



TRUSTCO GROUP HOLDINGS LIMITED

Incorporated in the Republic of Namibia

(Registration number 2003/058)

Registered as an external company in South Africa

(External registration number 2009/002634/10)

NSX share code: TUC

JSE share code: TTO

OTCQX share code: TSCHY

ISIN Number: NA000A0RF067

(“Trustco” or “the Group”)

UPDATE ON TRUSTCO AND THE JSE'S, INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS") DISPUTE

Current litigation

1. Trustco refers to the announcement published on SENS on 29 June 2022 where the Interim Financial Statements were published for the period ended 28 February 2022 ("Interim Results") together with an update on the ongoing litigation between the JSE and Trustco.

Trustco's executive summary

2. Shareholders have been updated from time to time on the dispute between Trustco and the JSE. The two remaining matters in dispute between Trustco and the JSE relate to classification of the gain recognised in profit and loss by Trustco following two separate loan waivers by the majority shareholder in the amounts of NAD (Namibia Dollar) 546 million and NAD 1 billion respectively, and the re-classification of a portion of a property development from inventory to investment property.

3. The dispute affects only Trustco's investments in the property portfolio entity and the resources portfolio entity and has no effect on the Net Asset Value (NAV) of the Group.
4. The JSE contends that Trustco has failed to comply with the JSE's Listings Requirements and the relevant IFRS accounting standards and the JSE informed Trustco to restate its financial statements. Trustco disputes the alleged non-compliance with IFRS and the JSE's Listings Requirements and, as a result, the parties together with their respective IFRS expert advisors remain in disagreement regarding the correct IFRS accounting treatment for the transactions in dispute.
5. The JSE (and its advisory body FRIP) disagreed with Trustco's accounting treatment and applied a substance over form treatment, without the JSE being able to point to a single accounting standard that has been breached by Trustco.
6. As the Financial Services Tribunal gave deference to the JSE, Trustco has approached the High Court of South Africa for an urgent interdict against the JSE.

JSE failure to comply with its own Listings Requirements

7. It is notable that the JSE (and FRIP) did not, as per their mandate and in accordance with the Listings Requirements, refer the matter to South African Institute of Chartered Accountants (SAICA), Independent Regulatory Board for Auditors (IRBA) or any relevant professional body for a further independent opinion, should an issuer fail to comply with IFRS.
8. Trustco further purports that the decision of the JSE was made by a person not authorised to make such a decision and imposes a sanction that the JSE was not empowered to make.
9. The JSE furthermore imposed a sanction that is absent and not provided for in the JSE Listings Requirements.

10. The Chairperson of the Financial Services Board, contrary to the legislative requirements, compiled a panel of three representatives consisting only of one former and two current practising legal practitioners with no financial, accounting or IFRS experience or qualifications, with the consequence that the Tribunal failed to interpret certain material considerations that an appropriately qualified IFRS specialist should have considered.
11. The JSE Listings Requirements feature the business judgement rule, and the JSE and subsequently the Financial Services Tribunal erred by either not applying the Business Judgement Rule at all, or by applying the Business Judgment Rule against Trustco's Board. The Board was best placed to make an informed decision after considering all relevant facts and after taking professional advice and guidance from its independent external JSE approved IFRS advisors. The accounting treatment of the transactions has subsequently been audited by Trustco's independent JSE approved auditors and approved by its shareholders with a 99.99% vote.

Trustco's position

12. Trustco's Board of directors, having consulted with its external JSE accredited IFRS experts and auditors, and having concluded multiple unmodified and unqualified audits by two independent JSE accredited audit firms, maintains their stance that the transactions were correctly accounted for, reported and disclosed.
13. The Board (and not the JSE) remains responsible and accountable to Shareholders for the preparation and presentation of the financial statements and their compliance with IFRS. The Board cannot abdicate this responsibility to third parties who are not the Group's appointed professional advisors.
14. It is important to note that Trustco and the JSE are deadlocked regarding a difference of opinion on the interpretation and application of IFRS. It is important to emphasise that the JSE made no allegations of fraud, misconduct, or wrongdoing by Trustco or its Board.

15. Trustco's auditors has provided Trustco with unmodified (unqualified) audit reports for the last 29 years, the latest thereof being published on 31 January 2022.

Status Quo

16. In the interest of transparency and full disclosure, the documentation relating to the Review Application, the Reconsideration Application, the Suspension Application, and the Urgent Application can be found at <https://www.tgh.na/downloads/>. Shareholders are encouraged to read the documentation to apprise themselves of the nature of the dispute and the status thereof.

Shareholders will be kept up to date from time to time and the website will be updated with the progress on these matters. Shareholders are also welcomed to contact the company secretary for more information at komada@tgh.na.

Windhoek, Namibia,

15 July 2022

Komada Holdings (Pty) Ltd

Company Secretary and Investor Relations Services to Trustco Group Holdings Limited

JSE Sponsor

Vunani Sponsors (Pty) Ltd – Johannesburg

NSX Sponsor

Simonis Storm Securities Proprietary Limited – Windhoek

OTCQX Sponsor

J.P Galda & Co – New York