i>Group Treasurer, Executive director</i> Mr Abrahams commenced with his articles in 1997 after obtaining his degree and completed them in 1999. During this period he obtained vast experience in the financial sector and conducted various client audits. Upon completion of his articles, he took up the position of Group financial manager in 2000. On 1 April 2004 he accepted appointment as Group financial director, and having recently celebrated his 12th year with Trustco, Mr Abrahams stepped down as Group financial director with effect from 31 March 2013. He continues to act in an executive role, and currently heads up the Group's treasury function.
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Ryan McDougall (Appointed 31 March 2013)	2 Keller Street Windhoek	<i>Group financial director, Executive director.</i> Mr McDougall is a qualified chartered accountant with a wealth of experience in financial services, specifically banking and financial risk management. Following the completion of his articles at KPMG Johannesburg in 2006, Mr McDougall gained practical experience as Head of Treasury Finance at HSBC Securities and the Hong Kong and Shanghai Banking Corporation in their Johannesburg office in South Africa. Thereafter he headed up the financial and regulatory accounting department at Standard Bank in Jersey, Channel Islands. He joined Trustco Group Holdings in 2012 and was appointed to the Board of directors during March 2013.
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DIRECTORS OF SUBSIDIARIES AND KEY MANAGEMENT OF TRUSTCO

Name	Business address	Brief CV
Johannes Jones (Appointed 2006)	2 Keller Street Windhoek	<i>Executive director of major subsidiary</i> Mr Jones has a wide range of business experience in South Africa ranging from operations and client management in several companies to sales and marketing management in Namibia. Since joining Trustco in 2000, Mr Jones has moved up from being IT manager to General Manager and company director in 2003, before accepting the position of Deputy Group Managing Director. Mr Jones' passion is to integrate technology solutions into viable products, especially for the mass market.

Elmarie Janse van Rensburg	2 Keller Street Windhoek	<p>Executive director of major subsidiary</p> <p>Ms Janse van Rensburg has been with Trustco for almost 12 years. She joined the Group in February 2002, after her studies at University of the Orange Free State, utilising her legal background as a consultant within the Claims Department of Legal Shield and making her debut into management shortly thereafter. With a view to broadening her horizons, she ventured into the realm of Industrial Relations, her key contribution being the establishment of the HR division and transforming it into the success that it is today. She oversees the administrative and support backbone of the Group including HR, Fleet Services, Security, Marketing and Media.</p>
Adriana Lambert	2 Keller Street Windhoek	<p>Executive director of major subsidiary</p> <p>Ms Lambert has dedicated 15 years to the Group in various capacities. Having gained eight years' experience within the insurance industry, bolstered by her extensive foundations within management, Ms Lambert took on the challenge of heading up the management of the company's property, capital and finance arm as well as serving as the head of the Institute for Open Learning.</p>
Ilana Calitz	2 Keller Street Windhoek	<p>Executive director of major subsidiary</p> <p>Mrs. Calitz joined the Institute for Open Learning in October 2008. She became a primary school teacher after completing her B.Prim.Ed at the University of Stellenbosch. She joined the Group with 10 years teaching experience behind her. Mrs. Calitz initially started her career at the Institute for Open Learning as Student Support Manager. During her 5 year career at the Institute, she was part of the developmental process that introduced two Namibian tailor-made teaching qualifications that received NQA accreditation. In January 2013, Mrs. Calitz formally received certificates from the Namibian Qualifications Authority; the certificates were for the Institute for Open Learning, the IOL Business School and all its courses, and the two teaching qualifications. She was instrumental in attaining this milestone for Trustco Group Holdings.</p>

2. DIRECTORS' INTERESTS IN TRUSTCO

As at the last practicable date the following directors held shares in the Company:

Name	Direct beneficial	Indirect beneficial	Total beneficial shareholding	Percentage after IFC share subscription
Quinton van Rooyen	392 554 120		392 554 120	50.84
Floors J Abrahams	1 042 781		1 042 781	0.14
Johannes Jones*	2 527 619		2 527 619	0.33
Veronica de Klerk	16 000		16 000	0.00
Raymond Heathcote	372 500		372 500	0.05
Ryan McDougall	525 904		525 904	0.07
Elmarie Janse van Rensburg*	564 428		564 428	0.07
Adriana Lambert*	111 784		111 784	0.01
Ilana Calitz*	60 854		60 854	0.01

* Directors of a major subsidiary

The directors do not have options to acquire any Trustco shares.

3. DIRECTORS' INTERESTS IN THE TRANSACTIONS

None of the directors of Trustco have any material, direct or indirect interest in the transactions or any other transactions which were effected by Trustco during the current or immediately preceding financial year, or which were effected at any time and remain in any respect outstanding or unperformed.

4. DIRECTORS' SERVICE CONTRACTS, REMUNERATION AND TERM OF OFFICE

The service agreements of the executive directors of Trustco contain terms and conditions that are standard for these types of agreements and are terminable on written notice during which period the director would be remunerated in full. Copies of director's service contracts or summaries thereof, are available for inspection in the manner indicated in paragraph 13 of the circular.

The remuneration of none of the directors will vary in consequence of the transactions.

The remuneration of the directors during the last financial period, being the year ended 31 March 2013, was as follows:

Non-executive directors	Fees	Basic	Bonus	Shares	Benefits	Total
Adv R Heathcote	339 166	–	–	–	–	339 166
V de Klerk	131 217	–	–	–	–	131 217
R Taljaard	94 281	–	–	–	–	94 281
W Geyser	203 017	–	–	–	–	203 017
J Mahlangu	22 319	–	–	–	–	22 319
Total						790 000
Executive directors						
Q van Rooyen*	–	–	–	–	–	–
FJ Abrahams	–	901 600	–	–	54 183	955 783
R McDougal	–	–	–	–	–	–
Total						955 783

*Quinton van Rooyen is not directly remunerated by the Group. Dividends received by virtue of his shareholding in Trustco have been fully disclosed to the remuneration committee.

PARTICULARS AND REPORT OF HISTORICAL FINANCIAL INFORMATION OF ELISENHEIM

The following information on the target of the acquisition is required in terms of the JSE Listings Requirements:

1. NAME, ADDRESS OF REGISTERED OFFICE AND DATE AND PLACE OF INCORPORATION

Elisenheim Property Development Company (Pty) Ltd
 3rd Floor, WKH House, Jan Jonker Road, Aussspanplatz, Windhoek, Namibia
 Registration no. 2001/621
 Incorporated in WINDHOEK on the 23rd of November 2001

2. DETAILS OF ITS MATERIAL LOANS

Material loans of Elisenheim

Lender	Outstanding balance N\$	Secured or Unsecured and details of security	Terms and conditions of repayment	Rate of interest %	Details of redemption or conversion rights	If payable within 12 months – financing
Bank Windhoek	80,000,000	Secured by covering mortgage bond over Portion 5 of Elieenheim Farm	240 equal instalments from 1 July 2014	Namibian Mortgage rate	n/a	n/a

3. DETAILS OF ANY PRELIMINARY EXPENSES IT OCCURRED IN 3 YEARS PRIOR TO TRANSACTION:

No preliminary expenses were incurred by Elisenheim in the 3 years prior to the acquisition.

4. ELISENHEIM'S PROSPECTS

The undeveloped land owned by Elisenheim includes 4,787 residential erven planned for development in phases 2 to 13; as well as 62 general residential erven and 28 commercial properties. It is anticipated that the erven, demarcated and approved by the municipality in each phase, will be sold at intervals of between 10 and 18 months per phase. The remainder of the land, which includes a designated nature estate of 558 Ha, will initially be held as investment property. Summary valuation reports on the undeveloped land owned by Elisenheim, prepared by the independent valuer, are set out in Annexure VII to this circular.

It is anticipated that the Elisenheim development erven will be sold off either to individuals or developers at the market price of serviced land at a rate commensurate with urban prices. Developers are assumed to be the contractors and may only sell completed dwellings to final occupants, no speculation will be allowed on the land ownership and buyers are expected to make their returns from building completed dwellings. Should the developer fail to develop within set time frame, Trustco has the option to repurchase the land at the previous contract price.

5. LITIGATION STATEMENT PERTAINING TO ELISENHEIM

The directors of Trustco are not aware of any legal or arbitration proceedings (including any such proceedings that are pending or threatened), involving Elisenheim, which may have, or have had, a material effect on Elisenheim's financial position during the last 12 months preceding the date of this circular.

6. MATERIAL CHANGES IN THE FINANCIAL OR TRADING POSITION SINCE END OF LAST FINANCIAL PERIOD

As at the last practicable date, there have been no material changes in the financial or trading position of Elisenheim since the date of its audited results for the year ended 28 February 2013.

7. LIST OF MATERIAL CONTRACTS ENTERED INTO BY ELISENHEIM

- Memorandum of Development Agreement with City of Windhoek;
- Waste Water Treatment Agreement with City of Windhoek;
- Operation and Management Agreement of Waste Water Treatment Plant with Aqua Services;
- Memorandum and Articles of Association of Home Owners Association;
- Memorandum of Agreement with Burmeister and Partners (Pty) Ltd;
- Memorandum of Agreement with INGPLAN Namibia.

REVIEWED INTERIM FINANCIAL INFORMATION OF ELISENHEIM FOR THE 6 MONTHS ENDED 31 AUGUST 2013

STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2013	Notes	31/08/2013 N\$
ASSETS		
Non-current assets		
		124 355 000
Investment property	2	124 355 000
Property, plant and equipment	3	–
Current assets		
		206 632 348
Inventories	4	194 705 103
Trade and other receivables	5	11 786 648
Cash and cash equivalents	6	140 597
TOTAL ASSETS		330 987 348
EQUITY AND LIABILITIES		
Equity and capital contributions		
		201 086 482
Share capital	7	100
Accumulated profit		66 694 138
Loan from shareholder	8.1	134 392 244
Non-current liabilities		
		54 275 145
Interest-bearing borrowings	9.1	18 500 000
Deferred tax liabilities	10	35 775 145
Current liabilities		
		75 625 721
Interest-bearing borrowings	9.2	72 586 576
Trade and other payables	11	3 039 145
TOTAL EQUITY AND LIABILITIES		330 987 348
Net asset value per share (cents)		201 086 482
Net tangible asset value per share (cents)		201 086 482

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED 31 AUGUST 2013	Notes	6 Months ended 31/08/2013 N\$
Revenue		24 132 695
Cost of sales		(15 880 393)
Gross profit		8 252 302
Other operating income:		
– Discount received		3 543
– Plant hire revenue		61 023
Total income		8 316 868
Expenditure		(1 086 035)
Operating profit	13	7 230 833
Finance income	14	5 800
Finance costs	14	(4 666 067)
Profit for the period before taxation		2 570 566
Deferred taxation	16.1	(848 287)
Profit for the period after taxation		1 722 279
Earnings per share (cents)		1 722 279
Diluted earnings per share (cents)		1 722 279
Headline earnings per share (cents)		1 722 279

STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 31 AUGUST 2013	Share capital N\$	Accumulated profit N\$	Total N\$
Balance at 29 February 2012	100	63 878 368	63 878 468
Profit for the year after taxation	–	1 093 491	1 093 491
Balance at 28 February 2013	100	64 971 859	64 971 959
Profit for the period after taxation	–	1 722 279	1 722 279
Dividend	–	–	–
Balance at 31 August 2013	100	66 694 138	66 694 238

STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 31 AUGUST 2013	Note	6 Months ended 31/08/2013 N\$
Operating activities		
Cash receipts from customers		24 132 695
Cash paid to suppliers and employees		(6 251 858)
Cash generated from operations	A	17 880 837
Interest received		5 800
Interest paid		(4 666 067)
Net cash (outflow)/inflow from operating activities		13 220 570
Investing activities		
Carrying value of disposals of property, plant and equipment and investment property		546 649
Net cash inflow/(outflow) from investing activities		546 649
Financing activities		
Loan from shareholder (repaid)		(46 650)
Interest-bearing borrowings (repaid)		(15 204 891)
Net cash (outflow) from financing activities		(15 251 541)
Net movement in cash and cash equivalents		(1 484 322)
Change in cash and cash equivalents		
Balance at beginning of the period		1 624 919
Net movement		(1 484 322)
Balance at end of the period		140 597
The balance comprises:		
Cash at bank and on hand		140 597

NOTE A

Reconciliation of profit for the period before taxation to cash generated from operations

Profit for the period before taxation	2 570 566
Adjusted for:	
• Net finance costs	4 660 267
Operating profit before working capital changes	7 230 833
Working capital changes:	
• Decrease in inventories	12 806 400
• (Increase) in receivables	(1 643 045)
• (Decrease) in payables	(513 351)
Cash generated from operations	17 880 837

**ELISENHEIM PROPERTY DEVELOPMENT COMPANY (PROPRIETARY)
LIMITED NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2013**

**31/08/2013
N\$**

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The principal accounting policies that have been used in the preparation of this interim financial information are consistent with those applicable to the audited annual financial statements for the year ended 28 February 2013. These accounting policies have been used throughout, except where otherwise indicated.

2. INVESTMENT PROPERTY

Carried at fair value through profit or loss

The company owns investment property in Namibia, which is held for capital appreciation with the intention to develop a portion of the property as a township, which portion has been reclassified as inventories.

Opening carrying amount	124 355 000
Disposal at carrying value	–
Closing carrying amount	124 355 000

Land consists of a portion of Portion 5 (28/02/2013 : Portions 5 and 6), being portions of Portion 4 of the Farm Elisenheim No. 68, situated in the Registration Division “K”, Khomas Region, measuring 558 hectares (28/02/2013: 1 463 hectares), acquired on 14 December 2005 and held under Title Deed No. T 7857/2005.

Fair value has been based on recent offers received to acquire the property.

The company’s investment property has been pledged as security for bank borrowings (see note 9).

The property has been held for purposes of capital appreciation, until the township was formally proclaimed by the Minister of Regional and Local Government, Housing and Rural Development. Once formally proclaimed, the portion of the property intended to be developed as a township was transferred to inventories at the fair value of the investment property, as required by International Financial Reporting Standards (refer to note 4).

3. PROPERTY, PLANT AND EQUIPMENT

Motor vehicles comprise:

Opening carrying amount 546 649

At cost	1 078 084
Accumulated depreciation	(531 435)
Additions	–
Disposals	(546 649)
At cost	(1 078 084)
Accumulated depreciation	531 435

Depreciation –

Closing carrying amount –

At cost	–
Accumulated depreciation	–

**ELISENHEIM PROPERTY DEVELOPMENT COMPANY (PROPRIETARY)
LIMITED NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2013**

**31/08/2013
N\$**

4. INVENTORIES

Opening inventories	207 511 503
Development costs incurred during the period	2 928 203
Cost of inventories sold during the period	(15 734 603)
Closing inventories	194 705 103

Inventories consist of the remainder of Portion 5, being a portion of Portion 4 of Farm Elisenheim No. 68, situated in the Registration Division "K", Khomas Region, measuring 591 hectares (30/11/2013: 587 hectares), acquired on 14 December 2005 and held under Title Deed No. T 7857/2005.

During a prior year, the Minister of Regional and Local Government formally proclaimed the township, which signified a change in use. In accordance with International Financial Reporting Standards, the deemed cost of the inventories was the fair value of the investment property at that date and the transfer was made accordingly.

5. TRADE AND OTHER RECEIVABLES

Short-term advances to related parties	11 071 189
VAT control account	641 766
Other receivables	73 693
Total receivables	11 786 648

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

Cash at bank	
• Current account	139 392
Cash on hand	–
• Petty cash	1 205
Total	140 597

7. SHARE CAPITAL

The share capital of Elisenheim Property Development Company (Proprietary) Limited consists only of fully paid ordinary shares with a par value of N\$1,00. All ordinary shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meetings of the company.

Shares issued and fully paid 100

Value of shares authorised at period-end date 4 000

8. LOAN FROM SHAREHOLDER

8.1 Philco Twenty Two (Pty) Ltd

Non-interest-bearing 134 392 244

The loan is unsecured and repayable at the discretion of the company and accordingly, has been classified as a capital contribution and a component of equity on the face of the statement of financial position.

No interest was charged on the loan for the period under review (28/02/2013: N\$ Nil).

**ELISENHEIM PROPERTY DEVELOPMENT COMPANY (PROPRIETARY)
LIMITED NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2013**

**31/08/2013
N\$**

9. INTEREST-BEARING BORROWINGS

9.1 Loan from shareholder

Philco Twenty Two (Pty) Ltd	18 500 000
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The loan is unsecured, bears interest at prime and is repayable on demand, but is of a non-current nature. Interest of N\$ 860 036 (28/02/2013 : N\$1 475 979) was charged on the loan for the period under review.

9.2 Loan from Bank Windhoek Limited

Short-term portion	72 586 576
--------------------	------------

The above loan bears interest at prime plus 1% per annum. The company has a development facility of N\$152 million with Bank Windhoek Limited which facility is reviewable in 2014.

The loan is secured as follows:

- A limited suretyship for N\$76 000 000 by A Swanepoel
- A limited suretyship for N\$76 000 000 by M F Fehrsen
- A first continuing covering mortgage bond for N\$14 000 000, a second continuing covering mortgage bond for N\$82 450 000 and a third continuing covering mortgage bond for N\$59 036 400 over Portion 5 (a portion of Portion 4) of Farm Elisenheim No. 68, Municipality of Windhoek.
- The proceeds from the sale of phase 1 erven have been ceded to the bank.

10. DEFERRED TAX ASSETS AND LIABILITIES

Deferred taxes arising from temporary differences and unused tax losses can be summarised as follows:

	31 August 2013		
	Opening balance N\$	Recognised in profit or loss N\$	Closing balance N\$
Inventories	37 914 533	(45 400)	37 869 133
Property, plant and equipment	74 222	(74 222)	–
Unused tax losses	(3 061 897)	967 909	(2 093 988)
Total deferred tax liabilities	34 926 858	848 287	35 775 145

**ELISENHEIM PROPERTY DEVELOPMENT COMPANY (PROPRIETARY)
LIMITED NOTES TO THE FINANCIAL STATEMENTS 31 AUGUST 2013**

**31/08/2013
N\$**

11. TRADE AND OTHER PAYABLES

Trade payables	2 632 432
Sundry suppliers	406 713
Total payables	3 039 145

12. FINANCIAL ASSETS AND LIABILITIES

Financial assets measured at cost less impairment

Trade and other receivables	11 786 648
Cash and cash equivalents	140 597
Total financial assets	11 927 245

Financial liabilities measured at amortised cost

Interest-bearing borrowings	72 586 576
Trade and other payables	3 039 145
Short-term loan	–
Total financial liabilities	75 625 721

13. OPERATING PROFIT

The operating profit is stated after taking into account the following expenditure:

Audit fees	60 100
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14. FINANCE INCOME AND FINANCE COSTS

Finance income

Interest income for short-term bank deposits measured at amortised cost	5 800
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Interest expense for bank loan measured at amortised cost	(3 806 031)
Interest expense for shareholder's loan	(860 036)

Finance costs	(4 666 067)
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15. DIRECTORS' EMOLUMENTS

No emoluments were paid to the directors for services rendered during the period under review (28/02/2013: N\$ Nil).

16. TAXATION

16.1 Statement of comprehensive income

Deferred tax (reversal)/expense:

• Origination and reversal of temporary differences	1 875 548
• Effect of change in tax rate	(1 027 261)
Total (reversal)/expense	848 287

16.2 Tax loss

Calculated tax loss	6 345 420
---------------------	-----------

No provision for current taxation has been made as no such liability is anticipated. The utilisation of the calculated tax loss is dependent on the company earning sufficient future taxable income.

17. CONTINGENT LIABILITIES

The company is currently engaged in a dispute with K L Construction (Pty) Ltd, one of the company's major contractors. The matter was referred to the Dispute Arbitration Board and the arbitration decision went against the company.

The company intends going to further arbitration on this matter and would be liable for an amount of approximately N\$1,5 million should it not get a favourable arbitration ruling. This amount has been fully provided for in this financial information.

18. RELATED PARTY TRANSACTIONS

The company's related parties include its shareholder, associates, other related entities and key management personnel. The key management personnel of the company are the members of the board of directors and the company management team. Outstanding balances were unsecured and are usually settled in cash.

18.1 Transactions with related parties

The aggregate amounts brought to account in respect of the following types of transactions with related parties were:

Name	Related	Transaction type	
Philco Twenty Two (Pty) Ltd	Shareholder	Interest paid on loan	860 036
Marvin Construction (Pty) Ltd	Other	Plant hire revenue	61 023

18.2 Receivables from/(payables to) related parties

Current aggregate amounts receivable at period-end date:

- Short-term advances to related parties 11 071 189

Non-current aggregate amounts (payable) at period-end date:

- Philco Twenty Two (Pty) Ltd (152 892 244)

18.3 Transactions with key management personnel

No remuneration was paid to key management personnel during the period under review.

19. SUBSEQUENT EVENTS

- A significant portion of the investment property was transferred to the Elisenheim shareholder on 30 November 2013 at cost (N\$76 925 million) against shareholder loan account. The carrying value of the remaining portion of the investment property was, subsequent to 31 August 2013, valued at N\$74,862 million.
- On 30 November 2013 a dividend of N\$44 million was declared.

AUDITED ANNUAL FINANCIAL STATEMENTS OF ELISENHEIM FOR THE YEAR ENDED 28 FEBRUARY 2013 AND REVIEWED ANNUAL FINANCIAL STATEMENTS OF ELISENHEIM FOR THE YEAR ENDED 29 FEBRUARY 2012 AND 28 FEBRUARY 2011

1. BASIS OF PREPARATION

The statements of comprehensive income and the related notes for the 3 years ended 28 February 2013, 29 February 2012 and 28 February 2011 and the statements of financial position, statements of changes in equity, cash flow statements and the related notes for the 3 years ended 28 February 2013, 29 February 2012 and 28 February 2011 (collectively "the Historical Financial Information") have been extracted, without adjustment from the audited statutory financial statements for the years ended 28 February 2013, 29 February 2012 and 28 February 2011 ("the Financial Statements") of Elisenheim Property Development Company (Proprietary) Limited ("Elisenheim" or "the Company").

The Historical Financial Information of Elisenheim was prepared in the manner required by the Companies Act (No. 71 of 2008), as amended ("the Act") and in accordance with International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and were reported on without qualification by BDO South Africa Inc.

The text of the Independent Reporting Accountants Report on the Historical Financial Information, reported on by BDO Namibia is set out in Annexure III to the Circular.

The Historical Financial Information is the responsibility of the Directors.

**ELISENHEIM PROPERTY DEVELOPMENT COMPANY (PROPRIETARY) LIMITED
REPORT OF THE DIRECTORS
28 FEBRUARY 2013**

The Company is engaged in property development of the farm Elisenheim.

INVESTMENT PROPERTY

The investment property is stated at fair value of undeveloped land plus capitalised cost of certain developments.

INVENTORIES

Investment property with a fair value of N\$160 132 459 was transferred to inventories during the past year ended on 29 February 2012.

During the year ended 28 February 2013, a further N\$19 375 504 (2012: N\$70 117 263) was expended on further development of the land held for resale and inventories with a cost of N\$42 113 723 (2012: N\$ Nil) were sold.

PROPERTY, PLANT AND EQUIPMENT

Motor vehicles, amounting to N\$173 913 (2012: N\$637 217) (2011: N\$ Nil), were acquired during the year under review.

SHARE CAPITAL

The company was incorporated with an authorised share capital of 4 000 ordinary par value shares of N\$1 each of which 100 shares have been issued to the shareholder.

STATE OF AFFAIRS AND RESULTS

All matters material to the appreciation of the state of the company's affairs and results are disclosed in the financial statements and do not require further comment or explanation.

The results are attributable to the main activities of the company.

DIVIDENDS

No dividends were declared or paid in respect of the year ended 28 February 2013 (2012 & 2011: N\$ Nil).

DIRECTORS

The directors regret to note the passing away of Mr V A Sorensen on 13 April 2013. Otherwise, no changes occurred in the composition of the board and the directors of the company at the end of the financial year and at the date of this report are as stated under General Information on page 2.

SECRETARY

Regal Secretarial Services CC is the secretary of the company and its business and postal addresses are as follows:

5 Slater Street
P O Box 11815
Klein Windhoek
Windhoek
Namibia

HOLDING COMPANY

The company is 100% owned by Philco Twenty Two (Pty) Ltd, a Namibian registered company.

EVENTS SUBSEQUENT TO THE YEAR-END

As at the date of signature, the company is in the process of renegotiating its banking facility with Bank Windhoek Limited.

On 18 July 2013, the company received a "taking over certificate" from the City of Windhoek agreeing to the takeover of the service infrastructure.

WINDHOEK
29 July 2013

**ELISENHEIM PROPERTY DEVELOPMENT
COMPANY (PROPRIETARY) LIMITED**

**STATEMENT OF FINANCIAL POSITION AS AT
28 FEBRUARY 2013**

	Notes	2013 N\$	2012 N\$	2011 N\$
ASSETS				
Non-current assets		124 901 649	124 983 917	284 636 719
Investment Property	2	124 355 000	124 355 000	284 487 459
Property, plant and equipment	3	546 649	628 917	149 260
Current assets		219 280 025	233 787 571	2 680 646
Inventories	4	207 511 503	230 249 722	–
Trade and other receivables	5	10 143 603	2 365 781	2 596 855
Cash and cash equivalents	6	1 624 919	1 172 068	83 791
TOTAL ASSETS		344 181 674	358 771 488	287 317 365
EQUITY AND LIABILITIES				
Equity and capital contributions		199 910 853	199 817 362	256 269 031
Share capital	7	100	100	100
Accumulated profit		64 971 859	63 878 368	106 172 139
Loan from shareholder	8	134 938 894	135 938 894	150 096 792
Non-current liabilities		52 926 858	51 715 060	26 049 851
Interest-bearing borrowings	9.1	18 000 000	19 000 000	26 049 851
Deferred tax liabilities	10	34 926 858	32 715 060	–
Current liabilities		91 343 963	107 239 066	4 998 483
Interest-bearing borrowings	9.2	87 791 467	100 061 965	–
Trade and other payables	11	3 552 496	7 177 101	4 998 483
TOTAL EQUITY AND LIABILITIES		344 181 674	358 771 488	287 317 365
Net asset value per share (cents) [8.11(j)]		199 910 853	199 817 362	256 269 031
Tangible net asset value per share (cents)		199 910 853	199 817 362	256 269 031

**ELISENHEIM PROPERTY DEVELOPMENT
COMPANY (PROPRIETARY) LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 28 FEBRUARY 2013**

		2013 N\$	2012 N\$	2011 N\$
Revenue		60 895 966	–	–
Cost of sales		(42 113 723)	–	–
Gross profit		18 782 243	–	–
Other operating income:				
– Discount received		10 061	46 557	49 386
– Fair value adjustment gain on investment property				100 000 000
– Plant hire revenue		78 004	–	–
– Profit on sale of property, plant and equipment		–	21 863	–
Total income		18 870 308	68 420	100 049 386
(Expenditure)/ Income		(5 568 724)	(2 296 283)	6 618 180
Operating Profit/(Loss)	13	13 301 584	(2 227 863)	106 667 566
Finance income	14	–	69 614	35 251
Finance costs	14	(9 996 295)	(7 420 462)	(1 752 109)
Profit/(Loss) for the year before taxation		3 305 289	(9 578 711)	104 950 708
Tax expense	16.1	(2 211 798)	(32 715 060)	–
Profit/(Loss) for the year before taxation		1 093 491	(42 293 771)	104 950 708
Earnings per share (cents)		1 093 491	(42 293 771)	104 950 708
Diluted earnings per share (cents)		1 093 491	(42 293 771)	104 950 708
Headline earnings per share (cents)		1 093 491	(42 293 771)	104 950 708

**ELISENHEIM PROPERTY DEVELOPMENT COMPANY
(PROPRIETARY) LIMITED**

STATEMENT OF CHANGES IN EQUITY [8.3(c)] FOR THE YEAR ENDED 28 FEBRUARY 2013	Share Capital N\$	Accumulated Profit/Loss N\$	Total N\$
Balance at 28 February 2010	100	1 221 431	1 221 531
Profit of the year	–	104 950 708	104 950 708
Balance at 28 February 2011	100	106 172 139	106 172 239
(Loss) of the year after taxation	–	(42 293 771)	(42 293 771)
Balance at 29 February 2012	100	63 878 368	63 878 468
Profit for the year after taxation	–	1 093 491	1 093 491
Balance at 28 February 2013	100	64 971 859	64 971 959

**ELISENHEIM PROPERTY DEVELOPMENT
COMPANY (PROPRIETARY) LIMITED**

**STATEMENT OF CASH FLOWS FOR THE YEAR
ENDED 28 FEBRUARY 2013**

	Note	2013 N\$	2012 N\$	2011 N\$
Operating activities				
Cash receipts from customers		53 206 209	277 631	49 386
Cash (paid to)/ received from suppliers and employees		(28 312 652)	(70 055 505)	734 124
Cash generated from/(utilised by) operations	A	24 893 557	(69 777 874)	783 510
Interest received		–	69 614	35 251
Interest paid		(9 996 295)	(7 420 462)	(1 752 109)
Net cash inflow/(outflow) from operating activities		14 897 262	(77 128 722)	(33 348)
Investing activities				
Additions to investment property				(26 713 644)
Additions to property, plant and equipment		(173 913)	(1 057 217)	–
Proceeds on sale of property, plant and equipment		–	420 000	
Loan repayment made to related party		–	–	14 207
Net cash (outflow) from investing activities		(173 913)	(637 217)	(26 699 437)
Financing activities				
Loan from shareholders (repaid)		(1 000 000)	(14 157 898)	9 732 212
Interest-bearing borrowings (repaid)/raised		(13 270 498)	93 012 114	17 808 252
Net cash (outflow)/inflow from financing activities		(14 270 498)	78 854 216	27 540 464
Net movement in cash and cash equivalents		452 851	1 088 277	(92 321)
Change in cash and cash equivalents				
Balance at the beginning of the year		1 172 068	83 791	176 112
Net movement		452 851	1 088 277	(92 321)
Balance at the end of the year		1 624 919	1172 068	83 791
The balance comprises:				
Cash at bank and on hand		1 624 919	1 172 068	83 791

Note A

Reconciliation of profit/(loss) for the year before taxation to cash generated from/(utilised by) operations

Profit/(Loss) for the year before taxation		3 305 289	(9 578 711)	104 950 708
Adjusted for:				
• Prior year cost capitalised				(7 773 815)
• Fair value adjustment gain on investment property				(100 000 000)
• Profit on sale of property, plant and equipment		–	(21 863)	–
• Depreciation		256 181	179 423	66 738
• Net finance cost		9 996 295	7 350 848	1 716 858
Operating (loss) before working capital changes		13 557 765	(2 070 303)	(1 039 511)
Working capital changes:				
• Decrease/ (increase) in inventories		22 738 219	(70 117 263)	–
• (Increase)/Decrease in receivables		(7 777 822)	231 074	(2 238 715)
• (Decrease)/Increase in payables		(3 624 605)	2 178 618	4 151 736
Cash generated from/(utilised by) operations		24 893 557	(69 777 874)	783 510

ELISENHEIM PROPERTY DEVELOPMENT COMPANY (PROPRIETARY) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
28 FEBRUARY 2013

1.1 Significant accounting judgements, estimates and assumptions

When preparing the financial statements, management makes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual outcomes may differ.

The estimates considered most significant are discussed below.

- Market value of investment property

The directors revalue the investment property to fair value on a regular basis. General trends in the property market are taken into account and an estate agent is requested to give an indication of the market value.

- Asset lives and residual values

Plant and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- Provision for impairment of trade receivables

This provision is calculated by identifying specific debtors to be impaired and by providing for certain customers exceeding a specific age, due to disputes with the customers or due to the inability of customers to pay.

- Provision for trade payables – Provision for credit requests not allowed.

This provision is calculated by identifying specific requests for credit which might not be granted by the suppliers.

- Provision for discounts allowed/received

Receivables and payables are stated net of discounts allowed/received. These amounts are based on estimates by management taking into account most recent trading information.

- Sources of estimation uncertainty

There are no key assumptions concerning the future and other key sources of estimation uncertainty at the year-end date that management has assessed as having a significant risk of causing material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

1.2 Investment property

The company owns land that is held for capital appreciation with the intention to develop a portion of the property as a township, which portion has been transferred to inventories.

The property is measured at fair value at each year-end date and revaluation changes are recognised in profit or loss.

1.3 Inventories

Inventories consist of property developments, previously held as investment property.

Inventories are stated at the lower of cost and net realisable value. Cost is deemed to be the fair value of the investment property at the date of change in use and includes all expenses directly attributable to the development process as well as suitable portions of related overheads.

Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

1.4 **Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses.

Depreciation is recognised on a straight line basis to write down the cost less estimated residual value of property, plant and equipment other than freehold land. The periods generally applicable are:

- Motor vehicles 4 years

The assets' residual values, useful lives and depreciation methods are reviewed if there is an indication of a significant change since the last annual year-end date.

1.5 **Equity**

Share capital represents the nominal value of shares that have been issued.

Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income.

1.6 **Financial instruments**

Financial assets

- Short-term loan, trade and other receivables and cash and cash equivalents

These financial assets are recognised initially at the transaction price.

Subsequently they are measured at amortised cost using the effective interest method, less provision for impairment. Sales are made on normal credit terms and trade receivables do not bear interest.

Where there is objective evidence that the carrying amounts of receivables are not recoverable, an impairment loss is recognised in profit or loss.

Financial liabilities

- Borrowings and trade and other payables

The company's financial liabilities include borrowings and trade and other payables. Financial liabilities are recognised initially at transaction price.

After initial recognition they are measured at amortised cost using the effective interest method. Trade payables are on normal credit terms and do not bear interest.

1.7 **Revenue**

Revenue is measured by reference to the fair value of consideration received or receivable by the company for serviced erven supplied, excluding sales taxes, commission and trade discounts.

- Sale of serviced erven

Revenue from the sale of serviced erven is recognised when the company has transferred to the buyer the significant risks and rewards of ownership of the serviced erven supplies. This is generally when the customer has taken undisputed title of the serviced erven.

1.8 **Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.9 **Interest income**

Interest income is recognised on an accrual basis using the effective interest method.

1.10 **Income taxes**

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to or claims from fiscal authorities relating to current or prior reporting periods that are unpaid at the year-end date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements.

Deferred income tax is calculated on temporary differences between the carrying amounts of assets and liabilities and their tax bases that are expected to increase or reduce taxable profit in the future and on unused tax losses and unused tax credits. Deferred tax is not recognised on the initial recognition of goodwill or on un-remitted earnings of foreign subsidiaries and associates to the extent the investment is essentially permanent in duration.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation provided that they are enacted or substantively enacted at the year-end date, taking into consideration all possible outcomes of a review by the tax authorities.

The carrying amount of deferred tax assets is reviewed at each year-end date and adjusted as necessary to reflect the current assessment of future taxable profit.

Current tax assets and liabilities, or deferred tax assets and liabilities, are offset only when the company has a legally enforceable right to offset the amounts and intends to settle on a net basis or realise the asset and settle the liability simultaneously.

1.11 Value-added tax

Revenues, expenses and assets are recognised net of the amount of value-added tax except:

- where the value-added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value-added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of value-added tax included.
- The net amount of value-added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2. INVESTMENT PROPERTY

Carried at fair value through profit or loss

The company owns investment property in Namibia, which is held for capital appreciation with the intention to develop a portion of the property as a township, which portion has been reclassified as inventories.

	2013 N\$	2012 N\$	2011 N\$
Opening carrying amount	124 355 000	284 487 459	150 000 000
Capitalisation of infrastructural services and costs	–	–	34 487 459
Net gain from fair value adjustments	–	–	100 000 000
Reclassification as inventories	–	(160 132 459)	–
Closing carrying amount	124 355 000	124 355 000	284 487 459

Land consists of a portion of Portion 5 and Portion 6, being portions of Portion 4 of the Farm Elisenheim No. 68, situated in the Registration Division "K", Khomas Region, measuring 558 hectares and 905 hectares respectively, acquired on 14 December 2005 and held under Title Deed No. T 7857/2005.

Fair value has been based on recent offers received to acquire the property.

The company's investment property has been pledged as security for bank borrowings (see note 9).

The property has been held for purposes of capital appreciation, until the township was formally proclaimed by the Minister of Regional and Local Government, Housing and Rural Development. Once formally proclaimed, the portion of the property intended to be developed as a township was transferred to inventories at the fair value of the investment property, as required by International Financial Reporting Standards (refer to note 4).

	2013 N\$	2012 N\$	2011 N\$
3. PROPERTY, PLANT AND EQUIPMENT			
Motor vehicles comprise:			
Opening carrying amount	628 917	149 260	215 998
At cost	904 171	266 954	266 954
Accumulated depreciation	(275 254)	(117 694)	(50 956)
Additions	173 913	1 057 217	–
Disposals	–	(398 137)	–
At cost	–	(420 000)	–
Accumulated depreciation	–	21 863	–
Depreciation	(256 181)	(179 423)	(66 738)
Closing carrying amount	546 649	628 917	149 260
At cost	1 078 084	904 171	266 954
Accumulated depreciation	(531 435)	(275 254)	(117 694)

4. INVENTORIES

Opening inventories	230 249 722	–	–
Transfer from investment property at fair value	–	160 132 459	–
Land, at cost	–	11 211 908	–
Capitalised costs	–	34 487 459	–
Fair value gain	–	114 433 092	–
Development costs incurred during the year	19 375 504	70 117 263	–
Cost of inventories sold during the year	(42 113 723)	–	–
Closing inventories	207 511 503	230 249 722	–

Inventories consist of the remainder of Portion 5, being a portion of Portion 4 of Farm Elisenheim No. 68, situated in the Registration Division "K", Khomas Region, measuring 612 (2012 : 628 hectares), acquired on 14 December 2005 and held under Title Deed No. T 7857/2005.

During the prior year, the Minister of Regional and Local Government formally proclaimed the township, which signified a change in use. In accordance with International Financial Reporting Standards, the deemed cost of the inventories was the fair value of the investment property at that date and the transfer was made accordingly.

	2013 N\$	2012 N\$	2011 N\$
5. TRADE AND OTHER RECEIVABLES			
Short-term advances to related parties	9 236 167	–	–
Trade receivables	–	20 629	–
VAT control account	861 496	2 334 212	2 587 855
Other receivables	45 940	10 940	9 000
Total receivables	10 143 603	2 365 781	2 596 855

Trade and other receivables are non-interest-bearing and are settled on normal terms.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

Cash at bank			
• Current account	1 624 219	1 167 068	79 677
Cash on hand			
• Petty cash	700	5 000	4 114
Total	1 624 919	1 172 068	83 791

7. SHARE CAPITAL

The share capital of Elisenheim Property Development Company (Proprietary) Limited consists only of fully paid ordinary shares with a par value of N\$1,00. All ordinary shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meetings of the company.

Shares issued and fully paid	100	100	100
Value of shares authorised at year-end date	4 000	4 000	4 000

8. LOAN FROM SHAREHOLDER

Philco Twenty Two (Pty) Ltd

Non-interest-bearing portion	134 938 894	135 938 894	140 096 792
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The loan is unsecured and repayable at the discretion of the company and accordingly, has been classified as a capital contribution and a component of equity on the face of the statement of financial position.

No interest was charged on the loan for the year under review (2012: N\$ Nil).

	2013	2012	2011
	N\$	N\$	N\$

9. INTEREST-BEARING BORROWINGS

9.1 Loan from shareholder

Philco Twenty Two (Pty) Ltd	18 000 000	19 000 000	10 000 000
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The loan is unsecured, bears interest at prime and is repayable on demand, but is of a non-current nature.

Interest of N\$1 475 979 (2012 : N\$1 290 740) was charged on the loan for the year under review.w

9.2 Loan from Bank Windhoek Limited

Short-term portion	87 791 467	100 061 965	–
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The above loan bears interest at prime plus 1% per annum. The company has a development facility of N\$134 million with Bank Windhoek Limited which facility was repayable on or before 31 March 2013. The facility is in the process of being renegotiated with the said bank.

The loan is secured as follows:

- A limited suretyship for N\$77 743 200 by Estate Late - V A Sorensen
- A limited suretyship for N\$38 871 600 by A Swanepoel
- A limited suretyship for N\$38 871 600 by M F Fehrsen
- A first continuing covering mortgage bond for N\$14 000 000, a second continuing covering mortgage bond for N\$82 450 000 and a third continuing covering mortgage bond for N\$59 036 400 over Portion 5 and 6 (a portion of Portion 4) of Farm Elisenheim No. 68, Municipality of Windhoek.
- The proceeds from the sale of phase 1 erven have been ceded to the bank.

10. DEFERRED TAX ASSETS AND LIABILITIES

Deferred taxes arising from temporary differences and unused tax losses can be summarised as follows:

	2013		
	Opening balance N\$	Recognised in profit or loss N\$	Closing balance N\$
Inventories	38 907 251	(992 718)	37 914 533
Property, plant and equipment	69 396	4 826	74 222
Unused tax losses	(6 261 587)	3 199 690	(3 061 897)
Total deferred tax liabilities	32 715 060	2 211 798	34 926 858
	2012		
	Opening balance N\$	Recognised in profit or loss N\$	Closing balance N\$
Inventories	-	38 907 251	38 907 251
Property, plant and equipment	-	69 396	69 396
Unused tax losses	-	(6 261 587)	(6 261 587)
Total deferred tax liabilities	-	32 715 060	32 715 060
Deferred tax assets		3 061 897	6 261 587
Deferred tax liabilities		(37 988 755)	(38 976 647)
Total		(34 926 858)	(32 715 060)

	2013 N\$	2012 N\$	2011 N\$
11. TRADE AND OTHER PAYABLES			
Trade payables	3 145 783	6 770 388	4 591 770
Sundry suppliers	406 713	406 713	406 713
Total payables	3 552 496	7 177 101	4 998 483

Trade and other payables are non-interest-bearing and are settled on normal terms.

12. FINANCIAL ASSETS AND LIABILITIES

Financial assets measured at cost less impairment

Trade and other receivables	10 143 603	2 365 781	2 596 855
Cash and cash equivalents	1 624 919	1 172 068	83 791
Total financial assets	11 768 522	3 537 849	2 680 646

Financial liabilities measured at amortised cost

Interest-bearing borrowings	105 791 467	119 061 965	26 049 851
Trade and other payables	3 552 496	7 177 101	4 998 483
Total financial liabilities	109 343 963	126 239 066	31 048 334

13. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after:

Expenditure

Audit fees	46 024	35 120	26 900
Depreciation	256 181	179 423	66 738
Provision for impairment of related party advance	3 200 000	–	–

14. FINANCE INCOME AND FINANCE COSTS

Finance income

Interest income for short-term bank deposits measured at amortised cost		69 614	35 251
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Interest expense for bank loan measured at amortised cost	(8 520 316)	(6 129 722)	(1 497 419)
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Interest expense for shareholder's loan	(1 475 979)	(1 290 740)	(254 690)
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Finance costs	(9 996 295)	(7 420 462)	(1 752 109)
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15. DIRECTORS' EMOLUMENTS

No emoluments were paid to the directors for services rendered during the year under review (2012: N\$ Nil).

	2013 N\$	2012 N\$	2011 N\$
16. TAXATION			
16.1 Statement of comprehensive income			
Deferred tax expenses			
• Origination and reversal of temporary differences	2 211 798	32 715 06	–
16.2 Tax loss			
Calculated tax loss	9 005 579	18 416 432	8 752 151

No provision for current taxation has been made as no such liability is anticipated. The utilisation of the calculated tax loss is dependent on the company earning sufficient future taxable income.

17. RELATED PARTY TRANSACTIONS

The company's related parties include its shareholder, associates, other related entities and key management personnel. The key management personnel of the company are the members of the board of directors and the company management team. Outstanding balances were unsecured and are usually settled in cash.

17.1 Transactions with related parties

The aggregate amounts brought to account in respect of the following types of transactions with related parties were:

Name	Related	Transaction type			
Philco Twenty Two (Pty) Ltd	Shareholder	Interest paid on loan	1 475 979	1 290 740	254 690
Marvin Construction (Pty) Ltd	Other	Plant hire revenue	78 004	–	–

17.2 Receivables from and payables to related parties

Current aggregate amounts receivable at year-end date:

• Short-term advances to related parties	9 236 167	–	–
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Non-current aggregate amounts payable at year-end date:

• Philci Twenty Two (Pty) Ltd	152 938 894	154 938 894	150 096 792
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17.3 Transactions with key management personnel

No remuneration was paid to key management personnel during the year under review.

18. CONTINGENT LIABILITIES

The company is currently engaged in a dispute with K L Construction (Pty) Ltd, one of the company's major contractors. The matter has been referred to the Dispute Arbitration Board and in the event of the arbitration decision going against the company, they will be liable for an amount of approximately N\$1,5 million in restitution.

19. FIRST-TIME ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The company has applied IFRS 1, First-time adoption of International Financial Reporting Standards, to provide a starting point for the reporting under International Reporting and Accounting Standards. There were no changes to the carrying values of any of the assets and liabilities resulting from the first time adoption.

ADDITIONAL INFORMATION

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 28 FEBRUARY 2013	2013 N\$	2012 N\$	2011 N\$
COST OF SALES	(42 113 723)	–	–
Opening inventories	230 249 722	–	–
Reclassification of investment property	–	160 132 459	–
Development costs	19 375 504	70 117 263	26 713 644
– Advertising and marketing costs	377 367	1 900 766	1 217 567
– Architectural fees	199 565	180 712	642 384
– Bond registration and homeowners association	152 673	432 512	655 975
– Building material	1 532	12 516	6 024
– Bush-clearing expenses	88	3 596	–
– Construction salaries and wages	648 215	888 145	341 096
– Consulting and professional fees	282 850	120 940	–
– Electric fence	58 850	135 266	–
– Electrical installations	3 717 377	9 050 725	4 773 631
– Electricity and water	108 819	100 857	–
– Engineering	3 214 390	3 452 771	4 200 823
– Environmental study	30 156	46 460	4 643
– Geological Services	–	165 800	–
– Land surveyor	396 182	764 492	796 768
– Loose tools	10 742	92 133	–
– Nursery establishment	91 697	277 673	213 145
– Plant hire	383 153	78 021	67 413
– Public open spaces	–	40 465	–
– Quantity Surveyor	–	8 000	165 750
– Roads	4 222 495	32 765 078	12 118 042
– Showroom	–	7 261	–
– Show houses	22 074	57 469	–
– Signage costs/(recovered)	(13 333)	1 665	6 751
– Site Office costs	20 070	22 311	147 749
– Submission of plans	18 120	24 162	–
– Substation	268 696	930 354	–
– Town planning	787 920	1 536 429	1 355 883
– Transport costs	11 495	23 469	–
– Water supply and sewerage	4 364 311	16 997 215	–
	249 625 226	230 249 722	230 249 722
Closing inventories	(207 511 503)	(230 249 722)	(230 249 722)
INCOME	60 984 031	138 034	100 084 637
Sales of serviced erven net of commission	60 895 966	–	–
Discount received	10 061	46 557	49 386
Plant hire revenue	78 004	–	–
Profit on sale of property, plant and equipment	–	21 863	–
Interest received	–	69 614	35 251
TRADING PROFIT	18 870 308	138 034	100 084 637

ADDITIONAL INFORMATION

DETAILED INCOME STATEMENT (Contd)	2013	2012	2011
FOR THE YEAR ENDED 28 FEBRUARY 2013	N\$	N\$	N\$
EXPENDITURE	(15 565 019)	(9 716 745)	8 999 999
Accounting Fees	–	–	30 000
Administration costs	703 836	763 465	351 176
Audit fees	46 024	35 120	26 900
Bank charges	196 653	35 243	7 060
Computer expenses	26 154	65 440	17 420
Consulting and legal fees	137 003	27 117	–
Consumables	12 631	36 128	4 116
Depreciation	256 181	179 423	66 738
Entertainment	–	950	5 647
Fencing repairs	–	9 892	3 653
Function costs	26 692	–	26 058
General expenses	17 241	37 184	5 016
Insurance	65 254	1 663	–
Interest paid	9 996 295	7 420 462	1 752 109
Licences	9 185	–	300
Marketing licence fee	–	2 326	–
Motor vehicle expenses	377 658	307 415	97 591
Office maintenance	5 200	8 337	13 254
Powerpoint presentation	–	–	1 861
Printing and stationery	111 023	213 925	66 937
Protective clothing and Uniforms	8 163	14 817	3 518
Provision for impairment of related party advance	3 200 000	–	–
Rates and taxes	20 203	26 040	10 882
Refuse removal	5 667	6 930	968
Repairs and maintenance	34 909	21 618	17 705
Secretarial fees	3 381	–	–
Security costs	209 605	296 625	282 125
Telephone	18 981	–	–
Travel and accommodation	77 080	206 625	116 710
PROFIT/(LOSS) for the year before taxation	3 305 289	(9 578 711)	104 950 708

REPORTING ACCOUNTANTS' REPORT ON THE REPORT OF HISTORICAL FINANCIAL INFORMATION OF ELISENHEIM

The Directors
Trustco Group Holdings Limited
2 Keller Street
Windhoek
Namibia
30 May 2014

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE REPORT OF HISTORICAL FINANCIAL INFORMATION OF ELISENHEIM PROPERTY DEVELOPMENT COMPANY (PTY) LIMITED

INTRODUCTION

Trustco Group Holdings Limited ("Trustco") is issuing a circular to its shareholders to be dated on or about 30 May 2014 ("the Circular") regarding the proposed acquisition of Elisenheim Property Development Company (Pty) Limited ("Elisenheim").

At your request and for the purposes of the Circular, we have:

- reviewed the financial information of Elisenheim which comprises the statements of financial position of Elisenheim as at 28 February 2011 and 29 February 2012, the statements of comprehensive income, statements of changes in equity and cash flows for the periods then ended as well as the accounting policies and other explanatory notes for these periods;
- audited the financial information of Elisenheim which comprises the statement of financial position of Elisenheim as at 28 February 2013, the statement of comprehensive income, statement of changes in equity and cash flows for the year then ended as well as the accounting policies and other explanatory notes for this period; and
- reviewed the financial information of Elisenheim which comprises the statements of financial position of Elisenheim as at 31 August 2013, the statements of comprehensive income, statements of changes in equity and cash flows for the periods then ended as well as the accounting policies and other explanatory notes for the 6 month period to 31 August 2013;

(together, "the Historical Financial Information").

for the purposes of complying with the JSE Limited ("JSE") Listings Requirements and for inclusion in the Circular incorporating revised listing particulars. Grant Thornton Neuhaus are the independent auditors to Elisenheim.

RESPONSIBILITY

Directors' responsibility

The directors of Trustco are responsible for the compilation, contents and preparation of the Circular in accordance with the JSE Listings Requirements. The directors of Elisenheim are responsible for the preparation of the Historical Financial Information and fair presentation in accordance with International Financial Reporting Standards and in the manner required by the JSE Listings Requirements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of Historical Financial Information that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the financial information for the years ended 28 February 2011, 29 February 2012 and 28 February 2013 and the 6 months to 31 August 2013, included as Annexure II to the Circular based on our review and audit procedures respectively.

HISTORICAL FINANCIAL INFORMATION

Introduction

We have reviewed the financial information for the years ended 28 February 2011, 29 February 2012 and the 6 months to 31 August 2013 and audited the financial information for the year ended 28 February 2013, comprising the Historical Financial Information included as Annexure II to this Circular and prepared in accordance with International Financial Reporting Standards.

Scope of the review

We conducted our review of the financial information for the years ended 28 February 2011, 29 February 2012 and the 6 months to 31 August 2013 in accordance with the *International Standard on Review Engagements 2400*.

This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial information for the years ended 28 February 2011, 29 February 2012 and the 6 months to 31 August 2013 are free of material misstatement. A review is limited primarily to enquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit of the above mentioned financial information and, accordingly, we do not express an audit opinion thereon.

Review conclusion for the years ended 28 February 2011, 29 February 2012 and the 6 months to 31 August 2013

Based on our review, nothing has come to our attention that causes us to believe that the Historical Financial Information of Elisenheim for the years ended 28 February 2011, 29 February 2012 and the 6 months to 31 August 2013 included in Annexure II is not fairly presented, in all material respects, in accordance with International Financial Reporting Standards and the JSE Listings Requirements.

Scope of audit

We conducted our audit of the financial information for the year ending 28 February 2013 in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the above-mentioned Historical Financial Information. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Historical Financial Information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. As part of our procedures we followed the statement of *International Standard on Auditing 600* on using the work of another Auditor.

Audit opinion on historical financial information for the year ended 28 February 2013

In our opinion, the financial information of Elisenheim as set out in Annexure II to the Circular, presents fairly, in all material respects, for the purposes of the Circular, the financial position of Elisenheim at 28 February 2013, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the JSE Listings Requirements.

CONSENT

We consent to the inclusion of this report, which will form part of the Circular.

Yours faithfully

BDO South Africa Incorporated

Chartered Accountants (SA)
Registered Auditors

per J Schoeman
Chartered Accountant (SA)
Registered Auditor

22 Wellington Road
Parktown, 2193

PARTICULARS OF THE VENDOR

Name and Address of Vendor:

Philco, PO Box 11815, Windhoek, Namibia

Registered Office Address of Vendor: 5 Slater Street, Klein Windhoek, Windhoek, Namibia

Names of Beneficial Shareholders of Vendor:

Edna Trust (50%) the family trust of Mr. A Swanepoel;

Philco Twenty One (Pty) Ltd (25%);

RAF Trust the family trust of Mr M Fehrsen (25%)

Effective date of acquisition by Trustprop:

1 December 2013

Total consideration:

NS\$ 220 000 000

Cash used to finance acquisition:

NS\$ 220 000 000

Date of acquisition by Vendor:

15 December 2005

Valuation of asset by vendor:

NS\$ 300 000 000

No goodwill or intangible assets were paid for in terms of the acquisition.

The asset was not purchased by the vendor within the last 3 years before the date of the acquisition.

PRO FORMA FINANCIAL INFORMATION IN RESPECT OF THE TRANSACTION

The Transaction

The *pro forma* Consolidated Statement of Comprehensive Income and Statement of Financial Position, before and after the Transactions, are the responsibility of the directors and have been prepared for illustrative purposes only and, because of its nature, may not fairly present Trustco's financial position, changes in equity, results of operations or cash flows.

The independent reporting accountants' limited assurance report on the *pro forma* financial information is set out in Annexure VI to this circular.

The *pro forma* financial information has been compiled using accounting policies that comply with IFRS and that are consistent with those applied in the audited consolidated annual financial statements of Trustco for the year ended 31 March 2013. The *pro forma* figures have been given no greater prominence than unadjusted financial figures, are presented in a manner consistent with both the format and accounting policies adopted in the historical financial information and adjustments have been quantified on the same basis as would normally be calculated in preparing financial statements.

The *pro forma* consolidated statement of comprehensive income and Statement of Financial Position, after the transactions, are set out below and have been prepared to illustrate the effect of the transactions on the assumption that for income statement purposes, they were effective on 1 April 2013 and for balance sheet purposes, they were effective on 30 September 2013.

Pro Forma consolidated Statement of Comprehensive Income

	Before – 6 months ended 30 September 2013 Actual NAD'000	EPDC – 6 months ended 31 August 2013 Actual NAD'000	Acquisition adjustments <i>Pro forma</i> NAD'000	<i>Notes</i>	After purchase of EPDC <i>Pro forma</i> NAD'000
	i	ii			
Insurance premium revenue	116 950	–	–		116 950
Revenue	197 611	24 133	–		221 744
Total revenue	314 561	24 133	–		338 694
Cost of sales	(75 597)	(15 880)	–		(91 477)
Gross profit	238 964	8 252	–		247 216
Investment income	321	–	–		321
Fair value gains and losses	45 330	–	–		45 330
Other income	3 784	65	–	<i>ii</i>	3 849
Insurance benefits and claims	(19 142)	–	–		(19 142)
Transfer to policyholder liabilities	(7 579)	–	–		(7 579)
Change in unearned premium provision	(681)	–	–		(681)
Administrative expenses	(173 151)	(1 086)	(600)	<i>iii</i>	(174 837)
Finance costs	(19 439)	(4 660)	(15)	<i>iv</i>	(31 468)
			(7 354)	<i>v</i>	
Profit before taxation	68 407	2 571	(7 969)		63 008
Taxation	(3 364)	(848)	2 630	<i>vi</i>	(1 582)
Profit for the period	65 043	1 722	(5 339)		61 426
Other comprehensive income, net of tax	3 234	–	–		3 234
Items that will not be subsequently reclassified to profit or loss					
– Revaluation of property, plant and equipment	2 468	–	–		2 468
Items that may be subsequently reclassified to profit or loss					
– Foreign currency translation adjustment	766	–	–		766
Total comprehensive income for the period	68 277	1 722	(5 339)		64 660
Reconciliation of headline earnings					
Profit for the period	65 043	1 722	(5 339)		61 426
Adjustments net of taxation	(42 201)	–	–		(42 201)
Loss on disposal of property, plant and equipment	585	–	–		585
Fair value adjustments on investment properties	(45 330)	–	–		(45 330)
Impairment of intangible assets	3 801	–	–		3 801
Tax effect	(1 257)	–	–		(1 257)
Headline earnings	22 842	1 722	(5 339)		19 225
Basic earnings per share (cents)	8.59				8.11
Diluted earnings per share (cents)	8.53				8.06
Headline earnings per share (cents)	3.02				2.54
Diluted headline earnings per share (cents)	3.00				2.52
Weighted number of ordinary shares in issue	757 559 000				757 559 000
Weighted number of ordinary shares for diluted earnings per share	762 481 000				762 481 000

Notes:

- i. The "Before" financial information has been extracted without adjustment from the published, unaudited condensed consolidated interim results of Trustco for the 6 months ended 30 September 2013.
- ii. Elisenheim financial information for the 6 months ended 31 August 2013 has been extracted without adjustment from the reviewed interim results of Elisenheim for the 6 months ended 31 August 2013 as published in this circular (Annexure II);
- iii. Transaction costs of N\$600 000 are expected to be incurred in respect of the Elisenheim Acquisition. The payment of transaction costs will result in a reduction in taxation paid (calculated using a corporate tax rate of 33%). These adjustments will not have a continuing effect;
- iv. Interest income foregone (calculated using an interest rate of 5% per annum being the interest rate applicable to cash in the Trustco call account) on the amount paid in respect of transaction costs, this adjustment will not have a continuing effect;
- v. Interest expense incurred in respect of:
 - Bank interest on a N\$50 million down payment made to the vendors at 10.25%, being the Namibian mortgage rate, for 4 months prior to the payment of the further N\$100 million assuming that Trustco incurs debt in order to settle such down payment;
 - Interest paid to the vendors in respect of the N\$100 million to be paid 4 months subsequent to the down payment at an interest rate of 9.25%, being the Namibian mortgage rate less 1%, as per the addendum to the Acquisition Agreement; and
 - Bank interest on the full N\$150 million paid to the vendors at 10.25%, being the Namibian mortgage rate, for 2 months subsequent to the payment of the further N\$100 million assuming that Trustco incurs debt in order to settle such further payment.

The interest expense adjustment will have a continuing effect.

- vi. The taxation effect of adjustments ii – v;
- vii. The Basic earnings, Diluted earnings, Headline earnings and Diluted headline earnings per share were calculated based on the assumption that the Elisenheim Acquisition took place on 1 April 2013.

Consolidated Statement of Financial Position

	Before – 6 months ended 30 September 2013 Actual NAD'000	EPDC – 6 months ended 31 August 2013 Actual NAD'000	Material subsequent event – transaction with shareholder Actual NAD'000	Acquisition adjustments <i>Pro forma</i> NAD'000	Notes	After purchase of EPDC <i>Pro forma</i> NAD'000
	i	ii	iii			
ASSETS						
Non-current assets						
Property, plant and equipment	189 220	–	–	–		189 220
Investment property	337 255	124 355	(76 925)	27 432	<i>iv, vii</i>	412 117
Intangible assets	227 875	–	–	–		227 875
Goodwill	–	–	–	29 057	<i>vii</i>	29 057
Deferred income tax assets	85 895	–	–	–		85 895
Mortgage loan book	30 602	–	–	–		30 602
Educational micro loans advanced	334 073	–	–	–		334 073
Other loans advanced	4 691	–	–	–		4 691
Total non-current assets	1 209 611	124 355	(76 925)	56 489		1 313 530
Current assets						
Short-term portion of mortgage loan book	1 377	–	–	–		1 377
Short-term portion educational micro loans	152 165	–	–	–		152 165
Short-term portion of other loans advanced	1 160	–	–	–		1 160
Amounts due by related parties	8 482	–	–	–		8 482
Inventories	62 956	194 705	–	30 433	<i>v, vii</i>	288 094
Trade and other receivables	212 196	11 787	–	–		223 983
Current income tax assets	1 079	–	–	–		1 079
Cash and cash equivalents	131 621	141	–	(600)	<i>vi</i>	131 162
Total current assets	571 036	206 632	–	29 833		807 502
Total assets	1 780 647	330 987	(76 925)	86 322		2 121 032
EQUITY AND LIABILITIES						
Capital and reserves						
Share capital	177 595	0	–	(0)		177 595
Share premium	46 300	–	–	–		46 300
Put options	(52 832)	–	–	–		(52 832)
Deemed treasury shares	(1 006)	–	–	–		(1 006)
Vendor shares	14 976	–	–	–		14 976
Contingency reserve	4 610	–	–	–		4 610
Revaluation reserves	24 265	–	–	–		24 265
Foreign currency translation reserve	2 635	–	–	–		2 635
Distributable reserves	848 608	66 694	(44 434)	(22 260) (402)	<i>vii</i> <i>iv</i>	848 206
Loan from shareholder	–	134 392	(32 491)	(101 901)	<i>vii</i>	–
Attributable equity holders of the parent	1 065 151	201 086	(76 925)	(124 563)		1 064 749
Non-current liabilities						
Long-term liabilities	433 958	18 500	–	50 000	<i>viii</i>	502 458
Other liabilities	1 046	–	–	161 084	<i>ix</i>	162 130
Deferred income tax liabilities	31 951	35 775	–	–		67 726
Policy holders' liability insurance contracts	24 166	–	–	–		24 166
Total non-current liabilities	491 121	54 275	–	211 084		756 480

Current liabilities

Current portion of long-term liabilities	38 819	72 587	–	–	111 406
Current portion of other liabilities	2 500	–	–	–	2 500
Trade and other payables	120 598	3 039	–	–	123 637
Technical provisions	21 966	–	–	–	21 966
Current income tax liabilities	40 492	–	–	(198)	40 294
Bank overdraft	–	–	–	–	–
Total current liabilities	224 375	75 626	–	(198)	299 803
Total equity and liabilities	1 780 647	330 987	(76 925)	86 322	2 121 032
Net asset value per share (cents)	138.13				138.08
Tangible net asset value per share (cents)	97.44				93.62
Number of shares in issue	772 142 090				772 142 090
Deemed treasury shares	1 046 172				1 046 172
Number of shares	771 095 918				771 095 918

Notes:

- i. The “Before” financial information has been extracted without adjustment from the published, unaudited condensed consolidated interim results of Trustco for the 6 months ended 30 September 2013.
- ii. Elisenheim financial information for the 6 months ended 31 August 2013 has been extracted without adjustment from the reviewed interim results of Elisenheim for the 6 months ended 31 August 2013 as published in this circular (Annexure II);
- iii. Subsequent to 31 August 2013 but prior to the Elisenheim Acquisition, the company completed the following transactions with the Elisenheim shareholder which affected the value of the company:
 - A significant portion of investment property was transferred to the Elisenheim shareholder at carrying value of N\$76.925 million. This transaction reduced the loan from the Elisenheim shareholder which forms part of the equity of the company; and
 - The company declared a dividend to the Elisenheim shareholder of N\$44.434 million. The dividend reduced the accumulated profit of the company and increased the loan from the Elisenheim shareholder which forms part of the equity of the company.
 - These transactions had the effect of reducing the NAV of the company by N\$76.925 million.
- iv. Adjustment of the carrying value of investment property to its fair value (N\$74.862 million) at the date of acquisition, the adjustment amounts to N\$27.432 million;
- v. Adjustment of the carrying value of inventory to its fair value (N\$225.138 million) at the date of acquisition, the adjustment amounts to N\$30.433 million;
- vi. Transaction costs of N\$600 000 are expected to be incurred in respect of the Elisenheim Acquisition this has the effect of reducing the taxation payable balance by N\$198 000;
- vii. Elimination of Elisenheim equity and recognition of goodwill. The goodwill recognised amounts to N\$29.057 million and arises as the present value of the purchase consideration exceeds the fair value of the identifiable net assets of Elisenheim;
- viii. Payment of N\$50 million down payment in respect of the Elisenheim Acquisition, such down payment is funded by the incurrence of bank debt;
- ix. Present value of the deferred consideration amounts to be paid to the vendors as follows: 4 months subsequent to the down payment (N\$100 million plus interest at 9.25%), on the first anniversary of the down payment date (N\$44 million) and on the second anniversary of the down payment date (N\$26 million) are recorded as liabilities as at the transaction date. The present value of these amounts has been calculated using the Namibian mortgage rate of 10.25% as a discount rate;
- x. The NAV and NTAV per share were calculated as if the Elisenheim Acquisition took place on 30 September 2013.

REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION

The Directors
Trustco Group Holdings Limited
2 Keller Street
Windhoek
Namibia

30 May 2014

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION OF TRUSTCO GROUP HOLDINGS LIMITED

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Trustco Group Holdings Limited ("Trustco" or "the Company") by the directors. The *pro forma* financial information, as set out in paragraph 6 and Annexure V of the Circular to be dated on or about 30 May 2014 ("the Circular"), consists of the *pro forma* consolidated statement of comprehensive income, the *pro forma* consolidated statement of financial position and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("**JSE**") Listings Requirements.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the Elisenheim acquisition ("the acquisition") on the results and financial position of the Company, assuming the acquisition is implemented on 1 April 2013 for the purposes of the *pro forma* consolidated statement of comprehensive income and 30 September 2013 for the purposes of the *pro forma* consolidated statement of financial position. As part of this process, information about the Company's financial position and financial performance has been extracted by the directors from the Company's unaudited, unreviewed, published results for the six months ended 30 September 2013.

Directors' Responsibility for the *Pro Forma* Financial Information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 6 of the Circular.

Reporting Accountant's Responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420 Assurance Engagements to Report on the Compilation of *Pro forma* Financial Information Included in a prospectus. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

A reasonable assurance engagement to report on whether the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the *pro forma* financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related *pro forma* adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in paragraph 6 and Annexure V of the Circular.

Yours faithfully

BDO South Africa Incorporated

Registered Auditors

Per Nick Lazanakis
Chartered Accountant (SA)
Registered Auditor

22 Wellington Road, Parktown, 2193

SUMMARY VALUATION REPORT

The Directors
Trustco Group Holdings Limited
2 Keller Street
Windhoek
Namibia

PORTION 5 (A PORTION OF PORTION 4) OF THE FARM ELISENHEIM NO. 68

1. INSTRUCTION

I have been requested by Mr F Abrahams of Trustco to determine the present market value of Portion 7 to 26 of Portion 5 (a Portion of Portion 4) of the Farm Elisenheim No. 68.

This valuation is based on a hypothetical subdivision of Elisenheim into Residential, General Residential and Business erven. Valuation is also subject to following conditions:

Each erf/section registered in own title deed.

Paved and/or Cape seals roads only, no gravel roads.

All services installed (storm water, sewer, electricity, etc.)

2. ERF OWNERSHIP

According to the City of Windhoek valuations department the subject property is registered in the name of Philco Properties Ltd.

3. ERF AREA

According to the City of Windhoek and information supplied the portion is 1 186.7 ha (one one eight six comma seven) hectares in size but only 576 ha (five seven six) hectares have been taken into consideration in determining the value.

4. DATE OF VALUATION

The date of valuation will be taken on 28 February 2014.

5. TOWN PLANNING REGULATIONS

5.1 Zoning

The Property is zoned "undetermined". However the owners are in the process to rezone the portion into residential, general residential and business erven.

If rezoning is approved the portion will be subdivided in approximately 4 797 single residential erven with a density of 1 dwelling unit per 500m², 52 general residential erven with a density of one dwelling per 250m² and 28 business erven.

It is resolved that the need and desirability of a residential township development on the subject property be supported.

6. DEVELOPMENT COST

The development costs include site clearance, earthworks, professional service fees, subdivisional/rezoning costs, roads, storm/sewer water and electricity supply including streetlights.

7. BULK SERVICES SPECIFICATION LIST

The design of services for the proposed new development will include the following:

7.1 Roads network

All roads will have a surfacing width of 10m. The surfacing of the main roads will consist either of Cape Seal with a double slurry application, and/or all secondary roads will be paved.

7.2 Stormwater drainage

The stormwater drainage system will consist of:

Precast concrete kerbing inlets at interval along the surfaced roads; Supply and lay concrete pipe culvert on Class C bedding;

Class 30 MPa/19mm concrete in inlet and outlet structures, catch pits, manholes, trust blocks, anchor blocks and other similar structures;

Construct complete inlets and outlets to concrete pipe culverts.

7.3 Water network

The water network will consist of:

125mm diameter pipes and 90mm diameter erf connections to all erven.

Fire hydrants.

7.4 Sewer network

The sewer network will consist of:

A 110mm diameter sewer erf connection at the lowest point of the developable area of each erf; and gravitational sewer system to a connection point with the sewer network of the City of Windhoek.

7.5 Electrical network

The electrical network will consist of:

Reticulation network for the supply of bulk electricity to the development;

1 phase connection to each erf and street lights on all the roads of the development.

8. VALUATION METHOD

To determine the present market value of the property, a hypothetical township development will be investigated. This method involves the determining of the market value of the highest possible erven that can be created, less the development costs which includes the following:

Town Planning fees

Surveyor Diagrams

Roads & Storm water drainage

Electricity Network

Water Network

Telecom Services

Roads marking and signs

The Expropriation Ordinance, Ordinance 13 of 1978 prescribes the basis on which compensation "as the amount which would have been paid for the property in question if that property had been sold in the open market by a willing seller to a willing buyer on the date of notice".

Market value is defined as "the estimated amount for which a property would exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

I recommend an LTV of 60% exposure for mortgage purposes and only if rezoning is approved.

9. MARKET VALUE

In accordance to current market trends, phase 1 being the most superlative comparable to phase 2, has erven selling between N\$749 to N\$811 per square meter. Considering that phase 2 would be a newer, more attractive development, and its erven would sell between N\$850 to N\$880.00 per square metre and can increase annually with a minimum percentage of 5-8%. These figures would depend on the zoning of the erven, if all conditions have been met and if the economy allows it.

Information supplied for the sale of erven in Phase 2 and 3 already states that residential erven have been sold for N\$1 250/m², general residential erven sold for N\$1 800/m² and business erven for N\$2 000/m².

In conclusion it is evident that the sales prices for phase 2 and 3 could have been used, but because no proof of sales have been registered in the Deeds Office to current date, we cannot use these rates. We have therefore considered all the available information and the valuation is based on the following erf rates and sizes:

Residential Erven	=	500m ² @ N\$1 000/m ²
Business Erven	=	1 500m ² @ N\$2 000/m ²
General Residential Block Erven	=	8 000m ² @ N\$1 500/m ²

10. DETERMINING OF VALUE

Zoning		m ²	N\$/m ²	Amount N\$
Residential Erven	4 797 erven @ 500m ² each	2 398 500	1 000	\$2 398 500 000.00
General Residential Block	52 erven @ 8 000m ² each	416 000	1 500	\$624 000 000.00
Business	28 erven @ 1 500m ² each, plus additional of phase 1	101 806	2 000	\$203 612 000.00
Sub Total				\$3 226 112 000.00
Less: Total Development Cost		40%		\$1 290 444 800.00
Sub Total				\$1 935 667 200.00
As is value				\$300 000 000.00
Proposed Market Value				\$1 935 000 000.00

11. GENERAL

I have valued the property in its existing state. I have not undertaken a structural survey of any of the buildings nor have I arranged for test or inspections to be carried out on any of the service installations. My valuation assumes that the services are in a satisfactory state of repair and condition. No responsibility is assumed for the legal description or for matters pertaining to legal or title considerations. This summary report cannot be used in legal matter unless written permission from the valuer is obtained.

The property is appraised as if it is free and clear of any or all liens or encumbrances. All engineering and surveyors plans or studies are assumed to be correct. The information furnished to the Valuer by others for the purpose of finalising this report is believed to be correct, but no warranty is given of its accuracy.

I, Nadia van der Smit, **Sworn Appraiser** in terms of Section 6(1) of the Administration of Estate Act of Namibia, 1995 and **qualified property valuer** in terms of Section 14 of the Valuers Act of Namibia, 1982, declare that I have inspected Portion 5 (A Portion of Portion 4) of the Farm Elisenheim No. 68, and I am of the opinion that the present open market value (*with a hypothetical subdivision in consideration*) of the unimproved property is:

N\$ 300 000 000.00 (three hundred million Namibian Dollars) As Is Value.

NADIA VAN DER SMIT

Independent valuer

Gert Hamman Property Valuers CC
 (Registration number 2007/2302)
 922 Ziegler Street
 Klein Windhoek
 Namibia
 (PO Box 86161, Eros, Namibia)

PORTION 5 (A PORTION OF PORTION 4) OF THE FARM ELISENHEIM NO. 68

1. INSTRUCTION

I have been requested by Mr F Abrahams of Trustco to determine the present market value of Portion 7 to 26 of Portion 5 (a Portion of Portion 4) of the Farm Elisenheim No. 68.

This valuation is based on a hypothetical subdivision of Remainder of Elisenheim into 5ha portions. Valuation is also subject to following conditions:

Each erf/section/portion registered in own title deed.

Paved and/or Cape seals roads only, no gravel roads.

All services installed (storm water, sewer, electricity, etc.)

2. ERF OWNERSHIP

According to the City of Windhoek valuations department the subject property is registered in the name of Philco Properties Ltd.

3. ERF AREA

According to the City of Windhoek and information supplied the portion is 1 186.7 ha (one one eight six comma seven) hectares in size but only 558 ha (five five eight) hectares have been taken into consideration in determining the value.

4. DATE OF VALUATION

The date of valuation will be taken on 7 April 2014.

5. TOWN PLANNING REGULATIONS

5.1 Zoning

The Property is zoned "undetermined". However the owners will rezone the portion into residential, general residential and business erven. Because rezoning and town development is not yet finalised we will work with current zoning which is undetermined.

6. DEVELOPMENT COST

The development costs include site clearance, earthworks, professional service fees, subdivisional/rezoning costs, roads, storm/sewer water and electricity supply including streetlights.

7. BULK SERVICES SPECIFICATION LIST

The design of services for the proposed new development will include the following:

7.1 Roads network

All roads will have a surfacing width of 10m. The surfacing of the main roads will consist either of Cape Seal with a double slurry application, and/or all secondary roads will be paved.

7.2 Stormwater drainage

The stormwater drainage system will consist of:

Precast concrete kerbing inlets at interval along the surfaced roads;

Supply and lay concrete pipe culvert on Class C bedding.

Class 30 MPa/19mm concrete in inlet and outlet structures, catch pits, manholes, trust blocks, anchor blocks and other similar structures.

Construct complete inlets and outlets to concrete pipe culverts.

7.3 **Water network**

The water network will consist of:

125mm diameter pipes and 90mm diameter erf connections to all erven.

Fire hydrants.

7.4 **Sewer network**

The sewer network will consist of:

A 110mm diameter sewer erf connection at the lowest point of the developable area of each erf; and gravitational sewer system to a connection point with the sewer network of the City of Windhoek.

7.5 **Electrical network**

The electrical network will consist of:

Reticulation network for the supply of bulk electricity to the development;

1 phase connection to each erf and street lights on all the roads of the development.

8. **VALUATION METHOD**

To determine the present market value of the property, a hypothetical development will be investigated. This method involves the determining of the market value of the highest possible erven that can be created, less the development costs which includes the following:

Town Planning fees

Surveyor Diagrams

Roads & Storm water drainage

Electricity Network

Water Network

Telecom Services

Roads marking and signs

The Expropriation Ordinance, Ordinance 13 of 1978 prescribes the basis on which compensation "*as the amount which would have been paid for the property in question if that property had been sold in the open market by a willing seller to a willing buyer on the date of notice*".

Market value is defined as "*the estimated amount for which a property would exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion*".

I recommend an LTV of 60% exposure for mortgage purposes and only if rezoning is approved.

9. **MARKET VALUE**

In accordance to current market trends, 5ha portions **which are serviced** sell for between N\$1 000 000 to N\$1 200 000 per portion.

10. DETERMINING OF VALUE

	m²	N\$/m²	Amount N\$
Remainder of Elisenheim			5 580 000 m ²
Less 30% (Roads and public open spaces)			1 674 000 m ²
Area of developable portion			3 906 000 m ²
Potential Yield (density 1:5ha portion)		Serviced portions	78
Gross Revenue			N\$93 600 000
Less servicing cost @ 20%			N\$18 720 000
Market Value			N\$74 880 000
SAY			\$74 880 000.00

11. GENERAL

I have valued the property in its existing state. I have not undertaken a structural survey of any of the buildings nor have I arranged for test or inspections to be carried out on any of the service installations. My valuation assumes that the services are in a satisfactory state of repair and condition. No responsibility is assumed for the legal description or for matters pertaining to legal or title considerations. Report cannot be used in legal matter unless written permission from valuer is obtained.

The property is appraised as if it is free and clear of any or all liens or encumbrances. All engineering and surveyors plans or studies are assumed to be correct. The information furnished to the Valuer by others for the purpose of finalising this report is believed to be correct, but no warranty is given of its accuracy.

NADIA VAN DER SMIT

Independent valuer

Gert Hamman Property Valuers CC
(Registration number 2007/2302)
922 Ziegler Street
Klein Windhoek

TRUSTCO GROUP HOLDINGS LIMITED



Incorporated in the Republic of Namibia
Registration number 2003/058
JSE share code: TTO NSX share code: TUC
ISIN: NA000A0RF067
("Trustco" or "the Company")

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Trustco shareholders will be held at Trustco's registered office, 2 Keller Street, Windhoek on Thursday, 19 June 2014, commencing at 10:00 for the purpose of considering and, if deemed fit, passing with or without modification, the following special and ordinary resolutions:

ORDINARY RESOLUTION NUMBER 1

"Resolved that the Elisenheim acquisition by Trustco, via its wholly owned subsidiary Trustprop, as detailed in the circular dated 30 May 2014 of which this notice of general meeting forms part, for which the purchase consideration of N\$220 000 000 shall be discharged by way of cash and the material terms of which are detailed in the acquisition agreement between Trustprop and Philco, a copy of which agreement has been tabled at this general meeting, be and is hereby authorised and approved."

The reason for ordinary resolution number 1 is to approve the Elisenheim acquisition as required by the JSE Listings Requirements.

In terms of the JSE Listings Requirements, a 50% plus 1, majority of votes of all Trustco shareholders present or represented by proxy at the general meeting must be obtained in respect of this ordinary resolution to approve the Elisenheim acquisition.

ORDINARY RESOLUTION NUMBER 2

"Resolved that the authority granted to any director of Trustco to do all such things and sign all such documents as may be necessary to implement ordinary resolution number 1, be and is hereby approved."

VOTING AND PROXIES

Shareholders who hold their shares in certificated form or who are own name registered shareholders holding their shares in dematerialised form who are unable to attend the general meeting but who wish to be represented thereat, are required to complete and return the attached form of proxy so as to be received by the Company's transfer secretaries by not later than 10:00 on Tuesday, 17 June 2014.

DEMATERIALISED SHAREHOLDERS

Shareholders who have dematerialised their shares through a CSDP or broker, other than by own name registration, who wish to attend the general meeting, should instruct their CSDP or broker to issue them with the necessary letter of representation to attend the general meeting, in terms of the custody agreement entered into between such shareholders and their CSDP or broker. Shareholders who have dematerialised their shares through a CSDP or broker, other than by own name registration, who wish to vote by way of proxy, should provide their CSDP or broker with voting instructions, in terms of the custody agreement entered into between such shareholders and their CSDP or broker. These instructions must be provided to their CSDP or broker by the cut-off time or date advised by their CSDP or broker for instructions of this nature. Shareholders, who have any doubt as to the action they should take, should consult their broker, accountant, attorney, banker or other professional advisor immediately.

<p>Hand deliveries to: <i>In South Africa</i> Computershare Investor Services (Proprietary) Limited Ground Floor, 70 Marshall Street Johannesburg, 2001</p> <p><i>In Namibia</i> Transfer Secretaries (Proprietary) Limited (Burg Street entrance opposite Chateaux Street) Robert Mugabe Avenue 4 Windhoek</p>	<p>Postal deliveries to: <i>In South Africa</i> Computershare Investor Services (Proprietary) Limited PO Box 61051 Marshalltown, 2107</p> <p><i>In Namibia</i> Transfer Secretaries (Proprietary) Limited PO Box 2401 Windhoek Namibia</p>
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By order of the Board

Dominic J Steyn
Company Secretary

30 May 2014

Registered office
2 Keller Street
Windhoek

(PO Box 11363, Windhoek, Namibia)

TRUSTCO GROUP HOLDINGS LIMITED



Incorporated in the Republic of Namibia
Registration number 2003/058
JSE share code: TTO NSX share code: TUC
ISIN: NA000A0RF067
("Trustco" or "the Company")

FORM OF PROXY

For use by certificated shareholders and dematerialised shareholders with "own name" registration, at the general meeting of Trustco shareholders to be held at the registered office of the company, 2 Keller Street, Windhoek on Thursday, 19 June 2014, commencing at 10:00.

I/We (please print names in full) _____

of (Address) _____

being the holder of shares in Trustco, do hereby appoint (see note 1):

1. _____ or failing him/her,
2. _____ or failing him/her,
3. the chairman of the general meeting,

as my/our proxy to act for me/us at the general meeting for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolution to be proposed thereat and at each adjournment thereof and to vote for and/or against such resolution in respect of the shares registered in my/our name/s in accordance with the following instructions.

Number of votes _____

(one vote per ordinary share)

Ordinary resolution 1	In favour of	Against	Abstain
Approval of the Elisenheim acquisition by Trustco, and the discharge of the purchase consideration of N\$220 000 000 by way of cash			
Ordinary resolution 2	In favour of	Against	Abstain
Authority to board to implement ordinary resolution No. 1			

(Indicate instructions to proxy by way of a cross in space provided above)

Unless indicated above, my proxy may vote as he/she thinks fit.

Signed this day _____ day of _____ 2014

Signed

Telephone number _____ Cellphone number _____

Each shareholder is entitled to appoint one or more proxies (who need not be shareholders of the company) to attend, speak and vote on behalf of that shareholder.

Please read the notes on the reverse.

Notes:

1. This form of proxy must be used by certificated ordinary shareholders or dematerialised ordinary shareholders who hold dematerialised ordinary shares with "own name" registrations.
2. Dematerialised ordinary shareholders are reminded that the onus is on them to communicate their voting instructions with their Central Securities Depository Participant or broker.
3. A shareholder may insert the name of a proxy or the names of two alternative proxies (who need not be shareholders of the company) of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the general meeting". The person whose name appears first on this form of proxy and which has not been deleted will be entitled to act as proxy in priority to those whose names follow.
4. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of ordinary shares to be voted on behalf of that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote at the general meeting as he/she deems fit in respect of the shareholder's votes exercisable thereat, but where the proxy is the chairman, failure to so comply will be deemed to authorise the proxy to vote in favour of the ordinary resolution. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy.
5. Forms of proxy must be lodged at or be posted to **In South Africa** Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg (PO Box 61051, Marshalltown, 2107) and **In Namibia** Transfer Secretaries (Proprietary) Limited Robert Mugabe Avenue 4 (Burg Street entrance opposite Chateaux Street) Windhoek (PO Box 2401, Windhoek, Namibia) to be received by no later than 10:00 on Tuesday, 17 June 2014.
6. The completion and lodging of this form of proxy will not preclude the shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any form of proxy appointed in terms hereof, should such shareholder wish to do so.
7. The chairman of the general meeting may reject or accept any form of proxy not completed and/or received, other than in accordance with these notes, provided that, in respect of the acceptance, the chairman is satisfied as to the manner in which the shareholder concerned wishes to vote.
8. An instrument of proxy shall be valid for any adjournment of the general meeting as well as for the meeting to which it relates, unless the contrary is stated thereon.
9. The authority (or a certified copy of the authority) of a person signing this form of proxy:
 - (a) under a power of attorney; or
 - (b) on behalf of a company,must be attached to this form of proxy unless the company has already recorded the power of attorney.
10. Where shares are held jointly, at least one of the joint shareholders must sign this form of proxy.
11. A minor must be assisted by his/her guardian, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the company.