



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")

**SALE AND PURCHASE OF SHARES AGREEMENT ENTERED INTO BETWEEN TRUSTCO CAPITAL (PTY)
LTD AND CONSTANTIA RISK AND INSURANCE HOLDINGS LIMITED**

1. INTRODUCTION

Shareholders are advised that Trustco Capital (Pty) Ltd ("**Trustco Capital** or **Purchaser**") a wholly owned subsidiary of Trustco, and Constantia Risk and Insurance Holdings Limited ("**Constantia** or **Seller**") a subsidiary of Conduit Capital Limited ("**Conduit**") have entered into an agreement ("**Share Sale Agreement**") in terms of which Trustco Capital repurchases 51 769 633 Trustco shares ("**Sale Shares**") from Constantia at a rate of NAD 1.81 per share ("**Share Price**") ("**the Specific Repurchase**").

2. LISTINGS REQUIREMENTS

2.1 In terms of the Listings Requirements of JSE Limited ("**Listings Requirements**"), the Specific Repurchase requires the approval of a special resolution achieving a 75% majority of the votes cast in favour thereof by all shareholders present or represented by proxy at the general meeting, excluding Constantia and their associates.

2.2 Accordingly, in terms of paragraph 5.69(b) of the Listings Requirements, Constantia and its associates will be excluded from voting on the Specific Repurchase.

2.3 Constantia currently owns 3.2% of the issued shares in Trustco.

3. THE SHARE SALE AGREEMENT

3.1 Introduction

In terms of the Share Sale Agreement, Trustco Capital will acquire the Sale Shares from Constantia at the Share Price for a total consideration of NAD 93 703 035.73 (ninety-three million seven hundred and three thousand thirty-five Namibia Dollars and seventy-three cents) ("**Purchase Consideration**").

3.2 Conditions precedent

The Share Sale Agreement is subject to the following conditions precedent which are to be fulfilled by 30 November 2021 or such other date as agreed to between Trustco Capital and Constantia:

3.2.1 the board of directors of Trustco Capital passing such resolutions as may be required in order to implement the Share Sale Agreement;

3.2.2 the board of directors of Constantia passing such resolutions as may be required in order to implement the Share Sale Agreement;

3.2.3 Trustco obtaining irrevocable and unconditional undertakings from such number of its shareholders as constitutes not less than 75% (seventy five percent) of the issued share capital of Trustco in terms of which such shareholders agree and undertake to vote in favour of all resolutions required to be passed by the shareholders of Trustco to approve the entering into and implementation of the Share Sale Agreement;

3.2.4 conclusion of the Repayment Terms;

3.2.5 conclusion of the Cession in Security Agreement;

3.2.6 the shareholders of Conduit have, to the extent required by the Listings Requirements, agreed to and voted in favour of the entering into and implementation of the Share Sale Agreement;

3.2.7 the shareholders of Trustco have, to the extent required by the Listings Requirements and the NSX Listings Requirements, agreed to and voted in favour of the entering into

and implementation of the Share Sale Agreement; and

3.2.8 the obtaining of such other regulatory approvals as may be required to implement the Share Sale Agreement;

3.3 Effective Date

3.3.1 The effective date of the Share Sale Agreement shall be on the day after the last of the Conditions Precedent are fulfilled or waived ("**Share Sale Effective Date**").

3.3.2 The ownership in and risk and benefit in respect of the Sale Shares will transfer from the Seller to the Purchaser on the Effective Date.

3.4 Settlement of the Purchase Consideration and Interest

3.4.1 The Purchase Consideration is payable for the Sale Shares within 24 months of the Share Sale Effective Date ("**Payment Period**"), irrespective of the share price at that time with no interest payable during the Payment Period.

3.4.2 The Purchase Consideration shall be settled in cash.

4. THE REPAYMENT TERMS AGREEMENT

4.1 Introduction

4.1.1 The repayment terms agreement ("**Repayment Terms**") was entered into between Trustco, Constantia, Legal Shield Holdings Limited ("**LSH**"), Trustco Property Holdings (Pty) Ltd ("**Trustco Property**"), a wholly owned subsidiary of LSH, an 80% owned subsidiary of Trustco and Herboth's Property Development (Pty) Ltd, a wholly owned subsidiary of Trustco Property ("**Herboth's**") details of which are set out below.

4.1.2 Shareholders are referred to the announcement released on SENS on 27 March 2020 in respect of the acquisition by Conduit of all the shares and claims held by Trustco and Riskowitz Value Fund in LSH ("**LSH Transaction**").

4.1.3 Shareholders are further referred to the announcement released on SENS on 11 February 2020 in respect of the disposal by Trustco Properties of Herboth's to Conduit ("**Herboth's Transaction**").

4.1.4 In terms of the LSH Transaction, Constantia paid to LSH an amount in anticipation of the implementation of the LSH Transaction. In terms of the Herboth's Transaction, Constantia paid a refundable deposit to Trustco Property.

4.1.5 In terms of the Repayment Terms, Trustco Property and LSH shall Repay Constantia the aggregate amount of NAD 61 577 365.15 (Sixty One Million Five Hundred and Seventy

Seven Thousand Three Hundred and Sixty Five Namibia Dollars and Fifteen cents) (**“Repayment Amount”**).

- 4.1.6 Payment of the Repayment Amount will become due on the Share Sale Effective Date but payable by LSH and/or Trustco Property, as the case may be, at any time between the Share Sale Effective Date and a date that falls no later than 24 months following the Share Sale Effective Date.
- 4.1.7 The Repayment Terms settle all claims the parties of the Herboth's Transaction and the LSH Transaction may have against each other.

5. THE CESSION IN SECURITY AGREEMENT

5.1 Introduction

- 5.1.1 As the Purchase Consideration, Repayment Amount (collectively the **“Secured Obligations”**) are required to be settled in a maximum period of 24 months, Trustco, Constantia and LSH entered into a cession in security agreement (**“Cession in Security Agreement”**) to secure the Secured Obligations.
- 5.1.2 The rights and interests to be ceded in terms of the Cession in Security Agreement (**“Ceded Rights and Interests”**) shall be a cession in securitatem debiti of Trustco's rights, title and interest in and to NAD 155 280 400.88 (One Hundred and Fifty Five Million Two Hundred and Eighty Thousand Four Hundred Namibia Dollars and eighty eight cents) of the claims Trustco has against LSH, with such claims against LSH as at 31 March 2021 totaling approximately NAD 2 400 000 000 (Two Billion Four Hundred Million Namibia Dollars) (**“Loan Account”**).

5.2 Salient features of the Cession in Security Agreement

- 5.2.1 As security for the proper and timeous performance by Trustco Capital of the Secured Obligations, Trustco shall cede to Constantia as securitatem in debiti the Ceded Rights and Interest, which cession Constantia accepts.
- 5.2.2 The Cession shall take effect the day after the Share Sale Effective Date. No additional actions are required to create or perfect the Cession.
- 5.2.3 Constantia shall only be entitled to enforce its rights under the Cession in Security Agreement after an event of default occurs in terms of the Share Sale Agreement or Repayment Terms Agreement.

6. RATIONALE FOR ENTERING INTO THE SHARE SALE AGREEMENT

- 6.1** Shareholders are referred to the Integrated Annual Report 2020, (pages 42 and 182) where Shareholders were advised that Trustco would continue to repurchase its shares as long as the Company and the board resolves that the prevailing share price does not reflect the intrinsic value of the group.
- 6.2** In line with Trustco's strategy and objective, the board believes this to be an excellent way to create superior wealth on a per share basis for all shareholders– sustainably.

7. SETTLEMENT OF THE PURCHASE CONSIDERATION AND INTEREST

- 7.1** The Purchase Consideration is payable for the Sale Shares within 24 months of the Share Sale Effective Date ("**Payment Period**"), irrespective of the share price at that time with no interest payable during the Payment Period.
- 7.2** Should full settlement of the Purchase Consideration not occur during the Payment Period, the amount of the Purchase Consideration still outstanding at the end of the Payment Period, will bear interest at the Namibian prime rate of interest plus 5%.

8. FINANCIAL INFORMATION

The impact of the Specific Repurchase on the financial information of Trustco, assuming the Purchase Consideration is settled on the Share Sale Effective Date is as follows:

- 8.1** a decrease in the available cash resources of approximately NAD 93 703 035.73 (ninety-three million seven hundred and three thousand thirty-five Namibia Dollars and seventy-three cents) excluding transaction cost;
- 8.2** A decrease in capital and reserves of approximately NAD 93 703 035.73 (ninety-three million seven hundred and three thousand thirty-five Namibia Dollars and seventy-three cents) excluding transaction cost;
- 8.3** a decrease in the number of Trustco issued ordinary shares of 51 769 633 if the Sale Shares are cancelled; and
- 8.4** an increase in the number of treasury shares held by a subsidiary of Trustco by 51 769 633.

9. DISTRIBUTION OF CIRCULAR AND NOTICE OF GENERAL MEETING

9.1 A circular setting out the details of the Specific Repurchase and incorporating a notice convening a general meeting of shareholders to approve the special and ordinary resolutions required to implement the Specific Repurchase (“**General Meeting**”), will be dispatched to shareholders within 60 calendar days of the date of this announcement.

10. DATE OF THE SPECIFIC REPURCHASE

10.1 Trustco will implement the Specific Repurchase upon obtaining Shareholder approval at the General Meeting and all other conditions precedent in respect of Share Sale Agreement have been fulfilled or waived.

10.2 The Sale Shares will be held as treasury shares meaning that post the Specific Repurchase, the Purchaser will hold 51 769 633 treasury shares.

20 August 2021

Komada Holdings (Pty) Ltd

Company Secretary and Investor Relations Services to Trustco Group Holdings Limited

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