

MANAGEMENT AGREEMENT

Made and entered into between

Trustco Group Holdings Limited

Registration Number: 2003/058

(or its successor in title)

And herein represented by Mr Floors Abrahams,

Duly authorised to by board resolution

(hereinafter referred to as "Trustco")

And

Next Capital Limited

Registration Number: 2005/396

(or its successor in title)

Herein represented by Dr Quinton van Rooyen

Duly authorized to

(hereinafter referred to as "Next")



Handwritten signatures of Mr Floors Abrahams and Dr Quinton van Rooyen.

INTRODUCTION


- A This Agreement is entered into between Next Capital Limited (herein after referred to as “Next”) and Trustco Group Holdings Limited (herein after referred to as “Trustco”);
- B Trustco and Next are defined as related parties in terms of the JSE Listings Requirements – and therefore Trustco requires *inter alia* shareholders’ approval for the implementation of the Agreement.
- C This Agreement is therefore suspensive upon Trustco obtaining the necessary regulatory approvals for the entering and implementation of this agreement, and amending its Memorandum of Articles of Association as far as it is required, which would constitute the Closing Date of the Transaction.
- D If the suspensive conditions are met, this Agreement will commence and be effective from 1 April 2021 notwithstanding the Closing Date and will continue for a fixed period of 10 (ten) years calculated from the effective date.
- E This Agreement is a mutual understanding between Next and the board of directors of Trustco (under the accountability of the chairperson) outlining the performance, objectives and remuneration of Next.
- F It is recorded that Next and / or its associates are not entitled to vote at any meeting of shareholders relating to the implementation or amendment of this Agreement.
- G This Agreement replaces and supersedes all prior or contemporaneous management agreements with respect to the subject matter and all previous management agreements are hereby terminated and deemed of no further force and effect and the parties to any such other commitments and management agreements will have no further rights or obligations thereunder.

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In consideration of the undertakings and covenants contained herein Trustco and Next agree as follows:

1 CERTAIN DEFINITIONS

- 1.1 **“Act”** means the Companies Act of the Republic of Namibia No 28 of 2004;
- 1.2 **“Agreement”** means this agreement including all schedules and/or annexures referred to herein;
- 1.3 **“Associate”** refers to an associate of Next as defined in the JSE Listings Requirements and also includes Dr Quinton van Rooyen;
- 1.4 **“Articles”** means Trustco Group Holdings Limited Memorandum of Articles of Association as amended from time to time;
- 1.5 **“Cash Generated from Operations after working capital changes”** means the cash (utilised in)/generated from Trustco’s operations with the adjustments for working capital changes included as per the relevant note in Trustco’s Audited Annual Financial Statements;
- 1.6 **“Closing Date”** means the date on which shareholders approvals for the implementation of the Agreement have been obtained;
- 1.7 **“Control”** has the meaning given to it in the Namibian Companies Act;
- 1.8 **“Effective Date”** means 1 April 2021, irrespective of the date of undersigning of the Agreement;
- 1.9 **“Financial year”** means the annual (twelve-month period) financial period beginning 1 September in one year and ending 31 August in the next year, being the current financial year of Trustco, as amended from time to time;



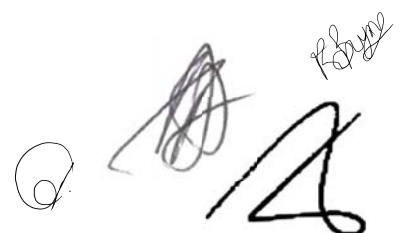
- 1.10 **“Group”** means Trustco and all the Subsidiary companies as well as any and all investment holdings of Trustco;
- 1.11 **“Adjusted Earnings”** means the simple average of Headline Earnings and Basic Earnings per Trustco’s Audited Annual Financial Statements (excluding the Management fee);
- 1.12 **“Adjusted Earnings Per Share” or “AEPS”** means the simple average of Headline Earnings per share and Basic Earnings per share as per the Earnings and Headline Earnings Per Share note in Trustco’s Audited Annual Financial Statements (excluding the Management Fee);
- 1.13 **“IFRS”** means international accounting standards, or any other internationally recognized accounting standards, including accounting policies adopted by Trustco from time to time that is allowed by said standards, that are issued by the International Accounting Standards Board, or an equivalent entity, with the object of providing a common accounting rules that determine how transactions and other accounting events are required to be reported in financial statements to increase transparency in the presentation of financial information and generally referred to as International Financial Reporting Standards.
- 1.14 **“Management Fee”** means the compensation payable to Next as and when Trustco reaches the performance targets as set out in herein. The targets comprise of three objectives and their related performance measures being:
- 1.14.1 Corporate Performance Metrics; and
- 1.14.2 Shareholder Return Based Metrics; and
- 1.14.3 Pledge of assets of Next and/or its Associates either as surety, guarantee and/or any subordination of loans by Next and/or its Associates and/or individuals associated with Next to secure a transaction and/or to provide any form of security to Trustco or the Trustco Group, where the pledge is required by written notice by the counterparty;

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- 1.15 **“Measurement Date”** means the last day of each Financial Year;
- 1.16 **“Measurement Period”** means as at any date on which any ratio is to be measured or calculation made. Should any period be more or less than 12 (twelve) months, the numbers will for comparison purposes only, be amended to a 12 (twelve) month period on a pro-rata basis. The actual numbers for the period will be used for calculation of the Management Fee. The first measurement period will be compared to the audited financials for the September 2020 period;
- 1.17 **“Net Asset Value”** means the Total Assets less the Total Liabilities as per the Statement of Financial Position in Trustco’s Audited Annual Financial Statements;
- 1.18 **“Net Asset Value per share”** means the Net Asset Value, divided by the Weighted Average Number of Ordinary Shares in issue less shares held in treasury;
- 1.19 **“Next”** means Next Capital Limited with registration number 2005/396 a company duly incorporated in accordance with the laws of Namibia and with principal place of business situated at 2 Keller Street, Windhoek, Namibia and registered as an external company in South Africa, and includes its Associates and/or individuals and/or entities associated with Next, its successor in title and assigns, which successors and assignees are required to be associates of Dr Quinton van Rooyen unless otherwise agreed in writing between Trustco and Next;
- 1.20 **“Subsidiary”** of a specific entity (**“Specified Entity”**) means an entity in respect of which a person:
- 1.20.1 holds an ownership interest by way of the majority of voting securities in that Specified Entity; or
- 1.20.2 the power to, directly or indirectly, direct or cause the direction of the management and policies of such Specified Entity;

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- 1.21 **“Suspensive Conditions”** means the obtaining of all regulatory approvals, including the respective board and shareholders’ approval, the fulfilment of which would constitute the Closing Date;
- 1.22 **“Trustco”** means Trustco Group Holdings Limited a public company incorporated in Namibia and currently listed on the JSE, the Namibian Stock Exchange and OTCQX, with company registration number 2003/058 and with chosen domicile at Trustco House, 2 Keller Street, Windhoek, Namibia and registered as an external company in South Africa;
- 1.23 **“Total income per share”** means the sum of Revenue, Investment and Other Income as well as Interest Revenue as per the Consolidated Statement of Profit or Loss in Trustco’s Annual Financial Statements and as per the relevant note to Trustco’s AFS divided by the Weighted Average Number of Ordinary Shares less shares held in treasury;
- 1.24 **“Total income”** means the sum of Revenue, Investment and Other Income as well as Interest Revenue as per the Consolidated Statement of Profit or Loss in Trustco’s Annual Financial Statements and as per the relevant note to Trustco’s AFS;
- 1.25 **“VWAP”** means volume weighted average share price on the JSE or any other stock exchange where a primary listing is held on the relevant date or in respect of the relevant period;
- 1.26 **“Weighted Average Number of Ordinary Shares”** means the shares in issue at the beginning of a Financial year, adjusted by the number of shares bought back or issued during the Measurement Period, multiplied by a time-weighting factor, which is the number of days that the shares bought back or issued are outstanding during the Financial year as a proportion to the total number of days in the Financial year, in accordance with IFRS

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2 SCOPE OF DUTIES OF NEXT

- 2.1 Next shall appoint managers at its costs to manage certain of the affairs of Trustco in the best interest of Trustco and its shareholders.
- 2.2 The directors and employees of Next assigned to Trustco will have no fixed hours of work but shall devote sufficient time to the business of Trustco as is necessary to achieve the parameters and objectives referred to in paragraph 3 (Management Fee).
- 2.3 For purposes of this Agreement the parties acknowledge the terms and conditions of the abovementioned Agreement and will be *inter alia* responsible and accountable to the board of Trustco for the following:
- 2.3.1 Direct involvement and leadership with the group management team;
 - 2.3.2 Head Office Infrastructure;
 - 2.3.3 Group sales and marketing;
 - 2.3.4 Group Branding;
 - 2.3.5 Group HR;
 - 2.3.6 Group Legal;
 - 2.3.7 Group Training;
 - 2.3.8 Group Research;
 - 2.3.9 Group PR;
 - 2.3.10 Technical assistance;
 - 2.3.11 Implementation assistance;
 - 2.3.12 Standard operating procedures;
 - 2.3.13 Training of personnel;
 - 2.3.14 Setting standards and personnel;
 - 2.3.15 Access to Facility Management;
 - 2.3.16 Access to IT and telecoms;
 - 2.3.17 Group Capital Raising;
 - 2.3.18 Mergers and Acquisitions;
 - 2.3.19 Budgeting and all related processes;

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- 2.3.20 Any other business as the Trustco Board of Directors directs from time to time.
- 2.4. In conducting the business of Trustco, Next will be entitled to make use of the assets and infrastructure of Trustco for the purposes of furthering the business of both Trustco and Next at no cost to Next.
- 2.5 For purposes of this Agreement infrastructure shall include, but not be limited to computer systems, staff, office space, furniture and stationery, equipment, vehicles and other means of transport, telephones, knowledge and expertise, human resources and reasonable expenses incurred on behalf of Trustco, any of its Subsidiary's and any of its investment holdings.
- 2.6 Next shall not be obliged to pay for any expenses or assets of Trustco in furthering the business of Trustco.
- 2.7 Notwithstanding the provisions of paragraph 2.4, the parties acknowledge that should Next at any stage during the duration of this Agreement, for whatsoever reason, utilize the assets of Trustco for its sole and exclusive purposes, then Next shall be liable, on an arm's length basis, to pay Trustco a reasonable fee for such use. The Financial Director of Trustco will determine the amount of the fee and will arrange for the necessary invoices to be raised by Trustco against Next.

3 MANAGEMENT FEES

- 3.1 Trustco will be obliged to pay Next a Management Fee, that will be determined at the end of the Financial Year being the Measurement Date.
- 3.2 Next, may in its sole discretion, elect not to receive the Management Fee as detailed in paragraph 3 of this Agreement, or elect to receive partial payment of such Management Fee, or elect to defer payment of a portion of all of such Management Fee, or repay any management fee already received. Next may elect to exercise any such receipt, deferral or repayment of the Management Fee at its sole discretion.

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3.3 Trustco and Next shall ensure that the Management Fees, be paid to Next in a given Measurement Period to be finally adjusted in accordance with Trustco's audited financial statements. The parties will prepare an adjustment account and reconcile with one another as soon as reasonably possible after finalisation of Trustco's audited financial statements. Once the Management Fee has been calculated on the audited financial results, approved by both parties' boards of directors and the Management Fee been paid, the matter will be considered finalised and closed and no further negotiations or adjustments will be made or entertained by either party.

3.4 Trustco will refund Next for all reasonable expenses and disbursements incurred in the course of business on behalf of Trustco. Payment thereof shall be made upon presentation of an invoice and confirmed by the Financial Manager or Auditor of Next.

3.5 The Management Fee will be calculated over the Measurement Period in accordance with the following objectives and their related performance as at the Measurement Date:

3.5.1 Corporate Performance Metrics

| Measure | Measurement Period | Growth Target | Compensation |
|--|--------------------|---------------------|---|
| Total income <u>per share</u> | Annually | >Namibian CPIX + 5% | 1% of Total income if target met, otherwise 0.5% (Limited to Zero) |
| Adjusted Earnings <u>per share</u> | Annually | >Namibian CPIX + 5% | 2% of Adjusted Earnings if target is met, otherwise 1% (Limited to Zero) |
| Cash Generated from Operations after working capital changes | Annually | >Namibian CPIX + 5% | 2% of Cash Generated from Operations after working capital changes if target is met, otherwise 1% |

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| | | | |
|---------------------------|----------|---------------------|---|
| | | | (Limited to Zero) |
| Net Asset Value per share | Annually | >Namibian CPIX + 5% | 2% per annum of Net Asset Value after reaching a floor of N\$2,731,222,000 if target is met, otherwise 1% (Limited to Zero) |

For the avoidance of doubt:

- Any improvement in the financial results during the Measurement Period will be regarded as positive growth, so long as the measure itself is greater than zero;

3.5.2 Shareholder Return Based Metrics

For the share price reaching the agreed level, where it must remain for at least 90 days on a VWAP basis, and subject to high water mark, a once off payment in shares will be effected per category of share price target reached. The shares will be issued on an off-market basis at the market value of the shares as at the effective date of this contract.

| Share Price | Equivalent Market Cap | Compensation (Once off share payment per category reached) |
|--|-----------------------|--|
| NAD9.75 | 15.7 Billion | 4 040 096 shares |
| NAD15.00 | 24.24 Billion | 5 656 135 shares |
| NAD19.00 | 30.7 Billion | 7 272 174 shares |
| NAD25.00 | 40 Billion | 8 888 212 shares |
| NAD30.00 | 50 Billion | 10 504 251 shares |
| For each +25% share price increase above NAD30.00 | Various | +25% from previously issued number of shares |

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

- 1.5% per annum of value of assets pledged, where pledge is required by written notice by the counterparty, during the Measurement Period;
- 1.5% per annum of value of sureties, and guarantees provided as well as subordination of loans, during the Measurement Period.

3.6 In the event that the accounting standards or accounting policies applied or IFRS measurements or auditing standards or the nature of the business or listing of Trustco is amended or changed, the application of this agreement and its performance metrics will be interpreted to reflect the intentions of the parties hereto. The auditors of Trustco from time to time will act as final arbitrators in this regard.

4 NOTICES

4.1 The Parties choose as their *domicilia citandi et executandi* for all purposes under this Agreement, whether in respect of court process, notices or other documents or communications of whatsoever nature (including the exercise of any option), as set out below:

4.1.1 Next Capital Limited

Physical Address: 2 Keller Street, Windhoek, Namibia

E-mail address: QVR@tgh.na

Contact Person: Dr Quinton Van Rooyen

4.1.2 Trustco Group Holdings Limited

Physical Address: 2 Keller Street, Windhoek, Namibia

Email: FloorsA@tgh.na

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Contact Person: The Financial Director (Floors Abrahams)

- 4.2 Any notice or communication required or permitted to be given in terms of this Agreement shall be valid and effective only if in writing but it shall be competent to give notice by email save that service of legal notices, summons and documents commencing or institution of proceedings before a court of competent jurisdiction may not be served by email without prior written agreement between the parties specifically agreeing thereto;
- 4.3 Any Party may by notice to any other Party change the physical address chosen as its *domicilium citandi et executandi* vis-a-vis that Party to another physical address or its email address, provided that the change shall become effective vis-a-vis that addressee on the 7th day after the receipt of the notice by the addressee.
- 4.4 Any notice to a Party sent by prepaid registered post in a correctly addressed envelope to it at its *domicilium citandi et executandi* shall be deemed to have been received on the 3rd business day after posting (unless the contrary is proved);
- 4.5 delivered by hand to a responsible person during ordinary hours at its *domicilium citandi et executandi* shall be deemed to have been received on the day of delivery; or
- 4.6 sent by email to its chosen email stipulated in paragraph 5.1 shall be deemed to have been received on the date of dispatch (unless the contrary is proved).
- 4.7 Notwithstanding anything to the contrary herein contained a written notice or communication actually received by a Party shall be an adequate written notice or communication to it notwithstanding that it was not sent to or delivered at its chosen *domicilium citandi et executandi*.

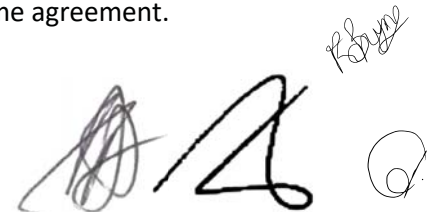
5 MISCELLANEOUS PROVISIONS

- 5.1 **Severability** - If any term, covenant, condition or provision of this Agreement shall be invalid or unenforceable, the remainder of this Agreement shall not be affected thereby,

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and each remaining term, covenant, condition and provision shall be valid and be enforced to the fullest extent permitted by law.

- 5.2 **Force Majeure** - The performance by either party of its obligations under this Agreement shall be suspended for the duration of any of the following if it renders such party incapable of performing in whole or in part such obligations: strikes, fire, flood, war, civil disorders, government declared pandemic, act of government authority or any other cause mutually agreed to be beyond the control of such party.
- 5.1 **Termination** - This Agreement may, absent any material breach thereof, be terminated only by written agreement between the parties.
- 5.2 **Dispute Resolution** - Any dispute between the parties shall be referred to the Independent Non-Executive Chairperson of Trustco whose decision shall be final and binding upon the parties.
- 5.3 **Entire Agreement** - This Agreement, together with the annexures and documents referred to in this Agreement, constitutes the whole Agreement between the parties.
- 5.4 No waiver, relaxation, extension, amendment or consensual cancellation of this Agreement or any provision or term thereof shall be binding on the parties unless recorded in a written document signed by or on behalf of the Parties. Any such extension, waiver or relaxation or suspension which is given or made shall be strictly construed as relating strictly to the matter in respect whereof it was made or given.
- 5.5 No extension of time or waiver or relaxation of any of the provisions or terms of this Agreement or any agreement, or other document issued or executed pursuant to or in terms of this Agreement shall operate as an estoppel against any party in respect of its rights under this Agreement, nor shall it operate so as to preclude such party thereafter from exercising its rights strictly in accordance with this Agreement.
- 5.6 **Counterparts** - This Agreement may be executed in any number of counterparts, each of which is an original and all of which together evidence the same agreement.

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5.7 Costs - All costs and expenses incurred by or on behalf of the parties to this Agreement including all fees of representatives, lawyers and accountants employed by any of the parties in connection with the negotiation, preparation and execution of this Agreement shall be borne solely by the party who shall have incurred the same and the other party will have no liability in respect of such costs and expenses.

5.8 Corporate actions - Any and all corporate actions required to approve and validate this Agreement by any party shall be duly resolved and/or passed prior to its execution.

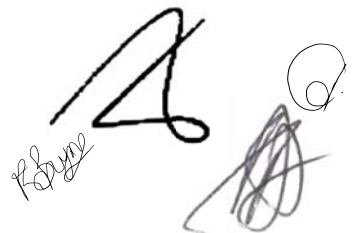
6 BREACH

6.1 Without prejudice to their other rights in law including any right to claim damages should an aggrieved party on the one hand or the party committing the breach - on the other hand breach any provision going to the root of this Agreement and fail to remedy such breach within 30 (thirty) days after receiving written notice requiring such remedy from:

6.1.1 Next in the case of a material breach by Trustco, then Next; or


6.1.2 Trustco in the case of a material breach by Next, then Trustco, shall claim specific performance of any unperformed obligation and in both cases such Party shall also be entitled to claim such damages as he/it may have suffered.


IN WITNESS WHEREOF, the parties hereto have executed or caused this Agreement to be executed by their officers thereunto duly authorized.

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SIGNED at WINDHOEK on 20 August 2021.

AS WITNESSES

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2. 



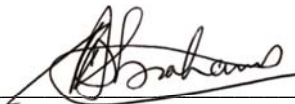
For : **NEXT CAPITAL LTD**
who warrants that he is duly authorised
hereto

SIGNED at WINDHOEK on 20 August 2021.

AS WITNESSES

1. 

2. 



For : **TRUSTCO GROUP HOLDINGS LTD**
who warrants that he is duly authorised hereto