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**Conduit Capital Limited**  
Incorporated in the Republic of South Africa  
(Registration number 1998/017351/06)  
Share code: CND ISIN: ZAE000073128  
("Conduit Capital" or "the Company" or "the Group")

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**DISPOSAL OF SHARES IN TRUSTCO GROUP HOLDINGS LIMITED**

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## **1. INTRODUCTION**

The board of directors of Conduit Capital ("**the Board**") informs shareholders that the Company's wholly-owned subsidiary, Constantia Risk and Insurance Holdings Proprietary Limited ("**Constantia**"), has concluded an agreement of sale and purchase of shares with Trustco Group Holdings Limited ("**Trustco**") and Trustco Capital Proprietary Limited, a wholly-owned subsidiary of Trustco ("**Trustco Capital**") ("**Share Sale Agreement**") for the sale of 51 769 633 Trustco shares ("**Sale Shares**"), representing all the shares owned by Conduit Capital and Constantia in Trustco, which are listed on the Namibian Stock Exchange ("**NSX**") and the JSE Limited ("**JSE**") and of which Constantia is the registered and beneficial owner, to Trustco Capital, subject to and conditional upon the fulfilment of certain Conditions as set out in paragraph 2.3 below ("**Share Disposal**").

## **2. THE SHARE DISPOSAL**

### **2.1 Nature of the businesses of Constantia and Trustco**

#### **2.1.1 Constantia**

Constantia is the holding company of the Conduit Capital Group's three registered insurers, comprising Constantia Insurance Company Limited, Constantia Life Limited and Constantia Life and Health Assurance Company Limited, as well as a number of insurance-related subsidiaries.

Constantia offers insurance and risk management solutions, covering areas such as medical malpractice, primary health insurance and medical gap cover products, funeral and life insurance, guarantee and indemnity solutions, medical evacuation insurance, property and casualty (including motor), heavy commercial vehicle, small business and other niche lines. Constantia's products are distributed through underwriting management agencies, administrator managed (binder based) broker distribution and direct broker relationships.

#### **2.1.2 Trustco**

Trustco, which is headquartered in Windhoek, Namibia, operates as an investment holding company with operational control and ownership of emerging market investments in Namibia, South Africa, Sierra Leone and Mauritius. Trustco's investments are concentrated in two main operating business segments, Financial Services (comprising of Insurance and its investments, and Banking) and Resources, both of which are supported by the Shared Services segment.

### **2.2 Rationale for the Share Disposal**

The disposal of the Sale Shares will enable Constantia to reduce the volatility in respect of mark-to-market movements in its equity portfolio as well as reduce its risk capital charge. This is expected to improve the solvency position of Constantia, in support of the profitable turnaround currently underway at Constantia.

### **2.3 Conditions and Disposal Effective Date**

The Share Disposal will be subject to and conditional upon the fulfilment of certain Conditions, including:

- 2.3.1 Trustco Capital obtaining irrevocable and unconditional undertakings from at least 75% of Trustco shareholders to vote in favour of all resolutions required to be passed by them to approve the entering into and implementation of the transaction recorded in the Share Sale Agreement;
- 2.3.2 shareholders of Trustco approving the transaction recorded in the Share Sale Agreement to the extent required by the JSE Listings Requirements and the NSX Listings Requirements; and
- 2.3.3 the parties to the Share Sale Agreement obtaining all regulatory approvals as may be required to implement the transaction recorded therein.

The Share Disposal Effective Date is the day after the last of the Conditions to the Share Disposal are fulfilled or waived, as the case may be.

The Share Sale Agreement contains warranties which are usual for transactions of this nature.

### 2.3 Consideration

The Sale Shares will be sold for an amount of N\$1.81 per share, constituting a total purchase consideration of N\$93 703 035.73, which amount will be payable by Trustco Capital to Constantia within 24 months of the Share Disposal Effective Date.

### 2.4 Cession in Security Agreement

Simultaneously with the conclusion of the Share Sale Agreement, Trustco, Constantia, LSH and Trustco Capital have entered into a “**Cession in Security Agreement**” in terms of which, *inter alia*:

- 2.4.1 With effect from the day after fulfilment of the last suspensive condition as contained in the Share Sale Agreement (“**Cession in Security Effective Date**”), and as security for the proper and timeous performance by Trustco Capital of, *inter alia*, the total purchase consideration of the Sale Shares, Trustco will cede to Constantia and its successors and assigns, as *securitatem in debiti* the “**Ceded Rights and Interest**”, being a cession *in securitatem debiti* of Trustco’s rights, title and interest in and to such amount pursuant to the Loan Account to cover the total purchase consideration of the Sale Shares. The Loan Account refers to Trustco’s claims against LSH as reflected in the LSH management accounts (together with interest thereon) as due by LSH to Trustco.
- 2.4.2 The Cession will take effect on the Cession in Security Effective Date. No additional actions will be required to create or perfect the Cession.
- 2.4.3 The Cession which is the subject matter of the Cession in Security Agreement will endure and be of force and effect until the Secured Obligations have been discharged in full.

The Cession in Security Agreement contains warranties which are usual for transactions of this nature.

### 2.5 Application of the proceeds of the Share Disposal

The proceeds of the sale will be retained to further capitalise Constantia for growth.

## 3. FINANCIAL INFORMATION

The value of the net assets that are the subject of the Share Disposal as at 30 June 2020 and 31 December 2020, being the latest financial year end and interim period of Conduit Capital, respectively, was R189 476 857 and R217 432 459. The (loss) profit after tax attributable to such net assets for the year and interim period ended 30 June 2020 and 31 December 2020, respectively, was (R197 080 190) and R22 740 935.

## 4. CATEGORISATION OF THE SHARE DISPOSAL

The Share Disposal is classified as a Category 2 transaction in terms of the JSE Listings Requirements.

Johannesburg  
20 August 2021

**Sponsor to Conduit Capital**  
Merchantec Capital