



**TRUSTCO GROUP HOLDINGS LIMITED**  
Incorporated in the Republic of Namibia  
(Registration number 2003/058)  
Registered as an external company in South Africa  
(External registration number 2009/002634/10)  
NSX share code: TUC  
JSE share code: TTO  
OTCQX share code: TSCHY  
ISIN Number: NA000A0RF067  
("Trustco" or "the Group")

**MANAGEMENT AGREEMENT ENTERED INTO BETWEEN TRUSTCO GROUP HOLDINGS LIMITED ("Trustco") AND NEXT CAPITAL LIMITED ("Next")**

Shareholders are advised that Trustco and Next have entered into an agreement ("**Management Agreement**") in terms of which Next has been appointed to provide the management services to Trustco as set out below, for which Next shall earn a fee from Trustco for the provision of such services ("**Management Fee**").

**1. DESCRIPTION OF THE BUSINESS CONDUCTED BY NEXT CAPITAL**

Next is the investment entity of Dr Quinton van Rooyen, who is the Chief Executive Officer / Managing Director of Trustco and majority shareholder. Dr Quinton van Rooyen is a director and the majority shareholder of Next.

Next, as the investment entity, invests in property, shares, securities and/or equities of any kind and is also a shareholder in Trustco.

**2. RATIONALE FOR THE AGREEMENT**

Trustco was managed through a management agreement since 1 April 2011 which expired 31 March 2021. This management agreement is earmarked to align management performance with shareholders expectations.

**3. SUSPENSIVE CONDITIONS**

The Management Agreement shall be conditional upon the obtaining of the respective board and shareholders' approvals ("**Suspensive Conditions**").

The closing date of the Transaction shall be the date that all Suspensive Conditions have been fulfilled and the Management Agreement may be implemented ("**Closing Date**").

#### 4. SALIENT TERMS OF THE MANAGEMENT AGREEMENTS

The salient terms of the Management Agreement are set out below:

##### 4.1 Effective Date and Term

The effective date of the Management Agreement shall be 1 April 2021 irrespective of the Closing Date (“**Effective Date**”).

If Suspensive Conditions are met, the Management Agreement will commence and be effective from the Effective Date notwithstanding the Closing Date and will continue for a fixed period of 10 years as from the Effective Date.

##### 4.2 Services Rendered

Next will *inter alia* be responsible and accountable to the board of Trustco for the following services: i) Direct involvement and leadership with the group’s management team; ii) Head Office Infrastructure; iii) Group sales and marketing; iv) Group Branding; v) Group HR; vi) Group Legal; vii) Group Training; viii) Group Research; ix) Group public relations; x) Technical assistance; xi) Implementation assistance; xii) Standard operating procedures; xiii) Training of personnel; xiv) Setting standards and personnel; xv) Access to Facility Management; xvi) Access to IT and telecoms; xvii) Group Capital Raising; xviii) Mergers and Acquisitions; xix) Budgeting and all related processes; xx) Any other business as the Trustco Board of Directors directs from time to time.

##### 4.3 Management Fees

Trustco will be obliged to pay Next a Management Fee.

- 4.3.1 The Management Fee shall be determined on the last day (“**Measurement Date**”) of a financial year (“**Financial Year**”), which Financial Year may be amended from time to time.
- 4.3.2 The Management Fee shall be calculated over any period (“**Measurement Period**”) which period may be shorter or longer than 12 months, in which case the numbers in such Measurement Period shall be adjusted on a pro-rata basis to a 12-month period for comparison purposes only. The final Management Fee for any Financial Year shall only be capable of being calculated on or after the Measurement Date. The first Measurement Period will be compared to the audited financial statements for the period ended 30 September 2020.
- 4.3.3 Next may, in its sole discretion, elect not to receive the Management Fee or elect to receive partial payment or defer payment or repay a portion or all of the management fee.
- 4.3.4 The Management Fee to be calculated for a Measurement Period, shall be calculated based on a number of objectives and their relative performance (“**Management Fee Objectives**”) as set out below: i) Corporate Performance Metrics; ii) Shareholder Return Based Metrics; and iii) Pledge of assets of Next and/or its associates as defined in the JSE Limited Listings Requirements (“**JSE Listings Requirements**”) and also includes Dr Quinton van Rooyen (“**Associates**”) either as surety, guarantee and/or any subordination of loans by Next and/or its Associates and/or individuals associated with Next to secure a transaction and/or to provide any form of security to Trustco or the Trustco Group, where the pledge is required;
- 4.3.4 The Management Fee shall be the sum of the amounts calculated from the above individual Management Fee Objectives.

#### 4.3.4.1 Corporate Performance Metrics

Measure	Measurement Period	Growth Target	Compensation
Total income <u>per share</u>	Annually	>Namibian CPIX + 5%	1% of Total income if target met, otherwise 0.5% (Limited to Zero)
Adjusted Earnings <u>per share</u>	Annually	>Namibian CPIX + 5%	2% of Adjusted Earnings if target is met, otherwise 1% (Limited to Zero)
Cash Generated from Operations after working capital changes	Annually	>Namibian CPIX + 5%	2% of Cash Generated from Operations after working capital changes if target is met, otherwise 1% (Limited to Zero)
Net Asset Value per share	Annually	>Namibian CPIX + 5%	2% per annum of Net Asset Value after reaching a floor of N\$2,731,222,000 if target is met, otherwise 1% (Limited to Zero)

#### 4.3.4.2 Shareholder Return Based Metrics

Should the share price of a Trustco share remain at the agreed levels set out below for a period of at least 90 days on a Volume Weighted Average Price (“**VWAP**”) basis, and subject to high water mark principles, a once off payment in Trustco shares will be effected per category of share price target reached as set out below.

Share Price	Equivalent Market Capital	Compensation (Once off share payment per category reached)
NAD 9.75	15.7 billion	4 040 096 Trustco shares
NAD 15.00	24.24 billion	5 656 135 Trustco shares
NAD 19.00	30.7 billion	7 272 174 Trustco shares
NAD 25.00	40 billion	8 888 212 Trustco shares
NAD 30.00	50 billion	10 504 251 Trustco shares
For each +25% share price increase above NAD 30.00	Various	+25% from previously issued number of shares

#### 4.3.4.3 Pledge of Assets, sureties and guarantees provided by Next and/or its Associates

- 1.5% per annum of the value of assets pledged during the Measurement Period;
- 1.5% per annum of value of sureties, and guarantees provided as well as subordination of loans, during the Measurement Period.

#### 4.4 Replacement and superseding of previous agreements

The Management Agreement replaces and supersedes all prior or contemporaneous management agreements with respect to the subject matter and all previous management agreements will be terminated and deemed of no further force and effect and the parties to any such other commitments and management agreements will have no further rights or obligations thereunder.

## 5. CLASSIFICATION OF THE TRANSACTION

### **Related party transaction**

Next is a material shareholder of Trustco and Dr Quinton van Rooyen is the controlling shareholder of Next and thus considered to be a related party to Trustco in terms of paragraph 10.1(b)(i) and paragraph 10.1(b)(v) of the JSE Listings Requirements.

Accordingly, Next and its associates, which includes Dr Quinton van Rooyen the current CEO of Trustco, are not entitled to vote at any meeting of shareholders relating to the passing of the required resolutions to approve the implementation of the Management Agreement.

There is no maximum fee stipulated in the Management Agreement therefore in terms of Paragraph 9.8 (c) of the Listings Requirements of the JSE Limited ("JSE Listings Requirements") the entering into of the Management Agreement will be categorised as a Category 1 Related Party transaction.

A circular containing the full details of the Management Agreement, incorporating a notice convening the required general meeting of Shareholders, any other required documentation, will be distributed to Shareholders in due course. In the interim, the Management Agreement is available for review at <https://www.tgh.na/downloads/>. Copies may also be obtained electronically from the company secretary by sending an email to [komada@tgh.na](mailto:komada@tgh.na).

Windhoek, Namibia,  
23 August 2021

Komada Holdings (Pty) Ltd  
**Company Secretary and Investor Relations Services to Trustco Group Holdings Limited**

### **JSE Sponsor**

Vunani Sponsors - Johannesburg

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Simonis Storm Securities Proprietary Limited – Windhoek

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