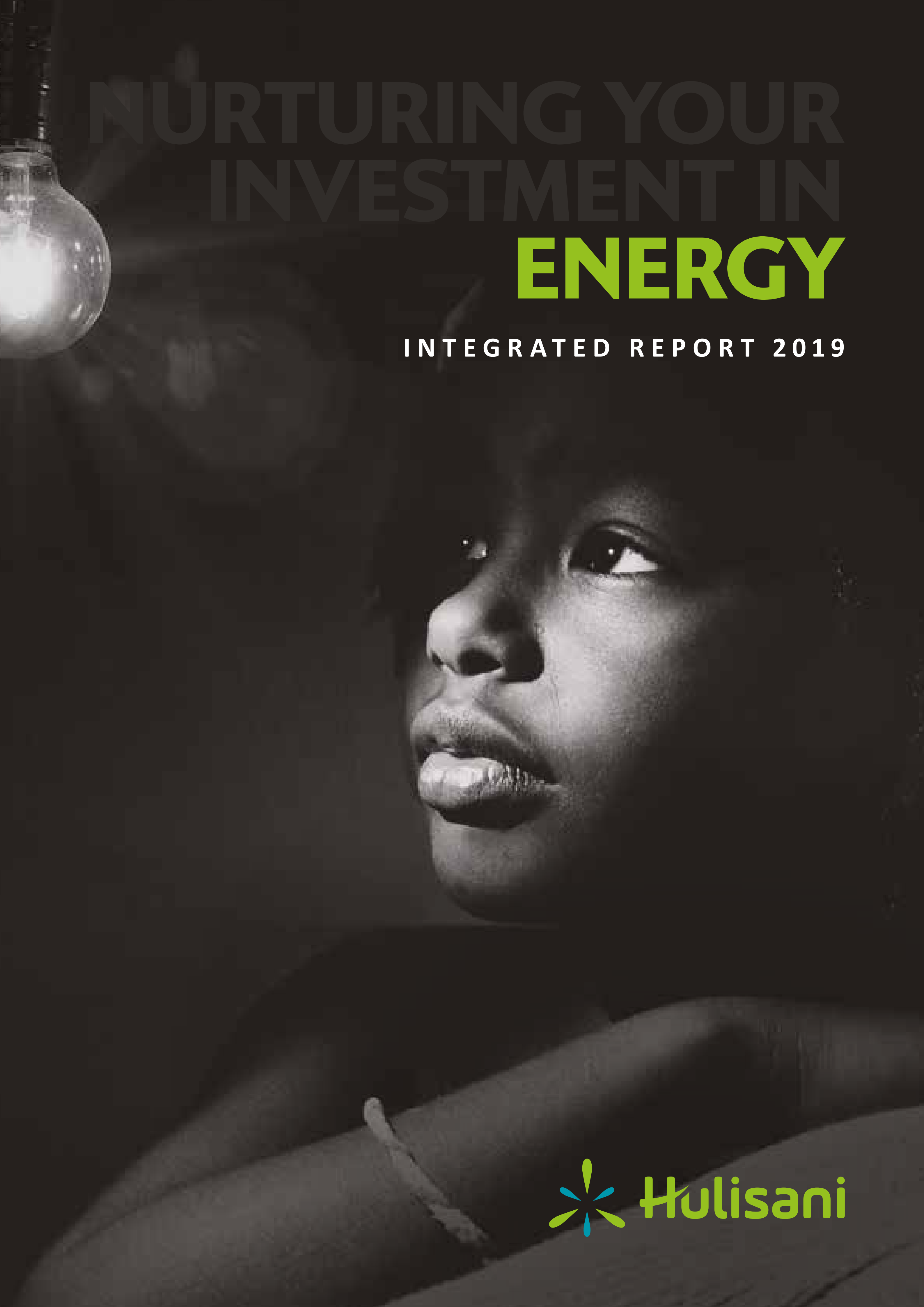
NURTURING YOUR INVESTMENT IN ENERGY

INTEGRATED REPORT 2019



Hulisani

CONTENTS

STRATEGIC OVERVIEW

OUR PURPOSE, VISION AND STRATEGY

Hulisani Limited is an energy investment company listed on the Main Board of the Johannesburg Stock Exchange (JSE), trading under the ISIN HUL.

We invest in all forms of energy, ranging from conventional thermal energy to renewable energy sources. We take a long-term investment horizon and acquire meaningful shareholdings in sustainable profitable revenue generating ventures. We create investment opportunities for asset managers, pension funds and other funds, as well as private investors for consistent, inflation-linked and predictable cash flows from the energy projects.

We are a proudly black-managed company committed to significant socio-economic development. True to the meaning of our name, we nurture investment and social returns for all our stakeholders and work to build an environment, through our business activities, that is conducive to job creation and tangible socio-economic benefits.

HULISANI MEANS 'TO NURTURE' IN TSHIVENDA

Our experienced executive team and board of directors (board) add value to the companies in which we invest by offering strategic insight, solid investment experience and a proud track record of nurturing investments aligned with our view of market trends.

Hulisani actively participates in the management of all the assets in which it invests, working alongside the excellent operational teams of each project.

Sustainability, consistency and growth are at the core of our business. We carefully select our investments and project pipeline to ensure that we deliver attractive returns that are consistent, predictable and reliable inflation-linked returns over the long term, whilst contributing to the upliftment of the communities where our investments are situated. We invest where we believe we can add value to enhance the asset and thereby create potential upside and certainty of cash flows for our investors.

Our experienced team has extensive experience in investments as well as a successful track record in mergers and acquisitions, allowing us to realise the opportunities inherent in the investments and to unlock other organic opportunities.

History

Hulisani listed on the JSE as a Special Purpose Acquisition Company (SPAC) on 7 April 2016. It ceased to operate as a SPAC following its acquisition of the Kouga Wind Farm on 22 March 2017 and started trading as an investment holding company on the Main Board of the JSE.

A brief overview

Timeline & Milestones

2016

Listed as a SPAC

7 April 2016 on the JSE Main Board

Raised R500m in initial equity

Part of which was used for the company's current investment portfolio.

2017

Started trading as an Investment Company

On the 22nd of March 2017, Hulisani stopped trading as a SPAC and started trading as an investment company on the JSE Mainboard.

March 2017

Avon & Dedisa Peaking Power

kouga wind farm

June 2017

RustMo1 Solar Farm

July 2017

GRI Towers South Africa

uMhlaba

January 2018

Ignite Energy

A compelling investment strategy

Our aim is to look specifically for investment opportunities in consistent, predictable and reliable inflation-linked long-term energy projects. One of the key areas in which we invest is Independent Power Producers (IPPs), where we consider both primary and secondary opportunities. Our initial focus has been on secondary opportunities, which are investments in established operating assets that already have a Power Purchase Agreement (PPA) in place. These provide stable, consistent, predictable and reliable inflation-linked cash flows from largely de-risked energy-related projects that have operational performance history and either a dividend paying history or with the potential to pay dividends in the near term.

Primary investment opportunities are where we invest at bid stage, during construction or at any time before the commercial operation date. These opportunities require investment partnerships with established developers to manage the risk from financial close to the commercial operation date. This includes the management of the risks during construction through a fully wrapped turnkey construction contract, which ensures the delivery of a power plant at the agreed time and at the agreed cost. If the costs escalate, the plant is not delivered on time or there are engineering challenges, the risk is borne by the construction company. We believe that there is a benefit in investing earlier than the commercial operation date in that Hulisani realises a higher yield as a result of our investment in these projects at an early stage. This ensures that Hulisani receives a higher yield whilst only contributing equity once all the contracts have been signed.

We believe that investing in both primary and secondary projects

is complementary and that a combination of primary and secondary transactions in our portfolio will ensure a sufficiently diversified basket of assets with an attractive yield. The projects we invest in typically have a guarantee mechanism behind them provided by the off-taker of the power to ensure consistent, predictable and reliable inflation-linked returns. In the case of the Renewable Energy Independent Power Producer Procurement Programme (REIPPPP), and other South African IPP programmes, there is ultimately a sovereign guarantee in place that ensures payment. It is worth reiterating that our PPA returns are linked to the Consumer Price Index (CPI), meaning that returns are automatically adjusted by the prevailing CPI, thus ensuring that real returns are realised throughout the term of the PPA as the returns are not eroded by inflation.

The assets held by Hulisani provide opportunities for potential shareholders to invest in an asset class that gives sustainable, long-term, consistent, predictable and reliable inflation-linked returns. We participate in equity investments as well as other instruments that allow us to have exposure to a similar return profile from the project. This is a strategy that has borne fruit as it has positioned Hulisani well and provides flexibility when looking at structuring to realise the most optimal returns.

Through our hands-on involvement in each of our assets, we carefully track trends in the energy sector and pre-empt market demand by ensuring that we are well placed to take up opportunities as and when they arise.

Investment policy

At Hulisani, although our targeted net annual return is in the range of CPI plus 6% to 8%, we strive to close as many projects as possible above this range. This ensures that we only conclude transactions where the target returns have the potential to exceed inflation by a significant margin. We look for solid operational performance in the asset or in the track record of the developer and additional meaningful

investment opportunities in long-term energy projects.

We are actively involved in the management of our portfolio to increase returns and optimise our investments through our mandatory board seat and constant engagement with management at the asset level. In addition, we evaluate and monitor:

- contractual frameworks;
- operational performance;
- counterparty risks;
- the quality and experience of the management team;
- the security of cash flows backed by guarantees;
- the return on that investment;
- the inflation beating ability of cash flows;
- the socio-economic impact;
- the long-term sustainability; and
- environmental considerations.

Where and when do we invest?

Currently our focus is in South Africa, where we are establishing and building a reputation for reliability, credibility and innovation. We plan to move into other sub-Saharan African regions once a strong local foundation is established. This is to ensure that our growth is sustainable and sufficiently de-risked to mimic a similar framework to what we have in South Africa. Opportunities range from operating assets and joint ventures, to developing those that are ready to bid for a PPA.

Hulisani pursues various acquisitions and investments in energy assets. These assets include energy generation, distribution and transmission infrastructure and general assets in the energy value chain. The primary focus is on energy generation IPPs which currently make up more than 70% of the company’s investments, with the other complementary businesses supplying the energy production value chain to enhance the upside and good management of the IPPs. These complementary businesses will not constitute more than 10% to 15% of total investments in the long term.

The bankability of REIPPP and other related IPP programmes like the gas-to-power and coal-to-power programmes is secured through the terms of four non-negotiable agreements:

- PPA – Eskom enters into a PPA with the IPPs, securing power off-take.
- Government Framework Support Agreement (GFSA) – Eskom and Government set the terms of support and interfacing.
- Direct Agreement (DA) – IPPs enter into a DA with lenders to secure project financing.
- Implementation Agreement (IA) – IPPs and government enter into an IA which confirms, *inter alia*, Socio-Economic Development (SED) commitments and Government’s support for Eskom’s payment obligations.

We look for similar guarantee mechanisms when we consider power generation projects that have private off-takers, are not located in South Africa or when the off-taker is not the government of South Africa.

Why energy and Hulisani are attractive investments

Hulisani’s investments have several appealing characteristics:

- **Stable cash flows and economic insensitivity** – due to the contractual nature of the cash flows, we can predict the cash-yielding ability of the asset over the long-term with greater certainty.
- **Inflation protection** - contractual cash flows in the PPAs have a sovereign guarantee which

enables the realisation of a real return as cash flows from the project are adjusted with inflation throughout the life of the PPA.

- **Attractive long-term returns** - the services provided by energy and infrastructure assets are essential for the functioning and growth of the economy and society in general and help stimulate sustainable, long-term economic growth, which then creates a further need for infrastructure.
- **Predictable usage profile** - as a result of low-usage volatility, it is easier to predict the use of the asset over its lifespan.
- The assets are insensitive to the economic climate as they offer a high level of security with regards to their future revenues, with a contract that contains an **inflation-protection** mechanism. This leads to a low risk correlation to other major asset classes, resulting in compelling defensive and diversification benefits.
- Energy Infrastructure will continue to require investment because the need for this infrastructure is a never-ending cycle. Growing populations need to be supported by additional infrastructure while ageing infrastructure needs to be periodically upgraded or replaced, as is the case with Eskom at the moment.

Hulisani has crafted its investment portfolio with the right level of diversity across various types of energy investments as well as with the optimum balance between guaranteed, stable returns and upside on new investments that are still coming to the fore, which means that we have a base return but have the potential to realise upside.

Our investment philosophy looks for, and takes into account, the need for a positive socio-economic impact in the communities where our assets operate, and typically extends well beyond compliance requirements. We have taken the opportunity in the past year to further enhance our stimulus through active and careful monitoring of the impact of our investments. The company has established strong corporate governance mechanisms and exercises prudent financial management to ensure that not only does Hulisani realise consistent, predictable and reliable inflation-linked returns, but also has a positive impact in the communities where we invest.

Hulisani's experienced board and executive team members have led to Hulisani realising synergies inherent in the investments as well as creating additional organic opportunities that only experience and innovation can unlock, which is particularly important for long term sustainability in a rapidly changing and challenging energy landscape.

Stakeholder relationships

Hulisani is committed to creating and maintaining inclusive, honest and mutually beneficial relationships, partnerships and engagements with all its stakeholders. As a responsible investor, we look to give consistent, predictable and reliable inflation-linked returns whilst being a socially responsible investor. Stakeholders include management and shareholders of our assets, providers of capital and government who are all fundamental to our success. Below is the plan and platform we are building to ensure constant communication to our stakeholders:

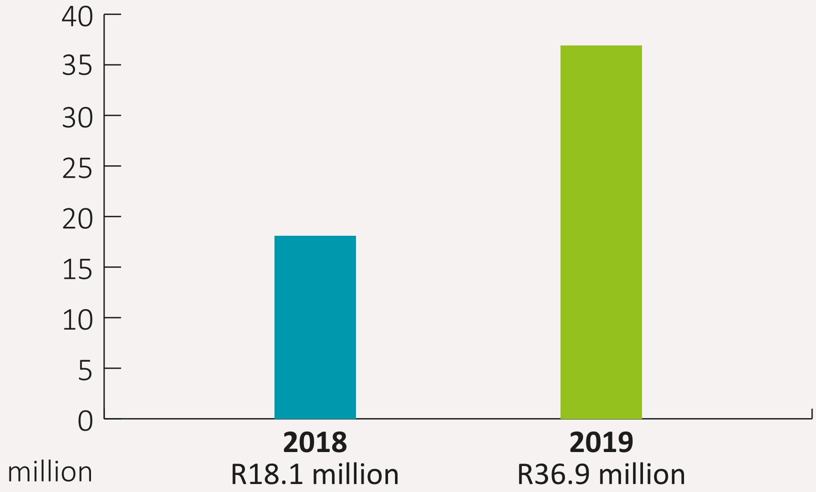
KEY STAKEHOLDERS

INVESTOR RELATIONS FRAMEWORK

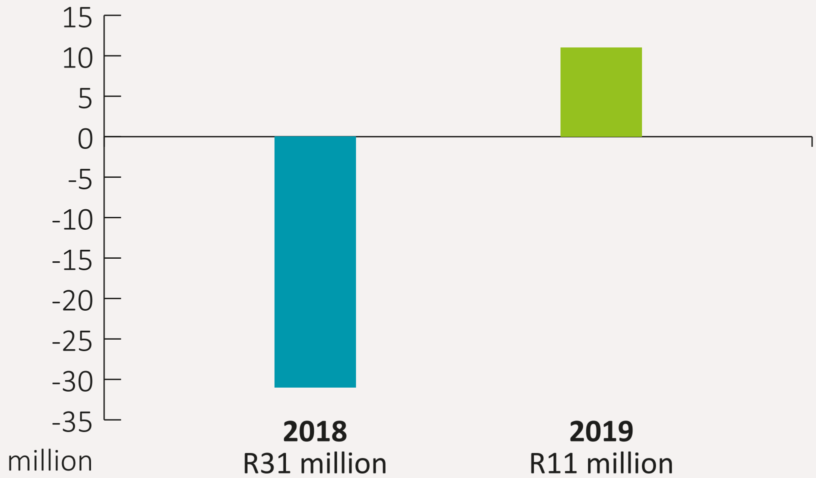
Government	Institutions	Asset Managers	Individuals
Maintain satisfaction and keep everyone informed through consistent and regular communication			
Investor relations section on website	Investor relations section on website	Investor relations section on website	Investor relations section on website
Quarterly newsletter	Quarterly newsletter	Quarterly newsletter	Quarterly newsletter
SENS announcements	SENS announcements	SENS announcements	SENS announcements
App to monitor all projects/investments	App to monitor all projects/investments	App to monitor all projects/investments	App to monitor all projects/investments
Video updates of projects and deals	Video updates of projects and deals	Video updates of projects and deals	Video updates of projects and deals
CEO and Chairperson to review engagement annually	Linkedin	Linkedin	Roadshows
	Analyst presentations	Analyst presentations	
	Roadshows	Roadshows	

Highlights of the year

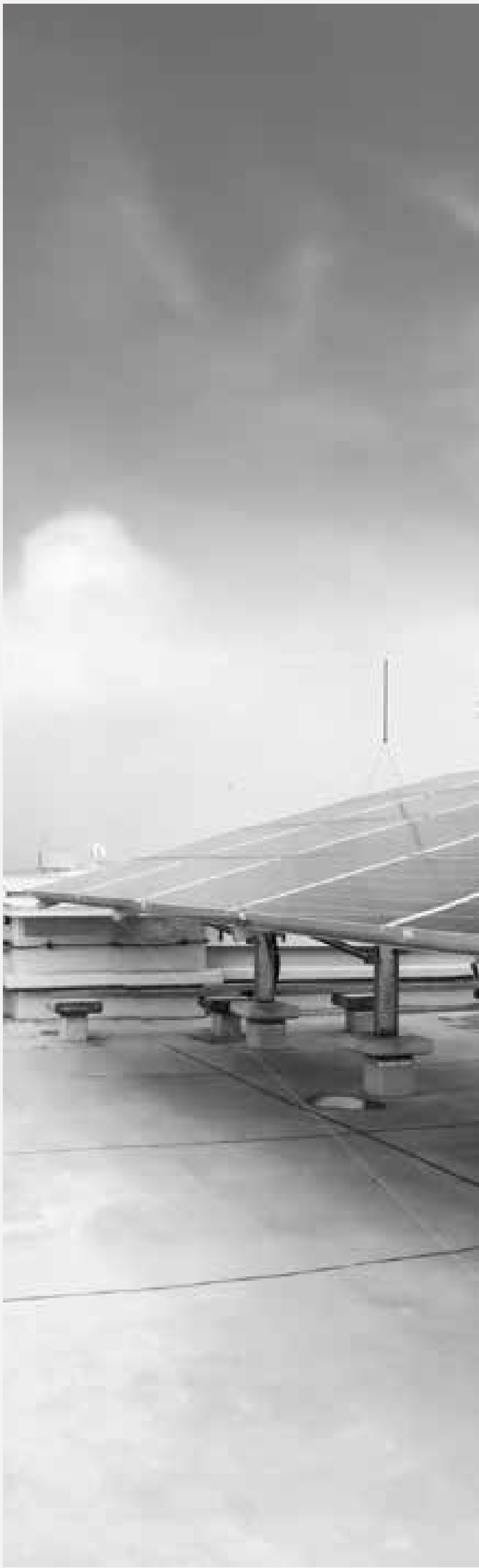
Dividends up 100%



Net cash generated from operations improved by R42 million



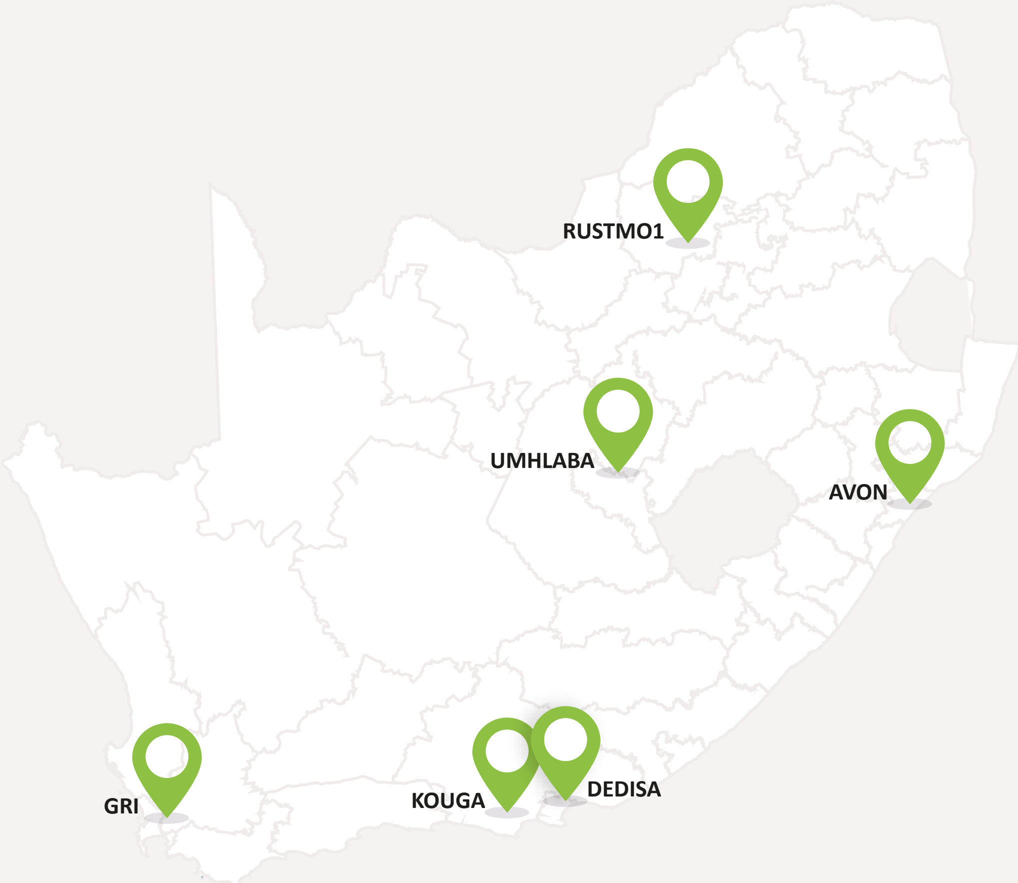
MODELLING AND PREDICTIONS ON TRACK IN THE THREE YEARS OF POST-SPAC OPERATION



ENERGY INVESTMENT IS A NEW AND GROWING ASSET CLASS

OUR INVESTMENTS

OUR INVESTMENTS



EQUITY INVESTMENT

RustMo1 Solar Farm

Located in Marikana in the North-West province, RustMo1 was the first IPP to be connected to the grid and one of the 18 solar PV power plants constructed in the first round of the REIPPP. The 7MW plant has a 20-year year PPA to supply electricity to Eskom that commenced in 2013. Hulisani has a 66% shareholding in RustMo1.

SOUTH AFRICA'S FIRST INDEPENDENT POWER PRODUCER

RustMo1 Solar Farm

Performance

- Since reaching commercial operation, RustMo1 has met projections in its original financial model. During the year under review, the plant produced over 11.8 million KWh of electricity - enough to power 2000 average South

African households per annum.
- The project has created much-needed jobs and contributed to local economic development in the Marikana region.
- Over 70% of staff are from within a 50 km radius of the plant. With official unemployment rates at 40% in the region, the employment opportunities created by RustMo1 has a lasting generational impact on altering the trajectory of local workers and their families. The decline of mining in the area underscores the potential job-absorbing nature of the renewable energy industry in areas where traditional industries like mining are going into decline.
- Local communities own 17% of RustMo1 and receive the corresponding proceeds of dividends it produces over the 20-year lifespan of the project.

The Solar Farm has performed well, and the production is in line with what was forecast for the year.

Looking ahead

- With the liberalisation of our energy space, particularly with respect to eased licensing requirements, there are opportunities to expand the plant or to build a similar plant to cater for private users in the immediate area.

OPERATIONAL 7MW SOLAR PV PLANT

Kouga Wind Farm

The Kouga Wind Farm began commercial operations in 2015 and is one of the first Wind Farms to be connected under the REIPPP. Located in the Oyster Bay region of the Eastern Cape, Kouga Wind Farm was part of the first round of REIPPP projects. The R2 billion wind farm comprises 32 wind turbines which each produce 2.5MW, bringing the total capacity of the plant to 80MW. Hulisani holds a 6.67% interest in Kouga Wind Farm.

BID WINDOW 1 REIPPP PROJECT

Performance

- The Kouga Wind Farm has a 20-year PPA to supply electricity to Eskom, of which 16 years remain.
- Kouga is connected to the Eskom grid and supplies approximately 300 million KWh of clean electricity annually - enough to supply approximately 50 000 average South African households.
- As a Bid Window 1 REIPPPP project, Kouga Wind Farm provides good margins, although these are continually under pressure when wind resources are low or the plant needs maintenance.
- Kouga experienced a number of technical issues that

had a negative impact on production. In addition, wind resources in the region have been lower than historical averages and the region has been affected by significant changes in climate patterns in recent years. Following a change in management at the operation in January 2019, a number of improvements have been implemented and prospects are positive.

Looking ahead

- Performance is expected to improve during the next financial year as the technical issues are resolved.
- Wind resources also appear to be improving – in the first quarter of 2019, wind resources were higher than the same period in 2018 and are expected to improve.
- The Kouga Wind Farm Community Trust, which is a shareholder in Kouga Wind Farm, commenced its operations in 2018 and is expected to invest R32million into the Kouga communities in the new financial year.

OPERATIONAL 80MW WIND FARM

GRI Wind Towers

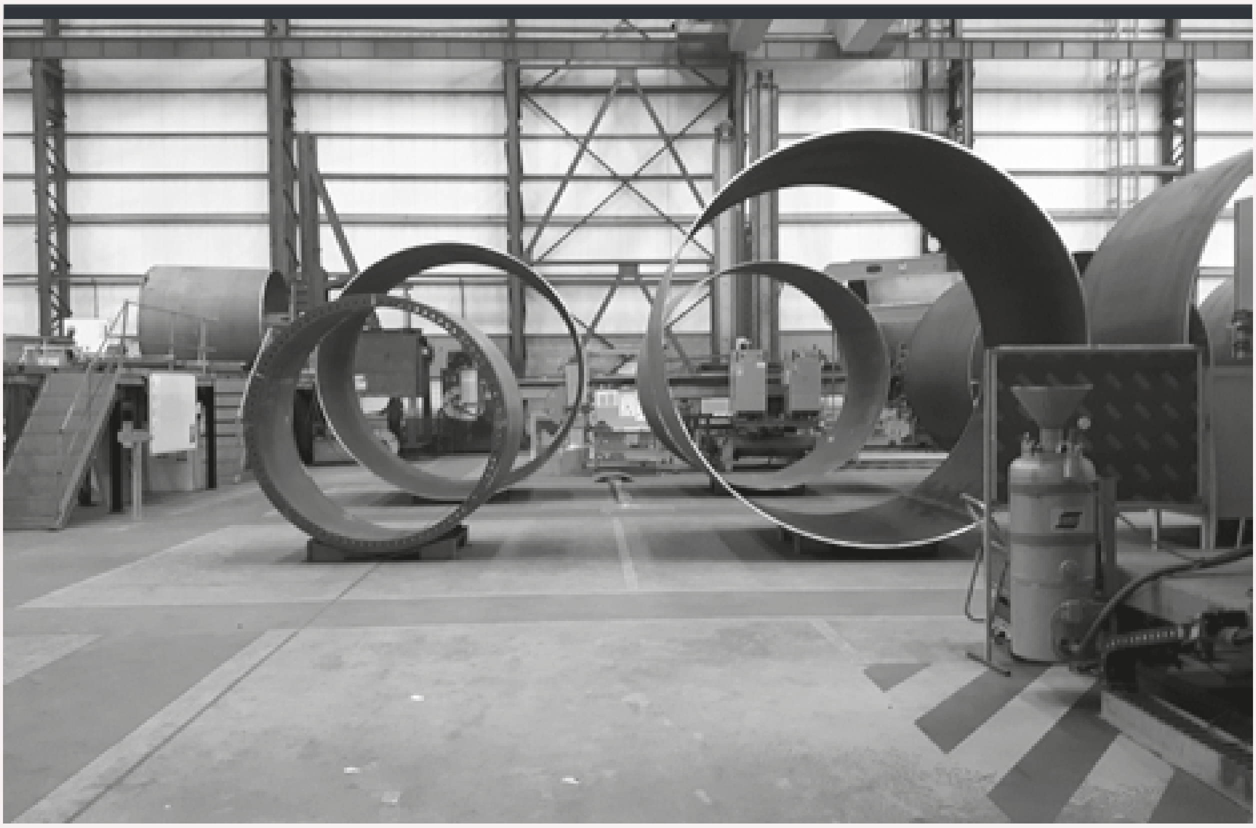
GRI is the only South African operational manufacturer of wind towers and is based in Atlantis, Western Cape. GRI opened its wind tower manufacturing plant in 2014 in this highly impoverished area, creating over 300 jobs and developing skills in the process. The plant has the capacity to manufacture over 150 wind towers per year - this is the equivalent of supplying 400MW in new-build wind farms per annum, which translates into enough power produced to power 134,000 homes and creates a contribution of R187 million to the economy. Hulisani has an effective 25% shareholding in GRI.

GRI provides Hulisani with vertical integration into the wind farm supply chain amid increased calls for local jobs and skills to be created and for enforcement of local content rules. In addition, it provides access to global demand for components for the wind generating industry.

SOUTH AFRICA'S ONLY OPERATIONAL MANUFACTURER OF WIND TOWERS

Performance

- GRI is a significant contributor to the wind industry in South Africa. A number of towers were exported during the year under review and the plant has the capability to produce additional components that go into a wind farm, thereby raising the percentage of local content.
- Trade has increased exponentially over the past year from the hiatus experienced during the period of uncertainty from the years



2015 to 2018. The plant is currently operating at full capacity to deliver the towers ordered and this is anticipated to continue beyond 2021.

- With local production seen as crucial, given South Africa's high unemployment rate, greater policy certainty has improved the market both in terms of local demand and components to be exported.
- The creation of manufacturing capability has had a positive impact on skills development and is expected to reduce costs in the long term. There has also been a demand for the exceptional skills developed here, such as specialised welding, where these skills have been exported to similar industries overseas where job opportunities have opened up.
- Our active involvement with GRI through our seat on the board and ongoing engagements with our partners, allowed us to contribute to ensuring the confirmation of orders and operational stability.
- During the year under review, GRI began to manufacture towers for Round 4 orders.
- Atlantis has been declared a Special Economic Zone which has brought several benefits, both to the business as well as socio-economic benefits to the community. Lower taxation makes the business more competitive and enables it to be more sustainable.
- A highlight of the year was President Ramaphosa's visit to GRI, accompanied by representatives from the Department of Trade and Industry. It created an opportunity to showcase not only the exceptional skills and capacity of the operation, but also the potential for further manufacturing to boost local procurement and exports.

HULISANI'S FIRST ENTRY INTO THE RENEWABLE ENERGY INFRASTRUCTURE VALUE CHAIN

Looking ahead

We anticipate that the GRI asset will become even more valuable when the IRP is promulgated.

The asset is performing well and can arguably be held up as an example of excellence in manufacturing, supporting the local industry while exporting world class products and skills.

The outlook for further growth is encouraging as demand for renewable energy continues to grow, both locally and in global markets.

The African Continental Free Trade Area (AfCFTA) further expands opportunities for export, with many developers of wind plants in South Africa also developing similar plants across the continent, and which will potentially require products manufactured locally.

South Africa also has an established steel industry which will benefit from higher local consumption of steel. In line with our long-term focus, we see this investment yielding strong returns, both financial and in terms of boosting the economy.

CURRENT CAPACITY IS 150 WIND TOWERS PER YEAR AND THE MANUFACTURE OF ADDITIONAL COMPONENTS

Avon and Dedisa Peaking Power Plants

The Avon (670MW) and Dedisa (335MW) Peaking Power plants are open-cycle gas turbine plants (OCGT) located in KwaZulu Natal and the Eastern Cape respectively. With a combined capacity of 1005 MW, South Africa's only privately-owned gas plants provide contracted peak power to Eskom. As such, they are designed to help balance the national grid's fluctuating power needs by supplying additional electricity into the grid when there is a higher demand than anticipated due to a greater need or plant breakdown.

The plants have 15-year PPAs with Eskom, with the option to renew for another 15 years. With a plant life double that of the PPA period, Avon and Dedisa are well placed to run through the contract period and beyond, with additional options to provide power generation to private industry. Hulisani has an interest in the Avon and Dedisa Peaking Power Plants, held indirectly through a convertible loan into Legend Power Solutions (which holds 27% in each of the Avon and Dedisa Peaking Power Plants).

COMBINED CAPACITY IS 1005 MW

Performance

- During February 2019, Eskom had to cut 4000 MW of power from the national grid to keep it from collapsing. The plants played a crucial role in the supply of electricity into the grid during peak periods, illustrating their efficacy and value as energy projects.

- Avon and Dedisa are performing better than anticipated. As flexible plants, we are pleased that they can supply substantially more than the contracted capacity. This provides a stable base income as well as potential upside where there is greater utilisation of the plant, which has already been realised during the past year.
- The plants are extremely adaptable and able to supply full load in less than half an hour. This makes them ideal for sudden emergencies in addition to being able to supply electricity quickly when demand spikes upwards. This has been recognised in the current draft IRP, which projects increased usage for the plants.
- With increased usage, there is potential for diesel supply issues, which were overcome when experienced during the previous year. Going forward, the ability of the plant to utilise other forms of fuel, particularly natural gas, coupled with changes to the energy landscape, are likely to further mitigate any possible pressure and increase potential upside.

DEDISA

POTENTIAL TO CONVERT FROM DIESEL TO NATURAL GAS

Looking ahead

- The plants were designed with the ability to switch to natural gas as soon as there is a steady and reliable supply in South Africa. They are well positioned to open up the gas market in South Africa. This would move the country and the region towards a natural gas economy and cement the role of the plants as low carbon energy production assets.
- Avon and Dedisa are capable of producing more power than the contracted capacity and can therefore supply increased capacity when required. Given that the capex has been spent, the costs of doing so are negligible.
- Hulisani is actively seeking more exposure to plants that have the flexibility of Avon and Dedisa and anticipates that the finalisation of the IRP will facilitate additional similar projects as they offer a base and upside.

OPERATIONAL LARGE-SCALE POWER PLANTS

uMhlaba

uMhlaba focuses on identifying, valuing and purchasing the cash-flows from the long-term leases underlying the renewable energy projects banked through the REIPPP in South Africa.

uMhlaba is an innovative, unique business proposition. It procures long-term cash flows underlying a portfolio of land leases arising from operational renewable energy projects. The cost of these leases are paid out of operational expenses and therefore are paid out even before the servicing of senior debt and the payment of dividends. The leases or the land are purchased where there is potential upside, thus creating an income diversification strategy and providing a longer-term position in the renewables sector.

INNOVATIVE, UNIQUE BUSINESS PROPOSITION

Performance

- Largely ignored by the larger investment funds as a stream of cash-flows similar to those arising from purchasing PPAs, the identified land leases currently in the market are estimated to have a value of around R450 million and provide an investment rate of return of 16% on a free cash flow basis.
- Once the IRP is finalised, we expect more projects to be concluded and therefore

more lease opportunities will become available in the market, which we estimate at an annual market of R250 million for two years and R150 million for the following two years, which makes Umhlaba a potential stand-alone business.

- The uMhlaba transaction was funded from working capital in 2018.
- During the year under review, uMhlaba identified, valued and made offers which were accepted by seven landowners. It is currently considering the optimal mix of equity and debt to conclude on the executed transactions without diluting shareholders.

OFFERS HAVE BEEN ACCEPTED BY SEVEN LANDOWNERS

Looking ahead

- The next milestones for uMhlaba are the successful raising of up to R450 million and reaching financial close on the first seven projects with a value of approximately R160 million.

Ignite

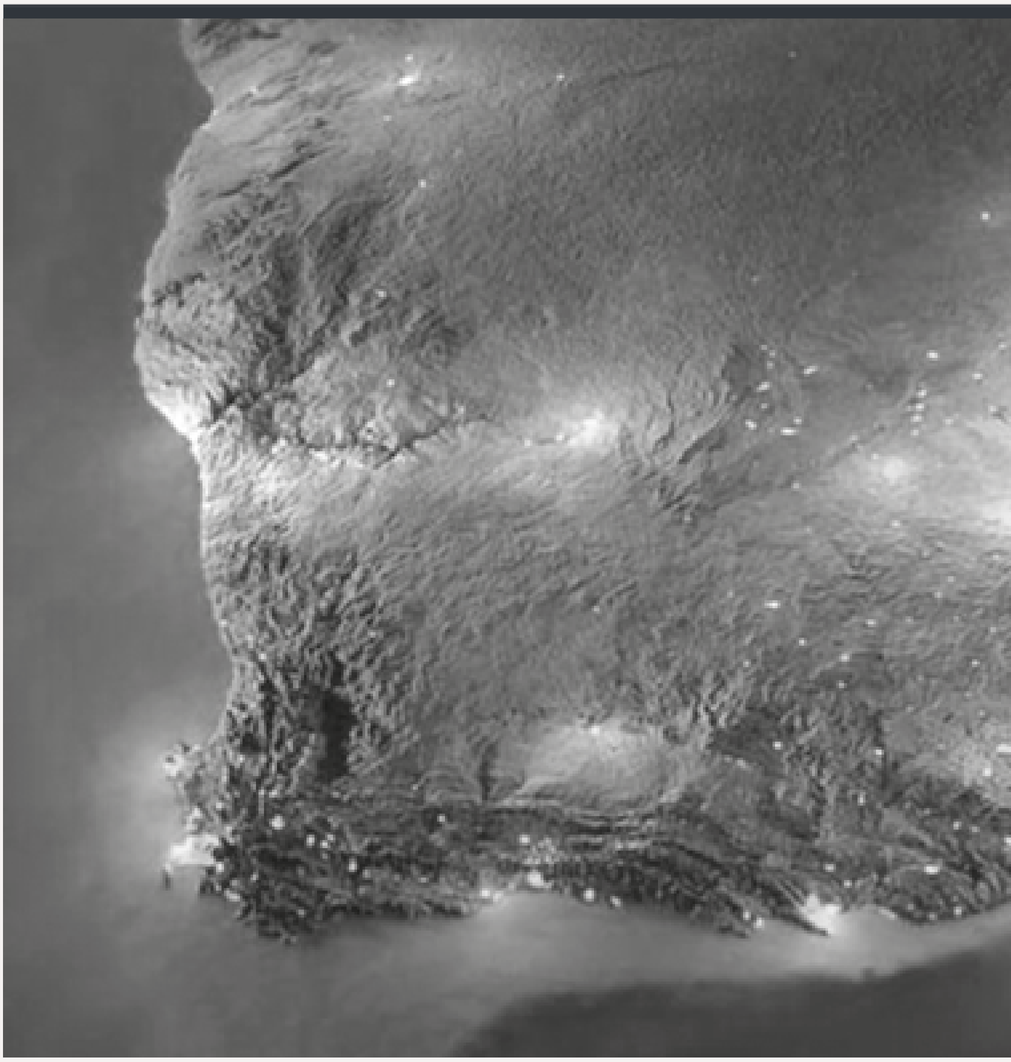
Ignite is a company focused on the development of short to medium term flexible power solutions throughout Africa. What distinguishes the Ignite business from other IPP developers is that the power solutions offered by Ignite are capable of fast implementation and are able to reach even the most remote areas on the continent.

Ignite identified a pipeline of projects located in various areas of the African continent and required a funding partner to assist it in securing this pipeline. Hulisani holds preference shares in Ignite which, *inter alia*, secures Hulisani the right to invest in any projects developed by Ignite thereby creating a pipeline of opportunities, whilst simultaneously providing a return on the preference share.

SHORT TO MEDIUM TERM FLEXIBLE POWER SOLUTIONS

Performance

- During the year under review, Ignite was selected as the preferred bidder on two significant captive hybrid power IPP transactions in West Africa (Ghana & Mali).
- There has been a significant uptake in the number of IPP opportunities in the captive sector in Africa, particularly in the mining sector, which is evidenced by greater interest in Ignite's offering and an increase in the number of formal tenders and expressions of interest in the market.
- With a strong focus on the mining sector, Ignite faces challenges faced by its clients, including commodity price risk and mine resource, which can result in delays to projects. Conscious of the constraints of the mining sector, Ignite only deploys significant development



capital when it has certainty and an agreed PPA that adequately deals with risks.

THE LARGEST MINE-BASED, OFF-GRID HYBRID PROJECT IN THE WORLD

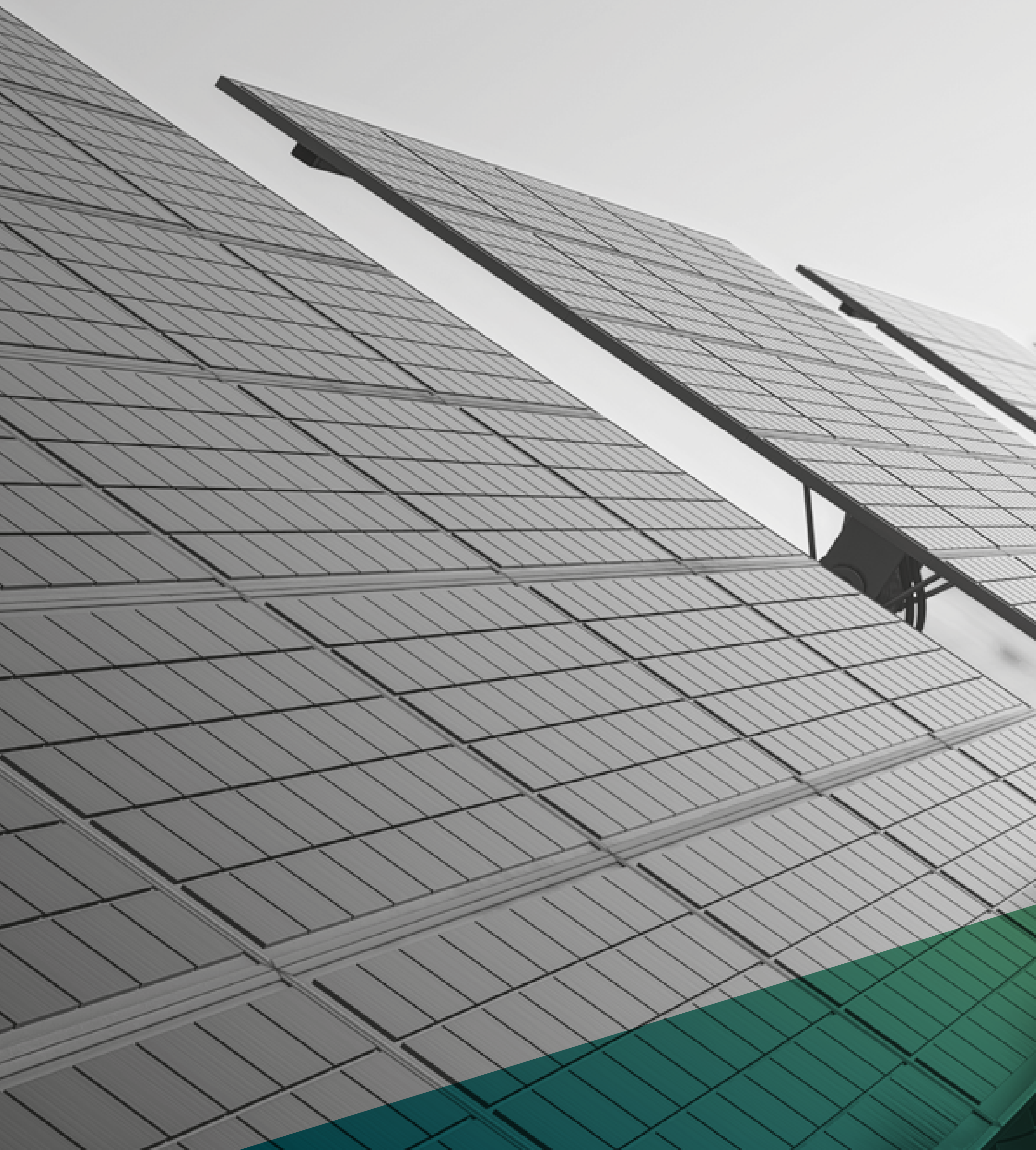
Looking ahead

- Ignite's preferred bidder status in Ghana and Mali, positions the company as a leading African IPP.
- The PPAs for the captive hybrid power IPP projects in Mali and Ghana are expected to be concluded during the next financial year.
- Ignite will continue to develop and advance its current pipeline of projects, with particular focus on those where Ignite has been shortlisted or has an exclusive agreement in place with customers.

CAPTIVE PROJECTS ACROSS AFRICA, EVEN THE MOST REMOTE AREAS

USES A MIX OF SOLAR, DIESEL AND BATTERY POWER PROVIDED TO CREDIBLE OFF-TAKERS THROUGH SOUND AGREEMENTS

PERFORMANCE REVIEW



CHAIRPERSON'S STATEMENT

"THE FIRST FOUR ROUNDS OF THE REIPPP INCLUDED ENERGY PROJECTS TO THE VALUE OF R250 BILLION. FROM 2020 TO 2030, THIS IS SET TO SOAR TO R1 TRILLION."

It gives me great pleasure to introduce the integrated annual report for the year ended 28 February 2019. I feel privileged to be part of the leadership team at Hulisani at this most interesting time in the company's growth and the unfolding environment in the development of clean energy generation capacity for South Africa.

The performance outlined in this report showcases the first full year of operation for Hulisani and there are several pleasing trends.

Although subsequent to the period under review, South

Africa's 2019 elections were the most contested since the advent of democracy, signalling maturity in our democratic institutions. Following a difficult economic period, business sentiment in South Africa is more buoyant as a result of President Cyril Ramaphosa's focus on arresting impunity relating to corruption, fiscal discipline and stability. From a policy perspective, it is our view that things are moving in the right direction.

Pat Mdoda
Chairperson

Former Minister Jeff Radebe removed policy uncertainty and encouraged all stakeholders in the energy sector to engage in meaningful consultations about transitioning to more renewable energy sources. Investment in REIPPP and other related IPP programmes will have a positive impact on the economy in terms of foreign direct investment and rural development. During the announcement of the conclusion of 27 PPAs in March 2018, former Minister Radebe indicated that the signed projects were expected to enable R56 billion worth of new investment into the economy over the next two to three years. With the coming REIPPP and other related IPP programmes, we expect investment in energy infrastructure to exceed R1 trillion over the next 10 years, thereby creating investment opportunities and economic upliftment.

A key announcement made during the year under review was the restructuring and unbundling of Eskom, which has historically been the sole player in terms of power generation, transmission and distribution in South Africa.

Eskom is to be separated into distinct operational companies. Private investment is likely to be focused on power generation and with greater competition in this arena, consumers may well have more choices, including more options for cleaner energy.

The IRP is Government's long-term plan for energy and is expected to be promulgated during the 2019/2020 financial year. It is widely expected to lead to more renewable energy contracts and partnership opportunities, making it possible for energy investment companies such as Hulisani, to more accurately quantify opportunities in the sector.

In a further indication of positive changes in the energy landscape, former Minister Radebe granted NERSA leave to licence 500MW of solar projects without requiring his approval (subsequent to the financial period under review). This is welcome news for many projects which have been waiting for licences. In addition, the restriction of 1MW for own generation per project has been raised to 10MW.

Hulisani is poised to take advantage of the anticipated growth across all renewable energy categories, supported by positive Government policy and the pending conclusion of the African Continental Free Trade Area (AfCFTA). South African manufacturers and multinational companies are likely to accrue benefits as a result, given the growing demand for energy across the continent.

We anticipate some consolidation in the energy sector during the next financial year. While the year under review did not provide opportunities to conclude any transactions for Hulisani, we used the opportunity to bed down governance and achieve greater operational efficiency and position the company for future growth.

An experienced new minister has been appointed for the newly merged Department of Minerals and Energy (DME) in Minister Gwede Mantashe. We believe this to be an appointment that will further remove any remaining uncertainty in the energy space going forward and expect clarity on the finalisation of the IRP and the announcement of the timing of REIPPP and other related IPP programmes as soon as the handover is concluded.

Hulisani will continue to maintain engagement with all stakeholders in the energy sector to contribute to achieving an energy mix for South Africa which is suitable for the needs and challenges of the country

Our country and its energy sector still have many challenges to overcome. We believe that it is imperative for all who live in South Africa, including business, to take an active role in creating a better future for our children and we will therefore continue to highly value the socio-economic impact of our various projects on the communities in which they are situated.

I would like to express my gratitude to our two board members who have taken up new challenges outside of Hulisani, for their valuable contribution to the company's growth. I also express my heartfelt appreciation to the board, management team and staff, who have ensured that the company has reached a level of stability which forms a great foundation from which to build a bright future for Hulisani.

Pat Mdoda
Chairperson

WHILE A 1MW PV SOLAR PROJECT CAN POWER ALMOST 140 MEDIUM-INCOME HOMES OVER A YEAR, 10MW IS ENOUGH TO POWER A SHOPPING MALL OR BUSINESS. MANY BUSINESSES AND RETAILERS WILL BE ABLE TO OPERATE OFF THE GRID DURING THE DAY AND HAVE A SURPLUS OF ELECTRICITY.

CEO'S REVIEW

The financial year under review was a period of organisational maturity for Hulisani and a confirmation that our long-term strategy is on the right track. Governance was strengthened and technical skills were boosted as a result of our hands-on approach and close involvement with the assets in which we invest.

This period also demonstrated to us that scale is critical to the success of our business. With the current composition of the business, we are able to keep our cost base low and grow assets and dividends, thereby increasing value for shareholders.

Transactions

As an energy infrastructure investment company, an essential aspect of our core business is the investigation of potential transactions that align with our investment philosophy.

During the year under review, we investigated several exciting transactions ranging in size from 5MW to 300MW representing transaction sizes from R120 million to over R1 billion.
This is an intensive and time-consuming process, typically spanning a period of 12 to 18 months, during which we look at the financial, legal, technical and commercial rationale for the transaction. This exercise typically costs around 0.25% of the transaction value. Each energy project is evaluated within its own unique set of parameters, contexts and industry norms.

As policy certainty improved during the past year and Round 4

"WE MAINTAIN A POSITIVE OUTLOOK FOR SA'S ENERGY LANDSCAPE"

REIPPP projects were concluded, we saw greater volumes of deal flow and transaction activity in the market at more attractive returns. At Hulisani, the team takes great care to ensure that we invest in assets that meet our criteria, with the potential to meet or exceed projected returns. This year, we short-listed 13 potential investments. While there were no transactions concluded during the period under review, we are moving forward on an exclusive basis for a due diligence on a number of potential assets. Importantly, we have secured commitment from our anchor investor to finalise exciting transactions that have the potential to give Hulisani unprecedented scale.

Investment in Projects

While Hulisani maintains a tight focus on energy assets, we have made investments in diverse but related businesses including wind farms, wind tower production, solar, peaking plants, hybrid captive power plants and property lease cash flow management.

Marubini Raphulu
CEO

Hulisani's power generating projects are expected to generate almost 63 TWh of power over the next five years, which is sufficient to power approximately 1 million average South African households per annum.

The social capital created by the assets we hold is significant and valued alongside our tight focus on sweating our assets for the best returns. Given that most of the projects are situated in areas with limited employment opportunities, we are encouraged to see the positive spinoffs of secure employment and the impact this can have on our economy.

After a difficult initial period for **GRI**, it is pleasing to see the strategic value we envisaged when we entered this investment coming to fruition. The project marked an important entry into the manufacturing value chain for Hulisani and we were attracted by the project's export potential, as well as its contribution to localisation, job creation and socio-economic impact. Following President Ramaphosa's visit to GRI, the Department of Trade and Industry has communicated the plant's capability and capacity to IPPs, with encouragement to support local wind tower producers as opposed to importing them. The skills developed at the plant are marketable beyond South Africa and current orders form part of Round 4 bids, providing certainty of orders until 2021. Atlantis has been declared an SEZ and the benefits to the immediate area are evident in terms of job creation and the stimulation of broader socio-economic activity.

GRI's production of 150 wind towers per year removes the need for these towers to be imported, boosts local production and creates opportunities for additional related component manufacture. The production of additional components has the potential to diversify GRI's income and add to its export capability. Given the anticipated demand for renewable energy projects throughout Africa, wind towers produced by GRI represent benefits for the asset and for the country. The AfCFTA is likely to create further incentives for export on the continent when it takes effect, which is expected to take place this year.

The **Avon and Dedisa Peaking Power Plants** are performing better than projected. The plants were utilised effectively to relieve pressure on the grid during the load shedding experienced from November to December 2018 and February to March 2019. There were subsequently far fewer power interruptions as a direct result of the flexibility of the plants, the speed at which energy can be fed into the grid and their ability to supply substantially more than the contracted capacity. The plants are also able to utilise natural gas as soon as a steady supply is available and can easily be utilised to mid-merit plants, which run at a more consistent level and can be used to unlock the gas market in South Africa.

RustMo1, our flagship solar photovoltaic asset, met or satisfied revenue and cash flow projections this year. The operations and maintenance agreement has been renegotiated to provide more competitive pricing for the plant. Socio-economic gains are noteworthy in this impoverished region: most staff employed at the plant are from the immediate vicinity and the plant is exceeding any regulatory imperatives in this regard. Over R2.7 million has been invested in socio-economic development.

As a Bid Window 1 REIPPPP project, **Kouga Wind Farm** provides good margins. The asset reported lower production on account of technical challenges and lower wind resources in the region, putting some pressure on margins. Despite these challenges, Kouga has provided higher returns than anticipated.

The technical issues are being resolved, management has been bolstered and wind resources appear to be improving this year.

uMhlaba is an innovative asset with a portfolio of land leases for IPPs. It offers significant value to Hulisani by providing diversified income, stable cash flows, zero vacancy, economic insensitivity, inflation protection and attractive long-term returns. Its impact is substantial, both in terms of providing income as part of operational costs and as a measurable catalyst for local economic development.

Ignite is focused on the development of short to medium term flexible power solutions throughout Africa, even in the most remote areas. It has developed the largest mine-based, off-grid hybrid project in the world and uses a model which includes a mix of solar, diesel and battery power provided to credible off-takers through sound agreements. We see significant potential in this area and have therefore entered into a preference share agreement with the company with a view to cementing our relationship should the business case unfold as anticipated.

Delivery on mandate and investment case

Our financial results must be viewed in the context of our long-term investment approach. Value recognition in accounting terms and the constructs of regulation indicate lower valuations of our assets than our own view, but this is likely to improve as the full impact of the investments are realised.

Our mandate is to invest in quality energy assets. The portfolio we have built showcases Hulisani's dual role as a yield and value player. While our assets need to yield certain returns, our yield period at 20 years is double the typical 10-year timeframes encountered in property transactions, with the additional benefit of a CPI-linked return. Returns will improve with time as the senior debt is repaid and operational efficiencies are realised. The underpin for these projects is ultimately a sovereign guarantee provided by Government. On top of our requirement for certainty of income, we keep a keen eye out for projects which also have additional inherent potential upside due to flexible capacity and will be looking to the REIPPP and other related IPP programmes for such opportunities.

The long-term nature of Hulisani's investments ensures increasing yields over the life of the asset. Returns grow from base percentages and in the long run, Hulisani's share price will serve as an indicator for investors to determine value when they consider exiting their investment.

We seek greater efficiencies for better returns to maintain and improve the share price trading volumes. A key factor is that our cost structure will remain

constant even as we accumulate assets, which has the impact of increasing our margin.

Financial performance

Dividends received from Hulisani's assets increased 100% this year to R36.9 million (2018: R18.1 million). RustMo1's dividend return was as budgeted at R12.3 million and we are pleased that investments are largely paying better dividends than anticipated. Kouga Wind Farm produced dividends of R24 million which were higher than the anticipated R15 million. The trend of increased dividends received is significant when coupled with the overall trend of our assets exceeding expected returns in other metrics.

Increased investment activity at the holding company during the year under review resulted in higher operating expenses. Non-cash expenses include impairment losses, depreciation and expected credit loss provisions. Operating costs include non-recurring expenses, consisting mainly of advisory and legal fees relating to the year's investment activities. Headline losses, which exclude extraordinary items such as impairments to reflect results from normal operating activities, improved to R40.5 million from R56.6 million. The group's basic losses improved to R40.5 million from R116,8 million, which relates largely to an improvement in impairments in the current year.

While net cash from operating activities for the group is positive, certain accounting factors contributed to the losses. During the year under review, a fair value gain of R1.6 million was recognised in the statement of profit or loss and other comprehensive income, driven by improved revenue projections in line with increased activity of the Avon and Dedisa Peaking Power Plants. A fair value loss of R25 million was recognised in the statement of profit or loss and other comprehensive income in our previous year's annual financial statements on the Legend Power Solutions convertible loan (through which we have an interest in the Avon and Dedisa Peaking Power Plants).

GRI is the only asset which has not produced better cash flows than projected. On the upside, this asset now has confirmed orders for the next two years whereas the typical international order book window is 12 weeks. In addition, we anticipate further growth as renewable energy production becomes more of a mainstay in the economy.

Since our listing in 2016, we have steadily enhanced governance and nurtured our ability to identify opportunities that align with the trends we anticipate in the energy landscape. We arrest any problem areas as they arise. As a result, we have created frameworks that now form a strong foundation for Hulisani's growth going forward. These frameworks also have the added benefit of ensuring that costs do not grow at the same exponential rate, as more assets are added to the portfolio.

In our view, Hulisani's shares are undervalued and this reflects in the share price performance and limited liquidity. We anticipate that, over time, greater policy certainty as well as awareness of the nature of energy investments will impact positively on our share price. We recognise that our shareholders typically hold on to their shares given their long-term investment horizon and our opinion is that greater shareholder diversity could improve the performance of the share price. We also think it is likely that the increased efforts in investor relations and marketing activities as well as transaction activity will raise our profile in the investment community.

Key risks

The balance of skills required on Hulisani's board and within our executive team requires technical skills, transactional expertise and contractual management experience. We are actively involved in each of our investments and we contribute to their strategic direction and stakeholder engagement. In this way, we mitigate some of the inherent risks of energy investments.

While policy certainty has eased significantly during the year under review, the IRP is yet to be promulgated.

In addition to technical problems, concerns around the future of Eskom and social unrest, we have identified additional risks to the business:

- Quality of design.
- Manufacture and as-built products.
- Operation and maintenance issues.
- Performance monitoring.

The team works continuously to mitigate these risks as far as possible.

Outlook and prospects

This year has provided the industry with very encouraging developments in terms of policy changes and policy certainty in South Africa, including the pending finalisation of the IRP announcement of the forthcoming fifth round of REIPPP projects, the gas-to-power project and other related IPP projects.

The unbundling of Eskom will dramatically alter the energy landscape in South Africa. Whereas Eskom has traditionally been the sole provider of energy generation, distribution and transmission, the new environment is likely to provide further opportunities for IPPs. Transmission is likely to continue as an Eskom sole preserve. Competition already exists in the distribution space through municipalities that distribute power to residents. Captive power plants (power generated for a specific client) provide us with a valuable opportunity to enter this new reality. We will continue to pursue opportunities to create a pipeline in this area through innovative offerings. We anticipate aggregation in the energy sector and are ready to take advantage of the resulting opportunities.

Beyond South Africa's borders, we continue to partner with internationally recognised energy developers and players and companies which expose us to the anticipated energy demand growth in Africa.

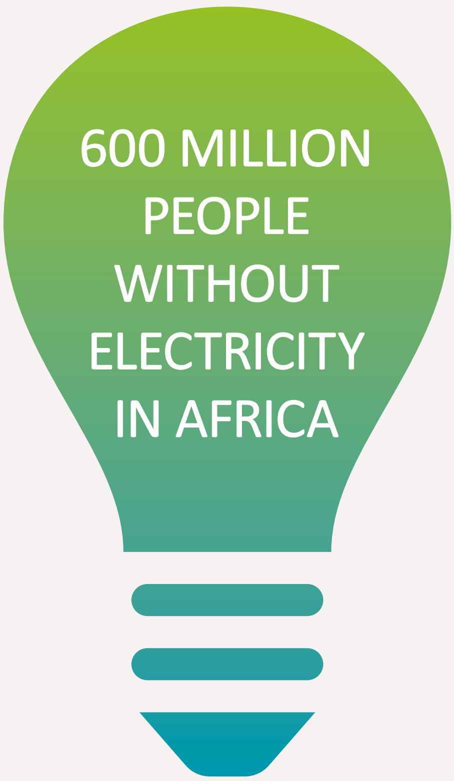
Hulisani's current realisable project pipeline in the secondary and primary markets is in excess of R1 billion in South Africa. The various projects being aggressively pursued at year-end have a total capacity in excess of 1GW. We have been actively building capability around distributed generation, energy reduction and captive power projects.

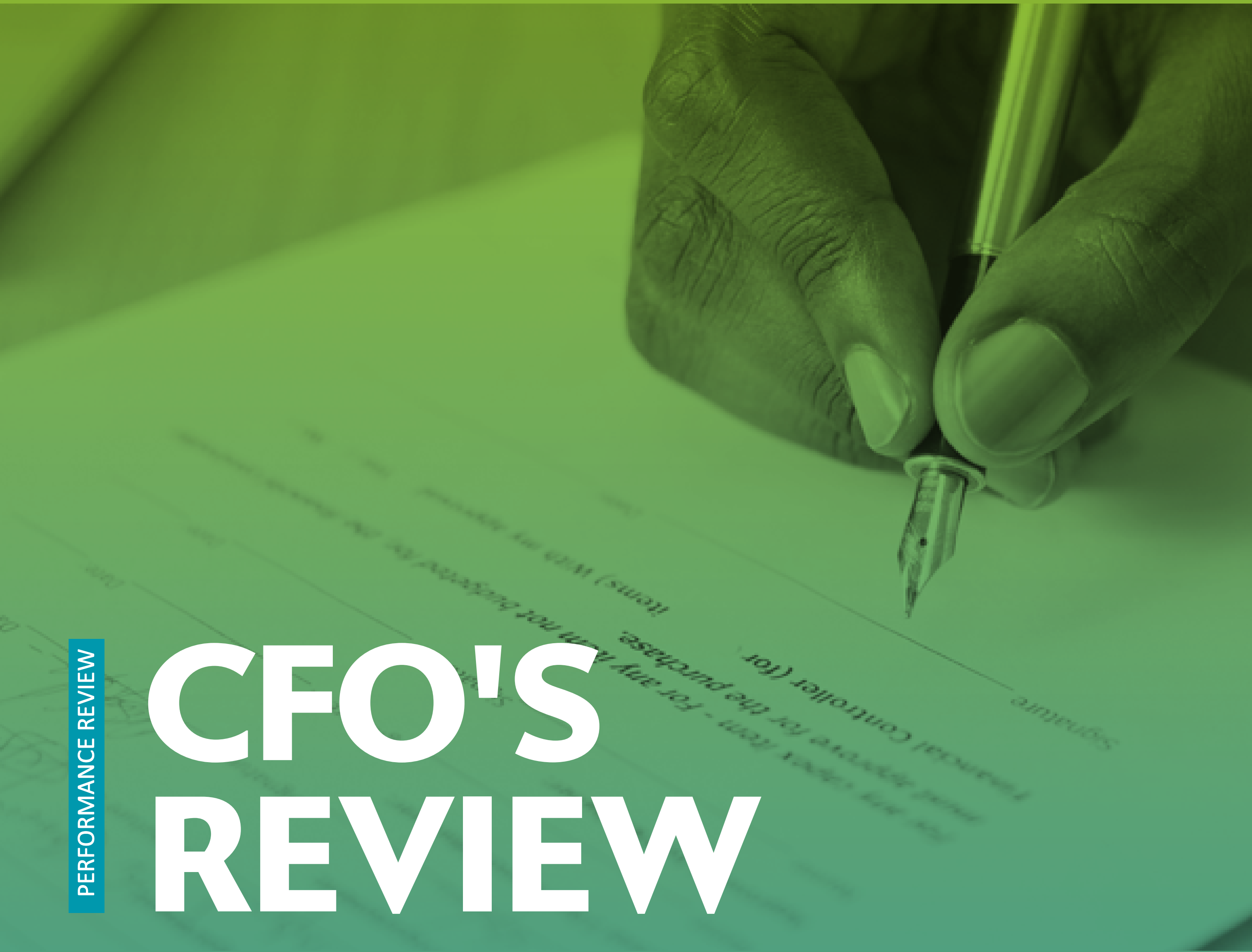
SA PRODUCES A THIRD OF AFRICA'S POWER, DESPITE MAKING UP JUST 58 MILLION OF ITS POPULATION OF 1.3 BILLION

In the coming year, we will focus on achieving greater scale and flexibility in our asset base.

We maintain a positive outlook for the energy landscape of South Africa and sub-Saharan Africa. The foresight and prudence which have characterised Hulisani's growth to date will continue to be a hallmark of our work as we grow our quality energy asset base.

Marubini Raphulu
CEO





CFO'S REVIEW

I am pleased to report on our achievements at Hulisani, both at group and holding company level for the past financial year. This year has been transformational in that it is the second year of operations as an investment holding company and the first full 12-month period where the company has earned income from investment activities. The prior year ending February 2018 was the inaugural year in which equity investments were made, after it ceased to be a Special Purpose Acquisition Company (SPAC) on 22 March 2017 when we moved our listing to the Main Board of the JSE. Accordingly, income was reported for only a portion of the year.

Hulisani is an investment holding company that earns dividend income and pays out costs at the holding company level. Income is generated from the company's key portfolio of investments, which are largely focused on energy projects including gas, solar PV, concentrated solar, wind and hydro in South Africa and in Sub-Saharan Africa. Hulisani's investments are long-term in nature on the back of Government-backed PPAs, with tenure ranging from 15 to 30 years and the potential to renew further.

As described in more detail elsewhere in this report, Hulisani's key investment portfolio includes:

- 25% interest in GRI Wind Steel (GRI);
- 6.7% interest in the Kouga Wind Farm (Kouga);

- 66% shareholding in the RustMo1 Solar Farm; and
- an interest in the Avon and Dedisa Peaking Power Plants, held indirectly through a convertible loan into Legend Power Solutions (LPS) (which holds 27% in each of the Avon and Dedisa Peaking Power Plants).

It is pleasing that our investments are largely paying better dividends than anticipated and, at the holding company level, dividends increased from R18.1 million to R36.9 million representing a 100% increase.

Financial review

The past year's financial performance can be summarised as follows:

	Audited 2019 R'000	Audited 2018 R'000	Var R'000	Var (%)
Revenue	50,371	37,378	12,993	35
Operating expenses	(73,303)	(57,699)	(15,604)	(27)
Impairment loss	-	(60,299)	60,299	100
Operating gains/(losses)	1,654	(25,055)	26,709	>100
Loss for the year	(38,408)	(115,844)	77,436	69
EPS (cents)	(81)	(234)	153	65
HEPS (cents)	(81)	(113)	32	28
NAV Per share (R)	6.70	7.56	(0.86)	(11)
Dividend	-	-	-	-

Key factors that have driven performance for the year under review include the following:

- Revenue
- Operating Costs
- Share of Profits/Losses from Associates
- Investment Valuations and Impairments
- IFRS 9 Financial Instruments – expected credit loss provisions.

Revenue

Revenue at group level consists of sales of electricity from RustMo1 Solar Farm. At the holding company level, revenue consists of dividends received from investments.

	Group		Company	
	2019	**2018**	**2019**	**2018**
	R '000	**R '000**	**R '000**	**R '000**
Revenue	50,371	37,378	36,870	10,473

Group results

The growth in group revenue from R37 million to R50,4 million is mainly as a result of timing considerations as the financial year ended February 2019 consists of a full twelve-month period. The financial period ended February 2018 consists of only a portion of the year's revenue, as the various investments were acquired during the course of the February 2018 financial period.

Company results

The growth in revenue is also affected by timing considerations, similar to the group position. Dividends received from the investment in Kouga Wind Farm were 60% higher at R24 million, against budgeted dividends of R15 million. From RustMo1 Solar Farm, the company received a dividend of R12,3 million, which was the budgeted dividend. It is pleasing that the investments are either exceeding expectations or performing as expected.

Operating Costs

	Group		Company	
	2019	2018	2019	2018
	R '000	R '000	R '000	R '000
Operating expenses	(73,303)	(57,699)	(43,776)	(33,654)

Group results:

The growth in group operating costs from R57,7 million to R73,3 million is mainly as a result of timing considerations, as described above under Revenue. Considering the significant growth in investments over the past year, group cash costs rose to R48,7 million, largely attributable to salaries and non-recurring investment-related consultancy fees, amounting to R8,8 million. The net cash from operating activities amounts to R11 million.

Company results:

The increased investment activity at the holding company resulted in higher operating expenses of R33,9 million. The operating results before non-cash expenses amount to R3 million. Non-cash expenses include impairment losses, depreciation and expected credit loss provisions. Operating costs include non-recurring expenses of R9,4 million, consisting mainly of advisory and legal fees relating to the year's investment activities. The operating results before non-cash expenses and non-recurring expenses amount to R12,4 million.

Share of Profits and Losses from Associates

Share of profits relates to Hulisani's share of profits from its associates, being Kouga (a 6,67% equity stake) and GRI (a 25% equity stake).

	Group			Company
	2019 R '000	2018 R '000	2019 R '000	2018 R '000
Share of the loss from equity accounted investments	(5,911)	(6,492)	-	-
Kouga	5,318	3,526	-	-
GRI	(11,229)	(11,018)	-	-

- There was an increase in share of profits from Kouga - from R3,5 million to R5,3 million.
- A marginal increase in share of losses from GRI - from R10 million to R11,2 million. GRI has started processing orders for the recent REIPPP and it is expected that the results from the company should improve going forward.

Investment Valuations

Valuations are key factors that affect the company's results and are impacted by the discount rates and the projected cashflows from the underlying investments. The valuations process involves an element of judgement and involves estimates. Valuations for RustMo1 and Kouga are conducted to assess whether there is an indication of impairment and the valuation for LPS is conducted to determine the fair value of the investment to enable adjustments in the statement of profit or loss and other comprehensive income, for a fair value gain or loss as appropriate. The discount rates that are applied are rates that need to be reflective of prevailing market conditions. Hulisani performs valuations and impairment assessments at group and company level, therefore this information may be utilised by both group and company.

(i) Impairment loss on subsidiaries

Impairments are a key factor in company results and will continue to be a factor in some of the investments as the carrying amount of the investments winds down over time, in line with the passing of the agreed time in the PPA with Eskom and this winding down of value is effected through impairments in the company results.

The investments have been written down to the fair value at reporting date, and an impairment loss of R42m has been recognised in the statement of profit or loss and other comprehensive income.

Red Cap and Eurocape

Red Cap holds 5.46% and Eurocape holds 1.21% interest in Kouga respectively for a combined interest of 6.67%. Kouga is the only significant asset held by Red Cap and Eurocape. The carrying amount of the investment has been written down to the recoverable amount of R104 million, which was determined by reference to the operations' value in use. An impairment loss of R18 million (2018: R14 million) has been recognised in the statement of profit or loss and other comprehensive income.

Pele SPV13

Pele SPV13 holds a 25% interest in GRI Wind Steel South Africa (Pty) Ltd (GRI). The recoverable amount of the investment has been recognised at R15 million, resulting in an impairment loss of R11 million. The impairment loss has been recognised in the statement of profit or loss and other comprehensive income.

Momentous

Momentous holds 66% interest in RustMo1. An impairment loss charge of R13 million has been recognised in the statement of profit or loss and other comprehensive income.

	2019	2018
	R'000	**R'000**
Pele SPV13 (Pty) Ltd	15,153	26,498
Momentous Technologies (Pty) Ltd	104,180	116,681
Red Cap Investments (Pty) Ltd	85,072	100,156
Eurocape Renewables (Pty) Ltd	18,813	22,156
	223,218	**265,500**

(ii) Fair value gain/(loss)

In the year under review, a fair value gain of R1.6 million was recognised in the statement of profit or loss and other comprehensive income. This was driven by higher revenue projections in line with increased activity of the Avon and Dedisa plants.

A fair value loss of R25 million was recognised in the statement of profit or loss and other comprehensive income in the prior year on the Legend Power Solutions convertible loan. The fair value loss on the convertible loan was driven by lower revenue projections, in comparison to the initial investment projections.

		Group
	2019	**2018**
	R '000	**R '000**
Designated at fair value through profit or loss:		
Convertible loan to Legend Power Solutions	76,786	75,143
	76,786	**75,143**

The above valuations have been derived by discounting the cashflows from the respective projects at the respective discount rates.

Application of new accounting standards: IFRS 9 Financial Instruments

In the current year, the group has applied IFRS 9 Financial Instruments (as revised in July 2014). IFRS 9 replaces IAS 39 Financial Instruments and introduces new requirements for the classification and measurement of financial assets, and impairment of financial assets.

The important area to highlight, as a result of the application of IFRS 9, is the impairment of financial assets. In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39.

Hulisani management made a judgement regarding the assessment of receivables and investments at amortised cost for impairments using reasonable and supportable information that was available without undue cost or effort. This is in accordance with the requirements of IFRS 9 to determine the credit loss allowance of the respective items at the date they were initially recognised and at statement of financial position date.

The impact on the financial results is described below.

	Group		Company	
	2019	**2018**	**2019**	**2018**
Expected credit loss allowance	**R'000**	**R'000**	**R'000**	**R'000**
Trade and other receivables	994	-	5,478	-
- Nibira (Pty) Ltd	702	-	702	-
- Pele Green Energy (Pty) Ltd	292	-	292	-
- Umhlaba Land Lease (Pty) Ltd	-	-	4,484	-
Loans receivable at amortised cost	1,552	-	1,552	-
- Ignite Energy Projects (Pty) Ltd	750	-	750	-
- Pele Green Energy (Pty) Ltd	802	-	802	-
Investment at amortised cost	3,402	-	3,402	-
- Ignite Energy Projects (Pty) Ltd	3,402	-	3,402	-
	5,948	-	10,432	-

Earnings for the group and company

Headline earnings excludes extraordinary items such as impairments to reflect results from normal operating activities.

	Group		Company	
	2019	2018	2019	2018
	R '000	R '000	R '000	R '000
Headline earnings/(losses)	(40,461)	(56,565)	1,217	(37,926)
Basic earnings/(losses)	(40,475)	(116,864)	(41,056)	(108,538)

Headline earnings for the holding company amount to R1.2 million. The main contributor to the improvement in headline earnings at group level and at holding company level has been an improvement in the fair value adjustment in the LPS investment. Previously there was a large impairment and this year there has been a marginal fair value gain. The headline loss at group is mainly affected by amortisation charges on the intangible assets that arose as a result of the purchase price allocation, equity accounted investments' share of losses which mainly relate to the investment in GRI and provisions for expected credit losses as a result of the implementation of the new IFRS 9.

The main contributor to the losses at holding company level is the impairments that have arisen as a result of the amortisation of the investments.

Dividends

There have been no dividends declared for the period.

Outlook

The future of South Africa's energy sector, specifically from renewable sources, remains attractive especially considering the recent signing of PPAs for IPPs by the Minister of the

Department of Minerals and Energy (DME) and Eskom. This is a very encouraging development in terms of policy certainty in South Africa which is further amplified by the government's commitment to finalise the Integrated Resource Plan 2019 and commence Round 5 of the REIPPP as well as the Gas to Power Programme (GTPP) in South Africa.

Hulisani's portfolio of advanced projects in this sector will benefit from the signing of the recent PPAs and enhance its returns. It will further benefit from the upcoming REIPPP and GTPP projects. Hulisani's current projects pipeline in the secondary market is approximately R1.2 billion in the focus projects – this is in relation to operating and revenue generating energy assets within South Africa.

Opportunities for IPPs in South Africa are continually being created, especially for captive power plants where power is generated for specific clients. The recent relaxation of regulations around licensing of projects below 10 MW presents a great opportunity and significant pipeline for Hulisani. This provides Hulisani with additional opportunities to pursue investments to create a pipeline of projects in this area, grow the company's quality energy asset base and diversify its sources of revenue.

Hulisani will continue to actively build capability and aggressively pursue opportunities in the renewable energy sector with a view to achieving greater scale, diversity and flexibility in our asset base. Hulisani is also continually assessing various forms of funding to enable the conclusion of the focus projects in the pipeline.

Appreciation

I would like to extend my thanks and appreciation to everybody involved in the preparation of this year's annual financial statements and the integrated annual report, as well as our board of directors and board committees for their input and guidance throughout the year.

Masibulele Dem
CFO

GOVERNANCE REVIEW

BOARD OF DIRECTORS

PATILIZWE CASWELL MDODA (63)

Independent Non-Executive Chairperson

Appointed 11 February 2016

Patilizwe Caswell Mdoda

Pat is a seasoned executive who served key roles at various blue-chip companies. He has held executive positions at South African Breweries - Beer Division, Edgars Consolidated Group (Edcon) and Kumba Resources Limited. He also served as a member of the South African Petroleum Industry Association (SAPIA) Board of Governors. Pat's contribution to the growth of Royale Energy as a founder, Board member and Chairman of the Group is one of his career highlights. He participated in the deal structuring and fundraising that turned Royale into a multi-billion-rand revenue company. Pat exited and sold his equity held through PYUTAZ Family Trust as part of the sale of the company to the Police and Prisons Civil Rights Union (Popcru). Pat has a strong understanding of empowerment, having been part of the committee which selected the participants in the Kumba Resources transaction which resulted in the development of Exxaro Resources Limited. He has extensive networks and interfaces at senior level with both government and captains of industry.

Pat holds a BCom (Unitra), MBA (Natal) and Certificate in International Relations (Delhi, India).

MARUBINI EUGENE RAPHULU (44)

Chief Executive Officer

Appointed 13 October 2015

Marubini Eugene Raphulu

Marubini is an admitted attorney with extensive deal-making and investment experience in Africa's energy sector. He is focused on driving Hulisani's investment strategy, drawing on 19 years of corporate commercial experience.

Marubini practised law for many years and joined Nedbank as an investment banking Principal in the Investment Banking Division to pursue his keen interest in the development of industries involved in the energy sector, specifically in principal investments.

He left this role in 2011 and started Medupi Capital, focusing on Principal Investments and Advisory in the Energy Sector, which then partnered with Mazi Capital to create Hulisani in 2015. Marubini was also a founding member of another renewable energy company and investor which realised over 500MW of operational assets as well as bidding for more than 1800MW of projects in the past 5 years. Marubini holds BProc Law, LLB and LLM Tax degrees.

THE BOARD IS COMMITTED TO MEETING HIGH STANDARDS OF CORPORATE GOVERNANCE AND BUILDING STRONG RELATIONSHIPS WITH STAKEHOLDERS.

MASIBULELE DEM (40)

Chief Financial Officer

Appointed 1 July 2017

Masibulele is a Chartered Accountant with extensive financial services experience. He has over 16 years' experience working with leading financial services organisations including KPMG, Barclays, Standard Bank, Mazwe Financial Services and Africa Rising Capital. Previously, Masibulele was the Chief Financial Officer at Mazwe Financial Services.

His expertise includes financial management and investment banking, all skills that provide him with the experience necessary for the role as the CFO of Hulisani.

He is passionate about finance and investments and has a particular interest in the energy sector of Sub-Saharan Africa.

Masibulele holds a BCom from University of Cape Town and a BCom (Honours) from the University of Natal.

Masibulele Dem

DUDU ROSEMARY HLATSHWAYO (54)

Independent Non-Executive Director
Remuneration, Nominations and Human Resources Chairperson

Appointed 11 February 2016

Dudu has over 20 years' solid business management experience across a broad range of areas including corporate finance, business process re-engineering, organisational design, corporate strategy development, business planning, change management, and programme and project management.

She was previously a Partner at Ernst & Young, director in the Corporate Finance Division of Andisa Capital, Product Manager at ABSA Bank, Group Executive at Transnet and Product Manager at Telkom. Dudu also founded management consulting business, Change EQ, in 2006.

Dudu holds a Bachelor of Social Science (Honours) from the University of Cape Town and an MBA from the University of South Africa with a Major in Advanced Corporate Finance.

Dudu Rosemary Hlatshwayo

HARALD SCHAAF (67)

Independent Non-Executive Director
Investment Committee Chairperson
Appointed 14 April 2016

Harald has over 30 years' experience in the development and implementation of power generation projects. He gained this experience leading a diverse range of projects across various continents, while employed by Lahmeyer International and UCI Utility Consultants International for 26 years.

Since 2007, Harald continued his career with EON Technologies and Uniper SE. He is currently the CEO of Uniper Energy Southern Africa (Pty) Ltd, a 100% subsidiary of Uniper SE. His experience includes EPC and contract management, improvement of operation and maintenance, performance improvement on large coal- fired steam and gas turbine power stations.

Harald studied instrumentation control and mechanical engineering, holds a Master of Science degree from the Fachhochschule Osnabrück. He completed a programme for Executive Development at the IMD Lausanne.


Harald Schaaf

PROFESSOR BEN MARX (55)

Independent Non-Executive Director
Audit and Risk Committee Chairperson
Appointed 1 July 2017

Professor Marx is the Head of Department at the Department of Accountancy, University of Johannesburg. His extensive experience includes board governance in general and has served on many committees such as accounting and auditing, corporate governance and sustainability and social and ethics. He is a member of many boards, institutions and associations and has 15 years' extensive practical and commercial experience.


Professor Ben Marx

He qualified as a Chartered Accountant in 1989, obtaining an overall third place. He completed his articles at Deloitte in 1992 and went on to become Senior Lecturer followed by Associate Professor at the University of the Free State, culminating in his current Professorial position at the University of Johannesburg. Professor Marx also holds a Chartered Director (SA) status.

During his career he has received numerous accolades including: The Southern African Accounting Association Accounting Research Award (2011) and The University of Johannesburg Vice Chancellor's Distinguished Educator Award (2011). He was also awarded an honorary membership as Fellow of the Institute of Chartered Secretaries in South Africa in recognition for his contribution to field of governance. Since 2013 he has been a panelist of the CFO of the Year awards in South Africa.

Professor Marx's qualifications include a DCom in Auditing (2009) and an MCompt in Auditing (1993). His Doctoral thesis on Audit and Risk Committees was published internationally in 2010.

ASANDA VUYOLWETHU NOTSHE (38)

Non-Executive Director Social and Ethics Committee Chairperson
Appointed 13 October 2015

As Mazi Capital's Fund Manager, Asanda has an impressive 15 years' financial services experience as a Research Analyst and Portfolio Manager in pensions, banking and investment management.

He was formerly an Actuarial Analyst at Alexander Forbes, Business Analyst at RMB Private Bank and Head of Product Development at Stanlib.

Asanda holds a Bachelor of Business Science in Actuarial Science and is a Fellow of the Institute of Actuaries and The Actuarial Society of South Africa.


Asanda Vuyolwethu Notshe

MALUNGELO HEADMAN ZILIMBOLA (49)

(Alternate to Asanda Notshe)
Non-Executive Director
Appointed 13 October 2015


Malungelo Headman Zilimbola

Malungelo is the founder and Chief Investment Officer of asset management firm Mazi Capital and was CEO of Hulisani until 1 July 2017. Malungelo has more than 17 years of investment management experience working with leading financial services organisations, including Investec and RMB.

Determined to showcase black talent within the financial services industry, he founded Mazi Capital in 2006 as a platform for driving transformation whilst not compromising on excellence and investment returns.

Mazi now has 25 black professionals on the team ranging from actuaries and engineers to accountants and statisticians. The team manages R41 billion in hedge funds, unit trusts and segregated institutional funds. In his capacity as CIO he oversees the investment management and strategic direction of Mazi Capital.

Malungelo holds an Honours degree in Quantity Surveying and Finance.

CORPORATE GOVERNANCE

The board is committed to meeting high standards of corporate governance and building strong relationships with stakeholders.

The board appreciates that its role is to adhere to the highest standards of corporate governance, ethical leadership and sound judgment, which is fundamental to the sustainability of our business. Our business practices are directed to ensure that the best interests of the stakeholders are upheld and are in accordance with the principles of good corporate governance. The board's role is to exercise ethical, effective and reasonable leadership in determining strategy and monitoring business performance.

The board maintains effective control of the business through a governance structure and has established committees to assist it in accordance with the provisions of our Board Charter and in alignment with the King IV Report on Corporate Governance ™ for South Africa, 2016 (King IV™). The board recognises that delegating authority does not reduce the responsibility of directors to discharge their statutory and common-law fiduciary duties in terms of the Companies Act No. 71 of 2008 (Companies Act), JSE Limited Listings Requirements (JSE Listings Requirement) and King IV™.

The board is pleased to report that there have been no material instances of non-compliance or material fines imposed during the year under review. While the board is satisfied with the company's level of compliance in accordance with applicable governance and regulatory requirements, it recognises that the group's practices can always be improved upon, and accordingly the board has and will continue to review the group's governance framework against best practices.

The following directors served during the reporting period:

DIRECTOR	NATIONALITY	APPOINTMENT DATE
Asanda Notshe*	South African	Appointed 13 October 2015
Ben Marx^	South African	Appointed 01 July 2017
Marubini Raphulu#	South African	Appointed 13 October 2015
Malungelo Zilimbola*	South African	Appointed 13 October 2015 (Resigned 22 February 2019 and reappointed as an alternate director to Mr. Asanda Notshe)
Patilizwe Mdoda^	South African	Appointed 11 February 2016
Fhedzisani Modau#	South African	Appointed 11 February 2016 (Resigned 28 February 2019)
Noluthando Gosa^	South African	Appointed 11 February 2016 (Resigned 31 December 2018)
Dudu Hlatshwayo^	South African	Appointed 11 February 2016
Masibulele Dem#	South African	Appointed 01 July 2017
Harald Schaaf^	German	Appointed 14 April 2016

* Non-executive, non-independent ^ Non-executive, independent # Executive

The Board

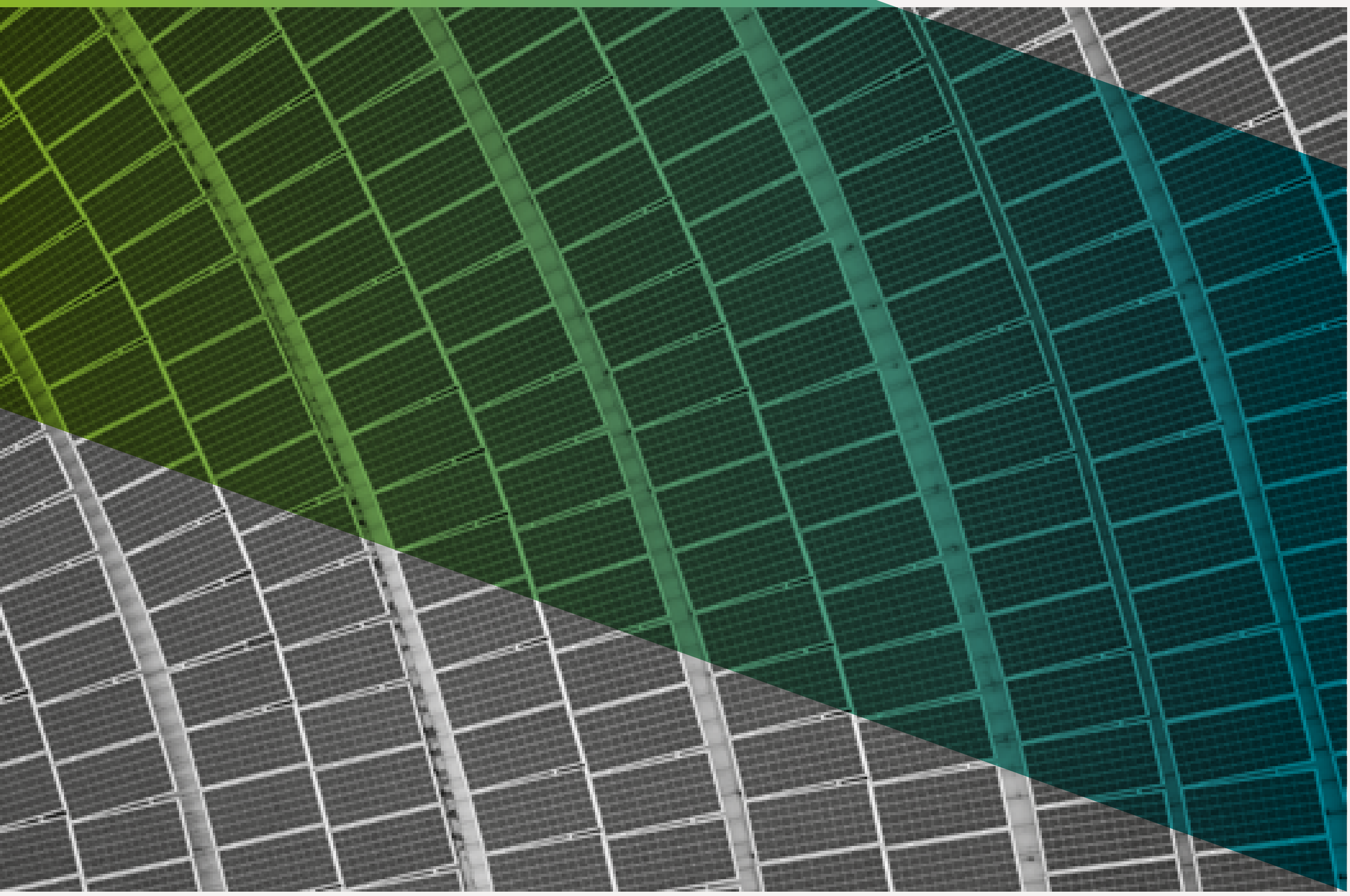
As at 28 February 2019, the board comprised seven directors and is satisfied that there is an appropriate balance of executive and non-executive directors, with the majority of non-executive directors being independent. The board is satisfied that the directors have the relevant knowledge, skills and expertise required to govern the company efficiently. The Board Charter also provides a clear division of responsibilities to ensure a balance of power and authority so that no one director has unfettered powers of decision-making. The Chairperson is responsible for leading the board, ensuring its effectiveness and setting its agenda. The CEO leads the executive team in the operation of the company. The role of the Chairperson and the CEO are held separately.

The board meets at least four times a year to consider the business and strategy of the company. The Board Charter is reviewed annually, to ensure its relevance. Agendas for board meetings are prepared by the Company Secretary in consultation with the Chairperson, the CEO, the CFO and the Head of Legal, Risk and Compliance. Information provided to the board is compiled from external sources, such as independent third-party reports, and internally from minutes and work plans as well as reports. There are no restrictions placed

on a director's access to company information and records. Non-executive directors have access to management and regular interaction is encouraged.

The roles and responsibilities of the board include:

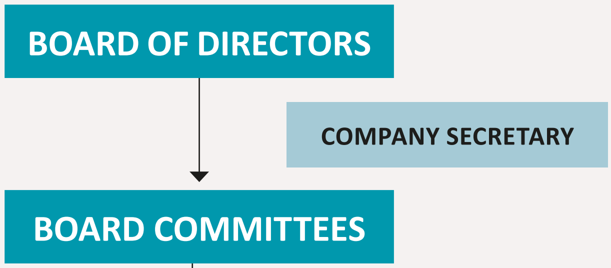
- setting the strategic direction and policy regarding the business and affairs of the company and its controlled entities for the benefit of the shareholders and other stakeholders of the company;
- accounting to shareholders for the performance of the company;
- the appointment, the terms of the appointment, delegation of authority, to review the performance of and removal of the CEO, CFO, any other executive director and the Company Secretary;
- the succession planning for the CEO, CFO and any other applicable executive director and his/her direct reportees;
- business strategy, which includes, *inter alia*, approving and monitoring the strategy, goals, business plans and annual budgets of the company;
- the approval of the capital and operating expenditure budget and any alterations to it;
- the conclusion of an annual board and committee evaluation which is in progress;
- the approval of the annual and interim financial statements, directors' reports, accounting policies, internal and external audit plans, major borrowing or giving of security over assets, the grant of financial assistance to any related or inter-related parties;
- considering and, if appropriate, declaring or recommending the payment of dividends and any other distributions to shareholders, as deemed necessary and appropriate; and
- acceptance of audit reports, including management letters.



Board Committees

The board has established the committees set out in the following diagram, to assist with the balance of power and with effectively fulfilling its responsibilities. Their respective terms of reference set out the committees' roles and responsibilities, functions, scope of authority and composition. Committees report to the board at each board meeting and make recommendations in accordance with its terms of reference.

The focus of the reports that follow is to detail the board's position on matters ranging from governance to administration and is provided to stakeholders with a view to highlighting the board's position and mandate in terms of its overall responsibilities. Details of the matters canvassed by the various committees can be found in their individual reports.



INVESTMENT

Provides oversight of investment related matters including opportunities, acquisitions and mergers that are aligned with the company's strategy.

Chairperson:
Harald Schaaf

AUDIT AND RISK

Provides oversight of the integrated and financial reporting, internal controls, expense and budget variances, regulatory compliance, risk management, the maintenance and safeguarding of assets as well as the financial sustainability of the company.

Chairperson:
Ben Marx

REMUNERATION, NOMINATIONS AND HUMAN RESOURCES

This committee reviews key human resource practices, policies and strategies, monitors talent management and ensures that best corporate governance practices are applied. Ensures that the board is appropriately structured to enable it to execute its functions effectively and focusses on succession planning.

Chairperson:
Dudu Hlatshwayo

SOCIAL AND ETHICS

Monitors the social, economic and environmental activities and reports to the board and stakeholders on its developments and progress.

Chairperson:
Asanda Notshe

Attendance at board meetings

Capacity	Name Of Member	Board	Audit & Risk Committee	Social & Ethics Committee	Remuneration, Nomination and Human Resources Committee	Investment Committee
Chairperson	Patilizwe Mdoda	10/10		1/1	4/4	
Independent non-executive, Chairperson: Investment Committee	Harald Schaaf	9/10	7/7			6/6
Independent non-executive, Chairperson: Audit and Risk Committee	Ben Marx	10/10	7/7			6/6
Independent non-executive, Chairperson: Remuneration, Nominations and Human Resources Committee	Dudu Hlatshwayo (appointed member Audit and Risk 31 January 2019)	8/10	1/7		4/4	4/6
Independent non-executive	Noluthando Gosa (Resigned 31 December 2018)	6/10	4/7	1/1		
Non-executive	Malungelo Zilimbola*	3/10	1/7	1/1		
Non-executive, Chairperson: social and ethics	Asanda Notshe	9/10			3/4	6/6
Executive, Chief Executive Officer	Marubini Raphulu	8/10				
Executive, Chief Financial Officer	Masibulele Dem	10/10				
Executive, Chief Investment Officer	Fhedzisani Modau (resigned 28 February 2019)	8/10				

*Resigned 22 February 2019 and re-appointed as an alternate director to Mr. Asanda Notshe

Board diversity

Gender and race diversity have been identified as a priority for the board and the company adopted a policy on 14 May 2019 (subsequent to the financial year-end) for the promotion of race and gender diversity. The board will focus on its diversity policy, to inform the future appointment of directors in accordance with the JSE Listings Requirements. The board is committed to monitoring the company's performance in meeting the requirements set out in its diversity policy.

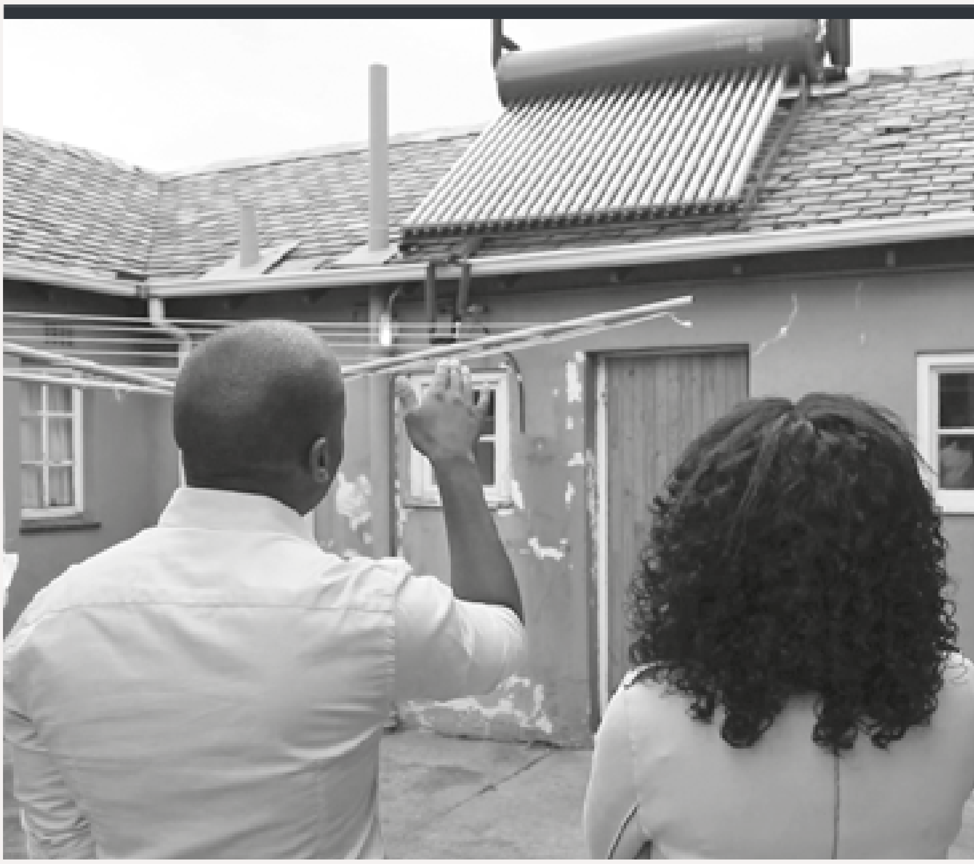
The Board Charter requires diversity at board level. The company's compliance with this principle is evidenced in the composition of its board, where five of the seven directors are black people. The racial diversity policy is annually reviewed by the social and ethics committee and the remuneration, nominations and human resources committee.

Chairperson

The board is chaired by Mr Patilizwe Mdoda, an independent non-executive director, who was appointed to the board on 11 February 2016. Mr Mdoda brings valuable expertise to the board and continues to exercise independent judgement in relation to board matters. The Chairperson of the board is responsible for, *inter alia*, ensuring the integrity and effectiveness of the board's governance processes.

CEO and delegation of authority

Mr Marubini Raphulu was appointed as CEO on 13 October 2015. The board's governance and management functions are linked through the CEO, who is tasked with running the business and implementing the policies and strategies adopted by the board. The role and function of the CEO is formalised, and the board, through the remuneration, nominations and human resources committee, annually evaluates the performance of the CEO against specified criteria. The CEO delegates the appropriate authority to his management team in terms of



defined levels of authority and retains accountability to the board.

Secretarial duties

In August 2018, the board appointed The PaperClip Advisory as the Company Secretary. All directors have access to the services and advice of the Company Secretary, as a support to the board as a whole, and directors individually, by providing guidance on fulfilling their responsibilities as directors to act in the best interests of the company. To achieve these objectives, independent advisory services are retained by the company at the request of the board and its committees. The board remains satisfied with the qualifications, experience and competence of the individuals employed by the Company Secretary. The board is satisfied that an arms length relationship is maintained between the board and the Company Secretary.

The King IV™ Code

The company and the board support and adhere to the governance outcomes, principles and practices in King IV™. The company is committed to effective corporate governance and to conduct the business of the company in a manner which upholds the principles of King IV™. Regular monitoring and reporting on governance structures are presented to ensure corporate governance practices are entrenched and continuously improved. The company currently complies with the principles of King IV™ and this detail is available on our company website at **www.hulisani.co.za**

Responsibility for sustainable development

As an investment holding company, a huge part of our contribution to society comes from our investments in energy and the impact they have on industry and society. As a company, we are actively advancing these principles through our shareholding and voting powers on our entities respective boards, to ensure that we make a significant and positive contribution to the communities in which we invest. Beyond our direct activities, we create and sustain jobs, support education, and help improve welfare for local communities.

The board accepts overall responsibility for the advancement of sustainable development with the assistance of the board committees with the day-to-day responsibilities being delegated to executive management.

We acknowledge that it is important to manage our economic, social and environmental relationships effectively, as this ensures that we continue to create sustainable value by delivering economic value for shareholders and social benefit.

As an investment holding company, we are actively aware of the importance of sustainability and the economic, social and environmental behaviours of the companies we invest in and are conscious to drive the long-term prosperity of the communities where the investments are situated.

The company acquired 66% of RustMo1 Solar Farm (RustMo1) in 2017, which is an independent power producer, situated in Marikana in the North-West Province of South Africa. The Mmaditlhokwa and Lapologang communities are situated within a 10 km radius of the 7MW solar farm. These communities suffer from high poverty levels, with over 40% unemployment, and lack basic infrastructure and services. RustMo1 has been able to leverage its normal business activities in the most effective way to deliver positive developmental outcomes for these two mining communities. Since 2013, RustMo1 has chosen to focus its socio-economic development initiatives within these two mining communities, and over 70% of its employees come from the local communities.

RustMo1 has three areas of focus in supporting the two mining communities. Firstly, the developers of RustMo1 set up a community trust, known as The Momentous Foundation, whereby the community owns 17% of the solar farm, with the beneficiaries being the local communities who would participate in dividends, when declared, of the company over its 20-year lifespan.

The second and core focus is education. The local primary school, Retief Primary School, offers hope to the young children of these communities. RustMo1 has over the years, supported the school with maintenance, infrastructure, painting, lighting, printers and chalkboards and

supports the children with school uniforms, shoes, jerseys and other requests from the school. RustMo1 partnered with the FET College in Rustenburg, where youth from the local communities were sponsored to study engineering.

A more formalised Experience Works Programme (EWP) has since being implemented. The Industrial Development Corporation (IDC) participated in the programme and has provided additional funding. Youth development was identified as a priority by both communities and the EWP was identified as the best option to address youth development. The EWP is a two-phase programme that includes entrepreneurial training as well as access to internship opportunities. Twenty youth have joined the programme, with the hope of finding formal employment or establishing their own businesses.

RustMo1 supports the local community with their basic welfare needs. This includes food and blanket distributions, the construction of a community centre, sponsorship of sports uniforms for the local sports teams and bedding and appliances for the local homes for the elderly and children like Morester and SOS Children's Village.

RustMo1, in collaboration with the Department of Minerals and Energy, the IDC and its other partners, are committed to making a significant difference to the community over the long term.

Therefore, through our core business activities, we make a significant and positive contribution to the communities in which we invest. Beyond our direct activities, we create and sustain jobs, support education, and help improve welfare for local communities.

Assurance

Management is committed to ensuring that the non-financial information provided in this integrated annual report is accurate and correct. It is believed that the expectations reflected in this statement are fair and reasonable, but they may be affected by a wide range of variables that could cause actual results to differ materially from those currently anticipated.

REPORT OF THE REMUNERATION, NOMINATIONS AND HUMAN RESOURCES COMMITTEE

Composition

Ms Dudu Hlatshwayo	Mr Pat Mdoda	Mr Asanda Notshe
Page 57 http://bit.ly/DuduHlatshwayo	Page 56 http://bit.ly/PatMdoda	Page 59 http://bit.ly/AsandaNotshe
Independent non-executive director	Independent non-executive director	Non-executive director
Meeting attendance: 4/4	Meeting attendance: 4/4	Meeting attendance: 3/4

I am pleased to present the report of the remuneration, nominations and human resources committee (Remuneration Committee) of the company for the year under review. The board established the Remuneration Committee to deal with the remuneration and general human resource matters of the company. The role of the Remuneration Committee, having regard to the applicable legislation and sound corporate governance, is to provide guidance and support to the board in fulfilling its responsibilities to stakeholders by ensuring that the employees of the company are appropriately and equitably compensated for their services to the company and kept motivated to perform to the best of their ability in the interests of stakeholders.

In order to align with emerging best remuneration disclosure practices and the King IV™, this report is presented in three parts, namely a background statement from the Remuneration Committee Chairperson, an overview of the Remuneration Policy for senior executives and an Implementation Report describing how payments were made in the year under review.

Introduction

The Remuneration Committee currently has oversight of the nomination committee function as delegated by the board on establishment of the Remuneration Committee, however, due to the increased focus on governance by the board, it was resolved at its meeting of 15 March 2019, to approve the establishment of its own nominations committee, thereby providing the committee with a more focussed approach to remuneration and human resources matters. It is envisaged that the nomination committee will become effective following the company's annual general meeting and as a result the nominations committee function is still within the remit of this Remuneration Committee.

The Remuneration Committee regularly reviewed the composition of the board and its committees. The Remuneration Committee had in addition, assessed the appointments to the Board.

As a company, learnings have emerged over the past year which have led to foundational remuneration principles being implemented such as the introduction of a new company scorecard which will be dovetailed with the performance management processes and assessed against:

- financial sustainability;
- stakeholder and customer management;
- business process optimisation and execution;
- continuous innovation and learning; and
- corporate governance and fiduciary responsibility.

Being a good corporate citizen forms part of each employee's performance contract as the fifth element of the group's scorecard, "corporate governance and fiduciary responsibility". At management level these objectives have a direct link to remuneration.

The Remuneration Committee is guided by its terms of reference which was approved by the board on 14 May 2019 and had been drafted in accordance with article 43 of the company's memorandum of incorporation and section 72 of the Companies Act. The terms of reference take into consideration the provisions of King IV™. The company has largely complied

with its terms of reference and will be required to improve in this area with more focus on remuneration matters, given the board's approval to establish its own nominations committee.

Remuneration Committee Membership

The Remuneration Committee met four times in the past year and comprises three members, with the majority of members being independent. The CEO and the Head of Legal, Risk and Compliance are standing invitees at Remuneration Committee meetings and, given the size of the company, a decision was taken to include the CFO as an additional invitee to the meeting.

Highlights

During the year under review the Remuneration Committee considered, *inter alia*, matters relating to:

- a remuneration philosophy which took into consideration the remuneration strategy of the company and best practice scenarios in remuneration. The report was provided by 21st Century, a specialist remuneration consultancy, which had purposefully provided broad guidelines to the Remuneration Committee to allow the committee to determine the company's practices and arrive at satisfactory metrics which were essential for defining executive remuneration. Following robust debate, the Remuneration Committee resolved to keep the remuneration philosophy that had been approved by the board on 31 May 2017;
- a comprehensive company scorecard with a five-year plan and a proposed structure for the company which would position and capacitate the company was approved by the board. The Remuneration Committee concluded a robust review of the scorecard and the associated weighting to foster the enhanced accountability to remuneration;
- consideration of employment contracts and performance management agreements against the scorecards which would allow for a tiered remuneration and reward structure. This was approved and would ensure that the remuneration of executive management

was fair and responsible;
- a performance management policy that was recommended and approved by the board;
- the appointment of an internal audit function to enable an effective control environment, to support the integrity of information used for internal decision-making by management, the board, its committees and to support the integrity of the organisation's external reporting.
- the evaluation of members for board committee appointments.
- board changes and appointments.
- an assessment on the independence of the Board.
- the CEO's performance appraisal.
- the proposed reward structure for 2019 which took into consideration the market practices and benchmarks.
- a comprehensive review of the delegation of authority framework. This was reviewed and considered and was approved by the board.
- the review of the company's organisational alignment which entailed a review of the work concluded on a day to day basis against the business strategy and how this could be optimally achieved.
- an updated vision and mission statement of the company; and
- a detailed workplan to guide matters of discussion and approval during the company's reporting period. This was approved and would be considered at each meeting to ensure that it remains relevant.

Our 2018 remuneration policy and implementation report were well received by shareholders and both achieved a non-binding advisory vote of 88% in favour at the 2018 AGM. We will place our 2019 remuneration policy and the implementation report to two separate non-binding advisory votes at our AGM. If the remuneration policy or implementation report is voted against by 25% or more of the votes exercised at the AGM, Hulisani will, in its voting results announcement, pursuant to the JSE Listings Requirements, extend an invitation to dissenting shareholders to engage with the group.

In the year ahead, management has received a clear mandate from this Remuneration Committee in terms of areas of focus and improvement. This report has been approved by the board on the recommendation of the Remuneration Committee.

Dudu Hlatshwayo
Remuneration, Nominations and Human Resources Chairperson

Remuneration Policy

The company is guided by the following key remuneration principles in aligning employee behaviour with its strategic objectives. Our remuneration philosophy, policy and framework for the current year is set with the intention of ensuring the achievement of the company's objectives and the sustainable long-term performance of the company, to reward directors and senior management and align with shareholder's interests.

The company is on the Total Guaranteed Package (TGP) method of payment for executive management. This is referred to as guaranteed pay. A competitive salary is provided to all employees to ensure their experience, contribution and appropriate market comparisons are fairly reflected and applied.

- Base salary is defined as 85% of the Total Guaranteed Package.
- The TGP of employees is increased in March of each year in accordance with country CPI and individual performance.

The short-term incentives (STI) are performance based and measured against pre-determined objectives which depend on the level and focus of the role and are derived from company metrics plus individual performance metrics which are set annually.

- The CEO and executive directors' bonuses will be determined based on 80% on company performance metrics and 20% on the committee's approved individual key performance indices.
- Senior Managers' bonuses will be determined based on 70% on company performance metrics and 30% on CEO approved individual key performance indices.
- Participation in the STI is at the committee's discretion for executive and senior management and participation in any other bonus scheme for employees is at the company's discretion.

Long-term incentives (LTI) are granted annually to employees in Executive and senior management roles only.

LTI awards will typically be in the form of performance vesting restricted stock with a three-year vesting period. LTI grants are subject to business performance metrics being met and approval by the committee. LTI metrics are set annually in line with the business strategy and shareholder requirements.

The LTI grants allocated on an annual basis are therefore typically:

- CEO: 40-80% of annual base salary;
- CFO: 35-70% of annual base salary;
- Chief Investment Officer: 35-70% of annual base salary;
- Executive committee members: 30-60% of annual base salary; and
- Senior management: 20-40% of annual base salary.

The company uses pay ranges which cover each level in the location in which jobs are situated. Each level is divided into an upper, middle and lower section and a pay range is constructed for each.

Pay ranges represent the level of compensation paid to similar positions in the market. The median (50th percentile) of market comparators becomes the midpoint of the company pay range and the minimum and maximum of the range is informed by the lower and upper market quartile.

An individual promoted to a particular position entering the appropriate range for that position typically receives a salary towards the minimum of the range.
Over time as they approach full competency, they move toward the midpoint through annual salary awards (typically three to four years).

To ensure that executive and shareholder objectives are aligned, a minimum shareholder requirement (MSR) applies to all executive committee members on the following basis:

- Within four years of appointment (or the introduction of the rule for existing executives), executive directors are required to accumulate company shares to the value of 50% of net annual base salary.

- Within seven years of appointment (or the introduction of the rule for existing executives), executive directors are required to accumulate company shares to the value of 100% of net annual base salary.

Remuneration Structure

These remuneration principles are attained through the appropriate mix of guaranteed fixed remuneration and variable performance-related remuneration, which is further divided at a management level into short-term incentives (with a one-year performance period) and long-term incentives (with a minimum three year performance period).

Summary of executive remuneration structure

Component	Type	Objective
Guaranteed Package • Base pay • Insured benefits • Travel allowance	Fixed and paid monthly	• To recruit and retain high calibre management. • Reflects scope and nature of the role, expertise required and market value.
Short Term Incentive (STI)	Variable and paid annually	• Linked to attainment of both financial and non-financial targets against strategic priorities. • Motivates and rewards accomplishment of annual performance objectives that align the interests of the company; the company and personal performance.
Long Term Incentive	Variable and awarded annually	• Stimulates achievement of long-term business targets to align with shareholder interests. • Ensure management have a vested interest in the long-term business performance and leads to the retention of executive talent.

Remuneration Structure	Purpose and link to Strategy	Operation
Total Guaranteed Package	To attract and retain the best talent	• Remuneration is contractually guaranteed to the employee and is paid on a monthly basis. • TGP does not include retirement and medical benefits. • TGP salary levels are positioned between the median and upper 75% percentile of benchmarking surveys. • Reflects individuals' competence and skills and the scope and nature of the role. • Annual Increases take place in March each year.
Variable Pay	To drive a high-performance culture	• Variable pay is that remuneration which is not guaranteed to eligible employees and which payment is dependent on the achievement of specific criteria at an individual employee and business level. • Variable pay takes the form of a STI.
Short- term Incentive (STI)	To support and reinforce desired behaviour and delivery at all levels. Motivates and rewards achievement of business and individual performance. Keeps employees focused on the defined business imperatives.	• The STI is performance based and measured against pre-determined objectives which, depending on the level and focus of the role, are directly linked to the business, strategic and individual performance. • Reviewed annually to ensure measures and weighting drive the right behaviours and support the business strategy. • Short-term bonus incentives payable to eligible employees, range between 10% and 45% of the total annual TGP. • Bonuses payable are purely discretionary and are determined annually after reviewing the performance of the company.
Long Term Incentive (LTI)	Drives sustainable longer-term performance. Retention of key skills by linking performance to long term value creation.	• The company's LTI is the Conditional Share Appreciation Rights Scheme (SARS). • The objectives of the SARS are to, *inter alia*, drive the longer term strategic and sustainable performance of the company and to motivate participants to achieve the strategic objectives, thereby aligning shareholder and management interests to create a partnership culture. • Long term incentives are granted annually to employees in Executive and Senior Management roles only and are subject to business performance metrics being met, as well as the approval of Remuneration Committee and the board. Long-term incentive awards will be in the form of performance-vesting restricted stock over a five-year vesting period, with the first tranche of SARS vesting after a two-year period, subject to the vesting criteria being met. The conditional awards of SARS will be subject to company performance conditions including total shareholder return and return on investment. • The total allocations under the long-term incentive plan (LTIP) scheme over the life of scheme will be limited to a cap of 5% of issued share capital. Awards are subject to malus of unvested shares and clawback of vested shares in the case of a material misstatement of results or any wrongdoing discovered after the fact by the Executive or Senior Manager concerned. Participation in the LTIP is at Remuneration Committee and company discretion.

Implementation Report

The disclosures conclude the remuneration paid to the non-executive directors in the year under review.

Attendance fees have been paid to the directors of the company for the ad-hoc meeting that was called in addition to the scheduled meetings, on the basis of the ad-hoc fee as approved by shareholders at the 2018 annual general meeting. In line with best governance practices, the non-executive directors do not participate in any of the group's short or long-term incentive fees nor do they earn any consultancy fees or have any service contracts with the company.

Non-executive directors fees

Fees paid to non-executive directors by the company and its subsidiaries – during 2019 financial year

	Subsidiaries and trust fees R'000	Director's fees R'000	Committee fees R'000	Total 2019 R'000
Non-executive directors*	R0	R1 801	R1 590	R3 391

*Amounts are inclusive of VAT

Independent non-executive directors

The disclosures conclude the remuneration paid to the independent non-executive directors in the year under review. Fees were only paid to independent non-executive directors.

	Board		Audit & Risk Committee		Remuneration, Nomination and HR Committee		Investment Committee		Social and Ethics		Special Committee	Total
	Base fees	Attendance fees	Base fees	Attendance fees	Base fees	Attendance fees	Base fees	Attendance fees	Base fees	Attendance fees		
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Phatilizwe Mdoda	111	413		19	26	65			17	16	32!	699
Harald Schaaf	72	239	61	133		16	70	152			38+	780
Ben Marx	72	266	70	152			61	133			43+	796
Noluthando Gosa*	60	186	51	76					15	17	32!	436
Dudu Hlatshwayo^	82	263		19	35	100	70	109				679#
Total	**397**	**1 367**	**183**	**398**	**61**	**181**	**202**	**393**	**32**	**32**	**145**	**3 391**

The Audit & Risk Committee fee paid to Phatilizwe Mdoda has since been recovered as the policy is unclear in relation to independent non-executive director invitees.

* resigned with effect 31 December 2018

^Appointed audit and risk committee member with effect from 31 January 2019

! Attended in their capacity as members of the social and ethics committee

+ Attended in their capacity as members of the audit and risk committee

- Determined according to committee membership

Includes VAT

Non-executive director's fees for 2019/2020^

Rands	2018/2019		Proposed 2019/2020	
	Base fee	Attendance fee per meeting	Base fee	Attendance fee per meeting
Services as directors – fees				
– Chairperson of the board	111 300	41 340	116 409	43 238
– members of the board	71 519	26 564	74 802	27 783
Audit and risk committee fees				
– Chairperson	70 000	21 667	73 213	22 662
– members	61 250	18 958	64 061	19 828
Remuneration and HR committee fees				
– Chairperson	35 000	21 667	36 607	22 662
– members	26 250	16 250	27 455	16 996
Investment committee fees				
– Chairperson	70 000	21 667	73 213	22 662
– members	61 250	18 958	64 061	19 828
Social & ethics committee fees				
– Chairperson	17 339	16 101	18 135	16 840
– members	16 984	15 771	17 764	16 495
Nomination committee fees				
– Chairperson	35 000	21 667	36 607	22 662
– members	26 250	16 250	27 455	16 996

*Members are paid an attendance fee for ad-hoc meetings.

^Excluding VAT

These fees together with the remainder of the board and committee fees will be presented to shareholders for approval. In addition, shareholders are requested to approve an escalation rate of no more than 10% for the two following years and an ad hoc hourly fee for additional/ad hoc meetings.

Executive directors

The disclosures conclude the remuneration paid to the executive directors in the year under review.

	Total Guaranteed Package R'000	Bonus R'000	Total R'000	LTI^ R'000
CEO	2 989	86	3 075	5 472
CFO	2 195	86	2 280	3 033
CIO*	2 296	86	2 382	3 033
	7 479	**258**	**7 737**	**11 539**

* resigned with effect 28 February 2019

^ Vesting over 4 years from the issue date of February 2018.

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

Composition:

Mr Asanda Notshe	Mr Patilizwe Mdoda	Mr Masibulele Dem
Page 59 http://bit.ly/AsandaNotshe	Page 56 http://bit.ly/PatMdoda	Page 57 http://bit.ly/MasibuleleDem
Non-executive director	Independent non-executive director	Executive director
Meeting attendance: *0/1	Meeting attendance: 1/1	Meeting attendance: *0/1

*appointed on 15 March 2019

I am pleased to present the first report of the social and ethics committee (the SE Committee) of the company in my capacity as the committee Chairperson. The main purpose of the committee is to assist the board in ensuring that the company is and remains a responsible corporate citizen by overseeing the sustainability and development of its performance.

Introduction

The SE Committee is guided by its terms of reference which was approved by the board on 26 March 2018. The company has satisfactorily complied with its terms of reference. The SE Committee was established in terms of section 72(4) and regulation 43 of the Companies Act. The functions of the SE Committee are threefold namely, to:

- monitor the activities of the company by having regard to the applicable legislation, codes of best practice and any legal requirements as specified;
- report to the board on matters within its mandate; and
- report to the company shareholders on matters within its mandate at the annual general meeting.

The role of the SE Committee has been expanded to encompass the provisions in King IV™, which requires that, in addition to its oversight of the management of ethics, it is also required to have oversight on the reporting of organisational ethics, responsible corporate citizenship, sustainable development and stakeholder relationships.

Committee membership

In addition to the members reflected above, executive management are standing invitees to the SE Committee and are represented by the CEO, CFO and the Head of Legal, Risk and Compliance.

I have taken over the leadership of this SE Committee from Ms Noluthando Gosa who resigned on 31 December 2018 and would like to thank her for her valued contributions made to the SE Committee. We have also seen the resignation of Mr Malungelo Zilimbola as a member and would like to thank him for his contribution to the SE Committee. In light of Mr Zilimbola's resignation, we welcome Mr Masibulele Dem as a member. The recommended practice as highlighted in King IV™ is that a majority of members should be non-executive members of the board so as to ensure that independent judgement is brought to bear and we would like to confirm that, as such we are compliant with the practice.

Mandate

The SE Committee Chairperson reports to the board following each meeting and to shareholders at the company's annual general meeting on matters in accordance with the approved terms of reference. In fulfilling its mandate, the SE Committee met once during the year under review to consider the company policies such as the labour and employment policies, the grievance policy and the leave policy. In addition, the SE Committee approved the adoption of an annual work plan to guide matters of discussion which would be considered at each meeting to ensure that it remains relevant.

Highlights

- The company remains committed to the advancement of matters relating to broad-based black economic empowerment (B-BBEE) and continues to make advancement in this area. The company adopted a policy that would provide that the company procures services from entities with a B-BBEE status 2 and above unless extenuating factors determine otherwise.
- The company adopted a policy compelling the company to include the occupational, health, safety and environmental compliance and status of investee companies in the due diligence phase of each transaction.
- The SE Committee and the audit and risk committee were jointly mandated by the board to investigate the approval of the company's investment into Legend Power Solutions and the authorisation of the payment by the company of a sponsor fee to Nibira Proprietary Limited, both of which had formed the basis of a reportable irregularity that was reported by our external auditors last year. Following robust debate and a tremendous effort by the SE Committee members, a resultant recommendation which sought to enhance the control environment was provided to the board and was approved. There are now significant improvements in controls with the finance and legal departments having been capacitated and

risks are better managed. A subsequent letter was received by our external auditors, PWC, confirming that significant improvements in controls were demonstrated.

- The introduction of a new company scorecard was approved by the board, and being a good corporate citizen, forms part of each employee's performance contract as the fifth element of the group's scorecard, "corporate governance and fiduciary responsibility". At management level, these objectives have a direct link to remuneration.
- A process is underway by the management team to implement an environmental, social and governance framework to be complied with. The framework will be presented to the committee within the 2019/2020 financial year, prior to the adoption and implementation of the policy.
- A corporate social investment strategy has been devised and will be presented for approval to the SE Committee. The strategy aims to facilitate the contribution by the company to the upliftment and the improvement of previously disadvantaged communities within which the company operates.
- The SE Committee is committed to the advancement of gender and race diversity and has approved a policy for recommendation to the board.

Statutory responsibilities

The SE Committee monitors:

1. Social and Economic Development, with a focus on:
    - the United National Global Compact Principles and Sustainable Development Goals. The ten universally accepted principles focus on human and labour rights, environmental responsibility and anti-corruption;
    - the Organisation for Economic Co-operation and Development (OECD) guidelines recommendations regarding corruption;
    - the prescripts of the Employment Equity Act; and
    - the Broad-Based Black Economic Empowerment Act.
2. Good corporate citizenship, ensuring that the company:
    - promotes equality, prevents unfair discrimination and reduces corruption; and
    - partakes in community development and keeps records of sponsorship donations and charitable donations.
3. The environmental, health and safety concerns with a focus on the impact of the company's activities on its products or services.
4. Consumer relations, taking into consideration the company's advertising, public relations and compliance with consumer protection laws.
5. Labour and employment - this refers to the company's standing in relation to the International Labour Organisation Protocol on decent work and working conditions; and educational development of employees.

As part of our duties, we reviewed the company's progress in addressing the requirements of the UN Global Compact Principles and the OECD Guidelines; as well as the company's performance and strategy in terms of sustainable development and these have been factored into the company's corporate scorecard.

Regulatory aspects

On account of the unforeseeable delays caused by the external auditors, PricewaterhouseCoopers Inc. in its consideration of the reportable irregularity it identified, the company was unable to submit its annual report within the four-month period stipulated in the JSE Listings Requirements. Consequently, the JSE issued a notice requiring the company to submit its annual report by 31 July 2018. The company submitted its annual report by 31 July 2018. The SE Committee has impressed upon the executive management the importance of statutory compliance and that the executive management should better manage all stakeholders having an impact thereon.

Conclusion

Overall, the SE Committee is satisfied that there were no significant areas of risk with regard to the matters to be addressed by the committee in terms of statute and the provisions of its terms of reference other than set out in this report.

Furthermore, the company is pleased to report that there have been no material instances of non-compliance or material fines imposed during the year under review. Accordingly, the committee is comfortable that the company operated in the year under review as a socially responsible corporate citizen demonstrating an ongoing commitment to sustainable development.

Responsible corporate citizenship will be required to be inherent in our business practices and in management's enduring commitment to create value for all its stakeholders and will remain a principle that will be built upon in the year ahead.

Asanda Notshe
Social and Ethics Chairperson

REPORT OF THE INVESTMENT COMMITTEE

Composition

Mr H Schaaf	Ms D Hlatshwayo	Prof B Marx	Mr A Notshe
Page 58	Page 57	Page 58	Page 59
http://bit.ly/HaraldSchaaf	http://bit.ly/DuduHlatshwayo	http://bit.ly/ProfessorMarx	http://bit.ly/AsandaNotshe
Independent non-executive director	Independent non-executive director	Independent non-executive director	Independent non-executive director
Meeting attendance: 6/6	Meeting attendance: 4/6	Meeting attendance: 6/6	Meeting attendance: 6/6

The Investment Committee was established on 18 May 2018 in response to the company's burgeoning project pipeline and the concomitant investment activity.

Its mandate is to robustly consider and interrogate the suitability, viability and feasibility of investment proposals in accordance with the company's shareholder-approved Investment Policy. The Investment Policy sets the investment parameters within which the deliberations of the Investment Committee should be undertaken, which include the following:

- **Energy Assets** – Hulisani may invest in any form of energy generation asset such as solar, wind, gas, geothermal, hydrogen, hydroelectric and biomass energy as well as gas-to-power and clean coal energy. Hulisani may also invest in energy distribution and transmission infrastructure and energy value chain assets. Additionally, except during the portfolio building process, no one asset will constitute more than 15% of the portfolio.
- **Stage of Investments** – Hulisani may invest in both operational and advanced developmental stage projects (i.e. bid-ready projects). The minimum requirement for advanced developmental stage and operational

projects, amongst others, is a signed definitive PPA by either Eskom Holdings SOC Limited or another Investment Grade buyer.

- **Key Characteristics** – The energy assets into which Hulisani invests should meet the following minimum criteria: predictable cash flows; inflation-linked cash flows; strong management team.
- **Geographic Scope** – In the short term, Hulisani shall target energy assets located in South Africa and greater sub-Saharan Africa but will look to other emerging markets in the medium to long term.
- **Investment Horizon** – The company targets long-term investment (i.e. more than 10 years or such other time horizon that would bear reference to the remaining underlying PPA of the project).
- **Ownership** – Although there are no specific ownership targets, the company may not invest without a board seat in the underlying investee company.

The Investment Committee's investment process demands that all proposed projects submitted to it for consideration are first evaluated by management and then subjected to an external due diligence investigation. Under the guidance of the company's Delegation of Authority policy, the Investment Committee is empowered to either reject or approve investment proposals or recommend the same to the board for its final approval.

Committee membership

The Investment Committee comprises four members, with the majority being independent non-executive directors as highlighted above. The CEO and the Chief Investment Officer are invitees to the meeting. The committee met six times during the year under review.

The year under review

Having regard to the above, the Investment Committee has effectively discharged its duties in terms of its mandate and responsibilities and has had the requisite oversight of management's proposals which are considered in context of the company's strategy, Delegation of Authority policy and Investment policy.

Potential investment and project development opportunities presented to the Investment Committee were reviewed and areas for further clarification during a due diligence process were identified. No final investment decision was made during the period.

Harald Schaaf
Investment Committee Chairperson

SHARE CAPITAL

The authorised and issued share capital of the company remained unchanged during the year under review. At the reporting date, the shareholders holding more than 5% were:

Government Employment Pension Fund	35%
Eskom Pension and Provident Fund	11%
Alexander Forbes Investment Ltd	6%

External auditors

PricewaterhouseCoopers Inc. continued in office as auditors for the company and its subsidiaries for 2019.

Business address:

PricewaterhouseCoopers Inc.
4 Lisbon Lane
Waterfall City
Jukskei View
2090

Secretary

The Company Secretary is The Paperclip Advisory. The Company Secretary was appointed during the financial year under review as the services of ER Goodman Secretarial Services (Pty) Ltd ceased.

Business address:

Broadacres Spaces
Willow Wood Office Park
Cnr 3rd Avenue and Cedar Road
Broadacres Park
Fourways
2146

Directors

The directors in office at the date of this report are as follows:

Directors	Designation	Nationality	Changes
PC Mdoda (Chairperson)*	Non-executive independent	South African	
NP Gosa*	Non-executive independent	South African	Resigned 31 December 2018
DR Hlatshwayo*	Non-executive independent	South African	
AV Notshe#	Non-executive	South African	
HH Schaaf*^	Non-executive independent	German	
MH Zilimbola#	Non-executive	South African	Resigned 22 February 2019, and reappointed as alternate director on 26 February 2019
B Marx*	Non-executive independent	South African	
ME Raphulu (CEO)	Executive	South African	
MP Dem (CFO)	Executive	South African	
MF Modau (Chief Investment Officer)	Executive	South African	Resigned 28 February 2019

* Independent Non-executive
# Non-independent Non-executive
^ German

COMPANY SECRETARY'S CERTIFICATION

In terms of Section 88(2)(e) of the Companies Act 71 of 2008, as amended, I certify that the group has lodged with the Commissioner all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

The PaperClip Advisory, Secretaries
Per: **J Govender**
(Company Secretary)

REPORT OF THE AUDIT AND RISK COMMITTEE

Composition

Prof B Marx	Ms D Hlatshwayo	Mr H Schaaf
Page 58 http://bit.ly/ProfessorMarx	Page 57 http://bit.ly/DuduHlatshwayo	Page 58 http://bit.ly/HaraldSchaaf
Independent non-executive director	Independent non-executive director	Independent non-executive director
Meeting attendance: 7/7	Meeting attendance: 1/7*	Meeting attendance: 7/7

*Appointed to the committee on 31 January 2019.

We are pleased to submit the audit and risk committee (Audit Committee) report for the year ended 28 February 2019, as required by the Companies Act and recommended by King IV™. The company's audit and risk committee is a committee of the board and in addition to having specific statutory responsibilities to the shareholders in terms of the Companies Act, it assists the board through advising and making submissions on financial reporting, oversight of the risk management process and internal financial controls, external audit functions and statutory and regulatory compliance of the company.

Committee membership

The Audit Committee met seven times in the past financial year and comprises three members, with all members being independent non-executive directors as highlighted above. The CEO, the CFO, Head of Legal, Risk and Compliance and the external auditors, PricewaterhouseCoopers Inc. are standing invitees at meetings. During the year under review, we also welcomed Ms Hlatshwayo as a member, following the resignation of Ms N Gosa. We would like to take the opportunity to thank Ms Gosa for her valued contributions to the Audit Committee. We look forward to the solid experience that Ms Hlatshwayo brings to the Audit Committee.

All members have the requisite financial skills and experience to contribute to the Audit Committee's deliberations. The members were nominated by the board for re-election at the 2019 AGM. Their abridged resumés are included in this report.

Report for the period under review

The Audit Committee is satisfied that it has complied with its legal, regulatory and other responsibilities and that it has discharged its functions in terms of its terms of reference as ascribed to it in terms of S94(7) of the Companies Act as follows:

- Reviewed the 2019 annual financial statements and the significant matters culminating in a recommendation to the board to adopt them.
- Reviewed the significant matters which were based on the external auditor's professional judgement and considered most significant in the audit of the consolidated and separate financial statements of the period under review. These matters were addressed in the context of the audit of the consolidated and separate financial statements as a whole and related to the valuation of the loan to Legend Power Solutions Proprietary Limited and expected credit losses on loans and receivables.
- Took appropriate steps to ensure that the financial statements were prepared in accordance with the JSE Listings Requirements and proactive monitoring of financial statements, International Financial Reporting Standards and the Companies Act, and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.
- Reviewed the appropriateness of the going concern basis in preparing the annual financial statements.
- Considered, and where appropriate, made recommendations on internal financial controls.
- Requested from PwC the information detailed in paragraph 22.15(h) of the JSE Listings Requirements in the company's assessment of the suitability for appointment of PwC as the external auditor of the company and Mr Sizwe Masondo as the designated individual partner.
- The committee, having considered the assessment on its external auditors have agreed to recommend that the external auditors continue in office until the conclusion of the next AGM, noting that Mr Sizwe Masondo is the appointed individual registered auditor and member of PwC.
- Considered and approved the audit fees payable to the external auditors for the year ended 28 February 2020.
- Confirmed that no reportable irregularities were identified and reported by the external auditors in terms of the Auditing Profession Act.
- Performed the committee's functions for identified subsidiaries within the group as contemplated in S94(7) of the Companies Act.
- Reviewed the external audit report on the annual financial statements.
- Ensured that the company has established appropriate financial reporting procedures and that those procedures are operating.
- Evaluated the effectiveness of the risk management process and controls.

To ensure that matters are openly and thoroughly discussed, the Audit Committee meets independently with management and the external auditors and serves as link between the board and the external auditors.

During the year under review, the Audit Committee did not receive any complaints relating to the accounting practices, the content or the audit of the financial statements or any such related matters.

Expertise and experience of the Chief Financial Officer

As required by paragraph 3.84(g) of the JSE Listings Requirements, the Audit Committee has satisfied itself that the CFO, Masibulele Dem, has the appropriate experience and expertise. The Audit Committee has also satisfied itself regarding the experience, expertise and resources of the finance function.

Internal audit function

During the year under review, the Audit Committee deliberated on the appointment of an internal audit function and a request for proposal, with defined criteria, was submitted inviting external medium tier firms to apply for the position. The Audit Committee is in the process of interviews and discussions with the applicants with a view to making an appointment in the year ahead. The appointment of an internal audit function is to enable an effective control environment, to support the integrity of information used for internal decision-making by management, the board, its committees and to support the integrity of the organisation's external reporting.

Comments on key audit matters addressed by external auditor's report

The external auditors have reported on two key audit matters in respect of their 2019 audit, being: the valuation of a loan to Legend Power Solutions Proprietary Limited and expected credit losses on loans and receivables.

Both of these key audit matters related to material financial statement line items and required judgement and estimates to be applied by management. The Audit Committee assessed the methodology, assumptions and judgements applied by management in dealing with each of the key audit matters. Furthermore, the committee discussed the key audit matters with the external auditors to understand their related audit processes and views. Following our assessment, we were comfortable with the conclusions reached by management and the external auditors.

Looking forward

The company's financial controls, risk management and governance processes ensure a strong control environment for the company in which to operate. The company is committed to building a better future within the energy industry. We have reviewed expertise, resources and the experience of the company's CFO and financial function and are satisfied that these requirements are adequate for the forthcoming year.

Sustainability reporting

As an investment holding company, we are acutely aware of the importance of sustainability, economic, social and environmental behaviours of companies we invest in and are conscious to drive the long-term prosperity of the communities in which our investments are situated. The Audit Committee is comfortable that the company operated in the year under review as a socially responsible corporate citizen demonstrating an ongoing commitment to sustainable development as reported in the social and ethics committee report.

Professor Benjamin Marx
Audit and Risk Committee Chairperson

ANNUAL FINANCIAL STATEMENTS

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 28 FEBRUARY 2019

		Group	
		2019	**2018**
	Note(s)	**R '000**	**R '000**
Assets			
Non-current asset			
Property, plant and equipment	**9**	125,771	133,914
Intangible assets	**10,11**	145,965	152,830
Investments in associates	**5**	118,829	148,810
Investment at fair value through profit and loss	**6**	76,786	75,143
Loans receivable	**7**	10,127	-
Investment at amortised cost	**8**	19,276	-
Financial asset at fair value through other comprehensive income	**8**	-	8,961
		496,754	**519,658**
Current Assets			
Trade and other receivables		22,475	29,140
Cash and cash equivalents		31,697	35,517
		54,172	**64,657**
Total Assets		**550,926**	**584,315**
Equity and Liabilities			
Equity			
Stated capital		500,000	500,000
Non-distributable reserves		-	773
Accumulated loss		(165,093)	(122,874)
Equity attributable to equity holders of parent		334,907	377,899
Non-controlling interest		30,370	34,625
		365,277	**412,524**
Liabilities			
Non-Current Liabilities			
Long term borrowings	**12**	110,895	121,692
Deferred tax liability		39,616	35,814
		150,511	**157,506**
Current Liabilities			
Trade and other payables		15,382	3,722
Borrowings	**12**	11,470	10,563
Dividend payable		3,247	-
Bank overdraft		5,039	-
		35,138	**14,285**
Total Liabilities		**185,649**	**171,791**
Total Equity and Liabilities		**550,926**	**584,315**

SUMMARISED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 28 FEBRUARY 2019

		Group	
		2019	**2018**
	Note(s)	**R '000**	**R '000**
Revenue		50,371	37,378
Other income		17	977
Operating gains /(losses)		1,593	(25,055)
Operating expenses		(73,303)	(57,699)
Impairment loss		-	(60,299)
Operating loss		**(21,322)**	**(104,698)**
Investment income		7,485	10,107
Finance costs		(14,863)	(12,298)
Share of the loss from equity accounted investments	**5**	(5,911)	(6,492)
Loss before taxation		**(34,611)**	**(113,381)**
Taxation		(3,797)	(2,463)
Loss for the year		**(38,408)**	**(115,844)**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Changes in the fair value of available-for-sale financial asset		-	773
Other comprehensive income for the year		**-**	**773**
Total comprehensive loss for the year		**(38,408)**	**(115,071)**
Loss for the year attributable to:			
Owners of the parent		(40,475)	(116,864)
Non-controlling interest		2,067	1,020
		(38,408)	**(115,844)**
Total comprehensive loss attributable to:			
Owners of the parent		(40,475)	(116,091)
Non-controlling interest		2,067	1,020
		(38,408)	**(115,071)**
Basic and diluted loss per share (c)	**15**	**(81)**	**(234)**

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 28 FEBRUARY 2019

28 February 2019	Stated capital R '000	Non-distributable reserves R '000	Accumulated loss R '000	Total attributable to equity holders of the company R '000	Non-controlling interest R '000	Total equity R '000
Group						
Balance at 01 March 2017	**500,000**	**-**	**(6,010)**	**493,990**	**-**	**493,990**
Loss for the year	-	-	(116,864)	(116,864)	1,020	(115,844)
Other comprehensive income	-	773	-	773	-	773
Total comprehensive loss for the year	**-**	**773**	**(116,864)**	**(116,091)**	**1,020**	**(115,071)**
Dividends paid	-	-	-	-	(5,027)	(5,027)
Business combinations	-	-	-	-	38,632	38,632
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**33,605**	**33,605**
Opening balance as previously reported	**500,000**	**773**	**(122,874)**	**377,899**	**34,625**	**412,524**
Adjustments						
Change in accounting policy (Note 2)	-	(773)	(1,744)	(2,517)	-	(2,517)
Balance at 01 March 2018 as restated	**500,000**	**-**	**(124,618)**	**375,382**	**34,625**	**410,007**
Loss for the year	-	-	(40,475)	(40,475)	2,067	(38,408)
Total comprehensive loss for the year	**-**	**-**	**(40,475)**	**(40,475)**	**2,067**	**(38,408)**
Disposal of a subsidiary	-	-	-	-	272	272
Dividends	-	-	-	-	(6,594)	(6,594)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**(6,322)**	**(6,322)**
Balance at 28 February 2019	**500,000**	**-**	**(165,093)**	**334,907**	**30,370**	**365,277**

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 28 FEBRUARY 2019

		Group	
		2019	**2018**
	Note(s)	**R '000**	**R '000**
Cash flows from operating activities			
Cash (used in)/generated from operations		11,044	(30,533)
Net cash from operating activities		**11,044**	**(30,533)**
Cash flows from investing activities			
Purchase of property, plant and equipment	**9**	(1,148)	(628)
Sale of property, plant and equipment	**9**	109	-
Business combinations		-	(100,464)
Acquisition of investments in associates	**5**	-	(223,951)
Subscription of debt investments at amortised cost		(12,500)	-
Purchase of financial assets		-	(108,188)
Interest received		4,866	8,000
Dividends received		17,156	8,350
Net cash from investing activities		**8,483**	**(416,881)**
Cash flows from financing activities			
Proceeds from borrowings	**12**	622	-
Repayment of borrowings	**12**	(10,512)	(2,697)
Dividends paid		(3,347)	(5,027)
Interest paid		(15,149)	(7,896)
Net cash from financing activities		**(28,386)**	**(15,620)**
Total cash movement for the year		**(8,859)**	**(463,034)**
Cash at the beginning of the year		35,517	498,551
Total cash at end of the year		**26,658**	**35,517**

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

1. Audit opinion

This summarised report is extracted from audited information but is not itself audited. The annual financial statements were audited by PricewaterhouseCoopers Inc., who expressed an unmodified opinion thereon. The audited annual financial statements and the auditor's report thereon are available for inspection at the Company's registered office and on the Company's website. The directors take full responsibility for the preparation of the summarised consolidated financial statements and that the financial information has been correctly extracted from the underlying annual financial statements.

2. Basis of presentation

The summarised consolidated financial statements for the year ended 28 February 2019 have been prepared in accordance with the JSE Limited Listings Requirements (Listings Requirements) and the requirements of the Companies Act, Act 71 of 2008 applicable to summarised financial statements. The Listings Requirements require financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and contain the information required by IAS 34 Interim Financial Reporting. The summarised consolidated financial information should be read in conjunction with the consolidated financial statements for the year ended 28 February 2019, which have been prepared in accordance with IFRS.

Accounting policies

The accounting policies applied in preparing the summarised

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

2. Basis of presentation (continued)

consolidated financial statements are in terms of IFRS and consistent with those applied in the previous annual financial statements, except for the adoption of new accounting policies as set out below:

- *IFRS 15 – Revenue from contracts with customers;* Revenue from customer contract derived from providing services is recognised in the accounting period in which the services are rendered, and at a point in time. The adoption of this new standard had no material impact on the revenue recognition.
- *IFRS 9 – Financial instruments;* All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The measurement of impairment losses is based on an expected credit loss model, which takes into account the probability weighting as well as forward looking information. The impact is detailed in note 3.

3. Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The areas involving significant estimates or judgements are:

(i) Investment in associates decision.

Hulisani holds 100% of issued shares in Red Cap Investments (Pty) (Red Cap) Ltd and Eurocape Renewables (Pty) Ltd (Eurocape). Red Cap and Eurocape hold 5.46% and 1.21% interest in Kouga Wind Farm (RF) (Pty) Ltd respectively, combined to 6.67%.

Hulisani management made a judgement regarding the classification of this acquisition to an investment in associates as Hulisani has a directorship representation in the board of the investee. The board representation indicates a level of significant influence by Hulisani.

(ii) Estimated fair value of financial assets at fair value through profit and loss.

Hulisani issued a convertible loan to Legend Power Solutions. The group has elected to classify the financial asset at fair value through profit and loss. The fair value is determined by using the discounted cash flow method by discounting the dividend income. The expected cash flows are discounted using an appropriate discount rate. In determining the recoverable amount, the group made key assumptions on base revenue from underlying plant operations, discount rate and period of operation. The loan participates in 9% of distributable profits available to LPS shareholders. On maturity the loan will convert to 9% of equity in LPS.

(iii) Impairment of investments in subsidiaries.

Impairments are a key factor in company results and will continue to be a factor in some of the investments as the carrying amount of the investments winds down over time, in line with the passing of the agreed time in the PPA with Eskom and

3. Critical accounting estimates and judgements (continued)

this winding down of value is effected through impairments in the company results.

Management has accordingly recorded impairments relating to the investments in Red Cap Investments (Pty) Ltd (Red Cap) and Eurocape Renewables (Pty) Ltd (Eurocape), through which the investment in Kouga Wind farm is held, Pele SPV13 (Pty) Ltd, through which the investment in GRI Wind Steel is held and Momentous Technologies (Pty) Ltd (Momentous) through with the investment in RustMo1 solar farm is held. The expected cash flows are discounted using an appropriate discount rate. In determining the expected cash flows, the group made key assumptions on forecasted revenue and discount rate.

(iv)Goodwill impairment.

The carrying value of goodwill in the group is R45m and arose on acquisition of a majority stake in RustMo1 Solar Farm (Pty) Ltd (RustMo1). RustMo1 is considered to be a separately identifiable cash generating unit and goodwill has been allocated to this

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

3. Critical accounting estimates and judgements (continued)

cash generating unit. The recoverable amount of goodwill was based on a value in use discounted cash flow method. In determining the recoverable amount, the group made key assumptions on forecasted revenue and the discount rate.

(v) IFRS 9 Expected Credit Losses

Hulisani management made a judgement regarding the assessment of receivables for impairments using reasonable and supportable information that was available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit loss allowance of the respective items at the date they were initially recognised and at statement of financial position date.

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's history, existing market conditions as well as forward looking estimates at the end of each reporting period.

4. Change in accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Application of IFRS 9 Financial Instruments

In the current year, the group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs. IFRS 9 replaces IAS 39 Financial Instruments and introduces new requirements for 1) the classification and measurement of financial assets and 2) impairment for financial assets. Details of these new requirements as well as their impact on the group's financial statements are described below.

The group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

Classification and measurement of financial assets

The date of initial application (i.e. the date on which the group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 01 March 2018. Accordingly, the group has applied the requirements of IFRS 9 to instruments that have not been derecognised as at 01 March 2018 and has not applied the requirements to instruments that have already been derecognised as at 01 March 2018. Comparatives in relation to instruments that have not been derecognised as at 01 March 2018 have not been restated. Instead, cumulative adjustments to retained earnings have been recognised in retained earnings at 01 March 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The measurement requirements are summarised below:

- Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at amortised cost.
- Debt investments that are held within a business model whose objective is both to collect the

4. Change in accounting policies (continued)

contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are subsequently measured at fair value through other comprehensive income.

- All other debt investments and equity investments are subsequently measured at fair value through profit or loss, unless specifically designated otherwise.
- Debt instruments that are subsequently measured at amortised cost or at fair value through other comprehensive income are subject to new impairment provisions using an expected loss model. This contrasts the incurred loss model of IAS 39.

The directors reviewed and assessed the group's existing financial assets as at 01 March 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the group's financial assets as regards to their classification and measurement:

Debt instruments

(i) Reclassification of Ignite preference shares from available-for-sale to amortised cost

In line with IFRS 9 requirements management assessed the classification of the preference shares in reference to the business model of the group. The financial asset meets both criteria of hold to collect business model test; and solely payments of principal and interest (SPPI) contractual cash flow characteristics test, as such it has been classified as subsequently measured at amortised cost under IFRS 9. This resulted to a reclassification of the Ignite preference shares from available-for-sale to investment at amortised cost. The impact of the reclassification is noted as a change in accounting policy, and the fair value adjustment of R773k recognised in the prior year has been reversed in the beginning of the prior year (Refer to note 7).

The main effects resulting from this reclassification are as follows:

Financial assets – 01 March 2018	**Fair value through other comprehensive income (Available-for-sale) R'000**	**Investment at amortised cost R'000**
Closing balance 28 February 2018 – IAS 39	8,961	-
Reclassify preference shares from available-for-sale to amortised cost	(8,188)	8,188
Opening balance 01 March 2018 – IFRS 9	**773**	**8,188**

The impact of these changes on equity is as follows:

	Effect on Available-for-sale Reserves R'000	**Effect on retained earnings R'000**
Opening balance – IAS 39	773	-
Reclassify preference shares from available-for-sale to amortised cost	(773)	(773)
Opening balance 01 March 2018 – IFRS 9	**-**	**(773)**

4. Change in accounting policies (continued)

(ii) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires the group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the group to recognise a loss allowance for expected credit losses on debt investments subsequently measured at amortised cost or at fair value through other comprehensive income, lease receivables, contract assets and loan commitments and financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the group is required to measure the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses. IFRS 9 also provides a simplified approach for measuring the loss allowance at an amount equal to lifetime expected credit losses for trade receivables, contract assets and lease receivables in certain circumstances.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

4. Change in accounting policies (continued)

As at 01 March 2018, the directors reviewed and assessed the group's existing financial assets and amounts due from customers for impairment using reasonable and supportable information that was available without undue cost or effort in accordance with the requirements of IFRS 9 to determine the credit risk of the respective items at the date they were initially recognised, and compared that to the credit risk as at 01 March 2018 and 28 February 2019.

Impact on the financial statements

IFRS 9 was adopted without restating comparative information. The reclassifications and the adjustments arising from the new impairment rules are therefore not reflected in a restated balance sheet as at 28 February 2018 but are recognised in the opening balance sheet on 1 March 2018.

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be reconciled from the numbers provided.

Balance sheet (Extract)	28 February 2018 R'000	IFRS 9 R'000	01 March 2018 Restated R'000
Trade and other receivables	29,140	(1,744)	27,396
Total assets	**29,140**	**(1,744)**	**27,396**
Retained earnings	29,140	(1,744)	27,396
Total equity	**29,140**	**(1,744)**	**27,396**

Reconciliation of the reclassifications and remeasurements of financial assets as a result of adopting IFRS 9

The following table presents a summary of the financial assets as at 01 March 2018. The table reconciles the movement of financial assets from their IAS 39 measurement categories and into their new IFRS 9 measurement categories. "FVPL" denotes "fair value through profit or loss".

	Previous measurement	New measurement category: IFRS 9	
	IAS 39	FVPL – designated	Amortised cost
Previously Fair value through profit or loss (designated): Convertible loan	75,143	75,143	-
Previously Loans and receivables: Trade and other receivables	29,140	-	29,140
Previously Available for sale: Redeemable preference shares	8,961	-	8,961
	113,244	**75,143**	**38,101**

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

4. Change in accounting policies (continued)

Application of IFRS 15 Revenue from contracts with customers

In the current year, the group has applied IFRS 15 Revenue from Contracts with Customers (as revised in April 2016) and the related consequential amendments to other IFRSs. IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC-31 Revenue - Barter Transactions Involving Advertising Services.

IFRS 15 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. However, the group derives revenue from the sale of electricity at a point in time, to a single external customer, Eskom. Revenue is measured at the transaction price agreed under the contract. The group recognises revenue when the amount of revenue can be reliably measured. Revenue is recognised in the amount to which the group has a right to invoice. The customer is invoiced on a monthly basis and consideration is payable when invoiced.

Therefore, adoption of IFRS 15 did not have a significant impact on revenue recognition.

5. Investments in associates

The table below provides a summary of the investments the group holds in associates. A detailed breakdown is provided for each investment.

	Group	
	2019	**2018**
	R'000	**R'000**
Balance at the beginning of the period	148,810	-
Addition	-	223,951
Impairment loss	-	(60,299)
Loss attributable to Hulisani Limited	(5,911)	(6,492)
Dividends received	(24,070)	(8,350)
Balance at the end of the period	**118,429**	**148,810**

Summarised financial information of material associates

(a) Kouga Wind Farm (Pty) Ltd

Hulisani holds 100% of issued shares in Red Cap Ltd and Eurocape. Red Cap and Eurocape hold 5.46% and 1.21% interest in Kouga Wind Farm (RF) (Pty) Ltd respectively, combined to 6.67%. Red Cap and Eurocape are investment holding companies.

	Group	
	2019	**2018**
	R'000	**R'000**
Balance at the beginning of the period	122,312	-
Addition	-	141,450
Impairment loss	-	(14,314)
Profit attributable to Hulisani Limited	5,318	3,526
Dividends received	(24,070)	(8,350)
Balance at the end of the period	**103,560**	**122,312**

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

5. Investments in associates (continued)

(b) GRI Wind Steel SA (Pty) Ltd

On 27 July 2017 the Company acquired 50% of the share capital in Pele SPV13 (Pty) Ltd (Pele SPV13) for a cash consideration of R41.25m and subscribed for preference shares of R41.25m to Pele SPV198 (Pty) Ltd (Pele SPV198). The transaction resulted in an acquisition of a 25% stake in GRI Wind Steel South Africa (Pty) Ltd (GRI) by Pele SPV13. The preference share subscription agreement includes a requirement that Pele SPV198 pledges its shares held in Pele SPV13 to Hulisani until the preference share funding is repaid. Therefore, until such time the preference shares have been repaid risks and rewards associated to Pele SPV198 investment in Pele SPV13 have transferred to Hulisani.
In addition, at the end of the reporting period Pele SPV198 has an option to acquire the 50% interest in Pele SPV13 once the preference share funding has been repaid. The value of the option however has been determined to be immaterial.

	Group	
	2019	**2018**
	R'000	**R'000**
Balance at the beginning of the period	26,498	-
Addition	-	82,501
Impairment loss	-	(45,985)
Loss attributable to Hulisani Limited	(11,229)	(10,018)
Balance at the end of the period	**15,269**	**26,498**

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

6. Investments at fair value through profit or loss

Convertible loan to Legend Power Solution (Pty) Ltd

Hulisani Limited issued a convertible loan to Legend Power Solutions (Pty) Ltd (LPS), a company with an underlying investment in Avon and Dedisa Peaking Power. The loan participates in 9% of distributable profits available to LPS shareholders and will convert to a 9% equity stake in LPS. The loan will convert when senior funding in LPS has been fully repaid to the lender. Management has elected to measure the financial asset at fair value through profit or loss.

	Group	
	2019	**2018**
	R'000	**R'000**
Designated at fair value through profit or loss:		
Convertible loan to Legend Power Solution	76,786	75,143
	76,786	**75,143**

	Group	
	2019	**2018**
	R'000	**R'000**
Balance at the beginning of the period	75,143	-
Additions	-	100,000
Fair value gain/(loss)	1,643	(24,857)
Balance at 28 February 2018	**76,786**	**75,143**

Refer to Note 14 for further information on valuation inputs.

7. Loans receivables

(i) Loan to Pele Green Energy (Pty) Ltd

The loan to Pele Green Energy (Pty) Ltd (Pele Green) is issued for a period of 5 years, repayable annually on the anniversary of the issue date. The interest rate is set at prime rate plus 2%.

(ii) Loan to Ignite Energy Projects (Pty) Ltd

Hulisani has a receivable to the value of R5m to Ignite Energy Projects (Pty) Ltd (Ignite), the loan bears no interest and has no repayment terms.

Loans receivable are presented at amortised cost, which is net of loss allowance, as follows:

	Group	
	2019	**2018**
	R'000	**R'000**
Pele Green Energy (Pty) Ltd	5,877	-
Ignite Energy Projects (Pty) Ltd	4,250	-
	10,127	

Credit loss allowances

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for loans receivable as at the end of the financial period:

				Group - 2019
Instrument	**Basis of loss allowance**	**Gross Carrying amount R'000**	**Loss allowance R'000**	**Amortised cost R'000**
Pele Green Energy (Pty) Ltd	12m ECL	6,679	(802)	5,877
Ignite Energy Projects (Pty) Ltd	12m ECL	5,000	(750)	4,250
		11,679	**(1,552)**	**10,127**

8. Investment at amortised cost

Preference shares to Ignite Energy Projects (Pty) Ltd

Hulisani Limited has invested in preference shares issued by Ignite Energy Projects (Pty) Ltd (Ignite) to the value of R20.7m. The preference shares redeem in 5 years, and the interest rate is set at prime plus 2.35%. Refer to note 4 for detail on the reclassification of the investment.

The investment is presented at amortised cost, which is net of loss allowance, as follows:

	Group	
	2019 R '000	**2018 R '000**
Ignite Energy Projects (Pty) Ltd	19,276	8,961
	19,276	**8,961**

Credit loss allowances

The following tables set out the carrying amount, loss allowance and measurement basis of expected credit losses for the investment as at the end of the financial period:

				2019
Instrument	**Basis of loss allowance**	**Gross Carrying amount R'000**	**Loss allowance R'000**	**Amortised cost R'000**
Ignite Energy Projects (Pty) Ltd	12m ECL	22,678	(3,402)	19,276
		22,678	**(3,402)**	**19,276**

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

9. Property, plant and equipment

	2019			2018		
	Cost R'000	Accumulated depreciation R'000	Carrying value R'000	Cost R'000	Accumulated depreciation R'000	Carrying value R'000
Land	2,212	-	2,212	2,212	-	2,212
Plant and machinery	135,496	(14,831)	120,665	135,025	(6,356)	128,669
Furniture and fixtures	2,810	(854)	1,956	2,783	(434)	2,349
Motor vehicles	595	(40)	555	248	(56)	192
Office equipment	375	(123)	252	372	(60)	312
IT equipment and software	330	(199)	131	278	(98)	180
Total	**141,818**	**(16,047)**	**125,771**	**140,918**	**(7,004)**	**133,914**

Reconciliation of property, plant and equipment – 2019

	Opening balance R'000	Additions R'000	Disposals R'000	Depreciation R'000	Total R'000
Land	2,212	-	-	-	2,212
Plant and machinery	128,669	471	-	(8,475)	120,665
Furniture and fixtures	2,349	27	-	(420)	1,956
Motor vehicles	192	595	(139)	(94)	555
Office equipment	312	3	-	(63)	252
IT equipment and software	180	52	-	(101)	131
	133,914	**1,148**	**(139)**	**(9,152)**	**125,771**

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment – 2018

	Opening balance R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Depreciation R'000	Total R'000
Land & Building	-	-	2,212	-	-	2,212
Plant and machinery	-	-	135,025	-	(6,356)	128,669
Furniture and fixtures	2,292	471	2	-	(416)	2,349
Motor vehicles	-	-	248	-	(56)	192
Office equipment	323	49	-	-	(60)	312
IT equipment and software	141	108	-	-	(69)	180
	2,756	**628**	**137,487**	**-**	**(6,957)**	**133,914**

Property, plant and equipment encumbered as security

The following assets have been encumbered as security for the secured long-term borrowings:

	Group	
	2019 R '000	**2018 R '000**
Property, plant and equipment:		
- Land and building	2,212	2,212
- Plant and machinery	120,664	128,669
- Other assets	620	215
Total non-current assets pledged as security	**123,496**	**131,096**
Total assets pledged as security	**123,496**	**131,096**

The fixed asset register is available for inspection at Hulisani's registered address.

10. Intangible assets

	Cost R'000	Accumulated amortisation R'000	Carrying value R'000	Cost R'000	Accumulated amortisation R'000	Carrying value R'000
Development cost	25,030	(2,661)	22,369	25,030	(1,140)	23,890
Goodwill	44,761	-	44,761	44,761	-	44,761
Customer contract	88,188	(9,353)	78,835	88,188	(4,009)	84,179
Total	**157,979**	**(12,014)**	**145,965**	**157,979**	**(5,149)**	**152,830**

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

10. Intangible assets (continued)

Reconciliation of intangible assets - 2019

	Opening balance R'000	Amortisation R'000	Total R'000
Development cost	23,890	(1,521)	22,369
Goodwill	44,761	-	44,761
Customer contract	84,179	(5,344)	78,835
	152,830	**(6,865)**	**145,965**

Reconciliation of intangible assets - 2018

	Opening balance R'000	Additions R'000	Addition through business combinations R'000	Amortisation R'000	Total R'000
Development cost	-		25,030	(1,140)	23,890
Goodwill	-	44,761	-	-	44,761
Customer contract	-		88,188	(4,009)	78,835
	-	**44,761**	**113,218**	**(5,149)**	**152,830**

Refer to note 11 for further details on goodwill.

11. Goodwill

			2019			2018
	Cost R '000	Accumulated impairment R '000	Carrying value R '000	Cost R '000	Accumulated impairment R '000	Carrying value R '000
Goodwill	44,761	-	44,761	44,761	-	44,761
Total	**44,761**	**-**	**44,761**	**44,761**	**-**	**44,761**

Reconciliation of goodwill – 2019

	Opening balance R '000	Total R '000
Goodwill	44,761	44,761
	44,761	**44,761**

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

11. Goodwill (continued)

Reconciliation of goodwill - 2018

	Opening balance	Additions through business combinations	Total
	R '000	R '000	R '000
Goodwill	-	44,761	44,761
	-	**44,761**	**44,761**

The goodwill relates to the acquisition of the RustMo1 Solar Farm (Pty) Ltd ("RustMo1") and it is mainly attributable to the deferred tax liability recognised on the fair value of intangible assets.

Impairment of goodwill

For impairment testing goodwill acquired through business combinations is allocated to the RustMo1 CGU, which is also an operating and a reportable segment.

The carrying amount of the goodwill allocated to the CGU:

	RustMo1	Total
	R'000	R'000
Goodwill	44,761	44,761
	44,761	**44,761**

The group performed its annual impairment test at 28 February 2019. The recoverable amount of the cash generating unit to which goodwill has been allocated is based on value in use discounted cash flow method. No impairment loss was recognised on goodwill in the period under review.

The recoverable amount has been determined based on a value in use calculation using cash flow projections from financial model approved by senior management covering the remaining period of the Power Purchase Agreement (PPA).

The key inputs to the discounted cash flow model are as follows:

- Discount rate – 13.2%
- Base revenue - Base revenue is determined using the energy rate inflated at CPI over the term of the Power Purchase Agreement. The base revenue in the cash flow projections, year ending 28 February 2020, is R51.6 million.

The model is most sensitive to changes in base revenue and discount rate.

- If all assumptions remained unchanged, a 5% decrease in base revenue results in a decrease in the recoverable amount, and further impairment of R9m;
- If all assumptions remained unchanged, a 1% increase in discount rate results in a decrease in the recoverable amount, and further impairment of R6m.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

12. Borrowings

	Group	
	2019	2018
	R '000	R '000
Held at amortised cost		
Secured		
Nedbank loan	60,735	65,978
IDC loan	61,008	66,277
Unsecured		
Lead Africa Capital loan	622	-
	122,365	**132,255**
Split between non-current and current portions		
Non-current liabilities	110,895	121,692
Current liabilities	11,470	10,563
	122,365	**132,255**

	Group	
	2019	2018
	R'000	R'000
Balance at the beginning of the period	132,255	-
Arising from acquisition of subsidiary	-	134,952
Addition	622	-
Repayments	(10,512)	(2,697)
	122,365	**132,255**

IDC loan

The IDC loan is secured, bears interest at 11.60% and is repayable in semi-annual instalments over a term of 14 years.

Nedbank

The Nedbank loan is secured, bears interest at 11.65% and is repayable in semi-annual instalments over a term of 14 years.

Lead Africa Capital loan

The Lead Africa loan is unsecured, bears interest at prime plus 1% and was repaid on 31 March 2019.

(i) Assets pledged as security

See note 8 for all assets pledged as security.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

13. Contingencies

Momentous Technology (Momentous) is the original developer of the RustMo1 Solar Farm (RustMo1) project and initially held 15% of the shares in RustMo1. Momentous acquired a further 51% in RustMo1in the prior year from Evolution One en Commandite Partnership (Evolution). The relationship between *inter alia* Evolution and Momentous in respect of their shareholding in RustMo1 was regulated by an Amended and Restated Shareholders Agreement (the SHA), dated 4 November 2012. The SHA entitled Evolution to subscribe for additional shares in RustMo1 should the RustMo1 Solar Farm project Internal Rate of Return (IRR) be lower than the agreed IRR on the Adjustment Date (being 16 November 2016). Having undertaken its own calculations, Evolution was of the view that it did not achieve the minimum project agreed IRR and sought to enforce its rights and claim for the monetary value of the shares it alleges are due to it.

On 2 November 2018, Evolution initiated arbitration proceedings at the Arbitration Foundation Southern Africa to enforce its rights. Management has engaged external legal counsel and believes it has a strong case and no provision is required at this point.

14. Fair value information

Fair value hierarchy

Levels of fair value measurements

The following presents the group's financial instruments measured and recognised at fair value at 28 February 2019. The group has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 3

	Group	
	2019	**2018**
	R'000	**R'000**
Recurring fair value measurements		
Assets		
Financial assets designated at fair value through profit (loss)		
Convertible loan	76,786	75,143
	76,786	**75,143**

Transfers of assets and liabilities within levels of the fair value hierarchy.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

14. Fair value information (continued)

Reconciliation of assets and liabilities measured at level 3

	Notes	Opening balance R'000	Purchases R'000	Gains/(losses) recognised in profit(loss) R'000	Gains/(losses) recognised in other comprehensive income R'000	Closing balance R'000
Group – 2019						
Assets						
Financial assets designated at fair value through profit (loss)	11					
Convertible loan		75,143	-	1,643	-	76,786
Total		**75,143**	**-**	**1,643**	**-**	**76,786**
Group – 2018						
Assets						
Financial assets designated at fair value through profit (loss)	11					
Convertible loan		-	100,000	(24,857)	-	75,143
Total		**-**	**100,000**	**(24,857)**	**-**	**75,143**

Information about valuation techniques and inputs used to derive level 3 fair values convertible loan

The key unobservable inputs, together with the weighted average range of probabilities, are as follows:

	Relationship of unobservable inputs to fair value	
	High	**Low**
Discount rate	The higher the discount rate the lower the fair value	The lower the discount rate the higher the fair value
Base revenue from plant operation	The higher the base revenue the higher the fair value	The lower the base revenue the lower the fair value
Period of operation	The longer the period the higher the fair value	The shorter the period the lower the fair value

The fair value is determined by using the discounted cash flow method by discounting the dividend income. LPS has underlying investment in the Avon and Dedisa open cycle gas/diesel turbine (OCGT) plants. The dividend income is based on the operational results of the Avon and Dedisa plant.

The key inputs to the discounted cash flow model of the underlying operational plants are as follows:

1. Discount rate – 13.6%
2. Base revenue from plant operation – Base revenue is determined using the Power Purchase Agreement capacity rate for Dedisa and for Avon. The base revenue in the cash flow projections of Dedisa and Avon, year ending 28 February 2020, is R2.5 billion.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

14. Fair value information (continued)

3. Period of operation: 30 years

The model is most sensitive to changes in base revenue from operations, discount rate and period of operation.

- If all assumptions remained unchanged, a 5% decrease in base revenue results in a further reduction in fair value of R14m;
- If all assumptions remained unchanged, a 1% increase in discount rate results in a further reduction in fair value of R8m; and
- If all assumptions remained unchanged, a 5-year reduction in the period of operation results in a further reduction in fair value of R9m.

Valuation processes applied by the Group

The group finance department obtains input from independent valuation experts in performing valuations of financial assets required for financial reporting purposes, including level 3 fair values. The valuations expert communicates directly with the chief financial officer (CFO).

The convertible loan is valued by using the Dividend Discount Model. The discount rates used for the valuations are the prevailing market rates at the time of the valuations.

The group conducts valuations twice a year, at the interim financial reporting period and also at the year-end reporting

15. Earnings per share

Reconciliation between earnings and headline earnings is as follows:

	Group	
	2019	**2018**
	R '000	**R '000**
Basic and diluted loss per share (cents)	(81)	(234)
Basic and diluted headline loss per share (cents)	(81)	(113)

The calculation of earnings per share for the year ended 28 February 2019 was based on the loss attributable to ordinary shareholders of Hulisani Limited, and a weighted average number of ordinary shares.

	Group	
	2019	**2018**
	R '000	**R '000**
Reconciliation of profit or loss for the year to headline earnings		
Profit or loss for the year attributable to equity holders of the parent	(40,475)	(116,864)
Adjustments:		
Effects of remeasurements for subsidiaries, net of NCI and tax:	14	60,299
Impairment loss	-	60,299
Loss on sale of property, plant and equipment	20	-
Tax effect	(6)	-
Headline earnings	**(40,461)**	**(56,565)**
Weighted average number of ordinary shares ('000)	50,000	50,000

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

16. Related parties

Related party balances

	Group	
	2019	**2018**
	R '000	**R '000**
Trade receivables (a)	650	-
Loans receivable (a)	6,679	
Other receivables (b)	5,201	5,201
Loan receivables (c)	-	416

(a) A subsidiary of Pele Green (Pty) Ltd, Pele SPV198 (Pty) Ltd entered into an agreement with Hulisani Limited to jointly subscribe for ordinary shares in Pele SPV13 (Pty) Ltd. Hulisani Limited subscribed for cumulative preference shares in Pele SPV198 (Pty) Ltd for the entity's funding of the ordinary shares subscription in Pele SPV13 (Pty) Ltd. Other receivables are due from Pele Green Energy (Pty) Ltd, a parent company to Pele SPV198 (Pty) Ltd.

(b) Sponsor fees refundable to Hulisani by Nibira (Pty) Ltd. The payment was rendered invalid and the amount remains owing to the group at the end of the financial period.

(c) The loan is provided to Umhlaba Land Lease Co., Momentous Technologies and Optimise Advisory Services (Pty) Ltd subsidiaries of Hulisani, and Gromac Holding (Pty) Limited an associate of the Group. Hulisani has provided working capital funding to the subsidiaries, in line with the shareholder's agreement.

Related party transactions

	Group	
	2019	**2018**
	R '000	**R '000**
Consulting fees (a)	2,467	4,765
Dividends (b)	3,297	2,514
Management fees (c)	2,458	3,580

(a) Umhlaba Land Lease Co. (Pty) Ltd and Optimise Advisory Solution (Pty) Ltd used the consulting services of GraysMaker Advisory (Pty) Ltd and Marsay (Pty) Ltd respectively.

(b) Dividends were paid to Momentous Solar Farm (Pty) Ltd by RustMo1.

(c) Management fees were paid to Momentous Operations Services (Pty) Ltd by RustMo1.

Compensation to directors and other key management

	Group	
	2019	**2018**
	R '000	**R '000**
Short-term employee benefits	7,737	6,534
	7,737	**6,534**

17. Dividends

There are no dividends declared for the period.

NOTES TO THE SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2019

18. Going concern

The summarised consolidated results for the year ended 28 February 2019 which are a summarised set of the audited financial statements, have been prepared on a going concern basis. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

Shareholder Analysis

Shareholder spread	Number of shareholders	Percentage of shareholders %	Number of shares '000	Percentage of issued capital %
Shares				
Public	268	93%	49 202	98%
Non-public	19	7%	798	2%
Total	**287**	**100%**	**50 000**	**100%**

Major shareholders holding 5% or more		
Government Employees Pension Fund	16 881	34%
Eskom Pension and Provident Fund	5 267	11%
Alexander Forbes Investments Ltd	2 898	6%

Directors' shareholding as at 28 February 2019	**Direct beneficial 000**	**Indirect beneficial 000**	**Total number of shares 000**	**Total %**
ME Raphulu (i)	-	0	-	0.00%
PC Mdoda	500	-	500	1.00%
MH Zilimbola (ii)	-	1,500	1,500	3.00%
AV Notshe (iii)	-	557	557	1.11%
Total	**500**	**2,057**	**2,557**	**5.11%**

Shareholders are advised that there was no change in directors' shareholding between the year end and the approval date of the annual financial statements.

Directors' shareholding as at 28 February 2018	**Direct beneficial 000**	**Indirect beneficial 000**	**Total number of shares 000**	**Total %**
ME Raphulu (i)	1,340	0	1,340	2.68%
PC Mdoda	500	-	500	1.00%
MH Zilimbola (ii)	-	660	660	1.32%
AV Notshe (iii)	-	57	57	0.11%
Total	**1,840**	**717**	**2,557**	**5.11%**

(i) Held through Pentomore.
(ii) Held through Zelmaro, Sdindi Kapital and Mazi Capital
(iii) Held through Human Interest.

SHAREHOLDERS' INFORMATION

SHAREHOLDERS' INFORMATION

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given of the AGM of shareholders of Hulisani Limited (Hulisani or the company) to be held at the offices of Hulisani at 90 Rivonia Road, Sandton, 4th floor, North Tower at 12:00 on Friday, 30 August 2019 (AGM).

Purpose

The purpose of the AGM is to transact the business set out in the agenda below.

Agenda

Presentation of the audited annual financial statements of the company, including the reports of the directors and the audit and risk committee of the company for the year ended 28 February 2019. The integrated annual report, of which this notice forms part, contains the summarised consolidated company financial statements and the aforementioned reports. The annual financial

statements, including the unmodified audit opinion, are available on Hulisani's website at **www.hulisani.co.za**, or may be requested and obtained in person, at no charge, at the registered office of Hulisani during office hours.

To consider and, if deemed fit, approve, with or without modification, the following ordinary resolutions:

NOTE:

For any of the ordinary resolutions numbers 1 to 10 (inclusive) to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof. For ordinary resolution number 11, at least 75% of voting rights must be exercised in favour thereof:

Retirement and re-election of directors

Ordinary Resolution Number 1

"Resolved that Professor Benjamin Marx, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible, offers himself for re-election, be and is hereby re-elected as director".

Refer to the curriculum vitae of Professor Benjamin Marx on page 58 of this Integrated Annual Report to which this notice of AGM is annexed.

Ordinary Resolution Number 2

"Resolved that Mr Harald Schaaf, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible, offers himself for re-election, be and is hereby re-elected as director".

Refer to the curriculum vitae of Mr Harald Schaaf on page 58 of this integrated annual report to which this notice of AGM is annexed.

Ordinary Resolution Number 3

"Resolved that Mr Asanda Notshe, who retires by rotation in terms of the memorandum of incorporation of the company and, being eligible, offers himself for re-election, be and is hereby re-elected as director."

Refer to the curriculum vitae of Mr Asanda Notshe on page 59 of this integrated annual report to which this notice of AGM is annexed.

Ordinary Resolution Number 4

"Resolved that Mr Malungelo Zilimbola be elected as an alternate non-executive director of the company."

Refer to the curriculum vitae of Mr Malungelo Zilimbola on page 59 of this integrated annual report to which this notice of AGM is annexed.

The reason for ordinary resolutions numbers 1 to 3 (inclusive) is that the memorandum of incorporation of the company, the Listings Requirements and, to the extent applicable, the Companies Act, require that a component of the non-executive directors rotate at every AGM of the company and, being eligible, may offer themselves for re-election as directors.

The reason for ordinary resolution number 4 is that the memorandum of incorporation of the company, the Listings Requirements of and the Companies Act require that 50% of the alternate directors of a company be elected by shareholders.

Re-Appointment and Appointment of the Members of the Audit and Risk Committee of the Company

NOTE:

For avoidance of doubt, all references to the audit and risk committee of the company is a reference to the audit committee as contemplated in the Companies Act.

Ordinary Resolution Number 5

"Resolved that Professor Benjamin Marx, subject to the approval of ordinary resolution number 1, being eligible, be and is hereby re-appointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next AGM of the company."

Refer to the curriculum vitae of Professor Benjamin Marx on page 58 of this integrated annual report to which this notice of AGM is annexed.

Ordinary Resolution Number 6

"Resolved that, Mr Harald Schaaf, subject to the approval of ordinary resolution number 2, being eligible, be and is hereby re-appointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next AGM of the company."

Refer to the curriculum vitae of Mr Harald Schaaf on page 58 of this integrated annual report to which this notice of AGM is annexed.

Ordinary Resolution Number 7

"Resolved that, Ms Dudu Hlatshwayo being eligible, be and is hereby appointed as a member of the audit and risk committee of the company, as recommended by the board of directors of the company, until the next AGM of the company."

Refer to the curriculum vitae of Ms Dudu Hlatshwayo on page 57 of this integrated annual report to which this notice of AGM is annexed.

The reason for ordinary resolutions numbers 5 to 7 (inclusive) is that the company, being a publicly listed company, must appoint an audit committee and the Companies Act requires that the members of such

audit committee be appointed, or re-appointed, as the case may be, at each AGM of a company.

Re-Appointment of Auditor

Ordinary Resolution Number 8

"Resolved that PWC Inc. be and is hereby re-appointed as auditor of the company for the ensuing financial year or until the next AGM, whichever is later, with the designated auditor being Mr Sizwe Masondo, a registered auditor and partner in the firm, on the recommendation of the audit and risk committee of the company."

The reason for ordinary resolution number 8 is that the company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed each year at the AGM of the company as required by the Companies Act.

Non-Binding Advisory Vote on Hulisani's Remuneration Policy

Ordinary Resolution Number 9

"Resolved that the company's remuneration policy, as set out on page 70 of the integrated annual report to which this notice of AGM is annexed, be and is hereby endorsed by way of a no-binding advisory vote."

The reason for ordinary resolution number 9 is that King IV™ recommends, and the JSE Listings Requirements requires, that the remuneration policy of a company be tabled for a non-binding advisory vote by shareholders at each AGM of the company. This enables shareholders to express their views on the remuneration policy adopted. The effect of ordinary resolution number 9, if passed, will be to endorse the company's remuneration policy. Ordinary resolution number 9 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the board will take the outcome of the vote into consideration when considering amendments to the company's remuneration policy.

As this is a non-binding and of an advisory nature only, and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However, the company undertakes to engage with its shareholders should 25% or more of the voting shares vote against this resolution as required in terms of King IV™ and the JSE Listings Requirements.

Non-Binding Advisory Vote on Hulisani's Implementation Report on the Remuneration Policy

Ordinary Resolution Number 10

"Resolved that the company's implementation report in respect of its remuneration policy, as set out on page 74 of the integrated annual report to which this notice of AGM is annexed, be and is hereby endorsed by way of a non-binding vote."

The reason for ordinary resolution number 10 is that King IV™ recommends that the implementation report on a company's remuneration policy be tabled for a non-binding advisory vote by shareholders at each AGM of the company. This enables shareholders to express their views on the implementation of the company's remuneration policy. The effect of ordinary resolution number 10, if passed, will be to endorse the company's implementation report in relation to its remuneration policy. Ordinary resolution number 10 is of an advisory nature only and failure to pass this resolution will therefore not have any legal consequences relating to existing remuneration agreements. However, the board will take the outcome of the vote into consideration when considering amendments to the company's remuneration policy and its implementation.

Should 25% or more of the votes exercised in respect of ordinary resolution number 9 or ordinary resolution number 10 be against either resolution, the company will issue an invitation to those shareholders who voted against the applicable resolution to engage with the company.

As this is a non-binding and of an advisory nature only, and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However, the company undertakes to engage with its shareholders should 25% or more of the voting shares vote against this resolution as required in terms of King IV™ and the JSE Listings Requirements.

General Authority to Issue Ordinary Shares for Cash

Ordinary Resolution Number 11

Resolved that the directors of the company be and are hereby authorised, by way of a general authority, to allot and issue any of the company's unissued shares for cash as they in their discretion may deem fit, without restriction, subject to the provisions of the company's memorandum of incorporation, the Companies Act and the JSE Listings Requirements, provided that:

- the approval shall be valid until the date of the next AGM of the company, provided further that it shall not extend beyond 15 months from the date of this resolution;
- the general issues of shares for cash under this authority may not exceed, in aggregate, 15% of the company's issued share capital (number of securities) of that class as at the date of this notice of AGM, it being recorded that ordinary shares issued pursuant to a rights offer to shareholders, shall not diminish the number of ordinary shares that comprise the 15% of the ordinary shares that can be issued in terms of this ordinary resolution. As at the date of this notice of AGM, 15% of the company's issued ordinary share capital amounts to 7,500,003 ordinary shares;
- in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the securities. The JSE will be consulted for a ruling if the securities have not traded in such 30-business-day period;
- any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the JSE Listings Requirements and not to related parties;
- any such issue will only comprise securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue; and
- in the event that the securities issued represent, on a cumulative basis, 5% or more of the number of securities in issue prior to that issue, an announcement containing the full details of such issue shall be published on the Stock Exchange News Service of the JSE.

For listed entities wishing to issue shares for cash (other than issues by way of rights offers, and/or in connection with duly approved share incentive schemes), it is necessary for the board of the company to obtain the prior authority of the shareholders in accordance with the JSE Listings Requirements and the memorandum of incorporation of the company. Accordingly, the reason for ordinary resolution number 11 is to obtain a general authority from shareholders to issue shares for cash in compliance with the JSE Listings Requirements and the memorandum of incorporation of the company.

For this resolution to be adopted, at least 75% of the voting rights exercised, whether in person or by proxy and entitled to vote on this resolution at the AGM must be cast in favour of this resolution.

To consider and, if deemed fit, pass, with or without modification, the following special resolutions:

NOTE:

For special resolutions numbers 1 to 4 (inclusive) to be adopted, at least 75% of the voting rights exercised on the applicable special resolution must be exercised in favour thereof.

Remuneration Of Non-Executive Directors

Special Resolution Number 1: Approval of Non-Executive Directors Fees

"Resolved, in terms of section 66(9) of the Companies Act, that the company be and is hereby authorised to remunerate its directors for their services as directors which includes serving on various committees and to make payment of the amounts set out below, to the extent applicable on the basis set out below and that the company may effect an inflationary increase annually. This authority will be valid until the next AGM of the company."

The effect of special resolution number 1 is that the company will be able to pay its non-executive directors for the services they render to the company as directors without requiring further shareholder approval until the next AGM of the company. Non-Executive directors and committee members who participate in special and/or unscheduled board or committee meetings or ad hoc strategic planning sessions will be remunerated in accordance with the attendance fee per meeting as set out below.

NON-EXECUTIVE DIRECTORS' FEES FOR 2019/2020

Rands		2018/2019		Proposed 2019/2020
	Base Fee	Attendance fee per meeting	Base Fee	Attendance fee per meeting
Services as non-executive directors				
– Chairperson of the board	111 300	41 340	116 409	43 238
– members of the board	71 519	26 564	74 802	27 783
Audit and Risk Committee				
– Chairperson	70 000	21 667	73 213	22 662
– members	61 250	18 958	64 061	19 828
Remuneration, Nominations and HR Committee				
– Chairperson	35 000	21 667	36 607	22 662
– members	26 250	16 250	27 455	16 996
Investment Committee				
– Chairperson	70 000	21 667	73 213	22 662
– members	61 250	18 958	64 061	19 828
Social and Ethics Committee				
– Chairperson	17 339	16 101	18 135	16 840
– members	16 984	15 771	17 764	16 495
Nomination Committee fees#				
– Chairperson			36 607	22 662
– members	0	0	27 455	16 996
*Ad hoc/ Special Committee fee per meeting	0	0	0	16 495

*Remuneration payable to non-executive directors and members for participating in special/unscheduled board or committee meetings and ad hoc strategic planning sessions will be remunerated in accordance with the attendance fee.

^These fees are exclusive of Value Added Tax (VAT).

To be incorporated following the conclusion of the AGM

Special resolution number 1 is for the company to obtain the approval of shareholders by way of a special resolution for the payment of remuneration to its non-executive directors in accordance with the requirements of the Companies Act.

Inter-Company Financial Assistance

Special Resolution Number 2: Inter-Company Financial Assistance

"Resolved, in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval, that the board of the company be and is hereby authorised to approve that the company provides any direct or indirect financial assistance (financial assistance will herein have the meaning attributed to it in section 45(1) of the Companies Act) that the board of the company may deem fit to any company or corporation that is related or inter-related (related and inter-related will herein have the meaning attributed to it in section 2 of the Companies Act) to the company, on the terms and conditions and for amounts that the board of the company may determine, provided that the aforementioned approval shall be valid until the date of the next AGM of the company."

The reason for and effect (if passed) of special resolution number 2 is to grant the directors of the company the authority, until the next AGM of the company, to provide direct or indirect financial assistance to any company or corporation which is related or inter-related to the company. This means that the company is, *inter alia*, authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

Special Resolution Number 3: Financial Assistance For The Subscription And/Or Purchase Of Shares In The Company Or A Related Or Inter-Related Company

"Resolved, in terms of section 44(3)(a)(ii) of the Companies Act, as a general approval, that the board of the company be and is hereby authorised to approve that the company provides any direct or indirect financial assistance (financial assistance will herein have the meaning attributed to it in sections 44(1) and 44(2) of the Companies Act) that the board of the company may deem fit to any [person, including any] company or corporation that is related or inter-related to the company (related and inter-related will herein have the meaning attributed to it in section 2 of the Companies Act) and/or to any financier who provides funding by subscribing for preference shares or other securities in the company or in any company or corporation that is related or inter-related to the company, on the terms and conditions and for amounts that the board of the company may determine for the purpose of, or in connection with the subscription for any option, or any shares or other securities, issued or to be issued by the company or by a related or inter-related company or corporation, or for the purchase of any shares or securities of the company or a related or inter-related company or corporation, provided that the aforementioned approval shall be valid until the date of the next AGM of the company."

The reason for and effect (if passed) of special resolution number 3 is to grant the directors the authority, until the next AGM of the company, to provide financial assistance to any person, including any company or corporation which is related or inter-related to the company and/or to any financier for the purpose of or in connection with the subscription or purchase of options, shares or other securities in the company or in any related or inter-related company or corporation.

This means that the company is authorised, *inter alia*, to grant loans to its subsidiaries and to guarantee and furnish security for the debt of its subsidiaries

where any such financial assistance is directly or indirectly related to a party subscribing for options, shares or securities in the company or its subsidiaries.

A typical example of where the company may rely on this authority is where a subsidiary raises funds by way of issuing preference shares and the third-party funder requires the company to furnish security, by way of a guarantee or otherwise, for the obligations of its subsidiary to the third-party funder arising from the issue of the preference shares. The company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of and pursuant to the provisions of sections 44 and 45 of the Companies Act, the directors of the company confirm that the board will satisfy itself, after considering all reasonably foreseeable financial circumstances of the company, that immediately after providing any financial assistance as contemplated in special resolutions numbers 2 and 3 above:

- the assets of the company (fairly valued) will equal or exceed the liabilities of the company (fairly valued) (taking into consideration the reasonably foreseeable contingent assets and liabilities of the company);and
- the company will be able to pay its debts as they become due in the ordinary course of business for a period of 12 months.

In addition, the board will only approve the provision of any financial assistance contemplated in special resolutions numbers 2 and 3 above, where:

- the board is satisfied that the terms under which any financial assistance is proposed to be provided, will be fair and reasonable to the company; and
- all relevant conditions and restrictions (if any) relating to the granting of financial assistance by the company as contained in the company's memorandum of incorporation have been met.

Special Resolution Number 4: Share Repurchases By The Company And Its Subsidaries

"Resolved, as a special resolution, that the company and the subsidiaries of the company be and are hereby authorised, as a general approval, to repurchase any of the

shares issued by the company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of sections 46 and 48 of the Companies Act, the memorandum of incorporation of the company and the JSE Listings Requirements including, *inter alia*, that:

- the general repurchase of the shares may only be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
- this general authority shall only be valid until the next AGM of the company, provided that it shall not extend beyond 15 months from the date of this resolution;
- an announcement must be published as soon as the company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue on the date that this authority is granted, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- the general authority to repurchase is limited to a maximum of 20% in aggregate in any one financial year of the company's issued share capital at the time the authority is granted;
- a resolution has been passed by the board of directors of the company approving the repurchase, that the company and its subsidiaries (group) has satisfied the solvency and liquidity test as defined in the Companies Act and that, since the solvency and liquidity test was applied, there have been no material changes to the financial position of the group;
- the general repurchase is authorised by the company's memorandum of incorporation;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for the five business days immediately preceding the date that the transaction is effected. The JSE will be consulted for a ruling if the company's securities have not traded in such five-business-day period;
- the company may at any point in time only appoint one agent to effect any repurchase(s) on the company's behalf; and
- the company may not effect a repurchase during any prohibited period as defined in terms of the JSE Listings Requirements unless there is a repurchase programme in place, which programme has been submitted to the JSE in writing prior to the commencement of the prohibited period and executed by an independent third party, as contemplated in terms of paragraph 5.72(h) of the JSE Listings Requirements."

The reason for and effect (if passed) of special resolution number 4 is to grant the directors a general authority in terms of the company's memorandum of incorporation and the JSE Listings Requirements for the acquisition by the company or by a subsidiary of the company of shares issued by the company on the basis reflected in special resolution number 4. The company has no immediate plans to use this authority and is simply obtaining same in the interests of prudence and good corporate governance should the unforeseen need arise to use the authority.

In terms of section 48(2)(b)(i) of the Companies Act, subsidiaries may not hold more than 10%, in aggregate, of the number of the issued shares of any class of a company. For the avoidance of doubt, a pro rata repurchase by the company from all its shareholders will not require shareholder approval, save to the extent as may be required by the Companies Act.

Other Business

To transact such other business as may be transacted at an AGM or raised by shareholders with or without advance notice to the company.

Information Relating To The Special Resolutions

1. The directors of the company or its subsidiaries will only utilise the general authority to repurchase shares of the company as set out in special resolution number 4 to the extent that the directors, after considering

the maximum number of shares to be purchased, are of the opinion that the position of the group would not be compromised as to the following:

- the group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of this AGM and for a period of 12 months after the repurchase;
- the consolidated assets of the group will at the time of the AGM and at the time of making such determination and for a period of 12 months thereafter, be in excess of the consolidated liabilities of the group. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements of the group;
- the ordinary capital and reserves of the group after the repurchase, will remain adequate for the purpose of the business of the group for a period of 12 months after the AGM and after the date of the share repurchase; and
- the working capital available to the group after the repurchase will be sufficient for the group's requirements for a period of 12 months after the date of the notice of the AGM.

General information in respect of major shareholders, material changes and the share capital of the Company is contained in this integrated annual report of which this notice forms part, as well as the full set of annual financial statements, being available on Hulisani's website at **www.hulisani.co.za** or which may be requested and obtained in person, at no charge, at the registered office of Hulisani during office hours.

2. The directors, whose names appear on page 56 of this integrated annual report of which this notice of AGM forms part, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this notice of AGM contains all information required by law and the JSE Listings Requirements.
3. Special resolutions numbers 2, 3 and 4 are renewals of resolutions taken at the previous AGM held on 17 September 2018.

Voting

1. The date on which shareholders must be recorded as such in the share register maintained by the transfer secretary of the company (Share Register) for purposes of being entitled to receive this notice is Friday, 21 June 2019.
2. The date on which shareholders must be recorded in the Share Register for purposes of being entitled to attend and vote at the AGM is Friday, 23 August 2019, with the last day to trade being Tuesday, 20 August 2019.
3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the Chairperson of the AGM and must accordingly bring a copy of their identity document, passport or driver's licence to the AGM. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretaries for guidance.
4. Certificated shareholders and own-name dematerialised shareholders entitled to attend and vote at the AGM may appoint one or more proxies to

attend, speak and vote thereat in their stead. A proxy need not be a shareholder of the company. A form of proxy, which sets out the relevant instructions for its completion, is enclosed for use by such shareholders who wish to be represented at the AGM. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the AGM. Forms of proxy must be completed and lodged at or posted to the transfer secretaries, Computershare Investor Services (Pty) Ltd (Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or PO Box 61051, Marshalltown, 2107), or emailed to **proxy@computershare.co.za** so as to be received by the transfer secretaries by not later than 12:00 on Wednesday, 28 August 2019, provided that any form of proxy not delivered to the transfer secretaries by this time may be handed to the Chairperson of the AGM at any time before the appointed proxy exercises any shareholder rights at the AGM.

4. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the AGM in person, will need to request their Central Securities Depository Participant (CSDP) or broker to provide them with the necessary authority in terms of the custody agreement entered into between such shareholders and the CSDP or broker.
5. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the AGM and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein. Such shareholders should contact their CSDP or broker with regard to the cut-off time for their voting instructions.
6. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.

ELECTRONIC PARTICIPATION

Shareholders or their proxies may participate in the AGM by way of telephone conference call (teleconference facility).

Please note that the teleconference facility will only allow shareholders to listen in and raise questions during the allocated time. Shareholders will not be able to vote using the teleconference facility. Should such shareholders wish to vote, they must either:

- complete the proxy form and return it to the transfer secretary in accordance with paragraph 4 above; or
- contact their CSDP or broker in accordance with paragraph 6 above.

Shareholders or their proxies who wish to participate in the AGM via the teleconference facility must notify the company by emailing the Company Secretary **admin@the-paperclip.co.za** by no later than 5pm, 29 August 2019. The Company Secretary will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act and thereafter, if validated, provide further details on using the teleconference facility. Only a total of 20 telecommunication lines will be available for such participation, which will be allocated on a first come, first served basis.

The cost of the participant's phone call will be for his/her own expense and will be billed separately by his/her own telephone service provider.

The company cannot guarantee there will not be a break in communication which is beyond the control of the company.

The participant acknowledges that the telecommunication lines are provided by a third party and indemnifies the company against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the telecommunication lines, whether or not the problem is caused by any act or omission on the part of the participant or anyone else. In particular, but not exclusively, the participant acknowledges that he/she will have no claim against the company, whether for consequential damages or otherwise, arising from the use of the telecommunication lines or any defect in it or from total or partial failure of the telecommunication lines and connections linking the telecommunication lines to the AGM.

By order of the board
The PaperClip Advisory Secretaries
Per **J Govender**

The PaperClip Advisory
Broadacres Spaces, Willow Wood Park, Cnr 3rd Ave and Cedar Road, Broadacres Park

28 June 2019

FORM OF PROXY

HULISANI LIMITED

Incorporated in the Republic of South Africa
(Registration number: 2015/363903/06)
Share code: HUL ISIN: ZAE000212072
(Hulisani or the company)

Form of proxy – for use by certificated and own-name dematerialised shareholders only

For use at the AGM of ordinary shareholders of the company to be held at Hulisani's head office at 4th Floor, North Tower, 90 Rivonia Road, Sandton, at 12h00 on Friday, 30 August 2019 (AGM).

I/We (Full name in print)

of (address)

Telephone: (Work) Telephone: (Home) Cell phone:

being the registered holder of shares in the Company, hereby appoint:

1. or failing him/her

2. or failing him/her

the chairperson of the AGM,

as my/our proxy to attend, speak and vote for me/us at the AGM for purposes of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at any adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name(s), in accordance with the following instruction (see notes):

	NUMBER OF SHARES		
	IN FAVOUR	AGAINST	ABSTAIN
Ordinary resolution number 1: To re-elect Professor Marx as director			
Ordinary resolution number 2: To re-elect Mr Schaaf as director			
Ordinary resolution number 3: To re-elect Mr Notshe as director			
Ordinary resolution number 4: To appoint Mr Zilimbola as alternate director			
Ordinary resolution number 5: To re-appoint Professor Marx as a member of the audit and risk committee			
Ordinary resolution number 6: To re-appoint Mr Schaaf as a member of the audit and risk committee			
Ordinary resolution number 7: To appoint Ms Hlatshwayo as a member of the audit and risk committee			
Ordinary resolution number 8: To re-appoint PricewaterhouseCoopers Inc. as the auditor			
Ordinary resolution number 9: Non-binding endorsement of Hulisani's remuneration policy			
Ordinary resolution number 10: Non-binding endorsement of Hulisani's implementation report on the remuneration policy			
Ordinary resolution number 11: General authority to issue ordinary shares for cash.			
Special resolution number 1: Remuneration of non-executive directors			
Special resolution number 2: Inter-company financial assistance			
Special resolution number 3: Financial assistance for the subscription and/or purchase of shares in the Company or a related or inter-related company			
Special resolution number 4: Share repurchases by the Company and its subsidiaries			

Please indicate your voting instruction by way of inserting the number of shares or by a cross in the space provided should you wish to vote all of your shares.

Signed at ______________________ on this _________ day of __________________ 2019.

Signature(s) ____________________________________

Assisted by (where applicable) (state capacity and full name) ____________________________________

Each Hulisani shareholder is entitled to appoint one or more proxy(ies) (who need not be shareholder(s) of the company to attend, speak and vote in his/her stead at the AGM.

Please read the notes overleaf:

Notes

1. A Hulisani shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting "the Chairperson of the AGM". The person whose name appears first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A Hulisani shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate box provided or by the insertion of a cross if all shares to be voted on behalf of that shareholder. Failure to comply with the above will be deemed to authorise the Chairperson of the AGM, if he/she is the authorised proxy, to vote in favour of the resolutions at the meeting, or any other proxy to vote or to abstain from voting at the meeting as he/she deems fit, in respect of all the shares concerned. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or his/her proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or his/her proxy.
3. When there are joint registered holders of any shares, any one of such persons may vote at the AGM in respect of such shares as if he/she was solely entitled thereto, but, if more than one of such joint holders are present or represented at any meeting, that one of the said persons whose name stands first in the register in respect of such shares or his/ her proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member, in whose name any shares stand, shall be deemed joint holders thereof.
4. Forms of proxy must be completed and returned to be received by the transfer secretaries of the company, Computershare Investor Services (Pty) Ltd (PO Box 61051, Marshalltown, 2107), by no later than 12:00 midday on Wednesday, 28 August 2019, provided that any form of proxy not delivered to the transfer secretary by this time may be handed to the Chairperson of the AGM at any time prior to the commencement of AGM.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer secretaries or waived by the Chairperson of the AGM.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM and speaking and voting in person.

ADMINISTRATION AND CORPORATE INFORMATION

Details of Hulisani Limited and Registered Address

Registration number: 2015/363903/06
Share code: HUL
ISIN: ZAE000212072
Website Address:
www.hulisani.co.za

4th Floor
North Tower
90 Rivonia Road
Sandton, 2196

Directors

PC Mdoda
ME Raphulu
M Dem
D Hlatshwayo
H Schaaf
B Marx
MH Zilimbola (alternate)
AV Notshe

Corporate Advisor and Sponsor

PSG Capital
1st Floor, Ou Kollege
Building 35 Kerk Street
Stellenbosch, 7600
2nd Floor, Building 3, 11 Alice Lane
Sandton 2196

Auditor

PricewaterhouseCoopers Inc.
4 Lisbon Lane, Waterfall City,
Jukskei view, 2090

Company Secretary

The PaperClip Advisory
Broadacres Spaces, Willow Wood Park, Cnr 3rd Ave
and Cedar Road,
Broadacres Park

Transfer Secretaries

Computershare Investor Services (Pty) Ltd
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
PO Box 61051
Marshalltown, 2107

Registered Office: 4th Floor, North Wing, 90 Rivonia Road, Sandton, 2196
Postal Address: PO Box 784583, Sandton, 2146
Telephone: 087 806 2425

www.hulisani.co.za