

22 May 2018

CONFIRMATION OF B-BBEE TRANSACTION ENTERED INTO BY THE HGI GROUP OF COMPANIES

To whom it may concern,

We are currently appointed in an official capacity to manage the affairs of the Magma Investment Group of companies (“MIG”), a 100% black-owned investment group as defined in the B-BBEE Codes of Good Practice (the “B-BBEE Codes”) issued under section 9 of the Broad-Based Economic Empowerment Act, 2003 (the “B-BBEE Act”).

The MIG group recently entered into negotiations with HGI Projects (Pty) Ltd (“HGI Projects”) and its shareholders to invest in HGI Projects and an agreement was concluded on 8 May 2018. We are glad to report that the suspensive conditions in the agreement were ultimately fulfilled within the required timeframes, resulting in the agreement now being unconditional with an effective date of 8 May 2018.

HGI Projects will effectively continue to trade under the following two entities (together called the “HGI Group”):

- **HGI Design Solutions (Pty) Ltd** – A 100% black-owned company with registration no. 2017/512545/07; and
- **HGI Technologies (Pty) Ltd** – A 51% black-owned company with registration no. 2018/260284/07.

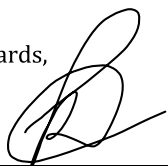
Benefits to our customers

Customers will now be able to claim Preferential Procurement Spend (as per the B-BBEE Codes) as follow –

B-BBEE spend criteria (paragraph on the Generic Scorecard: Preferential Procurement)	Amount claimable for every R1.00 spent	
	HGI Design Solutions (Pty) Ltd <i>B-BBEE recognition level 1</i>	HGI Technologies (Pty) Ltd <i>B-BBEE recognition level 2</i>
2.1.1 – Total B-BBEE procurement spend	R1.35 for every R1.00 spent	R1.25 for every R1.00 spent
2.1.2 – Total B-BBEE spend from QSEs	Not claimable	R0.00 in financial year (FY) 2019 R1.25 from FY2020 onwards
2.1.3 – Total B-BBEE spend from EMEs	R1.35 in FY2019 R0.00 in FY2020 onwards	R1.25 in FY2019 R0.00 in FY2020 onwards
2.1.4 – Total B-BBEE spend from 51%+ black-owned companies	R1.35 for every R1.00 spent	R1.25 for every R1.00 spent
2.1.5 – Total B-BBEE spend from 30%+ black woman-owned companies	R1.35 for every R1.00 spent	R1.25 for every R1.00 spent
2.1.5 (bonus points) – Total B-BBEE spend from Designated Groups	R1.35 for every R1.00 spent	R1.25 for every R1.00 spent

The HGI Group can also offer attractive Enterprise and Supplier Development (“ESD”) solutions that can fit into your longer term supply chain and B-BBEE Preferential Procurement strategy. We believe that these programs should deliver superior returns compared to traditional ESD programs. Should you therefore wish to explore these further, please feel free to contact us.

Regards,



FF Luck *Chartered Accountant (SA)*
Managing Director
Kianga Chartered Accountants (Pty) Ltd