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Trustco AGM

29 April 2021

Questions from shareholders

1. Meya Resources appears to be a very promising venture. Can you expand on what the exploration has found at this mine and your view on the economic potential?

At least 16 separate kimberlite zones had been verified within Meya Mining's licence area, ML 2/2019, covering 129 square kilometers. The initial exploration / mineral resource development programme focused only on one of these zones. Meya recovered the 476 carat Meya Prosperity stone from the very first sample. Apart from the Meya Prosperity, the balance of the samples indicated an exceptionally high population of Type IIa diamonds as well as higher than expected average grade. These combined factors place Meya Mining in the top tier in terms of geo-economic potential for primary diamond deposits globally.

Meya's full economic potential will only be fully understood after many more exploration phases over the next 10 to 15 years. Meya's focus for the present is to conclude the development of the underground mine, thus enabling the transition to full commercial production over the next 18 months. Trustco is confident that Meya Mining holds significant intrinsic value and that it will be developed into a world class mine over a relatively short period of time.

The Competent Person (SRK Canada) appointed to oversee Meya's resource development work, made the following observation:

“Due to the number of super large diamonds found within the artisanal fields on and within the immediate area surrounding the Meya Mining licence, and because the only super large Type Ila diamond recovered from a primary kimberlite source in Sierra Leone (the Meya Prosperity) is from the Meya River Domain, it is the opinion of SRK that the probable source for these super large Type Ila diamonds is the Meya River geological domain.”



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2. The company has previously stated an intention to separately list its financial services business and the resource business. Is this still the plan and what is your view on timing?

Yes, the objective still remains to split / list the financial services and resources businesses separately. However, our assessment of the economic environment and listing opportunities in the near future is that the current conditions are not optimal for us to reach our listing objectives.



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3. The money raised from international funders was used to fund the loan book. Can you explain how that money flows through the Trustco Group of companies for example through the insurance businesses?

The money raised from international funders was designated specifically for education-related loans and is being disbursed by the student lending business in line with its mandate – specifically distance learning courses, educational tools as well as a range of insurance covers where these are required.

4. Property sales and valuations have been under pressure due to lack of liquidity in the banking sector and a poor economic environment in Namibia. What is your outlook for property sales and valuations in the next few years?

The current downswing in the property market is mainly due to supply-side issues, specifically with regards to financing. The demand for residential property in Namibia still remains high, and as such, we expect the current market conditions to persist over the short-term only. We envisage a recovery in the market in the medium-term and the group remains confident that its future property developments will be able to continue apace.



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5. Trustco shares, like many other JSE listed shares, have come under pressure despite progress being made in the business. What initiatives are the company considering to ensure the shares reflect a fair value of the company?

The market value of Trustco's shares is ultimately determined by market forces. With the share undervalued at the current time, the group's share buyback programme is essential in capturing the undervaluation of the shares for its shareholders, which will ultimately be released to their benefit once the market price more closely matches the share's intrinsic value.

6. The management agreement with Next expired on 31 March 2021. What are the plans for this agreement?

A new management agreement is being negotiated with minorities and the board. The new management agreement will focus on three areas – Corporate performance metrics, Shareholder return-based metrics, as well as Asset & Surety pledging.

7. Which business segment excites management the most with regards to the future?

Resources is an obvious candidate, as we expect first underground production to be on auction during June 2021. The distance education model of the group experienced good traction during the COVID-19 lockdowns, and we see a great future for online student lending.



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8. When is the loss-making cycle ending for Trustco?

Trustco's first loss ever recorded in its 15 year listing history was not unexpected, and was driven by provisioning and operational losses stemming from market conditions. To exit this cycle, the macroeconomic situation needs to improve, policy changes by government needs to be implemented and foreign direct investment and confidence by local investors needs to return. Another half-year loss is expected currently.



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9. What happened with the Conduit Capital transaction?

The transaction was announced in December 2019, but circumstances around this transaction deteriorated rapidly during the next few months due to the pandemic and specifically travel restrictions, with a resultant delay in its implementation. The end result was that Conduit elected not to proceed with the transactions contemplated between the two entities.

10. What is the status of the Helios litigation?

Leave to appeal was sought in the London Commercial Court, and litigation is ongoing in Namibia.

11. What is the status of the announced term sheets for the Resources segment?

The market will be updated as to the progress of these transactions shortly.

12. When will Trustco start paying dividends again?

Once Trustco has no further opportunities to invest in that generate greater than market returns, the board will reconsider its dividend policy.

The TTO share is a growth share.

Thank you



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