

issue data	
last price	98
52 wk high	145
52 wk low	58
pe	2.63
dividend yield	3.82
price to book ratio	0.7132814
price to sales ratio	0.7163007
ev/ebitda	
shares outstanding	707.1m
market cap	693.0m
enterprise value	658.37
per share data	
eps	0.28
dividend per share	0.02
book value per share	1.01
ev/sales	1.00
cash flow/basic share	-0.02
free cash flow/to equity	36.968
cash flow analysis	
price/cash flow	
cash flow/net income	-0.06
dividend payout ratio	5.59
cash-oper	-11.75
profitability	
ebit	19.35
operating margin	19.35
pretax margin	38.15
return on common equity	32.97
return on capital	26.87
asset turnover	0.55
structure	
current ratio	1.36
quick ratio	0.61
total debt to total assets	20.54
total debt to com equity	37.33
gross profit margin	32.33
total debt/total capital	27.18
growth potential	
sales 1 yr growth	6.64
assets 1 yr growth	32.70
capital 1 yr growth	46.98

Trustco Holdings Group

Trustco Group Holdings Ltd ("Trustco") is a Namibian based company with its core focus on Property Development, Micro Finance and Education and Micro Insurance which delivers products with a strong social justice undertone. Trustco operates mainly from Namibia and South Africa and is in the process of expanding its business operations into the African realm.

Core Operations

Micro Insurance

Trustco has a wide and competitive insurance product offering that includes legal, medical, salary and life cover. A new venture, Trustco Mobile, was launched during March 2008. The product affords free life (funeral) cover to mobile airtime users. The company intends to revolutionise the African micro-insurance market by establishing a formidable footprint across the continent and beyond.

The product range includes Legal Shield, Medi Shield, Funeral Shield, Salary Shield, Elite Plan, and One Shield. Legal Shield has recently launched two brand new innovative products – Sun Shield and Business Shield. Sun Shield provides cover against school fees and household expenses if the main member falls away as well as a funeral and accidental functional impairment, full HIV cover at no extra cost. Business Shield will cover SME and small business against labour related matters and includes a FREE Funeral Policy for all the business owners' employees.

The target market is the lower income mass market.

Currently Trustco has 300 000 policies covered within Namibia, with Legal Shield being the most popular product. Trustco Micro Insurance dominates policy volumes in the Namibian market that has a total population of 2 million people.

The key advantage of Trustco Mobile lies with their unique and successful business and risk model. Clients receive free life cover with the purchase of airtime for 30 days, thus influencing client purchasing behaviour. This increases to the operator revenue as a result of the increased average rate per user and reduction in churn, and more than offset the cost of risk premium.

The success of the model has been proven with Econet in Zimbabwe, where 1.8 million policies were covered within the first 8 months of business.

Trustco announced on 6 December 2011 through SENS the tripartite agreement between Trustco Mobile (Pty) Limited, Shoprite Namibia (Pty) Limited and Trustco Life Limited. The agreement between the parties will give rise to the provision of free life cover to Shoprite customers based on their basket spend in Shoprite stores across Namibia.

The initial term of the agreement will be for a trial period of 6 months. If the pilot project is deemed a success by the parties, it is envisaged that the model will be deployed in further markets where the parties operate. With an estimation of 600 000 consumers shopping at Shoprite stores across Namibia, the opportunity for growth from this business is immense, and Trustco is well geared with its internal systems and experience to successfully roll out this project.

Micro Lending for education

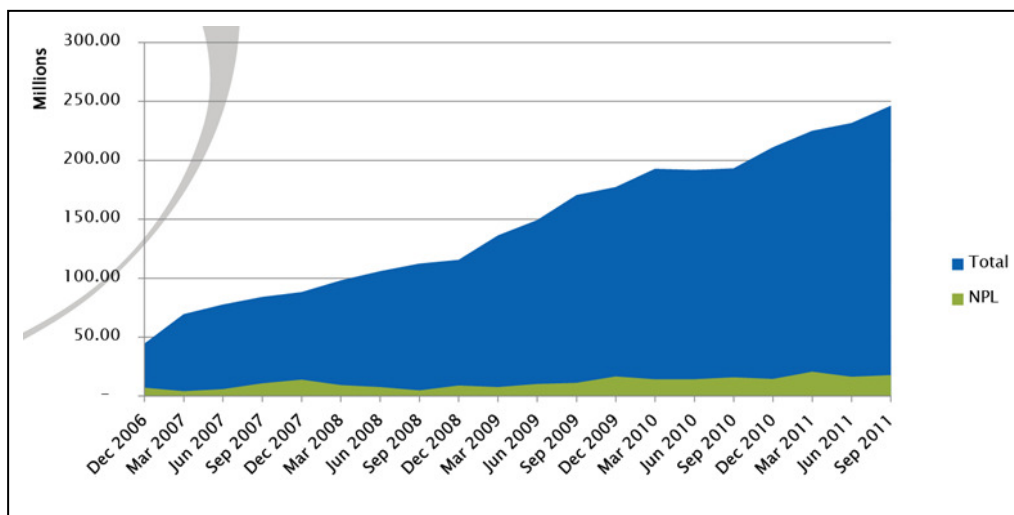
This segment provides micro finance and education through its distance learning business, the Institute for Open Learning (IOL). The Institute for Open Learning is a distance education institute, which offers you an opportunity to study in various academic fields. IOL took over from the Open Learning Group Namibia in the year 2005 with approximately 2500 students and has now grown to over 30 000 students. The Institute commits itself to excellent, recognised educational programmes, involvement with public and community educational activities and becoming one of the foremost distance teaching education institutions in Namibia.

Trustco Finance is the financial component of IOL providing student loans and 100% financing on all course offered at IOL. Trustco Finance is essential to students unable to afford further education. This company makes education affordable by providing suitable payment options to all prospective students. By making education affordable, Trustco Finance is helping to ensure that education truly becomes the greatest equaliser.

Currently the loan book is R246 million from the R2.5 million they acquired it in 2006. Interest is 2 times the prime rate and maximum term is 60 months. The risk for Trustco is the collecting of premiums from their clients. Trustco Finance has been granted a government salary deduction code.

This makes out 75% of all loan repayments, minimising the risk of default. 15% of premiums are collected through a salary stop and the rest through debit orders. Provision for loans is 7%, and in last financial year 5% were written off.

With each loan credit insurance is also included and underwritten by Trustco Insurance. Trustco plans to roll out its distance learning business to the South African market and other African countries within the near future as they see massive demand for education and learning within these markets.



Source: IOL Trustco Loan Book Growth

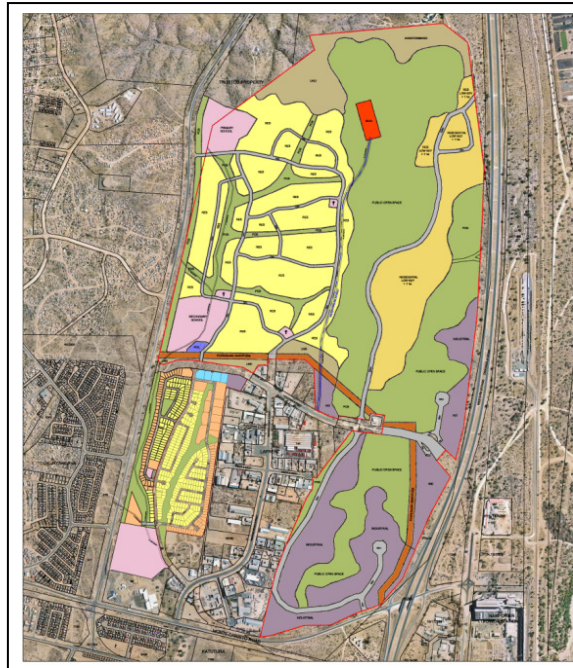
Property Development

Property investment and development has been an integral part of the Trustco business culture since the inception of Trustco. The current property portfolio consists primarily of residential, commercial and industrial properties in Namibia as well as strategic virgin land, a key driver in this business segment. Following the acquisition in 2004 of 360 hectares for Lafrenz Development (3.6 million square meters) of undeveloped industrial and residential land north of Windhoek, the Group's "Land Bank" has just yielded its first significant returns through the sale of industrial plots. Capital requirements in the Group will be enhanced through the sale of land during the next financial period. Phase 1 is for the sale of 150 hectares of land for industrial use and currently 50% is sold.

The profit margin is estimated around 67%, as development costs is close to 30% of value of properties. The land is sold at R1300 per square meter. They expect to have all services completed by March 2012 for phase 1.

Property in the north of Namibia at Ondangwa consists of 40 hectares and will be developed into lower costs residential properties. Trustco acquired Property on the outskirts of Windhoek for residential development and consist of 160 hectares. The plan is to subdivide the land into 1 hectare properties and marketing will take place in the next financial year.

Lafrenz Development Windhoek



Trustco also owns Informante, the largest newspaper by volumes in Namibia, as well as Trustco air services, which includes 3 planes.

Financial Forecast

Trustco Revenue and operating margins by division

Revenue	2011	2012F	2013F	2014F
IOL plus Trustco finance	91 293	97 684	104 521	111 838
Trustco Insurance Income (Nam)	111 520	126 018	142 400	160 912
Trustco Insurance SA	263 123	292 067	324 194	359 855
Head Office strategic business	15 817	15 817	15 817	15 817
Trustco Properties	59 948	146 250	72 720	123 710
Trustco Mobile	45 317	72 906	160 393	352 865
Total for Group	587 018	750 741	820 045	1 124 996

Revenue Growth

2012F

IOL plus Trustco finance	7%
Trustco Insurance Income (Nam)	13%
Trustco Insurance SA	11%
Head Office strategic business	0%
Trustco Properties	144%
Trustco Mobile	61%
Total for Group	28%

Profit Margin Forecast	2011	2012F	Profit 12F
IOL plus Trustco finance	37%	30%	29 305.05
Trustco Insurance Income (Nam)	45%	40.00%	50 407.04
Trustco Insurance SA	6%	4%	11 682.66
Head Office strategic business	-160%	0%	-
Trustco Properties (Fair value is excluded in forecast)	47%	67%	97 987.50
Trustco Mobile	53%	27.78%	20 251.67
Total for Group	32%	24.42%	183 356.92

Cash Flow and Financial position

A key concern for the company is the ability to generate cash flow from operating activities. Management has addressed the issue and will increase cash through the sale of land. Trustco has an aggressive strategy to increase cash from operations.

Effective tax rate currently for the company is 31%

Risks for the business

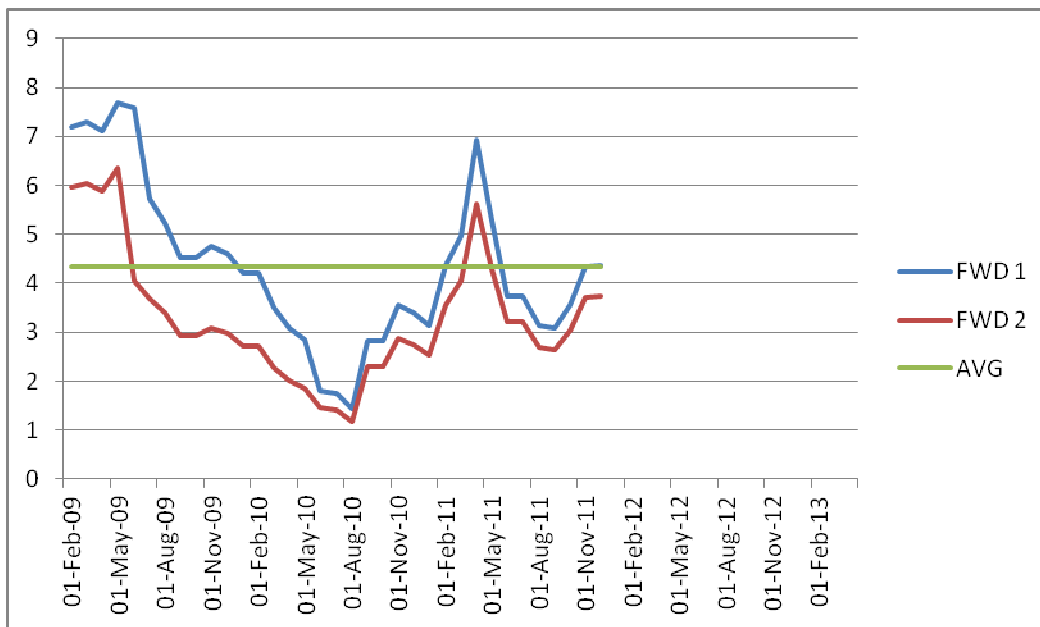
- Tough economic conditions
- Strong competition in insurance market
- Access to low end customers and poor infrastructure in Africa
- Small free float in market
- Property value only unlocked after sale of land

Valuation

	2011	2012F	2013F	2014F
IOL plus Trustco finance PAT	34203	29 305	31 356	33 551
Trustco Insurance Income (Nam) PAT	49762	50 407	56 960	64 365
Trustco Insurance SA PAT	16284	11 683	12 968	14 394
Head Office strategic business PAT	-25292	-	-	-
Trustco Properties PAT (Fair value excluded in forecast)	28375	97 988	48 722	82 885
Trustco Mobile PAT	23910	20 252	62 553	137 617
Total PAT	189771	183 357	212 560	332 813
Shares	707142	707142	707 142	707142
HEPS	R 0.27	R 0.26	R 0.30	R 0.47

Multiple	2011	2012	2013	2014
3	R 0.81	R 0.78	R 0.90	R 1.41
4	R 1.07	R 1.04	R 1.20	R 1.88
5	R 1.34	R 1.30	R 1.50	R 2.35
6	R 1.61	R 1.56	R 1.80	R 2.82

Forward PE Graph



Land

	2011	2012 F	2013 F	2014 F
Value of Land Sold	68 000 000	146 250 000	72 720 000	123 710 000
Costs of Sale (with 8% esc)	-22 440 000	-38 343 000	-17 001 440	-40 824 295
Fair Value reversal		0	-6 996 000	-11 901 474
Gross Profits	45 560 000	107 907 000	48 722 560	82 885 705
Tax - effective	-17 185 000	-9 919 000	0	0
Net Profit	28 375 000	97 988 000	48 722 560	82 885 705
Shares	707 142 000	707 142 000	707 142 000	707 142 000
EPS	0.04	0.14	0.08	0.12

NPV of Business

<u>Valuation</u>	2011	2012F	2013F	2014F
EPS from Land	0.04	0.14	0.08	0.12
NPV of Operations, at 15%	0.24			
NPV of Mobile, at 20%	0.33			
NPV of Land Sales Per Share, at 15%	0.82			
NPV per Share	1.39			

Conclusion

At its current level of 105cps, Trustco is trading at 25% discount to its NPV per share. With its entrepreneurial management, strategic intent, Africa operations and value to be unlocked from the sale of properties, the company has potential to outperform.

*Note

The SENS announcement on 6 December 2011 on the tripartite agreement between Shoprite Namibia and and Trustco Mobile is excluded in forecast for 2012 due to the 6 months trail period the project is going in from 1 February 2012.