TRUSTCO GROUP HOLDINGS

23 September 2019

ISSUER-SPONSORED RESEARCH

NOT RATED

Price	8.20
Target price	**7.91***
Expected share price return	-4%
Expected dividend yield	0%
Expected total return	**-4%**
Market cap (NADmn)	9,960
Market cap (US$mn)	673
Avg. daily volume (US$K)	15.26

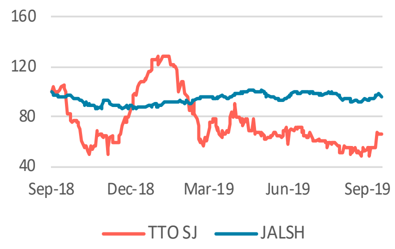
**Target price is inclusive of 25% dilution discount and 15% conglomerate/minority discount*

Market performance in NAD

YTD return (%)	-48.0
3-month return (%)	-2.4
1-yr return (%)	-34.4

Note: Company follows March y/end.

Share price performance



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Namibian triple-play: Diamonds, demographics and development

- **Well-positioned conglomerate.** Trustco Group Holdings (Trustco) operates primarily in Namibia, where it is one of the most profitable insurers, the largest private urban landowner and runs one of the most actively followed media sources. It also owns a promising mining asset in Sierra Leone. Trustco's shares are listed on the Johannesburg and Namibian exchanges: market cap is US$673mn, ADV is US$15k. The key shareholder is founder and CEO, Dr Quinton Van Rooyen (62% stake).
- **Trustco operates three major segments:** Insurance and its Investments; Resources; and Banking and Finance. The group is present in Namibia, Sierra Leone, Mauritius and South Africa.
- **Positive recent developments in relation to diamonds and properties.** Trustco recently received mining licences for its two diamond mines, which hold resources of c6.8mn carats of high-value diamonds; production should start next year. The property portfolio is expected to generate strong sales and fair-value gains, particularly given the recent provisional approval to establish a township on one of its largest property assets, Farm Herboths.
- **Recurring profits to grow strongly in the medium term.** Trustco has assets of NAD6.7bn (US$455mn), concentrated mainly in loans and property investments. It reported profit before tax of NAD606mn (US$41mn) in 2019 but, excluding one-offs, there was a loss before tax of NAD633mn (US$43mn). We expect recurring profits to grow rapidly on the back of income generated from the diamond assets, higher property sales and fair-value gains, and a growing student loan book, for which debt funding is expected to be obtained in the near future. These factors should support a healthy increase in operating cash flows from 2021f onwards.
- **Valuation:** We value Trustco using a sum-of-the-parts methodology. We apply a 25% discount on account of potential dilution for share issuances related to the Huso Transaction and a further 15% conglomerate/control discount (limited free float and related-party transactions). We see 37% of the group's value from Insurance, 31% from Resources, 17% from Banking and 14% from other activities. At our target price of NAD7.91, the shares trade at 6.2x 2020f PE and 15.0x 2021f PE.
- **Key risks:** i) The company's operating cash flows have been negative in each of the past three years and are expected to remain so in 2020f, thus requiring further debt and equity raising; ii) Trustco has exposure to unsecured student loans, which is potentially high risk (although there is security in place in the form of a government deduction code and credit insurance); iii) actual diamond resources could vary from the initial estimates, and property fair values are sensitive to external factors.

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Outlook

Group level: Consolidated net profit rose by 165% yoy to NAD725mn in 2019 (US$49mn), but this was mainly contributed by i) a net gain of NAD693mn (US$47mn) due to a property accounting reclassification and ii) a related-party loan waiver of NAD546mn (US$37mn). We do not think either of these items will re-occur in 2020, but still forecast a recurring net profit of cNAD200mn (US$14mn) in this year (NAD1.8bn – US$122mn – including Farm Herboths revaluation gain), rising to cNAD1.5bn (US$102mn) in 2024f. We see ROE (on recurring profits) rising from 6.7% in 2020f to 15.9% in 2024f and ROA increasing from 3.6% to 11.1% over the same period. Key drivers of this improving trend include: i) rising revenues from the Resources segment as the diamond mines start commercial production; ii) higher property sales over the next three years; iii) anticipated debt funding to grow the student loan book; and iv) improving operating efficiencies, particularly in the Banking and Insurance businesses. Below, we discuss the outlook for each segment separately.

Insurance and its Investments: Profit before tax of the segment rose by 70% yoy in 2019 to NAD643mn (US$44mn), but this was mainly because of a one-off accounting adjustment of NAD693mn (US$47mn); excluding this, the segment posted a loss before tax of NAD50mn (US$3mn). We expect the segment to post underlying profits from 2020f as we expect strong growth in property sales revenue (28% CAGR for the next five years) along with fair-value gains as well as growth in credit insurance premiums linked to the expected growth of the student loan book. In addition, the segment is curtailing its operating costs (30% reduction in 2019); we expect operating expenses to decline by an average of 10% pa in the next three years as a result of increased management focus and process automation. We also expect potential Farm Herboths fair-value gains in 2019; this development recently received provisional approval from the Namibian government for the establishment of a township, which we estimate could add NAD1.5bn (US$102mn) to fair value (the asset is currently carried at NAD215mn– US$15mn – in the accounts).

Resources: The segment does not have a meaningful financial history since both of its mines have only recently been granted mining licenses. During 2019, the segment posted revenues of NAD79mn (US$5mn) along with other income of NAD556mn (US$38mn, generated by a related-party loan waiver by Dr Quinton Van Rooyen). We think the segment should start delivering top-line growth from 2020f, when both mines start commercial production. We forecast revenues of NAD234mn (US$16mn) in 2020f, rising to NAD2.8bn (US$192mn) in 2023f, when the Meya mine achieves its full production rate. The segment's gross margin is expected to be c53% in 2020f, rising to 57% in 2023f.

Banking and Finance: This segment posted net profit of NAD262mn (US$18mn) in 2019, primarily due to a NAD300mn (US$20mn) loan waiver from the holding company, excluding which the segment had a loss before tax of NAD35mn (US$2mn). Revenues, which mainly comprise interest income on advances, declined by 26% yoy in 2019, primarily due to a 23% decline in the student loan portfolio. We forecast segment revenues to grow at a CAGR of 22% over next five years. Student and property loans are expected to see good growth, but SME loans growth will be slower. We expect operating cost efficiency to improve, with the cost/income ratio declining to 40% in 2024f versus 84% in 2019, mainly as a result of management's focus on digitalisation and process automation, combined with scale benefits.

Financial summary

Table 1: Consolidated group-level financial summary

March y/end (NADmn)	2016	2017	2018	2019	2020f	2021f	2022f	2023f	2024f
Income statement									
Revenues	1,150	1,247	801	1,479	932	1,679	2,509	3,760	4,092
% chg		*8%*	*-36%*	*85%*	*-37%*	*80%*	*49%*	*50%*	*9%*
Cost of sales	273	209	274	500	278	587	938	1,486	1,604
Gross profit	877	1,038	527	979	654	1,091	1,571	2,275	2,488
% chg		*18%*	*-49%*	*86%*	*-33%*	*67%*	*44%*	*45%*	*9%*
Investment and other income	153	225	481	555	1,740*	414	455	501	551
Other operating expenses	401	460	542	709	327	344	337	358	371
Finance cost	134	174	189	202	273	347	374	359	358
Profit before tax	450	581	242	606	1,754	757	1,254	1,990	2,235
Underlying PBT	450	581	242	-633	1,754	757	1,254	1,990	2,235
Net profit	420	530	274	725	1,842	833	1,316	1,493	1,520
% chg		*26%*	*-48%*	*165%*	*154%*	*-55%*	*58%*	*13%*	*2%*
Basic EPS	0.55	0.69	0.24	0.71	1.27	0.53	0.70	0.63	0.62
DPS	0.08	0.00	0.00	0.00	0.00	0.00	0.00	0.16	0.25
Balance sheet									
Net loans advances	1,184	1,819	1,754	1,387	1,634	1,973	2,183	2,459	2,700
% chg		*54%*	*-4%*	*-21%*	*18%*	*21%*	*11%*	*13%*	*10%*
Investment property	816	1,011	1,477	2,400	4,122	4,534	4,988	5,486	6,035
Total assets	4,014	5,268	6,372	6,732	9,249	10,788	11,893	13,058	14,238
Borrowings	1,105	1,657	1,333	1,251	1,782	2,200	1,770	1,355	899
% chg		*50%*	*-20%*	*-6%*	*42%*	*23%*	*-20%*	*-23%*	*-34%*
Amounts due to related parties	30	3	0	1,021	1,174	1,468	1,688	2,026	2,532
Total liabilities	1,825	2,776	2,206	2,957	3,632	4,338	4,128	4,052	4,108
Total capital and reserves	2,189	2,492	4,166	3,775	5,617	6,449	7,766	9,006	10,130
Total liabilities and equity	4,014	5,268	6,372	6,732	9,249	10,788	11,893	13,058	14,238
Cash flow statement									
Cash flow from operations	5	-73	-318	-149	35	384	819	798	892
Cash flow from investing activities	-141	-52	-440	-284	-732	-984	-596	-543	-513
Cash flow from financing activities	115	75	793	537	684	711	-209	-330	-344
Total cash flow during the period	-21	-49	36	104	-13	111	14	-75	34
Ratios									
Gross margin	76%	83%	66%	66%	70%	65%	63%	60%	61%
Net margin	36%	43%	34%	49%	198%	50%	52%	40%	37%
EBITDA margin	51%	61%	54%	55%	221%	68%	66%	64%	64%
Return on assets	10.5%	11.4%	4.7%	11.1%	23.0%	8.3%	11.6%	12.0%	11.1%
Return on equity	19.2%	22.6%	8.2%	18.3%	39.2%	13.8%	18.5%	17.8%	15.9%
Debt to assets	28%	32%	21%	34%	32%	34%	29%	26%	24%
Debt to equity	52%	67%	32%	60%	53%	57%	45%	38%	34%
Interest coverage ratio	4.4	4.3	2.3	4.0	7.4	3.2	4.4	6.5	7.2
Dividend payout ratio	15%	0%	0%	0%	0%	0%	0%	25%	40%
Average outstanding shares (mn)	758	767	753	857	1,215	1,275	1,469	1,603	1,603

*Source: Company accounts, Tellimer Research. * Includes Farm Herboths revaluation gain of NAD1.5bn.*

Table 2: Insurance and its Investments

March y/end (NADmn)	2017	2018	2019	2020f	2021f	2022f	2023f	2024f
Revenue	1,059	406	1,281	469	601	692	774	867
Gross profit	815	257	894	305	391	450	503	563
Investment and other income	186	636	47	1,738	412	453	499	549
Operating expenses	336	338	238	214	193	174	182	191
Claims incurred	48	37	35	44	62	67	73	81
Net profit	548	370	686	1,497	447	545	617	698
Investment property	1,009	1,465	2,384	4,122	4,534	4,988	5,486	6,035
Total assets	4,144	4,584	4,073	5,685	6,188	6,782	7,424	8,160
Total Liabilities	2,178	3,219	2,022	2,136	2,193	2,241	2,265	2,303
Total Capital	1,967	1,366	2,051	3,548	3,996	4,541	5,158	5,857
Gross margin	23%	37%	30%	35%	35%	35%	35%	35%
Claims ratio	31%	29%	28%	28%	25%	23%	23%	23%
Return on equity	28%	22%	40%	53%	12%	13%	13%	13%
Return on assets	13%	8%	16%	31%	8%	8%	9%	9%

Source: Company accounts, Tellimer Research. *See page 21 for more details*

Table 3: Resources

March y/end (NADmn)	2018	2019	2020f	2021f	2022f	2023f	2024f
Revenue	275	79	234	831	1,597	2,846	3,049
Gross profit	199	-30	123	457	905	1,635	1,751
Profit before tax	102	467	18	318	761	1,520	1,674
Net profit	114	462	3	203	507	1,030	1,136
Evaluation and exploration assets	279	712	1,076	1,602	1,867	2,015	2,167
Total assets	781	1,449	1,873	2,545	2,888	3,224	3,441
Total liabilities	688	1,281	1,740	2,064	1,719	719	322
Total capital	93	167	171	373	880	1,911	3,046
Gross margins	72%	-37%	53%	55%	57%	57%	57%
Effective tax rate	-11%	1%	81%	36%	33%	32%	32%
Return on equity	281%	355%	2%	75%	81%	74%	46%
Return on assets	18%	41%	0%	9%	19%	34%	34%

Source: Company accounts, Tellimer Research. *See page 30 for more details*

Table 4: Banking and Finance

March y/end (NADmn)	2017	2018	2019	2020f	2021f	2022f	2023f	2024f
Net interest income	118	64	84	119	181	215	244	279
Other operating expenses	109	85	73	73	101	109	111	112
Credit impairment charge	0	29	49	54	53	54	50	50
Net profit	-2	-41	262	-4	27	50	58	82
Total assets	1,993	1,935	2,685	2,951	3,262	3,484	3,728	3,940
Total liabilities	1,589	1,783	2,522	2,792	3,076	3,248	3,434	3,564
Total capital	404	152	163	159	186	236	294	376
Total liabilities and equity	1,993	1,935	2,685	2,951	3,262	3,484	3,728	3,940
NII margin on interest-earning assets	6.5%	3.6%	4.0%	4.6%	6.3%	6.8%	7.3%	7.9%
Cost/ income	91.2%	129.0%	84.1%	60.0%	55.0%	50.0%	45.0%	40.0%
Impairment charge/ gross loans		1.4%	2.0%	1.8%	1.6%	1.5%	1.3%	1.2%
CAR	110%	150%	68%	60%	63%	76%	88%	107%
Return on assets	-0.1%	-2.1%	11.4%	-0.1%	0.9%	1.5%	1.6%	2.1%
Return on equity	-0.6%	-14.7%	166.4%	-2.5%	15.8%	23.5%	22.0%	24.4%

Source: Company accounts, Tellimer Research. *See page 33 for more details*

Trustco valuation multiples

PE (2020f)	6.5x
PE (2021f)	15.5x
EV/EBITDA (2020f)	6.1x
EV/EBITDA (2021f)	10.9x
PB (2020f)	1.8x

multiples are at current share price

Valuation

At the share price of NAD8.20, Trustco is trading at 2020f PE of 6.5x (2021f at 15.5x, absent the Farm Herboths fair-value gains) and 2020f PB of 1.8x. We value Trustco using a sum-of-the-parts valuation methodology. We calculate enterprise value (EV, ie equity value plus net debt) separately for all segments and sum these to arrive at the group-level enterprise fair value. We then deduct group-level consolidated debt to arrive at the group's equity value. We apply a 25% dilution discount on account of pending share issuances for the Huso Transaction. We apply a further 15% conglomerate and control discount for: i) the limited influence of minority shareholders (see Appendix 2); and ii) potential risks pertaining to related-party transactions (Table 5).

Table 5: Valuation summary (group-level)

Sum-of-the-parts valuation		NADmn
Total group enterprise value (A+B+C+D)		**15,791**
Less: Group consolidated net debt		2,797
Total equity valuation		**12,995**
Total equity valuation (12m forward @16.0% COE)		15,074
Shares outstanding (mn)		1215
Modelled equity valuation per share (NAD)		**12.41**
Dilution discount		25%
Equity value per share after dilution discount (NAD)		**9.31**
Conglomerate/minority discount		15%
Target price (NAD)		**7.91**
Insurance and its Investments		
Insurance business (PE and PB approach)		962
Property investments (fair-value approach)		3,884
Other property investments (fair-value approach)		717
Other financial investments (fair-value approach)		504
Net debt of segment		1,305
Shareholding		80%
Total Insurance and Investments segment EV	**(A)**	**5,897**
Resources		
Meya (DCF and comparable reserves valuation) @65% stake		3,107
NNDC (DCF and comparable reserves valuation)		181
Morse Investments (DCF)		1,640
Total Resources group EV	**(B)**	**4,928**
Banking and Finance		
Equity valuation (target PE and justified PB approach)		377
Net debt of segment		2,367
Total Banking and Finance EV	**(C)**	**2,744**
Holding company (including incubator and shared services)	**(D)**	**2,226**
DCF valuation assumptions		
Risk free rate		9.5%
Equity risk premium		6.5%
COE		16.0%
Cost of debt		13.0%
Weight of debt (target structure)		40.0%
Weight of equity (target structure)		60.0%
WACC		**13.1%**

Source: Tellimer Research

Valuation scenario analysis

We have calculated the impact of different upside and downside scenarios on our target price. We summarise the results in Figure 1.

Upside scenarios

Property valuations increase significantly. Property assets are core to the company's value, but are calculated based on key assumptions. A 100% increase in property fair value would have a potential positive target price impact of NAD1.9 per share.

Above-estimated diamond resources. The mines' diamond resources are currently quite uncertain (since they are based on initial studies), and there is scope for actual resources to be higher than currently indicated. A 100% increase in resources for both diamond mines would raise our target price by cNAD1.2 per share.

Share issuances against warrants and convertible loans. The warrants and convertible loans carry strike prices that are substantially higher than both the current BVPS and the market price; therefore, we consider the exercise of these securities as anti-dilutive. If we assume all the shares are issued at the already disclosed strike prices and assume a 10.5% return on these proceeds (equal to the current prime lending rate in Namibia). The net impact on our target price is a positive NAD1.2 per share.

Stronger loan growth. If growth in the loan portfolio were 30% annually for the next five years (compared with our current growth assumption of 8%), this would have a potential impact of NAD0.2 on our target price.

Asset quality improvement. Asset quality has scope to improve as most of the property loans are collateral-backed. A 50% recovery in already-made provisions and a reduction in our long-term cost risk assumption to 50bps from the current 120-180bps would raise our target price by cNAD0.2 per share.

Downside scenarios

Diamond resources shortfall. The disclosed resources from the NNDC and Meya mines are based on initial estimates; there is, therefore, a possibility that actual resources could be materially different. Assuming the two mines have actually 50% lower resources generates a target price hit of NAD0.9. Note that the bulk of this adjustment would come from Meya mine.

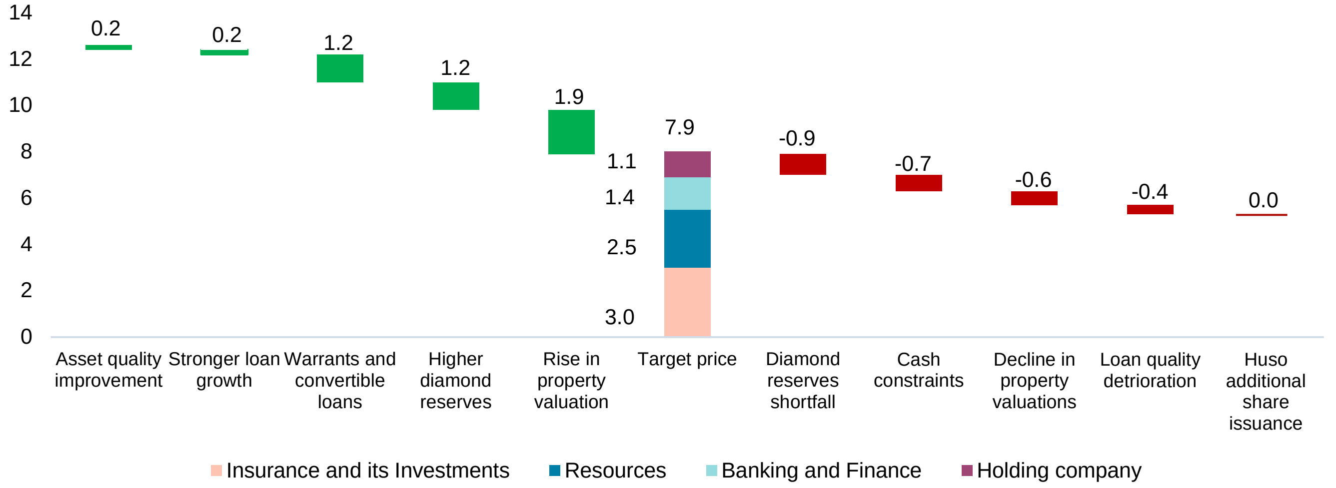
Cash constraints. As the company has sizeable cash outflow issues in the near term, we look at the possibility that the company fails to arrange external debt and equity and, consequently, delays ongoing projects. Accordingly, we assume flat loans, a 30% drop in property sales over the next three years and a three-year delay in diamond mining revenues. In this scenario, the hit to our target price could be cNAD0.7 per share.

Decline in property valuations. Property fair values are based on subjective assumptions. If property fair values were to fall by 30% immediately, the target price impact would be a negative NAD0.6 per share.

Loan quality deterioration. Given the high-risk nature of the loan portfolio, we assess the impact of asset quality deterioration on our target price. We assume a 50% NPL ratio and build full provisioning for that. The impact on the target price comes to around a negative NAD0.4 per share.

Issuance of shares against the Huso Transaction. There are c388mn shares pending to be issued relating to the Huso Transaction. If all these shares get issued, the impact on fair value will be -25%. However, since we have already incorporated this issuance into our base-case valuation, the impact on our target price is 0%.

Figure 1: Waterfall for valuation scenario analysis (NAD)



Source: Tellimer Research. Note: green = positive target price impact of upside scenarios, red = negative target price impact of downside scenario.

Key investment risks

Negative operational cashflows

Trustco's operating cash flows have been negative in each of the past three years, which has necessitated debt and equity issuance (both external and related-party). Dividends have been suspended since 2017. We think the company will post strong operating cashflows from 2021f, but it is largely contingent upon increasing production from the Meya diamond mine as well as securing debt funding to grow the student loan book and thereby generating cash flows from interest income, insurance income and educational fees. We forecast a resumption of the dividend from 2023f.

Debt restructuring

Trustco has recently reached a restructuring deal with international lenders, where it has agreed to pay back its outstanding loan (NAD814mn, 12% of total assets) by August 2021. This restructuring has seen a waiver of covenants imposed on the company by these lenders. However, we think operational cashflows will not be enough to repay both the loan and fund planned capital expenditures within this timeframe, so the company is likely to raise further debt and equity, in our view. It could also seek to liquidate its 45mn treasury shares.

Dilution risk for minority shareholders.

Trustco acquired Huso Investments from Dr Quinton Van Rooyen against issuance of Trustco shares. Note that Dr Van Rooyen is the majority shareholder of Trustco. Huso Investments owns a diamond mine (NNDC) and a diamond cutting and polishing factory (Morse Investments). Initially 143.3mn shares were issued to Dr Van Rooyen, while the issuance of a further 628.8mn shares was contingent upon the Resources segment achieving certain profit targets (versus a pre-transaction Trustco share count of 831mn shares). So far, 383.7mn total shares (including the initial payment) have been issued, while 388.4mn (32% of total shares currently issued) are still pending. These shares will be issued after meeting certain EBITDAASA targets (see page 16) within a period of nine years. We think that the Huso Transaction poses a dilution risk to minority shareholders but also gives exposure to the upside potential of diamond business. Note that the controlling shareholder did not vote on the Huso Transaction; only minority shareholders of Trustco did so.

In addition, Trustco has recently (December 2018) obtained a loan from Dr Quinton Van Rooyen worth NAD1.0bn (US$68mn), which is convertible to equity at the option of the lender. The effective price at which these shares will be issued (NAD21-75) is significantly higher than current share price (NAD8.20). Therefore we think that the potential issuance should not be a cause of dilution for minority shareholders. There are also warrants agreements in place with a fund (EVO Fund) but, again, the strike price (NAD9-30 range) is much higher than the current book value per share and share price, so the dilution risk is also limited, in our view. See page 15 for more information.

To account for the dilution risk to minority shareholders from potential share issuance on account of the Huso Investments Transaction, we incorporate a 25% discount to our fair-valuation calculation.

In an extreme scenario, assuming all contingent shares (relating to Huso, the convertible loans and warrants) are issued, the share count would rise by 532mn (ie 44%), but Trustco would receive NAD2.1bn cash in return and also see a debt-to-equity transfer of NAD1.0bn.

Exposure to unsecured student loans

Trustco has cNAD529mn exposure to unsecured student loans (8% of total assets), which we consider is a potentially high-risk portfolio. However, although the student loans are classified as unsecured and are not backed by collateral, there is in fact significant security in the form of a government deduction code and credit insurance cover on the book. As at March 2019, c34% of the student loans are classified as Stage 3 loans. Provisions coverage on Stage 3 loans was only 31% at March 2019. We think any downturn in the economy could lead to high provisioning against this portfolio, particularly if the youth unemployment rate started to rise. Recovery rates on the student loan book have historically been very good, with less than 0.5% written off on more than NAD2bn in loans advanced since inception.

High uncertainty of diamond resources

We value both the diamond mines based on DCF and comparable reserve valuation methods. Both of these methods are dependent on the accuracy of resources estimated by the independent valuers, which are still based on preliminary field studies. Actual resources could vary materially from these estimates (on both the positive and negative sides).

Subjectivity in property valuation

Properties are currently recorded at mark-to-market valuations in the financial statements. These valuations are prepared by the third-party evaluators, and are based on certain subjective assumptions. In addition, these properties are likely to be held for the long term and will be sold only gradually. The external environment could change materially over time, impacting the ultimate sale and rental cashflows that can be realised.

Corporate governance

Trustco has had a high volume of sponsor-to-company transactions (Table 8) in the past and the sponsor, Dr Quinton Van Rooyen, is also the CEO of the company. Accordingly, this could be an area of concern for institutional investors. However, we note that the company's Board comprises a majority of independent directors (see Appendix 1), and the company assets, such as its diamond resources and properties, have been independently valued (diamond mines: SRK Consulting (Canada) and Willem Kotze; property: Gert Hamman Property Valuers CC and CP Marais).

Operating segments

Trustco has a presence in several industries. These are grouped into three major operating segments: Insurance and its Investments; Resources and Banking and Finance. There is also a Shared Services segment, which includes an Incubator division.

Figure 2: Trustco operational segments

Source: Company reports

Insurance and its Investments

This segment has two main businesses lines: insurance and property investments. Under insurance, the company provides short- (legal coverage) and long-term (life, health and credit life) insurance products. The segment has investments in five properties, which form a significant part (59%) of its total assets. The properties comprise residential estates as well as industrial parks. The business model is to acquire large parcels of land, develop them and then to sell to individual buyers and specialist top structure developers.

This segment incurred a loss before tax in 2019 of NAD50mn (US$3mn, excluding the one-off gain of NAD693mn – US$47mn –generated from property asset accounting reclassifications). We expect the segment to become profitable on a recurring basis in 2020f as operating expenses decline in absolute terms, and because the revenues should rapidly increase due to a strong pipeline of property sales. In addition, the very recent (September 2019) provisional approval of a development licence for its largest residential property (Farm Herboths), is likely to increase its fair value by cNAD1.5bn (US$102mn; NAD215mn – US$15mn – currently). In our terminal-year forecast (2024f), we see the Insurance and its Investments segment delivering 21% of group revenues. The segment contributes 37% to our total group enterprise value.

Resources

The Resources segment was established in 2015 and focuses primarily on the diamonds business with an integrated mine-to-market strategy. The company has stakes in two diamond mines. One is 100%-owned NNDC, an alluvial deposit located in Northern Namibia, for which the company received its mining licence in August 2018. According to a technical study by an independent valuer (Willem Kotze), the mine has total resources of 350k carats of diamonds and its annual production is targeted at 36k carats. The second mine is 65%-owned Meya, located in eastern province of Sierra Leone, and has total resources of 6.4mn carats, as per a technical survey by Competent Person, SRK Consulting (Canada). The mining licence for Meya was received even more recently (August 2019).

In addition to the diamond mines, Trustco also 100% owns a diamond polishing and cutting factory, Morse Investments. The segment does not have a performance track record as the mining licences have only recently been received. But, for our future forecasts, we expect the segment to contribute to profits from 2020f, achieving a steady-state production rate in 2023f, when Meya starts operating at optimal capacity. In our terminal-year forecast (2024f), we expect the Resources segment to deliver 67% of group revenues. The segment contributes 31% to our total group enterprise value.

Banking and Finance

The Banking and Finance segment of Trustco has a focus on student loans and property sector loans. These are mainly funded by equity and inter-segment loans rather than deposits. Banking and Finance contributed 24% of the total group recurring revenues in 2019. On a recurring basis, the segment reported a loss in 2019, which we attribute to high operating and credit risk costs (there was a reported profit due to one-off other income).

Going forward, we think the segment will become profitable on a recurring basis from 2020f as operating costs normalise and revenues increase due to strong volume growth (student loans) and margin expansion. In our terminal-year forecast (2024f), we see Banking and Finance delivering 9% of group revenues. The segment contributes 17% to our total group enterprise value.

Other segments

Apart from the above activities, Trustco also operates a Shared Services Segment, within which sits the Incubator business (see below). These generate minimal revenues from external customers and are consolidated into group-level financial statements, rather than having their own divisional accounts.

Shared Services

The Shared Services segment drives synergies among the various segments of Trustco by providing services in the areas of Administrative Support (IT, Audit, Human Resources, Legal, Treasury, etc.), Fleet Management, Marketing and Media (including two media channels: Informanté radio and Informanté news).

Incubator

Trustco has a business incubator that assists, creates and accelerates the growth and success of businesses that have potential. It supports emerging businesses by providing them with support, resources and services including physical space, capital, mentoring and networking connections. As part of the Incubator, the company runs the Institute for Open Learning (IOL), whose main objective is to increase mass-market access to higher education. IOL has enrolled over 59,000 students since its establishment in 1995. It also drives synergies with other segments: for example, the Banking segment provides financing to its students and the Insurance segment offers them protection against uncertain events.

Major growth drivers

Strong prospects in the diamond mining business

The two diamond mines, for which Trustco has recently received mining licences, on paper have strong prospects. Total resources of the two diamond mines are c6.8mn carats, according to the initial technical surveys prepared by competent valuers (0.35mn at NNDC and 6.4mn at Meya). Although current revenues are minimal, as the mines are not currently operational, we think that annual revenues at steady-state production volume would be cNAD2.8bn (US$192mn) from 2023f (constituting 68% of forecast total group revenue in this year).

Property investments could unlock more value

Trustco has various investments in the property segment that have been driving fair-value gains in the past. We think this performance will continue into the future. One property that we think holds particular potential is Farm Herboths; a 1,660 ha area of land that is planned to be developed into a full town. The fair value recorded in the accounts is significantly below the estimated future value, as Trustco did not previously have the required approvals. In September 2019, Trustco received provisional approval from the Namibian government to build a township, which we think will boost its fair valuation by cNAD1.5bn (US$102mn) assuming sale price of average NAD1,750 per square meter, development cost of NAD450 per square meter and development period of 15 years. We think this change could be reflected in the 2020f financial statements.

Operating expenses have scope for improvement

The Insurance and Banking segments have posted underlying losses in 2019 (ie after excluding profit boosts from one-off income), which we think is mainly because of poor operating efficiency in these segments. In 2019, expenses fell by 14% yoy for Banking and 30% in Insurance, although consolidated group level expenses increased due to higher holding company operating costs. We think there is further scope to reduce these expenses through digitalisation. This is already one of the top strategic priorities of the management team.

Growth in loans and advances

Volumes of the Banking and Finance segment are likely to see strong growth as: i) the company is focused on growing its student loan portfolio due to its high yields; ii) property loans are also expected to grow given rising Trustco property sales, as Trustco's banking arm will likely be the primary financing source for its property clients and iii) cross-selling new and existing products into the existing client base of 280,000 insured members and 59,000 current/former students.

Margin expansion in the Banking segment

The net interest margin on interest earning assets is currently c4.0%. We think there is scope for this to improve due to: i) strong growth expected in student loans, which attract high yields (over 20%); and ii) a higher share of deposits in the funding mix and loan from a DFI funder, which are cheaper than wholesale borrowings (currently the key source of funding).

Credit risk costs are likely to decline

With the implementation of IFRS9, credit risk costs have risen to 201bps in 2019 from 141bps in 2018. We think the cost of risk will gradually decline to a more sustainable level of 120bps in 2024f as credit processes improve on the back of digitalisation, and given management's focus on high-quality loans.

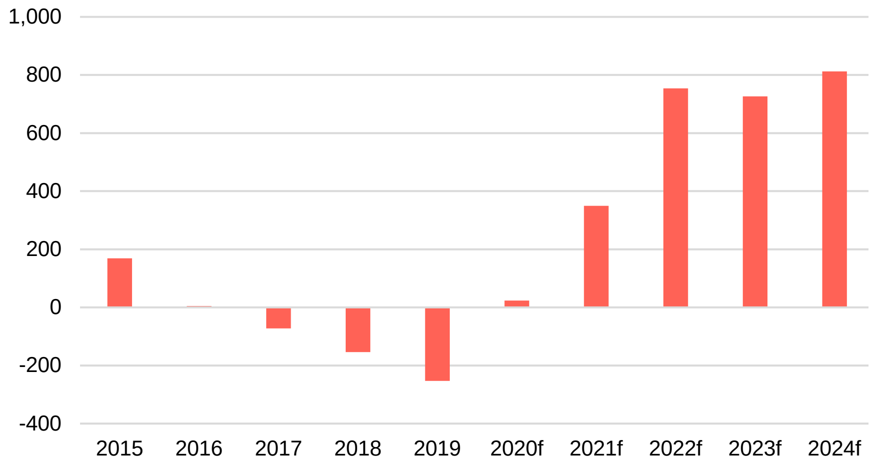
Key considerations

Cash flow issues and the road ahead

Negative operating cash flows currently, but expected to improve

The Banking and Insurance segments (excluding the properties portfolio) currently generate negative operational cash flows, primarily due to poor operating efficiency. We expect the cash flow situation to improve going forward as i) operating expenses are expected to decline, ii) insurance sales, specifically credit life insurance, are expected to pick up, and iii) we expect strong revenue generation from the Resources segment from 2021f, given our rising diamonds production forecast.

Figure 3: Operational cash flows (Trustco Group Holdings, NADmn)



Source: Tellimer Research

Diamond business – Initial cashflow drag, but strong support from 2021f

Trustco has now received mining licences for both its Namibian and Sierra Leone diamond mines. We expect that this will create a large near-term drag on cashflow as a considerable amount of initial capex is required to make the mines operational. As per management, NNDC requires NAD100mn (US$7mn) of initial capex, and Meya requires NAD1.3bn (US$88mn) capex spread over the next three years. Management plans to finance this capex with a combination of debt and equity issuance. We expect cash flows from the Resources segment will turn positive after 2021f, contributing significantly to group cash flows thereafter.

Further debt-raising on the cards

After restructuring its existing outstanding debt with international lenders (see page 15 for more details), the debt covenants on Trustco have been waived, allowing it to raise further loans of up to NAD2bn (US$136mn), and additional asset-backed financing of up to NAD1.4bn (US$95mn). Given its near-term cash needs term due to diamond mining capex and to fund loan growth, we think the company will raise further debt in the coming months.

Warrants agreement in place

Trustco has entered into a warrant agreement with Evo Fund (which is not a related party) in June 2019, whereby the company has issued 97mn warrants to be converted at a 1:1 ratio for Trustco shares at strike prices that range from NAD9-30 per share (Table 6). The warrants are exercisable by June 2022 and the consideration received for selling these warrants was insignificant (not the shares). We think the major benefit for Trustco would be the additional funds generated from these warrants, should they get exercised by the warrant holder. As these warrants are already at strike prices higher than current share price (NAD8.20), we think these instruments pose no significant risk to minority shareholders as ownership dilution will be offset by the cash consideration Trustco will receive against the issuance of the new shares.

Table 6: Warrants issued at 1:1 ratio with Trustco strike prices

Number of warrants	Strike prices
20mn	NAD9 per share
20mn	NAD13 per share
20mn	NAD22 per share
37mn	NAD30 per share

Source: Company reports. Note: Warrants will expire in June 2022.

Equity raising also under consideration

We think the company is planning to raise further equity to support is growth. Our discussions with management suggest Trustco is considering spinning off its Resources and Financial Services business into two separate listed entities or through acquisitions. We think minority stakes could be sold in these businesses. Although this will help fund the business's expansion and could unlock value, existing shareholders might see their stakes diluted. Existing shareholders might have the option to keep their group shareholding or move into either one of the two new listed entities. We think this could be helpful as it would allow shareholders to more closely match their investment objective.

Spinning-off key segments

We believe the company is considering to list its key Financial Services (banking, insurance and property investments) and Resources (diamond-related assets) segments in two separately entities. We think there are two prime motivations for this: i) unlocking value by improving transparency; and ii) generating cash by selling minority stakes, as both the segments require cash to fund their growth. For minority Trustco shareholders, the move has both positive and negative implications, in our view.

Debt restructuring

In June 2019, Trustco successfully concluded a NAD814mn (US$55mn) loan restructuring with its international lenders, the key terms of which are as follows:

- 30% of outstanding principal repayable by June 2020;
- A further 30% of outstanding principal repayable by June 2021;
- The remaining 40% of outstanding principal repayable by August 2021;
- Covenants preventing more loans from being issued have been relaxed, but the total aggregated long-term debt cannot exceed NAD2bn (US$136mn, excluding related-party loans).
- In addition to the NAD2bn long-term debt, up to an additional NAD700mn (US$48mn) of asset-backed financing can also be raised immediately, which can be increased by another NAD700mn (US$48mn) asset-backed financing after June 2020.

Huso Investments Transaction

In 2015, Trustco acquired Huso Investments from its owner, Dr Quinton Van Rooyen, against a total consideration of 772.1mn shares in Trustco. Initially, 143.3mn shares were issued and the remaining 628.8mn shares were contingent on the Resources group meeting certain EBITDAASA targets (Table 7). 240.4mn shares were issued to Dr Quinton Van Rooyen in July 2019 as the segment recorded NAD511mn (US$35mn) EBITDAASA, primarily due to a NAD546mn (US$37mn) loan waived by Dr Van Rooyen. As per our EBITDAASA projections for the Resources segment, 120.2mn further shares will be issued in 2021f, with the remaining 388.4mn shares issued in 2022f. However, the issuance of new shares represents dilution for minority shareholders, for which we have applied a 25% discount to our per-share Trustco fair-value calculation.

Table 7: Huso transaction contingent share issuance schedule

Event	EBITDAASA target (NADmn)	Shares to be issued (mn)	Tellimer expected issuance date
Upon reaching first EBITDAASA target of	250.0	120.2	Delivered
Upon reaching second EBITDAASA target of	250.0	120.2	Delivered
Upon reaching third EBITDAASA target of	250.0	120.2	2021
Upon reaching fourth EBITDAASA target of	250.0	120.2	2022
Upon reaching fifth EBITDAASA target of	308.1	148.0	2022
Total	1,308.1	628.8	

Source: *Company reports, Tellimer Research. Note: EBITDAASA means earnings before interest, tax, depreciation and amortisation, and after stock adjustments.*

Corporate governance

Sizeable sponsor-to-company transactions

There have been a number of sizeable transactions between Dr Quinton Van Rooyen (sponsor) and the company in the past, which relate to: raising additional funding for Trustco; Trustco acquiring businesses from the sponsor; and the payment of management fees. We present these transactions with our comments in Table 8.

Table 8: Summarised sponsor-to-company transaction

Date	Transaction	Amount	Current status	Benefit to Trustco	Benefit to sponsor	Implications for minority shareholders
Jul. 2015	Trustco entered into an agreement with Dr Quinton Van Rooyen to purchase Huso Investments	NAD3.6 bn (US$ 244mn; 772mn Trustco shares)	100% equity acquired, 388mn shares issuance still pending	Addition of diamond business, which has strong prospects on paper	Bringing all his businesses under one roof, ie Trustco	Exposure to high-prospect diamond business, but also dilution risk as some share issuance is still pending. Note that only minorities voted on this transaction
Oct. 2018	Trustco borrowed funds from Dr Quinton Van Rooyen	NAD1.0 bn (US$68 mn)	Payable in 2024f, convertible to equity	Inflow of funds at a time when the company was in need of cash	Interest income at market rate (prime lending rate in Namibia currently = 10.5%)	Strike price is higher than BVPS and current share price, so limited risk of dilution. Confidence that the majority shareholder is supportive of the company
2019	Loan waiver by Dr Quinton Van Rooyen	NAD546 mn (US$37 mn)	Loan waived	One-off income was generated for Trustco	Part of pending shares from Huso transaction got issued as the Resources segment achieved targets	This brought dilution of stake to the minority shareholders in exchange of debt relief
2019	Management fee paid by Trustco to Dr Quinton Van Rooyen and his companies	NAD79 mn (US$ 5mn)	Paid	Trustco benefits from the extensive experience of Dr Quinton Van Rooyen	Income against the services provided to Trustco	EPS impact of NAD0.09

Source: *Company reports, Tellimer Research*

Board of Directors' independence

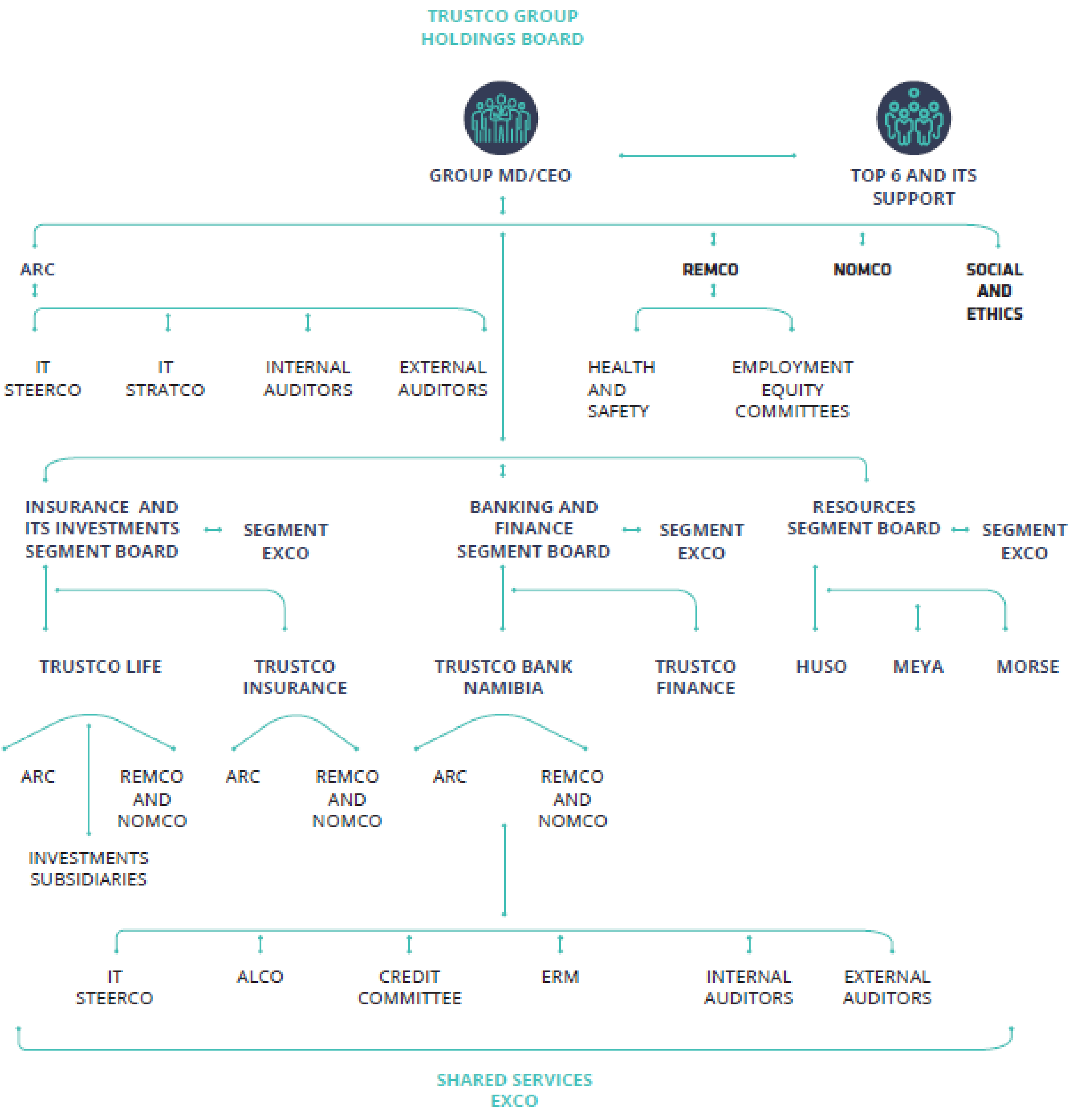
As per Trustco's 2019 Annual Report, the following steps have been taken to ensure the independence of the Board of Directors:

- The majority of Directors serving on the Board are classified as independent.
- The Chairman of the Board is an Independent Non-executive Director.

- If a Director has served for a period of more than nine years, the Board considers whether that Director continues to be independent in executing his/her duties. Currently, none of the Non-executive Directors has served for longer than nine years (the maximum tenure is nine years).
- Directors are appointed through a formal process involving the whole Board, assisted by the Nomination Committee.

Board structure

Figure 4: Trustco Group Holdings Board structure



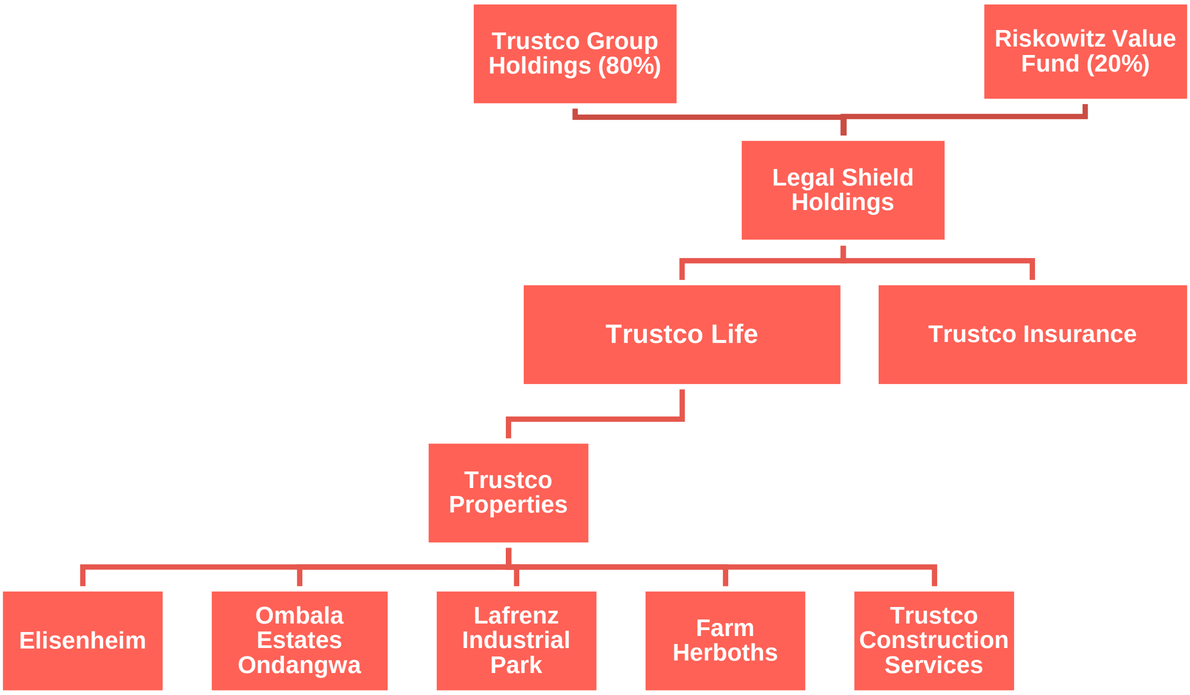
Source: Company reports. ARC = audit and risk committee, REMCO = remuneration committee, NOMCO = nomination committee.

Insurance and its Investments

Introduction

The Insurance and its Investments segment has two main businesses lines: insurance and property investments. The segment is operated by a holding company, Legal Shield Holdings (LSH), in which Trustco Group Holdings (the parent company) has an 80% stake and the Riskowitz Value Fund (a US based hedge fund) has a 20% ownership. LSH operates two companies: i) Trustco Life, which runs the life insurance and property businesses; and ii) Trustco Insurance, which offers the legal insurance.

Figure 5: Segment structure

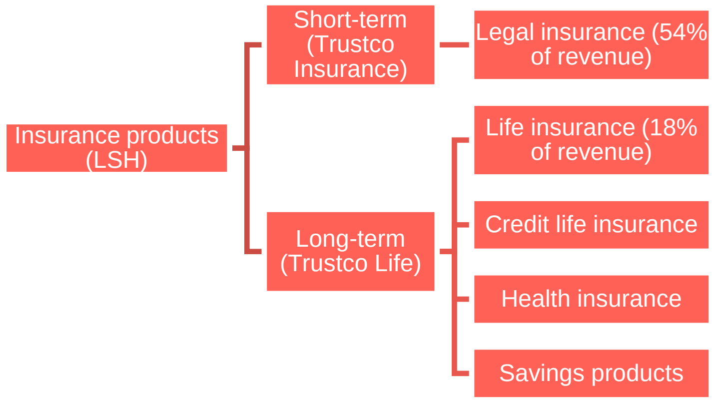


Source: Company reports

Insurance activities

LSH provides short- and long-term insurance products. In short-term insurance, it provides cover against legal expenses that can be incurred in criminal, civil, labour, matrimonial and administrative matters. On long-term products, the company provides life insurance, credit life insurance (coverage against unpaid private loans), health insurance (coverage against illness), and investment and savings products.

Figure 6: Insurance business product suite

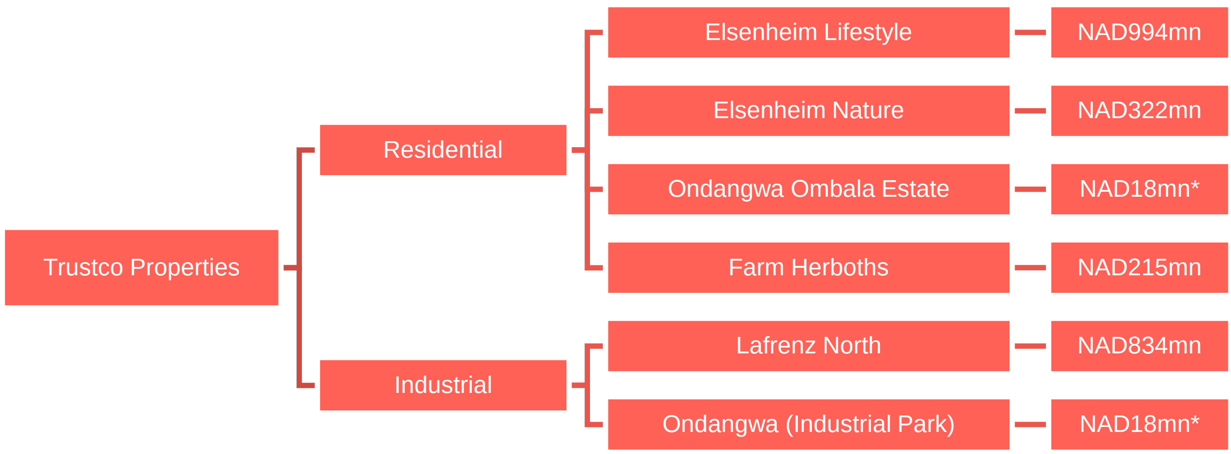


Source: Company reports, Tellimer Research

Property activities

Via Trustco Properties, Trustco has investments in five properties, which together account for the majority of the assets of the Insurance and its Investments segment (59%). Most of the properties are in residential towns, where the company acquires land, develops the area and then sells properties to residential, commercial and institutional clients. Trustco Properties also owns industrial parks, which helps to diversify the real estate portfolio. The investments are currently recorded at fair value, which is arrived at using conservative assumptions (as per the management).

Figure 7: Properties product suite



*Source: Company reports, Tellimer Research. *NAD18mn (US$1mn) is for Ombala Estate and Industrial Park combined.*

SWOT analysis

Figure 8: SWOT analysis (Insurance and its Investments)

SWOT

Strengths

19 years' experience in the insurance business

Well-diversified property portfolio

Synergies from the banking business

Weaknesses

High operating expenses

Limited cashflow generation

Development of properties is capex-intensive

Opportunities

Insurance permiums have scope to grow, especially in the credit life segment

Digitalisation to improve operating cost efficiency

Properties could significantly increase in fair value

Threats

Weak economic conditions could impact insurance and property sales

Property sales may fall short of management expectations

Source: Company reports, Tellimer Research

Historical performance review

2019 has been a strong year for the insurance segment as profit before tax rose 70% yoy to NAD643mn (US$43mn), albeit mainly due to a one-off accounting adjustment; a transfer from property inventory to investment property triggered a net gain of NAD693mn (US$47mn). Excluding this, the segment posted a loss before tax of NAD50mn (US$3mn). We believe the major reason behind the underlying losses are high operating expenses. Some 40% of revenue comes from insurance premiums, which declined slightly in 2019 due to lower credit life premiums. The remainder (c60%) comes from property sales and rental income, which also fell in 2019 against a high comparative base (large one-off sale in 2018).

Future growth prospects

We expect the segment to post underlying profits from 2020f as we expect strong growth in property sales revenue (28% CAGR for the next five years), along with higher property valuations, which will generate fair-value gains. In addition, the company is curtailing its operating costs (30% reduction in 2019); we expect operating expenses to fall by an average 10% pa in the next three years, followed by 5% average growth (which is in line with IMF inflation expectations for Namibia).

Farm Herboths fair-value gains are likely to boost profits significantly in 2020f. In September 2019, Farm Herboths received provisional permission from the Namibian government for the establishment of a township, which is expected to increase the value of the project significantly. We estimate the valuation gain could be cNAD1.5bn (US$102mn). This is assuming average sale price of NAD1,750 per square meter, development cost of NAD450 per square meter and development period of 15 years.

Table 9: Financial summary (Insurance and its Investments segment)

March y/end (NADmn)	2017	2018	2019	2020f	2021f	2022f	2023f	2024f
Income statement								
Revenue	1059	406	1281	469	601	692	774	867
Cost of sales	244	149	387	164	210	242	271	303
Gross profit	815	257	894	305	391	450	503	563
Investment and other income	186	636	47	1738*	412	453	499	549
Operating expenses	336	338	238	214	193	174	182	191
Claims incurred	48	37	35	44	62	67	73	81
Profit before tax	568	377	643	1761	526	641	726	822
Net profit	548	370	686	1497	447	545	617	698
Balance sheet								
Investment property	1009	1465	2384	4122	4534	4988	5486	6035
Total assets	4144	4584	4073	5685	6188	6782	7424	8160
Borrowings	0	261	219	208	228	251	239	227
Amount due to related parties	1294	2331	1125	1125	1069	1015	965	916
Total liabilities	2178	3219	2022	2136	2193	2241	2265	2303
Total capital	1967	1366	2051	3548	3996	4541	5158	5857
Total liabilities and equity	4144	4584	4073	5685	6188	6782	7424	8160
Ratios								
Gross margin	23%	37%	30%	35%	35%	35%	35%	35%
Net margin	52%	91%	54%	319%	74%	79%	80%	81%
Claims ratio	31%	29%	28%	28%	25%	23%	23%	23%
Cost/income	34%	38%	25%	10%	24%	19%	18%	17%
Effective tax rate	4%	2%	-7%	15%	15%	15%	15%	15%
Return on equity	28%	22%	40%	53%	12%	13%	13%	13%
Return on assets	13%	8%	16%	31%	8%	8%	9%	9%

*Source: Company accounts, Tellimer Research. * Includes Farm Herboth's revaluation gain of NAD1.5bn (US$102mn).*

Segment valuation

Table 10: Valuation summary (Insurance and its Investment segment)

Valuation	NADmn
COE assumption	**16.0%**
Insurance business	
Insurance earnings 2024f	289
Target PE	7.0
Equity value (2024f)	2,020
Equity value (Sep. 2019)	**962**
Investments fair value	
Current investment property fair value	2,384
Forecast gain on Farm Herboths	1500
Other property investments (fair-value approach)	717
Other financial investments (fair-value approach)	504
Total fair value of investments	**5,105**
Add: Net debt	1,305
Total segment valuation EV	**7,372**
Shareholding	80%
Total segment valuation EV for Trustco	**5,897**

Source: Tellimer Research

Trustco's property portfolio

Property is one of the major sources of value for Trustco. We take a look at each property's characteristic below.

Table 11: Characteristics of properties

Property	Type	Development period	Total land bank (ha)	Sellable land (ha)*	Fair value (NADmn)**
Elisenheim Lifestyle Estate	Residential	2-7 years	402	264	994
Elisenheim Natural Estate	Residential	2-7 years	558	279	322
Farm Herboths	Residential	7 years	2,766	1,660	215
Lafrenz North	Industrial	5-7.5 years	285	143	834
Ondangwa	Residential/Industrial	2 years	41	31	18
Total			**4,052**	**2,377**	**2,384**

*Source: Company reports, Tellimer Research. * After accounting for the land provisions for infrastructure such as roads, etc. ** As at March 2019.*

Elisenheim

Elisenheim is situated within the Windhoek basin in Windhoek, the capital of Namibia, and falls within the city's municipal boundaries. It is one of the largest property developments in Namibia.

Elisenheim Lifestyle Estate

The prime selling points of Elisenheim Lifestyle Estate are enhanced security and a premium lifestyle and environment. The main target market is young professionals, first-time home owners and small families.

Elisenheim Nature Estate

The Elisenheim Nature Estate is situated adjacent and southeast of the existing Elisenheim Lifestyle Estate. The proposed plan is estimated to accommodate c2,500-3,000 low-density residential homes. Elisenheim Nature Estate is expected to cater for the higher-income market with a luxury estate.

Elisenheim Lifestyle Estate
Key characteristics

Sellable land	264 ha
Type	Residential
Est. revenue	NAD4.3bn
Current fair value	NAD994mn

Elisenheim Nature Estate
Key characteristics

Sellable land	279 ha
Type	Residential
Est. revenue	NAD4.6bn
Current fair value	NAD322mn

Figure 9: Elisenheim location map

Source: Company reports

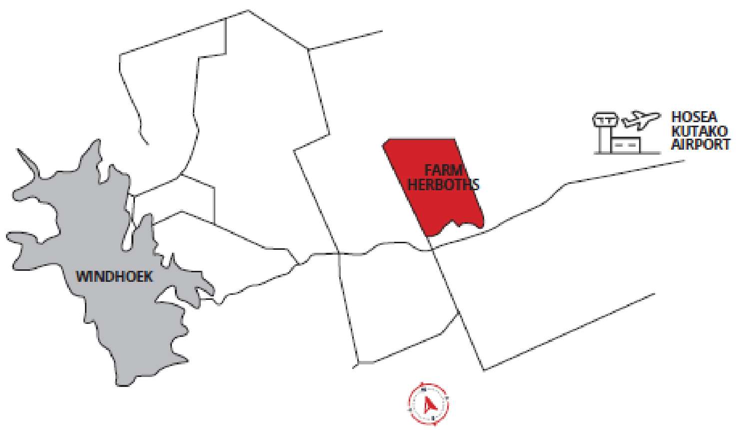
Farm Herboths
Key characteristics

Sellable land	1,660 ha
Type	Residential/Comm.
Est. revenue	NAD28.7bn
Current fair value	NAD215mn

Farm Herboths

Farm Herboths is situated 21 kilometres east of Windhoek and is the largest parcel of sellable land owned by the company (1,660 ha). In September 2019, Trustco received provisional permission from the Namibian government to establish a new township; this is likely to unlock significant value. The current fair value in the accounts is NAD215mn (US$15mn). We estimate fair value can increase by NAD1.5bn (US$102mn), which is equivalent to NAD1.23 per Trustco share.

Figure 10: Farm Herboths location map



Source: Company reports, Tellimer Research

Lafrenz North
Key characteristics

Sellable land	143 ha
Type	Industrial
Est. revenue	NAD2.8bn
Current fair value	NAD834mn

Lafrenz North

The Lafrenz industrial park is situated on the northern outskirts of Windhoek, approximately seven kilometres from the city centre. The industrial development is a natural expansion of the already established Lafrenz industrial area. Lafrenz North has 143 hectares of sellable land in the Lafrenz development. The City of Windhoek recently approved the application for the establishment of an industrial township over this area, which has unlocked substantial value.

Figure 11: Lafrenz location map

Source: Company reports

Ondangwa Development

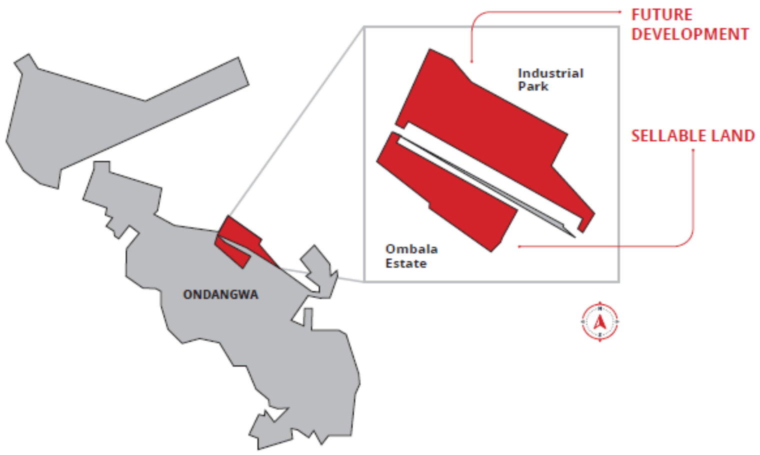
Key characteristics

Sellable land	31 ha
Type	Residential/Industrial
Est. revenue	NAD182mn
Current fair value	NAD18mn

Ondangwa Development

Ondangwa is a town located in northern Namibia. The mixed-use development comprises two townships, extensions 11 and 12. The Ombala Estate, which is primarily a residential area, comprises 8 hectares of inventory. It was launched last year and is currently being sold. The Industrial Park comprises c23 hectares of land and is earmarked for future development.

Figure 12: Ondangwa location map



Source: Tellimer Research

Property valuation analysis

All properties that Trustco Group Holdings own are classified as investment properties and recorded at fair value. Two third-party qualified evaluators (Gert Hamman and CP Marais) arrive at these fair values based on assumptions including land selling price, land provisions for infrastructure, development costs and timeline. We summarise the key property valuation assumptions, and present estimated future revenues and current property fair values, in Table 12. Note that we believe the fair value of Farm Herboths will increase significantly after the Namibian government recently granted provisional permission for the establishment of a new township.

Table 12: Properties future revenue and fair value in accounts

Property	Estimated sellable land (ha)*	Land selling price assumed (NAD per square metre)	Bulk servicing establishment cost assumed (% of revenue)	Development period	Estimated future revenue (NADmn)	Fair value (NADmn) 2019	Fair value/ revenue
Elisenheim Lifestyle Estate	264	1,550	33%-43%	2-7 years	4,324	994	23%
Elisenheim Natural Estate	279	350	33%-43%	2-7 years	4,604	322	7%
Lafrenz North	143	1,300	30%-32%	5-7.5 years	2,789	834	30%
Ondangwa	31	40-400	54%	2 years	182	18	10%
Farm Herboths	1,660	29	28%	7 years	28,715	215	1%
Total	**2,377**				**40,613**	**2,384**	

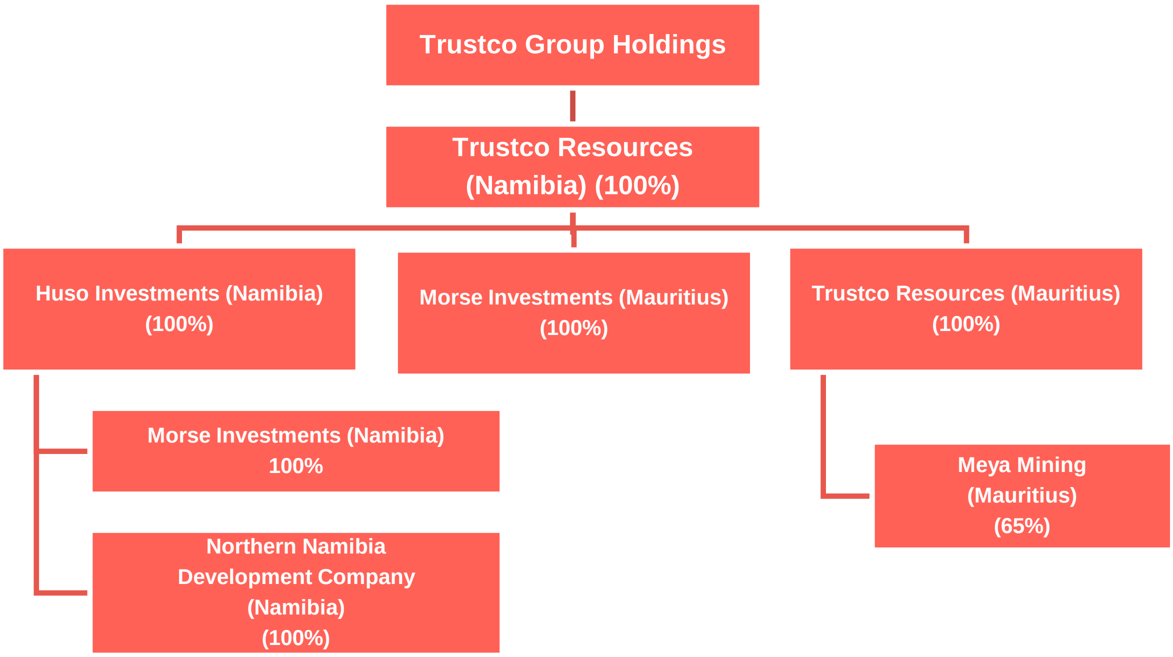
*Source: Company reports, Tellimer Research. * Sellable land is after accounting for the land to be used for infrastructure like roads, etc. Note: Valuations are prepared by third-party evaluators. We think Farm Herboth's fair value could increase substantially due to the recently received approval for establishing a new township.*

Resources

Introduction

The Resources segment was established in 2015 and focuses primarily on the diamonds business, with an integrated mine-to-market strategy. Trustco has stakes in two diamond mines: one in Namibia (NNDC – 100% ownership) and a second in Sierra Leone (Meya Mining – 65% ownership). Trustco also 100% owns a diamond cutting and polishing factory, Morse Investments. Additionally, the company is exploring opportunities in other natural resources: we understand two copper mines and a zinc and copper asset are being evaluated for potential acquisition. Below, we present the segment's legal structure.

Figure 13: Segment structure



Source: Company reports

Mine characteristics and management targets

In Table 13, we present key management targets for the two mines owned by the company, ie NNDC and Meya. Note that these mines have previously been only in exploration phase – both have now received mining licences.

Table 13: Management targets for diamond mines

	Total diamond resources ('000 carats)	Initial capex (NADmn)	Annual diamond production (carats)	Targeted price (USD per carat)	Annual revenue estimate (NAD mn)	Annual production/ total resources	Capex per carat of resources (NAD)
NNDC	348	100	36,000	120	65	10%	287
Meya Mining	6,400	1,300	450,000	400	2,700	7%	203
Total	**6,748**	**1,400**	**486,000**		**2,765**		

Source: Company reports. Note: Assumptions in our financial models are more conservative versus management targets for i) Meya annual production (350k versus 450k company target) and ii) realised diamond prices (USD380/ct versus USD400/ct company target).

NNDC

Trustco acquired a 100% stake in Northern Namibia Development Company (NNDC) via Trustco's Huso Investments Transaction in 2015. NNDC operates an alluvial diamond deposit located in northern Namibia. The mine was in the exploration phase in 2010-16, after which the company applied to the Namibian authorities for a mining licence, which was recently approved for 15 years and is effective from July 2018. Based on initial technical studies by Willem Kotze, the mine has total resources (inferred estimates) of c350k carats of diamonds. Based on sampling conducted during the exploration phase, the average grade is 0.04 carats per ton of ore and the mine has a configuration of 900k tons extraction per annum. As per the management, the initial capex required for the mine is NAD100mn (US$7mn) and the annual maintenance capex will be NAD3mn. The mine is expected to come online in 2020f. We have valued the mine based on a 50/50 weighting of: i) discounted cash flows for the whole life of the mine (ie until the resources deplete); and ii) a comparable reserve valuation based on the market capitalisations of listed peers. Based on the average of these two approaches, we arrive at a total valuation of NAD181mn (US$12mn).

Table 14: Financial forecasts (NNDC)

March y/end (NADmn)	2020f	2021f	2022f	2023f	2024f
Annual ore mined (tons)	450,000	900,000	900,000	900,000	900,000
Diamond production (carats)	17,935	35,871	35,871	35,871	35,871
Income statement					
Revenue	41	87	94	100	107
Gross profit	30	63	68	73	78
Admin expenses	5	5	5	5	5
Profit before tax	18	49	54	63	72
Profit after tax	12	33	36	41	47
Free cash flows to firm					
EBIT	25	58	63	68	73
Taxes	6	17	18	21	24
Depreciation	2	2	3	3	4
Capital expenditure	100	3	3	3	5
Working capital investments	6.0	0.0	0.0	0.0	0.0
Free cash flows	-86	41	45	47	47

Source: Tellimer Research

Table 15: Valuation summary (NNDC)

March y/end (NADmn)	
DCF valuation	
WACC	13.1%
FCFF valuation (full life of mine)	147
Shareholding	100%
Valuation for Trustco shareholders	**147**
Comparable NAV valuation	
Total resources (ct)	348,423
EV per carat for peers (NAD)	615
Total value of resources (NADmn)	214
Shareholding	100%
Total value for Trustco shareholders	**214**
Average of comparable and DCF valuation	**181**

Source: Tellimer Research

Meya Mining

Meya Mining is a Kimberlite diamond mine located in the eastern Sierra Leone; Trustco has a 65% stake in the mine, with the remaining 35% owned by Germinate, a local partner. The mine has been in exploration phase since December 2016. In July 2019, Meya received a 25-year mining licence. Diamond resources, based on the assessment of independent Competent Person, SRK Canada, are estimated to be c6.4mn carats (results of exploration phase 1 of 16 only). Note that these estimates are based on evaluation work conducted in only one of the mine's 16 zones, so there is a strong chance that the actual resources across the full mining licence area will vary from this initial estimate.

According to management, the initial capex requirement for the mine to become operational is US$88mn, ie NAD1,300mn, and annual capex thereafter would be cUS$11mn (NAD170mn), as per management. We estimate the mine will take around three years to achieve its steady state of production of c350k carats (ie 2024f onwards); in 2020f, we expect the company to mine 25k carats, followed by 100k carats in 2021f and 200k carats in 2022f. The average grade of the mine is 0.7 carats per ton of Kimberlite and we have assumed average diamond price is of cUS$350 per carat (lower than management target of cUS$400 per carat). We have valued the mine based on a 50/50 weighting of two approaches: i) discounted cash flows for its full reserve life; and ii) a comparable reserve valuation based on the EV/resources ratios of listed peers. On this basis, we arrive at a total valuation of NAD3.107bn (US$211mn).

Table 16: Financial forecasts (Meya Mining)

March y/end (NADmn)	2020f	2021f	2022f	2023f	2024f
Annual Kimberlite mined (tons)	50,000	200,000	400,000	700,000	700,000
Diamond production (carats)	25,197	100,787	201,575	352,756	352,756
Income statement					
Gross Revenue	145	623	1,334	2,500	2,677
Gross profit	90	384	822	1,542	1,651
Admin expenses	20	25	30	40	42
Profit before tax	18	288	722	1,462	1,601
Profit after tax	12	201	505	1,023	1,121
Free cash flows to firm					
EBIT	70	359	792	1,502	1,609
Taxes	5	86	216	439	480
Depreciation	8	11	15	16	17
Capital expenditure	325	650	325	177	181
Working capital investments	14	3	3	103	15
FCFF	-267	-369	262	799	950

Source: Company reports, Tellimer Research

Table 17: Valuation summary (Meya)

	NADmn
DCF valuation	
WACC	13.1%
FCFF valuation (full life of mine)	5,628
Shareholding (%)	65%
Valuation for Trustco shareholders on DCF	**3,658**
Comparable NAV valuation	
Total resources (ct)	6,400,000
EV per carat for peers (NAD)	615
Total value of resources (NADmn)	3,933
Ownership	65%
Total value of resources for Trustco shareholders	**2,556**
Average of comparable and DCF valuation	**3,107**

Source: Tellimer Research

Morse Investments

Morse investments is a 100%-owned subsidiary of Huso Investments, which was acquired by Trustco from its controlling shareholder Dr Quinton Van Rooyen in 2015. Morse Investments has a diamond cutting and polishing factory, with footprints in both Namibia and Mauritius. Trustco plans to process c48k carats of diamonds per annum through Morse Investments (36k from NNDC, 12k from Meya).

Table 18: Financial summary (Morse Investments)

March y/end (NADmn)	2020f	2021f	2022f	2023f	2024f
Income statement					
Gross revenue	88	222	312	452	484
% chg		153%	40%	45%	7%
Cost of raw material	40	101	142	205	220
Processing cost	4	10	14	21	22
Gross profit	44	111	156	226	242
Gross margin	50%	50%	50%	50%	50%
Admin expenses	15	20	20	20	20
Finance cost	6	9	9	5	1
Profit before tax	22	82	127	201	221
Taxation	3	12	19	30	33
Profit after tax	19	70	108	171	188
FCFF	**-4**	**87**	**132**	**202**	**218**

Source: Tellimer Research

Table 19: Valuation summary (Morse Investment)

DCF valuation (NADmn)	NADmn
WACC	**13.1%**
Growth rate	7%
PV of cash flows	416
Terminal value	2,155
Discounted terminal value	1,224
Total valuation (NADmn)	**1,640**

Source: Tellimer Research

Historical performance review

The Resources segment was established in 2015 with the acquisition of Huso Investments, but the segment does not have much meaningful financial history since both its mines have been in the exploration phase and have only recently been granted mining licenses. The segment posted strong revenue of NAD275mn (US$19mn) in 2018 due to the one-off sale of the Meya Prosperity Diamond (sold for US$16.5mn, ie cNAD250mn), which was recovered during the exploration phase of the mine and, at 476 carats, is the 30th-largest diamond ever found.

During 2019, the segment posted revenues of NAD79mn (US$5mn), primarily from the sale of diamonds recovered during the exploration phase. In addition, in 2019, controlling Trustco shareholder Dr Quinton Van Rooyen waived-off a loan worth NAD545mn (US$37mn), which was classified as “other income” and led the segment to report net profit of NAD462mn (US$31mn). We note that this profit triggered the exercise of share options previously granted to Dr Quinton Van Rooyen as part of the Huso Investment acquisition, increasing his shareholding in Trustco by 240.4mn shares (equivalent to 25% of the total shares issued at that time and then worth NAD1.8bn – US$122mn)

Future growth prospects

We think the big profit drivers seen in 2018 (the Meya Prosperity Diamond) and 2019 (loan waiver) will not be present in the future. However, given the segment has received mining licences, it should start delivering top-line growth from 2020f. We think revenues will increase to NAD234mn (US$16mn) in 2020f, rising to NAD2.8bn (US$192mn) in 2023f, when the Meya achieves its full production rate. The segment’s gross margin is expected to be c53% in 2020f, rising to 57% in 2023f.

Table 20: Financial summary (Resources segment)

March y/end (NADmn)	2018	2019	2020f	2021f	2022f	2023f	2024f
Income statement							
Revenue	275	79	234	831	1,597	2,846	3,049
Cost of sales	77	109	111	374	693	1,212	1,298
Gross profit	199	-30	123	457	905	1,635	1,751
Operating expenses	61	15	40	50	55	65	67
Other income	0	556	0	0	0	0	0
Finance cost	35	45	65	89	89	50	10
Profit before tax	102	467	18	318	761	1,520	1,674
Net profit	114	462	3	203	507	1,030	1,136
Balance sheet							
Property, plant and equipment	143	223	302	419	464	478	492
Evaluation and exploration assets	279	712	1,076	1,602	1,867	2,015	2,167
Total assets	781	1,449	1,873	2,545	2,888	3,224	3,441
Amount due to related parties	302	1,004	1,104	1,270	1,016	406	0
Borrowings	13	0	350	500	400	0	0
Total liabilities	688	1,281	1,740	2,064	1,719	719	322
Total capital	93	167	171	373	880	1,911	3,046
Total liabilities and equity	781	1,449	1,911	2,438	2,600	2,629	3,368
Ratios							
Gross margins	72%	-37%	53%	55%	57%	57%	57%
Net margins	41%	581%	1%	24%	32%	36%	37%
Effective tax rate	-11%	1%	81%	36%	33%	32%	32%
Debt/assets (including related party loan)	40%	69%	78%	70%	49%	13%	0%
Return on equity	281%	355%	2%	75%	81%	74%	46%
Return on assets	18%	41%	0%	9%	19%	34%	34%

Source: Company reports, Tellimer Research

Resources segment consolidated valuation

Below, we present the Resources segment consolidated valuation by summing the NNDC, Meya and Morse individual valuations.

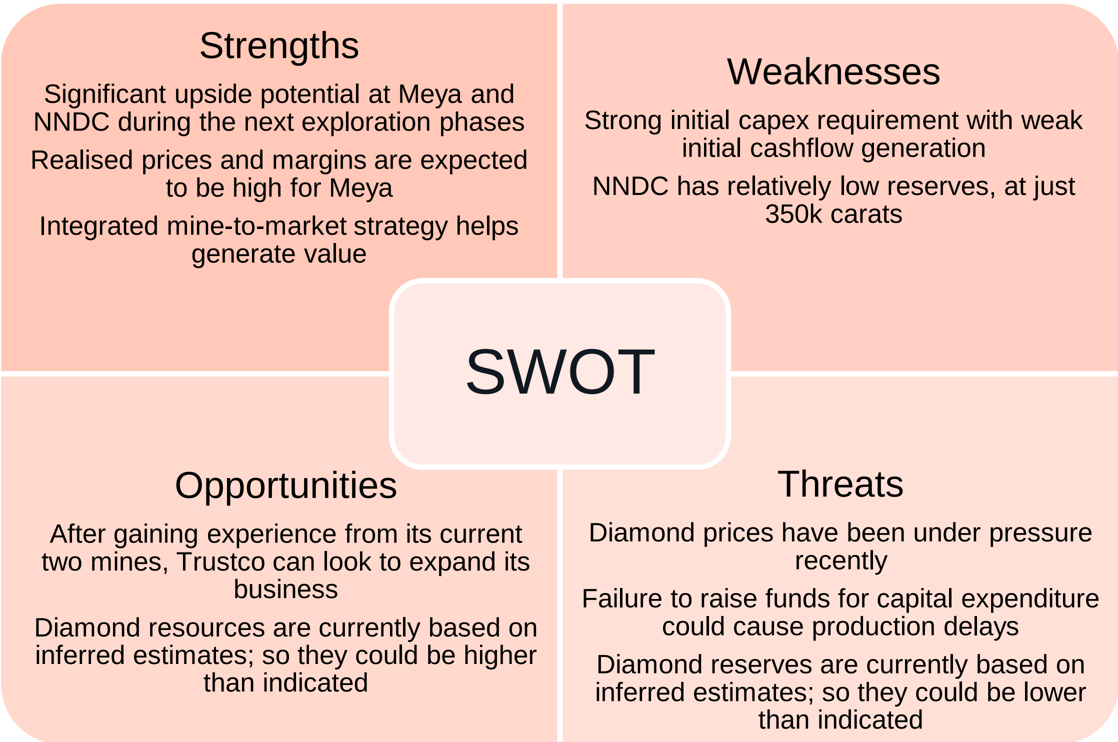
Table 21: Resource group valuation summary

NADmn	
NNDC	
DCF-based valuation	147
Comparable resources-based valuation	214
Average	**181**
Meya	
DCF-based valuation	3,658
Comparable reserve-based valuation	2,556
Average	**3,107**
Morse Investments	**1,640**
Total segment enterprise value	**4,928**

Source: Tellimer Research

SWOT analysis

Figure 14: SWOT analysis (Resources)



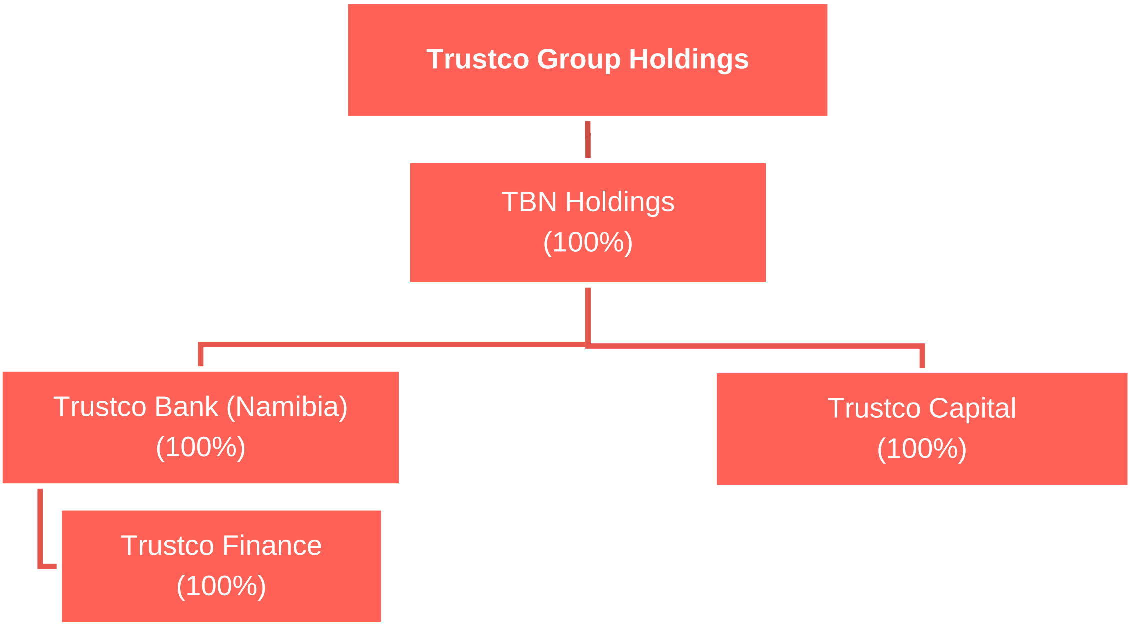
Source: Company reports, Tellimer Research

Banking and Finance

Introduction

The Banking and Finance segment of Trustco operates predominately as a financing business model, with the majority of its loans and advances funded through shareholders' equity and intragroup loans. The segment has a holding company, TBN Holdings, which owns two separate companies: i) Trustco Bank (which in turn holds Trustco Finance), which is mainly involved in financing student loans; and ii) Trustco Capital, which gives loans to property sector investors.

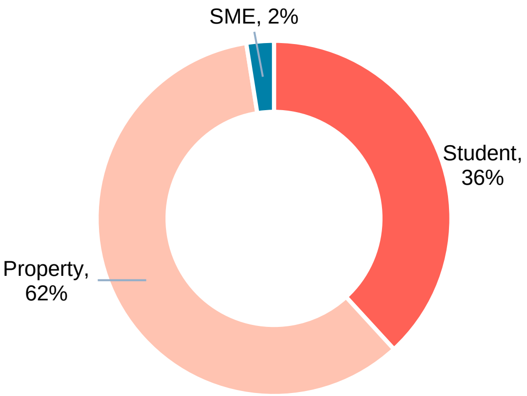
Figure 15: Segment structure



Source: Company reports

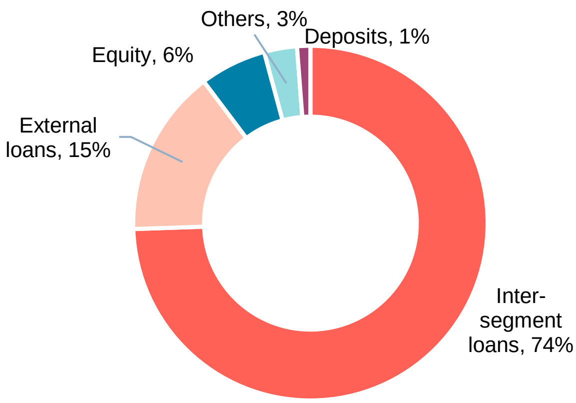
There is very limited deposits collection currently (1% of total segment assets). Loans and advances mainly consist of student advances (36% of the total portfolio) and property loans (62% of the total loan portfolio).

Figure 16: Loan portfolio breakdown (2019)



Source: Company reports, Tellimer Research

Figure 17: Banking segment funding breakdown



Source: Company reports, Tellimer Research

Historical performance review

The Banking and Finance segment posted strong net profits of NAD262mn (US$18mn) in 2019, compared with a loss of NAD41mn (US$3mn) in 2018. This was primarily because of a loan waiver of NAD300mn (US$20mn) from the holding company in 2019, excluding which the segment had a loss before tax of NAD35mn). Revenues, which mainly comprise the interest income on advances, declined by 26% yoy in 2019, primarily due to a decline in the student loan portfolio. The net interest margin rose to 4.0% from 3.6% in 2018, largely due to lower funding costs. The cost of risk rose significantly to 200bps from 140bps in 2018, largely due to the implementation of IFRS9.

Future growth prospects

We expect the segment's revenues to grow at a CAGR of 22% over the next five years and volumes to grow at average 8% pa – the difference largely reflects our assumption of an average 80bps pa expansion in the net interest margin, due to a higher share of student loans. On the loan mix, student and property loans should see good growth, but SME loan growth will be slow. The structured loans to the Insurance segment will likely gradually decline. We expect operating cost efficiency to improve, with the cost/income ratio declining to 40% in 2024f from 84% in 2019, mainly a result of management's focus on digitalisation and automating processes (for example, the segment's headcount fell to 80 in 2019 from 84 in 2018).

Table 22: Financial summary (Banking and Finance)

March y/end (NADmn)	2017	2018	2019	2020f	2021f	2022f	2023f	2024f
Income statement								
Net interest income	118	64	84	119	181	215	244	279
Other operating income	1	1	300	1	1	1	1	1
Other operating expenses	109	85	73	73	101	109	111	112
Pre-provision profits	12	-18	314	49	83	110	136	170
Credit impairment charge	0	29	49	54	53	54	50	50
Profit before tax	12	-47	265	-4	30	55	86	120
Net profit	-2	-41	262	-4	27	50	58	82
Balance sheet								
Net loans advances	1,739	1,741	2,474	2,723	3,062	3,217	3,441	3,634
Total assets	1,993	1,935	2,685	2,951	3,262	3,484	3,728	3,940
Deposits	15	15	33	49	73	95	124	142
Borrowings	426	426	410	560	710	745	782	743
Amount due to related parties	1,088	1,305	2,000	2,100	2,205	2,315	2,431	2,576
Total liabilities	1,589	1,783	2,522	2,792	3,076	3,248	3,434	3,564
Total capital	404	152	163	159	186	236	294	376
Ratios								
NII margin on interest-earning assets	6.5%	3.6%	4.0%	4.6%	6.3%	6.8%	7.3%	7.9%
Cost/ income	91.2%	129.0%	84.1%	60.0%	55.0%	50.0%	45.0%	40.0%
Stage 3 loans/gross loans		62%	73%					
Provisions/Stage 3 loans		17%	28%					
Impairment charge/gross loans		1.4%	2.0%	1.8%	1.6%	1.5%	1.3%	1.2%
Net loans/total assets	87%	90%	92%	92%	94%	92%	92%	92%
Deposits/total assets	0.7%	0.8%	1.2%	1.7%	2.2%	2.7%	3.3%	3.6%
Shareholders' equity/total assets	20.3%	7.9%	6.1%	5.4%	5.7%	6.8%	7.9%	9.5%
Capital adequacy ratio	110%	150%	68%	60%	63%	76%	88%	107%
ROA (reported)	-0.1%	-2.1%	11.4%	-0.1%	0.9%	1.5%	1.6%	2.1%
ROE (reported)	-0.6%	-14.7%	166.4%	-2.5%	15.8%	23.5%	22.0%	24.4%

Source: Company accounts, Tellimer Research

Segment valuation

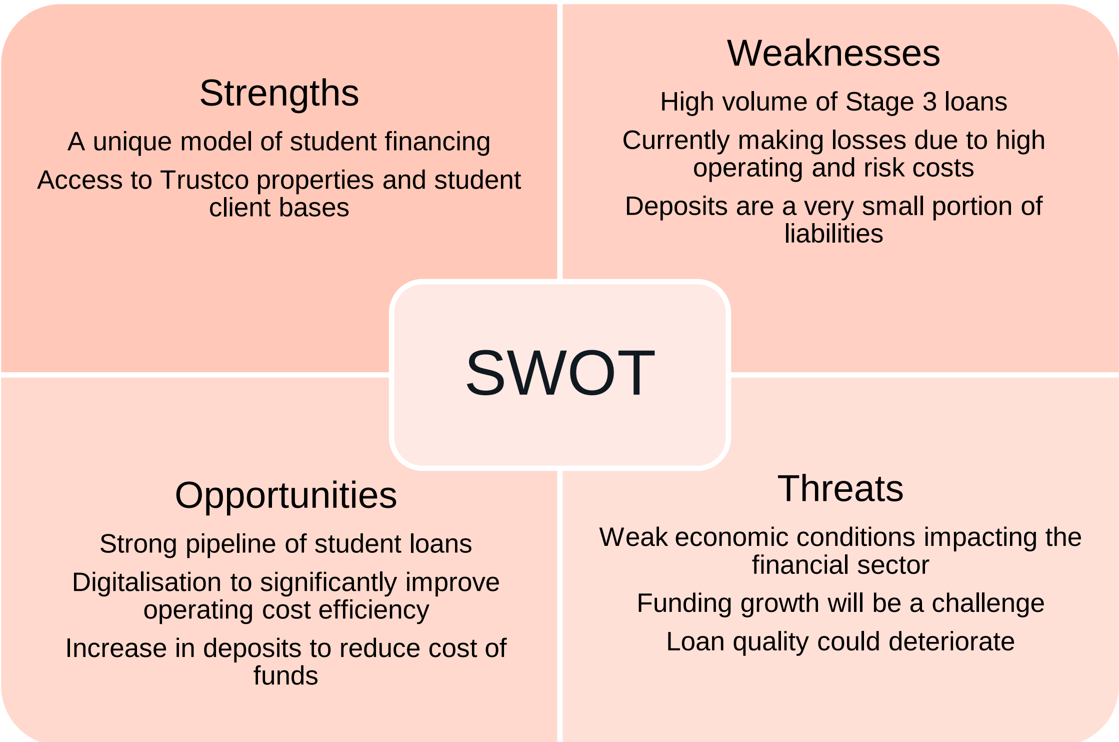
Table 23: Valuation summary (Banking and Finance)

	NADmn
Valuation assumptions	
Cost of equity	16.0%
Sustainable growth rate	10.0%
Mid-cycle ROE	24.4%
Justified PB valuation	
Justified PB	2.39
Terminal book value (NADmn)	376
Terminal valuation	900
Discounted terminal value	461
Total equity valuation (Sep. 2019)	**461**
Target PE valuation	
Earnings in terminal year (2024)	82
Target PE	7
Equity value in terminal year	**571**
Total equity valuation (Sep. 2019)	**293**
Equity valuation (average of PE and PB)	**377**
Add: Net debt of segment	2,367
Total EV of Banking and Finance group	**2,744**

Source: Tellimer Research

SWOT analysis

Figure 18: SWOT analysis (Banking and Finance segment)



Source: Company reports, Tellimer Research

A closer look at loan quality disclosures

The segment's NAD1.7bn (US$115mn) loans are concentrated mainly in three sectors: Property, Student and SMEs. At end-March 2019, there was an additional NAD1.1bn loan classified as a structured loan; this is a restructured inter-segment loan to the Insurance segment. Property loans have the greatest weight in the portfolio, at 62%, followed by 36% in student loans and just 2% in loans to SMEs. Below, we assess the quality of these loans as per the disclosures under IFRS9.

Overall loan portfolio: 73% of the total loan portfolio is classified under Stage 3 loans, whereas only 26% is classified as Stage 1. The high Stage 3 loans proportion is primarily attributable to the property portfolio.

Property loans: All property loans are classified as Stage 3, which is related to Trustco's exposure to two major property clients that obtained these loans to purchase Trustco properties. Trustco has taken 24% coverage on these loans as they are completely collateral-backed (100% average LTV). In addition, management has indicated it intends to buy back this property collateral; therefore, we expect no further provision on these loans.

Student loans: These exposures are fundamentally risky as they are not collateral-backed, although there is some security in place in the form of a government deduction code. Around 34% of the portfolio is classified as Stage 3, with just 31% provisions coverage. We think that, with improving risk assessment and collection processes, the proportion of Stage 3 loans could fall and risk costs could also decline.

Table 24: Loan quality disclosures

2019	Property loans	Student loans	SME loans	Mortgage loans	Personal loans	Floor plan loans	Total
Gross loans	61%	36%	2%	1%	0%	0%	100%
Stage-wise breakup							
Stage 1	0%	65%	100%	96%	96%	100%	26%
Stage 2	0%	1%	0%	4%	4%	0%	0%
Stage 3	100%	34%	0%	0%	0%	0%	73%
Total	100%	100%	100%	100%	100%	100%	100%
Provisions coverage							
Stage 1	-	8%	0%	0%	0%	0%	7%
Stage 2	-	24%	-	0%	0%	-	21%
Stage 3	24%	31%	-	-	-	-	25%
Total	**24%**	**16%**	**0%**	**0%**	**0%**	**0%**	**20%**
Collateral (% of gross loans)	**100%**	**0%**	**100%**	**100%**	**0%**	**100%**	**64%**

Source: Company reports

Appendix 1 – Directors' profiles and remuneration

Table 25: Trustco Group Holdings Directors' profiles

Name	Type	Citizenship	Appointment date	Qualifications
Adv Raymond Heathcote	Independent, Non-executive Director	Namibia	Sep-10	BA, LLB
Dr Quinton Van Rooyen	Executive Director, Group Managing Director and CEO	Namibia	1992 (Sponsor)	Biuris, LLB, DBL, Business Leadership and Entrepreneurship (IUM)
Floors Jacobus Abrahams	Executive Director, Group Financial Officer	Namibia	Aug-06	Bcom
Kristin Naett Van Niekerk	Independent, Non-executive Director	South African	Apr-18	BA, LLB, MA International Studies and Diplomacy
Prof Lana Joy Weldon	Lead Independent, Non-executive Director	South African	Apr-18	BCom, BCompt Hons, CA (SA), RA, MBA, Chartered Director (SA), MAICD
Quinton Zandré Van Rooyen	Alternate Director to the Group Managing Director and Deputy CEO	Namibia	Mar-16	BCom (Law) LLB
Renier Jacobus Taljaard	Independent, Non-executive Director	Namibia	Jul-12	Becon, FCII, FIISA
Winton John Geyser	Independent, Non-executive Director	Namibia	Sep-10	Bcompt, BCompt (Hons), CA (SA)

Source: Company reports

Table 26: Directors' remuneration

NADmn	Fees	Basic	Bonus	Shared	Benefits	Total
Non-executive Directors						
Adv R Heathcote	0.64	-	-	-	-	0.64
J Mahlangu Resigned 20 April 2018	0.02	-	-	-	-	0.02
K van Niekerk Appointed on 26 April 2018	0.33	-	-	-	-	0.33
L Weldon Appointed on 26 April 2018	0.29	-	-	-	-	0.29
W Geyser	0.34	-	-	-	-	0.34
R Taljaard	0.38	-	-	-	-	0.38
Total	**1.98**					**1.98**
Executive Directors						
Dr Q van Rooyen	-	-	-	-	-	-
FJ Abrahams	-	2.23	-	-	0.12	2.35
QZ van Rooyen	-	-	-	-	-	-
Total	**0.00**	**2.23**	**0.00**	**0.00**	**0.12**	**2.35**

Source: Company reports

Dr Quinton Van Rooyen, via his investment vehicle Next Investments, has a management fee agreement with Trustco, whereby a management fee is paid quarterly to Next Investments, as follows:

- 0.5% of the turnover of the group;
- 1% of the headline earnings of the group; and
- 1% of the basic earnings of the group.

If targets are not met, the management fee is halved; if growth exceeds the average inflation rate of Namibia plus 5%, then the management fees are doubled. Inflation in Namibia was recorded at 6.7% for the year to 31 March 2019.

The managing director has also pledged certain assets as personal surety for various agreements entered into by the group. The group pays the managing director a guarantee fee of 2% per annum on the value of assets pledged. The fee is calculated quarterly. The group has paid management and surety fees totalling NAD79.1mn (US$5mn) in 2019.

Appendix 2 – Shareholding structure

The current shareholding is very concentrated, with the top two shareholders owning over 90% of the total shareholding

Table 27: Shareholding structure

Name	Shareholding
Quinton Van Rooyen (and his related companies)	61.9%
Pershing LLC (and related companies)	29.0%
Snowball Wealth Pty Ltd	2.6%
Midbrooke Lane (Pty) Ltd	1.1%
Constantia Insurance Company Ltd	0.9%
Others	4.6%
Total	100.0%

Source: Company reports, Tellimer Research

Note: 1. Shareholding is calculated on shares held at March 2019, but adjusted for the additional 240.4mn shares issued to Dr Quinton Van Rooyen after the publishing of accounts.

2. Shareholding is calculated on shares issued net of treasury shares.

3. Pershing LLC is a custodian for Riskowitz Value Fund LP, Ithuba Investments LP and Standard Bank nominees.

Appendix 3 – Peer valuations

In Table 28, we present the valuations of the comparable companies that we have used to value the resources of Trustco's mines.

Table 28: Resources group reserves comparable

	Lucara Corp	Petra Diamonds	Gem Diamonds	Median
Total remaining resources (000 ct)	7,900	42,900	3,150	
Market cap (US$mn)	310	82	113	
Debt (on balance sheet – US$mn)	10	864	34	
Total EV	320	946	147	
Total EV/ct (US$)	40	22	47	**40***

*Source: Tellimer Research. *Equivalent to cNAD600*

In Table 29, we present valuation multiples for Trustco's regional peers in different segments.

Table 29: Peers' valuation summary

	Country	Market cap (LCY mn)	2019 PE	2019 PB	2019 ROE	2019 DY
Trustco Group Holdings	Namibia	9,960	11.6	2.64	18.3%	0%
Investment and Insurance						
Sanlam	South Africa	183,437	16.2	2.65	15.4%	4.0%
Discovery	South Africa	79,791	12.2	1.86	16.5%	1.8%
Liberty Holdings	South Africa	32,913	11.2	1.40	11.9%	6.0%
Momentum Metropolitan Holdings	South Africa	28,063	12.3	1.19	9.9%	3.7%
Clientele	South Africa	4,879	12.2	4.33	35.6%	9.0%
Median			**12.2**	**1.86**	**15.4%**	**4.0%**
Resources						
Lucara Diamond Corp	Canada	5,278	n/a	n/a	2.8%	6.2%
Lucapa Diamond	Australia	72	n/a	1.33	-2.5%	n/a
Petra Diamonds	Great Britain	82	n/a	0.32	-52.3%	n/a
Gem Diamonds	Great Britain	103	15.2	0.80	3.7%	n/a
Median			**15.2**	**0.80**	**0.2%**	**6.2%**
Banking and Finance						
ABSA Group	South Africa	140,082	9.5	1.23	13.0%	6.8%
Capitec Bank Holdings	South Africa	149,274	28.2	6.89	26.2%	1.4%
NEDBank Group	South Africa	119,536	8.5	1.29	15.4%	5.9%
Standard Bank Group	South Africa	297,350	10.4	1.75	16.4%	5.4%
Firstrand Bank	Namibia	8,962	8.2	1.67	20.8%	6.2%
Letshego Namibia	Namibia	1,665	3.6	0.89	27.2%	7.1%
Median			**8.5**	**1.67**	**20.8%**	**5.9%**

Source: Bloomberg

Appendix 4 – Property portfolio

Elisenheim Lifestyle Estate

Figure 19: Elisenheim Lifestyle Estate (Before)

Source: Trustco

Figure 20: Elisenheim Lifestyle Estate (After)

Source: Trustco

Lafrenz Industrial Park – Extension 1

Figure 21: Lafrenz Industrial Park Extension 1 (Before)

Source: Trustco

Figure 22: Lafrenz Industrial Park Extension 1 (After)

Source: Trustco

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