



2021

INTEGRATED
ANNUAL REPORT



Hosken Consolidated Investments Limited



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The cloud theme used in this year's Intergrated Annual Report draws inspiration from the last year during Covid times when many businesses and staff have been working remotely using cloud servers in order to continue at an optimum pace.

CONTENTS

	2	About this report
	3	Financial highlights
	4	Letter to shareholders
	12	Geographical footprint
	14	Operating structure
	16	Operational overview
	34	Board of directors
	36	Report of the audit and risk committee
	40	Report of the remuneration committee
		• Remuneration principles
		• Remuneration implementation report
	51	Report of the social and ethics committee
		• Broad-based black economic empowerment
		• Environmental sustainability
		• Corporate social investment – HCI Foundation
	59	Directors' report
	61	Board of approval
	61	Declaration by company secretary
	62	Shareholders' snapshot
	64	Summarised financial statements
	79	Shareholders' calendar
	79	Corporate administration

SCOPE OF INTEGRATED ANNUAL REPORT

Hosken Consolidated Investments Limited (“HCI”, “the Group” or “the Company”) is proud to present its Integrated Annual Report for the period 1 April 2020 to 31 March 2021. This report aims to provide a balanced and concise understanding of HCI’s underlying investments, how we manage the group from a corporate governance perspective, its social and environmental impact and our financial performance for the year under review. The group strives to be an exemplary corporate citizen and commits itself to the highest standards of corporate governance.

The group operates principally in South Africa, generates most of its revenue from South Africa.

The geographical footprint of the group is provided on pages 2 and 3 of the report. The integrated annual report and annual financial statements have been prepared according to International Financial Reporting Standards (“IFRS”), the requirements of the Companies Act, 71 of 2008, as amended (“the Companies Act”), and the Listings Requirements of the JSE.

Other administrative information also forms part of the report and can be found on the inside back cover.

The consolidated financial statements, notice of the annual general meeting and proxy form have been distributed as separate reports.

ABOUT THE INTEGRATED ANNUAL REPORT

BASIS OF CONTENT

The integrated annual report conveys information regarding the group’s financial and non-financial performance. It is reflective of the group’s commitment to create shareholder value while considering the triple contexts in which companies operate: social, environmental and economic. The content of the integrated report addresses material issues for all our subsidiaries, but does not extend to cover all issues relating to subsidiaries and associates. The scope limitation does not impact on the completeness of the report as separate integrated annual reports for the listed entities are published and can be found on www.deneb.co.za; www.tsogosungaming.com; www.tsogosun.com; www.hplr.co.za and www.emediaholdings.co.za.

In accordance with the stated objectives of integrated reporting, this report focuses on those issues that have a material impact on the group to create and sustain value. This report should be read in conjunction with the following supporting reports available on our website www.hci.co.za;

- Governance register; and
- Annual financial statements

The integrated annual report to stakeholders includes information that the board and management deem to be useful and relevant to stakeholders, and is guided by:

- the company’s memorandum of incorporation (“MOI”);
- the Companies Act, 71 of 2008, as amended;
- the JSE Listings Requirements; and
- the King Report on Corporate Governance for South Africa 2016 (“King IV™”).

EXTERNAL ASSURANCE ON CONTENT

This integrated annual report is the result of combined input from HCI and its subsidiaries on their activities and achievements for the year. The group is continuously improving its combined assurance model. Assurance for elements of this report has been provided through a combination of external and internal sources.

APPROVAL OF THE INTEGRATED ANNUAL REPORT

The integrity of the report is the responsibility of the board of directors. The directors confirm that the report is a fair representation of the integrated performance of the group. The board approved the report for release on 27 July 2021. We believe that this integrated annual report offers stakeholders the necessary information to make considered evaluations about HCI’s business activities and performance, and business viability.

ADDITIONAL INFORMATION

A printed copy of the financial statements is available on request from info@hci.co.za or can be requested from the company secretary, HCI Managerial Services Proprietary Limited, Tel: 021 481 7560.

Our 2021 annual financial statements are available online at www.hci.co.za

FORWARD-LOOKING STATEMENTS

This integrated annual report contains certain forward-looking statements which relate to the financial position and results of the operations of the group. These statements by their nature involve risk and uncertainty as they relate to events and depend on circumstances that may occur in the future. These forward-looking statements have not been reviewed or reported on by the group’s external auditor.

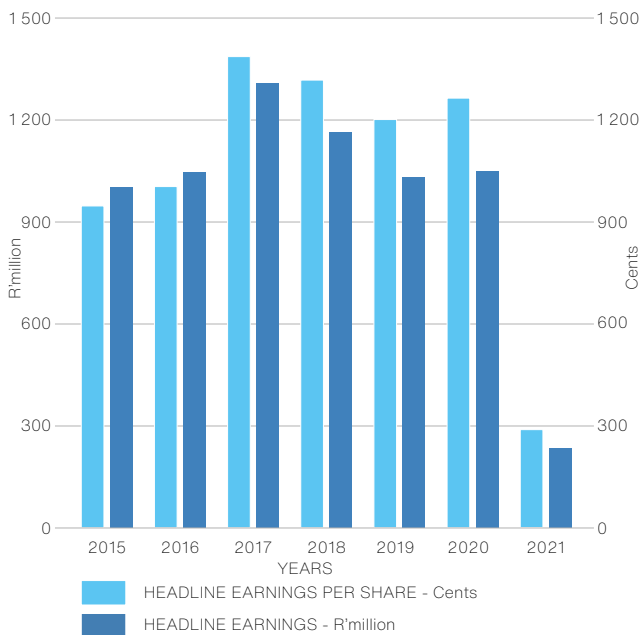
FINANCIAL HIGHLIGHTS

SEVEN YEAR REVIEW

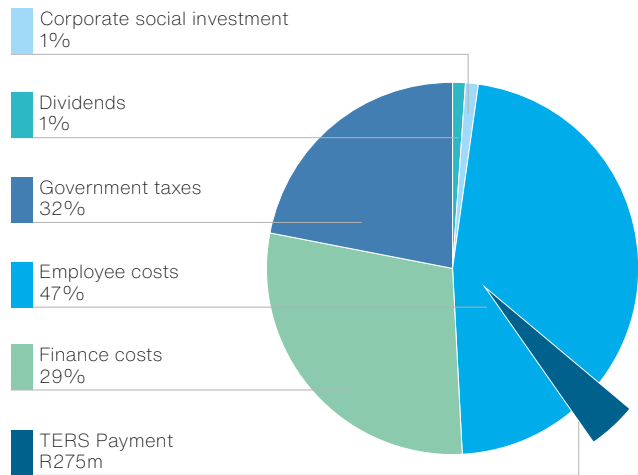
	2015	2016	2017	2018	2019	2020	2021
Shares in issue (net of treasury) - at year-end - million	104 040	104 108	95 336	85 882	84 875	80 870	80 870
Share price - high - cents	18 068	16 460	15 000	16 299	15 650	10 000	7 250
- low - cents	12 999	9500	10 450	11 691	10 206	1 999	1 600
- at year-end - cents	14 500	11 202	14 185	14 400	11 179	2 200	6 352
Dividend per share - cents	165	190	215	240	265	55	0
Net asset carrying value per share - cents	14 390	15 887	17 897	17 785	19 043	15 269	14 425
Headline earnings - million	1 000	1 044	1 306	1 164	1 029	1 047	233
Headline earnings per share - cents	946	1 003	1 385	1 316	1 200	1 263	288
Revenue (Including net gaming win) - million	17 257	21 542	23 116	23 802	25 125	21 159	14 087
EBITDA - million	4 108	5 749	6 535	6 286	6 589	5 590	3 094
Profit/(Loss) after tax - million	4 456	2 122	3 274	1 976	1 664	(7 325)	(1 512)
B-BBEE certification - level	2	3	2	2	2	2	*

* B-BBEE verification process currently in process

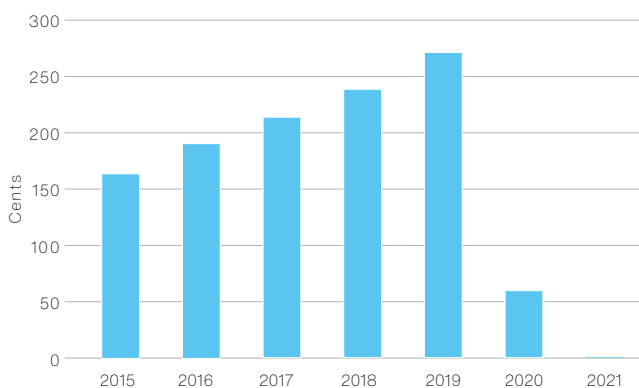
HEADLINE EARNINGS



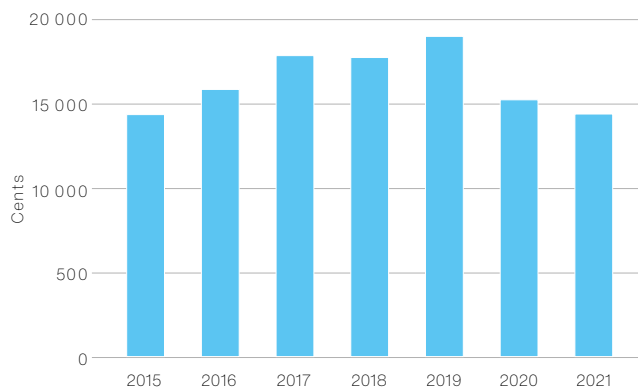
VALUE ADDED STATEMENT 2021 : R6.5bn (2020 : R13.2bn)



DIVIDEND PER SHARE



NET ASSET CARRYING VALUE PER SHARE





*JA Copelyn
Chief Executive Officer*

My letter to shareholders was finalized prior to the unbearable collapse of law and order in KwaZulu-Natal and parts of Gauteng. The full effect of this disaster will no doubt unfold over the next while. It may well jeopardize the ease of some of the calculations we have relied upon to date, though I do not believe it will affect the ultimate direction of the group. It certainly emphasizes even more the need to remain resilient against such adversity.

We have been put through a terrible test of wills between suicidal forces of anarchy and those who want the country to move forward despite its warts.

Our subsidiaries managed to ward off threats to shops at Shell House in the Johannesburg inner city and our property at Sydney Road in Durban. Likewise all of our shopping centres, hotels and casinos survived intact. We were however unable to save bingo sites in three shopping malls in Pinetown, Empangeni and Orange Farm where the malls were targeted and thoroughly trashed in their entirety.

The madness of this movement is nothing less than a modern day Nongqawuse incident. Whether it has anything to do with assisting former President Zuma or not seems remote though clearly the organizers were not able to get significant numbers of people outside of that base to throw themselves into looting their own futures. Nevertheless the fact that malls, distribution centres and other key infrastructure were systematically set alight

after being looted, exposes the hand of an organized force committed to the ruin of the country rather than permitting its reemergence as a modern constitutional democracy. The idea that such an insurrectionist strategy might be employed to obstruct the progress of the government in pursuing criminal claims against those formerly in positions of power who were guilty of gross abuses is unthinkable anywhere but here. How utterly shameful that attempt has been.

HCI remains committed to supporting all efforts by the state to clean up the sordid period we have been dragged through. Re-establishing the rule of law with its punitive power over anti-social and corrupt forces is the political challenge of our country and we will do whatever we can to be supportive of those efforts. As a people we have dislodged those suicidal forces from power. Standing firm in the face of their dying kicks against the re-establishment of law and order by a final abuse of the hardships of the poor, is a must.

Unquestionably the negative effects of this will take quite some time to reverse. Nevertheless one can only hope their failure will allow us to finally shrug off a totally self centred incompetent group of pretenders dressed in the guise of 'liberators' and rededicate ourselves to building a society on solid economic principles that promotes growth and constitutional democracy.

LETTER TO SHAREHOLDERS

Effects of COVID-19 washing through our lives for the last year:

The last twelve months for HCI has been centred on a single focal point, namely avoiding long term damage to our business in a COVID-19 infested world.

We believe we have essentially achieved this to date. Admittedly we had to take several knocks on the chin, including shelving all dividends, freezing bonuses, halting new business acquisitions, cutting costs wherever we could, freezing employment in every subsidiary if not significantly downsizing them as well as restructuring several businesses.

We disposed of a few non-core assets - mainly properties and settled a major dispute to more swiftly recover as great a proportion of amounts due in the legal claim as we could.

Despite the shock and the remaining tenderness around some wounds, our sutures have stopped the bleeding and we are on the mend.

Our efforts to survive intact led us to many compromises, but we doggedly resisted two central themes raised by lenders, namely having a rights issue in HCI or anywhere within the group and allowing pressure to reduce debt to prevail over the need for financial support by three high growth, cash negative, opportunities within the group.

Equally, a year later we can see the positive effects of our success in these areas.

While our competitors in both gaming and hotels had major rights issues and solved their excess debt issues overnight, we are not that far behind them in containing our debt. Equity holders in our group, however, will recover losses in share value a lot more rapidly than in companies that succumbed to pressure to substantially increase the number of shares in issue at the worst moment of their performance. HCI and TSG have tripled in value since then, and even TSH, the hardest hit by the pandemic, has clawed its way back 50% up from its floor price.

We hope our performance will justify this trend continuing this year, culminating in the resumption of a final dividend payment to our patient stake holders.

Equally importantly, we trust this will allow us to move past many of the robust cost saving measures we were forced to introduce to avoid falling over the edge of the cliff. Without the support of Government through its TERS programme these would not have been sufficient to avoid catastrophe. Whatever other criticisms there may be, we do want first and foremost to acknowledge this key support. There are few groups more grateful for it than ours.

There is no duty that an employer owes its employees greater than providing work. The most terrible thing COVID-19 did to our group, with its curfews, social distancing, and inhibition on travel, was to collapse our

ability to continue to offer work to thousands of people in a society riddled with unemployment. Even if one was not brought up in Japan, it is the sort of anguish in respect of which one can only bow one's head and apologize to those depending on us that we were unable to protect.

We hope this will soon be behind us and that we will again grow the numbers of people for whom we provide useful stable work.

Nevertheless, the year ahead is a year of vaccine distribution and triumph of life over sickness, despite the fierceness of the storm. It's a year that will let us develop the green shoots we were so careful to nurture through the pandemic.

Debt Management:

We reduced debt at the centre of our holding structure from R3,1b at the beginning of the pandemic to below the R2,8b we promised our lenders.

Fortuitously as we previously reported, we were able to settle a long running dispute with Ithuba for cash during the year which considerably eased pressure on us.

At our financial year end, debt net of free cash was down to R2,56b. In short, we are well on our way to complying with our commitment to reducing debt below R2,5b by December 2021.

In the second half of this financial year, we will hold discussions with debt holders about financial objectives for financial 2023.

While we can say with certainty that we will seek to trim debt further if this is possible without damage to the long-term interests of the business, those discussions will have to consider at least three key issues:

Firstly, the progress in containing the pandemic and the confidence that there is in business returning to "normal". Practically, for HCI, this is conditioned primarily by the answer to the question whether TSG will resume paying a final dividend in June 2022. When all is said and done this remains the life blood of HCI's cash flow.

Secondly, we will be participating in the drilling of a key exploration well in Namibia in the fourth quarter of 2021, and if the results thereof constitute a significant discovery this will have a material influence on the future of HCI.

Thirdly our venture into Palladium mining is reaching a critical point. The feasibility of the prospect is well established; the mining right is issued despite manageable complications. The challenge now is to bring the opportunity to final investment decision ("FID") this year. Success in this regard will take us into quite a lengthy period of construction risk, but inescapably we will have to choose whether to hold on to the significant stake we have accumulated through tough times in a generally unappreciated but very valuable, world class, highly mechanized low-cost mine with a

LETTER TO SHAREHOLDERS (CONTINUED)

life span of many decades, or to duck away with our capital gains to date.

Businesses that carried the flag through the Pandemic:

We remain a holding group with control of a diverse range of good quality assets in quite different industries. While almost all have been adversely affected by COVID-19 over the last year, several have been sufficiently robust through the pandemic to continue to pay dividends to shareholders. These have as a result been the key to HCI's financial stability through the period.

HCI Coal:

One of the key supports of our business through the pandemic has been our coal division. It contributed R180m to the group during the year and continues to be a strong cash producer. We have successfully simplified its operations by the sale of Mbali colliery virtually at the end of its life of mine. Essentially it is a sale of the wash plant which is clearly more useful to the purchaser than to us. The increase in the price of export coal did however allow us to squeeze significantly more value from the mine than we had budgeted, and the sale offered a far simpler exit than we had planned.

Effectively our division is now limited to the Palesa colliery. This is a mine producing solely for Eskom under contract. While it remains with a secure contract for a few years more, its longer-term future rather depends on efforts being made to revitalize that SOE.

The past year has been difficult for us in this regard and Eskom no doubt has had to remedy very serious and intractable issues which led it to constrict the amount of coal it was able to take from us. Nevertheless, it seems to be making headway and we have every expectation our cooperation with Eskom will improve over the coming year rather than stagnate. We remain a relatively cheap, reliable, B-BBEE supplier. As Eskom streamlines its offtake requirements, and rids itself of the endless bribery that has characterized control of important parts of its supply chain, as it is patently doing, we believe the biggest challenge the business faces will resolve itself, namely the stability of Eskom's ability to take the volume of coal set out in our contract.

eMedia Holdings:

This business is at the eye of the storm around Government's digital migration efforts. Essentially it is now about sixteen years since South Africa undertook to clear various parts of the radio frequency spectrum licensed to eTV, for the exclusive use of transmission of mobile data.

What ought to have happened is that households should have been converted to receiving television on cheap digital distribution platforms. Instead, government tried to insist solely on a terrestrial platform ("DTT") operated by Sentech which is wholly inadequate to the task.

Worse, government efforts to distribute boxes required for converting homes to this platform failed to ever take off. Even today fewer than 4% of television households currently access DTT. Distribution of boxes, supposedly through the Post Office, never started and government policy has apparently now changed to avoid it being responsible for such box distribution, leaving no one else responsible for doing so.

Over the last few years any progress in relation to digital migration has ground to a complete standstill in a world with an endless succession of Ministers of Communication. All efforts we made to engage with the government and the regulator, ICASA, failed to produce a single meeting and all correspondence was essentially ignored.

Some 60% of our audience remains on analogue. A further 26% has digital access only through DSTV. This is of course not access to free television. Failure to pay one's subscription for pay television results in all channels including free channels being switched off. 16% now has access through our Open View satellite platform. We have spent some seven years building this platform at enormous cost, outside of any arrangements with the state and other broadcasters.

This year's SONA address by the President claimed broadcasters had agreed with the State to definite switch off dates in various areas that would clear the spectrum needed by mobile operators across the whole country within a year. ICASA followed through by announcing an auction for the spectrum and soliciting bids therefor from mobile telephone operators. ICASA reserved no spectrum for 5G broadcasting even though the ITU is far advanced in developing a standard for 5G-FeMBMS broadcasting and is expected to finalize this standard next year.

The consequence of this complete anarchy is that we were obliged to ask for an interdict restraining the auction which was duly granted pending a judicial review of the matter.

The frightening thing about this fiasco is that it appears the state has no understanding that its conduct, if not restrained, would mean the death of free television.

It remains a highly contested area subject to litigation, but we are determined to have it resolved in a manner where our economic interests are considered as well as the right of the public to access free television.

With this backdrop one may well be forgiven for reading the rest of this comment on our media group in line with the satirical comment: "Other than that, how was the play Mrs. Lincoln?".

Nevertheless, this year was a spectacular success for eMedia in a truly difficult environment.

Television advertising in the country shrank miserably

(-18%) given the various lockdowns and especially in response to the bans on the sale of alcohol.

Our advertising revenue was notably less reduced (-7%). Essentially the reason for this is that our market share has grown over the last few years and especially this last year. At our lowest point in about 2015 we had shrunk to an audience share of around 13,5%.

While traditionally eMedia has had around half the audience share of the SABC this has changed considerably over the last few years. In April this year for the first time the combined eMedia group all adult 24-hour audience share reached 32,44%, a nose ahead of the combined SABC channels (30,94%) and DSTV (30,42%). This is partly the consequence of our decision to invest in Open View these last several years but equally it has been the result of more popular programming on eTV. Our share of LSM 8-9 audience at 25,6% is now a good stretch ahead of the SABC's 19%, though still a fair margin away from DSTV's 37,5%. Likewise, our eExtra channel now attracts a prime-time audience almost double that of SABC 3. The group turned around its R15m loss for the first half of the year to close with PAT of some R134m for the full year, a truly remarkable achievement.

Hosken Passenger Logistics and Rail:

The company is slowly regaining the number of passengers it carried pre-COVID-19. By year end this had increased to around 70% of previous passenger levels. The company has made great efforts to trim its costs and retain as much of its profitability as possible despite its reduced turnover. It succeeded in achieving PAT of about R203m, some 78% of the previous year which by any standards is an exceptional achievement. It was in addition a significant contributor to our cash flow, releasing dividends to us of some R114m through the year.

The dispute over the unions' attempt to cling on to percentage across the board wage increases for workers earning significant premiums to the agreed minima persists for yet another year but unquestionably we are making progress in compelling an understanding that this is a fundamental issue for the company on which we cannot afford to compromise.

That resolve on our side is only strengthened by a decision in the Competition Tribunal which seeks to suggest the subsidizing of the bus sector but not the taxi industry is unfair. It seems utterly indifferent to the cost of labour in a formally regulated sector relative to that applicable in one which pays no overtime, standing time, bonuses, paid leave, pension benefits, sick pay, and the like (not to mention taxes on profits).

We are currently in negotiations with the unions aimed at agreeing a way out of this impasse but to date we have not yet found each other. Likewise, we continue to make

representations to the Department of Transport and Treasury about the differences between formal industries and informal ones including the enormity of the escalation in the cost of transport to the passengers and/or the state if the current framework is allowed to disintegrate.

Bottom line of these pressures however is that we cannot survive in the long term with a cost structure based on the accumulated historic premium to our competitors of close to 40% and, come what may, the difficulties this represents must be resolved.

On the developmental side, the company is currently doing a trial with two electric buses to see whether we can effectively use same in our regular services and thereby substantially reduce our level of carbon emissions. If this is practicable it is our intention to slowly replace diesel powered buses with electric vehicles.

Manufacturing and Distribution:

Deneb has demonstrated good resilience through the pandemic. The benefits of its efforts over several years to contain its debt and to release assets and cash from businesses that were struggling, proved central to its success last year. Likewise, its discipline in carving out profitable areas of business to pursue and shedding those businesses that were marginal or loss making prior to COVID-19 pressures could hardly have been completed more timeously.

Its property portfolio has been very stable through the pandemic. It is an industrial portfolio of long established but well-maintained premises leased out at prices well below those obtainable from new builds. It suffered little pressure for rent relief and vacancies remained at a low level throughout the last year.

As a result, its ability to service its debt has not been under any unusual pressure. On the contrary it succeeded in reducing same by some R200m for the second consecutive year.

Its loss-making businesses have largely been sold off now and the two that remain have every prospect of turning around this coming year.

The business was very tightly managed through the pandemic. Unavoidably, turnover was reduced. Nevertheless, several of its businesses managed to improve their bottom line despite this. Toys turned a loss of R9m last year into an R18m profit on turnover reduced by some 35%. Brits Non-Woven, Integrated Polypropylene ("IPP") and Premier likewise had greatly improved results.

Formex was badly affected by the reduction in car sales all over the world and the consequent reduction in car manufacture by motor assemblers. It has however picked up a strong flow of orders which will significantly increase its production over the next five to seven years and we remain very buoyant on its future.

LETTER TO SHAREHOLDERS (CONTINUED)

Encouragingly for the future of Deneb is the fact that this year's results include some R48m of losses associated primarily with the restructuring costs of closing the Jacobs plant of Gold Reef, the contraction of Romatex Home Textiles into Cape Town as well a substantial loss in Seartec, all of which are not anticipated to be repeated going forward. On the other hand, they also include substantial savings of interest expenses on the reduced level of debt which will persist into the future.

Overall Deneb recorded a comprehensive profit of some R134m which is a very substantial turn-around from last year's R124m loss. Last year's results included losses of R127m from discontinued businesses. This year its losses from such operations were contained to R5m demonstrating both the dramatic curtailment of its exposure to loss-making businesses as well as the improvement of its continuing operations.

The company paid dividends of R15m to HCI during the year to March 2021 and a final dividend of some R26m to us after year end. We hope this will strengthen going forward.

Karoshhoek:

Karoshhoek continues to operate efficiently and within the framework of the model. It passed the important milestone of its Long-Term Performance Test, operating at 97% of capacity for the year ending March 2021. Its revenue was likewise at 98% of that modelled and it is paying out dividends of around R39m a year, in line with our hopes and expectations. By all measures this has been a very successful project and ought to provide the group with strong and growing cash flows for many years to come.

Businesses that have struggled under COVID-19 conditions:

Some of our subsidiaries, particularly those which involved large property developments, accumulated fairly high levels of their own debt. The possibility of their revenue being seriously inhibited was generally not anticipated either by themselves or their financiers beyond provision for insurance against business interruption.

The scale and duration of this interruption and the invariable reluctance of insurers to meet COVID-19 claims by their customers, placed these businesses in the same stressed position in which HCI found itself, where they were obliged by their debt holders to stop all dividends and focus all their energies on servicing their own debt.

We evaluate the progress of these businesses through the pandemic firstly by whether they are forced to do anything value destructive to the long-term interests of shareholders in meeting their commitments to debt holders. Our expectation of ourselves is that we run our businesses in a manner where they can survive great storms. Unquestionably this has been a major test of that assumption.

Secondly, we focus on when they might reasonably and prudently be expected to resume dividend payments to HCI.

Gaming (Tsogo Sun Gaming):

The key to HCI's past has been its ability to build new businesses from the cash it earned from existing businesses. Front and centre of that strategy has been a reliance on the cash dividended to us from our gaming operations. Surviving the two-year hiatus that COVID-19 appears to be imposing on such dividends has been the central challenge HCI has had to weather.

TSG entered COVID-19 with R11,4b in debt. The initial three months total lockdown set it back a further R700m. Since then, it has paid down R1,2b in nine months from operating income, aside from servicing interest on its debt. Repeating that performance during the first half of FY 2022 should allow all to feel comfortable that it is well on the way to resuming dividends.

Equally importantly however, has been for it to restructure its business for the long term and to regain the EBITDA margin it had allowed to be eroded for many years. It is with real appreciation we congratulate management on its efforts in this regard. There has been a restructure of costs and services in every business it operates, from the theme park at Gold Reef through the operational structure of every casino as well as the overhead of its corporate services.

TSG will be a stronger, more driven business for many years as a result of these efforts. Together with a reduced normalized debt it will allow TSG to resume its pivotal role in our holding company sooner rather than later.

Hotels (Tsogo Sun Hotels):

International tourism and interprovincial domestic travel have been decimated by COVID-19 and are unlikely to recover fully until vaccines have been effectively distributed to large numbers of people in the country.

Nevertheless, TSH has managed to reduce its cash losses to a relatively small number monthly on the current level of travel and our hope is there will still be a sufficient growth in the number of people staying in hotels to stop even this over the next few months.

We chose to dispose of our stake in the luxury 30 suite Maia hotel rather than have a rights issue to meet the pressures of cash losses in the business. Happily, we succeeded in doing so at a relatively full value and the proceeds of this sale have been as great as all cash losses to date. The business is not expected to lose a significant amount of cash in the year ahead unless a sustained third wave sets the process of domestic travel slowly returning awry again. At some point we hope TSH will also succeed in recovering a contribution from its business interruption insurance claims.

We took the opportunity to collapse the Hospitality Property Fund back into the management company in a share swap and accordingly TSH now owns the properties it manages and more in their entirety. This has simplified the business considerably. It both strengthens its balance sheet immediately and will in due course considerably strengthen its income statement once the business is again on its feet. Like our gaming operations, the hotel business has taken a great many steps to tighten its control over overheads and lighten its operating expenses. In due course these will be significant in its performance once the disruption of the pandemic retreats.

We do believe the business will again become cash positive during the next few months and avoid any long-term damage to its future. It is, however, too soon to predict when it will be sufficiently back on track to resume paying dividends.

Properties:

Our property division is a diverse portfolio of rented premises, primarily acquired and developed over the last six years. These acquisitions and developments were heavily funded by debt, often accompanied by shareholder guarantees from HCI.

Like gaming this division had a great setback in the initial total lockdown period of the first three months of the pandemic. Whilst it has not yet recovered totally, its tenants in all sectors of its property holdings are again paying their rental and vacancies are slowly declining to a near normal pre-COVID-19 level.

Debt in each property has been carefully assessed and restructured to ensure the level of revenue from the building is sufficient to service its debt.

We exited The Fulcrum in Sea Point when the city refused it permission to increase its height restrictions. Whilst this involved a substantial loss to the division it seemed preferable to leave rather than starting afresh with new plans purporting merely to reduce that loss conditional on us investing further in the property.

We have taken the opportunity to buy back stakes held by minorities in affected properties where they wanted to leave, at prices we believe to be value enhancing in the medium term.

We have also sold some properties at fair prices where there has been real buyer interest and they were not core to the division.

While we have greatly constricted development, we have nevertheless built an office block for the Dentsu head office, completed the construction of two houses on the property at Steenberg and are in the final stages of completing a building in Paarl for rental to Food Lovers Market.

The net effect of all this activity is that we have reduced

HCI shareholder guarantees in respect of properties from a total of R1.2b to R976m during the year. Debt on properties has been reduced from R2,3b to R2,2b despite new builds at Dentsu and Paarl. Vacancies and ongoing rent relief are now approximately 5% of potential revenue.

Profitability of the division was adversely affected by the write down of property values which seems prudent to us, and the losses associated with the Fulcrum.

Our intention in this division is to focus on limiting HCI guarantees for its debt until our bankers are satisfied to regard it as a free-standing division with its own balance sheet.

Growth Opportunities:

Impact Oil and Gas ("IOG"):

As the years go by with no clarity on the legal rights of explorers in South Africa, the size of the state carry, the degree of accommodation of BEE required, royalties claimable and the tax structure of production right holders there has been a growing disillusion with prospecting for oil and gas in South Africa.

Disappointingly several companies with capacity to responsibly drill deep sea wells have abandoned blocks in our waters. ExxonMobil, Equinor, BHP, Cairn, Cosmos and Anadarko are amongst the departees. Worryingly ENI has now resigned from Opasa which may well be a sign of its imminent departure.

While there is a growing clamour against fossil fuels across many developed countries, the truth about the South African economy is its electric grid is still overwhelmingly dependent on coal fired power stations. It has no prospects in the medium term of generating base electricity from any source other than fossil fuels. It should in our opinion aim to replace coal fired power stations with gas ones and focus its efforts on technologies around carbon capture and storage rather than exclusively on wind and solar solutions to limit greenhouse gases. Not only is gas significantly less polluting than coal but gas power plants are also by their nature "peaking" plants. Unlike coal fired plants they can be turned on and off as the surplus or shortage of electricity generated from other energy sources waxes and wanes on any day. It is a flexibility fundamental to the stable operation of the grid where solar and wind generated power vary considerably from day to day. This will remain so until we can store electricity for very much longer than is currently practicable.

One can only hope that there will be a greater drive by the department to get the long-promised bill enacted this year. Failure to do so is going to accelerate the pace at which global companies vote with their feet and our country will unquestionably be the worse for it.

Nevertheless, even black clouds have their silver linings. Last year we reported ExxonMobil and Equinor

LETTER TO SHAREHOLDERS (CONTINUED)

abandoned our joint block in the Transkei and left it to us with sole responsibility to meet an expensive seismic obligation to enter the next phase. Notwithstanding the capital constraints imposed on us, we took the risk of IOG committing resources to this block and we advanced its exploration to the next phase on our own. IOG spent the year modeling the prospectivity of various parts of the block and attempting to attract a new supermajor to farm in. We are pleased to report we have succeeded in getting Shell Petroleum to join us as operator. We are currently in the process of jointly farming down to accommodate an additional partner. The net effect of these new arrangements will hopefully be that we are left with a 30-35% stake in the block, largely carried for both the seismic study and an exploration well, with partners committed to commissioning the seismic study at which previous partners baulked.

We have in addition acquired a 90% interest in the neighbouring block known as Area 2. We see this as being a block which is as prospective as the Transkei block and in many ways an extension of that opportunity.

Despite the optimism of our last report that the Venus exploration well in our Namibian block would be drilled by Total this was not done and was deferred to late winter this year. It remains a key determinant of our exploration efforts for the next few years.

Total did however drill a second well in block 11B/12B greatly extending the Brulpadda discovery the previous year. We have taken the opportunity to swap our loan structure funding a portion of this block for a 36,5% stake in a Stockholm listed company, African Energy ("AEC") which holds an effective 9,5% economic interest in the block. Currently this trades at a value some 2.5 x the amount we invested in the block.

Platinum Group Metals ("PTM"):

As indicated last year we participated in a US\$15m rights issue in this company to avoid being diluted at what we felt was a low value. The share subsequently more than doubled and we took the opportunity to dispose of some stock at that price, effectively minimising our dilution. We currently hold 21,3m PTM shares and have paid a net amount of US\$1,25 a share for them.

The mining license for the Waterberg project was eventually issued in April 2021. An appeal has been lodged by three individuals purportedly on behalf of the community. We see little prospect of this unrepresentative group holding back progress of the mine for long and the company is hard at work trying to move the project towards final investment decision later in the year.

This remains an exciting opportunity that should still grow significantly in value and make a good contribution to creating skilled jobs in a very marginalized area of the country. HCI is positioned as the largest single shareholder of the company and currently holds 28,7% of its shares.

The company also has a 52% stake in a joint venture company with Anglo Platinum known as Lion Battery Technologies. It arises out of a collaboration with the Chemical Engineering Department of Florida International University in Miami who for some time has been developing research and expertise focused on enhancing battery technology and increasing its effectiveness through the introduction of PGMs as catalysts. Key targets in the project are to increase battery life by increasing the number of recharge cycles before the battery is ineffective and to decrease the battery weight per Watt hour and thereby the cost of the battery. This project remains at an early stage, but it has met milestones to date which include two U.S. patents with a third currently being applied for. It appears to the JV to have great potential to make a significant contribution both to enhancing battery technology and extending demand for palladium in electric car vehicles. It is being pursued more urgently through its next phase and to this end the JV has agreed to increase funding to enhance the speed of its research work over the next twelve months.

Alphawave:

This is a far smaller business than the previous two growth opportunities mentioned and our 42% stake therein was acquired from Niveus.

It is a technology business which has developed both the software and hardware to track the flight of golf balls hit on a driving range. It has also designed various games for people to play which depend on such tracking. It has installations operating on eight such ranges, is currently installing the system on a further eight and has a pipeline of plans which should allow it to continue rolling out the product on more and more driving ranges in several different countries.

Since the company operates in the entertainment space it has of course been hard hit by COVID-19 which has variously closed ranges temporarily or restricted their use. Nevertheless, our hope is the company will emerge over the next year or two as a profitable growing entity with a world-wide customer base in a very popular sport. We have invested R70m in the venture to date and anticipate we are more than two thirds of the way to it becoming self-sustainable.

Foundation:

The budget of our Foundation was inevitably reduced to around R30m for the last year, given the dramatic collapse of the value of its shareholding in HPF. While it had been hoped holding into a REIT with strong pretax distributions would be an ideal asset class for a PBO, the pandemic put paid to any hopes it may have had to receiving such income. Fortunately, the rest of its balance sheet remained sufficiently robust to be able to continue its work despite the reduced cash at its disposal. Two senior members of staff retired which eased the pressure on the Foundation's overhead. Those remaining have

stepped up ably to manage its work. As a result, it has more than held its own with its reduced budget.

In the education and training space, the Foundation shifted its support away from undergraduate studies which the state undertook to fund through NSFAS, and offered bursaries and mentoring support to about 200 students, the majority of whom are enrolled in honours and postgraduate diploma programmes which do not get state funding. It has also continued its efforts with programmes focused on early childhood learning.

The philanthropic sector in general has been squeezed mercilessly by the twin pressures of COVID-19 which have simultaneously restricted its financial capacity while greatly exacerbating the need for social support.

This has created enormous pressure on NGOs to combine their efforts in tackling problems. The Foundation has played a catalytic role in encouraging such partnerships for several years, but its ability to draw such organizations closer to each other in meeting the challenges of the pandemic has seemed more important than ever over the last year. Unquestionably, our ability to extend the reach and deepen the impact of our Foundation's work during this difficult period, particularly in areas of education, food security, skills development, as well as the provision of psycho-social support, has been facilitated by our close collaboration with a wide range of NGOs throughout South Africa's urban and rural landscape. We supported the programmes of some 65 NGOs which sought to address the most pressing challenges faced by our country and tried to ensure that those in need continued to receive support services during the COVID-19 pandemic.

Last year, we reported on our successful campaign, run together with eMedia, to raise money for the distribution of food parcels in the period of the first total lockdown. The public donations raised allowed us all to deliver a key service we could never have achieved from our own funds. The coordination in the distribution of the food parcels was an excellent example of what can be achieved when partner NGOs work closely together.

Subsequently, we have identified the area of sustainable food growth as a major additional focus for our Foundation, one which asserted itself with some urgency during this COVID-19 year when the number of jobs in society have contracted so severely. We hope this will emerge as a significant space for the Foundation to bring together other NGOs with similar interests and skill sets and to set collaborative goals to ensure the successful implementation of the programme.

Sad demise of some key HCI personalities:

The last year has seen two former members of our board pass away. The first was Amon Ntuli who served on our board for several years before taking up a fulltime post as an executive director of Deneb. He was a life-long member of the board of trustees of the HCI Foundation. He was

likewise a founding director of the Sactwu Investment Company in 1992 and a National President of that union. Even more, he was an inspirational colleague and friend for more than four decades and he will be missed in the future for a very long time.

A second person who sadly passed away last year is Mohamed "Mac" Gani. He was a partner at PwC for many years and joined both the boards of Tsogo and HCI as an independent non-executive after his retirement. He was the chairperson of the audit committee of our board and was an exceptionally diligent and supportive member of the board. It was an honour to have attracted a person of his calibre to work with us and to strengthen the independence of the audit committee.

We have succeeded in persuading Mohamed Ahmed to join our board and take on the role of head of the audit committee in his place. Mohamed likewise has a long connection with HCI and was in fact its first CFO after our reverse listing into the company in 1997. We are indeed fortunate to have someone of his calibre to fill the shoes of his predecessor.

More recently we have had another key member of our team pass away after a short illness - Russell Jackson. Russell was the CEO of our coal division as well as member of the board of both our Property division and the Waterberg Project through which we hope to participate in the development of a palladium mine. He was a wise "old soul". A person of great empathy and integrity who found his way to a close working relationship with anyone in his vicinity who ever wanted to build anything anywhere. He had decades of invaluable experience, having been part of the JCI team for years before it was even unbundled by Anglo-American. His pivotal roles in developing Steenberg Estate, Dainfern and many other properties as well as pulling together a bid that was ultimately merged into the development of the Sun Coast Casino were incredibly valuable contributions but his work rarely brought him into the public limelight. Perhaps it is because of his small ego and low profile that he achieved the status of an unsung hero to all who had the pleasure of working with him or tapping his vast knowledge and insight for help and guidance. It is simply irreplaceable.

We do hope though that the management of the coal division itself will not be heavily disrupted as Russell spent a lot of time ensuring his succession would be a smooth one and we have great confidence that Aadil Nakooda and Pieter Terblanche will carry the flag forward with confidence.

Hamba Kahle to them all.



John Copelyn
Chief Executive Officer Cape Town

GEOGRAPHICAL FOOTPRINT

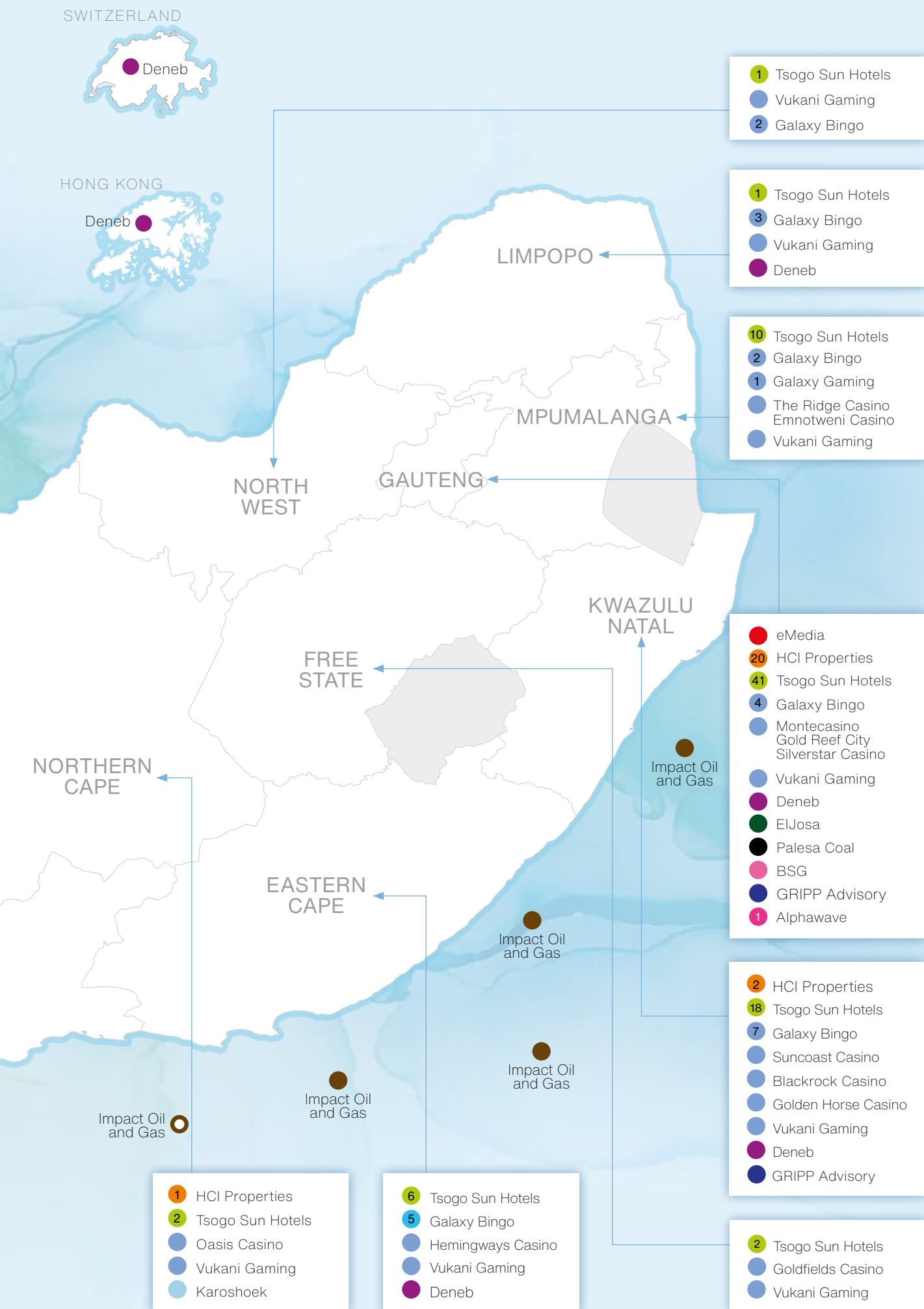
AS AT 27 JULY 2021



COMPANIES

- | | |
|---------------------------------------|---|
| ● eMedia Holdings | ● Tsogo Sun Gaming Casinos |
| ● Deneb Investments | ● Galaxy Bingo |
| ● Hosken Passenger Logistics and Rail | ● Galaxy Gaming |
| ● HCI Coal | ● Vukani Gaming |
| ● HCI Properties | ● Impact Oil and Gas |
| ● Business Systems Group (Africa) | ● Indirect Interest through 37% ownership in Africa Energy Corp |
| ● Tsogo Sun Hotels | |
| ● Karoshoek | |
| ● La Concorde | |
| ● GRIPP Advisory | |
| ● Alphawave | |

- eMedia
- HCI Properties
- Tsogo Sun Hotels
- The Caledon Casino
- Mykonos Casino
- Garden Route Casino
- Vukani Gaming
- Deneb
- Golden Arrow Bus Services
- ElJosa
- BSG
- GRIPP Advisory
- Alphawave
- La Concorde



OPERATING STRUCTURE

AS AT 27 JULY 2021

LISTED COMPANIES

 **TSOGO SUN**
HOTELS

40.5%**

TSOGO SUN
GAMING

49.7%

 **MEDIA**
HOLDINGS

80.3%

 **HPL&R**
Hosken Passenger Logistics & Rail

82.2%

 **DENEB**
INVESTMENTS LIMITED

85.5%

 **PLATINUM**
GROUP
METALS

28.7%

Name of company	No of shares held by HCI and its subsidiaries
Hosken Passenger Logistics and Rail Limited	239 096 568
eMedia Holdings Limited	355 816 436
Tsogo Sun Hotels Limited **	597 823 375
Tsogo Sun Gaming Limited	520 114 404
Deneb Investments Limited	371 776 214
Platinum Group Metals Limited	21 297 526
Montauk Renewables Incorporated	670 588
Africa Energy Corporation *	509 092 771

* As held by Impact Oil and Gas Limited

** Includes 54 675 666 shares held by the HCI Foundation

UNLISTED COMPANIES



100%



75%



HCI Properties
(Division)

100%



40%



KAROSHOEK

10%



42.3%

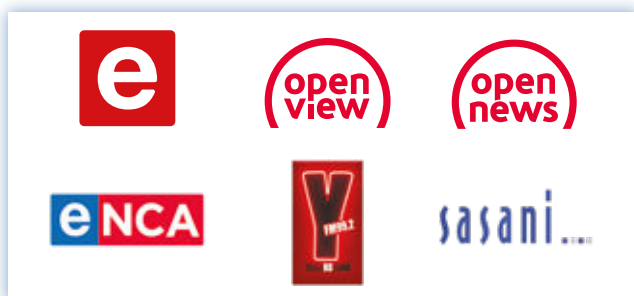


49.2%



89%

OPERATIONAL OVERVIEW



eMEDIA HOLDINGS LIMITED

www.emediaholdings.co.za

The eMedia Group has had a relatively good year given the very tough economic climate brought upon the world by the COVID-19 pandemic. The table below shows the salient numbers for the group: (*prior year restated for discontinued operations)

	2021 (R'm)	2020* (R'm)
Advertising revenue	1 613.1	1 735.5
Adjusted profit from continuing operations	138.5	241.6
EBITDA	303.0	428.0
Headline earnings	72.8	147.8

As can be seen from the above table the pandemic hit all revenue streams which impacted the group mostly in the first part of the financial year, that is when lockdown levels were at their highest and all economic activity came to a standstill. This saw the total television advertising market declining by 15.7% whereas the group declined by 7% thereby doing considerably better than the market.

Business has evolved over time from a one-channel business to a 10-channel business and has truly become a bouquet of offerings best understood in the following categories:

Content – entertainment channels:

Under this sector, the group now has eight well-entrenched entertainment channels, namely e.tv, eExtra, eMovies, eMovies Extra, eToonz, eReality, eRewind and eAfrica.

The highlight of these channels includes:

- The eMedia Group share in prime time has increased from 24.6% in March 2020 to 29.6% in March 2021 an increase of 20.33%. This is on the back of the e.tv prime time share increasing from 17.4% to 20.3% at the end of the period, with the local daily soaps which have held their ground. Durban General, the new daily soap was launched in October in the 18:30

timeslot and its first six months has already achieved a 6AR average. e.tv is also looking forward to introducing a brand new daily soap towards the end of the new financial year. Watch the press for details;

- eExtra, eMovie and eMovie Extra are consistently in the top five of the country's satellite channels with eExtra now commanding a share in prime time of 4.3%. These rankings assist the group in providing four of the top 10 satellite channels in the country consistently; and
- The search for more channels continues on a daily basis. Although there are many on offer, it is only those that are discerning in their content and commercially-viable that will be considered.

Content – news and sport:

- As is well-known, the group's news offering, eNCA is arguably the best, but certainly the most-watched news channel in South Africa;
- eNCA is exclusive to DStv and is such the leading channel in the LSM 8-10 category. It is the preferred choice of "decision-makers" and is recognised as a leading news brand. The presenter line-up, the format and the content are constantly managed so as to make eNCA as relevant as possible;
- As it is with most news channels around the world, there are opinions both ways about eNCA. eNCA works hard to find the balance and in doing so relies on the maxim that alludes to the following, "we should always be the subject of dinnertime discussions, good or bad – it is when the talking stops that we should be concerned";
- The news and sports channel which was launched in the previous fiscal continues to provide the openview viewer with premium sports, which includes a live EPL and La Liga football match over the weekends. Venturing into live sport is new to the group and has worked out successfully. More live sport fixtures are being sourced and will be introduced in the near future; and



- This sport is housed in what is the group's second news channel which has a 4-hour live news telecast from Cape Town on the Openview platform. This news broadcast facility is also responsible for the news on the e.tv analogue transmission. The main 8pm news on e.tv is live from this facility in Cape Town, and is the most-watched news in English in South Africa.

Platforms – Openview/ Openview Connect/ eVOD:

- Openview, eMedia's free-to-air satellite offering is now in nearly 2.5 million homes. The sales of Openview decoders is consistently at an average of one thousand a day. This was impacted negatively by the first part of the lockdown, but has now recovered to its previous daily averages. Although the rand/dollar exchange rate impacted on the price of the decoder, the daily sales numbers have been resilient, and are slightly better than at the old price;
- The rental deal struck with the SABC towards the end of the fiscal whereby 19 radio channels and 3 entertainment channels will be launched as also seen as uptick in box activations. This speaks directly to the fact that the content is received well and that South Africans are warming up to the offering. The group expects to be at three million boxes by March 2022;
- Openview Connect launched towards the end of the fiscal and is yet another value add for the openview customer. It will allow the openview home access to the internet without the need for fiber in a country where only

7% of homes have been connected to fiber thus far; and

- eVOD – In November 2020 the group embarked on the creation of a further platform that catapults the business firmly into the future with the imminent launch of eVOD, the group's OTT service. All of eMedia's library and future content will be available the OTT service. Two revenue streams will accrue to the group, advertising revenue for library content and subscription revenue for fresh content.

There are other ground endeavours in the technology space that are in focus and are receiving daily attention from the most senior persons in the group. In due course, more will be revealed on the projects on hand.

Subsidiaries:

Most of the group's subsidiaries which include Moonlighting, Media Film Services and The Refinery Cape Town have survived the ban on international travel during the lockdown and are now all increasingly recovering to pre COVID-19 activity.

In conclusion, the eMedia Holdings business is ecstatic that it survived the worst of the lockdowns through the pandemic and is in gear to resume its pre-COVID-19 success and is hopeful that the country does not face another hard lockdown.

eMedia Holdings is separately listed on the JSE Securities Exchange, and more information on the group can be found at www.emediaholdings.co.za

OPERATIONAL OVERVIEW (CONTINUED)



Hosken Passenger Logistics & Rail



The past year will be remembered for the impact COVID-19 had on people's lives and business' fortunes. While COVID-19 restrictions curtailed movement it brought flexibility, ranging from working from home to working more flexible hours at the office. This fundamentally shaped the performance of the group over the reporting period.

The recognition of the group's commuter bus operations as an essential service provided a reprieve from the severe limitations placed on the number of passengers carried and restricted hours of operations imposed on public transport operators during the early lockdown period.

Innovative ways of scheduling buses, utilising manpower, instituting protocols for overseeing the management of the pandemic and tapping into regulatory relief measures typified the group's operations during the review period. It was heartening to observe a steady albeit gradual recovery in passenger numbers as lockdown restrictions were eased and an upward trajectory towards pre-COVID-19 levels appears imminent barring any further limitations.

Review of group results:

Reduced passenger numbers, because of COVID-19 lockdowns and the restriction on passenger mobility, resulted in a 19.9% decrease in revenue from FY2020. The resultant contraction in operations over the year coupled with various cost saving initiatives gave rise to a 19.4% savings in operating expenses from the year prior.

This resulted in an EBITDA for the period of R385.3 million (21.1% lower than FY2020 of R488.6 million).

Attributable group profit for the year is reflected at R204.8 million (21.5% lower than FY2020 of R261.0 million) and headline earnings at R203 million (18.9% lower than FY2020 of R250.5 million).

The group put all major capital expenditures, including its fleet replacement programme, on hold for FY2021 which

resulted in a net reduction in debt of R152.8 million for the year.

The acquisition of the remaining shares in Sibanye and Table Bay Rapid Transit proved opportune as both entities performed above expectations during the review period, impacting very positively on the group's results.

During the ensuing financial year, the group will continue to explore ways to optimize operations within the confines of a lingering pandemic.

Golden Arrow Bus Services ("GABS"):

The changing travel patterns of passengers brought opportunities as more passengers moved to travelling in the off-peak, enabling cost savings during the peak operation and scheduling more off-peak services which are operated with existing staff and buses at a reduced cost.

The consequence of lockdown patently manifested in a significant drop in passenger volumes. This triggered a commensurate reduction in operations, downsizing of manpower and the implementation of short-time schedules to optimally align demand with supply to contain operational expenses. The curtailment of regular operations resulted in a 19% drop in revenue which led to a 28% decline in EBITDA and a reduction of 28% in NPAT. Management also temporarily suspended long term operational strategies and adopted problem-solving approaches to deal with the unpredictability ushered in by lockdown.

Applications to access the Temporary Employee Relief Scheme ("TERS") through the South African Road Passenger Bargaining Council ("SARPBAC") were lodged with the Unemployment Insurance Fund ("UIF") to supplement employee earnings impacted by short time whilst an agreement to be reimbursed a standing kilometer rate for the disruption of scheduled services was concluded with the Provincial Contracting Authority.

During the reporting period, a dramatic increase in armed robberies aimed at buses was experienced. After a series of high-level meetings, the Authorities agreed to install cameras on buses and deploy a dedicated public transport police force. Additionally, GABS has begun to install drop-safes in buses for drivers' takings.

The installation of solar electricity continued to generate significant yields with annual cost reductions in electricity usage of 98% recorded at the Company's Central Engineering Complex.



One of two 100% electric buses now being tested by GABS in active service conditions



Solar panels covering the roof of the Central Mechanical Facility in Epping

During the reporting period, solar panel installations were also rolled out to the largest depot which is projected to generate close to 295 000 kWh per year. This will effectively contribute to the offsetting of scope 1 emissions emanating from diesel consumed by the GABS bus fleet.

Over the review period GABS negotiated the testing of two electric buses from a leading international manufacturer. This provides an opportune base for the testing and commissioning of electric buses and the results will afford an empirical basis for the comparison of running costs vis-à-vis diesel powered buses.

A significant 5,2% improvement in kilometres travelled per litre of diesel consumed was achieved in relation to the previous year, which denotes a significant saving in the second highest element of the group's operational cost structure.

Innovative scheduling of buses and optimum allocation of manpower as passenger volumes stabilises to pre-COVID-19 levels are the focus in operations whilst the application of appropriate new age technologies is imbedded in the strategic blueprint of the engineering and support services.

Management remains vigilant in pursuing growth opportunities that are presented from fallouts in the broader mobility sector which have been caused by the pandemic and continues to keep a close watch on a raft of amendments (such as a proposed National Public Transport Subsidy Policy and the Competition Commission's market inquiry in the land based public passenger transport sector) that have been proposed in the regulatory environment of the transport sector.

Table Bay Rapid Transit ("TBRT"):

Table Bay Rapid Transit capped an overall creditable performance by positioning itself as the top performing Vehicle Operating Company ("VOC") in the MyCiTi system. This was largely underpinned by registering a minimal amount of operating infringements and consistently maintaining efficient driver ratios.

Furthermore, due to the specificity of the gross-based

operating contract, the company was able to avert acute revenue losses associated with the decline in passengers generally experienced by public transport operators during the lockdown.

Revenue for the reporting period decreased by 4%, which was eclipsed by an 11% decline in operating expenses that yielded a notable 16% increase in EBITDA from the prior year.

Sibanye Bus Services ("Sibanye"):

Notwithstanding a 4% reduction in revenue, operating expenses reflected a 21% decline which resulted in the realisation of a notable 21% increase in EBITDA from the prior year.

Passenger numbers, after the easing of lockdown restrictions, showed a comparatively earlier restoration to pre-COVID-19 levels largely due to the high demand for services from passengers residing in the relatively remote hubs along the western seaboard routes operated by the company.

ElJoSa Travel and Tours ("ElJoSa"):

With its business model grounded in the luxury coach, charter hire and scholar transport sectors, ElJoSa regrettably bore the brunt of the downward cycle experienced by businesses during the varying levels of lockdown restrictions.

Revenue was decimated by 84% vis-à-vis the prior year, yielding a negative attributable EBITDA of R5.97million.

In mitigation of the losses incurred, management introduced short-time measures and mutually agreed payment for actual hours worked by operations staff.

The company remains geared for the anticipated opening of the international tourism market and the return to normality of school academic and sporting programmes.

Hosken Passenger Logistics and Rail is separately listed on the JSE Securities Exchange, and more information on the group can be found at www.hplr.co.za

DENE[★]B

INVESTMENTS LIMITED



DENE[★]B INVESTMENTS LIMITED (“Deneb”)

www.deneb.co.za

The year under review has been quite extraordinary. The national lockdown imposed in response to the COVID-19 pandemic resulted in Deneb only operating at 10% of capacity in April and 40% of capacity in May. The restrictions meant that at the end of the first quarter of this financial year, Deneb had recorded a loss before taxation of R42 million. From that point on, the group managed to perform really well and we are very pleased to report a total comprehensive profit of R128 million, a R253 million improvement from the R125 million loss in the prior period.

Deneb’s businesses are very diverse and interface into various sectors of the economy. The businesses that interface into the agriculture and mining sectors for instance, experienced quite strong demand post the lockdown. On the other hand, the businesses interfacing into the education, hospitality and automotive sectors faced subdued demand. On the whole, the businesses proved very resilient given the challenging environment.

Most pleasing is the fact the Deneb group was also

strongly cash generative and reduced its net interest-bearing debt by R201 million during the current year. Over the past two financial years, on the back of a deliberate plan, the group’s net interest bearing debt has reduced by some R474 million. We believe that the group’s debt is now at a far more manageable level and leaves it well placed to take advantage of any opportunities that may arise in the future. The reduced debt levels and lower interest rates saw net finance expense reduce by R50 million.

During the period under review, two of Deneb’s Executive Directors announced their retirements. Amon Ntuli and Dave Duncan had both served the group for over 40 years and their respective contributions to Deneb’s success has been immense. Dave Duncan has remained on the board in a non-executive capacity so his input will not be entirely lost to the group. We are very sad to report that subsequent to his retirement for health reasons, Amon Ntuli passed away. We miss his input into the group.

Deneb Investments Limited is separately listed on the JSE Securities Exchange, and more information on the group can be found at www.deneb.co.za



TSOGO SUN GAMING



TSOGO SUN GAMING LIMITED (“TSOGO SUN GAMING”)

Overview:

The ongoing regulatory restrictions promulgated as a result of the COVID-19 pandemic, including the imposition of varying curfews, alcohol bans and capacity limitations, restricted Tsogo Sun Gaming's ability to trade and had a substantial negative impact on its results for the year under review.

All Tsogo Sun Gaming's businesses were closed for the first quarter of the 2021 financial year and thereafter re-opened in a staggered manner.

The second wave and consequent stricter regulatory restrictions imposed during December 2020 and January 2021 hampered the recovery (which commenced in September 2020) of Tsogo Sun Gaming's businesses.

Income for the year reduced by R6.0 billion compared to that of the prior year, EBITDA reduced by R2.3 billion and headline earnings of R1.3 billion for the prior year were wiped out resulting in a headline loss.

On the positive side, the businesses recovered well in the second half of the year notwithstanding the occurrence of the second wave.

Operating expenses:

Operating expenses were tightly controlled during the year, and the ongoing cost saving initiatives should provide sustainable benefits. Visibility of where the operating cost base will finish when back to a normalised trading environment is still difficult to determine accurately.

Finance costs:

Net finance costs excluding lease finance costs for the year amounted to R0.9 billion (R1.06 billion for the prior

year excluding a reclassification from the cash flow hedge reserve on refinancing Tsogo Sun Gaming's debt of R136 million).

The R7.5 billion of interest swaps still in place negatively impacted this cost. R4.0 billion of these hedges are maturing on 30 June 2021, which will potentially realise an interest cost improvement for Tsogo Sun Gaming in the 2022 financial year. A portion of this saving will be offset by the margin ratchets imposed by Tsogo Sun Gaming's lenders who are continuing to support the businesses for the 2022 financial year.

Income, EBITDA and headline earnings:

Income for the year was R5.7 billion, EBITDA R1.74 billion and EBITDA adjusted for IFRS 16 Leases R1.66 billion (R0.08 billion lease costs are now included in depreciation and finance costs in terms of IFRS 16).

The headline loss for the year amounted to (R32 million), which is a great improvement from the (R543 million) headline loss reported for the interim period ended 30 September 2020. The 2020 financial year headline earnings amounted to R1.3 billion.

Debt and covenants:

We are pleased to report that Tsogo Sun Gaming reached agreement with its lenders to waive the expected March 2021 financial covenant breaches.

In addition, Tsogo Sun Gaming's net leverage covenant was reset to a maximum Net Debt : EBITDA multiple of 4.3 times for September 2021 and 3.8 times for December 2021. Furthermore the interest covenant was reset so that EBITDA covers interest by not less than 2.9 times by September 2021 and 3.0 times by December 2021.

The main conditions for the continued support by its

OPERATIONAL OVERVIEW (CONTINUED)



lenders until 31 March 2022 are:

- a fixed margin ratchet of 58bps from 31 May 2021 until 30 August 2021;
- a tiered margin ratchet of between 27bps and 66bps (with the determination thereof being based on net leverage) from 31 August 2021 until 31 March 2022;
- Interest of approximately R400 million which was rolled up to support liquidity will be settled by 31 August 2021;
- a reasonable minimum financial results performance requirement for the quarter ending 30 June 2021, which has been met;
- no material part of the business shall be locked down for 30 days cumulatively; and
- no dividends to be declared until Tsogo Sun Gaming's financial performance returns to being within its original financial covenants.

Tsogo Sun Gaming has done well to reduce net interest bearing debt and guarantees from the unsustainable R11.8 billion reported for the interim period, to R10.9 billion at 31 March 2021 (R11.4 billion at 31 March 2020). Its focus remains on reducing its medium to long-term debt levels, thereby reducing risk and funding costs.

Debt reduction should accordingly be accelerated during 2022, provided that there are no further setbacks relating to the imposition of regulatory restrictions (like the lockdown of the businesses from 28 June 2021).

Casinos:

The casino division experienced a very difficult 2021 financial year.

The division focused on improving the structure and efficiency of its business while reducing its operating expenses, which focus was critical in enabling the

division to generate the positive cash required to assist Tsogo Sun Gaming in reducing its significant debt burden. The results achieved ensured the continued support of Tsogo Sun Gaming's lenders which assisted in the survival and recovery of its business.

With the cost savings achieved and natural attrition, Tsogo Sun Gaming has to date managed to contain retrenchments to a minimum, despite continued trading restrictions. It is, however, not sustainable for the business (or its staff) to continue trading these limited hours in the long term without significantly reducing its staff complement. It is hoped that once the third wave has passed and casinos reopen, the ongoing curfews that have been imposed will be lifted so that the casino division can retain its staff.

Gold Reef City Theme Park was also restructured during the year and now boasts an additional 13 rides. The pricing structure has been changed to one price for all tickets, tickets are available online and the theme park will only be open on selected days of the week.

Theatres, cinemas and restaurants (and consequently tenanting income) remain challenging, with alcohol bans, curfews and social distancing requirements. The casino hotels made an EBITDA loss for the year.

Technological development will continue during the next financial year to position the casino division for the long term.

Bingo:

The bingo division faced the same restrictive environment as that of the casino division, but purely due to the smaller scale and lower overheads of bingo versus casinos, the bingo division was better placed to cope with this.

LPMs (Limited Pay Out Machines):

The LPM division continued to be the top performing division for the year.



Silverstar Casino



Black Rock Casino

While alcohol bans and bar closures continued to negatively impact the LPM business, the management team steered the LPM division to a very successful 2021 financial year, realising a market-leading EBITDA of approximately R300 million. Despite being far below the prior year levels, this is a remarkable performance given the complete shutdown of the business for the first quarter of this financial year, and the severe restrictions imposed during the second wave of the pandemic.

Capital expenditure, investments and sale of assets

Capital expenditure and investments of approximately R0.2 billion for the year included projects involving the casino hotels which had already been committed to in prior years, and unavoidable maintenance capex.

The focus for capex spend in future will be “value adding”, prioritising the needs of the gaming and entertainment aspects of the businesses, and the amount of capex to be spent on projects being contained as much as possible. With the cash flow constraints and the requirement to steer Tsogo Sun Gaming's financial performance to return it to be within its original financial debt covenants, no major projects are planned for the 2022 financial year.

Investments and/or acquisitions in the industry, and the possible sale of non-core assets will continually be evaluated and considered where appropriate or feasible.

Regulatory:

It is disappointing that the 2018 bill relating to the Control of Tobacco Products and Electronic Delivery Systems is still being actively pursued during the most difficult time that the casino industry has ever faced. If not amended, this bill will result in the banning of smoking in the existing separate dedicated smoking areas of casinos (already limited to 25% of the floor space). This will further enable illegal gambling to thrive, resulting in significant tax and job losses.

Prospects:

With the continued support of its lenders as agreed until 31 March 2022, Tsogo Sun Gaming has effectively been afforded more time to reduce its debt to more acceptable levels.

Until its financial performance has returned to being within its original financial debt covenants (net leverage below 3 times Net Debt : EBITDA) Tsogo Sun Gaming will continue with its narrow focus of delivering as much positive cash as possible to reduce debt. As a result of the lockdown imposed from 28 June 2021, Tsogo Sun Gaming may not be within its original covenants by 31 March 2022 and accordingly may have to come to an arrangement with its lenders.

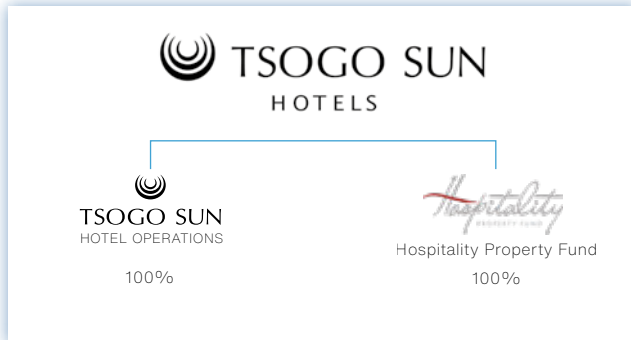
It is a positive development that Tsogo Sun Gaming's results achieved for the month of March 2021 were the best monthly results seen since the business was permitted to re-open in the second quarter of the 2021 financial year. In addition, net interest bearing debt and guarantees reduced further after year end to approximately R10.5 billion at 30 June 2021, before the negative impact of the lockdown of the businesses from 28 June 2021.

We are optimistic about the recovery path of the businesses, but remain cautious of the impact of the pandemic and related restrictive regulations (especially the curfew).

Tsogo Sun Gaming is separately listed on the JSE Securities Exchange, and more information on Tsogo Sun Gaming can be found at www.tsogosungaming.com



OPERATIONAL OVERVIEW (CONTINUED)



TSOGO SUN HOTELS LIMITED ("TSOGO HOTELS")

Tsogo Sun Hotels results for FY2021:

- Full year occupancy at 12%
- Ebitdar loss limited to R177m with R160m incurred in Q1
- Debt reduced by R183m to R3 069m
- R1.5bn in liquidity maintained

The results for the 2021 financial year, clearly reflect the devastating impact that COVID-19 and the accompanying lockdown regulations have had and continue to have on the hospitality industry in general and our group in particular. Since the group last reported in November 2020, there had been encouraging signs of a slow recovery in trading following the move to level 1 of the national lockdown and the group currently having 86% of its hotel portfolio open. The lifting of the international travel ban, subject to strict health and safety protocols, as announced by President Ramaphosa on 11 November 2020 was a positive step towards reviving the South African tourism sector.

However, thereafter on 29 December 2020, government

announced the move to adjusted level 3 of the national lockdown in response to the country's second wave of COVID-19 infections.

The closure of beaches and the alcohol ban that accompanied the lockdown are particularly detrimental to the hospitality industry as they negatively impact guests' willingness to travel. To exacerbate matters, the negative publicity around the South African variant of the COVID-19 virus resulted in South Africa being added to the travel ban "red" list of many of the group's key source markets including Germany, the United Kingdom, France and the United States of America. This has meant that recovery in the international and corporate travel markets is likely to take longer than originally anticipated, particularly following the third wave of infections and recent civil unrest and looting in Kwa-Zulu Natal and Gauteng. As a result, the group's Sandton and Cape regions are expected to experience muted trading for the short to medium term with corporates only expected to lift travel restrictions and return to their offices in the second half of the year





Arabella



The Edward



Southern Sun



Palazzo Hotel

depending on the success of the vaccine rollout, while for the Western Cape we see a potential recovery in international business in the summer of 2021/2022. The balance of the regions in which the group operates are expected to continue to be supported by the domestic leisure, government and sports segments.

The announcement that the British and Irish Lions rugby tour would proceed in South Africa during July 2021 came as welcome good news. The group should benefit from being the accommodation provider to the event with each hotel acting as a designated bio-bubble for teams, support staff and the media. A successful tour should assist in alleviating some of the reputational damage caused by the negative publicity around the South African strain of COVID-19 and re-establish the country as an attractive tourist destination.

Corporate actions:

On 13 July 2020, the group announced the sale of its 50% interest in the Maia Luxury Resort and Spa for aggregate proceeds of US\$27.8 million or R467 million. The group's intention since the listing has been to reduce the US Dollar-denominated interest-bearing debt. COVID-19 has limited the group's ability to apply cash resources towards the settlement of this debt. The proceeds from the sale of this hotel assists in achieving this objective.

As announced on SENS on 11 March 2021, the group successfully acquired 100% of Hospitality's ("HPB") ordinary shares in issue in exchange for the issue of 417 million Tsogo Sun Hotels' ("TGO") shares at an exchange ratio of 1.77 TGO shares for every 1 HPB share held. Hospitality has subsequently ceased trading on the JSE, no longer operates as a Real Estate Investment Trust ("REIT") and has adopted Tsogo Sun Hotels' governance framework. This transaction was structured as a share-for-share transaction to preserve cash resources in order to withstand the impact of COVID-19 and similarly, its completion has eliminated the pressure for Hospitality to declare pre-tax cash distributions in order to retain its REIT status and will allow the group to focus on rebuilding the balance sheet by reducing debt in the short to medium term.

Review of operations:

The COVID-19 action plan put in place to reduce costs and preserve cash assisted in limiting the group's Ebitdar loss to R177 million (2020 profit: R1 352 million), R160 million of which was incurred during the first quarter of FY2021 when the level 5 lockdown restrictions were in place.

Tsogo Sun Hotels is separately listed on the JSE Securities Exchange, and more information on the group can be found at www.tsogosun.com.

OPERATIONAL OVERVIEW (CONTINUED)



HCI COAL PROPRIETARY LIMITED ("HCI COAL")

www.hcicoal.co.za

This year has been a challenging year headlined by the impact of the COVID-19 pandemic. Given the extraordinary circumstances and volatility caused by the pandemic, our focus was to keep our people safe and well, maintain safe and reliable operations and support host communities all of which are critical to protecting the future of our business.

Our collieries developed and implemented critical controls designed to minimise the risk of exposure to COVID-19, including screening and testing, additional cleaning and hygiene measures, and adjustments to work routines to enable appropriate social distancing. However, we are saddened to report that during the year two people employed by our subcontractors succumbed to COVID-19. The company's excellent safety record was interrupted with only one Lost Time Injury which occurred in February 2021 after more than a year without any incident. The LTIFR (Lost Time Injury Frequency Rate) on a cumulative basis ended on 0.01 (FY 2020: 0.082).

Whilst coal production was identified as an essential service throughout COVID-19-related restrictions the company's overall performance was satisfactory. HCI Coal's revenue for the year decreased by R247 million to R1.38 billion and underlying EBITDA decreased by 18% to R209 million (2019: R248 million) for the year as a result of the curtailment of coal quantities accepted by Eskom to below contractually agreed levels as well as the sale of Mbali Colliery

which was effectively completed on 1 March 2021.

Mbali Colliery which is situated in the Mpumalanga Province and almost at the end of its useful life was sold to Kunolwazi Resources for R37 million. For the reportable 11 months Mbali Colliery supplied coal to both the export and local markets achieving an EBITDA of R35 million (2020 : - R22 million) supported by solid cost control and a strengthening price for export coal particularly during the latter part of the year.

Palesa Colliery which supplies all its coal to Eskom, had limited opportunity to increase coal deliveries as Eskom restricted the loads and tons per day for the most part of the year, with Eskom citing a significant reduction in power demand due to the impact the lockdown has had on economic activities. Palesa Colliery sold 2 309 693 tons compared with the 2 727 276 tons in the previous year which represents a decrease of 15%. The colliery is close to concluding discussions with Eskom to possibly increase the supply of coal to Eskom.

	Palesa Colliery Tons
Mineral reserve: proven	57 009 242
Mineral reserve: probable	17 551 309
	74 560 551

Recognising the vital role we play in the remote communities surrounding our operations, we engaged with host communities, local traditional authorities, municipalities and civil society organizations to make sure we could provide a range of essential services such



as personal protective equipment (PPE), hand sanitizers, disinfectants, and food parcels during the pandemic.

Together with the HCI Foundation, the mining contractor, some transport contractors and our very own staff, the company embarked on a program to provide food relief to the indigent communities in and around our mining operations. A total of 4 698 food parcels were distributed during the initial hard lockdown that reached the doors of more than 3 000 households.

In May 2021 we farewellled our CEO Russell Jackson who passed away after a brief illness. Russell was an inspirational leader who made an outstanding contribution from his appointment in 2010. Russell enriched our work in so many ways and was instrumental in the formation of HCI Coal. Throughout this time, he exemplified the values that guide our work and was held in the highest regard by all who knew him. We are all the poorer for his loss.



PLATINUM GROUP METALS LIMITED ("PTM")

www.platinumgroupmetals.net

PTM is advancing the large palladium dominant Waterberg Project in South Africa ("Waterberg Project"). A definitive feasibility study published in September 2019 ("DFS") estimated 19.5 million reserve ounces of palladium, platinum, gold and rhodium at Waterberg, which is planned to be a shallow, low cost mechanised underground mine with decline access.

A mining right for the Waterberg Project was granted by the South African Department of Mineral Resources and Energy ("DMRE") on January 28, 2021. Several local parties have written appeals to the grant of the Waterberg Mining Right, which PTM and the DMRE are working through in the appropriate manner. PTM's near-term objectives are to continue working with local communities to maximize project value for all stakeholders, to complete construction financing and enter into concentrate offtake arrangements. Peak funding requirements are estimated at US \$600 million, which may be satisfied by a combination of metal stream and equity financing plus a senior secured debt facility.

Engineering work and preparations for construction at Waterberg continues. PTM is in discussions with several parties regarding concentrate offtake and technical due diligence is underway with



View in 2021 looking over Waterberg Project Field Offices, Camp and Core Yard northward to the Mining Right area.

multiple parties for construction financing.

PTM is also advancing an initiative through Lion Battery Technologies Inc. ("Lion") in collaboration with Anglo American Platinum Limited and Florida International University. Lion was jointly formed in 2019 to accelerate the development of next-generation lithium battery technology using platinum and palladium.

For the 12 months ended February 2021, PTM incurred a net loss of US\$11.14 million (2020: – \$9.87 million). During the period ending February 2021 PTM issued 11.6 million shares pursuant to offerings, placements and option exercises at an average price of US\$2.48 per share.

Platinum Group is listed as PLG on the NYSE.A (New York Stock Exchange) and PTM on the TSX (Toronto Stock Exchange).

OPERATIONAL OVERVIEW (CONTINUED)



HCI PROPERTIES DIVISION ("HCIP")

www.hciproperties.co.za

Introduction:

HCIP did well in a financial year which fell almost entirely within the National State of Disaster period caused by the COVID-19 pandemic.

The HCIP team alongside our partners managed to exceed the portfolio's original pandemic adjusted rental collections, serviceability, and profitability forecasts, through active tenant engagement, operational cost reduction initiatives, and prudent capital and cash flow management. Type, geography, and occupier diversification underpinned by some nodal dominance assisted.

Although our focus has been somewhat defensive, HCIP continued with existing developments such as the Dentsu Aegis Cape Town Head Office in Woodstock and concluded the exit of Makro Port Elizabeth and The Kings residential development in Sea Point. We also took the decision to exit our position in the Fulcrum (residential development) with the intention of moving away from residential development risk.

Financial Results:

Rental income declined by only 7%, largely driven by the rental relief provided to our tenants. We exhibited a strong collections rate, securing 91% of contracted rental across the portfolio for the period ending 31 March 2021. Revenue decreased by 48% year-on-year, largely due to Gallagher Estate's conferencing and exhibition businesses not being able to operate under COVID-19 restrictions.

Our operating costs were well contained and were disproportionately lower than the drop in revenue. This is testament to the efforts of our hands-on management

team. Our pre-tax losses (prior year profit) include fair value write downs of R18 million and a R87 million loss relating to the exit of the Fulcrum. Management also elected to have the entire portfolio revalued by an independent registered valuer which resulted in less than a 1% drop in the portfolio's gross value.

Finance costs decreased for the year under review due to the renegotiation of existing facilities and the lower interest rate environment. In anticipation of COVID-19 cash flow constraints, the team secured credit lines that in the end, did not need to be utilized. The portfolio rather decreased its gross borrowings by circa R120 million and ended the period cash flow positive. The Headline Earnings decreased by 56%, which is reflective of the combined contraction in our revenue and rental income.

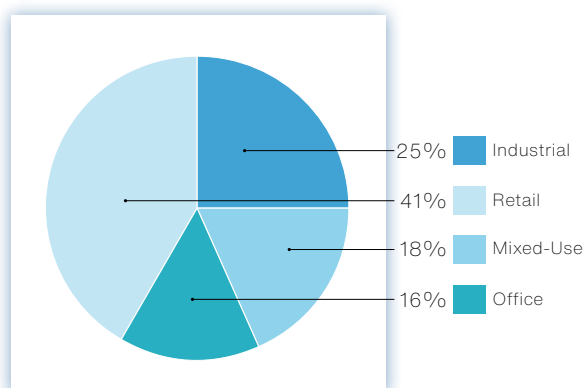
Retail:

The hard lockdown and associated trading restrictions had a major effect on retail rental collections. The ability of tenants to survive was hugely dependent on the type of retail offering, COVID-19 risks associated risks, and the willingness of landlords to afford deferrals or relief where appropriate. HCIP strategically hold convenience, neighborhood and dominant regional malls that have performed particularly well by servicing the essential needs of shoppers. The HCIP retail portfolio has a vacancy level of less than 2%.

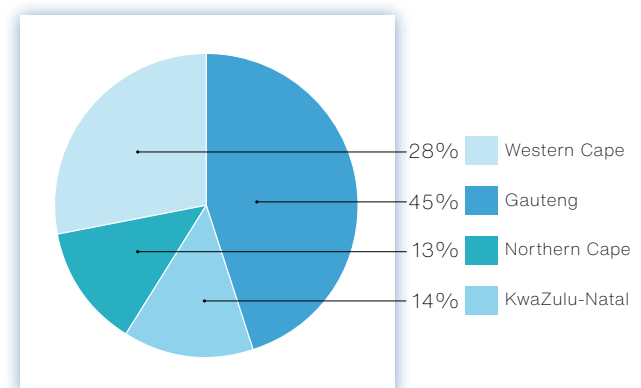
Offices:

The COVID-19 Pandemic has brought about a paradigm shift in the commercial office space arena with many businesses deciding to work from home or adopt a hybrid approach. South African landlords have had to be creative and navigate a sector that was already plagued by an oversupply correction pre-2020. There has been increased churn, renewals, and new signings across the balance of

HCI Properties : GLA (by Property Type)



HCI Properties : GLA (by Region)





the portfolio as tenants attempt to pivot and survive, which will place continued pressure on rental rates in the short to medium term. That said, our vacancy levels have remained stable and above the respective nodal averages.

Industrial:

The industrial and logistics sub-sector is enjoying an attractive investment claim. The HCIP industrial assets remains 100% let with a weighted average lease term of 4.5 years. The outlook for the asset type remains strong.

Mixed-Use:

The Point building has been a consistent performer as it has matured, fortifying its dominance within the Sea Point node. It provides a quality convenience shopping experience coupled with modern commercial suites. The retail is fully let with only two commercial vacancies. The Palms Centre in Woodstock has seen numerous retail tenants close their doors due to the pandemic.

Inner City Housing and Student Accommodation:

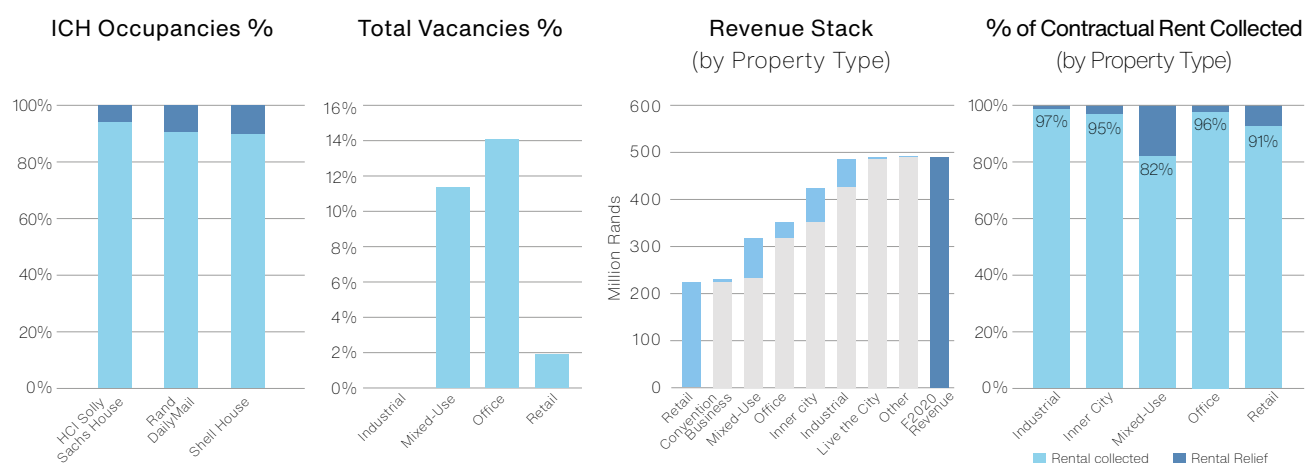
Live The City launched on the 1 April 2020 as an in-house property management business for HCI Property's Inner-City portfolio in Johannesburg. The three historic

properties under management; Rand Daily Mail, Solly Sachs House and Shell House with a combined 1 080 residential apartments and upwards of 60 retail and office spaces.

Our decision to internalise the management of these properties was timely as we were able to respond much more actively to the extraordinary requirements of the COVID-19 pandemic than we would have been with an external manager. We put various measures in place to support our tenants through the pandemic and enjoyed great support from our suppliers. Residential vacancies rose as the effects of lockdown were felt but these improved significantly in the 6 months to June 2021. We were able to maintain strong collection rates for both residential and retail. Our buildings are well positioned for recovery.

Gallagher Convention Centre:

As expected, the COVID-19 pandemic restrictions have had a devastating effect on large events and exhibitions, fundamentally impacting our ability to do business. This did not only apply to the Convention Centre but also our associated organisers and suppliers.



OPERATIONAL OVERVIEW (CONTINUED)



IMPACT OIL AND GAS LIMITED ("IMPACT")

www.impactoilandgas.com

Impact is a UK-based hydrocarbon exploration company. Its strategy is:

- to build a portfolio of high quality African deep-water prospects;
- partner these with super-major oil and gas companies, with the technical and financial capability to operate through the drilling and development (in a success case) phases; and
- ultimately, participate in a portfolio of high-impact exploration wells.

Impact has built a highly material portfolio, which is partnered with Royal Dutch Shell, Total Energies, Qatar Petroleum, and CNOOC.

South Africa Gas Condensate Discoveries:

During 2019 and 2020, respectively, we reported two major gas-condensate discoveries, the Brulpadda and Luiperd fields of the Paddavissie Fairway, lying off the southern coast of South Africa in Block 11B/12B. The licence joint venture partners are currently assessing the feasibility of an early production scheme and a possible phased development of the Paddavissie Fairway. We are excited about this development, which could make a transformative

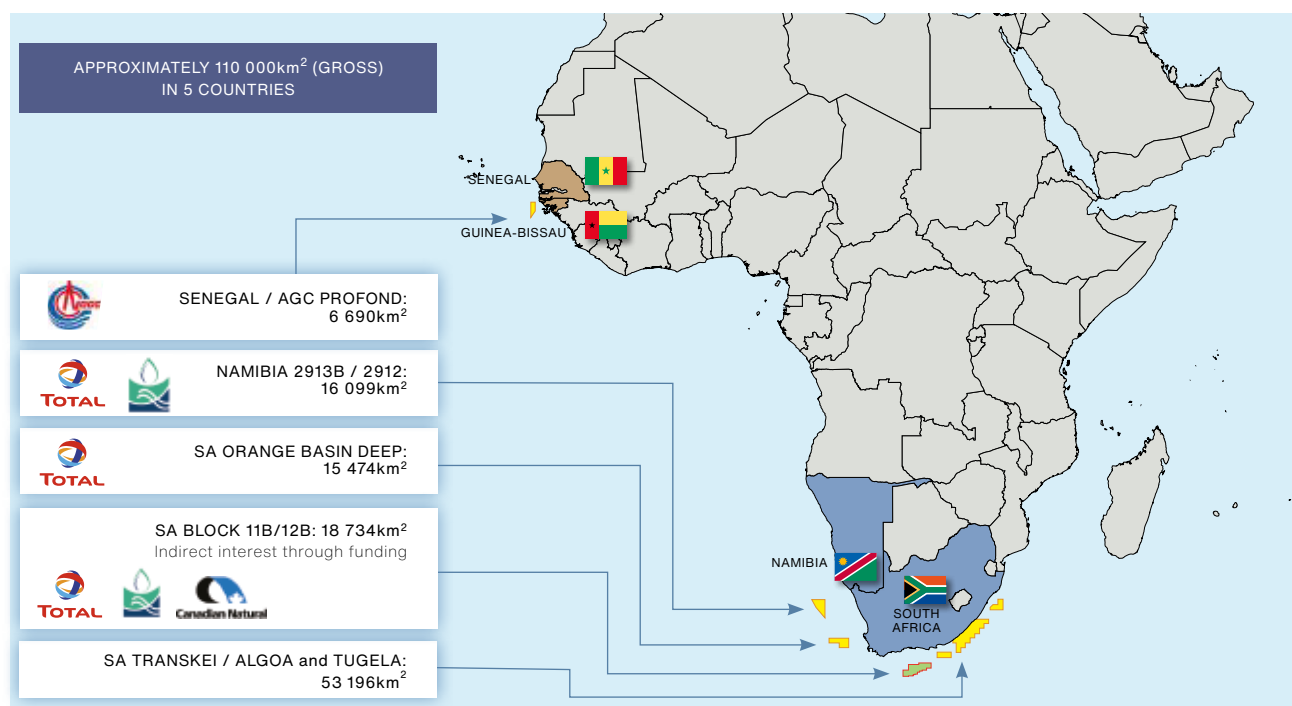
contribution to the South African economy.

In 2020, in a milestone transaction, Impact reorganised its indirect interest in Block 11b/12b, replacing its loan arrangement with Arostyle Investments (RF) Proprietary Limited, with a direct equity interest in Africa Energy, a TSX listed company. Arostyle is the majority shareholder of Main Street 1549 Proprietary Limited, which holds a 10% participating interest in Block 11B/12B, whilst Africa Energy Corp. ("Africa Energy") holds 49% of the shares in Main Street. This has resulted in Impact currently holding a 36% interest in Africa Energy. In line with our strategy, the transaction provides Impact with additional options for monetisation of our participation in the Block.

South Africa – Growth and Opportunities:

Impact remains one of the largest acreage holders offshore South Africa, with substantial interests in the Orange Basin, Outeniqua Basin, and the Natal Trough. The potential of these offshore areas has been demonstrated by the Brulpadda and Luiperd well results and, if successful, the Venus well will also have a significant positive impact on the exploration potential of Southern Africa.

With both ExxonMobil and Equinor withdrawing from the



Transkei and Algoa Blocks in 2020, Impact became the sole licensee. This presented an exciting opportunity to take control of exploration across the highly prospective Natal Trough. Impact expanded into the licence outboard of the Transkei and Algoa Blocks, by acquiring a 90% interest in the ~78,000km² Area 2 licence. Jointly, the Transkei and Area 2 blocks capture the full extent of all the large, deep water marine reservoirs of the highly prospective Natal Trough, which Impact believes to have billion-barrel resource potential.

At the end of 2020, Impact was joined by Royal Dutch Shell ("Shell") as operator of the Transkei and Algoa Blocks. Shell has agreed to acquire approximately 6 000sqkm of 3D seismic over the Transkei Block, commencing late 2021. These data will allow the joint venture to identify drill-worth prospects on the Block.

Namibia – Venus Exploration Well:

Impact's giant Venus prospect, in ultra-deep-water Namibia, Block 2913B, is now scheduled to be drilled by Total Energies during 4Q21. The Venus prospect has been identified by key industry analysts as one of the top 20 wells to watch, worldwide, in 2021. This is an exciting and long-awaited event in the Impact calendar. We hope to provide an update on this exciting well in 2022.

The adjacent Block 2912, where Impact holds an 18.89% interest, could contain a sizeable extension of the Venus prospect and offers substantial upside potential in a Venus success case.

Agence de Gestion et de Coopération entre le Sénégal et la Guinée-Bissau (AGC), a common maritime zone between Guinea-Bissau and Senegal:

In the AGC, Impact continues to work with its partner CNOOC to progress the exploration of the block. The

joint venture has identified multiple exciting drill-worthy prospects but is awaiting both country's Parliaments to ratify the AGC Treaty renewal, before firming-up drilling plans. Impact's expectation is that at least one well will be drilled by CNOOC during 2H22 in the AGC area, if the Treaty is ratified in 2021.

Challenges:

Certainty of fiscal terms and the regulatory environment are crucial ingredients of investment in the oil and gas sector. These remain critical hurdles for Impact in both South Africa and the AGC. It is certainly positive news that a revised draft of the South African Upstream Petroleum Resources Development Bill was published in June 2021, and that progress has been made on a renewed AGC Treaty, but both items have some distance to travel before they are adopted into law. We continue to work with our industry partners and Governments on these issues, with the hope of unlocking significant value for Impact.

Industry Outlook:

The oil industry continues to be affected by the 2020 market crash, the effects of COVID-19 and the acceleration of the energy transition. However, oil prices have recovered substantially, with Brent oil currently trading between \$70 and \$75 per barrel.

Investment in exploration remains constrained, with the effects of 2020 and 2021 budget cuts by industry majors and super-majors continuing to affect exploration programmes. Whilst this underinvestment is likely to drive oil prices higher in the medium term, the hurdles to securing investment from the industry majors and super-majors remain extremely high as the sector focuses on producing assets over exploration.



KAROSHOEK SOLAR ONE PROPRIETARY LIMITED (RF)

The KaroshoeK solar project achieved an important milestone this year it passed the Long Term Performance Test. The plant has bedded down well and produced at 97% of its capacity over the past year. The Operator continues to refine plant performance to achieve higher output.

The COVID-19 pandemic was well managed and has not impacted substantially on the operation. The company is steadily reducing its debt and has become a valuable asset. At the same time it makes a positive contribution to the generation of renewable energy and demonstrates the great potential of this sector.



OPERATIONAL OVERVIEW (CONTINUED)



Unlocking potential ► Accelerating performance

BUSINESS SYSTEMS GROUP (AFRICA) PROPRIETARY LIMITED (“BSG”)

www.bsg.co.za

BSG is a successful homegrown South African consulting and technology services company that is passionate about being a proactive force for positive change. We are founded by Africans, working for Africa since 1997.

We help our clients to transform their operations through insights discovery and technology-enabled change. We help business and IT leaders work together to solve their most important problems, while working with and growing their people to sustain the momentum of their results. We are able to make this happen through our people: top talent from diverse backgrounds with a collective commitment to create a culture of excellence, innovation, and growth.

BSG contributes to our poorest communities by supporting the education of the most deserving of our nation's youth, through its decade long relationship with the LEAP Science and Maths Schools. BSG also proudly represents industry on many faculty advisory boards at our country's leading universities.



Niveus Investments Limited (“Niveus”) and La Concorde Holdings Limited (“La Concorde”)

Niveus was successfully delisted during the year and the shares of other shareholders purchased by HCI. Its sports betting subsidiary, Betcoza, was sold to Tsogo Sun Gaming and its remaining investments distributed to HCI in anticipation of winding up the Niveus holding structure. La Concorde agreed to sell certain properties to a third party during the year. It still holds the Laborie wine estate and a retail development in the Paarl area, as well as a collection of art, cash and an investment in Paarl Valley Bottling Company.



GRIPP Advisory (“GRIPP”)

www.grippadvisory.co.za

GRIPP commenced operations in April 2018, and now its Durban presence complements its Johannesburg and Cape Town offices. As an advisory and consulting company, GRIPP focuses on providing its services to the HCI group of companies and the wider market. During the past year, the company continued to deliver key client engagements in its Governance, Risk, Internal Audit, Information Technology, Investigations, and Regulatory Compliance service lines.

GRIPP is being well received in the market and is poised for further success underpinned by the quality of its product offering that is relevant to the South African economic context. Despite the negative setback from COVID-19 and the related lockdown restrictions on the business's ability to trade and meet its financial obligations, the company continued to operate without having to reduce its staff complement. In line with the company's growth trajectory, GRIPP will continue to seek to employ professionals that are aligned with its purpose, which is, to improve the governance, risk and internal control environment of its clients and a vision to thereby increase their stakeholder value.

GRIPP is also committed to the transformation and social imperatives of the HCI Foundation and participates in the foundation's initiatives, including its student mentoring programme. In support of this, the company maintains a two-year learnership programme that is registered with FASSET and the Institute of Internal Auditors' Leadership Academy. This programme directly contributes to the creation of new employment opportunities in the advisory and consulting sector for appropriately qualified HCI Foundation beneficiaries and other young people entering the job market. During the year, eight young individuals completed their two-year learnership with GRIPP and a further eight are currently at various stages in the programme.





ALPHAWAVE GOLF PROPRIETARY LIMITED ("AlphaWave")

www.inrangegolf.com

The year ending March 2021 will be remembered as the year in which AlphaWave Golf found its place in the international golf and entertainment markets.

The year started with 3 commercial installations across the US and the UK and closed out with a total 10 installations with locations expanding into South Africa and the Middle East and a pipeline of signed contracts for new locations in the US, UK, China and Australia.

The acceleration of the business has been driven by the development of the new Inrange "in bay" solution which means that any driving range can not only provide an Inrange enhanced training experience but can also be transformed into an Inrange+ fueled entertainment destination.

The year ended with the launch of the new Inrange+

Courses product which the team anticipates will act as a gateway to introduce the keen golfer into the multiplayer experience and further drive the transformation of ranges into multiplayer active entertainment destinations.

In addition to the new in bay solution, the team has also successfully delivered a next generation radar sensor which allows for operation in geographies which were previously not accessible due to radio frequency regulations. This means that the accessible market for the Inrange solution has opened up to include the whole of Europe, Australia and allows for further expansion in the UK.

From a financial performance perspective, the business grew revenues by 148%. It is anticipated that the business will achieve operating profitability into the 2022 financial year.

BOARD OF DIRECTORS



John Copelyn



Rob Nicolella



Kevin Govender



Yunis Shaik

EXECUTIVE DIRECTORS

JOHN COPELYN (70)

Chief Executive Officer

B.A. (Hons) B.Proc

Johnny joined HCI as chief executive officer in 1997. Prior to this he was a member of Parliament and general secretary of the Southern African Clothing and Textile Workers' Union. He is the chairperson of the HCI subsidiary companies Deneb Investments, eMedia Holdings and Tsogo Sun Gaming and associate company Tsogo Sun Hotels which are listed on the Johannesburg Stock Exchange.

ROB NICOLELLA (52)

Financial Director

CA (SA)

Rob is a chartered accountant and has attended a leadership and development programme ("PLD") at Harvard University. During his 18 year tenure at Investec Bank, Rob headed the Structured Finance Division (Western Cape) and thereafter, Private Bank Western Cape. He joined the HCI Group in 2011 to develop the HCI Properties portfolio. He is a director on the boards of Impact Oil and Gas, Alphawave and Tsogo Sun Hotels. Rob was appointed to the board in May 2019 as an executive director and as financial director from August 2019.

KEVIN GOVENDER (50)

B.Com (Hons), B.Compt (Hons)

Kevin joined the HCI group in 1997 and has held various roles within the group. He was the Chief Financial Officer from 2001 to 2019. He was also the Acting CEO of eMedia Holdings Ltd from 2014 to 2017. He holds directorships in numerous HCI subsidiaries including Deneb Investments, eMedia Holdings and Hosken Passenger Logistics and Rail. He is a trustee and chairperson of the finance committee of the HCI Foundation. Kevin was appointed to the board of HCI as an executive director in June 2000.

YUNIS SHAIK (64)

B.Proc

Prior to his appointment at HCI Yunis was an attorney of the High Court and served as an acting judge in the Labour Court. He is a former deputy general secretary of the Southern African Clothing and Textile Workers' Union and served as a senior commissioner to the CCMA in KwaZulu-Natal. He is chairperson of Hosken Passenger Logistics and Rail and a director of Deneb Investments, eMedia Holdings and Tsogo Sun Gaming. Yunis was appointed to the board of HCI in August 2005 as a non-executive director and appointed as an executive director in August 2014.

NON-EXECUTIVE DIRECTORS

LAURELLE McDONALD (39)

CA (SA)

Laurelle is the Chief Financial Officer of Tsogo Sun Hotels Limited ("THL"). After serving her articles at Grant Thornton she joined Gold Reef Resorts in 2007. Subsequent to the acquisition of Gold Reef Resorts by Tsogo Sun, she was appointed Corporate Finance and Treasury Manager of Tsogo Sun Group ("Tsogo"), and, upon its unbundling from Tsogo, as Chief Financial Officer of THL. Laurelle was appointed to the board of HCI as a non-executive director in March 2020.

NQOBANI MKHWANAZI-SIGE (37)

B.A. (Politics, Philosophy and Economics)

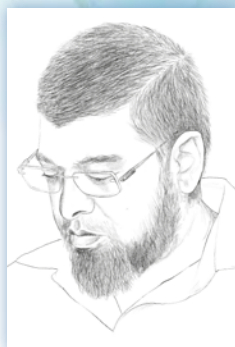
Bani joined the HCI Group in 2013. Together with Rob Nicolella she was part of the inaugural team of HCI Properties. Prior to joining HCI she was employed at Investec Bank in the property finance division. The focus was funding property developers and institutional clients acquiring, constructing, and refurbishing property assets in all asset classes. Bani is a trustee of the HCI Foundation. Bani was appointed to the board of HCI as a non-executive director in September 2019.



Laurelle McDonald



Nqobani Mkhwanazi-Sigege



Mohamed Ahmed



Freddie Magugu



Rachel Watson



Jabu Ngcobo



Elias Mphande

INDEPENDENT NON-EXECUTIVE DIRECTORS

MOHAMED AHMED (56)

*Chairperson: Audit and risk committee
BCompt*

Mohamed is a director and chairperson of the audit and risk committee of Tsogo Sun Hotels, Montauk Holdings and Deneb Investments. From 1997 – 2001 he was the chief financial officer of HCI. He has previously held directorships in Searcel Investment Corporation, MTN and Real Africa Holdings. Mohamed was appointed to the board of HCI as a non-executive director in September 2020.

FREDDIE MAGUGU (62)

*Chairperson: Remuneration committee
BA (Theology)*

Freddie has been serving the community in East London and Mitchell's Plain as a pastor since 2006. Prior to this appointment he reached the position of national organising secretary for the Southern African Clothing and Textile Workers' Union. Freddie was appointed to the board of HCI as a non-executive director in April 1998.

RACHEL WATSON (62)

*Member: Audit and risk committee;
Remuneration committee;
Social and ethics committee*

Rachel recently retired from a managerial position at a regional broadcaster. Prior to this she was employed at the Southern African Clothing and Textile Workers' Union. She is a director of Hosken Passenger Logistics and Rail, eMedia Holdings and Tsogo Sun Gaming and a trustee of the HCI Foundation. Rachel was appointed to the board of HCI as a non-executive director in March 2014.

JABU NGCOBO (70)

*Chairperson: Social and ethics committee
Member: Audit and risk committee
Remuneration committee*

Jabu served as regional secretary for Africa of the International Textile Garment and Leather Workers Federation from 2006. Prior to this appointment he held the position of general secretary of the Southern African Clothing and Textile Workers' Union. He is a director of Tsogo Sun Hotels and HCI Coal and a trustee of the HCI Foundation. Jabu was appointed to the board of HCI as a non-executive director in October 2004.

ELIAS MPHANDE (62)

*Chairperson
Elec. Eng. (dip)*

Elias was appointed as chairperson of HCI in 2014. He was the marketing director of Viamax Fleet Solutions, a subsidiary of Transnet, before joining Vukani Gaming Corporation as chief executive officer, until 2010. He serves on the boards of eMedia Holdings, Tsogo Sun Gaming and HCI Coal. He also consults for various companies in the gambling industry. Elias was appointed to the board of HCI as a non-executive director in September 2010.

REPORT OF THE AUDIT AND RISK COMMITTEE

Chairperson: Mr MH Ahmed

Members: Mr JG Ngcobo and Ms RD Watson

INTRODUCTION

The audit and risk committee ("committee") has pleasure in submitting this report in respect of the past financial year of the group, as required by section 94 of the Companies Act 2008, as amended ("Act"). The responsibilities and functions carried out by the Committee during the year under review are set out in this report.

The Committee is a statutory committee constituted in terms of section 94(7) of the Act to provide oversight of the financial reporting process, the audit process, the company's system of internal controls and compliance with laws and regulations. The Committee serves as the audit committee for Hosken Consolidated Investments Limited ("HCI or the Company") and all wholly-subsiaries of the company, including HCI Coal Proprietary Limited, HCI Managerial Services Proprietary Limited and the HCI's property division. It also serves as the audit and risk committee for GRIPP Advisory Services Proprietary Limited which is 75% held by the company.

The Committee's mandate is set out in its terms of reference and includes the following responsibilities:

- Monitoring the accuracy and integrity of the group's financial and other reporting;
- Monitoring the effectiveness of risk management processes and internal controls;
- Reviewing the independence of the external auditor;
- Recommending the appointment of external auditors to shareholders on an annual basis;
- Reviewing the scope, results and cost-effectiveness of independent accounting and valuation services; and
- Reviewing the expertise and experience of the financial director.

COMPOSITION

In terms of the Act shareholders are required to approve audit and risk committee members at the annual general meeting ("AGM") of the company. Three independent non-executive directors of the company were approved by shareholders at the 2020 AGM to serve until the next AGM scheduled for 30 August 2021. Mr MH Ahmed, Mr JG Ngcobo and Ms RD Watson have been nominated to the committee, subject to shareholder approval at the AGM. The election of members of the Committee will take place by way of separate resolutions to be considered by shareholders. The text of these ordinary resolutions is set out in the notice of the AGM.

At least two independent non-executive directors are required to form a quorum.

The committee members possess all the required qualifications, skills and experience to ensure that the committee is suitably skilled to perform the role required by the terms of reference of the committee. The chairperson of the board is not a member of the committee.

The committee met four times during the year under review. The attendances of the committee members are presented below:

Committee member	Number of meetings	Attendance of members
MH Ahmed (current chair)**	2	2
MSI Gani (previous chair)*	2	1
JG Ngcobo	4	4
RD Watson	4	4

* Resigned 7 September 2020

** Appointed 7 September 2020

Mr Gani resigned from the HCI board of directors ("the board") on 7 September 2020 and therefore stepped down as a member of the audit and risk Committee on the same date.

Mr MH Ahmed, an independent non-executive director, was appointed to the board and the audit and risk committee effective 7 September 2020, to fill the vacancy arising on the resignation of Mr MSI Gani. The board considered the qualifications, skills and experience of Mr MH Ahmed in making this appointment. Mr MH Ahmed was re-appointed at the AGM of the company held on the 15 October 2020.

The required Stock Exchange News Service (SENS) announcement was released on the 7 September 2020.

The financial director, the group's risk officer and the group financial manager attend the meetings as permanent invitees, along with the external and internal auditors. Other directors and members of management attend as required.

ROLE, PURPOSE AND FUNCTION:

Combined Assurance:

The Combined Assurance Forum (incorporating internal audit, external audit, the financial director and the chief risk officer) provides assurance to the board that the risk management process is integrated into the daily business activities of the company and that the appropriate levels of assurance are obtained.

External auditors:

The external auditors for the period under review were BDO South Africa Incorporated and Mr Theunis Schoeman was the designated auditor.

The committee has:

- confirmed the independence of the external auditor as per section 92 of the Act; reviewed the performance of the external auditor and confirmed that the external auditor, the partner and the firm, have complied with the suitability requirements of the JSE as detailed in paragraph 22.15(h) of the JSE Listings Requirements;
- approved the fees to be paid to the external auditor and their terms of engagement;
- determined the nature and extent of any non-audit services that the external auditor may provide to the company and its wholly owned subsidiaries;
- pre-approved any proposed agreement with the external auditor for the provision of non-audit services to the company and its wholly owned subsidiaries;
- considered the key audit matters as identified by the external auditors;
- provided for regular confidential meetings between the committee members and the external and internal auditors; and
- considered all entities included in the consolidated financial statements in respect of financial reporting procedures.

Risk management:

The board acknowledges that it is accountable for the process of risk management and the system of internal control of the group. Mr D Levin holds the position of group risk officer. As HCI is an investment holding company, the risk management process considers the risks and opportunities within the company as well as those inherent in its portfolio of investments.

The committee is an integral component of the risk management process and, specifically, the committee ensures, by enquiry of management, external and internal auditors, that all material corporate risks have been identified, assessed, monitored and effectively managed.

The committee further enables the principle that risk management is also about analysing opportunities and not only guarding against downside possibilities. Internal control structures have been implemented to ensure that significant business and financial risk is identified and appropriately managed:

- it is management's responsibility to design, implement and monitor the risk management policies;

- risk assessments are performed on a continual basis;
- frameworks and methodologies are implemented to increase probability of anticipating unpredictable risks;
- risk responses by management are considered and implemented;
- risks are monitored continuously; and
- the board should receive assurance regarding effectiveness of risk management.

The committee is accountable to the board for implementing and monitoring the processes of risk management and integrating this into day-to-day activities. The committee, however, does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

A disciplined and timeous reporting structure enables the committee to be fully apprised of group company activities, risks and opportunities. This is achieved by requiring that subsidiary companies report their key risks and responses to the committee on a biannual basis, with additional exception reporting as required.

The focus of the committee is on those risks which may negatively impact the long-term sustainability of the business or have a material impact on short-term performance.

This continual emphasis on risk management assists the board to foster a culture in the HCI group that emphasises and demonstrates the benefits of a risk-based approach to internal controls and management of the group.

Effective risk management is seen as fundamental to the sustainability of the group's interests.

Material risks:

A high-level description of all immediately identifiable material risks which are specific to the group, the industries in which it operates and/or its issued ordinary shares are listed below:

Channels through which South Africa and the HCI group have been affected by COVID-19:

- negative market sentiment compounded by slowing economic recovery;
- substantial disruption to international and domestic travel and tourism;
- slowing down and changes to consumer spending;
- disruptions to global supply chains and domestic production;
- increased risk of workers being put on short-time or retrenched due to lack of demand.

REPORT OF THE AUDIT AND RISK COMMITTEE

(CONTINUED)

Reforms which remain relevant to the HCI group:

Policy uncertainty/ regulatory authorities, including:

- changing B-BBEE regulations;
- finalisation of digital migration;
- SA mining rights - Department of Mineral Resources discontinued negotiations on a revised Mineral and Petroleum Resources Development Act, in 2018; and
- government land expropriation policy.

Societal and business risks relevant to the group:

- robberies and assaults on buses;
- unrest affecting mining operations and bus transport;
- unreliable and costly utilities – load shedding and water shortages;
- commodity price risk including coal, oil and palladium; and
- cyber and information related risk.

Internal audit:

The group has established an internal audit function at the holding company level. Where appropriate, subsidiaries have their own internal audit departments that perform the internal audit function for the relevant subsidiary in accordance with the subsidiary's agreed internal audit plan.

HCI has a majority shareholding in GRIPP Advisory Services Proprietary Limited which is responsible for the internal audit function within the group. The internal audit function reports to the chairperson of the Committee, thereby ensuring its independence. The Committee is satisfied that the company's internal financial controls and the arrangements for internal audit were working effectively during the year under review, and were predominantly adequate and fit for purpose.

IT governance:

As an investment holding company with limited technology needs, HCI has not deemed it necessary to focus on IT at a group level. The company has outsourced its IT operations to a credible service provider via a service level agreement. The committee considers all the reports from the subsidiary companies, as included in the risk report.

To ensure continuous improvements of the cybersecurity posture at HCI and limit the possibility of cyber threats, internal audit carries out 6-monthly vulnerability tests on the company's IT infrastructure.

Compliance:

The social and ethics committee has oversight of the group's compliance programme. It is the responsibility of this committee to review the matters that pertain specifically to audit and risk committees, such as tax compliance.

Whistleblowing:

The committee has oversight of the company's whistleblowing programme. During the period under review, it was satisfied that adequate and appropriate provision was made for whistleblowing. No instances requiring action at a group level were raised or identified during the period under review.

Corporate governance:

HCI is committed to the highest standards of business integrity, ethics and professionalism. The King Report on Corporate Governance™ for South Africa 2016 ("King IV™"), which is applied on an apply-and-explain basis, effective for years starting on or after 1 April 2017. King IV™ advocates an outcomes-based approach and defines corporate governance as the exercise of ethical and effective leadership towards the achievement of the following governance outcomes:

- ethical culture;
- good performance;
- effective control; and
- legitimacy.

HCI has reviewed the practices underpinning the principles promoted in King IV™. Many of these principles are entrenched in the group's internal controls, policies and procedures governing corporate conduct. The board is satisfied that HCI, in all material aspects, complies with the major recommendations of the King IV™ code to ensure that sound corporate governance and structures are applied within the group.

For the detailed King IV™ application register please visit the company website: www.hci.co.za.

Financial director and finance function:

The company employs a full-time financial director who is also an executive director of the company. Mr JR Nicolella has a CA(SA) qualification and holds extensive executive experience. During the period under review, the committee considered the expertise and experience of the financial director and is satisfied that, in terms of section 3.84(g) of the JSE Listings Requirements, Mr JR Nicolella has the appropriate skills, expertise and experience to meet the responsibilities of the position; and

The committee has also, in terms of King IV™, assessed the expertise of the finance function and the committee is satisfied that the finance team has the required and adequate skills to perform their duties.

Financial statements and going concern:

The committee has:

- reviewed the separate and consolidated financial statements of the company for the year ended 31 March 2021 and is satisfied that they comply with International Financial Reporting Standards and the requirements of the Act, that the accounting policies used are appropriate and that all procedures operated effectively in terms of the JSE Listings Requirements;
- reviewed the legal matters that could have a significant impact on the group's financial statements and the key audit matters contained in the external audit report;
- reviewed a documented assessment by management of the going concern premise of the company and has concluded that the HCl group is a going concern and that the consolidated annual financial statements have been prepared in accordance with the going concern concept. The board has accepted the recommendation of the committee that the company is operating as a going concern and has reported that status in the 2021 annual financial statements;
- considered the JSE's most recent report on the proactive monitoring of financial statements, and where necessary, those of previous periods. The committee has taken appropriate action to respond to the findings as highlighted in the JSE's report when preparing the annual financial statements for the year-ended 31 March 2021;
- reviewed the establishment of appropriate financial reporting procedures;
- reviewed the areas of focus in the financial statements. The committee is of the view that where significant judgements are involved in the preparation of the financial statements that could have a material impact on those financial statements, the financial director, management and the committee have exercised appropriate care and skill in making those judgements;
- reviewed the key audit matters identified by the external auditor and is satisfied that they have been adequately addressed.

The following group key audit matters have been detailed in the audit opinion:

- casino licences impairment assessment;
- fair value of Investment Property;
- goodwill impairment assessment; and
- Investment in Associate - Tsogo Sun Hotels - Impairment assessment.

The following company key audit matter has been detailed in the audit opinion:

- Recoverability of investments in subsidiaries.
- confidence that the internal control system and governance structures that have been put in place, have operated effectively during the year. As a result of this, which ensured that there were no significant matters for the independent auditors to address during their audit of the financial statements or to report in their auditor's report.

Sustainability reporting:

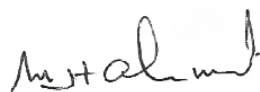
The committee considered the company's sustainability information, as disclosed in this report, and has assessed its consistency with operational and other information known to committee members. The committee is satisfied that the sustainability information is reliable and consistent with the financial results.

Other matters:

- The committee receives and deals with complaints and concerns from within and outside the company relating to all matters within its terms of reference. No complaints were received during the current or prior year.
- The committee has the right to obtain independent outside professional advice to assist with the execution of its duties, at the company's expense;
- The committee has decision-making authority regarding its statutory duties and is accountable in this regard to both the board and the shareholders. On all responsibilities delegated to it by the board, other than its statutory duties, the committee makes recommendations for approval by the board; and
- The chairperson of the committee attends annual general meetings and is available to answer any questions in relation to matters pertaining to the responsibilities of the committee.

Recommendation of the integrated annual report:

The committee has evaluated the integrated annual report of Hosken Consolidated Investments Limited and the group for the period ended 31 March 2021 and, based on the information provided to the committee, the committee recommends the adoption of the annual financial statements and integrated annual report by the board.



MH Ahmed
Chairperson: Audit and risk committee
27 July 2021

REPORT OF THE REMUNERATION COMMITTEE

Chairperson: Mr MF Magugu

Members: Mr JG Ngcobo and Ms RD Watson

The Remuneration Committee ("committee") is pleased to present its report for the year ended 31 March 2021, as recommended by the King IV Corporate Governance Code ("King IV™"). The committee is constituted by the board, has an independent role, and is accountable both to the board and to shareholders.

The Committee is a statutory committee constituted in terms of section 94(7) of the Companies Act.

The board has delegated responsibility for the oversight of HCI's remuneration practices to the remuneration committee. In line with principle 14 of King IV™, the committee ensures that HCI remunerates fairly, responsibly and transparently, so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term. The committee seeks advice and guidance from external experts, as deemed appropriate.

The HCI remuneration report, as recommended in principle 14 of King IV™ includes the following:

- Role, purpose and function of the remuneration committee;
- Main provisions of the remuneration policy; and
- The remuneration implementation report

The committee has adopted, where appropriate, certain elements of the King IV™ principles in relation to Remuneration.

COMPOSITION

The committee comprises the following independent non-executive directors, who have the requisite skills and experience to fulfil the committee's duties:

- Mr FM Magugu (chairperson)
- Mr JG Ngcobo and
- Ms RD Watson

The chairperson of the board is not a member of the remuneration committee. In line with the recommendations of King IV™, the chief executive officer attends the meetings of the committee at the request of the committee but recuses himself from the meeting before any decisions are made.

The committee meets as often as required but not less than twice a year as per the memorandum of incorporation of the company.

Committee meeting attendances for FY2021 are as follows:

Committee member	No of meetings	Attendance of members
MF Magugu	2	2
JG Ngcobo	2	2
RD Watson	2	2

ROLE, PURPOSE AND FUNCTION

This committee is primarily responsible for overseeing the remuneration and incentives of the executive directors and executive management.

The key duties of the committee include:

- Ensuring that HCI upholds its entrenched remuneration philosophy that is consistent with the company's long-term requirements and decision making and promotes the achievement of its strategic objectives;
- Determining on an annual basis:
 - the remuneration of non-executive directors;
 - the total remuneration package of executive directors including annual increases, short-term performance bonuses and long-term incentives;
 - ensuring the combination of fixed and variable pay is appropriate when benchmarking remuneration levels;
 - reviewing all proposals for executive share-based incentives and other short-term and long-term incentive schemes;
 - compiling a report for inclusion in HCI's integrated annual report and reviewing any disclosures in the report or elsewhere on remuneration policies or directors' remuneration; and
 - review of the terms of reference of the remuneration committee;
- Making recommendations to the board on directors' fees and the remuneration and service conditions of executive management;
- Providing a channel of communication between the board and management on remuneration matters. The committee has empowered management to ensure that this principle is upheld and to address any remuneration disparities.

PROVISIONS OF THE REMUNERATION POLICY

Executive directors:

HCI's remuneration policy is aligned with its commitment to the principle of fair and responsible remuneration for all employees, based on their capabilities, skills and responsibilities. The committee takes cognisance of local best remuneration practices in order to ensure that such total remuneration is fair and reasonable to both the employee and the company. The committee utilises the services of independent remuneration consultants, as and when required, to assist in providing guidance on the remuneration for executive management. This philosophy's intended consequence is to attract, retain and develop employees with scarce and critical skills who contribute to sustained business growth and who are aligned to the strategic and operational requirements of the business.

The remuneration structure of executive directors is linked to the group's medium- to long-term business objectives and is therefore aligned to shareholder interests. The performance of the chief executive officer is evaluated by the board of directors. As management works together as a team, the performance of the chief executive officer reflects the performance of management as a whole. The annual pay increases of the executive directors are aligned to the annual increase parameters as determined by the remuneration committee.

The total remuneration packages of executive directors comprise:

- a guaranteed remuneration package;
- a short-term discretionary cash-based incentive bonus; and
- participation in the The HCI Employee Share Scheme.

Guaranteed salary:

A market related guaranteed remuneration is paid to executive management and staff irrespective of the group's performance in order to attract and retain talented high-performing people.

Key employees and staff are entitled to leave benefits as per the Basic Conditions of Employment Act. Executive management and long-serving employees have been awarded with extra leave days. No further benefits are offered to key employees or staff. Salaries paid are cost to company.

Short-term incentive cash bonus:

Executive directors participate in the annual short-term cash-based incentive scheme. The sustainability of HCI's business is critical in determining remuneration and the board is satisfied that the performance criteria do not encourage excessive risk-taking by the executives. A strong overlap of members sitting on the audit and risk committee and the social and ethics committee with that of the remuneration committee ensures that all stakeholder interests and the status of the company as a good corporate citizen is upheld and that the risk of the company is well-managed when the performance of executive management is under consideration.

The maximum bonuses that can be earned by executive management are as follows:

Position	% of annual salary
Chief executive officer	75
Financial director	65
Other senior management	40-65

The annual discretionary short-term incentive scheme awarded to key employees is not based on predetermined performance targets but rather on comprehensive financial and non-financial performance.

The following performance measures and value drivers were considered in reaching a final bonus for executive management for recommendation to the board:

- Preservation of long-term growth of the share;
- Identification of new growth opportunities for the company;
- Protection of cash negative fast-growing assets in the company through cash-stressed COVID-19 conditions;
- Strategic direction for subsidiaries in dealing with COVID-19 related stress;
- Balancing long-term damage through dilution of shareholding against risk associated with trading one's way out of the difficulties;
- Legal matters and other negotiations that are drivers of value creation;
- Sustainability of increased value delivered to shareholders over time; and
- The impact on all stakeholders.

To mitigate the risk of reckless pay-outs, an annual award is considered, as opposed to large once-off

REPORT OF THE REMUNERATION COMMITTEE

(CONTINUED)

awards. A Malus and Clawback policy was approved into the remuneration framework in FY2020 for executive management.

Long-term incentive scheme:

The group operates a share option scheme, The HCI Employee Share Scheme ("the Scheme"), in terms of which shares in the group are offered on a share option basis to participants, provided they remain in the group's employ until the options vest. Any gain realised on the exercise of these options is settled on a net equity basis, whereby the participant receives that number of shares that equates in value to the gain made on exercise date.

Options must be exercised within six months of the vesting date, where after the options lapse. Options vest over periods of three to five years. These vesting periods may be varied by the board of directors.

Share options are allocated to participants at a ten percent discount to the 20-day volume weighted average market price as at the date of grant. The number of share options granted is determined by use of a multiple of the participant's basic salary, dividend by the discounted market price. The multiples relating to each level of management are as follows:

Position	Multiple of basic salary
Chief executive officer	6
Financial director	5
Senior management	4-5
Other management	2-3

Such awards are made from time to time and are disclosed in detail. Refer to pages 45 to 48.

On 31 March 2021, HCI held sufficient treasury shares to settle its obligations to deliver shares to the participants in the HCI share scheme.

In the event of resignation or dismissal for just cause all unexercised share options will be forfeited

Subject to the discretion of the board, in the event of death, disability, retrenchment or retirement (or early retirement) unvested share options may become exercisable prior to the option expiry date.

In the event of a change of control of the company, unvested share options may become exercisable immediately or the subject share changed to another entity, subject to the discretion of the board.

Other payments:

HCI does not subscribe to retention and sign-on payments or termination payments and restraint of trade payments.

Non-executive directors:

Non-executive directors receive fees for their services as directors and for serving on board committees. These fees reward the directors fairly for the time, service and expertise that they provide to HCI.

Non-executive directors earn a basic fee which is in line with companies of a similar size. These fees escalate annually in line with inflation and are benchmarked, every 3 years, against the 50% median of the market for comparable companies utilising independent salary surveys. HCI did not utilise an independent remuneration consultant but made use of the PWC REM channel national survey in 2019.

Directors earn up to a maximum of 50% of their board fees by serving on the committees responsible to the board of directors. Non-executive directors do not receive short-term incentives and do not participate in any long-term incentive schemes.

Directors' emoluments and other relevant remuneration information are disclosed on pages 49 and 50 of the remuneration report.

KEY DECISIONS TAKEN:

HCI has a diversified portfolio of investments across many industries including media, transport, industrial and manufacturing, properties, mining and leisure industries.

The most significant impact on the investments and the HCI share price during FY2021 was the global outbreak of the COVID-19 pandemic resulting in the State of Disaster announcement by the South African government and the subsequent lockdown regulations which currently remain in place. This has affected all the HCI investments especially in leisure industries which include gaming and hotels.

All these conditions were outside the control of management; the share price collapsed to R17 in March 2020 but has since regained traction and has increased to a high of R72 per share. The decline resulted in the total diminution of the long-term incentives offered to the participants.

Management had been awarded a 5% annual increase and a 100% bonus at the remuneration meeting held in March 2020; but due to the onset of COVID-19, management voluntarily agreed to abandon both the annual increase and the bonus. Non-management employees were not granted cost of living related salary adjustments, normally effected in April.

Except for the employees at the lowest salary scale all employees were able to work remotely. The company continued to pay full salaries to all employees including those at the lowest positions who would have been the hardest hit financially. All employees that were

not at risk returned to work on 1 July 2020 based on a schedule which limited the number of employees in the office. At risk employees continue to have an option to work remotely.

Guaranteed salary:

The average salary increase recommended by the remuneration committee for FY2022 is 6% (2021 : 5%; not implemented).

Short-term incentive cash bonus:

The company froze all short-term incentive bonuses to senior staff for FY2020 and postponed considerations of any such payment this year despite the committee being absolutely satisfied with the efforts made by executives related to objectives set out in the short-term incentive policy.

- Market capitalisation has increased from R2.221bn in FY2020 to R5.137bn in FY2021 as a result of the share increasing from R27.46 to R63.52 at year-end, demonstrating that the company has overcome the crisis and is on the road to recovery;
- The effect of COVID-19 has been to reduce headline earnings from R1.05bn in FY2020 to R0.2bn in FY2021;
- Throughout the pandemic management continued to create value and ensure the sustainability of its subsidiaries.

Bank negotiations and long-term debt:

- Successful negotiations with a consortium of banks to conclude a debt repayment program which was fundamental to the sustainability of the business;
- Many assets in the group are brought to HCI as opportunities due to their need of financial support. These assets are nurtured from start-up until they reach profitability. The potential of these growth assets would be stunted if funding were not available to them during the period under review. The negotiations with the banks preserved the ability of the company to continue funding companies, if required, such as Alphawave, Impact Oil and Gas and Platinum Group Metals;
- Management managed to prevent the banks from enforcing any sale of assets and/or a rights issue which would have diluted current shareholder value; and
- Inter-company loans were eliminated. Long-term debt was successfully reduced and HCI increased its shareholding in several listed entities.

Legal matters:

- Generally, the subsidiary companies operate without the assistance of HCI unless there are significant

issues and, as the majority shareholder, HCI becomes involved. This involvement normally involves assistance with litigation;

- The conclusion of the dispute with Ithuba resulted in an unexpected windfall which allowed the company to reduce some of its long-term debt;
- eMedia was granted an interdict to prevent government from auctioning off the spectrum and switching off the transmitters in a number of areas as they migrate from analogue to digital; and
- Current legal matters include wage negotiations for Golden Arrow Bus Services; consultations with the community that owns the surface rights on land required for the Platinum Group Metals infrastructure; successful delisting of Niveus Investments Limited;

Long-term incentive scheme:

The company did not pay awards to management in April 2020 due to the effect of COVID-19 on the market and the HCI share price. The committee postponed the awarding of the share options to December 2020 when the share price had recovered and the market had sufficient time to consider the interim results posted by the company in November 2020.

No outstanding share options granted to management prior to the December 2020 award were exercisable during the year.

Non-executive fees:

In line with the 6% increase granted to management, the committee approved an above CPI increase to the non-executive directors.

The proposed fee structure payable to non-executive directors from the 1 September 2021 to the following annual general meeting is presented in the table below. Also see Special Resolution Number 2 on page 10 in the Notice of Meeting.

Position	Actual fee 2020	Proposed Fee
	excl VAT	R'000
Non-executive director	323.6	343.0
Member of audit committee	161.8	171.5
Member of remuneration committee	84.9	90.0
Member of social and ethics committee	40.0	42.4

VOTING RESULTS AND SHAREHOLDER ENGAGEMENT

The remuneration policy report and the remuneration implementation report, which provide insight into the group's remuneration practices are tabled for non-binding advisory votes of shareholders at the annual

REPORT OF THE REMUNERATION COMMITTEE

(CONTINUED)

general meeting. In the event that either the remuneration policy or the remuneration implementation report, or both, have been voted against by 25% or more of the voting rights exercised by shareholders at the annual general meeting, the company will formally engage with such dissenting shareholders to understand the reasons for the dissenting votes, and in respect of objections which are legitimate and reasonable to consider amending the remuneration policies or governance processes.

The non-binding advisory vote on the remuneration policy and the non-binding advisory vote on the remuneration implementation report was approved by 74.49% and 76.00% respectively of the voting rights exercised at the annual general meeting held on the 15th October 2020. As more than 25% of shareholders voted against the non-binding remuneration policy, the resolution did not pass. In response to these votes the company considered the company's remuneration arrangements in detail and engaged with shareholders in accordance with principle 14 of King IV™. Attempts to contact dissenting shareholders were made through the nominee companies, direct contact where possible and via SENS.

The material issues raised by the shareholders were as follows:

Bonuses should be performance orientated with visible criteria, less discretionary and not formula driven:

- HCI is not an operating company and cannot set specific targets for the year. Results are not predictable as are they dependent on the operating entities. The value generated by management is only visible at year-end and is a consequence of deal-making and successful litigation.
- Management suggested that more detail on the significant matters would be included in the report as to how the discretionary bonus was calculated.

Shareholding in company:

- The inclusion of minimum shareholding requirements for executive management should be considered for inclusion in the remuneration policy in line with international practices. International practices may

require holding a minimum percentage of total guaranteed package or base salary in company shares. This practice is intended to enhance alignment of interests with other shareholders to show long-term commitment and sustainable company performance by sharing all the risks.

- Executives at HCI hold a substantial stake in the company, they have held shares in the company for a protracted period of time, and in the circumstances the committee is satisfied that it is not necessary to impose corporate requirements on senior executives to create a feeling of well-being amongst other shareholders who are likewise free to trade their shares at will. Should we find the shareholding owned by management decreases in any material way the committee will review this issue.
- The committee has further agreed that the remuneration implementation report will detail all changes of shareholding by executive management during the year. The committee welcomes any comments from shareholders in its ongoing commitment to engage with shareholders.

Long-term share scheme:

- Discussions on the long-term share scheme was of a technical nature and based on the formula used to allocate the shares.

The meeting was more informed than prior years although no consensus could be agreed between HCI and the shareholders. However, as agreed at the meeting, more detail of the remuneration policies have been included in the integrated report. No policy changes were to be implemented as these were not justifiable in the context of the HCI business model or strategic objective.

FUTURE AREAS OF FOCUS:

The remuneration committee will focus on updating its terms of reference to ensure that they are aligned with recommended corporate government practices.

CONCLUSION:

The committee is satisfied that it has carried out its responsibilities for the year in compliance with its mandate.



REMUNERATION IMPLEMENTATION REPORT

Principle 2.26 recommends that the remuneration of each individual director and the three most highly paid employees who are not directors in the company be disclosed. The remuneration report discloses the remuneration of the three most highly paid employees, however the names of the employees have not been disclosed as the board

is of the opinion that such information is private to the individuals concerned and adds no value to stakeholders.

Details of remuneration of the three highest paid members of management, which are not directors, for the year ended 31 March 2021 is reflected below:

	Basic salary R'000	Other benefits R'000	Bonus R'000	Gains on share scheme R'000 *	Total R'000
Employee A	6 430	143	-	5 850	12 423
Employee B	5 574	472	4 070	-	10 116
Employee C	4 725	-	1 242	2 904	8 871

* IFRS2 share-based payment expense

HCI EMPLOYEE SHARE OPTION SCHEME

The group operates a share option scheme, The HCI Employee Share Scheme (the Scheme), in terms of which shares in the group are offered on a share option basis to participants, provided they remain in the group's employ until the options vest. Any gain realised on the exercise of these options is settled on a net equity basis, whereby

the participant receives that number of shares that equates in value to the gain made on exercise date.

Options must be exercised within six months of the vesting date, whereafter the options lapse. Options vest over periods of three to five years. These vesting periods may be varied by the board of directors.

Share options granted to eligible participants that have not yet become unconditional:

	2021		2020	
	Number of share options	Weighted average exercise price R	Number of share options	Weighted average exercise price R
Balance at the beginning of the year	1 840 458	103.43	1 444 068	118.14
Options granted	1 699 833	49.30	889 356	87.71
Options that became unconditional	(4 614)	117.03	(441 030)	118.83
Options forfeited	-	-	(51 936)	112.54
Balance at the end of the year	3 535 677	77.39	1 840 458	103.43

REPORT OF THE REMUNERATION COMMITTEE

(CONTINUED)

	Number of share options	Exercise price R
<p>The fair value of options granted is measured using the Black-Scholes model. Share options granted in the current year were fair valued using a volatility indicator of 85% (2020: 23%) and an annual interest rate of 3.5% (2020: 6.5%). The cost relating to options is recognised by allocating the fair value over the vesting period on a straight-line basis.</p> <p>The volume weighted average share price during the current year was R35.56 (2020: R89.31).</p> <p>The options issued in terms of the Scheme and outstanding at 31 March 2021 become unconditional between the following dates:</p>		
28 August 2021 and 28 February 2022	919 270	117.78
26 September 2021 and 26 March 2022	4 614	117.03
28 August 2022 and 28 February 2023	16 900	117.78
29 August 2022 and 28 February 2023	845 621	87.71
28 August 2023 and 28 February 2024	16 898	117.78
29 August 2023 and 29 February 2024	16 271	87.71
29 August 2024 and 28 February 2025	16 270	87.71
18 December 2024 and 18 June 2025	849 923	49.30
18 December 2025 and 18 June 2026	849 910	49.30
	<u>3 535 677</u>	

A maximum number of 2 354 512 (2020: 1 103 330) shares may be issued in respect of 3 535 677 (2020: 1 840 458) options issued in terms of the Scheme.

The maximum number of shares that may be utilised for the purposes of the Scheme is 10 500 000 shares. In addition to the options in issue at the reporting date and shares already delivered to participants, a further 6 350 276 (2020: 8 782 623) shares may be utilised by the Scheme. 1 699 833 (2020: 878 162) options were issued in terms of the Scheme during the year and nil shares were delivered to participants (2020: nil).

	2021		2020	
	Number of share options	Weighted average exercise price R	Number of share options	Weighted average exercise price R
OPTIONS GRANTED TO EXECUTIVE DIRECTORS				
JA Copelyn				
Balance at the beginning of the year	440 675	104.78	374 180	117.53
Options granted	379 364	49.30	190 451	87.71
Options expired	-	-	(123 956)	117.03
Options vested and shares delivered	-	-	-	-
Balance at the end of the year	820 039	79.12	440 675	104.78
Unconditional between the following dates:				
28 August 2021 and 28 February 2022	250 224	117.78	250 224	117.78
29 August 2022 and 28 February 2023	190 451	87.71	190 451	87.71
18 December 2024 and 18 June 2025	189 682	49.30	-	-
18 December 2025 and 18 June 2026	189 682	49.30	-	-
JR Nicolella				
Balance at the beginning of the year	233 502	102.78	161 049	117.58
Options granted	197 176	49.30	116 459	87.71
Options expired	-	-	(44 006)	117.03
Options vested and shares delivered	-	-	-	-
Balance at the end of the year	430 678	78.30	233 502	102.78
Unconditional between the following dates:				
28 August 2021 and 28 February 2022	117 043	117.78	117 043	117.78
29 August 2022 and 28 February 2023	116 459	87.71	116 459	87.71
18 December 2024 and 18 June 2025	98 588	49.30	-	-
18 December 2025 and 18 June 2026	98 588	49.30	-	-
TG Govender				
Balance at the beginning of the year	199 658	100.33	162 484	117.42
Options granted	164 574	49.30	115 866	87.71
Options expired	-	-	(78 692)	117.03
Options vested and shares delivered	-	-	-	-
Balance at the end of the year	364 232	77.27	199 658	100.33
Unconditional between the following dates:				
28 August 2021 and 28 February 2022	83 792	117.78	83 792	117.78
29 August 2022 and 28 February 2023	115 866	87.71	115 866	87.71
18 December 2024 and 18 June 2025	82 287	49.30	-	-
18 December 2025 and 18 June 2026	82 287	49.30	-	-

REPORT OF THE REMUNERATION COMMITTEE

(CONTINUED)

	2021		2020	
	Number of share options	Weighted average exercise price R	Number of share options	Weighted average exercise price R
Y Shaik				
Balance at the beginning of the year	188 854	105.28	158 382	119.55
Options granted	163 340	49.30	78 536	87.71
Options expired	-	-	(48 064)	123.63
Options vested and shares delivered	-	-	-	-
Balance at the end of the year	352 194	79.32	188 854	105.28
Unconditional between the following dates:				
28 August 2021 and 28 February 2022	110 318	117.78	110 318	117.78
29 August 2022 and 28 February 2023	78 536	87.71	78 536	87.71
18 December 2024 and 18 June 2025	81 670	49.30	-	-
18 December 2025 and 18 June 2026	81 670	49.30	-	-

DIRECTORS' SHAREHOLDINGS

	Direct beneficial		Indirect beneficial		Associates	
	Number	% holding	Number	% holding	Number	% holding
2021						
Executive directors						
JA Copelyn	-	-	6 490 077	7.6	-	-
JR Nicoletta	152 097	0.2	-	-	13 235	-
TG Govender	-	-	17 250	-	915 534	1.1
Y Shaik	75 475	0.1	-	-	-	-
Non-executive directors						
L McDonald	1 100	-	-	-	-	-
	228 672	0.3	6 507 327	7.6	928 769	1.1
2020						
Executive directors						
JA Copelyn	-	-	6 468 177	7.5	-	-
JR Nicoletta	52 097	0.1	-	-	13 235	-
TG Govender	-	-	17 250	-	915 534	1.1
Y Shaik	8 808	-	-	-	-	-
Non-executive directors						
L McDonald	1 100	-	-	-	-	-
	62 005	0.1	6 485 427	7.5	928 769	1.1

Other than as noted there were no changes in directors' shareholdings between 31 March 2021 and the date of issue of this report.

		Board fees R'000	Salary R'000	Other benefits R'000	IFRS 2 expense R'000	Bonus R'000	Total R'000
DIRECTORS' EMOLUMENTS							
Year ended 31 March 2021							
Executive directors							
JA Copelyn		-	7 696	-	6 081	-	13 777
JR Nicolella		-	4 800	-	3 156	-	7 956
TG Govender		-	2 003	-	2 629	-	4 632
Y Shaik		-	3 976	-	2 619	-	6 595
Non-executive directors							
MH Ahmed*	1	715	-	-	-	-	715
MSI Gani**	2	611	-	-	-	-	611
MF Magugu	3	409	-	-	-	-	409
L McDonald	4	324	1 138	63	-	-	1 525
SNN Mkhwanazi-Sigege		324	-	-	-	-	324
VE Mphande	5	1 165	-	-	-	-	1 165
JG Ngcobo	6	741	-	-	-	-	741
R Watson	7	1 209	-	-	-	-	1 209
		5 498	19 613	63	14 485	-	39 659

* Appointed 7 September 2020

** Resigned 7 September 2020

(1) Includes R92 100 audit and risk committee fees and R439 000 board fees paid by subsidiary companies

(2) Includes R71 149 audit and risk committee fees and R398 000 board fees paid by subsidiary companies

(3) Includes R84 900 remuneration committee fees

(4) Salary and other benefits paid by subsidiary companies

(5) Includes R841 000 board fees paid by subsidiary companies

(6) Includes R60 900 audit and risk committee fees, R60 900 remuneration committee fees, R40 000 social and ethics committee fees and R256 000 board fees paid by subsidiary companies

(7) Includes R60 900 audit and risk committee fees, R60 900 remuneration committee fees, R40 000 social and ethics committee fees and R724 000 board fees paid by subsidiary companies

REPORT OF THE REMUNERATION COMMITTEE

(CONTINUED)

		Board fees R'000	Salary R'000	Other benefits R'000	IFRS 2 expense R'000	Total R'000
DIRECTORS' EMOLUMENTS						
Year ended 31 March 2020						
Executive directors						
JA Copelyn		-	7 696	-	5 397	13 093
JR Nicoella*		-	4 000	-	2 152	6 152
TG Govender		-	1 965	-	2 373	4 338
Y Shaik		-	3 976	-	2 017	5 993
Non-executive directors						
MSI Gani	1	1 113	-	-	-	1 113
MF Magugu	2	397	-	-	-	397
L McDonald****	3	-	201	38	45	284
SNN Mkhwanazi-Sigege***		187	-	-	-	187
ML Molefi**	4	142	-	-	-	142
VE Mphande	5	1 207	-	-	-	1 207
JG Ngcobo	6	1 302	-	-	-	1 302
CC September**		51	-	-	-	51
R Watson	7	1 318	-	-	-	1 318
		5 717	17 838	38	11 984	35 577

* Appointed 22 May 2019

** Resigned 22 May 2019

*** Appointed 2 September 2019

**** Appointed 19 March 2020

(1) Includes R143 795 audit and risk committee fees and R655 000 board fees paid by subsidiary companies

(2) Includes R82 508 remuneration committee fees

(3) Paid by subsidiary companies

(4) Includes R19 084 audit and risk committee fees, R19 084 social and ethics committee fees and R27 000 board fees paid by subsidiary companies

(5) Includes R893 000 board fees paid by subsidiary companies

(6) Includes R106 345 audit and risk committee fees, R25 445 remuneration committee fees, R25 445 social and ethics committee fees and R830 000 board fees paid by subsidiary companies

(7) Includes R80 900 audit and risk committee fees, R40 058 remuneration committee fees and R883 000 board fees paid by subsidiary companies



MF Magugu
Chairperson: remuneration committee
27 July 2021

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

Chairperson: Mr JG Ngcobo

Members: Mr JA Copelyn and Ms RD Watson

INTRODUCTION

The HCI Social and Ethics Committee has pleasure in submitting this report in respect of the past financial year.

The Committee is a statutory committee constituted in terms of the Companies Act to assist the board in monitoring the company's performance as a good and responsible corporate citizen. This report by the committee is prepared in accordance with the requirements of section 72(4) to section 72(10) of the Companies Act (No. 71 of 2008), as amended (Companies Act), and regulation 43 to the Act and describes how the committee has discharged its duties in respect of the financial year ended 31 March 2021.

COMPOSITION

The members of the committee, as appointed by the board, comprise two independent non-executive directors, Mr JG Ngcobo (chairperson) and Ms RD Watson, and the Chief Executive Officer, Mr JA Copelyn. To ensure that the committee fulfils its responsibilities, the composition of the committee has been expanded by inviting several personnel from within the company to join the committee, who are the drivers of the underlying functions of the committee. In line with the Companies Act, the invitees do not have voting powers. The board is of the opinion that the composition of the committee is satisfactory to discharge the committee's roles and responsibilities.

In terms of the committee's mandate, the committee holds a minimum of two meetings per year. Additional meetings are held on request of any member.

The table below records the attendance of the members at meetings:

Committee member	No of meetings	Attendance of members
JA Copelyn	2	2
JG Ngcobo	2	2
RD Watson	2	2

ROLES AND FUNCTION

There were no amendments to the committee's mandate during the year. The committee continues to review and report to the board on the sustainable development of the group and particularly:

- Black Economic Empowerment;
- Environmental impact especially carbon emissions and water use;
- Social development programmes through the HCI Foundation;
- Health and safety; and
- Compliance with legal and regulatory requirements

The social and ethics report of the company and of the group is set out on pages 52 to 58.

CONCLUSION

The HCI social and ethics committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period. The committee has fulfilled its mandate as prescribed by the Companies Act and confirms there are no instances of material non-compliance.



Mr JG Ngcobo
Chairperson - social and ethics committee
27 July 2021

REPORT OF THE SOCIAL AND ETHICS COMMITTEE

(CONTINUED)

Broad-based Black Economic Empowerment ("B-BBEE")

HCI is one of the most empowered companies on the JSE. The company has its roots in the trade union movement, and we are committed to broad based Black Economic Empowerment. The Southern African Clothing and Textile Workers' Union continues to be a major shareholder of HCI, benefitting more than 100 000 clothing and textile workers and enabling the Union to run substantial social programmes for its members.

HCI joined with a number of broad based BEE entities who consider themselves to be pioneers in the establishment of B-BBEE vehicles in engaging with the BEE commissioner over her adamant refusal to accept collective Black ownership as an acceptable form of Black empowerment. The Commissioner has taken this view despite the obvious intention of the law to promote broad based entities. The Commissioner however is largely indifferent to the extent to which such entities distribute benefits to Black people, create jobs and otherwise benefit Black people.

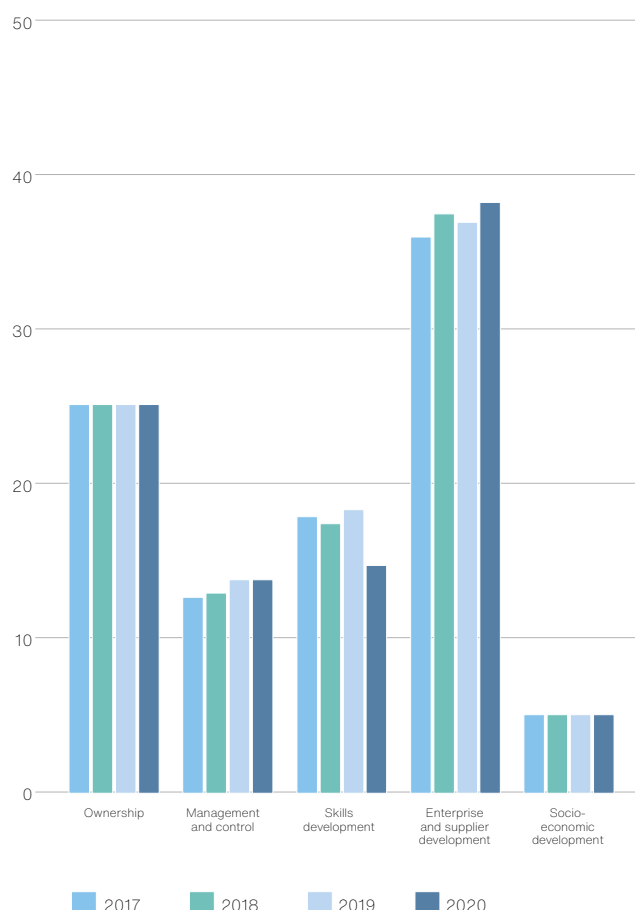
Likewise the Commissioner is largely indifferent to whether such entities are controlled by Black people. Her sole concern appears to be whether such entities are owned by Black individuals.

A great many institutions such as unions, churches, voluntary associations, foundations and trusts do not have conventional "owners" and are accordingly barred from consideration as BEE entities by the Commissioner.

Happily the Minister of Trade, Industry and Competition published a Practise Note on 18 May 2021 in which the status of broad based groups was clarified. The Note makes it clear that broad based groups such as ourselves are legitimate Black owners and we trust that the Commission will abide by this determination. We view ourselves as pioneers of Black Economic Empowerment and we believe that broad based groupings like ourselves represent the essence of the empowerment project. We hope that in time the Commission will view us as allies in the process of broadening asset ownership in South Africa.

Element	Maximum score	Actual score
Ownership	25,00	25,00
Management Control	19,00	13,81
Skills Development	20,00	14,84
Enterprise and Supplier Development	40,00	37,77
Socioeconomic Development	5,00	5,00
Overall score	111,00	96,42

At the time of writing this report, the group is in the process of completing its 2021 verification. On finalisation of this process, the B-BBEE certification will be published on our website, www.hci.co.za.



Fraud and whistleblowing:

During the period under review no instances of fraud requiring action at a group level were raised or identified.

The committee is satisfied that the company has made adequate and appropriate provision for whistleblowing.

Ethics:

No material incidents and issues were brought to the attention of the committee and no unethical behaviour was noted during this period.

Diversity policy:

HCI adopted a gender and race diversity policy at board level in FY2019. At the date of adopting this Policy, the board's aim is to ensure that the board will comprise of at least 25% female directors and will at all times have a majority of directors who are "black people" as defined in the Broad-Based Black Economic Empowerment Act, 2003, as amended.

At 31 March 2021, the board is comprised of 27% women and 73% of the directors are classified as "black people".

Compliance:

The group operates in a highly regulated environment. Where necessary, compliance officers have been appointed at each of the group's key operating subsidiaries and associated company levels for ensuring adherence to the various laws and regulations.

The committee is responsible for reviewing any major breach of relevant legal and regulatory requirements. The committee is satisfied that there has been no material non-compliance with laws and regulations.

The committee is also satisfied that it has complied with all its legal, regulatory and other responsibilities during the year under review.

Employment practices:

The company seeks to offer employment to newcomers in compliance with laws and codes regulating employment. As an investment holding company, HCI has a relatively small staff complement, with fewer than 50 employees. The majority are long-serving employees, with minimal rate of staff turnover. The company aims to remunerate its employees fairly and competitively, according to their capabilities, skills, responsibilities and performance levels.

HCI believes that all employees are entitled to equal opportunities to advance their careers and accordingly, it does not allow discrimination against employees based on gender, race, religion or any other factor in relation to such opportunities.

ENVIRONMENTAL SUSTAINABILITY

HCI's drive to combat climate change is focused on actively seeking and implementing solutions to reduce our carbon emissions across the HCI gGroup. We are also working to reduce water usage, especially in the Western Cape. HCI reports annually to the Carbon Disclosure Project, an independent international platform for reporting corporate environment impact. HCI reports on both carbon emissions and water consumption.

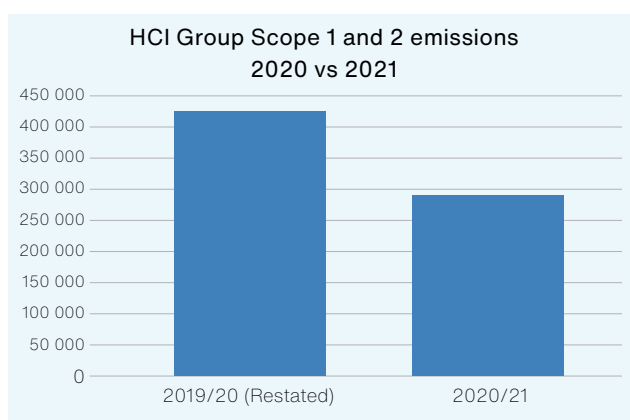
Carbon emissions:

HCI reports on the Scope 1 and 2 emissions of all of its subsidiaries. Scope 1 emissions are direct emissions produced by the reporting entity and are generally associated with the combustion of fossil fuel. Scope 2 emissions are indirectly derived from energy supplied by third parties and principally consist of emissions associated with the use of electricity. Scope 3 consists of indirect impact comprising carbon emitted in the product value chain but not directly produced by the company. Scope 3 emissions are reported on a voluntary basis to the CDP but not included in the figures reported here.

Each year we restate our baseline to take account of structural changes that have taken place over the past year, such as the disposal or acquisition of assets.

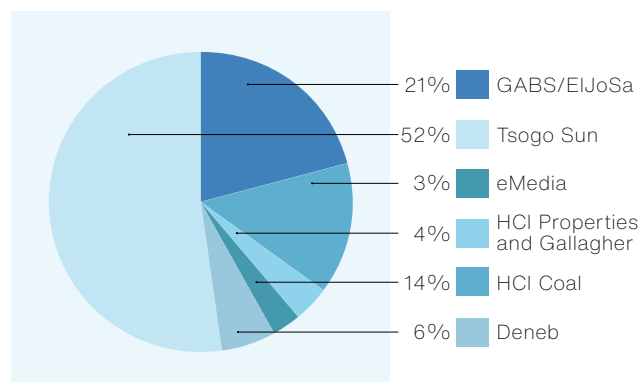
This restatement is calculated in terms of the Greenhouse Gas Protocol. Restatements this year amount to less than 1% of emissions. Where inter-year comparisons are made in the figures below, these are based on the restated 2020 figures.

2021 emissions were heavily impacted by COVID-19 associated restrictions. Many of our businesses were forced to close temporarily or to reduce trading activities. This is demonstrated clearly in our carbon emissions this year. The HCI group's total Scope 1 and 2 emissions for 2021 amount to an estimated 289 674 tonnes of CO₂, which is a 32% decrease from 2020. Scope 1 emissions fell by 28% whereas Scope 2 declined by 34%.



Over the longer term we have been reducing our emissions marginally each year, reflecting improved efficiency in our equipment and improved management of our resources. In particular, we have reduced fuel usage per kilometre and per passenger in Golden Arrow buses and we have improved the efficiency of various industrial processes in Deneb subsidiaries. We have reduced our electricity use in our hotels and casinos and in our properties in general. This year's result is specifically related to the unusual circumstances we faced.

The proportion of emissions contributed by various subsidiaries did not change substantially compared with 2020. Within the HCI group, the largest producers of carbon emissions are Tsogo Sun ("Tsogo Sun Gaming and Tsogo Sun Hotels"), HCI Coal, Golden Arrow Bus Services and Deneb.



REPORT OF THE SOCIAL AND ETHICS COMMITTEE

(CONTINUED)

For the year under review:

- Tsogo Sun was responsible for a total of 149 883 tons of carbon which is a 40% reduction over 2020. This reflects the temporary closure of many Tsogo Sun facilities during the year.
- HCI Coal emitted a total of 40 387 tons of carbon, a reduction of 17%. HCI Coal uses diesel to power its mining vehicles and uses both diesel and electricity in its processing plants (washing, crushing and screening). HCI Coal sold Mbali mine during the last quarter of the financial year and also saw a reduction in output at the Palesa mine as a result of restrictions.
- The Deneb group includes industrial manufacturing, textile manufacturing as well as industrial properties. In the year under review, Deneb was responsible for 19 009 tons of carbon. A reduction of 13%. Deneb's baseline figure was reduced as a result of the sale or closure of some of its manufacturing facilities.
- Golden Arrow Bus Services (GABS) and sister company Eljosa were responsible for 61 938 tons of carbon generated through the use of diesel to power their buses, a reduction of 27%. This is in line with reduced kilometres travelled. Fuel efficiency increased marginally.

Various HCI subsidiaries continue with their efforts to reduce their emissions. The Property division has made significant progress in the use of rooftop solar energy and intends to expand this further. Tsogo Sun is considering a pilot project at one of its casinos and has great potential to install renewable energy particularly in the Gaming division where rooftop space lends itself to such projects.

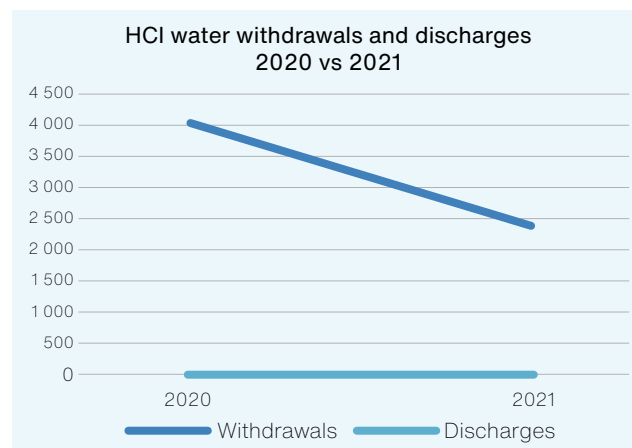
Golden Arrow Bus Services has taken huge strides in its renewable energy journey. Not only are two of its depots carbon neutral (as a result of solar installations), but the company is now testing two electric buses for a 12-month period. This project, in partnership with bus manufacturer BYD and Government initiative uYilo eMobility Programme, will ultimately produce a feasibility report which will be made available to industry to assist other bus companies to decide whether electric vehicles would be suitable for their operations. Results are very encouraging so far and the two vehicles are now being used in active service.

Water use and water discharge:

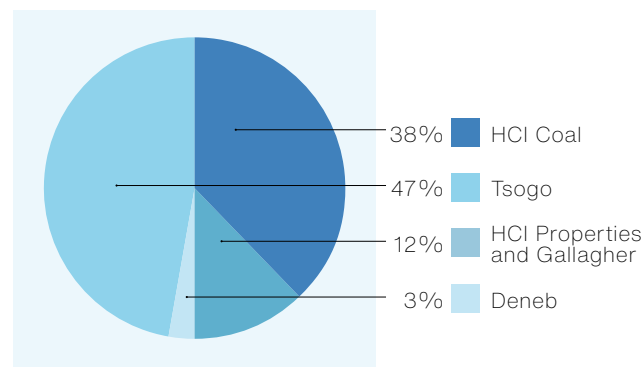
South Africa is a water scarce country facing growing demands on our limited water resource. HCI takes its water conservation responsibilities seriously, reporting on both water use as well as water discharge from our various facilities.

HCI's total water withdrawals for FY2021 amounted to 2 383 million. This represents a decrease of 40% over 2020 and is related to the temporary closure of many facilities as a result of COVID-19 restrictions.

HCI Group's total water discharges for 2021 amounted to 36 megalitres. This is very similar to 2020 once the 2020 figure has been restated to account for closure or sale of assets (HCI Coal, Deneb) and addition of new facilities (Tsogo Sun Hotels). The reason that discharges did not decrease in line with water withdrawals relates to the fact that the major discharging facilities (mostly Deneb's manufacturing facilities), experienced less disruption than the large water consumers (such as Tsogo Sun).



The largest water users in the HCI Group are Tsogo Sun, HCI Coal, Deneb and HCI Properties as can be seen in the graph below.



Tsogo is the largest water user in the group but has reduced its water use steadily especially in the Cape Town area where the company now runs a desalination plant that draws in groundwater and seawater and purifies it for various uses. HCI Coal is also a significant water user, but most of its water comes from the mine pits as well as from boreholes and stormwater. GABS draws mostly on boreholes for bus washing facilities.

The only HCI company that produces significant water discharges is Deneb. These are associated with manufacturing facilities and are carefully managed. The two major contributors to water discharges in the Deneb Group are Formex and Gold Reef Chemicals, both of which sustained their production levels during the year despite COVID-19 disruptions. Effluent discharges are regulated by the Department of Water Affairs and local authorities and are monitored internally.

CORPORATE SOCIAL INVESTMENT



Financial year 2021 was an extraordinarily difficult one for ourselves and our beneficiaries. For the year under review, the Foundation supported 65 grant beneficiaries and 203 bursary recipients.

Following the first lockdown at the end of March, projects had to re-invent themselves in line with COVID-19 protocols to keep delivering their services. The Foundation assisted by bringing organisations together in online workshops to share their experiences of re-imagining their work.

We conducted virtual site visits to stay in touch with the challenges experienced by our beneficiaries and were impressed by their creative and flexible problem-solving approach. This produced valuable, unforeseen benefits, the learnings from which have since been integrated into ongoing programme practice.

In this report, we focus primarily on the adaptive efforts made by educational programmes, from Early Childhood Development “ECD” to Tertiary, to use precious learning time optimally under difficult circumstances.

EARLY CHILDHOOD DEVELOPMENT (“ECD”)

Putting parents at the centre of children’s education

COVID-19 and lockdown brought ECD organisations to the brink of collapse as parents were no longer able to pay fees and the Government stimulus package was not paid to practitioners. The sector marshalled a unified, holistic response, which included advocacy for government subsidies to ECD centres and the provision of food parcels,

masks and sanitisers to communities in need, thus enabling the safe re-opening of ECD centres and schools. This experience has resulted in a strengthened, highly collaborative national network of ECD organisations, eleven of which we supported during the last year. The work of two of them is highlighted below.

Wordworks – Eastern and Western Cape

Wordworks focuses on the development of early language and literacy during the first eight years of life. The Little Stars Open Educational Resource Programme aims to strengthen the teaching of pre-Grade R language and literature through its multi-lingual, story-based training programme.

Following lockdown, the online training-of-trainers course supported home-based learning in four

languages. With children out of school for an extended period, parents and carers became the centre of their children’s education. Mini-lessons for home use were widely circulated, ensuring that learning and stimulation continued at home. The online training course had the additional lasting benefit of helping Wordworks extend its reach beyond the Eastern and Western Cape in a cost-effective way.



CORPORATE SOCIAL INVESTMENT (CONTINUED)

Centre for Social Development (“CSD”) – Eastern Cape

The CSD provides an interface between Rhodes University and the surrounding communities. Its community-centred programmes offer a holistic approach to early childhood development during the first nine years of life. The Foundation supported the Ezinkwenzini project, through its Excellence in ECD programme.

In response to COVID-19, the CSD's Community Team shifted its focus to home stimulation, recognizing that parents and carers are the first teachers of children and that their involvement with their children's learning could be fun for everyone.

ECD literacy and numeracy materials and safety information were distributed to as many homes as possible and learning resources were also promoted via local radio. Alongside distributing food to families in need, these activities continue to be a core function of the CSD's Community Team.



HIGH SCHOOL PROGRAMMES

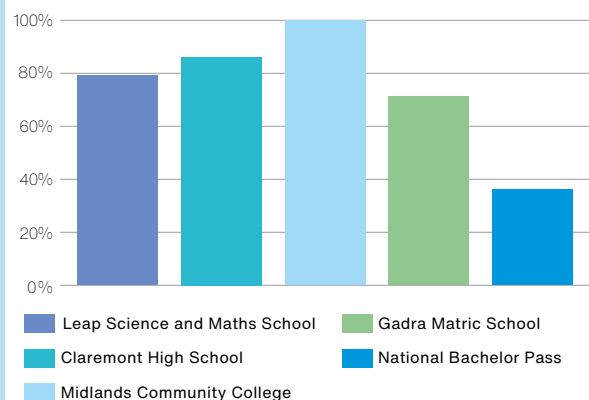
Ensuring that no learner is left behind

The four High School programmes supported by the Foundation help young people from disadvantaged communities to access Tertiary education and further learning opportunities.

The pass rates of our 4 supported schools are compared with the national average in the accompanying table (percentages are rounded up to the nearest whole number).

The highlighted organisations show how quickly two individual programmes adapted to COVID-19 conditions by merging online and offline teaching methods, providing food parcels, data and psychosocial support to assist learners beyond just their educational needs.

HCIF Funded High School Programmes
VS National Bachelor Pass



GADRA Matric School (“GMS”) – Eastern Cape

GMS is a second chance matric programme. The organisation is the leading feeder school for Rhodes University.

For the 2020 school year, 144 (71%) out of 204 GADRA learners achieved Bachelor passes, with more than 70 accepted at Rhodes University to further their studies. A record number of over 50 GADRA alumni graduated from Rhodes University in a single graduation ceremony during April of 2021, a truly astounding achievement.

This triumph emerges from the dedicated and strategic focus of GADRA education management, staff, and students. This recent milestone is especially significant because it was achieved despite the massive academic challenges associated with the COVID-19 and lockdown.



Claremont High School – Western Cape

Claremont high School is a Government Mathematics and Science Focus High School founded as a pilot project in 2011 to provide a quality education to students from disadvantaged backgrounds.

The school has achieved remarkable academic success over the last 10 years and is consistently placed amongst the top 20 Western Cape schools, in 2020 achieving 9th place for Physical Science.

COVID-19 meant that learners and staff had to adapt quickly to online learning, and to the additional challenges of limited family resources. The school provided 150 families with weekly food parcels and 130 pupils with weekly data for online learning. Tight financial controls have protected the school's 1:35 staff/student ratio which has been maintained in 2021.



SUPPORT FOR TEACHERS

Classroom focused support for maximum impact

The Foundation supported 4 teacher development and training organisations in the year under review.

The organisation showcased below demonstrates

how teachers were supported in the difficult task of maintaining teaching standards whilst adapting to the new normal brought about by COVID-19.

The Newly Qualified Teachers Project (“NQT”)

University of Cape Town – Western Cape

The NQT, located within UCT’s School of Education, aims to reduce the high exit rate of first year teachers from Government schools in South Africa by providing help to newly qualified teachers through workshop programmes, online resources, school visits, and mentorship by experienced teachers.

The number of teachers enrolled for NQT remained constant in 2020 and all participants stayed in the profession during a very challenging year, describing the course and the network of support as “a lifeline”.

In the Western Cape, 363 teachers received direct support through the programme, with 1 311 teachers nationwide benefiting from resource assistance. We are immensely proud of the 20 teachers who graduated from the programme in November 2020.



TERTIARY STUDENTS

Staying in touch with our bursary recipients

The pandemic produced enormous challenges for students studying at tertiary level, demanding a high level of maturity and self-motivation from them. We stayed in touch with our bursary students through online workshops, surveys and one to one mentoring.

Many students revealed that they were struggling with a sense of isolation and anxiety and other mental health issues. Being distanced from university also led to a lack of educational guidance and an inability to access data, as well as missed contact with peers. The interpersonal support we offered students was particularly

meaningful and important for them during this time.

Hand in hand with their own determination to succeed, a focus on resilience and problem solving led to 125 (67%) of the 203 strong 2020 student cohort successfully graduating.

The Foundation's Graduate Development and Alumni programmes also maintained contact with ex-students during this period. To date the Foundation has placed 55 of our graduates in HCI companies and partner NGOs; of these, 13 have secured permanent employment.

COVID-19 AND FOOD SECURITY

As the devastating impact of COVID-19 and lockdown on the communities we serve became clear, the Foundation worked on a fundraising campaign in partnership with eMedia and with 269 partner NGOs to provide much needed food relief. 65 000 households and an estimated 260 000 individuals in extreme need were reached as a result of this campaign.

Whilst this intervention undoubtedly helped to fill a gap in the short term, we realised that a more sustainable initiative was necessary. The level of hunger in our society confirmed the urgent need for us to find ways to support communities to grow food on a small to medium scale.

As a result, the Foundation has begun working with a limited group of partner organisations in the food security field who can help us understand the issues at stake and who will be our implementation partners in this project.

This strategic vision forms the basis of a new pivotal programme in the Foundation for the next three years. At the current time we are in the implementation phase of our Sustainable Food Security Programme together with 5 implementing partners in three provinces. This is an exciting growth area for the Foundation and will be reported on in the year ahead.



DIRECTORS' REPORT

1. Nature of business

Hosken Consolidated Investments Limited ("HCI") is an investment holding company, incorporated in South Africa and listed on the JSE Limited.

2. Operations and business

The business operations of HCI include the making of investments in opportunities as identified by the board of directors and the adding of value to these investments over time. As such, HCI has itself consciously established and pursued an investment policy in terms of which it has endeavoured to maintain significant equity and capital participation in entrepreneurially-run companies with significant growth potential. The investments are constantly reviewed and new ones sought to complement them. On 30 September 2020 the boards of directors of Hospitality Property Fund ("HPF") and Tsogo Sun Hotels Limited ("THL") approved a transaction by which THL offered to acquire all of the ordinary shares in the issued share capital of HPF, other than those shares already owned by THL, its subsidiaries and treasury shares ("the Offer"). The consideration in respect of the Offer was settled at a ratio of 1.77 shares for every one HPF share acquired by THL. Following the failure of the proposed scheme of arrangement, a general offer was implemented in December 2020, the consequence of which was that the group's exercisable voting rights in THL decreased to 41%. As a result, the group was considered to have lost control of THL on 24 December 2020 with the group's investment in THL subsequently accounted for as an investment in associate (refer note 6 in the annual financial statements).

Refer to pages 16 to 33 of the integrated annual report for an overview of operations for the year under review.

3. Share capital

Details of the authorised and issued share capital are set out in note 17 of the annual financial statements.

4. Directorate

Details of the directors of the company appear in the Corporate Administration section of this report.

The following changes were made to the directorate:

Director	Date of appointment	Date of resignation
MSI Gani	30 August 2016	7 September 2020
MH Ahmed	7 September 2020	-

5. Composition of the board

The board has assumed responsibility, in line with the board charter, for the composition of the board by ensuring diversity, gender parity, skills, knowledge and resources to effectively discharge its governance

role and responsibilities and carry out all its duties.

At 31 March 2021 the board was comprised of eleven (11) members which included four (4) executive directors, two (2) non-executive directors and five (5) independent non-executive directors. There is a clear balance of power and authority at the board of directors' level.

The board is chaired by Mr VE Mphande, an independent non-executive director, who is not a former CEO of the company. There is a clear division of responsibilities between the chairman and chief executive officer. The board does not deem it necessary to appoint a lead independent director.

Board member	Number of board meetings	Attendance of members
MH Ahmed	2	2
JA Copelyn	4	4
MSI Gani	2	1
TG Govender	4	4
MF Magugu	4	4
L McDonald	4	4
SNN Mkhwanazi-Sigeege	4	4
VE Mphande (chair)	4	4
JG Ngcobo	4	4
JR Nicolella	4	4
Y Shaik	4	4
RD Watson	4	4

6. Dividends

Due to the impact of the COVID-19 pandemic on the group's operations and the requirement to preserve cash resources, no dividend was declared during the year under review.

7. Gender diversity

The board of directors has adopted a policy on gender diversity at board level and agreed on voluntary targets. The board has reached its gender target of 25% women.

8. Race diversity

The board of directors has adopted a policy on race diversity at board level. The voluntary target was set at a majority of members being people classified as 'black'. 73% of the members of the board are classified as 'black'.

9. Company secretary

HCI Managerial Services Proprietary Limited held the office of the company secretary for the twelve months ended 31 March 2021. The secretarial department is under the supervision of Cheryl Philip (FCIS) who

DIRECTORS' REPORT (CONTINUED)

is empowered, and authorised, to provide corporate governance services to the board and management. The board has evaluated the performance and independence of the company secretary during the period under review and it is satisfied that the company secretary is competent and has the appropriate qualifications and experience required by the group to administer the secretarial obligations of the company. The secretary has an arm's-length relationship with the board of directors.

The name, business and postal address of the company secretary are set out in the Corporate Administration section of this report.

10. Financial director

Mr JR Nicoletta is the full-time executive financial director of the company.

11. Auditors

Subject to shareholder approval BDO South Africa Incorporated will continue in office in accordance with section 90 of the South African Companies Act for the 2022 financial year with Mr Theunis Schoeman as the designated auditor.

12. Auditor's report

The consolidated and separate annual financial statements, from which these summarised financial statements have been extracted, have been audited by BDO South Africa Incorporated and their unqualified audit report is included on pages 10 to 17 of the annual financial statements.

13. Significant shareholders

The company's shareholders that own more than 5% of the issued shares are Southern African Clothing and Textile Workers' Union, Cheersley Investments Proprietary Limited and Squirewood Investments 64 Proprietary Limited who own 26.7%, 7.6% and 5.3% respectively. No shareholder has a controlling interest in the company.

14. Special resolutions

The following special resolutions were passed by the company's shareholders at the annual general meeting of shareholders held on 15 October 2020:

- granting the directors the authority, subject to the provisions of the Act and the provisions of the JSE Listings Requirements, to allot and issue ordinary shares of the company (or to issue options or securities convertible into ordinary shares) for cash to such person or persons, on such terms and conditions as they may deem fit. The aggregate number of ordinary shares to be allotted and issued for cash is limited as set out in the resolution;
- approval of the fees payable to non-executive directors for their services as directors or as

members of the board sub-committees in respect of the financial period 1 October 2020 until the next annual general meeting of the company;

- granting the company and the subsidiaries of the company a general authority contemplated in terms of paragraph 5.72 of the JSE Listings Requirements, for the acquisition by the company, or a subsidiary of the company, of ordinary issued shares issued by the company; and
- general authorisation of financial assistance to the extent required by sections 44 and 45 of the Act, the board of directors of the company may, subject to compliance with the requirements of the company's MOI and the Act, authorise the company to provide direct or indirect financial assistance by way of a loan, guarantee, the provision of security or otherwise, subject to the provisions as set out in the resolution.

15. Special resolutions of subsidiaries

The statutory information relating to special resolutions passed by subsidiaries is available from the registered office of the company.

16. Shareholding of directors

The shareholding of directors of the company and their participation in the share incentive scheme of the company as at 31 March 2021 are set out in the remuneration report in the integrated annual report on page 48 and in notes 43 and 42 of the annual financial statements respectively.

17. Directors' emoluments

Directors' emoluments incurred by the company and its subsidiaries for the year ended 31 March 2021 are set in note 44 of the annual financial statements.

18. Subsidiaries

Details of the company's subsidiaries are set out in annexure A to the annual financial statements.

19. Borrowing powers

There are no limits placed on borrowing in terms of the memorandum of incorporation. Certain companies in the group have entered into various loan agreements with providers of loan finance. These loan agreements include various covenants and undertakings by companies in the group which may restrict the group's borrowing powers. Details of these covenants and undertakings are available from the registered office of the company.

20. Litigation statement

There are no material legal or arbitration proceedings (including proceedings which are pending or threatened of which the directors of HCI are aware) which may have or have had, during the 12-month period preceding the last practicable date, a material effect on the financial position of HCI.

21. Material change

There has been no material change in the financial or trading position of the HCI group since the publication of its provisional results for the year ended 31 March 2021.

22. Events subsequent to reporting date

Events that occurred subsequent to the reporting date are set out in note 50 of the annual financial statements.

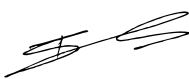
23. Going concern

The outbreak of COVID-19 has severely affected the South African economy and the group's operations, specifically those of its hotel and gaming interests. In preparing the cash flow forecasts utilised to assess going concern, the impact of the COVID-19 pandemic on the group's operations and liquidity was considered. The directors have assessed these cash flow forecasts together with the other actions taken or proposed and are of the view that the group has sufficient liquidity to meet its obligations as currently foreseen in the next financial year. Details of the impact of COVID-19 on the group's operations and liquidity are presented in note 51 of the annual financial statements.

BOARD APPROVAL

The directors of Hosken Consolidated Investments Limited ("HCI or the company") acknowledge responsibility for the integrity of the summarised annual financial statements. The board of directors, supported by the audit and risk committee endorsed the reporting frameworks utilised in this report and approved the material matters determined by management. The directors have applied their minds to the report and believe that it covers all material matters, that the

information contained in this report is reliable and that it fairly presents the performance of the company.



VE Mphande
Chairperson



JA Copelyn
Chief Executive Officer

DECLARATION BY COMPANY SECRETARY

Hosken Consolidated Investments Limited ("HCI") has complied with all statutory and regulatory requirements in accordance with the Financial Markets Act, and all directives issued by the Financial Sector Conduct Authority.

In terms of section 88 of the Companies Act, as amended, I hereby confirm that HCI has lodged with the Registrar

of Companies all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

*HCI Managerial Services
Proprietary Limited*

HCI Managerial Services Proprietary Limited
Group Company Secretary



SHAREHOLDERS' SNAPSHOT

Analysis of shareholders

Listed below is an analysis of shareholdings extracted from the register of ordinary shareholders at 31 March 2021.

Range of holdings

Share Range		Number of shareholders	% of current shareholders	Number of shares	% of Issued Capital
1	– 1000 shares	2301	73.1	517 214	0.6
1 001	– 10 000 shares	542	17.2	1 906 644	2.2
10 001	– 50 000 shares	178	5.6	3 810 342	4.5
50 001	– 100 000 shares	41	1.3	2 861 476	3.3
100 001	– 500 000 shares	66	2.1	13 659 218	16.0
500 001	– 1 000 000 shares	11	0.3	8 083 361	9.4
1 000 001	– shares and over	13	0.4	54 782 393	64.0
		3 152	100.0	85 620 648	100.0

Type of shareholder

Banks and custodians	59	1.9	7 635 210	8.9
Close Corporation	9	0.3	6 806	0.0
Individual	2 371	75.2	6 056 117	7.1
Other Corporation	168	5.3	32 969 113	38.5
Pension, Provident, Retirement and Other Funds	205	6.5	15 265 849	17.8
Private company	81	2.6	18 800 716	22.0
Public company	34	1.1	2 622 064	3.1
Trust	225	7.1	2 264 773	2.6
	3 152	100.0	85 620 648	100.0

Shareholdings greater than 5%

	2021	2020
Southern African Clothing and textile Workers Union	26.7	28.5
Chearsley Investments Proprietary Limited	7.6	-
Ronaldgate Proprietary Limited	-	7.5
Squirewood Investments 64 Proprietary Limited*	5.3	5.3
	39.6	41.3

* Treasury shares

Shareholder spread

	Percentage held		Number of shareholders	
	2021	2020	2021	2020
Public	58.7	57.2	3 141	3 398
Non public	41.3	42.8	11	12
Directors	7.9	7.6	4	5
Associates of directors	1.1	1.1	3	3
Significant shareholder	26.7	28.5	1	1
Share trust	0.2	0.2	1	1
Treasury shares	5.4	5.4	2	2
	100.0	100.0	3 152	3 410

Stock exchange performance

	31 March 2021
Total number of shares traded ('000)	29 154
Total value of shares traded (R'000)	1 036 676
Market price (cents per share)	
- High	7 250
- Low	1 600
- Closing	6 352
Market capitalisation (R'000)	5 136 871



SUMMARISED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

SUMMARISED STATEMENT OF FINANCIAL POSITION

	31 March 2021 R'000	31 March 2020* R'000
ASSETS		
<i>Non-current assets</i>	40 424 198	54 304 599
Property, plant and equipment	16 610 166	25 686 739
Right-of-use assets	353 250	1 172 047
Investment properties	5 381 333	9 344 524
Goodwill	3 872 534	3 943 166
Investments in associates and joint arrangements	3 573 978	2 977 772
Other financial assets	1 031 565	1 036 987
Intangible assets	9 177 953	9 424 800
Deferred taxation	340 893	467 886
Other	82 526	250 678
<i>Current assets</i>	5 340 741	10 206 306
Inventories	620 913	1 054 443
Programme rights	1 074 631	845 355
Other financial assets	-	37 823
Trade and other receivables	1 765 538	2 441 634
Taxation	117 778	142 019
Bank balances and deposits	1 761 881	5 685 032
Disposal group assets held for sale	188 221	381 371
Total assets	45 953 160	64 892 276
EQUITY AND LIABILITIES		
<i>Equity</i>	19 524 296	26 651 453
Equity attributable to equity holders of the parent	12 126 312	12 347 962
Non-controlling interest	7 397 984	14 303 491
<i>Non-current liabilities</i>	19 242 636	25 396 676
Deferred taxation	4 578 055	5 035 017
Borrowings	13 665 381	18 169 392
Lease liabilities	410 047	1 424 481
Provisions	70 604	218 324
Other	518 549	549 462
<i>Current liabilities</i>	7 168 563	12 738 104
Trade and other payables	2 520 716	2 933 215
Current portion of borrowings	3 919 533	5 195 377
Taxation	50 374	203 030
Provisions	169 539	311 194
Bank overdrafts	420 611	3 956 883
Other	87 790	138 405
Disposal group liabilities held for sale	17 665	106 043
Total equity and liabilities	45 953 160	64 892 276
Net asset carrying value per share (cents)	14 995	15 269

* Restated

SUMMARISED STATEMENT OF PROFIT OR LOSS

		31 March 2021 R'000	31 March 2020* R'000
	% change		
Revenue		8 191 095	10 543 821
Net gaming win		5 275 457	9 922 293
Property rental income		620 049	692 852
Income	-33.4%	14 086 601	21 158 966
Expenses		(10 992 350)	(15 568 605)
EBITDA	-44.7%	3 094 251	5 590 361
Depreciation and amortisation		(1 218 495)	(1 253 154)
Operating profit		1 875 756	4 337 207
Investment income		94 963	488 019
Finance costs		(1 522 090)	(1 910 955)
Share of profits/(losses) of associates and joint arrangements		2 045 952	(173 260)
Investment surplus		172 986	29 524
Fair value adjustment on associate on gaining control		-	9 163
Fair value adjustments on investment properties		(35 840)	(105 305)
Impairment reversals		208 739	-
Asset impairments		(33 756)	(9 407 224)
Fair value adjustments on financial instruments		129 445	(507)
Impairment of goodwill and investments		(1 564 723)	(20 582)
Profit/(loss) before taxation	120.3%	1 371 432	(6 753 920)
Taxation		(257 127)	1 732 172
Profit/(loss) for the year from continuing operations		1 114 305	(5 021 748)
Discontinued operations		(2 096 725)	(2 303 276)
Loss for the year		(982 420)	(7 325 024)
Attributable to:			
Equity holders of the parent		(960 014)	(3 805 278)
Non-controlling interest		(22 406)	(3 519 746)
		(982 420)	(7 325 024)

* Restated for discontinued operations.



SUMMARISED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

RECONCILIATION OF HEADLINE EARNINGS

	% change	31 March 2021		31 March 2020	
		Gross R'000	Net R'000	Gross R'000	Net R'000
Losses attributable to equity holders of the parent	-74.8%		(960 014)		(3 805 278)
Fair value adjustment on deemed disposal of associate		-	-	(9 163)	(5 691)
Impairment of goodwill		30 156	13 605	819 711	637 713
Gains on disposal of plant and equipment		(33 722)	(13 354)	(18 821)	(10 815)
Impairment of property, plant and equipment		41 604	24 108	1 053 239	425 908
Foreign currency translation and hedging reserves recycled		(80 935)	(80 935)	-	-
Losses/(gains) from disposal of subsidiaries		1 824 931	1 796 362	(254)	(1 599)
Gains on disposal of associates and joint arrangements		(396 754)	(201 704)	(28 524)	(12 400)
Impairment of associates and joint arrangements		1 565 702	1 424 031	28 259	14 523
Reversal of impairment of assets		(208 739)	(74 808)	-	-
Impairment of intangible assets		3 090	2 286	9 245 979	3 292 624
Losses on disposal of investment properties		350	240	49	89
Fair value adjustments on investment properties		35 840	13 819	993 218	352 749
Impairment of right-of-use assets		-	-	7 307	3 361
Insurance claims for capital assets		(8 656)	(5 122)	(6 828)	(3 815)
Remeasurements included in equity-accounted earnings of associates and joint arrangements		(1 847 538)	(1 705 817)	170 137	159 539
Headline profit	-77.8%		232 697		1 046 908
Basic (losses)/earnings per share (cents)					
(Losses)/earnings	-74.1%		(1 187 .11)		(4 591 .53)
Continuing operations			1 063 .58		(2 990 .61)
Discontinued operations			(2 250 .69)		(1 600 .92)
Headline earnings/(losses) per share (cents)	-77.2%		287 .74		1 263 .22
Continuing operations			609 .56		1 313 .07
Discontinued operations			(321 .82)		(49 .85)
Weighted average number of shares in issue ('000)			80 870		82 876
Actual number of shares in issue at the end of the year (net of treasury shares) ('000)			80 870		80 870
Diluted (losses)/earnings per share (cents)					
(Losses)/earnings	-74.1%		(1 187 .11)		(4 591 .53)
Continuing operations			1 063 .58		(2 990 .61)
Discontinued operations			(2 250 .69)		(1 600 .92)
Headline earnings/(losses) per share (cents)	-77.2%		287 .74		1 263 .22
Continuing operations			609 .56		1 313 .07
Discontinued operations			(321 .82)		(49 .85)
Weighted average number of shares in issue ('000)			80 870		82 876

SUMMARISED STATEMENT OF OTHER COMPREHENSIVE INCOME

	31 March 2021 R'000	31 March 2020 R'000
Loss for the year	(982 420)	(7 325 024)
Other comprehensive (loss)/income net of tax:		
<i>Items that will subsequently be reclassified to profit or loss</i>		
Foreign currency translation differences	(761 953)	780 591
Reclassification of foreign currency translation differences on disposal	(225 805)	-
Cash flow hedge reserve	(76 221)	(54 494)
Reclassification of cash flow hedge reserve on disposal	45 002	-
Share of other comprehensive losses of equity-accounted investments	(4 031)	(16 308)
<i>Items that will not subsequently be reclassified to profit or loss</i>		
Revaluation of owner-occupied land and buildings on transfer to investment properties	26 497	27 607
Actuarial (losses)/gains on post-employment benefit assets and liabilities	(5 330)	19 711
Fair value adjustments on equity instruments designated at fair value through other comprehensive income	(294 844)	(284 878)
Share of other comprehensive income of equity-accounted investments	8 797	-
Total comprehensive loss	(2 270 308)	(6 852 795)
Attributable to:		
Equity holders of the parent	(1 795 861)	(3 306 816)
Non-controlling interest	(474 447)	(3 545 979)
	(2 270 308)	(6 852 795)

SUMMARISED STATEMENT OF CHANGES IN EQUITY

	31 March 2021 R'000	31 March 2020 R'000
Balance at the beginning of the year	26 651 453	35 178 142
<i>Share capital and premium</i>		
Shares repurchased	-	(373 872)
<i>Current operations</i>		
Total comprehensive loss	(2 270 308)	(6 852 795)
Equity-settled share-based payments	24 911	20 681
Acquisition of subsidiaries	-	3 926
Disposal of subsidiaries	(5 739 478)	4 879
Effects of changes in holding	891 340	(399 804)
Dividends	(33 622)	(929 704)
Balance at the end of the year	19 524 296	26 651 453

SUMMARISED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

SUMMARISED STATEMENT OF CASH FLOWS

	31 March 2021 R'000	31 March 2020 R'000
<i>Cash flows from operating activities</i>	1 412 651	2 727 273
Cash generated by operations	2 779 836	7 104 797
Net finance costs	(1 356 384)	(1 870 298)
Changes in working capital	416 510	(705 876)
Taxation paid	(383 775)	(871 646)
Dividends paid	(43 536)	(929 704)
<i>Cash flows from investing activities</i>	(350 466)	(2 260 022)
Business combinations and disposals	(462 624)	13 345
Net investments disposed/(acquired)	234 330	(341 613)
Dividends received	64 071	160 909
Loans and receivables repaid/(advanced)	388 685	(6 917)
Intangible assets		
- Additions	(56 703)	(68 080)
- Disposals	-	5
Investment properties		
- Additions	(161 347)	(353 214)
- Disposals	125 000	11 405
Property, plant and equipment		
- Additions	(537 373)	(1 761 876)
- Disposals	55 495	86 014
<i>Cash flows from financing activities</i>	(1 410 219)	(123 068)
Ordinary shares repurchased	-	(373 872)
Other liabilities raised/(repaid)	1 921	(6 388)
Transactions with non-controlling shareholders	(28 552)	(449 451)
Principal paid on lease liabilities	(61 759)	(391 331)
Net funding (repaid)/raised	(1 321 829)	1 097 974
(Decrease)/increase in cash and cash equivalents	(348 034)	344 183
Cash and cash equivalents		
At the beginning of the year	1 740 249	1 282 652
Foreign exchange differences	(50 520)	113 414
At the end of the year	1 341 695	1 740 249
Bank balances and deposits	1 761 881	5 685 032
Bank overdrafts	(420 611)	(3 956 883)
Cash in disposal groups held for sale	425	12 100
Cash and cash equivalents	1 341 695	1 740 249

SEGMENTAL ANALYSIS

	Revenue 31 March		Net gaming win 31 March	
	2021	2020*	2021	2020*
	R'000	R'000	R'000	R'000
Media and broadcasting	2 428 959	2 491 304	-	-
Gaming	381 096	1 648 516	5 275 457	9 922 293
Transport	1 640 563	2 045 158	-	-
Properties	131 996	253 709	-	-
Coal mining	1 136 594	1 360 174	-	-
Branded products and manufacturing	2 454 753	2 732 839	-	-
Other	17 134	12 121	-	-
Total	8 191 095	10 543 821	5 275 457	9 922 293

	Property rental income 31 March		EBITDA 31 March	
	2021	2020*	2021	2020*
	R'000	R'000	R'000	R'000
Media and broadcasting	15 064	14 288	327 456	449 882
Gaming	92 235	148 083	1 795 403	3 983 280
Transport	-	-	406 751	506 144
Properties	352 017	378 864	257 078	315 265
Coal mining	-	-	208 780	264 236
Branded products and manufacturing	148 801	138 760	240 361	240 273
Other	11 932	12 857	(141 578)	(168 719)
Total	620 049	692 852	3 094 251	5 590 361

	Profit/(loss) before tax 31 March		Headline earnings/(loss) 31 March	
	2021	2020*	2021	2020
	R'000	R'000	R'000	R'000
Media and broadcasting	225 421	351 023	83 910	122 357
Gaming	53 429	(7 518 369)	(20 499)	667 835
Hotels	293 277	-	(317 763)	99 245
Transport	287 126	384 643	176 457	203 889
Properties	(25 488)	180 161	37 841	85 298
Coal mining	168 797	229 649	119 315	101 198
Branded products and manufacturing	146 640	(8 582)	95 220	(15 888)
Oil and gas prospecting	257 682	(159 080)	266 917	(4 510)
Palladium prospecting	(56 521)	(39 937)	(56 521)	(39 937)
Other	21 069	(173 428)	(152 180)	(172 579)
Total	1 371 432	(6 753 920)	232 697	1 046 908

SUMMARISED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

SEGMENTAL ANALYSIS (CONTINUED)

The group's revenue disaggregated by primary geographical markets is as follows:

	South Africa R'000	Other African countries and Middle East R'000	Europe and United Kingdom R'000	Total R'000
31 March 2021				
Media and broadcasting	2 428 959	-	-	2 428 959
Gaming	381 096	-	-	381 096
Transport	1 640 563	-	-	1 640 563
Properties	131 996	-	-	131 996
Coal mining	1 136 594	-	-	1 136 594
Branded products and manufacturing	2 348 517	46 437	59 799	2 454 753
Other	17 134	-	-	17 134
Total	8 084 859	46 437	59 799	8 191 095

31 March 2020*

Media and broadcasting	2 491 304	-	-	2 491 304
Gaming	1 648 516	-	-	1 648 516
Transport	2 045 158	-	-	2 045 158
Properties	253 709	-	-	253 709
Coal mining	1 360 174	-	-	1 360 174
Branded products and manufacturing	2 623 182	49 281	60 376	2 732 839
Other	12 121	-	-	12 121
Total	10 434 164	49 281	60 376	10 543 821

* Restated for discontinued operations.

The group's revenue disaggregated by pattern of revenue recognition is as follows:

	Revenue recognised over time R'000	Revenue recognised at a point in time R'000	Total R'000
31 March 2021			
Provision of services			
Media and broadcasting	2 226 201	-	2 226 201
Gaming	239 921	141 175	381 096
Transport	1 478 211	162 029	1 640 240
Properties	128 253	3 743	131 996
Other	17 134	-	17 134
Sale of goods			
Media and broadcasting	-	202 758	202 758
Transport	-	323	323
Coal mining	-	1 136 594	1 136 594
Branded products and manufacturing	54 780	2 399 973	2 454 753
	4 144 500	4 046 595	8 191 095

31 March 2020*

Provision of services

Media and broadcasting	2 458 018	33 286	2 491 304
Gaming	1 000 757	647 759	1 648 516
Transport	1 688 748	356 100	2 044 848
Properties	121 282	132 427	253 709
Other	12 121	-	12 121

Sale of goods

Transport	-	310	310
Coal mining	-	1 360 174	1 360 174
Branded products and manufacturing	16 739	2 716 100	2 732 839
	5 297 665	5 246 156	10 543 821

* Restated for discontinued operations.



SUMMARISED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS

BASIS OF PREPARATION AND ACCOUNTING POLICIES

The results for the year ended 31 March 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the disclosure requirements of IAS 34, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the requirements of the South African Companies Act, 2008, and the Listings Requirements of the JSE Limited.

As required by the JSE Limited Listings Requirements, the company reports headline earnings in accordance with Circular 1/2019: Headline Earnings as issued by the South African Institute of Chartered Accountants.

These financial statements were prepared under the supervision of the financial director, Mr JR Nicoletta CA(SA). The directors take full responsibility for the preparation of the summarised financial statements and that the financial information has been correctly extracted from the underlying annual financial statements.

These summarised financial statements are extracted from the audited annual financial statements, but is not itself audited.

The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

The accounting policies applied by the group in the preparation of these summarised financial statements are consistent with those applied by the group in its consolidated financial statements for the year ended 31 March 2020, except as follows:

Amendment to IFRS 16 Leases

The International Accounting Standards Board issued amendments to IFRS 16 to simplify how lessees account for rent concessions. These amendments are effective for annual reporting periods beginning on or after 1 June 2020, with earlier application permitted. The group early adopted the amendments with effect from 1 April 2020 without any adjustment to opening retained earnings at this date.

As a practical expedient, a lessee may elect not to assess whether a rent concession that meets specific conditions is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the payment, occurs. These payments must be disclosed separately from the effect of other variable lease payments included in profit or loss. No such relief is provided for lessors. Lessors are

required to assess whether rent concessions are lease modifications and if so, account for them accordingly.

The practical expedient in the amended standard applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic, and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

The group applied the practical expedient to all of its leases where it is a lessee and lease concessions were granted to the group. This had the effect of reducing lease liabilities as follows:

	R'million
Land and building rentals	93
Gaming equipment rentals	12

GOING CONCERN AND IMPACT OF COVID-19 PANDEMIC

The national lockdown during the first months of the current financial year and subsequent COVID-19-related restrictive measures have had a severe impact on the economy. All operations of the group were impacted significantly by these measures. Those worst affected were the group's gaming and hotel operations, which were unable to trade for extended periods of time with current trade still impacted by government-enforced restrictions. The group's properties division has also been impacted by the reduced ability of its tenant base to comply with its rent obligations due to various restrictions and economic difficulties affecting their trade.

The share prices of Tsogo Sun Gaming and Tsogo Sun Hotels ("TSH") deteriorated significantly in the period leading up to the trade restrictions noted above. As a result, the security cover ratio covenants relating to certain central borrowings were breached, however, the company and its funders agreed to pursue remedial action and no default occurred. Expected dividends from the group's gaming and hotel operations have also been severely impacted, possibly resulting in the breach of future debt service cover ratio covenants (it must be noted that these have not been breached at the time of release of these results), although management expects debt service obligations on these central borrowings to be complied with for the foreseeable future.

The group's funders at the centre and at the relevant subsidiaries have remained supportive and have inter alia agreed to the following measures:

- The waiver of hotel operations' covenant requirements for the measurement periods ending 30 September 2020, 31 March 2021 and 30 September 2021, the latter two waivers being subject to revised interim covenant measurements;
- The waiver of gaming operations' covenant requirements for the measurement periods ending 30 September 2020 and 31 March 2021 and the amendment of the net leverage covenant for 30 September 2021 and 31 December 2021, subject to certain additional interim covenants;
- The granting of additional facility headroom to the properties division to assist with cash flow deficits occasioned by tenant defaults and extended rental payment terms. Only an insignificant portion of this facility headroom was utilised, with no further utilisation required as at the date of these results; and
- In respect of the company's central borrowings, the permanent reconstitution of certain security cover ratios and mutually agreed interim security cover ratios for the period ending 31 December 2021 as they relate to the share prices of Tsogo Sun Gaming and TSH. In respect of the period thereafter, sustainable prospective security cover ratios will be agreed, taking into account market conditions at the time. During the period to 31 December 2021, the debt service cover ratio has been waived, subject to achieving certain agreed cash flows and borrowings levels.

In preparing the cash flow forecasts utilised to assess going concern, the impact of the COVID-19 pandemic on the group's operations and liquidity was considered to the extent reasonably possible. The company has assessed the cash flow forecasts together with the other actions taken or proposed and is of the view that the group has sufficient liquidity to meet its obligations as currently foreseen in the next year.

As the situation continues to evolve with changes in governmental regulations and evolving business and consumer reactions thereto, as at the date of these results, the directors of the company considered that the further future financial effects of COVID-19 on the group's consolidated financial statements cannot be reasonably estimated.

RECLASSIFICATION OF COMPARATIVE RESULTS

Media and broadcasting and Properties

Non-current operating lease equalisation assets in the amount of R121 million have been reclassified as follows in the prior- year statement of financial position:

- investment properties increased by R115 million;
- non-current receivables included in Other increased by R6 million; and
- operating lease equalisation assets decreased by R121 million.

FAIR VALUE MEASUREMENT

Investment properties

Gaming

Downward fair value adjustments to investment properties relating to gaming operations amounted to R67 million in the current year. The fair values were determined by independent valuers using the income capitalisation method. The significant unobservable inputs were as follows:

- capitalisation rate of 10% – 10.5%; and
- vacancy rate of 5% – 10%.

Properties

Total downward fair value adjustments of R18 million to investment properties in respect of properties operations were recognised in the current year. The fair values were determined by independent valuers using the discounted cash flow method. The significant unobservable inputs were as follows:

- net income growth rate of 5.3% – 5.8%;
- terminal capitalisation rate of 8.3% – 13.5%; and
- risk-adjusted discount rate of 13.5% – 18%.

Branded products and manufacturing

Upward fair value adjustments to investment properties relating to branded products and manufacturing amounted to R50 million in the current year. The fair values were determined internally using the income capitalisation method. The significant unobservable inputs were as follows:

- capitalisation rate of 10% – 12.25%;
- vacancy rate of 2% – 5%; and
- rental income and operating expenses were determined based on contractual and budgeted amounts for individual properties.

Financial asset at fair value through other comprehensive income

Gaming

The group has a 20% equity interest in each of SunWest International Proprietary Limited ("SunWest") and Worcester Casino Proprietary Limited ("Worcester"). The group has pre-emptive rights but no representation on the board of directors of either company and has no operational responsibilities. The group also has no access to any information regarding the companies except for that to which it has statutory rights as a shareholder. These investments are classified as level 3 fair value measurements and have been accounted for as financial assets at fair value through other comprehensive income. At the end of each reporting period the investment is remeasured and the increase or decrease recognised in other comprehensive income.

The asset has been remeasured to R675 million at 31 March 2021, a R223 million decrease. A discounted

SUMMARISED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS (CONTINUED)

cash flow valuation was used to estimate the fair value. The reason for the fair value loss is significantly the outbreak of COVID-19 which has severely affected the South African economy.

The significant unobservable inputs used in the fair value measurement of the investment in SunWest and Worcester as at 31 March 2021 are shown below.

- income increases by 92% in the 2022 financial year and then by 13% in the 2023 financial year, 11% in the 2024 financial year, thereafter 3% over the following years;
- operating expenditure increases by 44% in the 2022 financial year, 7% in the 2023 financial year, 17% in the 2024 financial year, thereafter 4% over the following years;
- risk-adjusted discount rate of 14.8% post-tax; and
- long-term growth rate of 4.7%.

IMPAIRMENT REVERSALS

Intangible assets

Gaming

Impairment reversals include R186 million in respect of casino licences relating to the group's gaming operations. Following the impairment of certain casino licences in the prior year and continued COVID-19-related trade restrictions, the carrying amounts of casino licences were tested for impairment. Discounted cash flow valuations were utilised for this purpose. Due to the better than previously forecasted performance of certain casino precincts, the group recognised the following impairment reversals, per casino precinct:

	R'million
Silverstar	67
Garden Route	34
Emnotweni	20
Blackrock	65
Total	186

The significant unobservable inputs used in the testing of the group's casino licences for impairment as at 31 March 2021 are shown below.

- expected gaming win increases on average by 70% in the 2022 financial year and 7% in the next year, thereafter 3% over the following years;
- operating expenditure increases on average by 64% in the 2022 financial year and 9% in the next year, thereafter 4% over the following years;
- risk-adjusted discount rate of 16.8% – 20.9% pre-tax; and
- long-term growth rate of 4.7%.

IMPAIRMENTS

Investment in associate

Impairment of goodwill and investments consists of an impairment of R1 565 million in respect of the group's investment in TSH. Due to the subdued trading price of TSH's shares and continued weak and unpredictable trading as a result of the COVID-19 pandemic and related government interventions, an indicator of impairment existed at the reporting date. The group therefore assessed the investment for impairment, resulting in the abovementioned charge.

The value in use was determined as follows:

The significant unobservable inputs used in the testing of the group's investment for impairment as at 31 March 2021 are shown below.

- Income increases by 132% in the 2022 financial year and then by 46% in the 2023 financial year, 23% in the 2024 financial year, thereafter between 9% and 4% over the following years. Income forecasts provided for further trade disruptions as a result of the COVID-19 pandemic;
- Operating expenditure increases by 80% in the 2022 financial year, 41% in the 2023 financial year, 12% in the 2024 financial year, thereafter between 7% and 4% over the following years;
- Risk-adjusted discount rate of 13.4% post-tax; and
- Long-term growth rate of 4.5%.

The fair value less cost of disposal was calculated using the 5 day volume weighted average share price.

The fair value less cost of disposal was higher than the calculated value in use and the investment was therefore impaired to the fair value less cost of disposal.

BUSINESS COMBINATIONS AND DISPOSALS

Hotels

On 30 September 2020 the boards of directors of Hospitality Property Fund ("HPF") and TSH approved a transaction by which TSH offered to acquire all of the ordinary shares in the issued share capital of HPF, other than those shares already owned by TSH, its subsidiaries and treasury shares ("the Offer"). The consideration in respect of the Offer was settled at a ratio of 1.77 TSH shares for every one HPF share acquired by TSH. Following the failure of the proposed scheme of arrangement, a general offer was implemented in December 2020, the consequence of which was that the group was considered to have lost control of TSH during the general offer period.

The assets and liabilities deemed to have been disposed of with the deconsolidation of the group's interest in TSH were as follows:

	R'million
Non-current assets	13 806
Current assets	1 448
Non-current liabilities	(5 340)
Current liabilities	(1 414)
Net assets disposed of	8 500
Non-controlling interest	(5 843)
Fair value of remaining interest	(946)
Loss on deemed disposal	(1 711)
Cash and cash equivalents disposed of	(497)
Net cash outflow	(497)

Properties

The group's 60% interest in and loan claims against K2013204008 was disposed of for Rnil, resulting in an attributable loss on disposal of R65 million.

Coal Mining

HCI Coal disposed of the Mbali Colliery for R37 million during the current year, resulting in an attributable loss on disposal of R26 million.

DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE

Media and broadcasting

The results of certain non-core local and offshore operations in the media and broadcasting segment are included in discontinued operations in the current and prior years. Disposal group assets of R10 million and liabilities of R8 million relate to these operations.

Gaming

Non-core portions of land and buildings in the amount of R59 million have been reclassified to disposal group assets held for sale in the current year.

Niveus Investments previously initiated the process to dispose of its online and retail sports betting interests and their results were consequently included in discontinued operations in the prior-year results as published at that time. Following the sale of these interests to a fellow group entity, Tsogo Sun Gaming, during the current year, these results have been reclassified from discontinued operations in the prior year.

Hotels

Following the deemed disposal of the group's interest in TSH, the results of its operations prior to deconsolidation were reclassified to discontinued operations in the current and prior years.

Losses included in discontinued operations as they related to TSH in the current and prior years were as follows (R'million):

	Nine months ended 31 December 2020	Year ended 31 March 2020
Income	783	4 425
Other operating expenses and income	(979)	(3 246)
Depreciation and amortisation	(268)	(338)
Investment income	13	36
Finance costs	(284)	(397)
Share of profits of associates and joint arrangements	(110)	(3)
Investment surplus	355	-
Fair value adjustments of investment properties	-	(888)
Asset impairments	(2)	(855)
Impairment of goodwill and investments	(31)	(827)
Loss on deemed disposal	(1 711)	-
Loss before taxation	(2 234)	(2 093)
Foreign currency translation and hedging reserves recycled	81	-
Taxation	120	(6)
Loss for the year	(2 033)	(2 099)

Properties

A sectional title investment property with a carrying value of R33 million awaits sale.

Coal mining

HCI Coal disposed of the Mbali Colliery during the current year. The results of these operations have been reclassified to discontinued operations in the current and prior years.

Branded products and manufacturing

The board of Deneb Investments resolved to dispose of its interests in Frame Knitting Manufacturers and Brand ID. The disposal process remains ongoing in respect of Frame Knitting Manufacturers. The results of these divisions are included in discontinued operations in the statement of profit or loss in the current and prior years and their assets of R28 million and liabilities of R10 million classified as disposal groups in the current year. Further property, plant and equipment of R57 million is included in disposal group assets held for sale.

The current-year results of discontinued operations, excluding those of hotel operations, were as follows (R'million):

	Media and broadcasting non-core operations	Coal mining	Branded products and manufacturing
Loss after tax before disposal losses	(30)	(3)	(5)
Loss on disposal	-	(26)	-

SUMMARISED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS (CONTINUED)

RESULTS

GROUP STATEMENT OF PROFIT OR LOSS AND SEGMENTAL ANALYSIS

Income decreased by 33% to R14 087 million
EBITDA decreased by 45% to R3 094 million
Profit before tax R1 371 million
Headline profit R233 million
Headline profit per share 288 cents

Media and broadcasting

The television advertising market was severely impacted by COVID-19-related trade restrictions, contracting by an estimated 16% during the year. The group's advertising revenue, however, decreased by only 7%, with strong sales during the second half of the year. The group's prime time market share increased from 24% to almost 30%, with increases in both the etv channel and the multi-channel operations. The sale of set top boxes have been internalised during the year and accounted for additional revenue of R203 million. The group's licence fee revenue increased by 4%, however, facility revenue decreased by 49%. Active set top boxes have increased from 1 992 844 to 2 361 443 during the year. EBITDA decreased by 27%, the reduction in revenue somewhat mitigated by stable programming costs and a decrease of 9% in employee costs and 41% in marketing costs. Profit before tax and headline earnings decreased in line with EBITDA.

Gaming

Only negligible gaming revenue and net gaming win were earned during the months of April to June 2020. The curfew and remaining capacity restrictions imposed by government still served to limit the recovery of gaming operations at the reporting date, however, combined revenue and net gaming win in excess of R700 million was earned in respect of the month ending March 2021. Casino revenue and net gaming win combined decreased by 54%, that of Vukani by 35% and that of Galaxy Bingo's operations by 49%. EBITDA decreased by approximately 55% over the prior year following the deterioration in income earned, despite substantial cost containment measures implemented. Profit before tax includes R209 million in impairment reversals against casino licences and property, plant and equipment, R67 million in downward fair value adjustments to investment properties and R30 million in gains on disposal of property, plant and equipment. The prior-year losses before tax included impairments of casino licences of R9 170 million, downward fair value adjustments to investment properties of R81 million and impairments of significantly property, plant and equipment of R191 million.

Hotels

The performance of hotel operations during the current year, as included in the group's results, is not comparable to the prior year. Due to the deemed disposal of the group's

interest, these operations' results were consolidated and included in discontinued operations by the group for the nine months ended 31 December 2020 and equity accounted for the three months ended 31 March 2021.

Hotel operations continued to be severely impacted by the COVID-19 pandemic and the various forms of restrictions related to it as at the reporting date. Total income decreased by 72%, following reduced room sales and rental relief granted to lessees. The number of rooms sold decreased by 77% compared to the prior year, with average occupancy levels for owned properties 12.2% in the current year, compared to 59.3% in the prior year. Hotel properties have been opened in a phased manner throughout the year, with 86% open at the reporting date.

Losses included in discontinued operations include a profit on disposal of R355 million in respect of the group's 50% investment in United Resorts and Hotels Limited (owner of the Maia resort) and an effective R90 million downward fair value adjustment on investment properties reported by an associate, International Hotel Properties Limited. The group's share of downward fair value adjustments to investment properties of R99 million and impairments to property, plant and equipment of R237 million is included in share of losses of associates and joint arrangements.

Also included in share of profits of associates and joint arrangements (and therefore profit before tax) is a gain on bargain purchase of R2 094 million recognised on the acquisition of the Group's associate investment in TSH, being the excess of its share of the net fair value of TSH's identifiable assets and liabilities over the cost of its investment, as well as the impairment in the amount of R1 565 million, recognised in respect of this investment at the reporting date. Headline earnings was adjusted for these items.

Subsequent to the reporting date, TSH entered into a loss agreement with its insurer to settle its business interruption insurance claim in the amount of R27 million. HPF continued to engage with the loss adjusters on its stand-alone business interruption claim, which was limited to R150 million.

Transport

Transport revenue decreased by 20%. Golden Arrow Bus Service ("GABS") was able to conclude an agreement with the Provincial Contracting Authority to pay a standing kilometre rate where scheduled operations were unduly disrupted due to capacity limitations and travel time restrictions imposed by the lockdown regulations. With the easing of restrictions accompanying each level of lockdown, the number of GABS passengers showed a gradual increase ranging from a low of 10% with level 5 (compared to the prior year) to an average of close to 70% for the last three months of the financial year. EBITDA decreased by 20% after a reduction in operating costs by 19%. Profit before tax decreased by 25%, significantly in

line with the decrease in EBITDA, with a non-recurring fair value adjustment on change of control of an associate of R9 million having been recognised in the prior year.

Properties

Properties' reduction in revenue has significantly been the result of the curtailment of Gallagher Estate's convention and conferencing operations since the implementation of COVID-19-related restrictions. Rental income decreased by 7% due to the granting of rental relief throughout the portfolio, the developments most affected being The Point and Kalahari Village Mall, and the sale of the Makro property in Gqeberha. EBITDA decreased by R58 million, the result of the rental relief granted and lost revenue at Gallagher Estate's convention and conferencing business. Losses before tax include downward fair value adjustments to investment properties of R18 million and a loss on disposal of subsidiary of R87 million. The prior year included upward fair value adjustments to investment properties of R11 million and a profit on disposal of the group's interest in an office building of R29 million. Finance costs decreased by R14 million in the current year due to lower interest rates, which was off-set by the loss of R14 million in equity accounted earnings from the office building sold in the prior year. Headline earnings decreased in line with normalised profit before tax.

Coal mining

Following the conclusion of the sale of the Mbali Colliery, its results have been reclassified to discontinued operations. Revenue decreased by 16% at the Palesa Colliery, consisting of a 12% decrease in coal revenue and 24% decrease in transport revenue. Whilst coal production was identified as an essential service throughout COVID-19-related restrictions, sales volumes at Palesa decreased by 420 000 tons (15%) as a result of the curtailment of coal quantities accepted by Eskom to below contractually agreed levels. Off-take quantities improved to contractually agreed levels during March 2021. EBITDA decreased by 21% as a result of the decrease in sales volumes at the Palesa Colliery. Profit before tax decreased in line with EBITDA. Losses after tax at the Mbali Colliery reduced by R60 million for the period until the effective date of sale, resulting in an increase in consolidated headline profit of 18%.

Branded products and manufacturing

Revenue in respect of branded products and manufacturing decreased by 10% and property rental income increased by 7%, with industrial product manufacturing, automotive parts manufacturing and branded product distribution revenue all impacted by COVID-19-related restrictions and delays. EBITDA in respect of non-property operations decreased by only 5%, while property rental income gains resulted in increased EBITDA profits. Profit before tax included R50

million in upward fair value adjustments to investment properties and R7 million in asset impairments in the current year, compared to downward adjustments of R28 million to investment properties and impairments of R37 million in the prior year. Finance costs also decreased by R39 million in the current year. The improvement in headline earnings was significantly assisted by the disposal of certain discontinued operations for which losses were incurred in the prior year.

Oil and gas prospecting

Equity losses in respect of Impact Oil and Gas ("IOG") in the prior year improved to a profit of R258 million in the current year. The prior-year equity losses included an effective R155 million impairment loss recognised in respect of the relinquishment of an exploration licence in Gabon and which was excluded from headline earnings. During the current year IOG completed a transaction with Africa Energy Corp ("Africa Energy"), a company listed on the TSX Venture Exchange in Toronto and the Nasdaq First North Growth Market in Stockholm, for the sale of its indirect interest in the Block 11B/12B exploration right, offshore South Africa (including the Brulpadda and Luiperd wells). At completion Africa Energy issued 509 million common shares to IOG, following which IOG holds 36.5% of Africa Energy. As a consequence of this transaction IOG recognised a fair value adjustment on the loan structure sold, of which R306 million was effectively included in the share of profits of associates and joint arrangements recognised by the group. This amount remained in headline earnings.

Palladium prospecting

Equity losses of R57 million were recognised in the current year and contained no significant headline adjusting items.

Other

EBITDA losses decreased by R27 million following inter alia reduced expenditure in the group's internal audit function, legal fees on the Ithuba matter and costs in respect of the Niveus Investments structure. Profit before tax improved by R194 million compared to the prior year. Included in profit before tax is R19 million in interest and a R219 million gain on settlement of arbitration proceedings in respect of the finance arrangements with Ithuba Holdings, the current National Lottery operator.

Head office finance costs increased from R229 million to R239 million. Equity losses in respect of Karoshoek reduced by R13 million to R15 million and net expenditure by the group's internal audit function by R8 million to R25 million. Also included in profit before tax is the fair value adjustment of R130 million on the minority interest held in Montauk Renewables Inc. The prior-year losses before tax included R258 million in interest received from Ithuba Holdings. Included in the current year's headline loss is R239 million head

SUMMARISED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

NOTES TO THE SUMMARISED FINANCIAL STATEMENTS (CONTINUED)

office finance costs, the aforementioned losses from Karoshoek, an attributable amount of R26 million in respect of the fair value adjustments to the investment in Montauk Renewables Inc. and the after tax amount of R185 million received from Ithuba Holdings, with the remainder being equity earnings from certain associate investments, head office and other overheads of the group's internal audit function, the company, Niveus Investments and La Concorde Holdings.

Notable items on the consolidated income statement include:

Investment income decreased due to lower cash levels throughout the group and lower interest rates. R258 million was received from Ithuba Holdings in the prior year compared to R19 million in the current year.

Finance costs decreased by R389 million, R326 million of the reduction recorded by gaming operations, which incurred R136 million in the prior year as a result of the recycling of ineffective hedge losses. Reduced finance costs were incurred by branded products and manufacturing and transport operations. Head office finance costs increased by R10 million as a result of increased interest rates following the breach of certain covenants during March 2020.

Profits from associates and joint arrangements include R8 million and R7 million profit from BSG Africa and The Kings property development, respectively. Equity profits of R258 million were recognised in respect of IOG and equity losses of R57 million in respect of Platinum Group Metals, R15 million in respect of Karoshoek and R10 million in respect of Alphawave Golf. Following the deconsolidation of TSH in December 2020, equity profits of R1 858 million were recognised for the period thereafter, including a gain on bargain purchase of R2 094 million recognised on the acquisition of the group's associate investment in TSH, as detailed in the notes above.

An investment surplus of R219 million relates to the gain on settlement of arbitration proceedings with Ithuba Holdings. A loss on disposal of a subsidiary of R87 million was incurred by the properties division and a surplus of R41 million was recognised on the disposal of a portion of the group's interest in Platinum Group Metals.

R67 million in downward fair value adjustments on investment properties were recognised by the group's gaming operations and upward adjustments of R50 million by branded products and manufacturing operations. A net amount of R18 million in downward fair value adjustments were recognised by the group's properties division.

Impairment reversals of R209 million relate to gaming operations' casino licences and certain building shells.

Impairments totalling R33 million were recognised in respect of property, plant and equipment by various entities within the group.

Fair value adjustments on financial instruments relate mainly to the group's interest in Montauk Renewables Inc.

Impairment of goodwill and investments consists of the impairment recognised in respect of the group's investment in TSH.

Headline earnings decreased by 77.8%. Headline earnings per share decreased by 77.2%. The weighted average number of shares in issue in the prior year of 82 876 000 was reduced to 80 870 000 in the current year due to the general repurchase of shares during the prior financial year.

GROUP STATEMENT OF FINANCIAL POSITION

Group non-current borrowings at 31 March 2021 comprise central investment property-related borrowings of R2 083 million (March 2020: R1 965 million), borrowings in Tsogo Sun Gaming of R10 300 million (March 2020: R11 200 million), and the remainder in other operating subsidiaries. Following the breach of certain security cover ratios in respect of the company's central borrowings shortly before 31 March 2020, long-term borrowings of R2 355 million have been classified as current at that reporting date and as at 31 March 2021 even though these are not repayable within 12 months of the current reporting date. A rectification arrangement in respect of the breached covenants was concluded with funders during October 2020. R949 million (March 2020: R530 million) in current borrowings relates to Tsogo Sun Gaming. Bank overdraft facilities include R58 million in Tsogo Sun Gaming, R328 million at head office and R30 million in Deneb (March 2020: R2 559 million, R729 million and R109 million, respectively).

GROUP STATEMENT OF CASH FLOWS

Included in cash flows from investing activities is investments in associates of R205 million, of which R91 million relates to further investment in Platinum Group Metals and R98 million to IOG. R85 million was invested in Montauk Renewables Inc. and R467 million received on the disposal of the group's interest in United Resorts and Hotels Limited. R400 million was received from Ithuba Holdings. R537 million was invested in property, plant and equipment, of which R145 million by Tsogo Sun Gaming and R242 million by eMedia. Net funding of R850 million was repaid at Tsogo Sun Gaming and R319 million and R181 million at TSH and Hosken Passenger Logistics and Rail Limited, respectively.

Shareholders are referred to the individually published results of eMedia Holdings Limited, Tsogo Sun Gaming Limited, Tsogo Sun Hotels Limited, Deneb Investments Limited and Hosken Passenger Logistics and Rail Limited for further commentary on the media and broadcasting; gaming; hotels; branded products and manufacturing; and transport operations.

SHAREHOLDERS' DIARY

Financial year-end	31 March 2021
Annual general meeting	30 August 2021
Reports	
- Preliminary report	May
- Interim report at 30 September	November
- Annual financial statements	July

CORPORATE ADMINISTRATION

COMPANY REGISTRATION NUMBER	1973/007111/06
SHARE CODE:	HCI ISIN: ZAE000003257
REGISTERED OFFICE:	Suite 801, 76 Regent Road, Sea Point, Cape Town 8005 PO Box 5251, Cape Town, 8000 Telephone: 021 481 7560
WEBSITE ADDRESS:	www.hci.co.za
COMPANY SECRETARY:	HCI Managerial Services Proprietary Limited
DIRECTORS:	<i>Executive Directors</i> John Anthony Copelyn (Chief Executive Officer) Theventheran Govindsamy Govender (Kevin) James Robert Nicolella (Financial Director) Yunis Shaik <i>Independent Non-Executive Directors</i> Mohamed Haroun Ahmed Mimi Freddie Magugu Velaphi Elias Mphande (Chairperson) Jabulani Geoffrey Ngcobo Rachel Doreen Watson <i>Non-Executive Directors</i> Laurelle McDonald Sinqumile Nqobani Njongwe Mkhwanazi-Sigege
AUDITORS:	BDO South Africa Incorporated Wanderers Office Park, 52 Corlett Drive, Illovo, 2196 Private Bag X10046, Sandton, 2146
BANKERS:	First National Bank of Southern Africa Limited
TRANSFER SECRETARIES:	Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 South Africa Private Bag X9000, Saxonwold, 2132
SPONSOR:	Investec Bank Limited 100 Grayston Drive, Sandton, Sandown, 2196

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