



TRUSTCO GROUP HOLDINGS LIMITED

Incorporated in the Republic of Namibia

(Registration number 2003/058)

(External registration number 2009/002634/10)

NSX Share Code: TUC

JSE Share Code: TTO

ISIN Number: NA000A0RF067

("Trustco", or "the Company")

## **ANNOUNCEMENT REGARDING A CONVERTIBLE LOAN AGREEMENT AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT**

### **1. Introduction**

Trustco shareholders ("**Shareholders**") are advised that Trustco has entered into a convertible loan agreement ("**Agreement**") with Riskowitz Value Fund LP ("**the Fund**") dated 6 July 2017 ("**Signature Date**").

In terms of the Agreement, the Fund will lend the Company NAD 250 000 000 ("**Loan**") (one NAD being equivalent to one South African Rand). The Loan will be converted into Trustco ordinary shares ("**Conversion**"), subject to the obtaining of all requisite regulatory approvals.

### **2. Terms and conditions of the Agreement**

The terms and conditions of the Agreement are as follows:

- the Loan will be advanced to the Company on the Signature Date;
- the Loan will accrue interest at 9% per annum from the Signature Date until the respective conversion date(s) of the Loan into Trustco ordinary shares ("**Shares**").
- the conversion of the Loan will take place on the date that all requisite regulatory approvals including Shareholder approval (as detailed in paragraph 4 below) are obtained ("**Closing Date**");



- On the Closing Date, 58 823 529 Shares (“**Conversion Shares**”), or a portion thereof, will be issued directly to the Fund should certain events described below (“**Events**”) have taken place;
- the Conversion Shares will be issued at a price of NAD 4.25 per Conversion Share (“**Conversion Price**”);
- the parties have agreed that under no circumstances should the result of the Agreement be that there is a change in control in the Company or such other change in control, where the majority shareholder at any time and for any reason fail to beneficially own and control 50% plus 1 shares of both the economic and voting interest in the Company’s Shares;
- the voting rights attaching to the Conversion Shares will vest with the chairman of the board of the Company until transferred to the Fund as envisaged in paragraph 3 below; and
- the Conversion Shares issued in terms of the Conversion will rank *pari passu* with the existing issued Shares of the Company in all respects.

### **3. Timing of the issuing or transfer of the Conversion Shares to the Fund**

In order to ensure that the issuing of the Conversion Shares does not give rise to a change in control of the Company, the timing of the repurchase of 41 806 778 Shares from Buckley Capital Partners LP and Buckley Capital Advisors LLC, (details of which were set out in the circular to Shareholders dated 12 January 2017 and which repurchase was approved by shareholders in general meeting on 14 February 2017) (“**Buckley Repurchase**”) and the closing of the Huso transaction and the amendments thereto (“**Huso Transaction**”) (details of which were set out in circulars to Shareholders dated 11 September 2015 and 11 May 2017 respectively and which transaction and amendments thereto were approved by Shareholders in general meeting on 5 October 2015 and 13 June 2017 respectively), have been taken into account in determining the timing of the issue or transfer of the Conversion Shares to the Fund. The table below sets out the envisaged timing.



<b>Scenario</b>	<b>Timing of the issuing or transfer of the Conversion Shares to the Fund</b>
<p>The Buckley Repurchase has been effected by the Closing Date and the Huso Transaction has not closed by the Closing Date</p>	<p>55 000 000 Shares and the voting rights attaching thereto will be issued directly to the Fund on the Closing Date while 3 823 529 Shares will be issued to the Fund when the Huso Transaction closes.</p>
<p>The Huso Transaction has closed by the Closing Date</p>	<p>The Conversion Shares will be issued directly to the Fund on the Closing Date, together with the voting rights attached thereto.</p>
<p>Neither the Buckley Repurchase has been effected nor the Huso Transaction has closed by the Closing Date</p>	<p>55 000 000 Shares will be issued to the Fund on the Closing Date. The voting rights attaching to the 55 000 000 Shares will vest with the chairman of the board of the Company until the Buckley Repurchase is effected.</p> <p>The balance of the 3 823 529 Conversion Shares will be issued to the Fund only after the Huso Transaction has closed.</p>
<p>The Huso Transaction closes after the Closing Date but prior to the Buckley Repurchase being effected</p>	<p>55 000 000 Shares will be issued to the Fund on the Closing Date. The voting rights attaching to the 55 000 000 Shares will vest with the chairman of the board of the Company until the Huso Transaction closes.</p>



	The balance of the 3 823 529 Conversion Shares will be issued to the Fund when the Huso Transaction has closed. i.e. all Conversion Shares and the rights attaching thereto will have transferred to the Fund when the Huso Transaction closes.
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The Conversion Price represents a 3.16% premium to R4.12 being Trustco's 30 day volume weighted average price on the exchange operated by JSE Limited ("JSE") up to and including 5 July 2017, being the date immediately prior to the Signature Date.

#### 4. Circular to Shareholders

The Fund is a related party as contemplated in paragraph 10.1 of the JSE Listings Requirements ("**Listings Requirements**") as the Fund is entitled to exercise 10% or more of the votes able to be cast at a Trustco general meeting. The Fund and its associates combined, represent the majority of the minority shareholders. The Conversion is therefore categorised as a specific issue of shares for cash to a related party. Consequently, in terms of the JSE Listings Requirements, the Conversion requires the approval of Shareholders at a general meeting.

The Fund and its associates will be excluded from voting on the Conversion while Dr Q van Rooyen (the Company's managing director and controlling shareholder) has provided an irrevocable undertaking in writing to vote in favour of the Conversion with regard to 392 554 120 Shares.

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



## **5. Financial Effects of the Agreement and use of funds**

The Agreement has been concluded in order to facilitate growth in the Trustco group's operations. The funds will be utilised to deleverage the Company, specifically in terms of funders where loan covenants have not kept pace with the change in the Company's operations. The Resources segment and the Banking and Finance segment, where the most future growth is foreseen, will specifically be capitalised.

The Agreement is not expected to have a material impact on the financial statements other than that relating to an issue of shares for cash.

## **6. Withdrawal of cautionary announcement**

Shareholders are referred to the cautionary announcement published on the Stock Exchange News Service (SENS) on 4 July 2017. Further to the information set out in this announcement regarding the Agreement, caution is no longer required to be exercised by Shareholders when dealing in their Trustco securities.

By order of the Board

Amanda Bruyns

Company Secretary: Trustco Group Holdings Limited – Windhoek

JSE Sponsor: Sasfin Capital (a division of Sasfin Bank Limited)

NSX Sponsor: Simonis Storm Securities (Pty) Ltd.

7 July 2017