

INVESTMENT PROFILE

ABOUT US

WHO WE ARE

Trustco Group Holdings Ltd is an investment entity headquartered in Windhoek, Namibia, that manages a diverse portfolio of investments spanning the insurance, real estate, commercial banking, micro-finance, education and mining sectors.

Decisions are biased towards long-term investment performance and short-term hurdles are viewed as catalysts for future growth.

Historically, Trustco’s investment portfolio has delivered exceptional returns, with a well-balanced asset mix, which has maintained an average weighting of 34% in US Dollar based assets, while the remaining 66% is invested in Namibian Dollar based assets.

VISION

With our roots firmly in Namibia and our reach extended into the rest of Africa and the emerging markets beyond, we seek to generate above average growth over time to create wealth for our shareholders, investors and employees while impacting positively on society and our planet.

MISSION

We build wealth by our unique approach of coinvesting alongside our investors and stakeholders. We capitalise on growth opportunities in Namibia and beyond for long-term value creation and superior returns. Through our extensive experience, expertise and our commitment to sustainable growth, we strive to drive economic and social development of the communities in which we invest.



OVER 15 YEARS

EQUITY GROWTH	GROWTH IN TOTAL ASSETS
10.4%	12.7%
GROWTH IN NET ASSET VALUE PER SHARE	
6.8%	
AVERAGE RETURN ON ASSETS	AVERAGE PRICE EARNINGS RATIO
5.4%	5.4

AS AT 31 AUGUST 2023

INVESTORS

NAMIBIAN	FOREIGN	INSTITUTIONAL
3 610	1 443	94

AS AT 31 AUGUST 2023

INTRINSIC NET ASSET VALUE PER SHARE

117c

TRUSTCO SHARE PRICE

56c

INVESTMENT CASE AND VALUE CREATION SUMMARY

Trustco Group, a family-centric investment entity, operates with a steadfast commitment to fostering sustainable, long-term growth and value for all its investors. The group boasts a global presence with listings on the Namibian and Johannesburg Stock Exchanges, along with a presence on the OTCQX in New York.

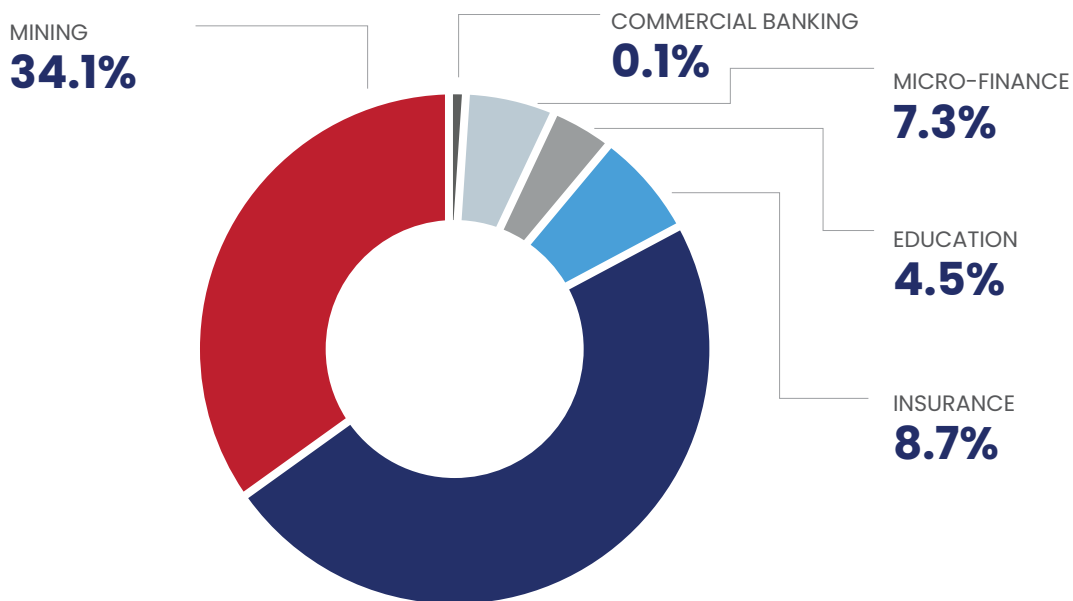
For over three decades, Trustco has strategically invested in a diverse portfolio of Namibian enterprises that have played pivotal roles in the nation’s economic landscape. These investments have cultivated an extensive customer base, creating synergies that unlock enhanced returns by seamlessly connecting various investee companies within

its investment portfolios. The group’s local decision-making structure expedites execution, enabling swift capitalisation on emerging investment opportunities. This proactive approach extends across Trustco’s diverse investment portfolios, amplifying the potential for value creation. As such, Trustco represents an exceptional investment opportunity currently trading at a substantial discount to its Net Asset Value.

INVESTMENT STRATEGY

Trustco’s investment strategy centres on the identification of companies poised for long-term value appreciation and superior returns. Leveraging its extensive expertise, the group engages with the management teams of its investee companies, supporting them in attaining their objectives, growth strategies and delivering optimal returns for investors.

COMPOSITION OF TRUSTCO’S INVESTMENT PORTFOLIO



PORTFOLIO VALUATIONS

VALUE AS AT	IN MILLION
31 AUGUST 2023	NAD
INSURANCE	268
REAL ESTATE	1 393
COMMERCIAL BANKING	4
MICRO-FINANCE	226
EDUCATION	137
MINING	1 050
TOTAL	3 078

INVESTMENT PROFILE (CONTINUED)

Trustco's investments are not merely financial transactions, they are a testament to the group's belief in the transformative power of strategic investments. Trustco seeks to identify opportunities and to pursue businesses that not only promise superior financial returns but also align with its core values of integrity, responsibility and excellence, with the aim to contribute measurable positive social and environmental impact.

CULTIVATING TOMORROW

Trustco's investment philosophy embodies a resolute conviction that investments transcend fleeting transactions and are instead lasting enablers of value. This foundational approach is deeply ingrained in the pursuit of long-term investor value, underscoring Trustco's steadfast dedication to this prudent endeavour.

At the core of its investment philosophy lies the belief that capital is not just a financial instrument, it is a solemn responsibility demanding commitment to its safeguarding and preservation. Trustco recognises the duty it holds to its investors and, above all, its obligation to preserve capital and ensure the timely fulfillment of financial obligations. Safeguarding the interests of all stakeholders remains paramount in every investment decision.

In a world often captivated by the allure of immediacy, Trustco boldly embraces the essence of time. The investment horizon transcends the fleeting fluctuations of quarterly or annual cycles. Recognising that profound transformations take root over time, Trustco adopts a patient perspective that allows value to flourish organically. Trustco believes that lasting value is not built upon short-term exploitation but upon sustainable practices that can withstand the test of generations.

Balancing the pursuit of financial returns with a prudent assessment of risk is a fundamental tenet of Trustco's investment philosophy. Each investment undergoes rigorous evaluation to ascertain its expected risk-reward profile, ensuring that potential gains are commensurate with acceptable risk levels. This assessment extends to market conditions, liquidity and the capital needed to meet solvency requirements, thereby fostering a comprehensive and informed decision-making process.

The dynamic nature of Trustco's asset allocation strategy is a testament to its adaptability.

As Trustco navigates the dynamic changing landscape of investments, the company remains resolute in its dedication to creating superior and sustainable value. The investment philosophy of nurturing value over time not only strengthens the organisation but also fosters positive contributions to the communities and environments in which Trustco operates. Through this commitment to long-term value creation, Trustco continues to forge a path toward a brighter, more prosperous future.

FORGING ENDURING PROSPERITY

Trustco's strategic investment areas are the manifestation of its unwavering commitment to generating above-average growth and creating lasting wealth for shareholders, investors, employees and society at large. Rooted in Namibia, yet with a far-reaching presence that extends into Africa and emerging markets, Trustco's strategic focus embodies the essence of its vision and mission.

Trustco's varied investment portfolios, comprising insurance, real estate, commercial banking, micro-finance, education and mining, epitomise its dedication to diversification and expansion. This strategic arrangement spans a wide spectrum of financial and complementary services, strategically designed to mitigate risks while seizing promising avenues for expansion. The diversified nature of these portfolios not only bolsters resilience but also fosters value exchange among investee companies. Banking, real estate, finance and educational products synergise harmoniously with the insurance product range, forging an unparalleled value proposition within Namibia's financial sector, further reinforcing Trustco's distinctive market position.

Trustco's venture into the mining sector exemplifies its pursuit of extraordinary returns. The Meya Mining investment, revealing an initial diamond resource of 7 (seven) million carats through exploration, has garnered substantial interest from investors and stakeholders. Beyond its remarkable economic potential, it is noteworthy that Meya's mining license area has yielded five of the world's largest stones recovered. Bulk sample results not only indicate high-grade diamonds but also a notably high

average value per carat. Trustco Resources held a 65% share in Meya following its acquisition in 2016. However, as Meya transitioned into commercial production, the project necessitated external funding. Consequently, Trustco Resources has since reduced its shareholding to 19.5%. The transaction enables Trustco to re-balance its investment portfolio after investing approximately 116 million USD in Meya and allowing Trustco shareholders to realise significant value from the early stage investment.

The project is under the guidance of a seasoned technical team, renowned for its track record in Sierra Leone. The further socio-economic benefits accruing to host communities also underscore Trustco's commitment to responsible and impactful investments.

For comprehensive details on these portfolios, please refer to the relevant sections further in the integrated report.

Trustco's foundation for its value creation journey is its diversified investment portfolio, spanning investments across various industries. The investment strategy revolves around coinvestment principles, enabling active collaboration with investee companies to achieve their objectives and optimise investor returns. The pursuit of above-average growth, wealth creation and positive societal impact finds its tangible expression in its portfolios. Each investment, whether in the financial sector or mining, reflects Trustco's coinvestment ethos.

NURTURING STRONG FOUNDATIONS FOR FUTURE GROWTH

Trustco continually evolves and adapts to changing market dynamics while adhering to its core principles of superior value creation. Trustco's long-term perspective enables the company to seize opportunities that others may overlook, resulting in a robust foundation for the future. With an extensive track record of prudent investment management, the value proposition extends to shareholders, investors, employees, and the communities in which the company and its portfolios operate.

As a family-centric investment entity, the approach employed is deeply rooted in a philosophy that not only benefits coinvestors but also nurtures the development and prosperity of the communities in which operations are conducted.

Recognising the inherent cyclical nature of markets and economies, particularly in the current climate, Trustco embraces challenges as avenues for achieving even greater success. With an unwavering focus on the long-term horizon, disciplined decision-making and a patient demeanour, Trustco is well-positioned to seize these opportunities and foster enduring value for coinvestors.

VALUATION METHODOLOGY

Trustco's investment portfolio is measured at fair value through profit or loss. Trustco Group primarily employs the income approach, utilising the discounted cash flow (DCF) method, to assess the value of its unlisted portfolio companies. This method predominantly involves utilising the free cash flow to firm for most entities. Anticipated cash flows are discounted at the weighted average cost of capital (WACC) to establish the investees' value. However, in the case of financial services companies, the free cash flow to equity approach, discounted at the cost of equity, is adopted.

Projections of cash flows are diligently prepared by the management teams of portfolio companies, subject to comprehensive review by the investment entity, projecting over a ten-year horizon. Adjustments are applied, as necessary, to account for variables such as control, lack of marketability and minority discounts. These adjustments correspond to the ownership percentage and are aligned with established industry benchmarks.

In accordance with the guiding principles outlined in IFRS 13, Trustco endeavours to mirror fair market value from the perspective of a market participant. This involves grounding assumptions and valuation methodologies on industry-accepted standards, ensuring a comprehensive and reliable assessment of the fair value of its portfolio entities.

INVESTMENT PROFILE (CONTINUED)

REVIEW OF INVESTMENTS



INVESTMENT PROFILE

INSURANCE

- 80% SHAREHOLDING

Amidst Trustco's diversified investment portfolio, the insurance portfolio exhibits an intrinsic valuation of NAD 268 million, underscoring Trustco's multifaceted approach to investments. The portfolio contributes 8.7% of the total investment portfolio of Trustco. The insurance portfolio remains a testament to Trustco's commitment to navigate varying market dynamics and continuously evolve.

Trustco's insurance portfolio has encountered a significant rerating this year, shaped by several pivotal factors. Market conditions have not progressed as initially assumed, impacting the niche insurance business's expected recovery and consequently leading to downward cashflow adjustments.

However, in light of the anticipated increase in student funding availability, Trustco foresees a potential valuation recovery as these cashflows materialise.

FINANCIAL PERFORMANCE

During the reporting period, the insurance portfolio demonstrated robust performance, generating gross premium income of NAD 74.6 million. With a claims ratio of (22.3)%, it maintained a strong solvency ratio of (26.97)% and a CAR (Capital Adequacy Ratio) of 1658% for the short- and long-term insurance companies, respectively. These metrics underscore the financial strength and resilience of the portfolio in navigating the complex insurance landscape.

INDUSTRY	OPERATIONS	SHAREHOLDING
SHORT-TERM INSURANCE		80%
LONG-TERM INSURANCE		80%

CORPORATE INFORMATION

UNLISTED

DIRECTORS:

RENIER TALJAARD – INDEPENDENT NON-EXECUTIVE
 WINTON GEYSER – INDEPENDENT NON-EXECUTIVE
 JANENE VAN DEN HEEVER – INDEPENDENT NON-EXECUTIVE
 QUINTON Z VAN ROOYEN – EXECUTIVE
 FLOORS ABRAHAMS – EXECUTIVE

FINANCIAL INFORMATION

YEAR ENDED 31 AUGUST 2023

	NAD MILLION
REVENUE	74.6
OPERATING PROFIT	13.1
HEADLINE EARNINGS	24.4
NET ASSET VALUE	953.6

VALUATION SUMMARY

FAIR VALUE AS AT 31 AUGUST 2023: NAD 268 MILLION

KEY VARIABLES	VALUATION EFFECT	
	+0.5%	-0.5%
NAD MILLION		
DISCOUNT RATE	20.48%	(7.7) 8.2
INFLATION	4.90%	(2.9) 2.7
TERM GROWTH	6.00%	2.7 (2.5)
KEY FORECAST (NAD MILLION)		
AVERAGE REVENUE (10 YR)		214.5
AVERAGE FREE CASH (10 YR)		66.8
KEY FORWARD ASSUMPTION		
AVERAGE PREMIUM GROWTH (10 YR)		9.3%

OVERVIEW

The insurance investee specialises in delivering a diverse range of financial and risk products tailored for both individuals and small to medium-sized enterprises (SMEs) in Namibia.

KEY INVESTMENT HIGHLIGHTS

- **Refined Business Model:** The entity has honed its focused business model over many years, ensuring efficiency and effectiveness.
- **Legal Insurance Leader:** It holds a commanding market position in Namibia as a leader in legal insurance.
- **Large Customer Base:** With over 185 000 insured members, it boasts a substantial and well-established clientele.
- **Solvency Strength:** The entity maintains a robust solvency position, instilling confidence in its financial stability.
- **Strategic Synergies:** Leveraging intergroup synergies provides key competitive advantages.
- **Brand Loyalty:** Enjoying prominent brand recognition and customer loyalty enhances its market position.
- **Innovation Focus:** The entity's commitment to developing innovative products remains its primary trademark.

DIVERSIFIED INSURANCE SERVICES

The insurance investee holds licenses for both short-term and long-term insurance services, offering a diversified product portfolio. It continually adapts to evolving market conditions to provide unparalleled service to its loyal client base.

The short-term insurance offerings provide members access to top-tier legal coverage, ensuring that individuals who may face financial barriers to legal services can safeguard their constitutional rights. On the other hand, the long-term insurer provides funeral benefits, term- and whole-life insurance products, and access to private healthcare facilities, catering to those who may not have access to conventional medical aid plans.

COMMITMENT TO FINANCIAL WELLBEING

Beyond its core offerings, the long-term insurer extends a diverse range of savings and investment products that consistently outperform the market average. This reflects the company's active commitment to fostering a culture of savings and enhancing the financial wellbeing of its members and investors. Notably, the Trustco Domestic Investment Programme 6a.22 (TDIP6a.22) was launched

during the previous reporting period and was fully subscribed to the limit of NAD 50 million by November 2022. Following the achievements of the TDIP6a.22 initiative, a subsequent programme, the Trustco Domestic Investment Programme 8b.22 (TDIP8b.22), was introduced during the current year. The primary objective of the TDIP8b.22 programme is twofold: firstly, to secure NAD 150 million in funds, with the initial aim of supporting the advancement of Namibian society through investments in the higher education requirements of tertiary students in Namibia. Secondly, it seeks to bolster short-term financial liquidity and the overall wellbeing of Namibian society by generating funds to assist ordinary consumers in bridging their short-term financial needs toward long-term financial prosperity.

DIGITAL MIGRATION FOR SUSTAINABILITY

The insurance investment entity continues its digital migration journey, aimed at expanding its reach and ensuring long-term sustainability. Members can conveniently engage with the insurer from the comfort of their homes through various online platforms, reflecting its commitment to customer-centricity and technological advancement.

RISK ANALYSIS AND MITIGATION

The deceleration of organic growth poses challenges to cash flow sustainability.

Mitigating strategy:

- Introduction of new products to cultivate a fresh client base and additional revenue streams
- Implementing a 10% premium increase, the first increase after a 5 year period, to buffer against adverse growth trends.

INVESTMENT GROWTH STRATEGY

Enlisting the services of an investment manager tasked with raising capital for TDIP investments as well as the implementation of bold marketing strategies to facilitate the market entry of the new product.

SUSTAINABILITY MEASURES

CSI and Training Spend: NAD 628 thousand

Number of Employees: 47

Employment Equity Compliance: Grade B

More information about Trustco Insurance and Trustco Life is available at: www.legalshield.na and www.life.na

INVESTMENT PROFILE (CONTINUED)



INVESTMENT PROFILE

REAL ESTATE

- 80% SHAREHOLDING

The real estate portfolio of Trustco stands as a notable asset, boasting an intrinsic valuation of NAD 1 393 million. This portfolio represents 45.3% of the total portfolio valuation of Trustco.

The real estate portfolio, though initially valued substantially higher, has been subject to the influences of macroeconomic conditions over the past few years. Escalating interest rates have had a cooling effect on the property market, simultaneously impacting the discount rate. As a result, property valuations have experienced a slight decrease of 4% when compared to the previous reporting period. However, with the Namibian economy poised for a turnaround, there is a prevalent expectation that these devaluations will be rectified in the near future. This reversal is anticipated as new developments are set in motion and interest rates start to recede in line with stabilising inflation. Trustco remains steadfast in its commitment to navigating real estate market fluctuations and harnessing opportunities in a changing landscape.

FINANCIAL SNAPSHOT

As at the reporting date:

- Trustco Properties owns an estimated 4 567 hectares of high-quality developable real estate.
- The total land bank presents an opportunity for over 26 000 mixed-use erven.
- Trustco Properties has successfully serviced more than 1 106 erven across all developments over the last 10 years.

INDUSTRY	OPERATIONS	SHAREHOLDING
REAL ESTATE		80%
REAL ESTATE		80%
REAL ESTATE		80%
REAL ESTATE		80%
REAL ESTATE		80%

CORPORATE INFORMATION

UNLISTED

DIRECTORS:

QUINTON Z VAN ROOYEN – EXECUTIVE
FLOORS ABRAHAMS – EXECUTIVE

FINANCIAL INFORMATION

YEAR ENDED 31 AUGUST 2023

	NAD MILLION
REVENUE	48
DECREASE IN FAIR VALUE	(72)
NET ASSET VALUE	1 366

VALUATION SUMMARY

FAIR VALUE AS AT 31 AUGUST 2023: NAD 1 393 MILLION

KEY VARIABLES	VALUATION EFFECT	
	+0.5%	-0.5%
	NAD MILLION	
DISCOUNT RATE	18.45%	(46.0) 48.8
INFLATION	4.90%	51.1 (48.4)
TERM GROWTH	6.00%	1.2 (1.1)

KEY FORECAST (NAD MILLION)

AVERAGE REVENUE (10 YR)	1 274.6
AVERAGE FREE CASH (10 YR)	265.7

KEY FORWARD ASSUMPTIONS

TOTAL SELLABLE LAND BANK (HECTARES)	2 473.7
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2 TO 25 YEAR TIMELINES FOR DEVELOPMENT

Financially, the reporting period saw revenue exceeding NAD 60 million. Additionally, Trustco Properties holds rental properties valued at NAD 140 million, boasting an occupancy rate of 85% and an impressive ROI of 16.83%. Trustco's real estate investee remains dedicated to delivering value, meeting housing demands and generating sustainable returns for its investors in Namibia.

OVERVIEW

Trustco's real estate investee focuses on sustainable mixed-use land development, addressing the pressing demand for serviced land and housing that caters to a diverse range of Namibians across various socioeconomic backgrounds.

KEY INVESTMENT HIGHLIGHTS

- **Prime Locations:** A high-quality real estate portfolio strategically positioned in high-growth zones.
- **Low Gearing:** The investment entity maintains low gearing on its property assets.
- **Proven Returns:** The portfolio has consistently provided substantial returns to its shareholders throughout the years.
- **Growth Potential:** The investment in the property portfolio is poised for substantial growth, primarily driven by the shortage of serviced land on a national scale.

LEADERSHIP IN PROPERTY DEVELOPMENT

As one of Namibia's largest private property development companies, the real estate investee has demonstrated its commitment to addressing the nation's need for serviced erven and housing needs.

The flagship project, the Elisenheim Lifestyle Estate, has already provided over 1 051 serviced mixed-use plots in just nine years. Upon completion, this project will offer more than 6 000 mixed-use erven. Remarkably, the Elisenheim Lifestyle Estate has achieved an impressive return on investment (ROI) of 17.16% for its investors since its inception.

DIVERSE REAL ESTATE PORTFOLIO

Trustco's real estate portfolio includes four significant property developments, comprising residential estates with room for commercial expansion and industrial parks. These developments collectively cover a landbank

of over 4 000 hectares of prime Namibian developable land. Positioned strategically, the portfolio aims to meet the current and future demands for housing, commercial spaces and industrial facilities in Namibia. This extensive landbank is expected to serve as a sustainable source of cash flow for the investment entity, delivering consistent returns to its investors over the next twenty-five years.

ADDRESSING LAND SHORTAGES

The primary driver of the acute shortage of serviced land in Namibia is the significant gap between the supply of developed land and the soaring demand for it. During the reporting period, the Namibian economy grappled with constraints stemming from the persistent post-pandemic effects of COVID-19. These challenges were further exacerbated by rising commodity prices and repo rates. Additionally, supply chains faced unprecedented shortages and price hikes, largely due to ongoing global conflicts on the European continent. Against this operating environment, the portfolio recorded a 4% decrease in its overall valuation.

NAVIGATING MARKET CHALLENGES

In the face of market challenges, such as lower-than-expected property sales volumes during the reporting period, Trustco Properties has remained resilient. This contraction in property sales can be attributed to several factors, including the rapid rise in interest rates, insufficient funding for prospective homeowners and overall economic conditions in Namibia.

ENVIRONMENTAL COMPLIANCE

Trustco Properties is dedicated to upholding the highest standards of environmental responsibility and social accountability through its Environmental and Social Policy (E&S Policy). The real estate portfolio's unwavering commitment to sustainable development and sound management practices is reflected in its rigorous adherence to Namibia's stringent environmental regulations.

In pursuit of environmental stewardship, all properties in the landbank diligently comply with Namibian regulations governing property development. This entails the meticulous process of securing Environmental Clearance Certificates (ECC) prior to any applications for industrial or township establishments.

INVESTMENT PROFILE (CONTINUED)

Additionally, the portfolio remains steadfast in its commitment to environmental protection by renewing ECCs timeously as necessary during the course of development activities.

Furthermore, practices are aligned with the comprehensive guidelines outlined in an approved Environmental Management Plan.

This comprehensive framework not only ensures legal compliance but also fosters an eco-conscious ethos within the portfolio.

RISK ANALYSIS AND MITIGATION

Factors such as interest rate fluctuations, economic downturn, constrained bank financing of clients, shifts in government regulations, negative changes in loan-to-value (LTV) rules and political instability pose risks to the property portfolio.

Mitigating strategy:

- Diversification of the real estate portfolio is vital to mitigate these risks
- Continuous market trend monitoring remains crucial
- Seeking expert counsel and guidance from experienced professionals is essential
- Informed investment decisions through thorough research and expert advice are vital for making well-informed investment choices.

INVESTMENT GROWTH STRATEGY

The real estate investee's growth strategy revolves around acquiring and utilising suitable land within Namibia's housing, industrial and commercial sectors. It prioritises the timely servicing and sale of land while consistently seeking new property acquisitions to sustain growth.

Key strategies include strategic land acquisitions in high-potential areas, efficient land servicing processes aligned with market demands and a proactive sales approach to expedite land sales. Additionally, diversifying the property portfolio through reinvestment from land sales into new acquisitions ensures resilience and optimised returns. This approach, supported by continuous market research, adaptation to evolving trends and strategic partnerships, enables Trustco Properties to navigate market fluctuations while capitalising on emerging opportunities.

SUSTAINABILITY MEASURES

CSI and Training Spend: NAD 713 thousand

Number of Employees: 49

Employment Equity Compliance: Grade A

More information about Trustco Properties is available at: www.trustcoproperties.na



INVESTMENT PROFILE

COMMERCIAL BANKING


- 100% SHAREHOLDING
- 0.1% OF TOTAL INVESTMENT PORTFOLIO OF TRUSTCO

Within Trustco's diversified investment portfolio, the commercial banking portfolio has an intrinsic valuation of NAD 4 million, reflecting the group's commitment to expanding its investment landscape.

The commercial banking portfolio, though facing challenges, remains a part of Trustco's diversified approach to investments. Its value has encountered setbacks due to the ongoing legal dispute with its primary regulator. While Trustco maintains a strong interest in developing this portfolio, these challenges have led to downward projections of its potential cashflows. Furthermore, the increased risks associated with these issues have led to an uptick in its discount rate. Trustco remains committed to addressing these concerns and pursuing avenues to improve the performance of the banking portfolio, aligning with its overarching mission of value creation.

OVERVIEW

Trustco Bank Namibia (TBN or Trustco Bank) is dedicated to providing innovative banking products that foster economic development while addressing the diverse banking needs of individuals and businesses. At the heart of TBN lies a distinctive corporate culture, steering the institution's vision and mission while shaping its strategic landscape. This culture, integral to TBN's operations, influences every decision and action taken in response to the challenges and opportunities within the banking industry in Namibia.

INDUSTRY	OPERATIONS	SHAREHOLDING
BANKING		100%

CORPORATE INFORMATION

UNLISTED

DIRECTORS:

TOM NEWTON - INDEPENDENT NON-EXECUTIVE
 WINTON GEYSER - INDEPENDENT NON-EXECUTIVE
 STANLEY SIMILO - INDEPENDENT NON-EXECUTIVE
 DR QUINTON VAN ROOYEN - EXECUTIVE

FINANCIAL INFORMATION

YEAR ENDED 31 AUGUST 2023

	NAD MILLION
REVENUE	5.6
OPERATING LOSS	(24.8)
HEADLINE LOSS	(23.5)
NET ASSET VALUE	37.3

VALUATION SUMMARY

FAIR VALUE AS AT 31 AUGUST 2023: NAD 4 MILLION

KEY VARIABLES	VALUATION EFFECT	
	+0.5%	-0.5%
	NAD MILLION	
DISCOUNT RATE 25.87%	(0.1)	0.1
INFLATION 4.90%	0.2	(0.2)
TERM GROWTH 6.00%	0.0	(0.0)

KEY FORECAST (NAD MILLION)

AVERAGE REVENUE (10 YR)	5.9
AVERAGE FREE CASH (10 YR)	2.4

KEY FORWARD ASSUMPTION

REGULATORY ISSUES RESOLVED

INVESTMENT PROFILE (CONTINUED)

KEY INVESTMENT HIGHLIGHTS

- **Competitive Advantage:** Significant local market advantages are gained through the synergistic collaboration within the Trustco group.
- **Cost-Effective Model:** Operates with an alternative low-cost business model that enables value creation across the Trustco group.
- **Technological Innovation:** Utilises flexible technology solutions for modern and dynamic product development.
- **Sustainable Growth:** Offers sustainable growth potential within the Namibian banking sector.
- **Namibian Ownership:** As one of only two Namibian-owned banks in the country, it is fully committed to the local market.

BUILDING FOR THE FUTURE

Trustco Bank is committed to building a bank that is future-ready and capable of adapting to rapidly changing social and economic environments. Amidst industry giants, TBN envisions itself as a provider of financial services and a gateway to transformative experiences. The vision of the bank is deeply rooted in innovation and accessibility, poised to revolutionise banking in Namibia.

STRATEGIC FOCUS AREAS

To enhance its competitive strengths and develop new capabilities, Trustco Bank has identified key focus areas:

- **Digital Banking Evolution:** Recognising the shift towards a cashless society, the bank is implementing an innovative technology platform based on cutting-edge technology architectures and event-driven microservices. This strategic move enables rapid product development, quicker time-to-market, and a user-friendly interface for delivering value-added services to customers efficiently.
- **Expanding and Reliable Income Streams:** Trustco Bank aims to diversify and expand its income streams, ensuring resilience, sustainability and long-term growth in a dynamic financial landscape. From intuitive mobile apps to seamless online mortgage processes, ensuring effortless and accessible banking experiences from the comfort of one's home.
- **Client-Centric Product Development and Service:** Prioritising customer needs, the bank is dedicated to developing products and providing exceptional customer services that align with clients' requirements and preferences.

- **Strategic Partnerships and Synergies:** By fostering strategic partnerships and leveraging synergies within the Trustco Group, the bank seeks to strengthen its position and broaden its offerings in the market.
- **Innovative Business Ventures:** Through strategic partnerships and synergies, Trustco Bank pioneers initiatives such as Green Mortgages, promoting eco-friendly housing options and microfinance initiatives, empowering Namibian entrepreneurs with microloans and expert guidance.

EMBRACING FINTECH FOR GROWTH

Trustco Bank understands that the future of banking demands virtual channels for seamless client transactions. The ongoing implementation of its innovative technology platform is a testament to its commitment to this vision. This cutting-edge platform facilitates rapid product development, accelerates time-to-market, and provides a user-friendly interface for delivering value-added services to customers swiftly and efficiently.

ETHICAL LEADERSHIP AND RISK MANAGEMENT

Within Trustco Bank Namibia, ethical leadership and human capital are the bedrock of the risk management function. The board of directors, accountable for risk management, ensures sound corporate reputation and effective governance. The bank has implemented a practical and sustainable Enterprise Risk Management (ERM) process, enhancing brand value and profitability.

GROWTH AND EXPANSION

To achieve its growth and expansion objectives in the Namibian market, Trustco Bank capitalises on its status as a new entrant. It collaborates with its technology partner to deliver a simplified, fintech-driven solution to retail banking in Namibia. This strategic move not only broadens its service offerings but also establishes a cost-effective route to market, ensuring the continued growth and success of the institution.

BANKING LICENSE STATUS

Trustco Bank is currently involved in legal proceedings that have resulted in a temporary suspension of its banking license. The bank maintains a high level of confidence in achieving a favourable resolution and is diligently addressing the matter. Despite this hurdle, Trustco Bank remains steadfast in its commitment to its valued customers and is continually innovating new banking products.

The bank is dedicated to enhancing its digital platforms to ensure an enjoyable and convenient banking experience whilst delivering a smooth and seamless experience once the legal matters have been resolved successfully. Although Trustco Bank represents a mere 0.1% of Trustco group's total investment portfolio, Trustco remains resolute in its commitment to build a world-class Namibian bank.

RISK ANALYSIS AND MITIGATION

The bank is potentially at risk of going concern, as Trustco Bank and Trustco initiated a review application against the Bank of Namibia (BoN) and the Government of the Republic of Namibia. This application specifically challenges certain legislation that grants BoN unchecked authority to issue directives without undergoing due process. In response, BoN countered with a liquidation application against Trustco Bank and sought suspension of Trustco Bank's banking license. Subsequently, BoN amended the Banking Institution Act in 2023, rectifying various of the issues raised by Trustco in its review application launched against BoN.

Mitigating strategy:

The bank is opposing the liquidation application and is confident that it has good prospects of success in both the constitutional challenge and the liquidation application. While Trustco is actively pursuing a commercial resolution, it also advocates for all forms of authority to

be governed by due process and independent oversight, that is exercised in a just, fair and reasonable manner with a purpose to stimulate economic growth for all citizens of the Republic of Namibia.

INVESTMENT GROWTH STRATEGY

Following the successful mitigation of risks and the complete restoration of banking operations, attention will turn towards raising capital to advance loans and expand the bank's lending portfolios. Priority will be given to implementing strategies for raising deposits to secure funds for the bank and bolster its lending activities.

The bank will enhance its commitment to creating and launching inventive savings products with competitive interest rates and distinctive features, aiming to attract deposits from a broader customer spectrum and cultivate lasting relationships

SUSTAINABILITY MEASURES

Number of Employees: 8

Employment Equity Compliance: Grade C

More information about Trustco Bank is available at: www.tbn.na

INVESTMENT PROFILE (CONTINUED)



INVESTMENT PROFILE

MICRO-FINANCE

- 100% SHAREHOLDING
- 7.3 % OF TOTAL INVESTMENT PORTFOLIO OF TRUSTCO

With an intrinsic valuation of NAD 226 million, Trustco's micro-finance portfolio reflects the group's commitment to strategic and value-driven investments. This portfolio contributed a deficit of NAD 50 million to the headline earnings in 2023, following a contribution of NAD 31 million in 2022. Trustco's dedication to this portfolio underscores its strategy to create long-term value for its stakeholders.

Trustco's investment in micro-finance has been bolstered by multiple factors. The anticipated increase in funding available for students and a favourable macroeconomic environment with rising interest rates have contributed to higher interest revenues. However, this growth has been moderated by an expected reduction in intergroup royalty revenues from other lending activities. Notably, discount rates have remained largely stable, emphasising the portfolio's sustainable approach to value creation.

OVERVIEW

Trustco Finance, a respected educational lending institution, plays a pivotal role in providing 100% financing for courses offered by the Institute for Open Learning (IOL). Its core mission is to facilitate financial support for education and training purposes, with a keen focus on harmonising profitability with social investments. This portfolio is in the final stages of a consensual restructuring of its international long-term debt with its supportive international funders. Management is confident that this process will be concluded successfully during the first half of the calendar year 2024, which will ensure the further future growth of this portfolio.

INDUSTRY	OPERATIONS	SHAREHOLDING
FINANCE		100%
FINANCE		100%

CORPORATE INFORMATION

UNLISTED

DIRECTORS:

RENIER TALJAARD – INDEPENDENT NON-EXECUTIVE
 TOM NEWTON – INDEPENDENT NON-EXECUTIVE
 STANLEY SIMILO – INDEPENDENT NON-EXECUTIVE
 FLOORS ABRAHAMS – INDEPENDENT NON-EXECUTIVE
 QUINTON Z VAN ROOYEN – EXECUTIVE
 ADRIANA LAMBERT – EXECUTIVE

FINANCIAL INFORMATION

YEAR ENDED 31 AUGUST 2023

	NAD MILLION
REVENUE	205
PRO-FORMA NET ASSET VALUE	199

VALUATION SUMMARY

**FAIR VALUE AS AT 31 AUGUST 2023:
 NAD 226 MILLION**

KEY VARIABLES	VALUATION EFFECT		
	+0.5%	-0.5%	
	NAD MILLION		
DISCOUNT RATE	21.13%	(9.8)	10.5
INFLATION	4.90%	2.2	(2.1)
TERM GROWTH	6.00%	4.1	(3.9)

KEY FORECAST (NAD MILLION)

AVERAGE REVENUE (10 YR)	149.1
AVERAGE FREE CASH (10 YR)	38.0

KEY FORWARD ASSUMPTIONS

AVERAGE ANNUAL TDIP CASH RAISE (10 YR)	62.5
LOAN BOOK BALANCE (FY33)	760.1

KEY INVESTMENT HIGHLIGHTS

- **Synergistic Business Model:** Trustco Finance's business model aligns seamlessly with the education investee.
- **Educational Lending Leader:** It holds a market leading position in tailored educational lending, fostering personal growth and development.
- **Established Brand:** With an exemplary track record spanning 18 years, Trustco Finance boasts a well-established and trusted brand in the Namibian market.
- **Large Loan Portfolio:** The institution manages a substantial loan portfolio, serving more than 14 000 active loans.

CATERING TO EDUCATIONAL NEEDS

In 2005, Trustco embarked on an investment journey, leading to the establishment of Trustco Finance, with a clear focus on addressing the financial needs of lower-income Namibian consumers. Over the years, Trustco Finance has successfully broadened access to education, making it more inclusive.

Furthermore, Trustco Finance is actively engaged in negotiations to extend financing to other tertiary educational institutions in Namibia, aiming to reach a broader student base. This financing encompasses tuition fees, hostel charges, and digital educational equipment. These agreements are poised to create a ripple effect across sister companies, benefiting Trustco Life through credit insurance and IOL via educational tools provided by the institution.

EMPOWERING THROUGH EDUCATION

Trustco Finance takes pride in its commitment to funding innovative educational courses that enhance the lives and financial wellbeing of its customers. These courses span a wide array of academic subjects, information and communication technology and various skill-enhancing short courses. With a history of more than 18 years in microlending, Trustco Finance has evolved significantly. It commenced with a loan portfolio of just NAD 5 million and has since become the preferred student loan provider in Namibia. Currently, the total loan portfolio surpasses NAD 640 million, a testament to its enduring success.

Trustco Finance places paramount importance on its customers and their unique requirements. The company has strategically invested in digital offerings and channels to enhance customer satisfaction while preserving a personalised approach to its services.

ENVIRONMENTAL OUTLOOK

Trustco Finance is committed to forging a more inclusive and environmentally conscious future by seamlessly blending financial sustainability with a strong focus on educational empowerment and environmental responsibility.

NAVIGATING CHALLENGES AND ENSURING SUPPORT

Trustco Finance's ability to collect payments was negatively impacted by the persistent economic downturn. Initially triggered by a recession, these challenges were exacerbated by the COVID-19 pandemic and its subsequent repercussions. In response, Trustco Finance initiated a COVID-19 relief programme during the previous reporting period. This programme primarily aimed to provide financial assistance to individuals experiencing financial hardships. Importantly, it continues to be in effect during the current period, underscoring Trustco Finance's commitment to supporting Namibian students.

Trustco Finance remains steadfast in its dedication to collaborate with international partners to ensure ongoing sustainable financing opportunities for the betterment of Namibian students.

RISK ANALYSIS AND MITIGATION

Micro-finance encounters challenges due to economic fluctuations impacting borrower repayments, regulatory changes affecting operations and intensified competition affecting profit margins.

Mitigating strategy:

- Strengthening credit risk management protocols
- Diversifying the loan portfolio to fortify resilience
- Updating credit policies to ensure thorough borrower evaluations.

INVESTMENT GROWTH

Embarking on an innovative funding strategy to broaden the presence of Trustco Finance among additional tertiary educational institutions, this strategic approach aims to expand the range of financial opportunities available to students, aligning with the investee's commitment to growth and accessibility.

SUSTAINABILITY MEASURES

Number of Employees: 21

Employment Equity Compliance: Grade C

More information about Trustco Finance is available at: www.trustcofin.na

INVESTMENT PROFILE (CONTINUED)



INVESTMENT PROFILE

EDUCATION

- 100% SHAREHOLDING
- 4.5% OF TOTAL INVESTMENT PORTFOLIO OF TRUSTCO

Trustco's education portfolio, valued at an intrinsic amount of NAD 137 million as of August 2023, exemplifies the group's commitment to cultivating sustainable and value-driven investments. This portfolio stands as a fundamental component within Trustco's diverse range of assets, playing a substantial role in Trustco's developmental impact.

The portfolio experienced a downturn in anticipated cash flows, falling short of previous projections. The expectation of increased funding availability for students, which was initially projected to positively impact the portfolio's revenue, faced challenges due to the slowdown in capital supplied to the micro-finance sector. Meanwhile, operational expenses were curtailed through enhanced operational efficiencies across different facets of the portfolio.

OVERVIEW

Trustco's education investment is dedicated to providing accessible education to both working students and those residing in rural areas of Namibia.

KEY INVESTMENT HIGHLIGHTS

- **Significant Reach:** It is one of Namibia's largest private distance higher education institutions, having served over 62 000 students since its inception.

INDUSTRY	OPERATIONS	SHAREHOLDING
EDUCATION	I.O.L INSTITUTE FOR OPEN LEARNING	100%

CORPORATE INFORMATION

UNLISTED

DIRECTORS:

QUINTON Z VAN ROOYEN – EXECUTIVE
FLOORS ABRAHAMS – EXECUTIVE
ILANA CALITZ – EXECUTIVE

FINANCIAL INFORMATION

YEAR ENDED 31 AUGUST 2023

	NAD MILLION
REVENUE	35.9
NORMALISED PROFIT	3
PORTFOLIO VALUE	137

VALUATION SUMMARY

FAIR VALUE AS AT 31 AUGUST 2023: NAD 137 MILLION

KEY VARIABLES	VALUATION EFFECT		
	+0.5%	-0.5%	
	NAD MILLION		
DISCOUNT RATE	19.03%	(6.4)	6.9
INFLATION	4.90%	(1.8)	1.7
TERM GROWTH	6.00%	2.6	(2.4)
KEY FORECAST (NAD MILLION)			
AVERAGE REVENUE (10 YR)			198.4
AVERAGE FREE CASH (10 YR)			25.6
KEY FORWARD ASSUMPTIONS			
AVERAGE LOAN REVENUE (10 YR)			168.3
AVERAGE CASH REVENUE (10 YR)			30.0

- **Accreditation and Registration:** Accredited by the Namibia Qualifications Authority (NQA) and registered with the National Council for Higher Education (NCHE) in Namibia, with qualifications aligned to the National Qualifications Framework (NQF).
- **Innovative Model:** It operates with an innovative business model that provides affordable education and facilitates funding for financially challenged students.
- **Cutting-Edge Technology:** Utilises advanced academic administration systems and online platforms to enhance learning.
- **Environmental Commitment:** Demonstrates dedication to environmental sustainability through eco-friendly initiatives.
- **Action Learning Pioneer:** A pioneer in applying action learning principles.

EVOLUTION OF DISTANCE LEARNING

The education investee, represented by the Institute for Open Learning (IOL), champions an online distance learning model aimed at delivering exceptional, internationally recognised educational programmes. Since its acquisition in 2005, when IOL had just 2 500 students, the institution has harnessed technology to significantly enhance its performance. Through strategic reforms and meticulous repositioning, Namibia's premier private institution of higher learning, IOL, has embraced Open and Distance e-Learning (ODEL) as its primary mode of education, specialising in electronic and online learning. It stands as the largest of its kind in the country.

All IOL qualifications are accessible online, eliminating geographical barriers for students. Substantial investments in system development empower IOL to seamlessly adapt to the evolving educational landscape, aligning perfectly with the emerging trend toward fully electronic and exclusively online education.

FOCUS ON ESG AND QUALITY ASSURANCE

IOL prioritises essential environmental, social and governance (ESG) aspects, seamlessly integrating them into its strategic plans and initiatives. This approach aligns with national educational imperatives and stakeholder expectations. Students benefit from the flexibility to study at their convenience through an intuitive online learning platform, while quality assurance, continuous assessment processes and ongoing programme enhancement remain top priorities.

The institution's accreditation by the NQA and registration with the NCHE, coupled with its active engagement with the Namibian community, underscore its commitment to governance excellence. IOL seeks to build a global reputation

as an effective practitioner of action learning, known for educators who drive transformative change, extending beyond academic excellence to nurture extraordinary agents of change within communities.

REGIONAL EXPANSION AND INNOVATIVE LEARNING SOLUTIONS

By establishing memorandums of understanding with regional quality assurance bodies, IOL adapts its quality assurance processes to align with various regional standards. This approach enables IOL to reach students across the SADC region. The institution's strategic objective is to optimise revenue through expansion into new markets, the introduction of additional educational programmes and services, and the continuous delivery of innovative and creative learning solutions to its diverse student base.

RISK ANALYSIS AND MITIGATION

Non-compliance with regulatory bodies (NQA and NCHE) and failure to adhere to regulatory standards could lead to legal repercussions or accreditation withdrawal, impacting IOL's reputation and financial stability. Relevance of offered qualifications may decrease enrollment and revenue, affecting IOL's market position.

Mitigating strategy:

- Implementation of regular compliance audits, proactive engagement with regulators and maintaining robust internal control systems
- Ongoing market research, timely updates to course offerings and flexibility to adapt to evolving educational trends.

INVESTMENT GROWTH STRATEGY

To foster sustained investment growth, IOL has developed a strategic approach focused on creating and implementing new qualifications. This includes a thorough review of existing qualifications to expand the range of offerings and meet emerging market demands. Rigorous evaluations of existing qualifications have been undertaken to align with industry needs, technological advancements and educational standards. This initiative resulted in accreditation and re-registration on the NQF, reducing dependency on specific qualifications.

SUSTAINABILITY MEASURES

CSI and Training Spend: NAD 362 thousand

Number of Employees: 33

Employment Equity Compliance: Grade A

More information about the Institute for Open Learning is available at: www.iol.na

INVESTMENT PROFILE (CONTINUED)



INVESTMENT PROFILE

MINING

- 98.7% SHAREHOLDING
- 34.1% OF TOTAL INVESTMENT PORTFOLIO OF TRUSTCO

Trustco's mining portfolio, valued at NAD 1 050 million, represents an investment brimming with potential. The intrinsic valuation of this portfolio reflects a balance of assets, each with the potential for superior growth and prosperity. During the fiscal year under review, notable progress has been made at Meya Mine, assuring the attainment of commercial production by FY 2024.

This resource rich portfolio has yet to fully unveil its untapped potential. The capital-intensive nature of resource investments led Trustco to pursue coinvestors for this endeavour. This calculated decision to introduce coinvestors, served to accelerate production while diminishing Trustco's overall shareholding. Initially, this approach resulted in a decrease in valuation, with the expectation that valuations would increase in tandem with production commencement. It is worth noting that Meya Mining is poised to achieve commercial production in the upcoming financial year. However, increases in Sierra Leone's country risk have restrained its valuation in the current year. Trustco's strategy remains focused on achieving sustainable growth, even in the face of inherent risks associated with resource investments.

OVERVIEW

Established in 2015, Trustco Resources was founded with the strategic objective of diversifying Trustco's investment portfolio into the natural resources sector. It is aimed at generating United States Dollar (USD) returns, thus acting as an internal hedge against potential macroeconomic impacts on the group's traditional markets in Namibia and South Africa. While the mining mandate encompasses building a diversified mining portfolio, the primary focus remains on unlocking the full economic potential of its diamond assets. Due to the post-pandemic effects of COVID-19, Northern Namibia Development Company (NNDC) has been under care and maintenance since April 2020.

INDUSTRY	OPERATIONS	SHAREHOLDING
MINING	TRUSTCO RESOURCES	98.7%
MINING	HUSO INVESTMENTS	98.7%
MINING	MEYA MINING	19.5%
MINING	Northern Namibia Development Company (Pty) Ltd.	98.7%

CORPORATE INFORMATION

UNLISTED

DIRECTORS:

RICHARD CHETWODE - INDEPENDENT NON-EXECUTIVE
 WINTON GEYSER - INDEPENDENT NON-EXECUTIVE
 FLOORS ABRAHAMS - EXECUTIVE
 QUINTON Z VAN ROOYEN - EXECUTIVE

FINANCIAL AND OTHER INFORMATION

REVENUE ACTUAL FY 2023	USD 1 MILLION
UNDERGROUND TUNNELLING FY 2023	5 KM
CARATS FORECAST FY 2024	54 000
CARATS FORECAST FY 2025	348 000

VALUATION SUMMARY

FAIR VALUE AS AT 31 AUGUST 2023:
NAD 1 050 MILLION

KEY VARIABLES	VALUATION EFFECT	
	+0.5%	-0.5%
	NAD MILLION	
DISCOUNT RATE	28.20%	(26.9) 27.9
INFLATION	2.10%	45.4 (43.8)
EXCHANGE RATE	18.87	8.6 (8.6)
KEY FORECAST (USD MILLION)		
AVERAGE REVENUE (10 YR)	308.7	
AVERAGE FREE CASH (10 YR)	147.2	
KEY FORWARD ASSUMPTIONS		
USD/CARAT PRICE (CURRENT)	380	
AVERAGE CARATS SOLD (10 YR)	577 372	

Given the prevailing market conditions, both in terms of capital raising and trading perspectives, the portfolio's central objective is the development of Meya Mining's world-class diamond deposit in Sierra Leone. Initially, Trustco Resources held a 51% shareholding in Meya, acquired in 2016. In 2019, it was increased to 65%. However, in 2023 it was decided to introduce a strategic partner as a coinvestor to finance Meya Mining's transition towards commercial production. This transaction led to Trustco's ownership stake in Meya Mining being diluted to 19.5%.

KEY INVESTMENT HIGHLIGHTS OF MEYA MINING

- **High-Value Asset:** Meya Mining holds several high-grade, high-value primary diamond deposits within its license area in Sierra Leone.
- **Long-Term License:** A 25-year large scale mining license was issued on July 26, 2019.
- **Rich Discoveries:** Five of the world's largest stones were discovered in the immediate vicinity of the license area.
- **Focused Business Model:** Meya employs an underground mining method, a bespoke processing plant and a scalable/high-margin mine configuration.
- **High Barriers to Entry:** The upstream diamond sector has high barriers to entry due to the scarcity of high-quality primary diamond deposits, regulatory requirements, and capital intensiveness.
- **High Growth Potential:** The resource results to date represent only 5% of the geo-economic potential of the license area, and the current mine plan can be replicated across the area to increase the depletion rate.

ENVIRONMENTAL AND SOCIAL BEST PRACTICES

In 2017, prior to the commencement of Meya Mining's exploration and mining activities, CEMMATS Group Ltd (leading Sierra Leonean consultancy firm) completed an Environmental and Social Impact Assessment (ESIA) as well as an Environmental and Social Management Plan (ESMP) in compliance with the Mines and Mineral Act, 2009 as well as Environmental Protection Act, 2008. Whilst these studies formed the ESG baseline, Meya continued to upgrade the various components in line with the evolution of its activities in the country, as presented in the quarterly monitoring reports to the Government of Sierra Leone (GoSL), including:

- Environmental health and safety plan
- Waste management plan
- Emergency response plan
- Resettlement policy framework
- Community development framework
- Community development action plan
- Public consultation and disclosure plan
- Mine closure plan
- Management, mitigation, monitoring and implementation measures.

With the transition from exploration to commercial production, Meya appointed Digby Wells

(www.Digbywells.com), in association with CEMMATS as independent consultants. Their role involves evaluating, providing guidance and overseeing all of Meya's operations in alignment with the International Finance Corporation (IFC) Performance Standards and relevant General Industry Specific Environmental Health and Safety Guidelines. Furthermore, Digby Wells' terms of reference also covers an assessment of the credibility and validity of all claims made by NGO's in the past years. Assessments and studies are currently underway and Meya is dedicated to providing complete transparency through regular public disclosures regarding its ESG initiatives. Additionally, the project's commitment to the Kimberley Process (KP) and its collaboration with KP monitors onsite further exemplify its willingness to subject itself to third-party scrutiny.

STRATEGIC INVESTMENT

Trustco Resources, Germinate (SL) Ltd and Sterling Global Trading Ltd (SGT) entered into a transaction in which SGT agreed to coinvest a total of USD 50 million in Meya. This investment includes USD 25 million in equity and USD 25 million as an SGT loan. In addition, SGT undertook to assist in securing a USD 25 million third-party loan. These funds will be exclusively utilised for the mine's development over the next 24 months, with a production target of approximately 30 000 carats per month.

Following the equity investment, SGT holds 70% of Meya's equity. This substantial investment not only facilitates Meya's transition into commercial production but also lays the foundation for exponential asset growth in the medium term. Ongoing exploration and resource development across the license area over the next 10 to 15 years are expected to yield significant growth potential. The strategic intent is to align and increase production from the mine as the mineral resource inventory expands, with all future growth funded from internal cash flows.

RISK ANALYSIS AND MITIGATION

In Sierra Leone, there exists a potential risk associated with political instability.

Mitigation Strategy:

- Dilution of ownership stake in Meya Mine to minimise exposure to associated risks
- Engaging local experts to provide precise and timely insights into political developments, elections and policy alterations that could influence the investment climate.

INVESTMENT GROWTH STRATEGY

Anticipated full operational functionality of the mine in the upcoming financial year, aiming to achieve the desired investment value.

SUSTAINABILITY MEASURES

CSI and Training Spend: NAD 2.1 million

Number of Employees: 418