



## **TRUSTCO GROUP HOLDINGS LIMITED**

Incorporated in the Republic of Namibia

(Registration number 2003/058)

NSX Share Code: TUC

JSE Share Code: TTO

OTCQX share code: TSCHY

ISIN Number: NA000AORF067 ("the Company" or "Trustco")

## **MEDIA RELEASE**

**09 December 2019**

### **TRUSTCO EMBRACES SOUTH AFRICAN OPPORTUNITY**

Financial Reporter

<https://www.tgh.na/download/7085/>

TRUSTCO is once again expanding its investment portfolio by offering to acquire all the shares and claims held by Constantia Risk and Insurance Holdings and Conduit Ventures for ZAR 2 000 004 232 (Two Billion Rand), making it one of the biggest cross-border acquisitions by a Namibia company in recent years.

Trustco Group Holdings (TGH), through its subsidiary Legal Shield Holdings (LSH), planned to expand its insurance business regionally, which will now be achieved through this transaction. Significant synergies exist between the two entities - Constantia services traditional insurance markets in South Africa while LSH services the micro insurance market in Namibia.

As such, numerous opportunities exist for the newly combined entity to consolidate their respective skillsets and create cross selling opportunities. Furthermore, the strength of the LSH balance sheet will enable new growth prospects for Constantia. Both entities have attractive business models and high growth potential, and it is envisioned that as a collective they can create even more substantial sustainable value.

The Managing Director of TGH, Dr Quinton van Rooyen, described the transaction as a huge vote of confidence in the capabilities of Namibian businesses, even in a challenging economic climate. With the economies of both South Africa and Namibia in a perceived state of paralysis, austerity seems to be the preferred political choice of growth, but Dr Van Rooyen remains convinced that austerity does not equal or ensure prosperity.

“Only by going on the investment offensive -- especially in the face of economic adversity – will sustainable growth be ignited, and wealth creation secured in such a way that it will trickle throughout all layers of society.”

Dr Van Rooyen said, “It is a reminder that Namibians will have to work their way out of challenges and that having the best policies will not be enough. The best policies must be implemented and pursued vigorously if we are to improve services and enable wealth creation for all. Only then will we have the sustainable development that feeds the various economic streams and needs of the people, both in Namibia and South Africa.”

LSH is the flagship Trustco subsidiary, with Trustco Resources flexing its muscles with diamond assets in Sierra Leone and Namibia. LSH is a diversified financial services provider in Namibia with a client base of more than 280,000 members. Its clients consists of individuals and small businesses.

LSH currently holds both a short and long-term insurance licence, and a commercial banking license is held by the banking segment within TGH. LSH recently applied to the Bank of Namibia to acquire the banking segment of Trustco, after which it will be able to provide a full spectrum of services across the financial services value chain in Namibia. It is also the owner of over 4,000 hectares of high-quality real estate assets in Namibia.

The LSH Investments portfolio consist of among others the distance education unit, the well-known Institute for Open Learning (IOL) as well as several high-profile property developments, namely Lafrenz, Farm Herboths and Elisenheim, in and surrounding areas strategically located in the economic heartland of Namibia’s capital, Windhoek.

Constantia offers a range of niche insurance and risk management solutions in South Africa, covering areas such as medical malpractice cover, primary health insurance and medical gap cover products, funeral and life insurance, guarantee and indemnity solutions, medical evacuation insurance and niche motor and property lines. It operates both in the short term and long term insurance markets and has access to substantial growth opportunities if capital is made available.

At the end of its last reporting period, Constantia held assets of ZAR 2.1 billion, Capital and Reserves of ZAR 699 million, recorded Revenues of ZAR 2.1 billion and a Loss after Tax of ZAR 582 million.

Conduit Ventures owns a number of subsidiaries that offers insurance adjacent services to Constantia, as well as other insurers. These services include software solutions, risk management solutions and claims related services.

At the end of its last reporting period, LSH (including the proposed Banking and Finance segment acquisition) held assets of NAD 5.8 billion, Capital and Reserves of NAD 2.1 billion, recorded Revenues of NAD 1.5 billion and Profit after Tax of NAD 900 million.

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