



Southern Sun

**INTEGRATED
ANNUAL REPORT
2025**



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Further relevant reading within this report



Find more detailed information on our website relating to Southern Sun and our integrated annual report





SunSquare Cape Town City Bowl

Social platforms via other media:



Like our Facebook page to connect with Southern Sun on a regular basis
www.facebook.com/southernsunhotels



Link to our X account to get the latest Southern Sun news and offers
www.x.com/SouthernSunGrp



Follow us to view Southern Sun's images on Instagram
www.instagram.com/southernsunhotels



Follow us to view our content on Tiktok
southern.sun0



Stay updated — follow us on LinkedIn
linkedin.com/company/southern-sun

ABOUT THIS REPORT

Reporting approach

We are pleased to present our sixth integrated annual report to our stakeholders. This report provides a consolidated review of our financial, economic, social and environmental performance on matters material to our strategy and our ability to create and sustain value into the future.



The financial and other information has been prepared in accordance with the requirements of IFRS Accounting Standards, the South African Companies Act, 71 of 2008 (Companies Act), the JSE Limited (JSE) Listings Requirements, the King Report on Corporate Governance™ for South Africa, 2016 (King IV)¹ and the International Integrated Reporting Framework (IIRF) as applicable.

The group is continuously considering methods of improving its combined assurance model. Assurance for elements of this integrated annual report was provided through a combination of external and internal sources, in line with King IV and guidance from the IIRF. At this stage, external assurance is obtained as follows:

Assured element	Assurance provided	Assurance provider
Consolidated financial statements	External audit	Deloitte & Touche (Deloitte)
Broad-based black economic empowerment (B-BBEE) level 1 contributor status	Verification	Empowerdex Proprietary Limited
Internal audit	Internal controls	GRIPP Advisory Proprietary Limited
Information technology (IT)	Cybersecurity maturity	Performanta South Africa Proprietary Limited
Risk management	Organisational Resilience Management Standards (ORMS)	DQS German Association for Certification of Management Systems Proprietary Limited

Scope and boundaries

The contents of this report relate to Southern Sun (Southern Sun or the company) and its subsidiaries (the group) for the 2025 financial year and beyond. This report covers Southern Sun's performance for the year ended 31 March 2025 compared to the prior year ended 31 March 2024. The matters included address material issues for the group, associates and joint ventures.



The process we utilised in determining and applying materiality is included on page 31 of this report.

With the exception of environmental disclosures which cover both the South African and Offshore operations of the group, the remainder of the non-financial disclosures set out in this report focus only on the South African operations which make up 94% of our income.



The scope and boundaries of environmental disclosures are defined on page 42.

Reporting suite

Our integrated annual report has been prepared to provide our target audience with a holistic and transparent view of our business model and strategy.



More detailed information is also contained in our supplementary reporting suite, accessible on www.southernsun.com/investors.

Board approval

The board of directors (board) is ultimately responsible for overseeing the preparation, presentation and integrity of the integrated annual report. The directors confirm that they have collectively reviewed the output of the reporting process and the content of the integrated annual report. The directors believe that this integrated annual report addresses material issues, is a fair presentation of the integrated performance of the group and offers a balanced view of the group's strategy and how it relates to its ability to create value in the short, medium and long term. The board believes this report was prepared in accordance with the IIRF and approves the report for release. We welcome any feedback on the report, which may be addressed to companysecretary@southernsun.com.

John Copelyn
Chairman

Marcel von Aulock
Chief Executive Officer

31 July 2025

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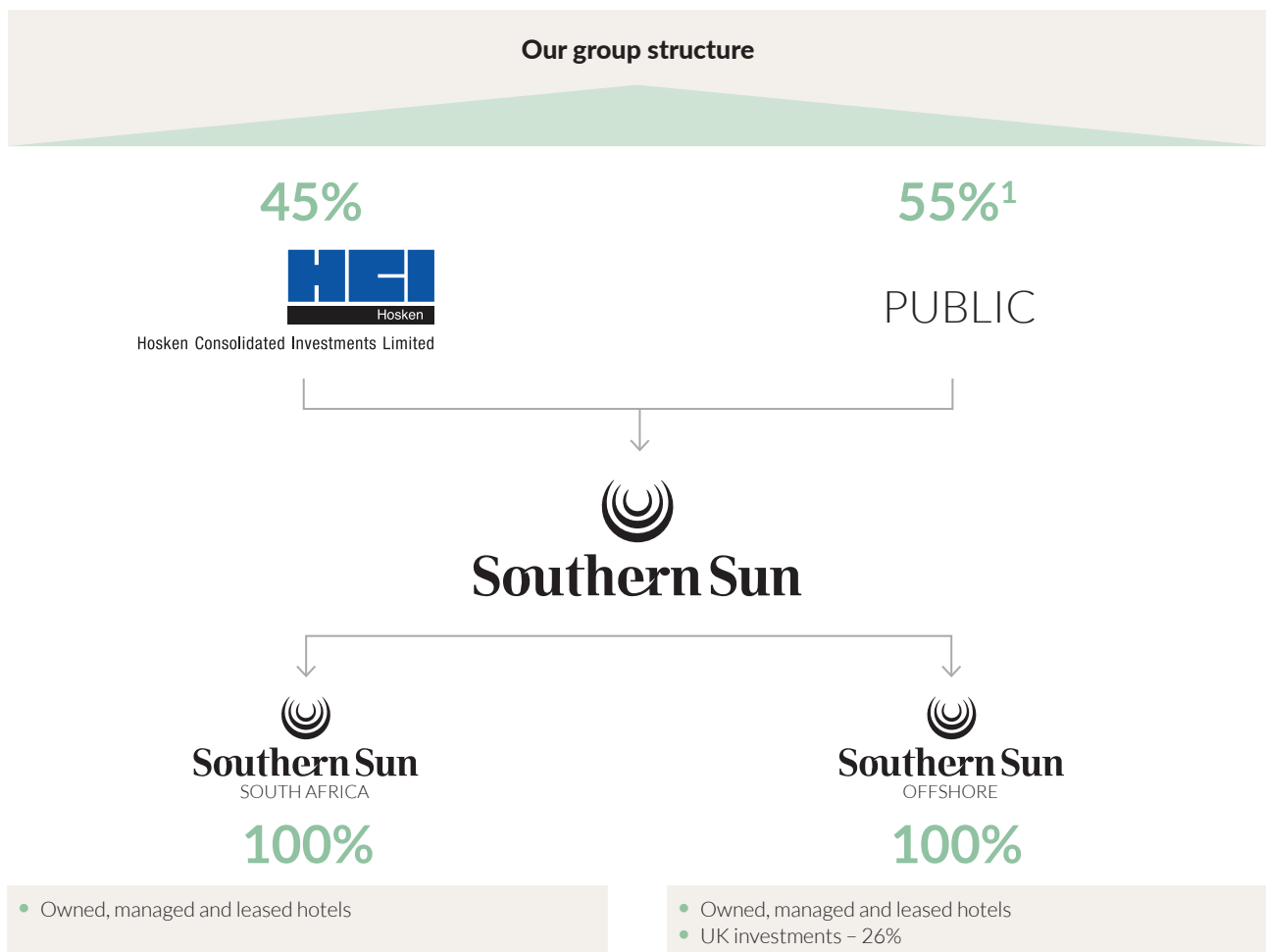
GROUP OVERVIEW

OUR VISION

OUR VISION IS TO BE THE LEADING HOSPITALITY GROUP IN SOUTHERN AFRICA BY CREATING EXCEPTIONAL EXPERIENCES AT EVERY ONE OF OUR DISTINCTIVE DESTINATIONS.

Who we are

Southern Sun is Southern Africa's leading hospitality group, comprising 95 hotels and resorts, a wide selection of restaurants and more than 300 conference and banqueting venues located in South Africa, Africa, Seychelles, and the Middle East.



¹ Includes directors and associates that own 1.9% of the company's total issued share capital. Refer to page 169 for the analysis.

Our owners

Our key shareholder at 31 March 2025 was Hosken Consolidated Investments Limited (HCI), a JSE-listed investment holding company that indirectly owns 45.04% of the total issued share capital of the company, including treasury shares.

The HCI shareholding is of particular importance to the group as it provides the bulk of the 63% effective black ownership. Our empowerment ownership is an important part of our transformation agenda and a factor considered by government and other public bodies in awarding contracts. Furthermore, our empowerment ownership may influence relationships with customers or suppliers as it contributes to their B-BBEE status.

JOINT STATEMENT FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER



John Copelyn
Non-executive Chairman

Marcel von Aulock
Chief Executive Officer

Building upon the foundations established in previous years, Southern Sun has demonstrated resilience amid global challenges and can report a record year of financial performance.

Operations

The group achieved a 9% increase in total income to R6.6 billion, driven by a 10% increase in rooms revenue and a 5% growth in average room rates, supported by a 2.2 percentage point increase in occupancy to 60.8%. This growth is attributed to strong demand in key markets, notably the Western Cape and Gauteng. Cape Town benefited from foreign inbound travel and large-scale conferences and events across all segments. A recovery in domestic and international corporate transient travel increased demand for conferencing and events bolstering hotels located in prime business hubs.

Ebitdar grew by 14% year on year, reaching R2.2 billion, accentuating the effectiveness of our cost restructuring undertaken in 2021 and ongoing disciplined cost control. We further deleveraged our balance sheet, reducing net interest-bearing debt to R266 million, from R1 billion in the prior year, providing flexibility for future investments.

Regional contributors to Ebitdar (%)



Note: Investment properties have been collapsed into the province in which the hotels are located; the Manco segment has been incorporated into the Other segment and Gauteng includes the Sandton Consortium hotels.

We have maintained our focus on optimising our existing portfolio rather than aggressively pursuing expansion. The successful refurbishments of Southern Sun Cullinan and Sandton Towers, which reopened in July 2024 and December 2024, respectively along with upgrades to the restaurant and rooms at Southern Sun Rosebank and Southern Sun Sandton, have been well received by the market and have contributed to increased occupancy and rate growth in Cape Town and Gauteng during the latter half of the financial year.

Overall performance was impacted by weaker trading in certain regions, notably KwaZulu-Natal and Mozambique. In South Africa, demand from corporate, government and leisure sectors declined ahead of the May 2024 elections, with a post-election recovery in corporate and leisure bookings. However, government demand remained inconsistent, slowing again in the final quarter due to national budget uncertainty. In Durban, reduced activity at the International Convention Centre affected hotel performance, although uMhlanga remained stable. In Mozambique, political unrest since November 2024 severely impacted demand, and despite improved stability after the January 2025 presidential inauguration, occupancy levels remain low.

Prospects

The recovery of occupancies to the group's long-term average, especially in regions that have underperformed in the current year, presents an opportunity in the medium term.

This will require policies that encourage economic growth. The softening of inflation along with the suspension of loadshedding are tailwinds that signal stronger economic growth in South Africa.

Announcements by the Department of Home Affairs simplifying requirements for port of entry visas and visa regulations for India and China, make travel more accessible and indicate government's commitment to promoting tourism in South Africa. The home affairs reform and the hosting of several events in South Africa, such as the G20 Summit will benefit the group's portfolio in all regions given its national distribution and ability to successfully host and coordinate large conferences, its brand recognition and its refurbished hotels.

However, challenges such as high interest rates, regional instability, and political and economic uncertainty, both domestically and internationally persist. The group believes that its internally focused strategy of getting more out of its irreplaceable hotel portfolio by allocating capital to key properties, so that they remain best-in-class and our customers' preferred accommodation provider, is the right one to navigate these uncertain times.

Strategy

Refurbishment plans scheduled for the 2026 financial year, with various mock-up rooms in process are progressing for several hotels including Mount Grace, Birchwood, Southern Sun Mbombela, Paradise Sun and Southern Sun Newlands. With significantly reduced and unutilised debt facilities of R1.8 billion at year end all these projects can be funded from operational cash flows.

Depending on trading levels or specific regional market conditions, any of these refurbishment projects could be delayed, to preserve cash. However, we believe that it is important to proceed, particularly in markets where we see signs of increasing demand, to capitalise on potential economic growth.

JOINT STATEMENT FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER *continued*

Our current enterprise value represents a substantial discount to the fair market value of our properties and an even greater discount to their replacement value. Consequently, any new hotel developments or acquisitions are considered carefully in terms of capital allocation and investment returns. Any potential transaction would have to provide the group with additional exposure to strategically important nodes at the right price.

Subsequent to year end, and during the month of June 2025, the company bought back 9 million shares at an average price of R8.83.

Looking ahead, the group intends to maintain the dividend payout ratio of approximately 33% of adjusted headline earnings per share (AHEPS) and, in the absence of major expansion capex, will continue to apply available cash resources towards share buybacks when appropriate.

Finally, customer experience is central to Southern Sun's value proposition and the group will continue to focus on its customer delivery. Our people are responsible for delivering our promise of exceptional experiences to our guests and we continue to reinforce our group values through our internal training platforms.



Be consistent



Be present



Have respect

While these values are the cornerstones of our corporate culture, we also believe that if every interaction with our employees is consistent, attentive and respectful, guests will leave our hotels feeling satisfied with their stay.

Appreciation

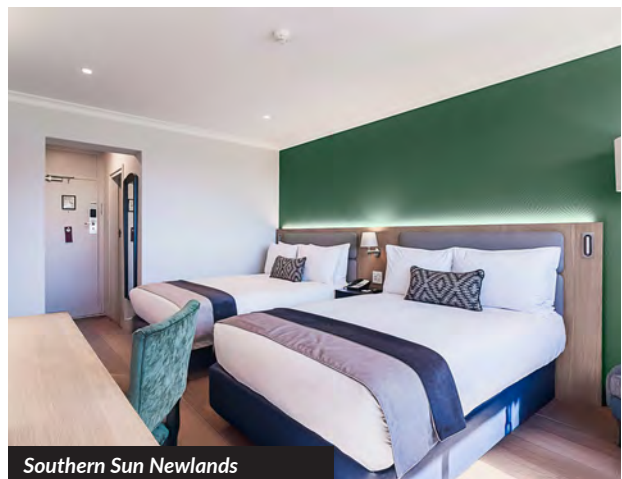
We extend our gratitude to our dedicated employees, for their continued support and dedication to our values. We also thank our stakeholders and financiers for their support. We look forward to an impactful year ahead.

John Copelyn
Non-executive Chairman

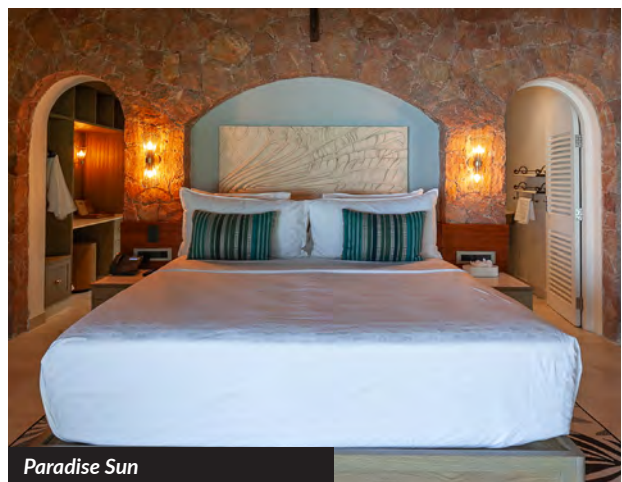
Marcel von Aulock
Chief Executive Officer



Birchwood Hotel & OR Tambo Conference Centre

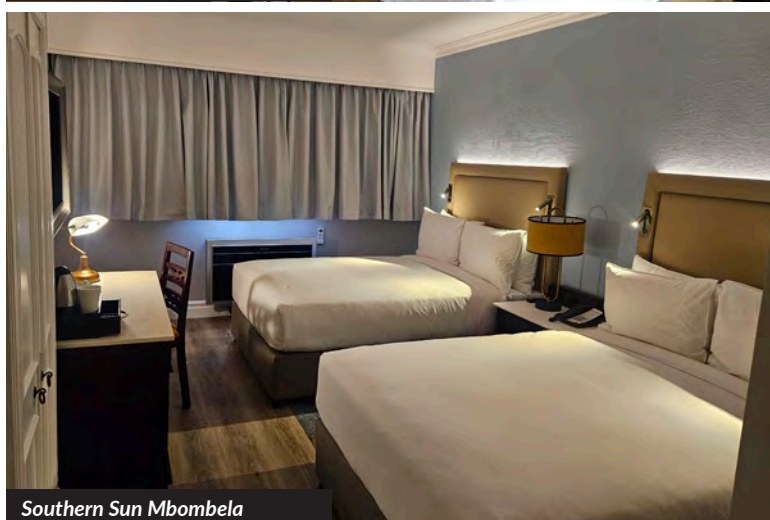


Southern Sun Newlands



Paradise Sun





SOUTHERN SUN THROUGH THE YEARS



1969 to 1983

South African Breweries Limited (SAB Limited) and hotelier, Sol Kerzner, partnered to create Southern Sun Hotels (Southern Sun), the largest hotel group in the southern hemisphere at the time. Southern Sun commenced operations with six hotels, including the iconic Beverly Hills Hotel in uMhlanga Rocks, Durban, and was subsequently involved in the development of many of the most prestigious hotels of the era, including the Cape Sun, Sandton Sun and Sun City. Southern Sun expanded through the acquisition and development of hotels in South Africa and neighbouring countries, throughout the 1970s and early 1980s.

The casino interests of Southern Sun, including the newly built Sun City operations, were separated from its hotel business into what later became Sun International. Southern Sun retained the South African hotel operations during a difficult time for the hotel industry in South Africa as international sanctions against the apartheid government resulted in a severe contraction in demand.



1983 to 1994

Southern Sun expanded to 26 hotels. It then acquired the Holiday Inn South Africa hotel group, thereby establishing a countrywide distribution of 49 hotels, in both the upmarket and mid-market segments.

Southern Sun was delisted from the JSE and became a wholly owned subsidiary of South African Breweries (SAB) Limited. Southern Sun entered into a joint venture with Accor SA, the French hotel group, to develop the Formula1 and Formula Inn range of hotels in South Africa and the first of 21 hotels opened the next year.



1994 to 1999

Southern Sun acquired a 50% interest in a consortium with Liberty called The Cullinan, which owned three hotels.

Southern Sun formed a joint venture with a consortium of B-BBEE investors to form Tsogo Sun, to pursue casino licence opportunities afforded through the enactment of the National Gambling Act which regulated gambling activities and promoted uniform standards in relation to gambling in South Africa. Early success saw the Tsogo Sun Group awarded casino licences in Mpumalanga (Emnotweni Casino in Mbombela and The Ridge Casino in Emalahleni) and most importantly the Montecasino licence in Fourways, Johannesburg. These were followed by the successful applications for Suncoast Casino in Durban and Hemingways Casino in East London.

The Tsogo Sun Group expanded its hotel operations into the rest of Africa.



2003 to 2011

The Tsogo Sun Group entered into a landmark empowerment deal, through which the hotel and casino businesses were housed under one entity owned 51% by an empowerment consortium and 49% by SABMiller plc. Through a series of transactions and acquisitions, HCI acquired the various empowerment shareholders' interests in Tsogo Sun and remains a key shareholder of Southern Sun.

Tsogo Sun acquired Century Casinos' operations in Caledon and Newcastle and in 2011 it acquired the Gold Reef Resorts portfolio, which consisted of seven casinos in South Africa, via a reverse listing.



2012 to 2018

This period saw the acquisition of a controlling stake in Hospitality Property Fund Limited (Hospitality), through the injection of 10 hotel properties into Hospitality in an asset-for-share transaction. This stake was increased in 2017 through the addition of 29 hotel properties to Hospitality for a combination of shares and cash.

Tsogo Sun acquired 26% of International Hotel Properties Limited (IHPL), a hotel-owning company in the United Kingdom.

Tsogo Sun acquired the remaining 53% of the joint venture owning and operating Formula1 hotels in South Africa from Accor SA and rebranded these properties as SUN1 hotels. This period also saw the group acquire an additional 10% interest in The Cullinan with that entity acquiring five hotels from Liberty that were previously managed by the Tsogo Sun Group, bringing the number of hotel properties in Cullinan to eight. In addition, Tsogo Sun acquired Southern Sun Hyde Park and The Grace in Rosebank (rebranded to 54 on Bath) hotels from Hyprop.

Offshore, Tsogo Sun acquired 75.5% of Ikoyi Hotels Limited which owned Southern Sun Ikoyi Hotel in Lagos, Nigeria, as well as a 25% interest in RBH Hotel Group Limited (RBH), a leading hotel management company in the United Kingdom.

In July 2014, SABMiller plc exited from its long-term 39.6% shareholding in Tsogo Sun through a fully marketed secondary placement.



2019

In 2019, the group celebrated its 50th anniversary and on 12 June 2019, the hotel business was unbundled by Tsogo Sun, culminating in the separate listing of Tsogo Sun Hotels on the main board of the JSE.



2020 to 2021

Covid-19, a black swan event never experienced in the long history of the group, resulted in the deactivation of the vast majority of the group's hotels in order to protect the health of its guests and employees.

The group successfully concluded the acquisition of 100% of Hospitality's ordinary shares in exchange for the issue of 1.77 TGO (Tsogo Sun Hotels) shares for every 1 HPB (Hospitality) share and Hospitality subsequently delisted from the JSE as an equity issuer and ceased to trade as a Real Estate Investment Trust (REIT). In addition, the group disposed of its 50% interest in the Maia Luxury Resort & Spa for aggregate proceeds of R467 million.



2021 to 2022

The group continued to successfully weather multiple waves of Covid-19 with the support of its lenders, employees, trading partners, suppliers, tenants, landlords and loyal guests.

The group concluded agreements with the Tsogo Sun Gaming Group to terminate the various management and licensing agreements between them and to acquire the Southern Sun Emnotweni and the StayEasy Emnotweni from the Tsogo Sun Gaming Group.

The group concluded an agreement to dispose of its interest in Southern Sun Ikoyi in Nigeria.

The group successfully rebranded to Southern Sun.



2022 to 2023

The group successfully rebranded the InterContinental hotel in Sandton, to Sandton Towers and positioned it together with the Sandton Sun as the Sandton Sun & Towers; the Holiday Inn Sandton was also rebranded to Southern Sun Sandton, introducing a new era of hospitality in the city.

Local and international travel patterns normalised and trading levels continued to recover post-Covid-19. Large-scale exhibitions like Meetings Africa and Africa's Travel Indaba were held for the first time since 2019, and the group was the official hotel partner to the Rugby World Cup Sevens, as international sporting events returned to South African shores.



2024 to 2025

Southern Sun continued to repurchase another 135 million of its own shares during 2024, bringing the total number of SSU shares repurchased to 145 million, reducing total shares in issue (net of treasury shares) by almost 10%.

The group reopened Southern Sun Dar es Salaam on 5 October 2025, reactivating the final property in its portfolio, following its complete deactivation during Covid-19. Interest-bearing debt was reduced to an all-time low of R266 million at 31 March 2025 and the group's second dividend of 25.0 cents per share is declared for the year ended 31 March 2025, doubling its maiden dividend of 12.5 cents per share declared for the year ended 31 March 2024.

STRATEGY AND PERFORMANCE REVIEW

Southern Sun creates long-term stakeholder value by focusing on its strategic objectives: Sustainability and Growth

THE KEY PILLARS OF OUR SUSTAINABILITY INCLUDE:

Sustainability



1 Deliver to our beneficiaries

Sharing value with our beneficiaries is a critical part of maintaining our social licence to operate

Southern Sun is a **Level 1 B-BBEE contributor**, adding **R3.6 billion** in value to BEE businesses and government and supporting **65 beneficiaries** through the Southern Sun Entrepreneurs programme



2 Product relevance to customer experience

To remain relevant, a variety of quality experiences must be provided at appropriate price points

The group's portfolio of owned/leased properties comprise **16 942** hotel rooms across all market segments, achieving a hotel guest satisfaction score of 83% for the year under review



3 Regulatory compliance

As a multinational business, the group is subject to a wide range of legislation and compliance is critical to our reputation and sustained profitability

No significant regulation breaches



4 Skilled human resources

Qualified, trained, talented and empowered people are required to deliver the Southern Sun experience

At 31 March 2025, Southern Sun had **6 255** direct employees of which **95%** were African, Coloured and Indian and 56% are women



5 Financial strength and durability

An appropriate capital structure is important to ensure the business survives through economic cycles

Southern Sun pays dividends in line with an appropriate dividend policy, debt levels were reduced from R1 billion to **R266 million**, resulting in unutilised facilities plus cash of **R2.2 billion**



6 Organic growth

Optimal operation of the group's capitals generates growth in cash flow and thus value

Total income for the group has increased by **9%** to R6.6 billion and adjusted headline earnings per share has increased by **34%** to 75.6 cents



7 Inorganic growth

Building the tangible and intangible asset base of the group generates growth in cash flow and thus value

Southern Sun **acquired land** in uMhlanga, adjacent to one of our existing hotels, for future development and continues to actively evaluate acquisition and development opportunities, either independently or in collaboration with suitable partners



Strategic priorities

- Effective corporate social investment (CSI), enterprise development, and environmental programmes
- Dividend payments to shareholders
- Continuous maintenance capex and strong internal development capabilities
- Marketing, brand improvement, and channel management
- Rebranding under Southern Sun's brand portfolio
- Embedded in corporate culture
- Seen as an investment, not an unavoidable cost
- Monitored via ORMS
- Ensuring adequate staffing and skill levels
- Fostering an engaged workforce
- Prudent use of debt and significant asset ownership ensuring security of tenure
- Maximising performance of existing assets
- Continued focus on cost efficiency, operational systems and corporate values
- Pursuing new projects and acquisitions

Growth



Growth drivers



Economic recovery

- **RevPar growth:** As the economy improves, higher occupancy rates lead to higher room rates through yielding opportunities resulting in increased revenue per available room
- **Cost management:** Emphasis on controlling costs to protect profit margins



Portfolio management

- **Operational expertise:** Hotel management is complex and labour-intensive, requiring specialised skills
- **Continuous improvement:** Ongoing enhancement and strategic upgrades are essential for each hotel to ensure that its offerings remain aligned with market expectations and guest preferences



Location

- **Prime locations:** Focus on visibility and accessibility near business hubs and leisure destinations to drive demand



Investment in South African hotels

- **Renovations and development:** Upgrading existing properties, acquiring new ones, and pursuing greenfield projects
- **Management contracts:** Expanding operational control through contracts within South Africa



Offshore expansion

- **Africa and Middle East:** Growth through management contracts
- **UK investment:** Strategic investment in a UK-based management company



Capital capacity

- **Debt-equity balance:** Maintaining a healthy financial structure
- **Cash flow management:** Balancing reinvestment needs with shareholder dividend expectations
- **Flexibility:** Adapting to economic conditions to sustain and grow the portfolio

BUSINESS MODEL

OUR CAPITALS – RESOURCES AND RELATIONSHIPS

The value of a business is the present value of the future cash flows that can be generated by the assets and other capitals utilised by the business.

Capitals	Utilisation of the capitals	Strategic priorities
Manufactured 	Significant focus is placed on the quality of the facilities and experiences offered at each of our hotels. To remain relevant, a variety of quality experiences must be provided at appropriate price points across all market segments. Our hotels have a wide geographic distribution that is key to the group's competitive advantage. We have continuously invested in developing and maintaining our properties to keep them relevant and fresh.	 Growth  Product relevance to customer experience  67 and 48
Natural 	Our utilisation of natural capital is predominantly driven by our requirement for optimally located properties upon which we have instituted property-specific environmental management systems focused mainly on energy, water, waste management and responsible procurement.	 Deliver to our beneficiaries  40
Human 	People are at the core of delivering the Southern Sun experience, both front and back of house. A pool of qualified, trained and talented people is required to deliver these experiences, supported by empowered management and relevant support services. Employee development and engagement remain focus areas to ensure we attract and retain the highest-calibre people to drive our strategy.	 Skilled human resources  55
Intellectual 	Our brands underpin the quality experiences of our customers. We are consistently striving to innovate our physical product, technology, accessibility and brands to remain relevant to our customers and superior to that of our competitors. Our intellectual capital is largely driven by our people, processes and systems, market intelligence and specialist business partners.	 Product relevance to customer experience  Regulatory compliance  48 and 53
Financial 	Our ability to generate cash flows as well as access to well-priced debt and equity funding determines our ability to fund organic and inorganic growth.	 Financial strength and durability  59
Social 	The quality and strength of relationships with our key stakeholders are vital to the long-term sustainability of Southern Sun. Being transparent and building trust and credibility with our key stakeholders is crucial to retaining our social and regulatory licence to operate.	 Deliver to our beneficiaries  Regulatory compliance  40 and 53

Execution of a robust and adaptable strategy, informed by and responding to material risks and opportunities will lead to optimal utilisation of capitals and generation of cash flows and ultimately, value.



Our strategy in action section provides more insight into our performance and outlook as well as how our capitals are deployed in our strategy and business model to generate and sustain value in the long term.

Portfolio philosophy

There are five key elements to our business, which can be represented as follows:



Southern Sun



Real estate

Southern Sun owns **76 hotels** in South Africa and a further **5** offshore.

Land

76
Hotels

- 68 Managed by Southern Sun
- 8 Managed by external operators including Marriott, Radisson and EcoMotel

Buildings

South Africa

5
Hotels

- Managed by Southern Sun

Offshore

With 85% of our hotel real estate owned either through freehold or leasehold title, we prefer the asset-heavy hotel model as it provides the strategic advantage of scale in South Africa. This model allows the group to retain control over its assets, thereby ensuring security of tenure and resilience through economic cycles. While this model is more capital intensive, it allows for greater returns on effort.

Key features

The group owns, leases and manages hotels in South Africa, sub-Saharan Africa, the Seychelles and United Arab Emirates.

BUSINESS MODEL *continued*

OPERATING MODEL



Garden Court Kitwe

Management of hotel operations

Operations

14
Hotels

Management

- **10** South African and **4** Offshore
Managed for third parties

The group manages operations for both South African and offshore third parties as this is a low-risk option to enter new markets, and to operate hotels as a franchisee where necessary due to brand differentiation requirements. However, the group does not act as a franchisor of its brands. In addition, the offshore division seeks to access new hotel opportunities either through management contracts or new builds (on its own or via joint ventures), primarily within its existing operating markets.

The majority of Southern Sun's occupancy depends on the transient traveller, government, corporates, sporting events, and group and convention markets. Relationships with key customers and travel intermediaries, and access to the correct distribution networks are critical in driving both occupancies and average room rates (ARRs) throughout the group.

Hotel operations are managed via six operational departments, five of which are regionally based and one which is brand focused. The regional departments are Cape, KwaZulu-Natal, central northern, eastern northern and offshore (Africa, Seychelles and Middle East), while Southern Sun Resorts (mostly timeshare) have a brand-based office due to their unique product offering.

In South Africa, the group will only manage operations for third parties if they are strategically important (due to partner requirements or location) and where there is no option to own.

Key centralised services

The regional and brand management teams are supported by key centralised services which aim to ensure the hotels have access to the required expertise at the most efficient cost structure. These key centralised services include:

Accounting

Central accounting services – both for the organisation, which operates under SAP S/4HANA, and activities such as centralised payroll, debtors, creditors and cash book, tax, procurement and management information systems.

Brands, marketing, eCommerce, and sales and revenue

Southern Sun has taken the strategic decision to integrate its brands, marketing, eCommerce, and sales and revenue departments into a single, cohesive commercial function. This decision reflects the evolving nature of consumer engagement, where customers interact with our brands across multiple digital and physical platforms. From brand discovery and campaign engagement to booking and post-stay loyalty, our guests encounter a seamless and consistent experience.

The integration allows the group to better align these interconnected functions in a manner that is both customer-centric and commercially driven and enables the group to unlock operational efficiencies, and drive revenue growth across all channels.

Brands: Remains the central custodian of Southern Sun's family of brands, including its brand architecture, strategy, identity, assets and standards. It ensures that the brand promise is consistently delivered by the hotels.

Marketing: Aligned with group objectives and brand strategy, the team drives core promotions such as SunBreaks and TravelSmart campaigns, seasonal offers, individual hotel special offers, targeted advertising and sales support. The group's partnerships, public relations, and social media presence are all centralised and aligned with brands and marketing to ensure consistent messaging and appropriate management of the group's communications.

eCommerce: The eCommerce function includes the contact centre, the website (southernsun.com), digital marketing, and offshore channel management, all of which are leveraged across the group. This integrated approach ensures that our hotels have access to a diverse range of booking channels, global distribution systems, and sales channels at competitive rates. eCommerce plays a pivotal role in centralising and optimising online distribution, enhancing direct booking performance, and driving cost-efficiencies through consolidated vendor and partner management. Our digital campaigns are guided by performance data. The contact centre also acts as a high-conversion support channel, enabling guests to enquire about and book hotels, providing support and resolution of enquiries in a streamlined fashion. It also includes the management of our frequentGuest rewards programme, which forms part of our customer relationship management and retention strategy and which has proven highly effective in fostering loyalty to our brands –

generating 29% of the group's room revenue during the year under review, with members benefiting from our SunRands, which are earned and redeemed at participating hotels. Our frequentGuest Business Rewards and our frequentGuest meeting and events programmes give the leverage to continuously add value to our customers as well as industry partners who are part of our value chain. The programmes allow us to segment, personalise and engage with our members, driving repeat stays and long-term customer value.

Sales and revenue: A centralised team focuses on direct sales to existing key and potential new accounts, which includes account management and product training for larger customers including sports bodies, government, state-owned entities, conference organisers and corporate clients. The group's long-standing relationships with organisations such as the South African Rugby Union stem from our ability to deliver complex, countrywide travel and accommodation requirements during normal season and extraordinary tournament periods. Our revenue management and sales teams collaborate to ensure that we maximise all revenue opportunities by providing the right rate to the right client at the right time, thereby providing a more cohesive outlook towards top-line revenue generation, particularly contracted and negotiated revenue streams, which make up a material portion of our business.

This integrated model is already delivering measurable benefits, including more coordinated customer outreach, greater marketing and sales impact, and improved alignment between channel performance and revenue generation streams, which make up a material portion of our business.

Information technology (IT)

Southern Sun's IT services underpin the group's operational efficiency and digital resilience, supporting a wide range of systems and technologies across the business. These services include the sourcing, implementation, and maintenance of key business platforms such as:

- reservations and property management systems (Opera and Mews PMS);
- financial systems, including the newly implemented SAPS/4HANA;
- sales and catering platforms; and
- human resource management systems, including payroll.

All systems are hosted on Microsoft-based operating environments, with Oracle and Microsoft SQL Server databases supporting critical data management and integration functions.

The group maintains a balanced IT infrastructure comprising on-premise and cloud-based solutions, in line with its cloud optimisation strategy. IT services also cover the procurement, deployment, and support of computing hardware and mobile devices, hotel networking solutions, and enterprise-grade Wi-Fi infrastructure across properties.

The group's cyber risk management approach is overseen by Performanta, a tier-one third-party service provider that manages Southern Sun's Cybersecurity Operations Centre (CSOC), delivering monitoring, detection, and response (MDR) capabilities.

These IT security services focus on safeguarding personal information of guests, employees, suppliers, and associates, and protecting the group against cybercrime, external threats, and data breaches, while ensuring compliance with regulatory frameworks such as Protection of Personal Information Act, 4 of (POPIA) and General Data Protection Regulation (GDPR).

Development

Development services include facilities management, project management of major repairs and renovation projects, and new property developments.

Human resources

Human resource services include policies and procedures, payroll management, management of information systems, labour and employment equity compliance, employee benefits, pension and medical-aid administration, industrial relations, as well as training and human capital development.

These central services, together with the group corporate affairs, tax, secretariat and corporate governance and group risk and insurance departments collectively make up the management (Manco) division's activities, through which the group provides central services to its hotel operations.



Brand portfolio

Luxury portfolio

Each hotel in the luxury portfolio is individually branded and operated according to its unique personality, inspired by its location, design and surroundings. These luxury hotels are typically graded as five-star hotels and are some of the most iconic properties in their regions. They include Arabella Hotel, Golf & Spa near Hermanus, the Mount Grace Hotel & Spa in Magaliesburg, Sandton Sun & Towers in Sandton, Beverly Hills in uMhlanga, 54 on Bath in Rosebank and Paradise Sun on Praslin Island, Seychelles.

The group also operates an InterContinental branded hotel at the Johannesburg OR Tambo International Airport under licence from the InterContinental Hotels Group plc (IHG).



Western Cape,
KwaZulu-Natal,
Gauteng, Seychelles

7
hotels

1 205
rooms

54
ON BATH

Arabella
HOTEL, GOLF & SPA

MOUNT GRACE
HOTEL & SPA

BEVERLY HILLS

SANDTON
SUN & TOWERS

1
INTERCONTINENTAL
JOHANNESBURG O.R. TAMBO AIRPORT

Paradise Sun
praslin seychelles



In each region, the group operates hotels across several well-recognised brands, servicing a variety of travellers seeking luxury, full service and economy offerings.

Full service portfolio

Southern Sun Hotels and Southern Sun Resorts

Southern Sun Hotels is our legacy full-service brand and is typically graded as four-star when applicable. The majority of these hotels are located in key urban nodes, servicing both business and leisure travellers. These renowned hotels have substantial food and beverage offerings as well as conference facilities.

Southern Sun Resorts include a significant timeshare offering and are located in attractive tourist destinations such as uMhlanga, Plettenberg Bay, Cape Town, the Drakensberg and Mpumalanga.

 South Africa, Mozambique, Tanzania, Zambia, United Arab Emirates	31 hotels	6 408 rooms
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Garden Court

The Garden Court brand is a well-established and successful mid-market offering, spanning 18 hotels with 3 933 rooms. This brand includes large, well-known hotels such as Garden Court Marine Parade and Garden Court Sandton City through to smaller properties such as Garden Court Morningside and Garden Court Victoria Junction.

 South Africa, Zambia	18 hotels	3 933 rooms
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SunSquare

SunSquare hotels are our alternative and trendy offering to the mid-scale market. With properties at the Cape Town City Bowl and Cape Town Gardens; these hotels are situated in great locations and include our creative in-house concept restaurants Vigour & Verve and Zepi.

 Cape Town	2 hotels	388 rooms
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Economy portfolio

StayEasy

This brand comprises 10 hotels with 1 503 rooms and caters to the economy segment. Offering great value and comfortable rooms, these hotels are in key business locations such as Century City and the City Bowl in Cape Town, Eastgate, Pietermaritzburg and Pretoria. The group also has two StayEasy hotels in Lusaka, Zambia and Maputo, Mozambique. The Maputo hotel is the latest StayEasy brand build.

 Cape Town, Eastgate, Pietermaritzburg, Pretoria, Zambia, Mozambique	10* hotels	1 503* rooms
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* Includes Tete Ferry Sun in Mozambique.

SUN1

The SUN1 brand comprises the portfolio of economy hotels acquired from Accor, which were originally built as Formula1 hotels in South Africa. This portfolio consists of 19 hotels countrywide. SUN1 offers well-appointed rooms sleeping up to three guests at a great price. SUN1 Southgate, with 138 rooms, is the largest SUN1 hotel.

 Countrywide	19 hotels	1 509 rooms
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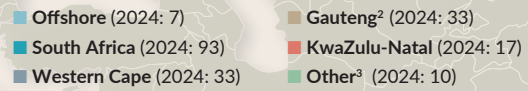
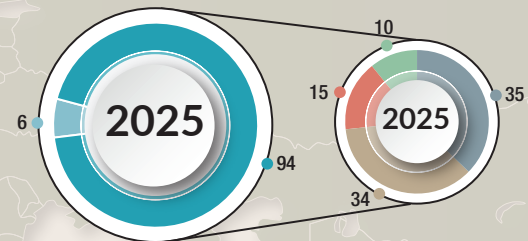
Sandton Convention Centre

The world-class Sandton Convention Centre (SCC) with 22 000 m² of flexible event space, is the foremost venue for hosting exhibitions, events and conferences of all sizes and scales in South Africa. From meetings in 10-seater boardrooms to functions for 4 500 guests in the grand pavilion, the SCC can host every imaginable requirement. It is flanked by three of our hotels (Garden Court Sandton City, Sandton Sun & Towers), which together offer over 1 000 hotel rooms.

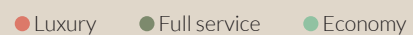
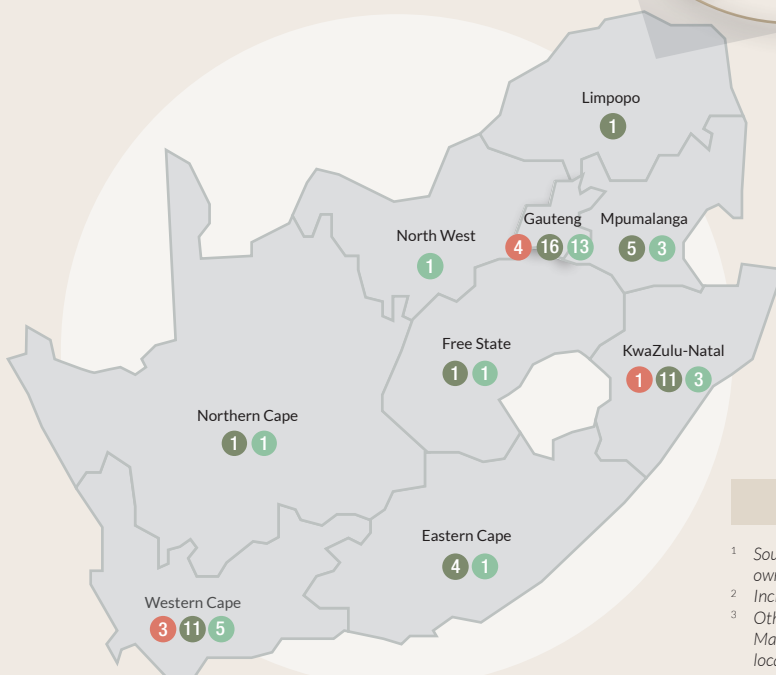
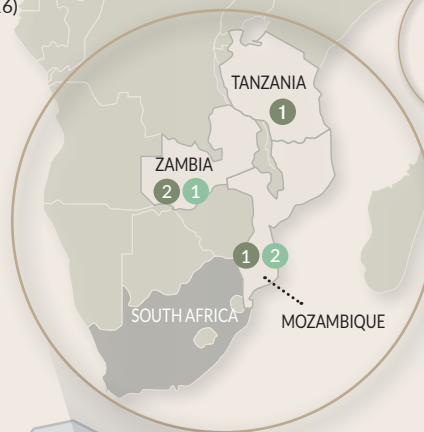
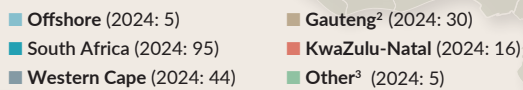
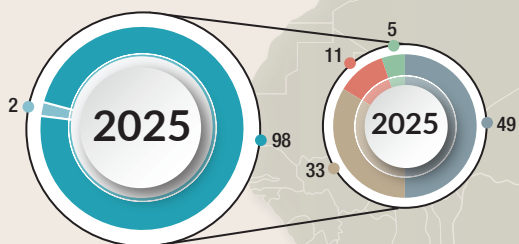


Southern Sun's key differentiator in South Africa is its extensive network of high-quality hotels. Our commitment to consistently delivering exceptional guest experiences continues to distinguish us in a highly competitive, commoditised hospitality industry.

GEOGRAPHIC FOOTPRINT



Ebitdar contribution (%)



¹ Southern Sun owns a minority interest in both IHL and RBH and accordingly hotels owned and managed by these entities are excluded from the footprint.

² Includes the Sandton Consortium hotels.

³ Other includes Mpumalanga, Eastern Cape, Northern Cape, Free State, Limpopo, and Manco. Investment properties have been collapsed into the province in which the hotel is located.



SOUTHERN SUN BRANDS



87 HOTELS

EXTERNAL BRANDS



8 HOTELS

Portfolio segmentation

as at 31 March 2025

	Owned/leased		Managed		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
Southern Sun operated						
Western Cape	14	3 095	3	257	17	3 352
● Luxury	1	145	–	–	1	145
● Full service	8	2 263	3	257	11	2 520
● Economy	5	687	–	–	5	687
KwaZulu-Natal	10	2 281	4	588	14	2 869
● Luxury	1	89	–	–	1	89
● Full service	6	1 913	4	588	10	2 501
● Economy	3	279	–	–	3	279
Gauteng	27	4 849	1	138	28	4 987
● Luxury	3	753	1	138	4	891
● Full service	13	3 060	–	–	13	3 060
● Economy	11	1 036	–	–	11	1 036
Other	17	2 024	2	138	19	2 162
● Luxury	–	–	–	–	–	–
● Full service	10	1 402	2	138	12	1 540
● Economy	7	622	–	–	7	622
Third-party operated	8	2 046	–	–	8	2 046
South Africa	76	14 295	10	1 121	86	15 416
Offshore	5	780	4	746	9	1 526
Total 2025	81	15 075	14	1 867	95	16 942
Total 2024	81	15 075	14	1 867	95	16 942

Why invest in Southern Sun

1 Quality assets



HIGH-QUALITY ASSETS IN KEY LOCATIONS

High-quality assets
Location
Geographic distribution

We manage premium hotels and allocate substantial resources to their ongoing maintenance and enhancement.

Most of our hotel properties are strategically situated in urban areas across South Africa, ensuring high visibility and convenient access to essential services

2 Ownership



VAST MAJORITY OF ASSETS OWNED

**The 81 hotels owned or leased
by the group represent 89% of
our total rooms**

Our portfolio philosophy is based on a preference to own all components of the hotel business (land, buildings, operations, management and brand) wherever possible.

Although this approach can be more capital intensive, we believe it facilitates superior returns on effort, avoids the challenges of joint ownership and ensures control over strategic assets is retained.

Of the group's 95 hotels, we own or lease 81 (representing 89% of our total rooms) and manage 14 for third parties.

3 Customer-centric



RESPONSIVE TO CUSTOMER NEEDS

**Participants in our frequentGuest
programme contributed 29%
(2024: 28%) of total rooms revenue**

We seek to deliver the high-quality accommodation, conferencing, dining and eventing experiences that our guests desire.

The Southern Sun frequentGuest programme with SunRand's currency provides us with detailed information about trends across our customer base and the activities of individual clients. This enables us to improve our offering in response to changing consumer behaviour and to meet the demands of members more effectively.

4 Brand recognition



STRONG PORTFOLIO OF BRANDS



Within each region, the group operates hotels across a number of well-recognised brands, servicing a broad spectrum of travellers from luxury to economy.

Over our 56-year heritage, we have achieved strong recognition across the business and leisure markets in South Africa and Africa.

Marketing is aligned with the brand strategy and group objectives and includes core promotions such as the SunBreaks and TravelSmart campaigns, seasonal and individual hotel special offers, targeted advertising and sales support.

5 Financial strength



FINANCIAL STRENGTH AND DURABILITY

Use debt prudently
Monitor our leverage ratio and
other covenant requirements
Manage interest rate risk

To withstand the impacts of macroeconomic cycles, we aim to ensure that debt, which is at a sustainable level, is used prudently, with regular monitoring of our leverage ratios and other covenant requirements including our interest cover ratio and facility headroom.

The group also ensures availability of sufficient credit facilities with long-term maturities, providing additional sources of liquidity.

The group manages its interest rate risk for all South African debt, by using floating-to-fixed interest rate swaps, in line with its group policy.

6 Community development



COMMITMENT TO BROAD- RANGING STAKEHOLDERS

**Social investment in community
development was R14 million**

We are committed to the upliftment and development of local communities. Key guiding principles in respect of the communities within which we operate commit us to actively engage in partnerships that bring measurable benefits to stakeholders, enable us to achieve our long-term business goals, and to support organisations which aim to strengthen and develop civil society.

During the year ended 31 March 2025, the group's social investment in community development amounted to R14 million (2024: R10 million). This represents 0.5 percentage points (pp) more than the tourism sector code target.

THE ENVIRONMENT IN WHICH WE OPERATE

The hotel industry in South Africa remains highly competitive. Despite the operational complexities, the barriers to entry are still relatively low, which continues to result in new supply entering the market – often without adequate feasibility studies to support long-term viability. Once built, this room stock tends to remain in the market regardless of financial distress experienced by underperforming properties, causing a prolonged imbalance in supply and demand.

Although the Covid-19 pandemic temporarily halted new developments and reduced operational capacity, the industry began to recover from late 2022, continuing into 2025. Notably, the group achieved an occupancy rate of 60.8% for the 2025 financial year. Aside from hotel projects that were already underway during the pandemic and are now reaching completion, we do not anticipate significant new supply in the near term. Developers should be taking a cautious approach, evaluating whether recent demand growth is sustainable and assessing the availability of affordable financing – especially given that high construction costs continue to weigh on yield expectations.

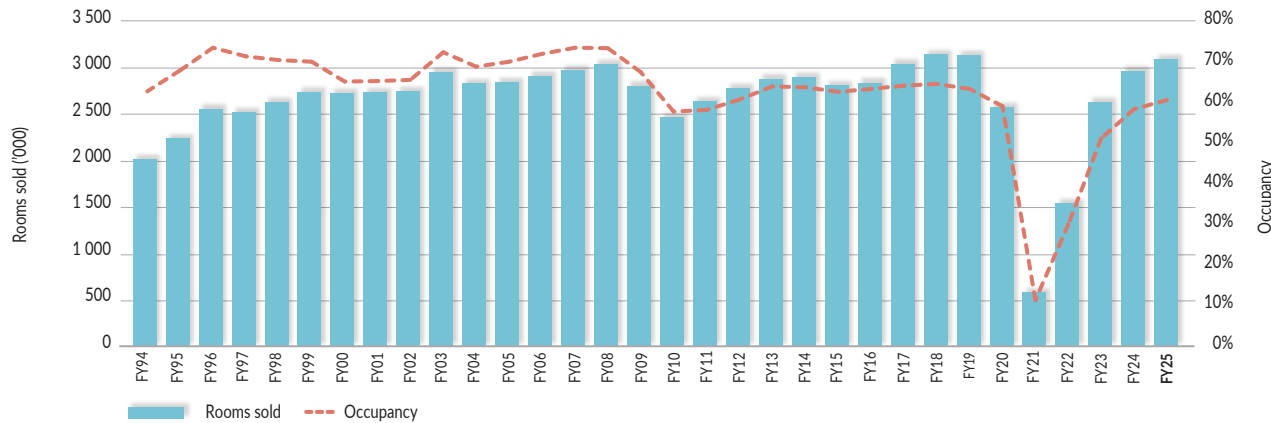
Historically, the tourism sector experienced rapid growth following the advent of democracy in 1994. Between 1994 and 1999, the group recorded average annual room sales growth of over 6%, spurring a wave of hotel construction. Demand continued to outpace supply until the 2008 global financial crisis, which dampened demand. However, hotel development persisted – especially in preparation for the 2010 FIFA World Cup™ – leading to a drop in market occupancy from 74% in 2007 to 58% in 2011.

Occupancies gradually recovered post-2011, supported by limited new supply, but remained relatively flat, averaging between 61% and 65% from 2012 to 2020. The Covid-19 pandemic dealt a severe blow to performance metrics, but steady recovery has been seen through 2023 and 2025 as international tourism rebounds, visa facilitation measures improve, and global airlift into South Africa increases.

Recent government efforts, including streamlined visa processes, greater marketing of South Africa as a destination, and increased collaboration with international tour operators, are expected to further stimulate demand – particularly in high-growth nodes such as the Western Cape and major urban centres.

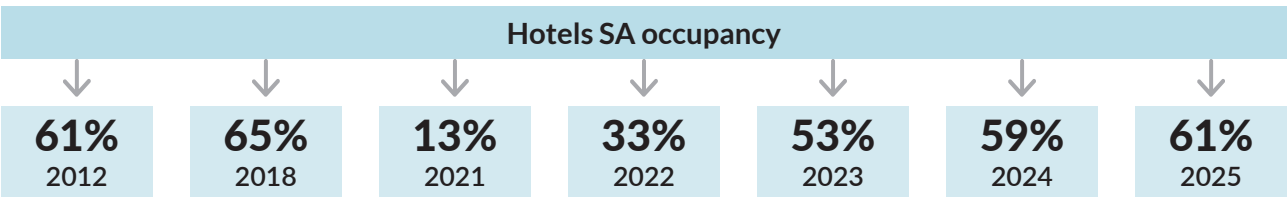
In the medium to long term, this is likely to lead to the development of new hotel inventory, either by Southern Sun itself or by other property developers aiming to capitalise on available bulk.

Southern Sun Group – rooms sold since 1994



Occupancies across key regions have largely normalised, supported by the rebound in international arrivals, increased domestic travel, and a gradual return of corporate and group bookings.

While pockets of oversupply persist in certain nodes, demand fundamentals remain intact. Strategic investment, disciplined cost control, and targeted partnerships will be critical in navigating this transition period and capitalising on opportunities in high-demand locations.



Landscapes that impact on the environment in which we operate

Political	Political, social, labour, and economic disruption in South Africa or regionally can adversely affect our business. Government policies on tourism development, infrastructure investment, visa regulations, and law enforcement directly influence tourist flows and operational certainty for hotels.
Economic	Reduced demand for our services and a decline in forward bookings, driven by broader economic challenges and instability, can adversely affect our revenue and profitability.
Socio-cultural	To remain competitive against other consumer choices, the group must offer a diverse range of brands and consistently deliver a high-quality experience at a price point that resonates with our customers.
Technological	In an era of rapid technological advancement, the group must consistently invest in the development, maintenance, and enhancement of its system infrastructure.
Environmental	Sustainability is increasingly integral to brand equity. The environmental priorities include reducing resource consumption, preserving natural ecosystems, and ensuring responsible supply chain and waste management. Regulatory requirements and ESG expectations continue to rise, reinforcing the importance of proactive environmental stewardship in maintaining long-term value.
Regulatory	Operating across multiple jurisdictions, Southern Sun is subject to a broad and evolving legislative landscape. The group actively monitors and ensures compliance with all applicable laws and regulations on an ongoing basis.

Given the sustained recovery in travel and tourism and the long-term historic growth in demand in the industry as economic activity strengthens, we remain confident that the market will continue to rebalance in the medium term.

THE ENVIRONMENT IN WHICH WE OPERATE *continued*

Political

Although Southern Sun operates primarily in South Africa, the group also maintains a presence in Mozambique, the Seychelles, Tanzania, the United Arab Emirates and Zambia. Political, social, labour, and economic conditions in South Africa and the broader region continue to pose risks to our business.

The group is headquartered in South Africa and generates most of its revenue from domestic operations. As such, developments in South Africa's political and economic landscape significantly influence our performance.

Structural challenges related to inequality, unemployment, policy uncertainty, law enforcement, public sector inefficiencies and infrastructure persist and the uncertainty regarding the sustainability of the Government of National Unity, which is viewed as investor and growth friendly, continues to constrain consumer and investor confidence.

Although recent visa reforms for China and India by the Department of Home Affairs reflect government support for tourism growth in South Africa and are expected to benefit our portfolio, especially given our proven capability to host and manage large-scale conferences across regions, the operating environment remains vulnerable to setbacks.

Economic

Demand for our hotels remains closely linked to the overall performance of the domestic and global economy and is sensitive to business, government and personal discretionary spending levels, which come under pressure when interest rates are elevated. Decreased global or regional demand for our products and services can be especially pronounced during periods of economic contraction or low levels of economic growth, and the recovery in the hotel industry may lag overall economic improvement.

The group's reliance on the corporate and government markets as core components of its customer base makes it particularly sensitive to economic conditions that cause declines in travel by those groups. Declines in demand for our services due to general economic conditions could negatively impact our business by decreasing income and profitability.

The group has a high concentration of hotels in particular urban centres. While this strategy helps to ensure that we can service large volumes of travellers in these key markets, from budget to luxury, it also increases our sensitivity to adverse conditions affecting travel to such areas. Any events or developments that reduce the demand for our services in these core urban centres could negatively impact our business.

In addition, many of the expenses associated with the hotel business, including personnel costs, interest, rent, property taxes, insurance, and utilities, are relatively fixed. During a period of overall economic weakness, any failure by the group to meaningfully reduce these costs as demand for our rooms decreases, may have a material adverse effect on our operations, profitability, cash flows and financial condition.

The group continues to navigate a challenging operating environment shaped by elevated global food and fuel prices, which impact both operational costs and guest affordability. While airfares have eased slightly, travel budgets remain constrained as consumers prioritise cost-saving measures and seek to preserve disposable income amid persistently high interest rates. Rising transport costs, driven by fuel price volatility, continue to deter travel – particularly among international and corporate segments.

For the hospitality sector, travel affordability and ease remain critical, alongside ensuring the safety and confidence of tourists upon arrival. Although global inflationary pressures persist, the relative weakness of the Rand enhances South Africa's appeal as a cost-effective destination for foreign visitors. However, this currency depreciation also raises the cost of imported capital expenditure items, such as machinery and equipment, posing additional financial pressures.

Despite these headwinds, South Africa's inflation outlook has improved, with consumer price inflation expected to average around 4.5% in 2025. Interest rates are projected to decline modestly, which may support household spending and travel demand. Nonetheless, food and energy costs remain elevated, and the Rand's volatility continues to influence both input costs and consumer sentiment.

Socio-cultural

To remain competitive in a dynamic hospitality market, the group must continuously evolve its product offering to align with shifting consumer preferences. Delivering a consistently high-quality guest experience at a value-driven price point is essential to maintaining market relevance and customer loyalty.

Consumer expectations are increasingly diverse, spanning digital engagement – such as mobile integration and social media presence – to the physical attributes of our properties, including design, location, and the ambiance of restaurants, bars and entertainment venues. Travel patterns and lifestyle trends also influence demand, requiring the group to remain agile and responsive in its operational and strategic planning.

Technological

The group's operations increasingly depend on advanced technology and integrated systems to manage property functions, ensure brand consistency and regulatory compliance, facilitate procurement and reservations, support surveillance and security infrastructure, and operate our customer loyalty programme. Digital platforms also play a critical role in enabling seamless booking experiences for current and prospective guests, optimising our visibility through search engines, and enhancing in-room and on-site guest amenities. Maintaining and developing these technologies remains a strategic priority requiring sustained investment and innovation.

Technology trends most relevant to our industry include:

- availability of robust broadband;
- advanced and secure mobile functionality for transacting and communication (customers and operational employees);
- integrated tools to ensure customers are rewarded equitably based on spend/value;
- improving employee productivity and reducing costs;
- more cost-effective IT business models; and
- strengthened cybersecurity protocols and privacy frameworks to safeguard personal information of guests, employees, suppliers, and associates, while mitigating growing risks of cybercrimes and external infiltrations.

Environmental

Given the service-oriented nature of the hospitality industry, the group's overall environmental footprint is relatively low. However, our operations do involve the consumption of energy and water, and the use of non-renewable energy sources contributes to GHG emissions. In addition, our hotels generate waste, which we manage responsibly as part of our broader sustainability commitments.

Southern Sun has a well-established programme aimed at reducing energy and water consumption, as well as minimising waste generation across its operations. Where reductions are not feasible, we pursue alternative solutions such as installing renewable energy systems, sourcing water from sustainable supplies, and diverting waste from landfill.

While environmental considerations have not yet emerged as a primary driver of customer decision-making, the group remains committed to sustainability through a programme rooted in social responsibility and shaped by rising utility costs and growing concerns over the reliability of energy and water supply. In anticipation of evolving regulatory requirements, a climate transition plan is currently being developed to support future compliance with IFRS S2. For further details on our environmental performance, please refer to page 42 of this report.

Administered costs have continued to increase above-inflation, placing pressure on operating margins. These costs include property rates, electricity, water, and related utilities. Despite the group's continued efforts to improve resource efficiency and reduce consumption through sustainable operational practices, the cost per unit of electricity and water has increased substantially. This burden is further compounded by the ongoing need to secure alternative energy supply – particularly diesel-powered generators – during periods of load shedding, which although less frequent remains unpredictable in many regions. Municipalities are facing mounting fiscal challenges, prompting more aggressive rate hikes to seek independent revenue, leading to substantially higher property rates being imposed on the group's portfolio.

Regulatory

As a multinational business, Southern Sun is subject to a growing and increasingly complex range of legislative and regulatory requirements across the jurisdictions in which it operates. This includes evolving corporate, labour, tax, environmental, data privacy, anti-corruption, and hospitality-specific legislation. In 2025, there has been a continued global trend towards increased regulatory scrutiny, heightened ESG disclosure obligations, and stricter enforcement of data protection and anti-money laundering regulations. Legislative changes are monitored continuously, and the business promptly implements required adjustments to ensure full compliance. Any failure to comply with applicable laws – whether due to delayed implementation, oversight, or interpretation – could result in significant fines, legal action, operational restrictions, or the loss of licences and permits. Moreover, such breaches may severely impact stakeholder trust, damage the group's reputation, and result in adverse financial consequences. As such, proactive compliance monitoring, staff training and engagement with legal and regulatory developments remain integral to our governance and risk management framework.

B-BBEE

Under the current legislative and regulatory framework in South Africa, including the Broad-based Black Economic Empowerment (B-BBEE) Act and the Codes of Good Practice, the government awards procurement contracts, quotas, licences, permits, and other commercial opportunities based on numerous factors, including the B-BBEE status of applicants. These measures remain central to the country's efforts to redress historical social and economic inequalities and to promote inclusive growth and long-term socio-economic stability. Southern Sun remains fully committed to complying with B-BBEE requirements and actively supports transformation objectives through employment equity, skills development, preferential procurement, enterprise and supplier development, and socio-economic development initiatives. A company's B-BBEE contributor status is not only critical for eligibility in public sector tenders but is also increasingly scrutinised by private sector clients who are themselves subject to B-BBEE scorecard considerations. As government-related travel and conferencing continues to represent a significant segment of our revenues, maintaining a competitive B-BBEE status remains vital to securing and sustaining this business. Refer to page 41 of this report for further details on our B-BBEE contributor level and transformation performance for the year ended 31 March 2025.

Tax legislation

Changes in tax legislations across the jurisdictions of operation could adversely affect financial results for future periods and affect the group's business, financial condition, and results of operations. Global tax policy remains fluid, driven by fiscal consolidation efforts, evolving OECD (Organisation for Economic Co-operation and Development)-led reforms, and increased scrutiny of cross-border transactions and base erosion practices. South Africa has a stable tax environment and the tax administration system is advanced and transparent in many aspects. However, the group also operates in jurisdictions such as Zambia, Mozambique, and the Seychelles – each with unique and evolving tax frameworks, regulatory interpretations, and enforcement approaches. These regional differences introduce complexities related to tax compliance, transfer pricing, indirect tax administration, and the repatriation of profits.

Health and safety legislation

Current legislation in South Africa imposes significant health and safety regulations on the group's operations. These requirements are aimed at ensuring the safety of guests, employees, and contractors, and extend to areas such as food hygiene, fire safety, occupational health, public liability, and emergency preparedness. In 2025, regulatory oversight remains active, with increased focus on visible compliance, incident reporting, and accountability frameworks.

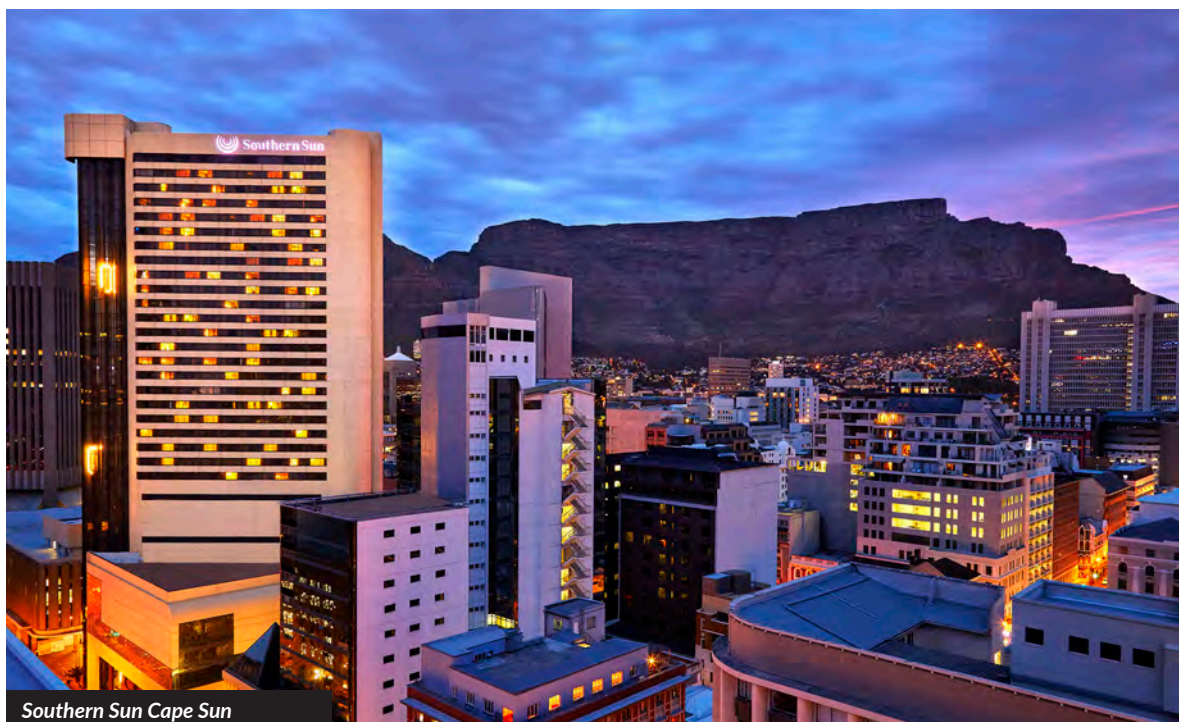
Health and safety are deeply embedded in the group's operational culture, with policies and practices continuously reviewed and updated to align with legislative developments and best practices. The group maintains a high standard of compliance, supported by internal audits, training programmes, and a proactive risk management approach. This commitment not only reduces liability and reputational risk but also enhances guest confidence and operational resilience across all our properties.

Consumer privacy and data protection legislation

The group is subject to regulation under Personal Information Act, 4 of 2013 (POPIA) in South Africa and the GDPR in the European Union. These laws govern the lawful collection, use, storage, and protection of personal and payment-related customer data, with a strong emphasis on safeguarding against data breaches, cyber theft, and unauthorised processing. Data privacy has become an increasingly regulated and high-risk area, with global enforcement intensifying and penalties for non-compliance escalating. As a responsible party, the group receives and processes volumes of sensitive personal customer data (including name, contact details, identification numbers, bank details and credit card details) as part of its business and frequentGuest programme. Accordingly, we maintain robust policies, technologies, and procedures to ensure compliance with applicable data protection laws. Southern Sun is committed to maintaining the highest standards of data security and transparency, supported by regular audits, staff training, breach response protocols, and continuous system enhancements. For more information on our privacy and data protection controls, refer to page 52 of this report.

Employment Equity legislation

Over the years and based on the targets we had set ourselves, we have made significant progress in addressing underrepresentation of suitably qualified persons from designated groups at all occupational levels. Refer to page 57 for Southern Sun's employment equity profile. The recent amendments to the Employment Equity Act, which came into effect in April 2025, substantially increased these targets by the introduction of sector-specific numerical targets and further introduced the requirement for employment equity compliance certification for businesses wishing to do business with the state. In response, Southern Sun is reviewing its employment equity plan and will engage and consult with employees and their representatives through its established employment equity structures.



Southern Sun Cape Sun

OUR KEY STAKEHOLDERS

We generate long-term value by fostering strong relationships with our stakeholders. Trust, mutual respect and credibility, are foundational to our sustainability and continued success.

We have taken our stakeholders' views into account in formulating our strategic priorities and report content.

The group has continued to focus on the protection of the key interests of our many stakeholders and continue to remain in close communication with our lenders, employees, trading partners, suppliers, tenants and landlords to arrive at mutually sustainable operating solutions amid challenging economic conditions. An overview of our key stakeholder groups, their interests and concerns and how we engage with them is provided in the table below.

STAKEHOLDER GROUP	WHY IT IS IMPORTANT FOR US TO ENGAGE	HOW WE ENGAGE WITH OUR STAKEHOLDERS	OUR STAKEHOLDERS' KEY INTERESTS	ASSOCIATED STRATEGIC PRIORITIES
Investors and funding institutions	Investors and funding institutions are the providers of capital necessary for our growth. We need transparent communication to understand potential concerns.	• JSE news services • Media releases and published results • Integrated annual reports and financial statements • Annual general meetings (AGMs) • Dedicated analyst and investor presentations • One-on-one meetings • Southern Sun's website	• Sustainable business, growth and returns on investment • Covenant requirements • Dividends • Transparent executive remuneration • Corporate governance, ethics and regulatory compliance • Liquidity and gearing • Security of tenure over properties • Independence of the board	 Financial strength and durability  Page 65  Organic growth  Page 68  Inorganic growth  Page 70
Government and regulatory bodies	Government plays a critical role in granting us the licence to operate and establishing the regulatory framework within which we conduct our business. Ensuring full compliance and maintaining awareness of broader economic, social, and environmental dynamics are essential to our responsible and sustainable operations.	• Establish constructive relationships with government and municipal departments • Written submissions during consultation process on legislation • Hosting government forums and showcases • Regulatory surveillance, reporting and interaction • Membership of industry bodies, e.g. the Tourism Business Council of South Africa (TBCSA), the South African Tourism Board (SATB) and the Federated Hospitality Association of Southern Africa (Fedhasa)	• Taxation revenues • Compliance with legislation • Job creation • Investment in public and tourism infrastructure • Investment in disadvantaged communities • Advancing transformation • Social impacts • Environmental compliance	 Deliver to our beneficiaries  Page 40  Regulatory compliance  Page 53



STAKEHOLDER GROUP	WHY IT IS IMPORTANT FOR US TO ENGAGE	HOW WE ENGAGE WITH OUR STAKEHOLDERS	OUR STAKEHOLDERS' KEY INTERESTS	ASSOCIATED STRATEGIC PRIORITIES
Guests	Understanding our guests' needs, perceptions, and behaviours is essential to delivering experiences that resonate with them. This customer-centric approach strengthens brand equity and supports sustainable revenue growth.	- Monitor online reviews - frequentGuest programme - Customer relationship management - Call centres - Website and social media engagement	- High-quality product - Consistent guest experience - Ease of engagement and interaction - Value-driven offerings - Long-term supply assurance - Loyalty recognition - Safety and security	 Product relevance to customer experience  Page 48
Communities	Engagement enables us to direct our efforts toward empowering local communities, which supports our long-term sustainability and operational resilience.	- Events and sponsorships - Website and social media engagement - CSI initiatives - Employee volunteering	- Investment in disadvantaged communities - Employment opportunities - Sponsorships	 Deliver to our beneficiaries  Page 40
Employees	Our employees are central to delivering exceptional guest experiences. To ensure alignment with our strategic objectives, it is important that we understand their needs, challenges, and aspirations, and foster a workplace culture that supports their growth and engagement.	- Communication from executives - Internal communications and posters - Induction programmes - Ongoing training and education - Employee surveys - Performance management programmes - Whistle-blowers hotline - Trade union representative meetings - Employee engagement	- Job security - Meaningful engagement - Performance management - Transparent reward structures - Health and safety excellence - Access to HIV counselling and wellness support - Career development	 Skilled human resources  Page 55
Suppliers, tenants and business partners	Our suppliers, tenants and business partners enable us to deliver consistent guest experiences.	- One-on-one meetings - Tender and procurement processes - Whistle-blowers hotline - Hosting supplier forums and showcases	- Timely payment and favourable terms - Fair treatment - B-BBEE compliance	 Deliver to our beneficiaries  Page 42

OUR KEY STAKEHOLDERS *continued*

In addition to providing exceptional experiences to our customers, the group generates direct and indirect financial benefits for our stakeholders including:

- returns for our shareholders and funding institutions;
- substantial income tax, value added tax (VAT), employees' tax and property rates and taxes to national and provincial government;
- CSI in our communities;
- employment within the communities we serve;

- sustainable business for our national and local business partners and suppliers which creates wealth and additional employment; and
- continuous investment to maintain and expand our portfolio of properties.

A substantial portion of the wealth generated by the group is spent with or distributed to black economically empowered businesses, previously disadvantaged individuals and government, the value of which for the year ended March 2025 is set out below:

Value added to black economically empowered businesses, previously disadvantaged individuals and government for the year ended 31 March 2025 (Rm)

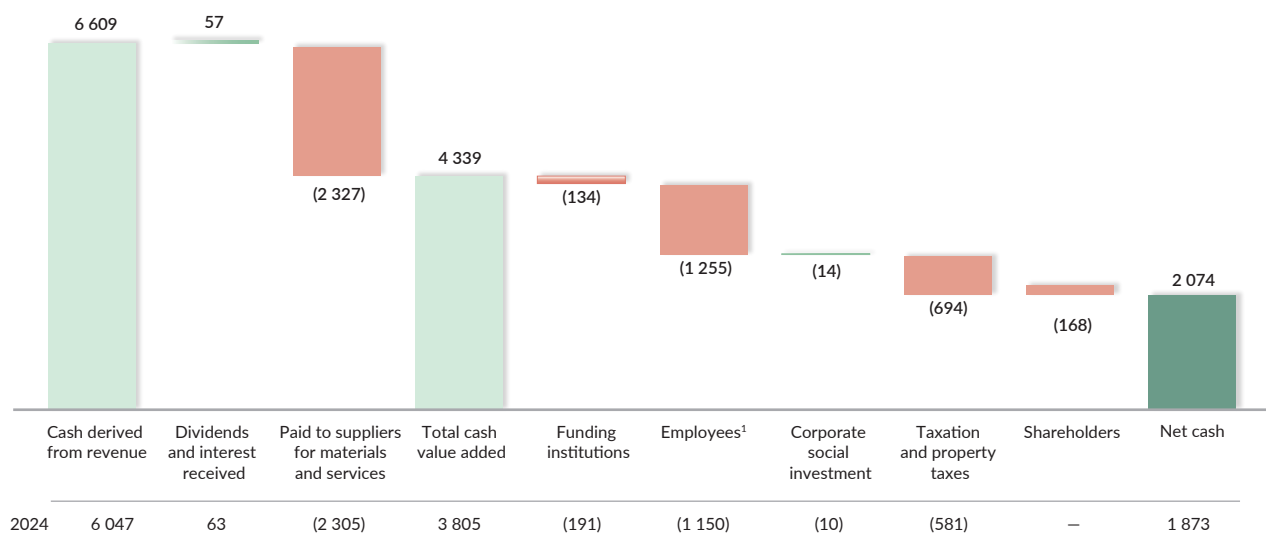


* As per the Department of Trade and Industry tourism sector code.
[†] Net pay to employees with employees' tax included in taxation.



Garden Court Sandton

Value added for the year ended 31 March 2025 (Rm)



¹ Net pay to employees with employees' tax included in taxation.



Interactions with our stakeholders are based on our strategic objectives, as included on page 9, which guide our behaviour ensuring our stakeholders know what to expect from us.



Sandton Sun & Towers

OUR MATERIAL RISKS AND OPPORTUNITIES

The matters included in our integrated annual report are principally aimed at providers of financial capital in order to support their financial capital allocation assessments. However, the interests of the providers of financial capital are largely aligned with other key stakeholders because they are also focused on the creation of value over the long term.

Determination of materiality

In determining which matters are material for disclosure in our integrated annual report, we have considered whether the matter substantively affects, or has the potential to substantively affect our strategy, our business model or the forms of capital we utilise and ultimately our ability to create value over time.

1 Risk identification

2 Qualitative and quantitative analysis

3 Risk matrix

Magnitude and likelihood

4 The assessment of the magnitude of the impact and the likelihood of the occurrence of the group's top risks and opportunities informed the identification and prioritisation of the material matters for inclusion in the integrated annual report.

Material matters

5 The identified matters were compared with those being reported by organisations in the same or similar industries to ensure that relevant matters were not excluded from the report.



54 on Bath

Material risks and opportunities

The principal risks facing the group were evaluated based on their respective risk categories, along with key risk facets, including potential financial impact, severity, and likelihood of occurrence. The group's vulnerability to each identified risk, as well as the speed of onset, were considered to determine the urgency and prioritisation of mitigation strategies. These principal risk landscapes have been organised into defined categories, which remain consistent and relevant, ensuring a comprehensive framework for risk identification and management.

No material amendments were identified for principal risks within the categories of portfolio management and product relevance; human resources; public liability; and regulatory change and compliance. Principle risk amendments were identified in the categories listed below as follows:

Macroeconomic environment

- South Africa's low growth environment exacerbated by high interest rates negatively impacts consumer and investor confidence.
- The establishment of the Government of National Unity (GNU) and notable short-term improvements in electricity supply have positively influenced future expectations.
- Recent tensions between the United States of America and South Africa have led to the suspension of financial aid and uncertainty regarding the renewal of the African Growth and Opportunity Act, which is scheduled to expire on 30 September 2025. These factors could negatively impact South Africa's economic growth prospects and consequently those of the group. However, South Africa's role as host of the G20 in 2025 presents a significant opportunity to enhance its global standing and reposition itself as an investor-friendly emerging market economy. This positive development is expected to contribute to improved investor sentiment and international engagement, which may partially mitigate geopolitical and economic concerns. As a result, the overall risk has been reassessed and downgraded to reflect the potential for a more favourable investment climate.
- The risk of riots, crime and potential terrorist attacks poses a significant threat to the group, with the potential for severe operational, financial and reputational impacts. This risk is particularly acute in the Cape region, which has emerged as a highly attractive travel destination, thereby concentrating the group's financial exposure in this area. Any disruption caused by civil unrest, criminal activity, or security incidents could adversely affect tourism, guest safety and overall business continuity. However, it is key to note that this risk is being addressed through a multi-faceted approach involving government, law enforcement and private sector collaboration.

Capacity and market issues

- The organisation's exposure to regulatory frameworks and government policies, particularly those impacting travel, tourism, and foreign investment, pose a continuous risk that is closely monitored. Due to the Department of Home Affairs standardising visa requirements and implementing the Trusted Tour Operator Scheme (TTOS), this risk was downgraded.

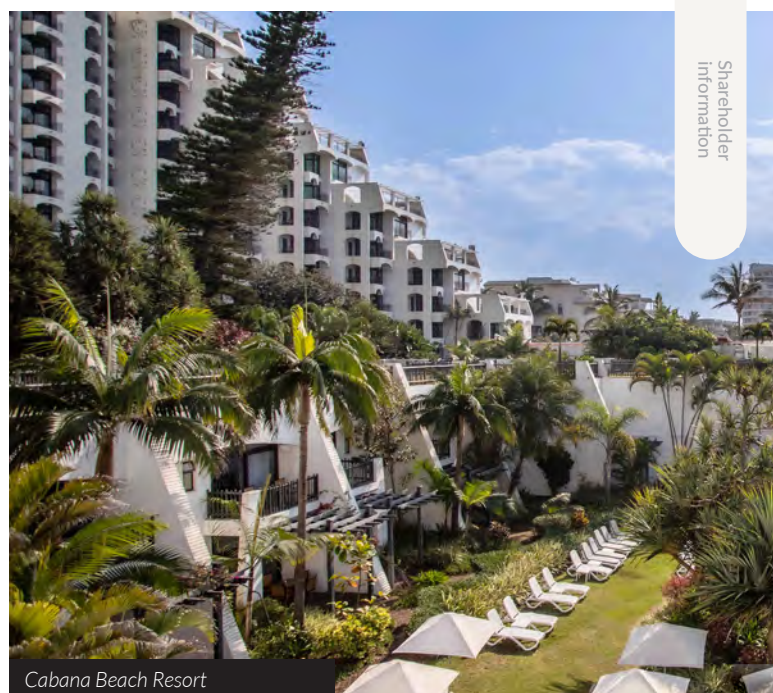
Cyber, IT and information management

- While the group has not encountered significant cybercrime incidents, the risk of cybercrime has escalated significantly within the South African context. A single event of suspicious remote activity involving credential theft tools and attempts to disable endpoint security was detected on a personal computer and swiftly contained. The incident was identified through Southern Sun's managed detection and response services, with the affected personal computer isolated and reloaded as a precaution.
- This response illustrates the growing effectiveness of Southern Sun's cybersecurity capabilities. Third-party cyber maturity assessments conducted by Performanta, aligned to best practice cybersecurity framework, confirmed significant improvement over the years. This progress reflects ongoing investment in systems, processes, and internal capability, despite a rapidly evolving threat landscape and increasingly complex regulatory environment.

Unreliable and costly utilities

- The group has identified drought and water shortages, driven by climate change, as an emerging risk. This risk has the potential to significantly disrupt operations, increase fire hazards, reduce tourism activity, and adversely affect guest services, environmental sustainability, and overall operational resilience.

It is noted that environmental-related topics, such as climate change and waste management, have been included in the group's 2025 risk register. The intention is to systematically integrate ESG risks and opportunities, with a particular focus on environmental factors, into the group's risk management framework. This strategic inclusion aligns with the upcoming implementation of the IFRS S1 and S2, which emphasise sustainability-related disclosures.



Cabana Beach Resort

OUR MATERIAL RISKS AND OPPORTUNITIES *continued*

Opportunities

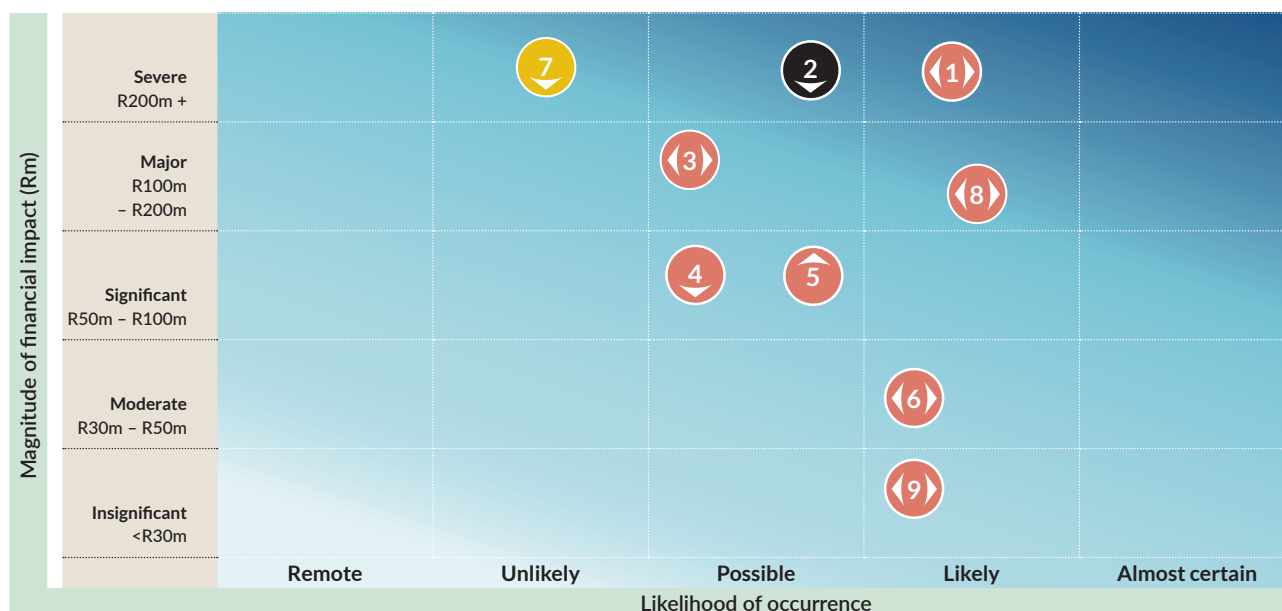
The following opportunities were identified in exploration and discussions around risk mitigation strategies:

1 Talent shortage mitigation: In response to the risk of a shortage of key talent in hotel management, the concept of a “training hotel” was proposed as a strategic initiative. This approach will be further explored by operations and human resources to develop internal capabilities using trainees and promoting from within for succession planning purposes.

2 Supplier dependency mitigation: To address the risk of over-reliance on a single supplier for critical services such as laundry, the feasibility of establishing a centralised laundry facility to service all hotels within a region will be investigated. This would enhance operational resilience and reduce supply chain vulnerabilities.

3 Strategic capital allocation: Instead of pursuing new buildings or acquiring hotel properties, which many introduce additional risks and complexities, the biggest opportunity for the group is organic growth, allocating capital to our existing portfolio ensuring that our assets are best-in-class and capturing market share. Share buybacks also present an attractive opportunity to enhance shareholder value.

Southern Sun’s risk and opportunity landscape



Risk rating

Extreme	High	Moderate	Low
---------	------	----------	-----

▲ Increase ▼ Decrease ◀▶ Neutral

Risk matters

1	Portfolio management and product relevance	6	Human resources
2	Macroeconomic environment	7	Public liability
3	Capacity and market issues	8	Unreliable and costly utilities
4	Crime, security, health and safety	9	Regulatory change and compliance
5	Cyber, IT and information management		

Strength of current risk responses

Very good Good Satisfactory Unsatisfactory Weak Uncontrollable



For a detailed understanding of how we manage risk, please refer to page 77 of the governance report.

Strategic objectives



**Deliver to our
beneficiaries**



**Product relevance to
customer experience**



**Regulatory
compliance**



**Skilled human
resources**



**Financial strength
and durability**



Growth

Principal risk landscapes



Portfolio management and product relevance

Specific risks we face

- Ensuring our products remain relevant to consumers may require additional investment in customer experience intelligence through research and further refurbishment capex. As such, the group may be required to assume development risk to enhance or protect the value of its portfolio base
- Major plant and equipment failures (lifts, transformers and/or switchgear, chillers, hot water plant) can disrupt operations for extended periods
- Client base migration due to node shifts, driven by factors such as tourism appeal, infrastructure and safety, political instability, economic downturns, natural disasters, or changing travel trends
- Security of tenure over hotel operations including third party leases and management contract.

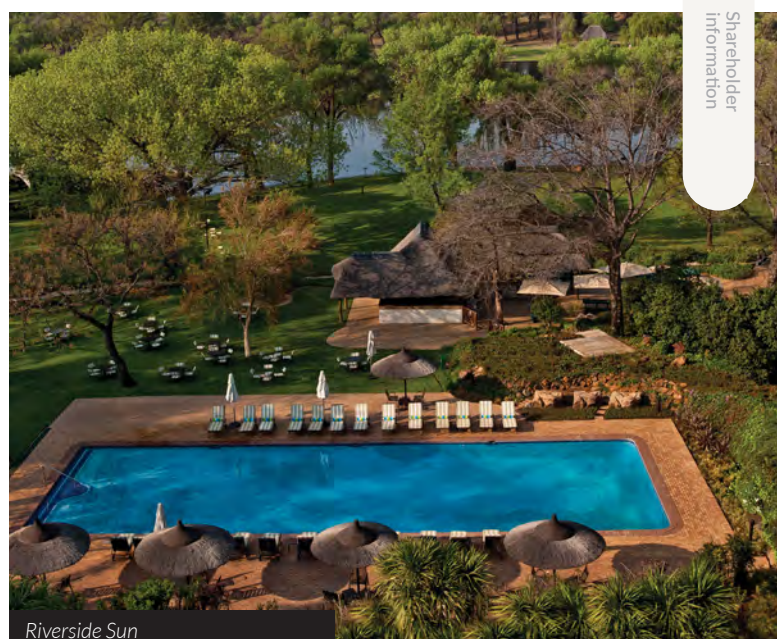
Risk responses

- Investment in facilities and maintenance capex to ensure product relevance and proper maintenance of equipment
- Strong management company with an experienced management team and central resources
- Market research to timeously spot trends and respond accordingly
- Overview of market and membership of various hospitality industry bodies to keep abreast with market movements and trends
- Social media interaction and monitoring and customer reviews
- Active corporate citizenship
- Employee volunteering in the communities where we operate
- Continuous engagement with hotel owners to secure contract renewals on attractive contractual terms
- Attractive management fee structure.

Risk assessment

Strength of risk response: ■ Satisfactory	Magnitude of impact: Severe
Likelihood of occurrence: Likely	Risk rating: ■ Extreme

Strategic objectives:



OUR MATERIAL RISKS AND OPPORTUNITIES *continued*

2

Macroeconomic environment

Specific risks we face

- Our operations are concentrated in South Africa and are affected by the cyclical nature of the hospitality industry
- The group's significant exposure to South Africa's macroeconomic environment means our financial performance is reliant on the country's GDP growth. GNU optimism, notable short-term improvements in electricity supply and South Africa hosting the G20 Summit has led to an improvement in political risk and the economic outlook
- Recent tensions between the USA and South Africa have led to the suspension of financial aid and uncertainty regarding the renewal of AGOA, scheduled for September 2025. These factors could negatively impact South Africa's economic growth prospects and consequently those of the group
- Lowered interest rates to free up disposable income would further improve the outlook
- Slowdown in GDP growth, high unemployment and a lack of policy certainty adversely impacting consumer confidence and consequently, the group's revenue growth
- South Africa may lose its appeal as travel destination due to safety concerns arising from poor municipality service deliveries, accessibility to basic human rights (water, food, housing), terrorism, instability and rioting related to the political scenarios. The risk of riots, crime and potential terrorist attacks poses a significant threat to the group, with the potential for severe operational, financial and reputational impacts. This risk is particularly acute in the Cape region, which has emerged as a highly attractive travel destination, thereby concentrating the group's financial exposure in this area. Any disruption caused by civil unrest, criminal activity, or security incidents could adversely affect tourism, guest safety and overall business continuity. However, it is key to note that this risk is being addressed through a multi-faceted approach involving government, law enforcement, and private sector collaboration
- Constrained growth in government, corporate, international and conferencing markets will negatively impact trading.

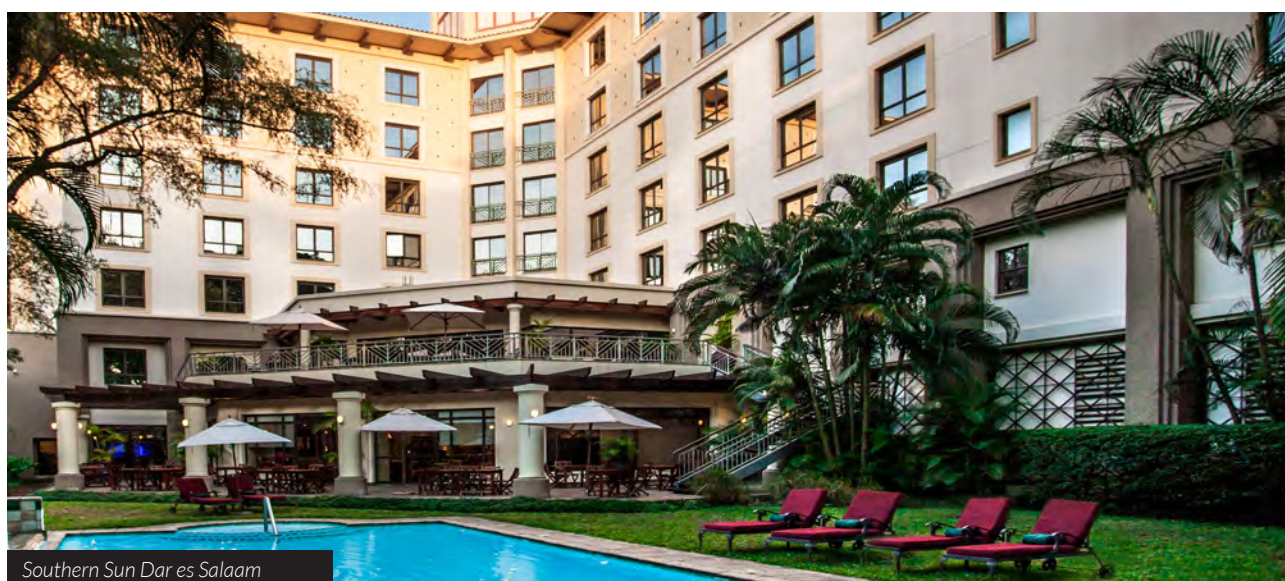
Risk responses

- Revise strategic priorities and review the organisational structures to potentially divest from certain hotel assets or alternatively, bring in partners with capital to reduce the group's exposure
- Consider further investment outside of South African borders to diversify revenue streams
- Renewed and focused marketing to access untapped markets
- Leverage the frequentGuest rewards programme to stimulate business
- Disciplined cost control measures to protect the margin in a low revenue growth environment.

Risk assessment

Strength of risk response:	Magnitude of impact:	Likelihood of occurrence:	Risk rating:
■ Uncontrollable	Severe	Possible	■ High

Strategic objectives:



Southern Sun Dar es Salaam



Capacity and market issues

Specific risks we face

- The catastrophic loss of an airport terminal building in major nodes due to fire damage, or major damage to national roads, critical infrastructure or a major city venue, could negatively impact domestic and/or international travel
- An environmental catastrophe (earthquake, tsunami, fire) resulting in the total shutdown of a location and/or node, which would severely impact the group's capacity for extended periods of time
- Increased frequency and severity of extreme weather events
- The risk of single dependency on a supplier for critical services or products at a major node, compounded by the potential for supply chain interruptions, health and safety concerns, or national shortages
- The organisation's exposure to regulatory frameworks and government policies, particularly those impacting travel, tourism and foreign investment pose a continuous risk that is closely monitored. Positive steps by the Department of Home Affairs to standardise visa requirements and implementing the Trusted Tour Operator Scheme (TTOS); has lead to the downgrading of this risk.

Risk responses

- Continuous management of the group's various booking channels including online travel agents and travel management companies to ensure that the group is maximising revenue per transaction
- Immediately deactivate excessive room stock in the affected node by transferring guests into one hotel and minimising operating costs including, employee, food, cleaning, utility consumption and security costs
- Adequate insurance cover for business interruption and property damage.

Risk assessment

Strength of risk response:

■ Satisfactory

Magnitude of impact:

Major

Likelihood of occurrence:

Possible

Risk rating:

■ High

Strategic objective:



Crime, security, health and safety

Specific risks we face

- Crime, security and safety concerns due to political instability in South Africa
- There is also an increased risk of financial fraud as guests and employees have been under financial pressure
- The occurrence of major violent incidents during civil unrest can cause major infrastructure damage and limit our ability to trade
- The possibility of hotel robberies and/or follow-home robberies.

Risk responses

- Physical security and surveillance procedures and crime intelligence
- Financial fraud risks involving guests and employees are mitigated through layered internal controls, including segregation of duties, access restrictions, and monitoring mechanisms. Incident response procedures support timely remediation. Internal audit provides independent assurance through risk-based reviews of high-risk areas, e.g. front office cash handling or the frequentGuest programme, reporting findings to management and the audit and risk committee with follow-up to ensure resolution
- To mitigate crime and safety risks, Southern Sun maintains coordinated engagement with the South African Police Service, private security firms and local law enforcement. Strategic partnerships extend to city improvement district bodies such as the Cape Town Central City Improvement District, Durban's Urban Improvement Districts, and similar structures. In high-risk urban nodes like Sandton, Durban and Cape Town, collaboration with corporates and reactive security forums supports enhanced threat detection, rapid incident response and shared intelligence.

Risk assessment

Strength of risk response:

■ Satisfactory

Magnitude of impact:

Significant

Likelihood of occurrence:

Possible

Risk rating:

■ Moderate

Strategic objectives:





Cyber, IT and information management

Specific risks we face

- Our operations, including online booking and hotel management systems, largely depend on our IT systems
- The performance and reliability of these systems and the group's technology are critical to its reputation and ability to attract, retain and service customers and generate revenues
- Any disruption in the group's ability to provide the use of its reservation system to customers, including as a result of software or hardware issues related to the reservation system or cyber attacks, will result in loss of revenues, as well as customer dissatisfaction and will harm our reputation and business.
- Other risks include:
 - Sub-optimal online transacting
 - Hacking and hacktivism
 - Social media risks, including abuse by employees
 - Loss of sensitive information and consequential GDPR or POPIA sanction or fine
 - Denial of service attacks or ransomware
 - High reliance on third-party suppliers
 - Failure of key system upgrades or full system changes
 - Financial reporting system fails due to any peril or malicious act, including cyber.

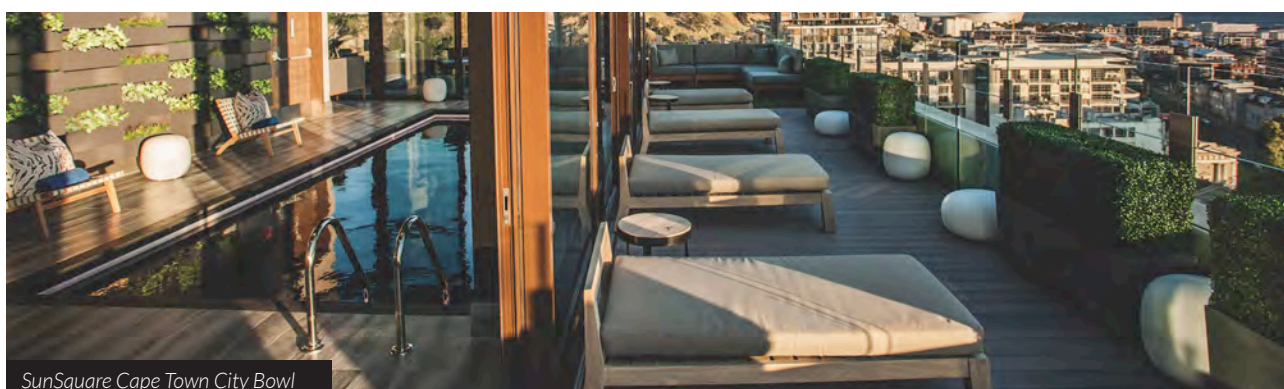
Risk responses

- Continuous maturity of and improvements made to the IT security ecosystem
- Training of employees to identify potentially dangerous links and respond by alerting the IT security team
- Payment and card industry standard compliance
- POPIA and GDPR compliance
- Chief Information Security Officer (CISO) services are being rendered by Performanta in the form of quarterly reviews, high level consultation and external penetration tests
- Review online transaction and channel opportunities, to reduce the risk of a weak currency and website redirect alternative in the short term, or an alternative supplier selection and rewrite in the longer term
- Back-up IT systems for business-critical systems generally in different geographies and restores tested biannually for core solutions
- Continuous maintenance of hardware and databases to ensure warranties remain in order
- Fail overs and manual procedures to support any possible IT downtime, limiting impact on guests and our reputation
- Increase IT auditing and assurance (internal and external)
- Continual review of channel sources, to alleviate a reliance on one particular channel
- Social media security and access management
- Preservation and protection of creative and photographic assets and group heritage material
- Maintenance of our existing telephony communications and three-year strategy to implement new cloud-based physical and virtual private branch exchange (PABX) technologies.

Risk assessment

Strength of risk response:	Magnitude of impact:	Likelihood of occurrence:	Risk rating:
■ Satisfactory	Significant	Possible	■ Moderate

Strategic objectives:





Human resources

Specific risks we face

- Not being competitive in the labour market within which we operate and failing to attract, train, motivate and retain enough qualified and skilled employees to operate. The loss of knowledgeable/skilled maintenance employee results in more frequent replacement of plant and machinery
- Changes in labour legislation may negatively impact operational flexibility, increase labour costs or become unnecessarily managerially or administratively burdensome
- Unrealistic wage expectations, social pressures or unresolved disputes resulting in prolonged industrial action or protest
- Scarcity of skills, unsustainable premiums being paid to retain or acquire scarce skills, and a decline in the company's ability to build and retain critical skills internally
- Poor crisis management and/or failure to adhere to prescribed standards.

Risk responses

- Retention of employees through appropriate remuneration structures and employee benefits
- Engaging with and empowering employees
- Employee training and development with a focus on fast-tracking those with high-performance potential
- Performance-driven culture
- Focused employment equity strategy
- Labour rate parity allows for the standardising of pay across roles, eases internal equity tensions and positively impacts talent retention
- Regular monitoring to ensure compliance with labour legislation.

Risk assessment

Strength of risk response:

■ Satisfactory

Magnitude of impact:

Moderate

Likelihood of occurrence:

Likely

Risk rating:

■ Moderate

Strategic objectives:


Public liability

Specific risks we face

- The nature of the group's business means that it is responsible for the health and safety of numerous guests who stay in our hotels, attend conferences at our properties and dine in our food and beverage (F&B) establishments
- The group has excellent health and safety as well as property maintenance standards so while there is a risk of multiple claims should guests or employees be injured at one of our properties due to fire or food poisoning, this risk is lower down on the criticality scale
- Contractual breaches by tenants could impact the group.

Risk responses

- Physical security and surveillance procedures and crime intelligence
- Stringent fire, life, safety and hygiene protocols, which are subject to self-audit and audits by risk managers, recorded through the ORMS system
- Coordination with South African Police Services to ensure that incidents involving crime or injury are properly reported, investigated and documented, which helps demonstrate due diligence, supports legal defence, and reduces potential liability
- Internal control frameworks and internal audit procedures that ensure operational safety, regulatory compliance, and effective risk management
- Adequate public liability insurance cover.

Risk assessment

Strength of risk response:

■ Good

Magnitude of impact:

Severe

Likelihood of occurrence:

Unlikely

Risk rating:

■ Moderate

Strategic objectives:


OUR MATERIAL RISKS AND OPPORTUNITIES *continued*



Unreliable and costly utilities

Specific risks we face

- Service delivery, limited infrastructure investment and funding challenges at South Africa's municipalities have constrained their capacity to supply water and electricity to ratepayers
- Regular bulk water supply disruptions and unreliable electricity provision due to major electrical supply disruptions from nearby substations affect the operational capability of hotels to provide consistent services to guests. Loadshedding has been significantly reduced and consequently has been removed from the risk register due to the absence of current exposure
- Municipalities and utility providers also increase rates, property taxes, water and electricity to fund internal inefficiencies, placing an additional cost burden on the returns to shareholders
- The group has identified drought and water shortages, driven by climate change, as an emerging risk. This risk has the potential to significantly disrupt operations, increase fire hazards, reduce tourism activity, and adversely affect guest services, environmental sustainability, and overall operational resilience.

Risk responses

- Electricity-efficient demand side management programme to reduce consumption
- Boreholes, desalination plants and solar capacity has been investigated and implemented where feasible
- Water handling and/or storage capacity for emergency supply
- Self-reliance on generators for emergency electrical supply
- Management actively reduces controllable costs to offset rising utility expenses through leak detection, water-saving measures, and comprehensive staff training focused on conserving resources during daily operations. Additional measures include extended bed linen change intervals, automatic power-saving modes, and energy-efficient lighting. Green wheeling options are also being explored to manage future energy costs.

Risk assessment

Strength of risk response:

■ Satisfactory

Magnitude of impact:

Major

Likelihood of occurrence:

Likely

Risk rating:

■ High

Strategic objectives:



Regulatory change and compliance

Specific risks we face

- More aggressive regulatory authorities
- Changing B-BBEE requirements
- Degradation of formal skills set – a loss of skilled professionals undermines the organisation's capacity to respond to regulatory change and maintain compliance
- Increased complexity of compliance, e.g. Companies Act, POPIA, Consumer Protection Act and Financial Intelligence Centre Act
- Visa regulations
- Aggressive tax authorities
- Increase in taxes, including VAT
- Increase in rates and property taxes
- Legal or regulatory non-compliance resulting in adverse findings.

Risk responses

- Submit comments to lawmakers through formal comment structures
- Robust compliance procedures
- Comprehensive B-BBEE programme
- Lodgement of appeals on assessments and property valuations.

Risk assessment

Strength of risk response:

■ Satisfactory

Magnitude of impact:

Insignificant

Likelihood of occurrence:

Likely

Risk rating:

■ Low

Strategic objectives:



OUR SUSTAINABILITY STRATEGY IN ACTION

SOCIAL AND ETHICS COMMITTEE REPORT



Chris Gina
Independent non-executive Chairman

Southern Sun is committed to its ongoing development as a responsible corporate citizen. The social and ethics committee supports this commitment by monitoring and reporting on the group's activities in relation to social and economic development, good corporate citizenship, environmental responsibility, ethical conduct, labour practices and stakeholder engagement, in line with the Companies Act and applicable codes of best practice.



Deliver to our beneficiaries

As a responsible corporate citizen with a rich South African heritage, we are committed to promoting inclusive economic participation and sustainable development. We aim to ensure that a portion of the economic benefits of ownership flow to community, charitable or socially beneficial organisations. We achieve this through meaningful citizenship programmes and through direct and indirect broad-based equity ownership initiatives, responsible employment practices and active support of social, environmental and governance objectives.

Key performance indicators	2025	2024	2023
B-BBEE level	1	1	1
Black ownership (%)	63	67	60
Value added contribution to black economic empowered businesses, previously disadvantaged individuals and government (Rm)	3 626	3 133	2 836
CSI outcomes: Education, health and welfare organisations supported	282	270	265
Enterprise and supplier development outcomes: SMMEs supported	65	40	45

2025 performance

Shareholders

The nature of the HCI shareholding provides the bulk of our 63% broad-based empowered ownership. HCI's shareholding, net of treasury shares amounted to 45.04% at 31 March 2025. HCI has provided a stable shareholder base for several years, which has allowed the group to grow and leverage opportunities. The balance of the shareholding is diverse with adequate liquidity.



Refer to the group structure on page 02 for more information.

Community

Southern Sun is committed to making a lasting, positive impact in the communities in which we operate. Guided by the principle of active corporate citizenship, the group seeks to engage in partnerships that deliver measurable benefits to society while aligning with our long-term business objectives. In support of this commitment, we allocate a portion of our profits annually to social investment programmes that uplift under-resourced communities, foster enterprise development, and promote environmental sustainability. These initiatives are implemented through strategic partnerships, in-kind contributions, and our flagship Southern Sun Entrepreneurs (SSE) programme. Collectively, they aim to improve livelihoods, transfer skills, strengthen civil society, and contribute meaningfully to inclusive economic growth.

OUR SUSTAINABILITY STRATEGY IN ACTION *continued*

SOCIAL AND ETHICS COMMITTEE REPORT *continued*

Community development

We support local communities through targeted initiatives focused on education, health, and welfare through in-kind contributions, such as the provision of venues, accommodation, food, linen, furniture, equipment, and volunteer time. In 2025, the group supported 282 non-profit organisations (2024: 270), with total social investment amounting to approximately R14 million, of which 90% was value-in-kind. This exceeds the tourism sector code's 1% NPAT target for socio-economic development by 0.5 percentage points, reaffirming our commitment to inclusive growth and shared value creation.

Enterprise and supplier development

Through the SSE programme, the group supports emerging enterprises with the potential to integrate into our procurement pipeline. The programme provides a range of business benefits to 65 (2024: 40) enterprises in various industries across South Africa.

In partnership with the HCI Enterprise Club, participating enterprises also benefit from initiatives such as the Legacy Series, a televised commercial campaign broadcast on eMedia channels, offering national exposure and enhanced access to new markets. The group is also proud to host the Proudly South African Buy Local Summit annually at the Sandton Convention Centre, which in 2025 enabled 239 SMMEs to showcase their businesses and connect with potential clients and partners.

The value of our investment in enterprise and supplier development for the year was R35 million, which is equivalent to 0.2 percentage points above the Tourism Sector Code target of 3.5% of NPAT. Of this amount, R5 million was allocated to enterprise development, and R30 million to supplier development.

Southern Sun Volunteers

Through the Southern Sun Volunteers programme, employees contribute their time and skills to a diverse range of community upliftment initiatives. During the year, Southern Sun Volunteers supported, among others, Mandela Day, Reach for a Dream Slipper Day, Rise Against Hunger, the CANSA Shavathon and several local relief outreach efforts in the communities surrounding our hotels. Activities ranged from food packing and donation drives to assisting welfare shelters and organising environmental initiatives such as beach and neighbourhood clean-ups.

Transformation

Southern Sun is committed to transformation and actively contributes to B-BBEE through inclusive practices that facilitate meaningful change – from maintaining the diversity of our workforce to supporting emerging enterprises through the SSE programme.

The group is a level 1 B-BBEE contributor, measured against the Department of Trade, Industry and Competition's (DTIC) revised Codes of Good Practice – Tourism Sector Scorecard, and complies with the relevant guidelines. Formal verification audits are performed annually by an accredited economic empowerment rating agency.

For the year ended 31 March 2025, Southern Sun achieved the following consolidated B-BBEE results:

B-BBEE element	Target – tourism sector scorecard	2025	2024	2023
Ownership	27	27.0	27.0	27.0
Management and control	19	13.6	12.9	12.8
Skills development	20	18.1	19.0	17.1
Enterprise and supplier development	40	34.6	35.0	35.8
Socio-economic development	5	8.0	8.0	8.0
Overall score	111	101.3	101.9	100.7
Rating level	Level 1	Level 1	Level 1	Level 1

The group's contributor status remained at level 1, with a 135% procurement recognition level. We achieved 101.3 out of 111 available points on the tourism sector scorecard. Our black ownership is 63%, and black women ownership is 35%.

Industry bodies

Southern Sun actively participates in key business and industry bodies such as the Tourism Business Council of South Africa (TBCSA), the South African Tourism Board (SATB) and the Federated

Hospitality Association of Southern Africa (Fedhasa). Our engagement extends to collaborative efforts with both national and regional tourism associations. The group contributes through the time, expertise, and strategic input of our management, helping to shape industry dialogue, influence tourism policy, and support the growth and resilience of South Africa's tourism and hospitality sector.

Tenants

Delivering quality hospitality, dining and conferencing experiences remains central to our value proposition and customer satisfaction strategy. Southern Sun continuously enhances its offerings to remain relevant and meet the evolving expectations of a diverse customer base. A key aspect of this strategy is tenancing, which ensures our properties provide access to premium office, retail, restaurant, and entertainment-related experiences. As at 31 March 2025, the group had 109 tenants across its portfolio, with tenant selection focused on curating offerings that complement our hospitality services and elevate the overall guest experience.

Suppliers

Southern Sun is committed to building long-term, mutually beneficial relationships with suppliers of goods and services, contributing to job creation and economic development across the value chain. These supplier partnerships support the group's sustainability and transformation goals by generating indirect employment and economic opportunity.

A growing portion of our procurement is centrally managed, allowing for improved consistency in product standards and pricing, while developing closer and more strategic supplier relationships. Wherever practically and commercially feasible, we prioritise procurement from local vendors, particularly those that are black-empowered.

The group's verified total procurement spend on black economic empowered businesses amounted to approximately R2.2 billion (2024: R2.0 billion). Our B-BBEE score for preferential procurement, measured under the enterprise and supplier development element, improved to 19.6 out of 25, reflecting enhanced procurement from black-owned, black women-owned and qualifying small enterprise suppliers.

In addition to transformation objectives, environmental performance is a growing consideration in supplier selection. The group continues to integrate sustainability criteria, such as greenhouse gas emissions and waste management practices, into procurement policies and onboarding processes.

Third-party owners

The group leases hotel properties from and manages hotel businesses for third-party owners in areas where we seek brand presence, but do not own the property or the business.

Environment

While the group's overall environmental impact remains low relative to other industries, Southern Sun is committed to reducing the impact of its operations and addressing climate-related risks. Our hotels require energy and water to function and generate waste, and as a responsible corporate citizen, we take proactive steps to manage these responsibly.

Environmental management is embedded into our core business strategy, overseen by our environmental steering committee, and guided by the group's environmental policy, which is revised annually and is disclosed on southernsun.com. Our efforts are supported by internal monitoring systems, and our environmental performance is overseen by the social and ethics committee.

In 2025, we continued to report our climate change and water security performance to the Carbon Disclosure Project (CDP) as an associate of HCL, we initiated disclosure to the CDP in our own capacity, in line with our evolving sustainability goals and to enhance the visibility and accountability of our environmental disclosures.

Southern Sun received its first CDP climate change score during the reporting period, obtaining a "B – Management" level rating. This places the group above the global sector average of "C – Awareness", and reflects our coordinated action on climate-related issues.

Environmental impact overview

For the purpose of internal measurement, we currently track performance using intensity-based targets (e.g. tonnes CO₂e/room night sold and water usage per guest) to set meaningful reduction goals. Further refinement of F&B-related metrics is underway. To support improved scope 3 emissions reporting, the group has commenced value chain mapping to collect greenhouse gas emissions data from suppliers, forming part of our roadmap to enhanced climate disclosure and future compliance.

Total emissions and water consumption decreased by 1% year on year, despite a 4% increase in rooms sold driven by normalised demand for hotel accommodation from both local and international travellers. The reduction in carbon emissions was primarily due to a 75% decrease in diesel usage for generators, following significantly reduced loadshedding. Water savings were supported by continuous efficiency measures and above-average rainfall. Waste volumes increased to 3 502 tonnes, with improvements in diversion rates due to expanded organic waste treatment initiatives across the group's hotels and resorts.

Scope and boundaries of emissions measurement

Southern Sun reports scope 1 and scope 2 emissions for all operations at properties owned or leased by the group in South Africa and offshore, excluding tenant emissions. The group calculates its carbon footprint in accordance with the Greenhouse Gas (GHG) Protocol's Corporate Accounting and Reporting Standard and applies emission factors sourced from the Intergovernmental Panel on Climate Change (IPCC) 2006 Guidelines. For South African operations, select local conversion factors issued by the Department of Forestry, Fisheries and the Environment (DFFE) are also used.

OUR SUSTAINABILITY STRATEGY IN ACTION *continued*

SOCIAL AND ETHICS COMMITTEE REPORT *continued*

Tenant emissions, as well as emissions from managed properties, outsourced laundry services, and business travel, are included in scope 3. Fugitive emissions, mainly from refrigerants, are not considered significant, and no other emissions sources are regarded as material.

Electricity remains the dominant source of emissions, accounting for 96% of total scope 1 and 2 emissions. Accordingly, the group continues to prioritise demand-side electricity management to reduce its emissions footprint. Similarly, 95% of scope 3 tenant emissions also stem from electricity consumption. Diesel is primarily used for back-up electricity generation, while LPG and natural gas are used mainly for cooking, and to a lesser extent, for space and water heating.

Emissions measurement

Total emissions (tCO ₂ e)	2025	2024	% change 2025 vs 2024	2023
Scope 1	3 622	7 920	(54)	6 580
Petrol and diesel (owned company vehicles)	85	120	(29)	165
Diesel consumed (owned businesses)	1 361	5 460	(75)	4 160
Liquefied petroleum gas (LPG) and natural gas usage (owned businesses)	2 176	2 340	(7)	2 255
Scope 2	89 241	86 578	3	84 922
Energy consumed (owned businesses)	89 241	86 578	3	84 922
Scope 3	49 868	49 542	1	53 179
Energy consumed (tenants)	27 676	28 099	(2)	26 955
Energy consumed (managed properties)	10 875	11 209	(3)	17 184
Laundry services (outsourced)	10 983	9 939	11	8 786
Business travel	334	295	13	254
Total emissions (tCO₂e)	142 731	144 040	(1)	144 681

Electricity

Scope 2 emissions at owned properties increased by 3% on the prior year, reaching 89 241 tCO₂e, primarily due to increased business activity throughout the year and reduced loadshedding. Savings from ongoing energy-reduction initiatives, the ability to deactivate major plants at hotels, continuous energy management programmes, consumption measurement and behavioural change are undertaken as a standard to further conserve and reduce electricity intensity consumption. The installation and use of energy-efficient equipment is affected wherever possible.

Liquefied petroleum gas (LPG) and natural gas: Scope 1 emissions from the consumption of LPG and natural gas decreased by 7% to 2 176 tCO₂e, primarily due to reduced operational activity and a shift from LPG to natural gas at selected properties.

Petrol and diesel – vehicles: Scope 1 emissions from the consumption of petrol and diesel in company-owned vehicles decreased by 29% to 85 tCO₂e, primarily due to reduced trading activity in the group's Offshore division.

Diesel – stationary: Scope 1 emissions from the consumption of diesel decreased by 75% to 1 361 tCO₂e, mainly due to the significant reduction in loadshedding and reduced use of generators during the year. Diesel expenditure for the owned portfolio amounted to R12 million for 2025, down from R48 million in the 2024 financial year.

Scope 3 emissions: Scope 3 emissions from tenants at group properties decreased by 2%, primarily due to an increased focus on savings initiatives despite the rise in business activity. Emissions from properties managed by the group decreased by 3%. Scope 3 emissions from outsourced laundry services, which are utilised at most hotels, were 11% higher than the prior year, mainly due to increased trading. The increase in business travel-related emissions is also linked to higher trading volumes but is not considered material to the group's overall emissions profile.

Water

Although supply interruptions due to poor municipal infrastructure continue to increase and medium-term water shortages remain probable, the group does not face any material company-specific water risks. Most of the group's properties are in urban areas and use potable water provided by local municipalities, however, alternative water sources have been sought and many hotels now use borehole water to supplement potable water while others utilise surface water or river water for irrigation.

Water consumption at owned properties decreased by 1% to 1 438 081 kilolitres mainly due to the ongoing conservation and reduction measures in place together with a higher-than-expected summer rainfall which reduced the requirement for irrigation. These interventions countered the increased demand caused by the increase in rooms sold over the year.

The group achieved an 8.5% decrease in intensity consumption against our internal 2025 target to achieve a 1.3% reduction in

intensity consumption compared to 2024. Further to this, we have also set the 2026 intensity target, and aim to achieve a 3% reduction in intensity consumption compared to 2025. Additional boreholes installed during the year have brought the total number to 20 in use at the hotels. Together with the use of groundwater in place at four of our resorts, these serve as an alternative water source, reducing the water security risk to the business.

The group's hotels continue to optimise bottled water for our guests by using Topia Water, which reduces pre-packaged and single-use plastic bottled water. Topia Water's innovative, sustainable hydration systems comprising onsite bottling processes and reusable glass bottles, have been installed at our hotels and enables us to deliver premium water to our guests. This enables the group to:

- eliminate waste associated with plastic and pre-bottled water;
- Reduce electricity consumption by reducing refrigeration needs; and
- decrease Scope 3 emissions by reducing the procurement of packaged water bottles.



We currently eliminate the use of more than 3.8 million pre-packaged water bottles annually. The project has been initiated at seven flagship hotels and we intend to implement further roll-outs at our luxury and full service hotels.

OUR SUSTAINABILITY STRATEGY IN ACTION *continued*

SOCIAL AND ETHICS COMMITTEE REPORT *continued*

Waste management

The group's hybrid waste management strategy addresses both general and organic waste through integrated methods. Efforts to divert waste from landfill are in process at most properties through a combination of staff training and partnerships with waste management contractors that are committed to responsible practices.

The group's hotels have been registered in terms of Government Notice 41175 of 11 October 2017, which requires registration for operations involving the sorting, shredding, grinding, crushing, screening or baling of general waste, in accordance with Department of Agriculture regulations. Additionally, we continue to align with the Western Cape's waste legislation and remain committed to reducing general waste, particularly single-use plastics and paper.

In compliance with national legislation requiring 100% diversion of organic waste from landfill by 2027, Southern Sun has implemented various organic waste treatment systems across our portfolio, including **Bokashi composting at 19 hotels** and the **"soldier fly"** method, at several others. Plans are in place to expand the systems into additional hotels, particularly those that currently have limited food processing capacity. The group therefore expects to further improve its food diversion rate in the year ahead.

Bokashi

Bokashi is a product originally developed in Japan that is made with wheat-bran brewed with effective microorganisms. The microbes in the Bokashi ferment the food waste and eliminate pathogens that are often associated with decomposing cooked food, meat products and dairy. Food waste treated with Bokashi is safely composted and diverted from landfill.

Soldier fly

An organic waste treatment method where the larvae of the black soldier fly turns organic waste into a rich fertiliser.

Southern Sun's implementation of these organic waste treatment systems resulted in the diversion of 1 469 tonnes of organic waste from landfill during the 2025 financial year. This represents diversion rates of 71% of organic waste and 42% of total waste, which are 4 percentage points and 8 percentage point improvements, respectively on the prior year. These methods have not only reduced the group's carbon footprint but also reflect our ongoing commitment to sustainability and innovation in environmental management.

For the 2025 financial year, Southern Sun's total waste stream amounted to 3 502 tonnes, comprised of 732 tonnes of recyclables; 2 tonnes of hazardous waste; 2 069 tonnes of organic waste; and 699 tonnes of general, non-recyclable waste. The proportion of total waste to landfill was 58%.

Wherever possible, the group's hotels use recyclable and bio-degradable products – including straws, water bottles, guest amenities, copy paper and printed collateral. We also ensure that suppliers understand our sustainability objectives, as stated in our procurement policies. The group maintains a continued focus on sustainable waste management, encouraging employee-driven innovation and ensuring that tenants participate in our waste management strategy and implementation plan.

Looking ahead

Community development

We remain committed to supporting local communities, particularly in the areas of education, health and welfare, primarily through in-kind contributions. We will continue to monitor and evaluate the impact of our contributions by tracking donations, assessing the benefits to recipients, and identifying opportunities to improve outcomes. This ensures that our social investment is both sustainable and meaningful, reinforcing our role as a responsible corporate citizen.

Enterprise and supplier development

The SSE programme is well positioned to continue actively addressing the need for small business support in a meaningful and impactful manner. The programme will continue to serve beneficiaries in innovative and accessible ways, leveraging partnerships such as the HCI Enterprise Club and Proudly South African, online platforms and technology to enhance reach and deliver mentorship, training, business development support, advertising, networking opportunities, and early payment benefits.

Transformation

The group will continue prioritising transformation and endeavour to maintain its performance in the year ahead. This will be achieved through continuously focusing on all areas of the empowerment framework, with emphasis on maintaining workforce diversity and continuing to develop the skills of existing employees and of potential new employees from our communities, as well as supporting emerging enterprises and maintaining supplier diversity in our procurement mix.

Environment

We will continue to submit our annual climate change and water data to the CDP in our own capacity and as a member of the HCI group.

We have conducted a gap analysis of our first CDP results to inform the development of a Climate Transition Plan, aligned with emerging standards such as IFRS S2. This plan will cover energy, emissions, water and waste management.

The group has commenced the implementation of a 10-year power purchase agreement (PPA) with Discovery Green, a Discovery Limited business. The PPA will see more than 90% of Southern Sun's consumption across seven flagship sites powered by clean, renewable energy wheeled from some of South Africa's largest wind and solar farms through the national grid.

Under the PPA, Discovery Green will supply renewable energy to Southern Sun's Arabella Hotel, Golf and Spa, Drakensberg Sun, Garden Court Morningside, Southern Sun Katherine Street, Southern Sun Sandton, Champagne Sports Resort, and Sabi River Sun Resort.

Southern Sun will receive energy from Discovery Green's renewable portfolio, including phase two of the Overberg Wind Farm with Red Rocket currently under construction.

Partnering with Discovery Green is an important step in our sustainability programme. Securing cost-effective renewable energy for our flagship properties will not only reduce our carbon footprint but also assure guests that their stay supports South Africa's

transition to a cleaner energy future. This arrangement reinforces the group's long-term commitment to responsible growth while ensuring energy stability for our operations.

The group will remain focused on the implementation of its environmental policy and its Sustainable Environmental Management Programme (SEMP), as developed by Environmental Resource Optimizers (ERO), to embed sustainability into daily operations. The programme promotes energy and water efficiency across facilities and processes, assisting with the reduction of carbon emissions, the lowering of operating costs, and the improvement of environmental performance, excluding the impact of corporate activity, such as the acquisition or disposal of hotel properties.

Further, the group will continue efforts to reduce waste to landfill, exploring new strategic partnerships and reinforcing existing ones. A key component of this strategy includes understanding waste stream composition to identify opportunities for elimination or reduction, particularly through the application of the group's "green" procurement policy.



Arabella Hotel, Golf and Spa

SOUTHERN SUN CITIZENSHIP

Caring across communities

Southern Sun supports our local communities in education, health and welfare through in-kind contributions. During the year, the group supported 282 charitable organisations and community-based initiatives.



Southern Sun environment

Environmental responsibility is fundamental to Southern Sun's philosophy of citizenship. We implement strict measures to manage our environmental impact and conserve natural resources.



Southern Sun Entrepreneurs

The Southern Sun Entrepreneurs' programme provides practical benefits and tools to business owners to help small enterprises become sustainable, and develop the potential to integrate with our supplier pipeline.



Southern Sun Volunteers

Through the Southern Sun Volunteers' programme, employees participate in diverse community projects that range from assisting at welfare shelters to participating in beach and neighbourhood clean-ups.





Product relevance to customer experience



SunSquare Cape Town City Bowl

To consistently deliver the diverse and high-quality experiences our customers expect at competitive price points, we must continuously invest in and monitor the following key areas:

- **Physical infrastructure:** This includes hotel operating equipment, both major and minor refurbishments and enhancements to ambience and atmosphere – all aimed at elevating the guest experience.
- **Technology:** Investment in guest-facing and back-of-house systems is essential for seamless operations, covering in-house facilities, reservations, channel management, and customer relationship platforms.
- **Customer accessibility:** Ensuring ease of access to our offerings through adequate physical infrastructure (eg, parking, mobility-friendly facilities), intuitive reservation systems, and readily available product information for both trade and individual customers.
- **Brand development:** Strategic branding initiatives are vital to shaping customer perceptions and reinforcing our market position.

Key performance indicators	2025	2024	2023
Rewards programme membership contribution to revenue (%)	29	28	30
Guest satisfaction (%)	83	87	82
Compliant brand audits	✓	✓	✓
Compliant hygiene audits	✓	✓	✓
Maintenance capital spend (Rm)	450	298	104

2025 performance

Product relevance

Delivering the experiences our customers truly value means more than just meeting expectations – it is about exceeding them in ways that are accessible, relevant and priced right. Our physical products and services must consistently deliver high standards and memorable moments that inspire loyalty and repeat visits. Today's customer looks for more than just a place to stay – they seek seamless technology, well-located hotels, vibrant restaurants, and a brand they can trust. By aligning our offerings with these evolving needs, we position ourselves not just as a provider, but as a preferred destination.

The group remains agile in responding to evolving consumer trends, continuously refreshing our hotel offerings to reflect modern tastes and integrating innovative technologies to enhance the guest experience. To ensure our properties remain attractive and relevant, we invest in ongoing maintenance and refurbishment, guided by a disciplined five-year rolling capex planning system. This approach helps us

proactively identify hotels in need of upgrades, as well as essential plant and infrastructure replacements.

We are confident that our properties deliver a superior experience compared to competitors and alternative leisure options. To maintain our market leadership and continue attracting both new and returning guests, we are committed to a consistent investment programme focused on updating our facilities and décor. Importantly, no material deviations from brand standards were recorded during the year, underscoring our commitment to quality and consistency.

Product development

Developing hotel real estate, both greenfield developments and renovations, is a critical component of the business and our plans for growth. In the five years prior to the Covid-19 pandemic, approximately R1.4 billion was invested in the refurbishment and maintenance of the group's existing hotels, excluding the acquisition of new properties. As part of the Covid-19 action plan, the group suspended all capex with

OUR SUSTAINABILITY STRATEGY IN ACTION *continued*

SOCIAL AND ETHICS COMMITTEE REPORT *continued*

only emergency capex and repairs and maintenance considered to preserve cash. With the recovery in the hotel business post-Covid-19, the current refurbishment and maintenance plans have normalised. Major refurbishment projects have been completed at Southern Sun Cullinan, Southern Sun Rosebank, Southern Sun Sandton, Radisson Blu Gautrain and Paradise Sun. The group considers the refurbishment of these flagship properties to be important in positioning these hotels as premium products to generate organic growth over time. Refurbishment plans scheduled for the 2026 financial year are progressing for several other hotels with various mock-up rooms in progress.

The ability to develop and maintain high-quality hotel assets is a core competency of our business. Success in this area depends on strategic site selection, thoughtful hotel development, ongoing refurbishment, and rigorous property maintenance. To ensure excellence, we employ key personnel with deep expertise in these disciplines – professionals who not only deliver results but also safeguard and mentor institutional knowledge. Their capabilities are further strengthened by a trusted network of experienced consultants and specialists in major centres, many of whom have partnered with the group for several years, providing continuity and local insight.

IT

IT strategy, governance and decision-making form part of a coordinated and integrated process across relevant business functions. IT decisions are taken in collaboration with the business operations based on the demands of the industry in which we operate. In most areas, we continue using industry-specific third-party packaged solutions. We also develop numerous in-house applications and integrations to differentiate our service offerings. We believe specialist suppliers are generally better equipped to conduct research and development and keep pace with industry changes and the rapid evolution of technology. However, we actively direct application development by participating in the process with our suppliers. This approach optimises our technology investment and allows us to concentrate on delivering IT services to our business functions. What has become key in the past 12 months is the advent of working with our counterparts in the travel industry to bring about efficient and seamless integrations between ourselves and deliver the best result for the end customer. Further to industry specific technologies, we continue to embrace cloud-based technologies that provide efficiencies in many areas including seamless upgrades and implementations as well as reducing carbon footprints at our own locations.

Southern Sun's systems remain current and fully supported, with no legacy system issues, owing to responsible and sustained IT investment. Central to our digital transformation is the successful

migration to SAP S/4HANA in February 2025, replacing the legacy SAP ECC6 system ahead of its 2027 end-of-life. The deployment, which included embedded governance, risk and compliance (GRC) functionality, was successfully completed with verified financial integrity.

The core property management and customer information systems for our hotel front office and reservations environment remain stable and productive. The solution has been upgraded to enhance POPIA/GDPR functionality and to resolve some smaller operational issues.

A key development over the past 18 months has been our collaboration with partners in the travel and tourism industry to deliver seamless, customer-centric integrations that enhance guest experience and operational agility.

A cloud-based PABX (telephone solution) which was recently introduced throughout the group supports the group's efforts to minimise its environmental impact by replacing its old PABXs' electricity consumption and footprint. This implementation will continue over the next few years and support our cloud optimisation strategy.

Cyber-security efforts have been improved with firewalls that include both internal and external protection layers. A tier one third-party solution provider manages the cyber-security operations centre (CSOC). Its focus includes management, detection, and response (MDR) services.

We have increased our cyber-security landscape to include best of breed technology to further support end point detection, patch management, asset management and managed vulnerability management. We have concluded the incorporation of additional identity threat protection to enhance our cyber maturity.

Southern Sun has established a robust Information Security Management Framework, governed by an IT Governance Charter. Governance is driven by the IT governance committee, information security committee, change control board, and a dedicated IT project management office, which oversees time, budget, and scope compliance for all IT projects.

The group partners with Performanta to manage its CISO and Cyber Security Operations Centre and continues to strengthen its detection, prevention, and response capabilities.

A cyber awareness programme rolled out via Mimecast continues to reach over 95% of employees, with weekly training to instil resilience. Penetration testing and cyber maturity assessments are conducted annually, with findings addressed proactively.

Southern Sun remains committed to maintaining strong governance, secure systems, and sustainable digital transformation to support its long-term growth and resilience.

All efforts have shown a significant increase in cyber-security ratings.

IT services include sourcing and maintaining appropriate business operating systems such as reservations, property management, financial systems, sales and catering, and the human resource management system (including payroll). All IT solutions reside on Microsoft-based operating systems and databases such as SQL, Microsoft SQL Server, Oracle, and Microsoft Azure. These services also include procurement and support of hardware including physical and cloud-based solutions, business computer and mobile requirements, networking of hotel solutions and WiFi infrastructure.

IT security services have also continued to improve and implement systems that focus on the protection of the personal information of our guests, employees, suppliers and associates, and the protection of the business from cyber crimes and external infiltrations and/or threats.

Southern Sun brand portfolio management

Southern Sun continues to strengthen its position as a leading hospitality group in Southern Africa through a consistent and differentiated brand strategy. Our core value propositions – delivering memorable guest experiences, offering high-quality products, and providing trusted service with distinctive flair – remain central to our operations and resonate across our portfolio.

The brand architecture has remained stable, with our luxury, full-service, and economy segments continuing to meet diverse guest needs while supporting operational clarity and decision-making. This consistency reinforces brand recognition and loyalty across markets.

Our ongoing investment in the iconic sunburst emblem continues to yield positive returns, serving as a unifying symbol for our family of brands and reflecting our rich heritage. This strategic brand cohesion enhances market visibility and supports long-term value creation.

Customer satisfaction

Our customers' satisfaction is of utmost importance, and we pay careful attention to customers' feedback, both when they are at our hotels and when they interact with us before and after their stay.

We actively monitor website traffic, social media interactions, and online reviews to assess brand visibility and engage directly with customers. In 2025, the overall guest satisfaction score from third-party review platforms was 83%, compared to 87% in 2024. The decline is primarily attributed to increased occupancy levels and a significant rise in review volume – nearly 17 000 more reviews were recorded during the year. We will continue to closely monitor guest satisfaction scores to ensure that the recent decline does not reflect a deterioration in service delivery or a deviation from our brand promise.

The popularity of our brands and products, and the overall level of guest satisfaction demonstrated through this percentage, correlate with the high levels of engagement across various online and social media platforms we use to interact with guests and prospective customers:

Website: average visits per month	2025	2024	2023
southernsun.com	238 326	268 616	349 394
Social media platforms: engagement	2025	2024	2023
Facebook (likes)	916 056	859 274	854 399
X (formerly Twitter) (followers)	52 846	51 339	51 235
Instagram (followers)	111 358	98 738	91 402
LinkedIn (followers)	52 645	46 936	41 530
Tiktok (followers)	1 029	–	–
Total	1 133 934	1 056 287	1 038 566

OUR SUSTAINABILITY STRATEGY IN ACTION *continued*

SOCIAL AND ETHICS COMMITTEE REPORT *continued*

Website traffic to **southernsun.com** averaged 238 326 monthly visits during the year. This is a slight decrease from the prior year, the figures of which were inflated by residual traffic from the former tsogosun.com domain following our rebranding. As this legacy data is now excluded from our tracking, we expect website visit metrics to normalise in the upcoming year.

In social media, our total following grew by 7% to 1 133 934. This increase was driven by the launch of a new TikTok account, combined with follower growth across our other platforms.

The group also joined Tiktok, which contributed to the 7% increase in the group's social media engagement to 1 133 934.

Customer relationship management

frequentGuest, the group's rewards programme is synonymous with value. The programme continues to build long-term loyalty, deepen guest relationships, drive direct bookings across the Southern Sun portfolio and reward customers in SunRands currency for their

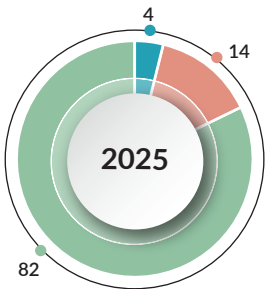
support. SunRands can be redeemed when booking accommodation and spa treatments or when dining at our hotels.

The Southern Sun's frequentGuest programme provides the group with customer intelligence, which enables us to enhance our offerings and respond appropriately to the needs and expectations of our guests. frequentGuest provides actionable insights into guest behaviour and preferences, supporting data-driven decision-making across marketing, product development, and customer engagement initiatives.

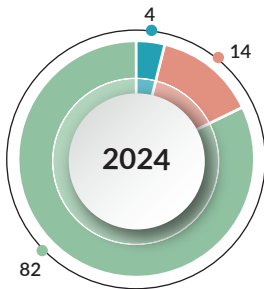
Southern Sun frequentGuest segmental analysis

At the end of the year, there were 134 879 active frequentGuest members (2024: 119 976), which equates to a 29% revenue contribution (2024: 28%). The increase in contribution is due to the increase in frequentGuest members, who signed up as part of the group's SunBreaks promotions, when they booked any SunBreaks offer, including the SunBreaks Summer Sale.

Active frequentGuest members (%)

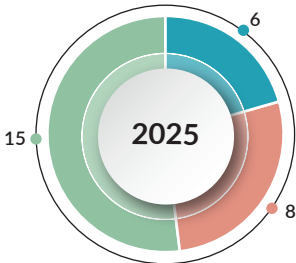


Active frequentGuest members (%)

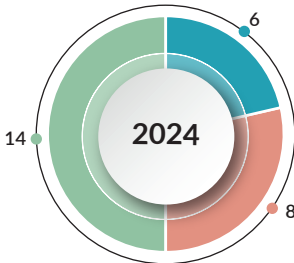


■ Black ■ Platinum ■ Gold

frequentGuest revenue contribution (%)



frequentGuest revenue contribution (%)



■ Black ■ Platinum ■ Gold

Health, safety and wellbeing

Southern Sun places the highest priority on the health, safety and wellbeing of both customers and employees. We uphold strict compliance with life safety protocols and maintain top-tier safety equipment across all our facilities. Adherence to best practices in health, hygiene, fire protection, and life safety is a non-negotiable aspect of our management systems.

Each property undergoes thorough safety inspections as part of the ORMS audit process. Any deviations from standards, as well as incidents or events, are promptly reported and addressed.

All hotels and restaurants – including outsourced operations – are subject to regular, independent audits. These audits assess food safety practices, compliance with group standards, and legal requirements. Key focus areas include temperature control, personal hygiene, good manufacturing practices, product traceability, storage, cleaning protocols, and pest control.

Audits are conducted without prior notice and include random surface swabs, hand swabs, and food samples, which are tested for microbiological quality. No significant issues were identified during the most recent audit cycle.

Looking ahead

Customer relationship management

Southern Sun continuously reviews its benefits and rewards to ensure the frequentGuest programme remains relevant and competitive. Key focus areas include growing the member database, encouraging repeat visits and driving incremental spend.



Data profiling remains a strategic priority to deepen our understanding of customer behaviour and purchasing patterns. We are equally committed to safeguarding customer data, ensuring full compliance with both local and international data protection legislation and standards.

IT

The group continues to manage its current technology solutions to support efficient business operations while actively exploring future opportunities. One of the key initiatives is the stabilisation of SAP S/4HANA, which should enhance productivity and resource utilisation. In parallel, the IT team is being realigned to better support the evolving hotel landscape and broader business objectives.

Following a successful pilot, we have rolled out software defined wide area network (SD-WAN) technology across our properties. This has enhanced network management and reduced operational costs. Cybersecurity remains a top priority, with ongoing efforts to strengthen our security posture and improve organisational awareness through targeted training.

We are also maintaining and upgrading our customer information systems to ensure compliance with data protection regulations such as GDPR and POPIA. This includes regular updates to remain on the latest supported software versions. Our cloud migration strategy continues, with initiatives like moving our electronic key locking systems to the cloud – improving cost efficiency, security, and reducing physical infrastructure within hotel buildings.

Telephony systems are also being modernised through the continued adoption of cloud-based PABX and on-net telephone services, helping to reduce communication costs.

We are enhancing engagement with business partners, travel agents, and other stakeholders to streamline reservations, payments, and invoicing – making Southern Sun easier to do business with.

Our channel management offerings are under constant review to ensure our properties are easily accessible across booking platforms. We are also improving asset management and the deployment of technology patches to maintain operational integrity.

Internally, we are enhancing our IT call centre solutions to improve user experience and response times. For guests, we are implementing new television head-end systems to elevate the in-room entertainment experience, and upgrading WiFi infrastructure to meet growing demand for high-capacity, reliable connectivity.



Regulatory compliances



Southern Sun Cullinan

Southern Sun maintains a rigorous culture of compliance across all areas of its operations, encompassing hospitality hygiene, liquor licensing, fire, life and safety regulations, anti-corruption measures, insider trading, and competition law. While the financial cost of compliance is significant, we view it not as a burden but as a strategic investment. This commitment strengthens our internal control environment – both financially and operationally – and reinforces trust in our brand and governance practices.

The South African regulatory environment continues to evolve, with the introduction of new legislation, regulatory amendments, binding rulings and governance practices increasing in both frequency and complexity. The group remains committed to full compliance with all applicable legal and regulatory obligations across its operations, both locally and in its offshore jurisdictions.

Executive management actively identifies applicable legislation and oversees the implementation of appropriate compliance frameworks, which are developed and implemented following review and approval by the audit and risk committee. This governance structure ensures that all legislative changes are assessed for relevance and embedded into business operations where required.

The group's regulatory compliance function is supported by the collaborative efforts of the internal secretariat and risk departments together with legal advisors, corporate sponsors and the internal audit team which are outsourced services. These functions work in an integrated manner to ensure that compliance risks are addressed holistically and that all regulatory obligations are met effectively. This coordinated approach strengthens our governance framework and supports consistent, enterprise-wide adherence to legal and ethical standards.

Compliance responsibilities are distributed across the group, with operational compliance processes embedded within hotel-level activities, while corporate-level oversight and group-wide regulatory compliance functions are managed centrally from head office.

Southern Sun continues to monitor changes in legislation such as the Companies Amendment Act, Employment Equity amendments, POPIA, cyber-security directives, and environmental regulations, and will proactively adapt its processes to ensure continued compliance and sustainable operations.

Hotel level

The general manager of each hotel ensures compliance with legislation specific to that property. This includes ensuring that all required licences, such as liquor and business licences, are valid and up to date, and that all privacy, environmental, health and hygiene, and fire, life and safety standards are consistently upheld.

The group's physical and operational risk exposures are identified, assessed and monitored through its proprietary ORMS. This comprehensive risk management programme is externally verified by DQS-UL, and the framework is aligned to internationally recognised standards, including:

- ISO 14000 (Environmental Management);
- OHSAS 18000/ISO 45001 (Occupational Health and Safety);
- ISO 22000 (Food Safety and Hygiene);
- ISO 50000 (Energy Management);
- ISO 28000 (Security Management);
- BS 25999 (Business Continuity); and
- SANS 1162 (Responsible Tourism).

Hotels conduct quarterly self-audits to assess compliance across these areas. Any deficiencies or areas of non-compliance are escalated to the group's Risk Manager, who conducts cyclical verification audits based on the hotel's risk profile and size. Oversight is further reinforced by the relevant Regional Operational Director, and all ORMS audit outcomes and remedial actions are reported to the audit and risk committee.

During the reporting period, the group continued to experience an unusually high volume of inspections by the Department of Labour (DOL) across multiple properties. All engagements with the DOL have been concluded, with no material findings.

The group continues to engage constructively with regulatory bodies to resolve any matters arising and to ensure continued compliance.

Corporate

Southern Sun's robust and integrated risk management process includes the ongoing identification, monitoring, and mitigation of regulatory risks across all levels of the organisation.

The group declares annually that it has met all of the JSE's continuing obligations to remain listed and that it has not breached any requirements of the Companies Act of South Africa. In addition, members of the board and executive management provide annual declarations confirming that they have not knowingly caused the group to contravene any applicable laws or regulations.

The internal audit function plays a critical role in assessing the adequacy and effectiveness of the group's compliance-related structures, systems and processes. Where control weaknesses or regulatory exposure are identified, findings and risk assessments are reported to management and the audit and risk committee, together with recommendations for corrective action.

The protection and lawful processing of personal and sensitive information remain high priorities, particularly in light of the POPIA and GDPR. In response to an increasingly sophisticated cyber threat landscape, the group continues to refine and upgrade systems and processes to safeguard personally identifiable information. Information on the group's IT strategy, governance and cyber-security effort are included on page 49 of the report.

To ensure continued compliance and organisational awareness, Southern Sun engages the services of privacy law specialists Michalsons, who provide ongoing employee training, updates on relevant legislation, and insights into emerging case law and best practices.

To strengthen our commitment its data privacy, Southern Sun has established a dedicated privacy channel at privacy@southernsun.com. This centralised platform enables the efficient handling of all enquiries, complaints, and incidents related to data protection. It enhances transparency and accountability in managing data subject rights and ensures timely compliance reporting.

We remain committed to maintaining a culture of integrity, accountability and regulatory responsibility across all facets of our operations.

Key performance indicators	2025	2024	2023
Fines imposed for other regulatory breaches	Nil	Nil	Nil
Fines imposed for breaches of law	Nil	Nil	Nil

2025 performance

We operate in an increasingly complex and regulated trading environment, governed by a growing body of legislation and policies, including recent developments relating to competition and antitrust regulation, consumer protection, data privacy, environmental, health and safety compliance, anti-money laundering, B-BBEE, tax and labour and employment practices.

Many of these legislative frameworks provide for active monitoring and enforcement by regulatory bodies, necessitating a proactive and well-informed compliance culture across the group.

To ensure the business remains up to date and aligned with these regulatory developments, Heads of Functions (HOFs) receive relevant updates and targeted training when legislation applicable to their areas is introduced or amended. The audit and risk committee is formally updated twice annually on material legal and regulatory changes. The board of directors receives regular briefings on key regulatory developments affecting the group and training is provided as and when required.

Southern Sun is committed to complying with all applicable legislation in every jurisdiction in which it operates. This underpins our governance framework and reflects our dedication to ethical and responsible business practices.

The group seeks to build and maintain constructive relationships with regulatory authorities to support mutual transparency, trust and alignment with good governance principles.

For the reporting period ended 31 March 2025, there were no material breaches of legislation, and no significant regulatory fines or penalties were imposed on the group.



Arabella Hotel, Golf and Spa



Skilled human resources



Southern Sun Hyde Park

At Southern Sun, our people are at the heart of delivering exceptional guest experiences – both front-of-house and behind the scenes. Our employees are essential to the success of our business and play a vital role in creating memorable moments for every guest.

Every aspect of the business, from dining at the restaurants to the check-in and check-out at the front desk, requires interaction with our employees. A pool of qualified, trained and talented individuals is required to deliver these experiences, supported by empowered management and relevant support services.

At the corporate level, Southern Sun depends on a team of executives and managers who are capable of identifying and managing both risks and opportunities. These leaders are expected to implement thoughtful, strategic responses – prioritising long-term sustainability over short term, unsustainable fixes. Their ability to think ahead and act decisively is critical to the group's continued success and resilience.

To attract and retain the appropriate talent pool, the group must continuously ensure all aspects of the employee's experience, including but not limited to, remuneration and incentivisation, are optimally structured.

Key performance indicators	2025	2024	2023
Management and control score	13.6	12.9	12.8
Skills spend on black people (%)	5.7	5.8	4.6
Employee resignations (%)	3.2	7.7	8.9

2025 performance

Human capital management

We believe that the group's sustainable growth depends as much on our people as it does on our operational expertise. Our employment policies are designed to empower and develop employees and create an environment where each employee can perform and grow to their full potential. We also strive to attract and retain the highest calibre of employees while redressing historical imbalances where these might exist.

Job creation and employee stability

The group contributes 6 255 direct jobs and 10 863 combined direct and indirect jobs (including 4 608 contractors employed by third-party providers comprising security, cleaning and landscaping services) at our operations in South Africa.

Employee resignations reduced to 3.2% (2024: 7.7%).

Employee development

Southern Sun delivers employee training through its dedicated Training and Development division, which is accredited by Culture, Arts, Tourism, Hospitality, and Sport Sector Education and Training Authority (CATHSSETA). This accreditation enables the group to offer recognised skills development programmes that support career growth and operational excellence across the business.

The scope of the training provided varies from functional skilling of employees to portable skills with Quality Council Trades and Occupations (QCTO) accreditation.

In the reporting year, Southern Sun invested R101 million in skills development, representing 7.5% of the leviable amount (2024: R95 million or 7.8%). Of this, R93 million – equivalent to 7.0% of the leviable amount was allocated specifically to the skills development of black employees (2024: R88 million or 7.1%).

Furthermore, R76 million (5.7% of the leviable amount) was directed towards B-BBEE skills development spend, measured against the National Black Economically Active Population (NBEAP). This reflects an increase from R71.0 million (5.8%) in 2024, underscoring the group's ongoing commitment to transformation and inclusive growth and resulting in the skills development B-BBEE score of 18.1 out of 20. During the year, the group provided 18 formally certificated programmes to employees and provided 676 unemployed students with work-based learning opportunities to enable them to complete their studies and graduate – 47 of them were subsequently employed.

With a focus on youth employment, we continue to support work integrated learning in the industry, enabling learners to complete the practical component of their formal learning programmes. Integrated learning includes technical vocational education and training qualifications, certificates, diplomas and bachelors of technology while providing relevant work experience for future employment.

Employee engagement

Employee engagement at Southern Sun is centred on reinforcing the group's purpose and commitments, while embedding hallmark behavioural standards that define our culture. These standards support our employer brand and ensure that, as a service-driven organisation, our people consistently deliver the intended guest experience.

Southern Sun's purpose is to create exceptional experiences, and this is guided by three core commitments:

- **Be consistent** – In service delivery and behaviour
- **Be present** – With attentiveness and engagement
- **Have respect** – For guests, colleagues, and the broader community.

By aligning employee engagement with these principles, we empower our teams to shape memorable and meaningful interactions at every touchpoint.

Employee wellness

We are committed to supporting the health and wellbeing of our employees through various initiatives, including employee assistance programmes designed to help staff manage personal and professional challenges.

At the end of the financial year, the group's medical scheme had 3 926 principal members, of which 3 696 were hotel employees, along with 230 pensioner members. The scheme maintained regular communication with members and their beneficiaries to ensure they received relevant health information and appropriate coverage tailored to their needs.

Health and safety

The hospitality industry is generally considered a safe working environment compared to many other sectors. At Southern Sun, we uphold this standard through rigorous safety protocols and regular inspections. All our properties undergo comprehensive safety audits as part of the ORMS audits, with any deviations from agreed standards – as well as incidents and events promptly reported and addressed.

Importantly, no employee fatalities occurred due to health and safety incidents at any of our properties during the year under review.

The lost time injury frequency rate (LTIFR) increased to 1.5 in 2025, up from 1.3 in 2024. This metric reflects the number of injuries resulting in an employee being unfit for duty for one shift or more, per 200 000 hours worked. Despite the increase, which results from higher occupancies and more rostered staff, our commitment to safety remains unwavering, with continuous audits and improvements forming a core part of our risk management approach.

Unions

Southern Sun respects the right to freedom of association of employees and we recognise that collective bargaining forms an integral part of labour relations.

Of the 5 747 active employees in the South African operations, 4 764 are eligible to join a union and 552 (11.5%) are currently members of a union. Although there are organisational rights (recognition) agreements in place, there are currently no bargaining arrangements with any union and therefore no wage negotiations took place for the improvement of salaries and other substantive terms and conditions of employment during the year.

The group consists of 6 255 employees. Of these, 508 are employed outside of South Africa.

We believe in fostering transparent and constructive relationships with employees, promoting a culture of open engagement throughout the business. This approach is supported by a consistent and fair methodology in determining annual salary increases – applied even during periods of economic downturn. As a result, the group has experienced a notably low level of industrial action over the past decade, reflecting the strength and stability of our employee relations.

OUR SUSTAINABILITY STRATEGY IN ACTION *continued*

SOCIAL AND ETHICS COMMITTEE REPORT *continued*

Employment equity

The principles of empowerment and diversity are entrenched in Southern Sun's ethos. Our employment equity is set out in the table below:

Employment equity profile

Occupational level	South African male				South African female				Foreign nationals		Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top management	1	–	–	6	2	1	–	6	–	–	16
Senior management	4	2	4	24	9	3	9	17	1	–	73
Mid-management	152	35	40	71	149	46	48	66	10	3	620
Skilled	510	62	28	16	823	130	70	50	5	3	1 697
Semi-skilled	1 267	87	28	8	1 548	61	7	2	17	4	3 029
Unskilled	–	–	–	–	–	–	–	–	–	–	–
Total permanent	1 934	186	100	125	2 531	241	134	141	33	10	5 435
Temporary employees	38	3	2	1	16	2	–	3	–	–	65
Total 2025	1 972	189	102	126	2 547	243	134	144	33	10	5 500
Total 2024	1 993	183	107	130	2 562	249	139	154	37	12	5 566

Note:

Our employment equity profile includes South Africa only. It excludes terminations; offshore expatriates; individual independent contractors; including operational support staff (OSS) and flexi employees.

Permanent employees work full-time or on a flexible roster, according to business levels, and are guaranteed a minimum number of hours of work per month. Operational support staff (OSS) generally work on a flexible roster according to business levels and have no guaranteed working hours. While the OSS are also employed on a permanent basis, their contracts of employment offer greater flexibility in scheduling and hours of work to meet seasonal, project based, or

fluctuating business demands. Flexi employees are employed on a non-permanent or variable basis to meet seasonal, project-based, or fluctuating business demands. They offer flexibility in scheduling, hours, and contracts.

We ensure our workforce reflects the group's focused employment equity philosophy. As of the end of the reporting period, female



uMhlanga Sands Resort

employees represent 56.6% of the total workforce, up from 55.6% in 2024. Black employee representation across the group stands at 95.1%, compared to 94.8% in the previous year. In line with our B-BBEE management and control score, measured against the National Black Economically Active Population demographic published by Stats SA, black representation is 25.1% at top management level (2024: 22.2%), 42.5% at senior management level (2024: 41.3%) and 75.8% at management level (2024: 76.0%). These figures reflect our ongoing dedication to transformation, diversity, and inclusive leadership across all levels of the organisation.

On 15 April 2025, the Department of Employment Labour (DoEL) released the final employment equity sector targets. Southern Sun has made meaningful progress in addressing the under-representation of suitably qualified individuals from designated groups across all occupational levels. However, recent amendments to the Employment Equity Act and the introduction of significantly higher sector-specific numerical targets by the DoEL have posed new challenges.

To enforce compliance, the DoEL now requires all employers doing business with any organ of state or state-owned enterprise to obtain an Employment Equity Compliance Certificate. Failure to obtain this certificate may result in the rejection of tenders or cancellation of existing agreements with the state, and non-compliance could attract penalties of up to 10% of annual turnover.

Looking ahead Employee development

We will continue focusing on training our employees and equipping them with skills to improve performance and develop their careers by nurturing their leadership potential. In addition to face-to-face training, employees across all occupational levels can access training modules via Southern Sun's online platform and receive certificates on completion of courses. Managers' coaching remains a focus to ensure managers facilitate the growth of their employees to assist them in reaching their full performance potential.



Beacon Island Resort

OUR SUSTAINABILITY STRATEGY IN ACTION *continued*

CHIEF FINANCIAL OFFICER'S REVIEW



Laurelle McDonald
Chief Financial Officer

The results presented in this integrated annual report reflect the sustained recovery and resilience of the group's operations, underpinned by disciplined cost control, strategic refurbishments and a strong presence in high-performing regions such as the Western Cape.

Annual review

The 2025 financial year has been an exceptional year for Southern Sun, marking record profitability. Total income increased by 9%, while Ebitdar grew by 14%, and adjusted HEPS grew by 34% to 75.6 cents per share (2024: 56.4 cents). The group declared a second dividend of 25.0 cents per share, doubling the 2024 maiden dividend of 12.5 cents per share.

Free cash flow generation remained strong at R952 million for the year, only R18 million less than in 2024 despite increased capital expenditure of R450 million (2024: R298 million) spent on major refurbishment projects at Southern Sun Cullinan, Southern Sun Rosebank, Southern Sun Sandton, Radisson Blu Gautrain and Paradise Sun and higher income tax payments of R326 million (2024: R225 million) in line with increased profitability. These funds were deployed to fund expansion capex of R45 million, pay dividends of R168 million, and to reduce debt reduce debt by R758 million, resulting in a comfortable leverage ratio of 0.1 times Ebitda.

This strong financial performance was supported by the strict maintenance of cost efficiencies and the group's portfolio mix, notably its significant ownership exposure to the Western Cape, particularly Cape Town which enjoyed high demand from tourism, business travel and events.

Group occupancy increased by 2.2 percentage points to 60.8% (2024: 58.6%), exceeding the pre-Covid-19 benchmark of 60.6% recorded in 2019. The Western Cape and Gauteng were standout regions, bolstered by a recovery in local and international travel and robust conferencing demand. Rooms revenue increased by 10% to R4.5 billion (2024: R4.1 billion) driven by a 5% increase in ARR (pre-frequentGuest adjustment).

Combined South African and offshore hotel trading statistics, excluding hotels managed on behalf of third-party owners and those leased by third parties, are as follows:

For the year ended 31 March	2025	2024
Occupancy (%)	60.8	58.6
Average room rate (R)	1 463	1 388
RevPar (R)	890	813
Rooms available ('000)	5 050	5 035
Rooms sold ('000)	3 071	2 948
Rooms revenue (Rm)	4 493	4 092
frequentGuest loyalty expense (Rm)	(79)	(84)
Rooms revenue per the income statement (Rm)	4 414	4 008

The group's operating costs were tightly controlled increasing overall by 7% for the year ended 31 March 2025. Main contributors to the increase being variable costs in line with increased levels of trading. The suspension of loadshedding resulted in a saving of R36 million on diesel, offset by a R37 million increase in electricity costs largely due to tariff increases. The group continues to explore energy-saving initiatives and alternative energy sources to reduce long-term energy cost exposure.

The group generated Ebitdar of R2.2 billion (2024: R1.9 billion), translating to an Ebitdar margin of 33%, which exceeds the 2024 margin of 31%.



AT A GLANCE

REVENUE UP
9% to R6.6 billion

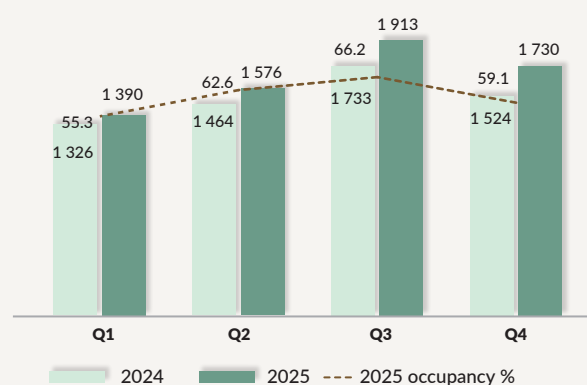
EBITDAR UP
14% to R2.2 billion

ADJUSTED HEPS UP
34% to 75.6 cents

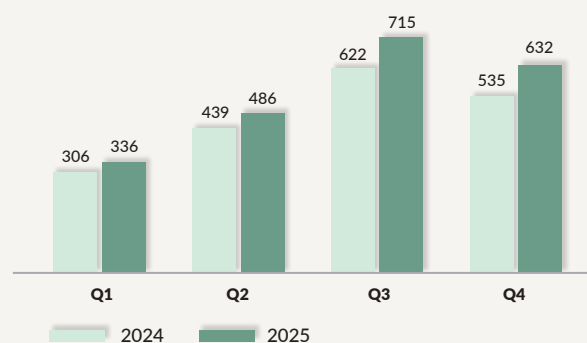
NET DEBT REDUCED
to R266 million

DIVIDEND DOUBLING TO
25 cents per share

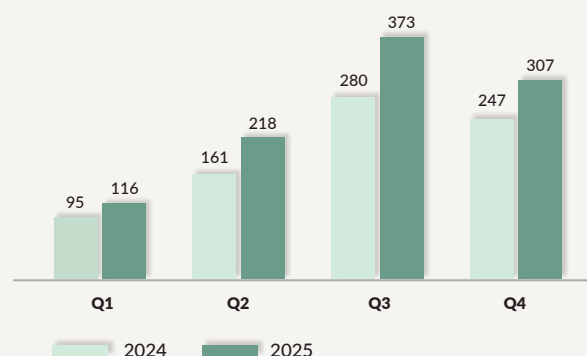
Quarterly performance – Income (Rm)



Quarterly performance – Ebitdar (Rm)



Quarterly performance – Adjusted earnings (Rm)



OUR SUSTAINABILITY STRATEGY IN ACTION *continued*

CHIEF FINANCIAL OFFICER'S REVIEW *continued*

Summarised income statement review

Income statement (Rm)

	2025	2024	Note
Income	6 609	6 047	1
Rooms revenue	4 414	4 008	
Food and beverage revenue	1 593	1 502	
Property rental income	272	229	
Other income	330	308	
Overheads	(4 440)	(4 145)	
Ebitdar	2 169	1 902	2
LTI expense	(27)	(25)	
Property rental expense	(121)	(170)	
Property rental expense	(349)	(340)	
Property rentals – IFRS 16	228	170	3
Amortisation and depreciation	(423)	(369)	
Amortisation and depreciation	(284)	(284)	
Amortisation and depreciation – IFRS 16	(139)	(85)	3
Exceptional items	(36)	56	4
Profit before interest and taxation	1 562	1 394	
Finance costs (net)	(219)	(291)	5
Finance costs (net)	(85)	(156)	
Finance costs – IFRS 16	(134)	(135)	
Share of profits from associates	99	80	6
Income tax	(420)	(327)	7
Non-controlling interests	2	–	
Attributable profit for the year	1 024	856	8

Note 1 INCOME

Total income for the year ended 31 March 2025 was R6.6 billion (2024: R6.0 billion), reflecting an increase of R600 million or 9% on the prior year. This performance was driven by a 10% increase in rooms revenue, which grew to R4.4 billion (2024: R4.0 billion), and a 6% increase in food and beverage revenue to R1.6 billion (2024: R1.5 billion). Occupancy improved from 58.6% to 60.8%, a rise of 2.2 percentage points, while the average room rate (ARR) increased by 5% from R1 388 to R1 470. Property rental income grew by 19% to R272 million (2024: R229 million), and other income increased by 7% to R330 million (2024: R308 million), reflecting the continued recovery in trading activity across the group's operations.

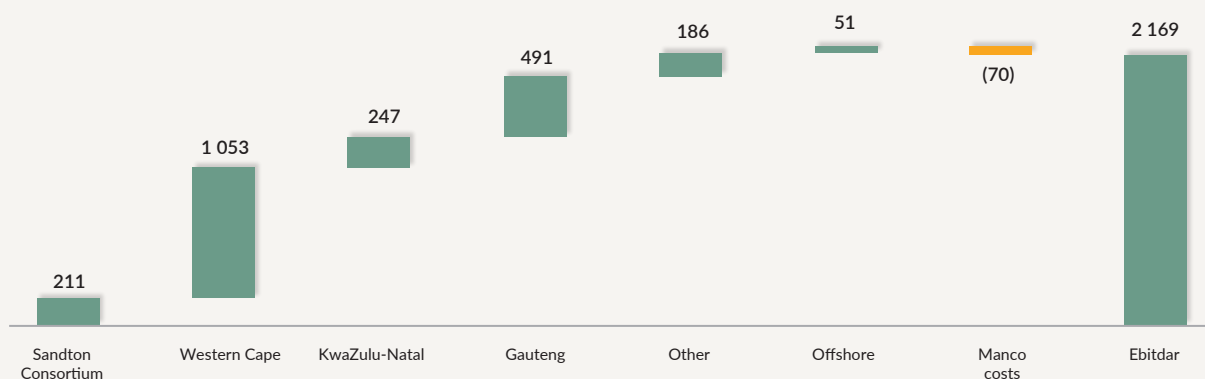
Note 2 EBITDAR

The group's operational gearing is reflected in the 9% increase in total income converting to a 14% increase in Ebitdar to R2.2 billion (2024: R1.9 billion) for the year ended 31 March 2025, equating to an Ebitdar margin of 33% compared to 31% for the prior year.

Note 3 IFRS 16 LEASE ADJUSTMENTS

The increase in the IFRS 16 rental adjustment and depreciation charge relates to a change in accounting policy regarding the treatment of the Sandton Consortium leases. The Sandton Consortium hotels' fixed portion of the rental payment in-substance resets every year when the new budget for the year is approved and results in an annual remeasurement of the right-of-use asset and corresponding lease liability for the forthcoming year. Each remeasurement of the right-of-use asset is depreciated annually over the period to which it relates, offsetting the benefit recognised in the rental line. Refer to note 16 to the annual financial statements on page 131 of the report for further details.

Segmental analysis of Ebitdar for the year ended 31 March 2025 (Rm)



Note 4 EXCEPTIONAL ITEMS

Exceptional losses for the period of R36 million (2024 gains: R56 million) relate mainly to the net impairment of property, plant and equipment of R129 million (2024: Rnil), net of fair value gains on investment properties of R105 million (2024: R59 million); profits on disposal of property, plant and equipment of R1 million (2024 loss: R3 million) and the pre-opening cost of Southern Sun Dar es Salaam of R13 million (2024: Nil).

Impairments recognised against property, plant and equipment include the write-down of refurbishment capex spent on Southern Sun Rosebank which the group believes is important to reposition the hotel in a market that has seen new entrants post Covid-19, as well as an impairment of The Edward hotel in Durban. These impairments illustrate difficult trading conditions in the Rosebank and Durban nodes, while the fair value gains on investment properties are indicative of the strong trading conditions experienced in the Radisson Collection and Birchwood properties.

Note 5 FINANCE COSTS

Net finance costs for the year ended 31 March 2025 amounted to R219 million (2024: R291 million) including interest on capitalised leases of R134 million (2024: R135 million) and reflect a reduction driven by the continued decrease in the group's net interest-bearing debt.

Note 6 SHARE OF PROFITS FROM ASSOCIATES

The share of profit from associates of R99 million (2024: R80 million) includes the group's share of exceptional gains recognised by the associates of R29 million (2024: R28 million), which includes the fair value gain on investment properties of R32 million (2024: R32 million) together with profits on disposal of investment properties owned by International Hotels Limited (IHL) of R5 million (2024: Rnil), net of restructuring costs of R2 million (2024: Rnil) and fair value losses on interest rate hedges of R6 million (2024: R4 million). In addition, the group has reversed impairments of R32 million (2024: Rnil) recognised against the carrying value of investments in associates during Covid-19. Excluding these exceptional items, the underlying performance of the group's investments in the UK has declined from R52 million to R38 million for the year ended 31 March 2025. This contraction is attributable to the reduced size of the IHL portfolio following property disposals over the past year offset by strong performance from the managed RBH Hospitality Management portfolio over the year. The group received dividends of R32 million (2024: R101 million) during the period under review, R21 million of which relates to the group's share of the proceeds on disposal of the Holiday Inn Express Dunstable owned by IHL.

Note 7 INCOME TAX

The income tax expense for the year ended 31 March 2025 was R420 million (2024: R327 million), which is aligned with the increase in operating profits. While certain of the group's operating subsidiaries remain in assessed loss positions, these losses are being progressively utilised as trading activity continues to improve.

Deferred income tax assets amounting to R70 million (2024: R94 million) have been recognised to the extent that the recovery of these tax benefits through future taxable profits is considered probable.

OUR SUSTAINABILITY STRATEGY IN ACTION *continued*

CHIEF FINANCIAL OFFICER'S REVIEW *continued*

Note 8

ATTRIBUTABLE PROFIT

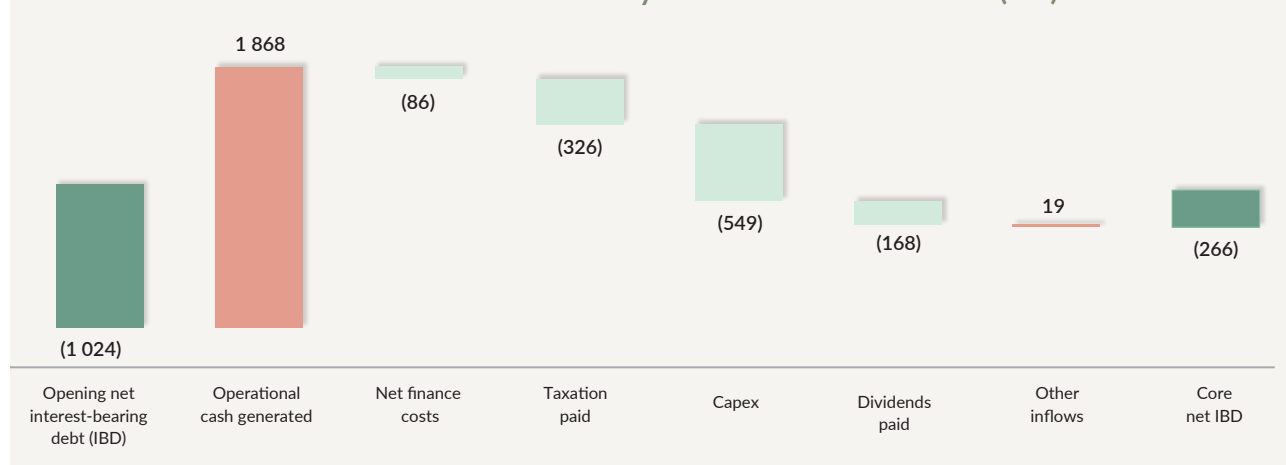
	2025 Net of tax Rm	2024 Net of tax Rm	% Change
Attributable profit	1 024	856	20
(Profit)/loss on disposal of PP&E	(1)	2	
Fair value adjustment of investment properties	(83)	(47)	
Net impairment of property, plant and equipment	129	-	
Impairment reversal relating to associates	(32)	-	
Share of associates' exceptional items	(29)	(28)	
Pre-opening costs	13	-	
Derecognition of derivative financial instruments	(7)	-	
Adjusted headline profit	1 014	783	30
Weighted number of shares in issue (million)	1 340	1 387	3
Adjusted headline profit per share (cents)	75.6	56.4	34

Liquidity, funding capacity and covenants

Interest-bearing debt net of cash at 31 March 2025 totalled R266 million, which is R758 million less than the 31 March 2024 balance of R1.0 billion with cash flows summarised in the chart below. The group was well within covenant requirements for the year ended 31 March 2025, achieving a leverage ratio of 0.1 times and an interest cover ratio of 12.5 times.

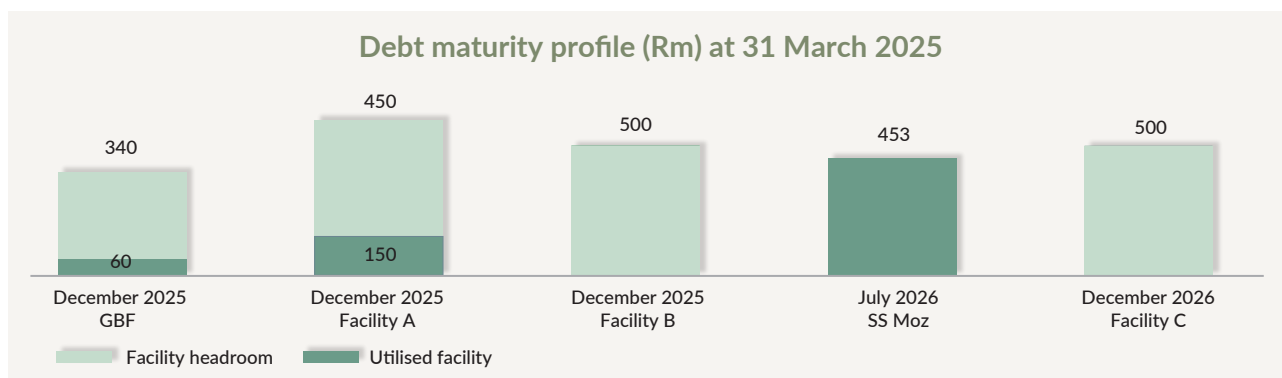
With cash and cash equivalents totalling R396 million (2024: R639 million) and access to R1.8 billion (2024: R1.3 billion) in undrawn facilities at 31 March 2025, the group has sufficient funding capacity to meet its obligations over the next 12 months.

Summarised cash flow for the year ended 31 March 2025 (Rm)



IBD net of cash at 31 March 2025 (Rm)

	2025	2024
External debt – offshore (US Dollar-based)	453	496
External debt (Rand-based)	210	1 170
Pre-paid borrowing costs	(1)	(3)
Gross IBD	662	1 663
Cash on hand – South Africa hotels	(209)	(372)
Cash on hand – Offshore hotels	(187)	(267)
Net IBD	266	1 024
Analysed as: South Africa hotels	-	796
Offshore hotels	266	228



The group is currently progressing through a two-phase debt refinancing process designed to strengthen its financial position and optimise funding costs.

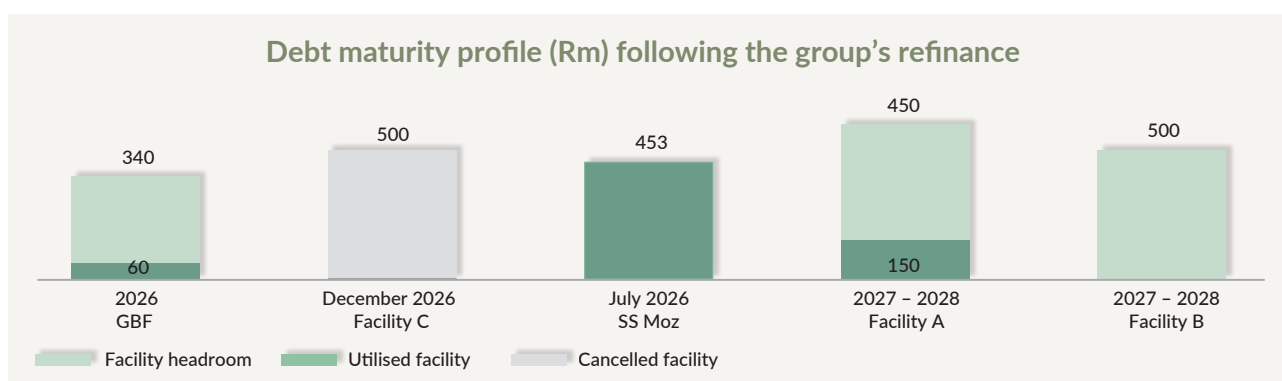
The first phase, completed on 31 March 2025, involved the successful conversion and settlement of Term Facility C, which was originally set to mature in December 2026. This transaction provided the group with R500 million in unutilised long-term facilities, ensuring compliance with year-end solvency, liquidity, and going-concern requirements.

The second phase, currently underway, focuses on the extension of Facilities A and B, both structured as Revolving Credit Facilities (RCFs). These facilities are expected to be extended for two years, with an option to extend for an additional 12 months. Once this phase is completed, the group intends to cancel the R500 million

facility introduced in phase 1, in line with its strategy to streamline available funding.

Given the absence of significant capital expansion projects in the short term, the refinancing aims to reduce the overall level of unutilised facilities, thereby minimising commitment fees while capitalising on declining interest rates and improved credit margins.

The refinancing is expected to be finalised during the second quarter of the 2026 financial year, resulting in a total committed facility base of R1.5 billion, excluding US Dollar-denominated loan. The two-year RCF structure provides a buffer against short-term liquidity risks in a volatile global environment and allows the group sufficient time to reassess future capital expenditure requirements ahead of a full refinancing cycle.



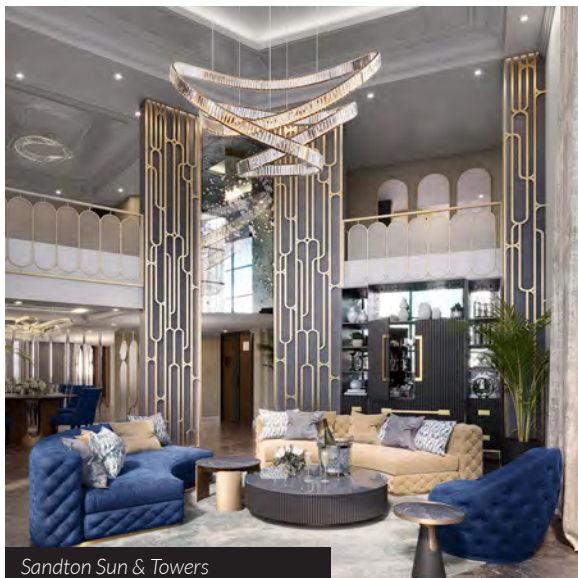
Laurelle McDonald

Chief Financial Officer (CFO)

31 July 2025



Financial strength and durability



Sandton Sun & Towers

Maintaining an appropriate capital structure is essential to ensuring the group's long-term sustainability and resilience across economic cycles. This is particularly important in the hospitality sector, where performance is closely tied to macroeconomic conditions and is often impacted by cyclical fluctuations in supply and demand.

Periods of oversupply or undersupply in the hotel market can significantly influence occupancy rates, pricing power and profitability. To navigate these cycles effectively, the group is committed to a disciplined and prudent approach to debt management, ensuring that leverage remains at sustainable levels and supports operational flexibility.

This approach underpins Southern Sun's ability to withstand external shocks, preserve liquidity, and capitalise on growth opportunities when market conditions improve.

Approach

The group actively manages its debt levels through the leverage ratio (Net debt to Ebitda) and maintains access to ample long-term credit facilities. This approach ensures sufficient liquidity, particularly during periods of economic uncertainty

Key performance indicators	2025	2024	2023
Net debt:Ebitda (times)	0.1	0.7	1.1
Unutilised facilities including cash (Rm)	2 186	1 959	1 643

2025 performance

Funding capacity and interest-bearing debt

The group's funding package is diversified across all four major South African banks to reduce our credit exposure and limit liquidity concentration risk. The group is never exposed to only one lender and has sufficient committed credit facilities to weather the cyclical nature of the business. The group's policy is to ensure that it has at all times, in excess of 15% of surplus, undrawn committed borrowing facilities. At 31 March 2025, the group had R1.8 billion in unutilised facilities (excluding cash) out of total committed facilities of R2.5 billion equating to 73% (2024: 44%) surplus facilities.

We aim to use the cash generated efficiently to reduce interest-bearing debt thereby preventing interest leakage. The group is able to allocate cash towards term loans on a quarterly basis. In the year under review, the group managed to further reduce its net interest-bearing debt from R1.0 billion to R266 million after distributing

R168 million to shareholders and spending a total of R549 million on maintenance and expansion capital expenditure. In the absence of further large share buybacks or corporate activity, free cash flow will be applied to fund all planned maintenance capex.

Interest rate and currency risk management

The group manages interest rate risk through floating-to-fixed interest rate swaps, effectively converting variable-rate borrowings into fixed-rate obligations in line with group policy. This policy targets a long-term hedge ratio of approximately 50% of gross debt, with flexibility to adjust between 25% and 100% depending on the interest rate cycle. The hedge ratio is actively monitored.

Interest rate swaps involve exchanging the difference between fixed and floating interest rates on agreed notional amounts, typically settled quarterly in line with debt payment schedules. All existing swap contracts matured on 30 September 2024. Given declining interest rates and reduced external debt levels, the audit and risk committee approved a temporary deviation from the minimum hedging threshold, opting not to initiate new swaps. As a result, no portion of the group's gross debt was hedged as of 31 March 2025.

The weighted average pre-tax effective interest rate rose from 9.0% in 2024 to 9.1% in 2025, driven by increases in reference rates (JIBAR and SOFR) and a higher proportion of cash balances earning interest at rates below borrowing costs.

The group's Offshore division is not significantly exposed to foreign exchange risk, as the functional currency of its operations – US Dollars – matches the currency of the debt raised in those entities. This alignment creates a natural hedge, eliminating the need for forward cover contracts on this debt.

However, foreign currency risk does arise from the translation of US Dollar-denominated loans into Rand. While this risk remains unhedged due to the high cost of mitigation, the group has consistently aimed to reduce its exposure to Dollar-denominated debt since listing. At 31 March 2025, foreign cash deposits were held 65% in US Dollar, 21% in Euro and 5% in Mozambican Metical with 9% in other local trading currencies.

Looking ahead

The group generated free cash flow of R952 million in 2025. Assuming a similar level of cash flow in 2026 and the absence of further share buybacks or new investment opportunities, we intend to fund all planned maintenance capex from free cash flow.

Management has successfully negotiated the restructuring of the group's debt to extend facility tenures and reduce the overall quantum of unutilised facilities to minimise commitment fees. The refinanced facilities offer attractive margins and reduced funding costs, and have been diversified across all four major South African banks. New interest rate swaps will be considered as facilities are drawn, with the aim of returning to the group's minimum hedging profile. Following the cancellation of Facility C, the group will have access to total ZAR-denominated facilities of R1.5 billion, with an average maturity of two years (excluding the 12-month extension option).



Intercontinental OR Tambo Airport

OUR GROWTH STRATEGY IN ACTION

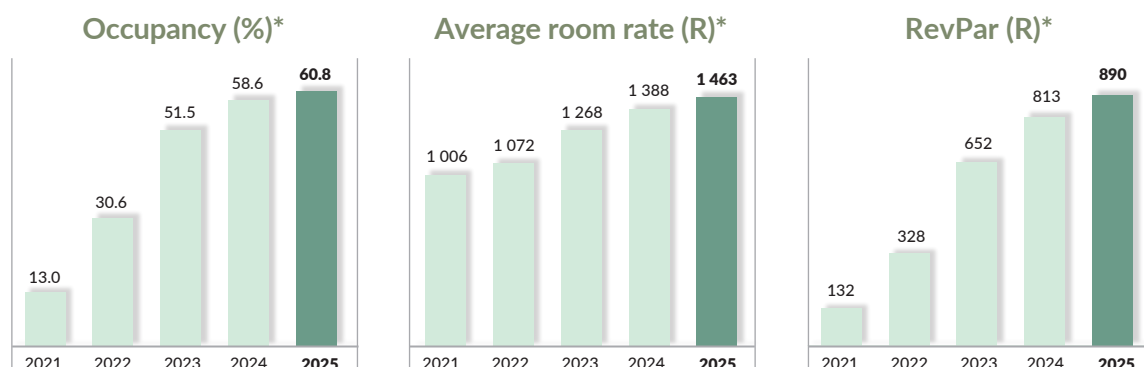


Growth strategy in action

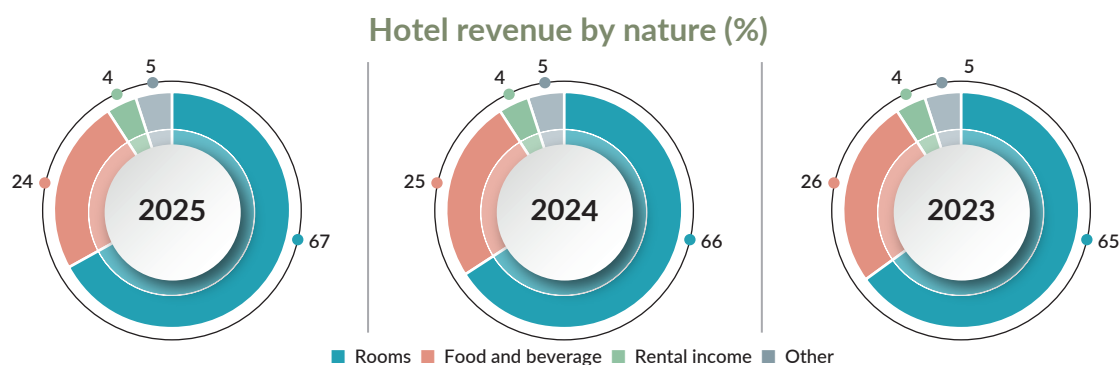


We recognise that the value of a business is determined by the present value of future cash flows generated by its assets and other forms of capital. While all capitals are essential to creating value, we view growth in free cash flow as the most accurate and meaningful measure of our business's long-term growth.

	Key pillars	Material risks
Free cash generated of R952 million	Organic growth 	• Macroeconomic environment • Crime, security, health and safety • Portfolio management and product relevance • Capacity and market issues • Cyber, IT and information management • Regulatory change and compliance • Local authority capability.
Investment expenditure of R45 million	Inorganic growth 	• Missed opportunities.



* Combined South African and offshore hotel trading statistics, excluding hotels managed on behalf of third-party owners and those leased by third parties.





Organic growth

Organic growth is a critical indicator of a company's underlying health and long-term sustainability. Unlike growth driven by acquisitions or external investments, organic growth reflects a business's ability to expand through increased sales, improved customer retention, and operational efficiency. It demonstrates strong market demand, effective strategy execution and brand strength.

Key performance indicators	2025	2024	2023
Organic income increase (Rm)	562	1 056	2 575
Organic Ebitdar increase (Rm)	267	471	1 058
Free cash generated (Rm)	952	970	753
Maintenance capex (Rm)	450	298	104
Adjusted HEPS per share increase (cents)	19.2	26.4	37.8

Operational review

During the financial year under review, the group re-evaluated its segmentation and allocated the hotels within the investment property segment into their respective geographic locations. Geographic segmentation better reflects the source of the group's revenue and Ebitdar and the market dynamics impacting those regions. Birchwood Hotel & OR Tambo Conference Centre (Birchwood) and Kopanong Hotel & Conference Centre (Kopanong) are now included in the Gauteng segment, Radisson Collection Hotel, Waterfront, Cape Town is included in the Western Cape segment and Champagne Sports Resort forms part of the KwaZulu-Natal segment. Results for the prior year have been restated accordingly.

The Sandton Consortium segment reflects the trading performance of the Sandton Sun and Towers complex and the Garden Court Sandton City, along with management fee income earned from the Sandton Convention Centre. This segment generated revenue of R663 million (2024: R661 million) and Ebitdar of R211 million (2024: R209 million) up 1.0% for the year ended 31 March 2025. The marginal growth in both revenue and Ebitdar is attributable to the non-recurrence of the BRICS Summit as well as the closure of Sandton Towers for a full bedroom, corridor and lobby refurbishment which was completed in December 2024.

Revenue from the Western Cape has grown by 17% to R2.3 billion (2024: R1.99 billion) while Ebitdar increased by 26% to R1.1 billion (2024: R836 million) from the prior year, with the region contributing 49% to overall group Ebitdar for the year ended 31 March 2025. Cape Town has benefited from foreign inbound travel and large-scale conferences and events across all segments, which boosts demand for accommodation and drives both volume and rate growth in the region.

The revenue and Ebitdar contributions from KwaZulu-Natal were R997 million (2024: R1.0 billion) and R247 million (2024: R302 million) a decline of 4% and 18% respectively. The group's hotels located on the Durban beachfront are geared towards groups and transient business from corporates (including sporting bodies) and government, and demand from these segments slowed in the lead-up to, and immediately post, the national elections in May 2024 and again recently, following the delayed approval of the national budget. Infrastructure and safety concerns have impacted Durban's desirability as a tourist destination, however, there have been positive steps made towards correcting this perception. uMhlanga continues to perform well and as a key growth node to the group, opportunities to increase its room stock in the region are continuously evaluated.

OUR GROWTH STRATEGY IN ACTION *continued*

The domestic and international corporate transient travel segments have recovered well over the year with demand for conferencing and events bolstering hotels located in prime business hubs near OR Tambo International Airport or Sandton Convention Centre. By leveraging our relationships with sporting bodies, corporates and government, and with a refurbished restaurant and bedrooms, the Southern Sun Sandton has gained traction in the market and trading levels have significantly improved. The group's revenue and Ebitdar from Gauteng for the year ended 31 March 2025 amounted to R1.6 billion (2024: R1.4 billion) and R491 million (2024: R363 million) respectively, a 19% and 35% improvement on the prior year.

The Other segment includes hotels situated in Mpumalanga, Eastern Cape, Kimberley, Bloemfontein and Polokwane. Like in Durban, these hotels are weighted towards corporate (including sporting bodies) and government groups and transient business both of which were negatively impacted by the national elections and national budget delays. This segment generated revenue and Ebitdar for the year ended 31 March 2025 of R695 million (2024: R651 million) and R186 million (2024: R176 million) respectively, a 7% and 6% improvement on the prior year.

The performance of the Offshore division of hotels was disappointing with revenue of R393 million (2024: R434 million) for the year ended 31 March 2025 falling 9% short of the prior year and Ebitdar of R51 million (2024: R93 million) 45% below 2024. The shortfall is largely attributable to the Southern Sun and StayEasy Maputo, Mozambique which had a difficult first six months due to lack of corporate demand and then impacted by violent political protesting in the second half of the year. This has had a significant adverse impact on trading levels in both hotels and demand is yet to return to normalised levels. The hotels have reduced costs where possible.

The second largest contributor to Ebitdar for this segment is Paradise Sun, Seychelles which also underperformed compared to 2024 due to lack of demand from the European leisure market. To reposition the hotel as a premium leisure resort in this market, it has been closed from 1 April 2025 for a full refurbishment that includes bedrooms, bathrooms and public areas. Trading at the Southern Sun

Ridgeway in Zambia was ahead of 2024 thanks to increased demand from corporates. The Zambian economy has been impacted by the prolonged power outages due to loadshedding and a cholera outbreak in the year. In response to these dynamics, expenses have been tightly controlled. Southern Sun Dar es Salaam, Tanzania re-opened on 5 October 2024 and trading levels remain muted. Exceptional losses for the year of R13 million (2024: Rnil) relate to the pre-opening expenses incurred at this hotel.

The Manco segment is an unallocated cost centre and the revenue for this segment reflects the net impact of how the group accounts for its frequentGuest loyalty rewards programme.

Maintenance capital expenditure

The group spent R450 million (2024: R298 million) on maintenance capex, primarily on major refurbishment projects at Southern Sun Cullinan, Southern Sun Rosebank, Southern Sun Sandton, Radisson Blu Gautrain and Paradise Sun and on repairs to ensure that our hotels are able to continue operating optimally. The group considers the refurbishment of these flagship properties to be important in positioning these hotels as premium products to generate organic growth over time.

Looking ahead

The recovery of occupancies to the group's long-term average, especially in regions that have underperformed in the current year, presents an opportunity in the medium term. This will require policies that encourage economic growth. Announcements by the Department of Home Affairs simplifying requirements for port of entry visas and visa regulations for China and India indicate the government's commitment to promoting tourism in South Africa which will benefit the group's portfolio in all regions. However, interest rates remain high and the uncertainty regarding the sustainability of the Government of National Unity, which is viewed as investor and growth friendly, continues to constrain consumer and investor confidence.

Finally, customer experience is central to Southern Sun's value proposition and the group will continue to focus on our customer delivery.



Champagne Sports Resort



Inorganic growth

Inorganic growth is a key strategic lever for expanding the group's footprint and capabilities. This growth will be pursued through a balanced combination of capacity increases in existing operations, greenfield developments in new markets, and acquisitions aligned with the group's core competencies. Each initiative will be underpinned by disciplined due diligence and rigorous feasibility assessments to ensure value creation and long-term success.

Given the resource-intensive nature of growth projects, careful evaluation of financial and human capital requirements is essential. These projects must be assessed within the group's capacity tolerances to safeguard operational stability and uphold the pillars of sustainability. This disciplined approach ensures that inorganic growth enhances strategic positioning without compromising resilience or stakeholder value.

Investment activity expenditure (Rm)	2025	2024	2023
Five sectional title units at Radisson Blu Waterfront Hotel	-	-	24
StayEasy Mbombela and Southern Sun Mbombela	-	-	142
Four sectional title units at Garden Court Victoria Junction	-	7	-
Land in uMhlanga, for future development	31	6	-
Acquisition of 25% minority interest in Birchwood Hotel & OR Tambo Conference Centre (acquisition of land and certain moveable assets)	-	160	-
Sunswop units	5	5	-
Beverly Hills	9	2	-
	45	180	166

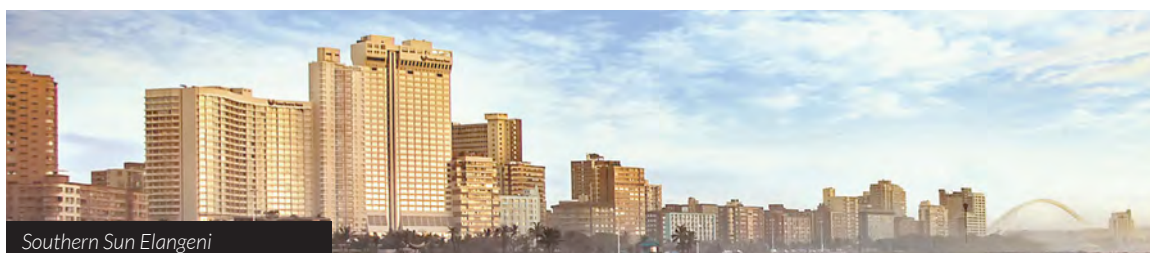
Looking ahead

Given the political and economic turmoil both domestically and internationally, the group believes that its internally focused strategy is the right one to navigate these uncertain times. The group will continue to pursue its strategy of getting more out of its irreplaceable hotel portfolio by allocating capital to key properties, so that they remain best-in-class and our customers' preferred accommodation provider.

In the absence of major expansion capex in the short term, the group will continue to apply available cash resources towards share buybacks when appropriate.

Over the next two to three years, the group is actively exploring opportunities to expand market share in high-growth nodes where it already has a strong presence and deep market insight. This includes leveraging vacant land and existing hotel assets for expansion, representing a low-risk approach to inorganic growth. Key examples include potential developments on the Wharf Street land in Cape Town and the recently acquired site in uMhlanga Ridge. Additionally, the redevelopment of the Beverly Hills Hotel is currently in the planning and approval phase.

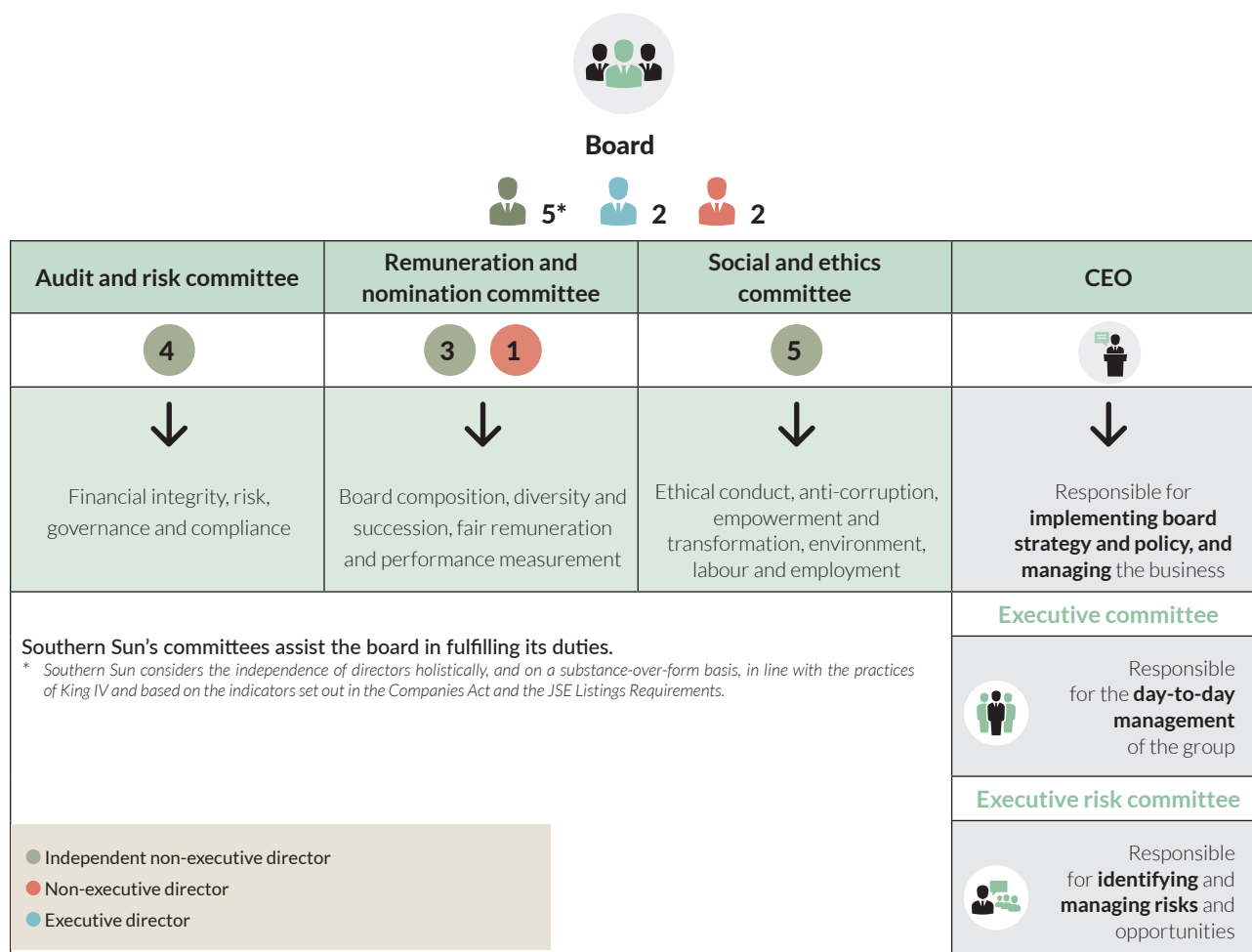
These initiatives benefit from the group's full ownership of the properties, allowing for flexible execution timelines without external pressure. Given the high cost of construction, each project will be subject to rigorous financial evaluation, and the hurdle rate must exceed the group's cost of capital. This disciplined approach ensures that growth is both strategic and sustainable, aligned with long-term value creation.



Southern Sun Elangeni

CORPORATE GOVERNANCE REVIEW

Southern Sun is committed to high standards of corporate governance and has implemented a governance framework, which informs how we conduct business.



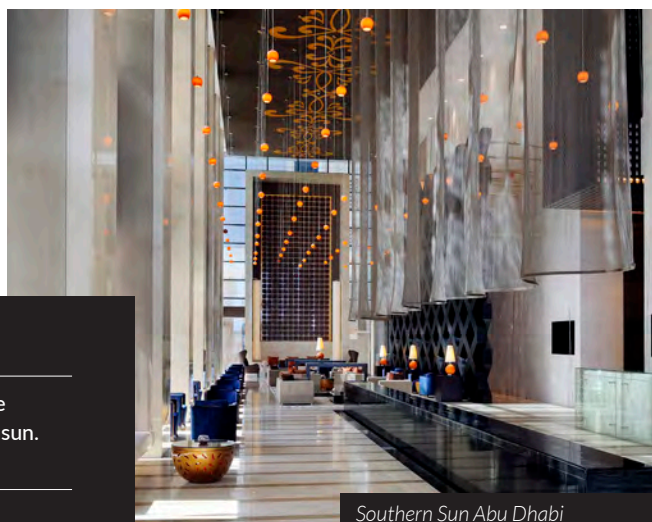
Compliance

The policies, practices and processes comprising the group's governance framework are based on its application of King IV, the Companies Act and the JSE Listings Requirements.

The board is responsible for the group's corporate governance.



Our King IV application register can be viewed on our website www.southernsun.com/investors/governance.



Southern Sun Abu Dhabi

Organisational ethics and responsible citizenship

The group's ethical foundation is firmly entrenched and guided by the board, with a clear expectation that leadership and management consistently model the highest standards of integrity and accountability. During the 2025 financial year, the group continued to cultivate a strong ethical culture through proactive leadership, policy reinforcement and internal awareness initiatives.

Southern Sun's ethics policy and code of conduct govern responsible business practices across all levels of the organisation. These frameworks were reviewed during the year to align with evolving stakeholder expectations and regulatory developments, including the latest updates to employment legislation and anti-corruption measures.

Key elements of the group's approach to organisational ethics include:

- a commitment to treating all individuals with dignity and fairness, and to making a positive societal impact in the communities in which we operate;
- encouraging a culture where employees are empowered and supported to report misconduct or unethical behaviour through secure and confidential channels, including the independently managed whistle-blower hotline;
- preventing and managing conflicts of interest through mandatory annual disclosures and director and employee declarations;
- promoting the legitimate commercial interests of the group, while balancing broader stakeholder interests in line with our purpose and values;
- ensuring full compliance with applicable laws, internal policies and procedures, supported by ongoing training and awareness campaigns; and
- reinforcing individual accountability and ethical leadership, with performance evaluations that include ethics-based criteria.

The group's social and ethics committee provides oversight of ethical conduct, monitors the implementation of the ethics framework and ensures that the group upholds its responsibilities as a responsible corporate citizen. This includes overseeing initiatives related to anti-corruption, empowerment, transformation, environmental stewardship and labour practices.

In line with King IV principles, Southern Sun continues to measure and enhance its ethical culture through surveys, stakeholder engagement and regular reporting to the board.

Conflicts of interest

The board recognises the importance of proactively managing conflicts of interest to maintain the integrity and independence of its decision-making processes. In compliance with section 75 of the Companies Act, 71 of 2008, directors are required to disclose any personal financial interests in matters before the board or its committees.

General disclosures of directors' interests are made at least annually to the Company Secretary and are updated as necessary throughout the year. These disclosures are circulated to all directors and are available for inspection to ensure transparency and accountability.

Share dealing

Dealing in the group's securities by directors, prescribed officers, their associates and other designated insiders is strictly regulated in line with the JSE Listings Requirements, the Financial Markets Act and Southern Sun's internal share dealing policy.

The policy aims to prevent insider trading and ensure that all dealings are conducted transparently and ethically. It requires that:

- prior written clearance be obtained from the Company Secretary or designated officer before any share transaction;
- all trades by directors and prescribed officers be disclosed and announced via SENS (Stock Exchange News Service) where applicable; and
- dealings are prohibited during closed periods, which extend from the end of a financial period until the publication of financial results, or at any time the group is subject to a cautionary announcement.

The group continually monitors compliance and communicates with the board to raise awareness of legal and policy obligations related to share dealing. During the 2025 financial year, there were no breaches or contraventions of the share dealing policy reported.

Code of conduct

Southern Sun's code of conduct serves as a foundational document that guides the ethical and lawful behaviour expected of all employees, officers and directors. It is rooted in the group's values and commitment to responsible business conduct, and supports the maintenance of a strong ethical culture across all operations. The code outlines standards of behaviour and provides practical guidance on:

- identifying and appropriately managing conflicts of interest;
- the acceptance and offering of gifts, donations and hospitality, in line with internal thresholds and approval procedures;
- compliance with applicable laws, regulations and company policies;
- the responsible use and protection of confidential and proprietary information;
- interactions with stakeholders, customers, regulators and the broader community; and
- promoting a workplace that is respectful, inclusive and free from discrimination or harassment.

All employees are required to formally acknowledge the code upon joining the group and periodically thereafter. Ongoing awareness is reinforced through ethics training programmes, internal communications and compliance monitoring.

Breaches of the code are treated seriously and may result in disciplinary action, including termination or legal proceedings, where applicable. Oversight of ethical conduct, including adherence to the code, is provided by the social and ethics committee.

CORPORATE GOVERNANCE REVIEW *continued*

Anti-bribery and corruption

Southern Sun maintains a zero-tolerance stance on bribery, corruption, fraud and any unethical behaviour. The group is committed to upholding the highest standards of integrity, transparency and accountability in all aspects of its operations, in line with applicable legislation, including the Prevention and Combating of Corrupt Activities Act and international anti-corruption norms.

Whistleblowing and anti-corruption procedures are embedded across the organisation and overseen by the social and ethics committee. The group provides multiple secure and confidential reporting mechanisms, including an independently administered and anonymous ethics hotline, available to employees, suppliers and other stakeholders.

Stakeholders are encouraged to report any suspected misconduct, unethical behaviour, or actions that may compromise the group's values and reputation. All reports are subject to thorough investigation and appropriate action – including disciplinary, civil, or criminal proceedings – is taken where warranted. During the year ended 31 March 2025, 11 whistleblowing reports were received via the hotline (2024: nine). These reports did not reveal any material governance failures or systemic risks and were dealt with appropriately by mainly the human resources department, in accordance with established protocols.

In addition, all members of the board and executive management annually submit formal declarations confirming that they have not been involved in any act of bribery or corruption, whether personally or in the course of their duties on behalf of the group. The group continues to reinforce its anti-corruption culture through training, awareness campaigns and policy reviews, ensuring alignment with the expectations of regulators, investors and broader society.

Governance framework

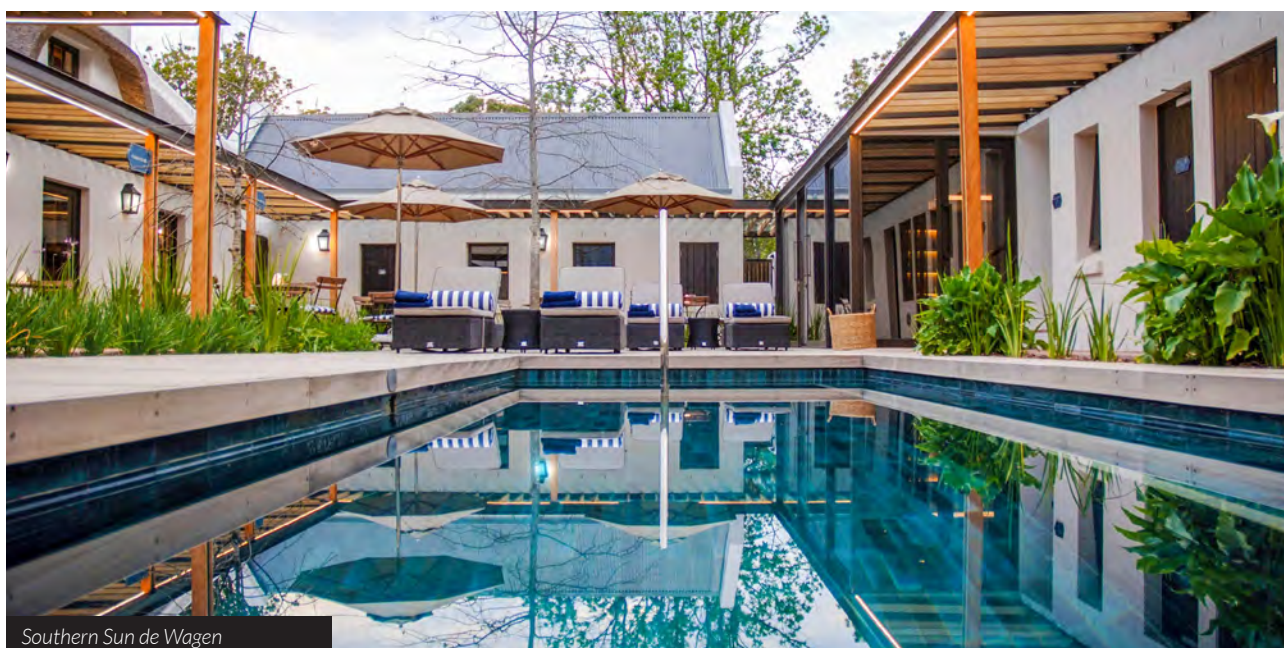
The board continues to mindfully apply the principles and recommended practices of the King IV Report on Corporate Governance for South Africa, recognising the dynamic nature of the tourism and hospitality sector in which the group operates.

The board remains committed to achieving the four governance outcomes advocated by King IV – ethical culture, good performance, effective control and legitimacy – and is satisfied that the group's governance practices support the realisation of these outcomes. An appropriate and fit-for-purpose governance framework has been adopted and is reviewed periodically to ensure it remains relevant and responsive to the group's operational context and stakeholder expectations. The board retains ultimate responsibility for governance and oversees its implementation through well-structured delegation to board committees and executive management.

This framework has supported:

- the promotion of an honest, transparent and ethical culture;
- improved organisational performance through informed and accountable decision-making;
- robust internal controls and risk oversight, enabling operational resilience and regulatory compliance; and
- the maintenance of trust and legitimacy with shareholders, regulators, employees and broader stakeholders.

The board continues to monitor governance maturity and effectiveness through regular assessments, stakeholder feedback and alignment with evolving regulatory expectations. A detailed King IV application register is available on the group's website and is reviewed annually.



Southern Sun de Wagen

BOARD OF DIRECTORS

Composition



Meeting attendance

Executive directors

MN von Aulock (CEO)

5/5

L McDonald (CFO)

5/5

Independent non-executive directors

MH Ahmed (Lead independent)

5/5

SC Gina

5/5

LM Molefi

5/5

JG Ngcobo

5/5

CC September

5/5

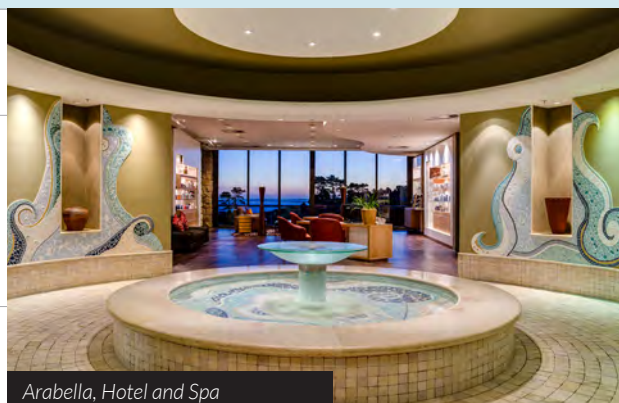
Non-executive

JA Copelyn

5/5

JR Nicolella

4/5



Arabella, Hotel and Spa



Board membership and analyses of its composition can be found on page 79.



The terms of employment of board members are included in the remuneration report on page 87.

The board of Southern Sun is committed to maintaining a clear separation of responsibilities to ensure an appropriate balance of power, authority and accountability.

The roles of the Chairman and Chief Executive Officer (CEO) are clearly defined and formally documented. This division of responsibilities supports effective governance and safeguards against the concentration of power.

- The Chairman, a non-independent non-executive director, provides overall leadership to the board, ensuring that it operates effectively and that directors are equipped to fulfil their fiduciary duties.
- The CEO is accountable for the execution of strategy and day-to-day management of the group, in accordance with the strategic direction and authority delegated by the board.

To reinforce independence, the board has appointed a strong lead independent non-executive director (LID) in line with the King IV report's recommendations. The LID:

- chairs board meetings in the absence of the Chairman;
- supports the Chairman in ensuring the effective functioning of the board;
- provides leadership on matters where conflicts of interest may arise, particularly involving the Chairman; and
- serves as a sounding board for the CEO and a point of contact for shareholders when necessary.

The group's entity specific delegation of authorities further contributes to role clarity and enables the effective and accountable exercise of powers across the group's operations. No single director holds unfettered decision-making authority. All significant matters are reserved for board approval, and the governance structure ensures collective responsibility, strategic oversight and accountability.

Responsibilities

The board of Southern Sun operates in accordance with a formally approved board charter, which is reviewed annually to ensure alignment with legal requirements, King IV governance principles and the groups' evolving strategic and operational context.

The board's key responsibilities, as outlined in the charter, include:

- providing ethical and effective leadership and ensuring the group's long-term sustainability;
- exercising overall control of the group and setting its strategic direction;
- approving and monitoring the implementation of strategic plans, budgets and material policies through the delegation of authority to management;
- considering the risks and opportunities facing the group, within its defined risk appetite, and overseeing material matters such as investments, disposals, funding, capital allocation and integrated reporting;
- monitoring operational and financial performance, including compliance with applicable laws, standards and codes of conduct; and
- acting at all times in the best interests of the group and being accountable to shareholders and stakeholders through transparent disclosure and responsible decision-making.

The board ensures that its composition, processes and performance enable it to fulfil these functions effectively. It retains overall responsibility for corporate governance and delegates specific responsibilities to well-constituted committees that report regularly to the board.

CORPORATE GOVERNANCE REVIEW *continued*

The board charter was reviewed and confirmed during the 2025 financial year, and remains a key governance tool in ensuring clarity of roles, alignment with stakeholder expectations and effective oversight of the group's affairs.

Diversity

 The directors' varied backgrounds and experience, as set out in their CVs available on our website, provide an appropriate mix of knowledge and expertise necessary to manage the business effectively.

Although Southern Sun adopted a board diversification policy, including gender, age, ethnicity and cultural diversity, no voluntary targets have been set. Board diversity is assessed and monitored annually. The board considers diversity a core measurement when appointing new members.

 The board is satisfied that its current composition, the components of which are set out in the graphs on page 80, reflects an appropriate mix of knowledge, skills, experience, diversity and independence.

Appointments and succession

Board appointments are conducted formally and transparently. The nomination committee assesses directors and recommends suitable candidates to the board for appointment. One-third of the non-executive directors retires annually at the annual general meeting (AGM).

For executive succession planning, Southern Sun seeks to appoint from within the group, and has access to a range of available resources, skills and expertise. There were no changes to the board's composition during the year.

Accountability and compliance

Southern Sun's stakeholders hold the board accountable for its performance. The performance of the board and its committees is regularly evaluated. Management is held accountable for its activities through quarterly reporting, budget reviews and individual pre-agreed key performance indicators (KPIs). Annual short-term incentives (STIs) are awarded based on pre-agreed financial performance measures and individual KPIs. The board and members of executive management annually declare that they have not caused the group to contravene any applicable laws or regulations in the execution of their duties. These declarations form part of a broader assurance process that supports legal compliance, ethical conduct and effective risk management.

The group maintains a structured and responsive legal and regulatory compliance framework, overseen by the audit and risk committee.

The board is satisfied that it has fulfilled its responsibilities in accordance with the board charter, the group's memorandum of incorporation (MOI) and the expectations of its stakeholders.



For further information, please refer to the remuneration policy and the remuneration implementation report on page 81.

Company Secretary effectiveness

The group's Company Secretary is Southern Sun Secretarial Services Proprietary Limited, represented by Laurinda Rosalind (Rosa) van Onselen. The Company Secretary plays an important role in ensuring that the group complies with all statutory and regulatory requirements, and in supporting the board's governance responsibilities.

The Company Secretary is responsible for:

- overseeing the group's statutory administration and corporate records;
- ensuring compliance with the Companies Act, 71 of 2008, the JSE Listings Requirements and all relevant governance codes and internal statutory policies;
- providing the board and its committees with independent guidance on corporate governance matters; and
- facilitating the effective functioning of the board and its committees by ensuring proper meeting procedures, agendas, minutes and follow-up actions are in place.

The Company Secretary is not a director of the group, thereby maintaining an arm's length relationship with the board, executive management and individual directors. She attends all board and committee meetings to provide direct and immediate governance support.

Directors have unrestricted access to the Company Secretary's professional advice and services, and she remains available to assist with training, governance interpretation and procedural guidance as required.

Following a formal annual assessment, the board confirms that it is satisfied with the competence, qualifications, experience and independence of the Company Secretary, and is confident in the continued support she provides to the board and the group.

Committees

The board constituted the audit and risk, social and ethics, and remuneration and nomination committees to which it has delegated certain group responsibilities. These responsibilities are defined in the committees' respective approved terms of reference, which are reviewed by the board annually. The board retains accountability for the execution of their responsibilities, even when these are delegated. All committee Chairmen report back orally to the board on the proceedings of their committee meetings.

The board is satisfied that its governance structure continues to serve the group well. The composition of each committee is regularly reviewed to ensure that the skills, experience and independence of members support their respective mandates.

AUDIT AND RISK COMMITTEE

Composition

Meeting
attendance

Independent non-executive directors

Mohamed Haroun Ahmed (Chairman)	3/3
Sipho Chris Gina	3/3
Lynette Moretlo Molefi	3/3
Jabulani Geffrey Ngcobo	3/3



This report should be read in conjunction with the statutory report of the audit and risk committee on page 97 of the consolidated annual financial statements.

The audit and risk committee comprises four independent non-executive directors and is primarily responsible for:

- providing independent oversight of the effectiveness of the group's assurance functions and services;
- ensuring appropriate financial reporting procedures are established for the group in accordance with paragraph 3.84g(iii) of the Listings Requirements of the JSE;
- ensuring the group's financial performance is properly reported on and monitored, including reviewing the annual and interim accounts, results announcements, the integrated annual reporting process, internal control systems and procedures, and accounting policies;
- appointing and assessing the performance and independence of the internal audit function for the necessary skills and resources to address the complexity and volume of risks faced by the group;
- making recommendation to shareholders regarding the appointment or reappointment of the independent external auditor following the receipt of the necessary information as set out in paragraph 22.15(h) of the Listings Requirements of the JSE, an evaluation and assessment of the external auditor and the designated audit partner, the suitability for such appointment and independence of the external auditor and audit partner;
- considering the effectiveness of the internal financial controls as well as the external and internal audit functions;
- approving internal and external audit plans and audit fees;
- approving non-audit services;
- approving accounting policies;
- reviewing insurance, treasury and taxation matters;
- executing its statutory duties as set out in section 90 of the Companies Act;
- satisfying itself of the expertise and experience of the CFO and the group's finance function as set out on page 97 of the consolidated annual financial statements for the year ended 31 March 2025;

- ensuring an effective risk management process is in place to identify and monitor the management of key risks and opportunities relating to the group's risk tolerance and risk appetite levels and evaluation of the appropriateness of management's response to these risks;
- reviewing IT risks relating to core operational systems, systems projects, information management and security initiatives, and governance and regulatory compliance;
- reviewing material legal, legislative and regulatory developments;
- reviewing prospective accounting standard changes; and
- taking appropriate action where necessary to respond to findings as highlighted in the JSE's most recent report on proactive monitoring of financial statements and, where necessary, those of previous periods.

The board concluded that the members of the audit and risk committee had the necessary financial literacy, skills and experience to execute their duties effectively during the year and make worthwhile contributions to its deliberations. The board recommends the members of the audit and risk committee for reappointment at the AGM to be held on 15 September 2025.

The audit and risk committee considered and satisfied itself that the CFO, Laurelle McDonald, has the appropriate expertise and experience to fulfil her role.

The audit and risk committee:

- confirmed that the group has established appropriate and adequate financial reporting procedures; and
- monitored compliance with the group's risk management policy and confirmed compliance with the policy in all material aspects.

Non-audit services approved throughout the year included mainly agreed-upon procedures for HCI group-related reporting and agreed-upon procedure certificates for property transfers. The audit and risk committee met three times during the year. Ad hoc meetings are held as required to consider special business. The CEO, CFO, external auditor, internal auditor, and senior management from the group's risk and IT departments attend all audit and risk committee meetings by invitation to contribute pertinent insights and information.

CORPORATE GOVERNANCE REVIEW *continued*

The committee's terms of reference were reviewed and approved by the board during the year to ensure alignment with applicable laws, King IV and the JSE Listings Requirements. The board is satisfied that the audit and risk committee fulfilled its responsibilities in accordance with its terms of reference for the year.

Key focus areas addressed during the 2025 financial year

- Keeping up to date with the JSE market segmentation project and the JSE simplification process, the resultant amendments to the JSE Listings Requirements and the potential impact thereof on the company
- Monitoring the smooth implementation and upgrade of financial systems, such as SAP S/4HANA
- Continuing to monitor the implementation of new IFRS and the impact of future standards.

Key focus areas addressed during the 2026 financial year

- Monitoring the implementation of new IFRS, specifically IFRS S1 and IFRS S2
- Ensure compliance with King V Report on Corporate Governance for South Africa, when it becomes effective
- Monitor compliance with the Companies Amendment Acts.

SOCIAL AND ETHICS COMMITTEE

Composition



Meeting attendance

Independent non-executive directors

Sipho Chris Gina (Chairman)	2/2
Lynette Moretlo Molefi	2/2
Jabulani Geoffrey Ngcobo	2/2
Mohamed Haroun Ahmed	2/2
Cornelia Carol September	2/2



The CEO, CFO and General Manager: Corporate Affairs attend committee meetings by invitation. The social and ethics committee operates in line with approved terms of reference, and oversees and reports on the following:

- Progress in the alignment of the group's practices to the requirements of the revised B-BBEE codes
- Disputes with government or regulators
- Regulatory compliance
- Responsible tourism
- Preferential procurement, socio-economic development and enterprise and supplier development
- Climate change and environmental management and certification

- Job creation, employee health and safety, employee development, management diversity, employment equity and employee engagement.

The social and ethics committee draws the board's attention to matters within its mandate as required as well as its report to shareholders.

The social and ethics committee meets a minimum of twice a year. *Ad hoc* meetings are held as required to consider special business. The board is satisfied that the committee fulfilled its responsibilities in accordance with its terms of reference for the year.

Key focus areas addressed during the 2025 financial year

- Continuing to monitor the group's B-BBEE status
- Monitoring the group's environmental impact and disclosure.

Key focus areas addressed during the 2026 financial year

- Monitor employment equity targets and the requirements of the Employment Equity Act Amendments
- Environmental oversight and reporting.

Risk and opportunity

Southern Sun treats risk as integral to how it makes decisions and executes its duties. The board is ultimately accountable for the governance of risk, in accordance with the principles of King IV (Principle 11), and exercises ongoing oversight of risk and opportunity management. This includes setting the risk appetite and ensuring the adequacy of frameworks to anticipate and respond to material risks.

Risk governance incorporates both threats and opportunities associated with strategy formulation and implementation, and

considers both their potential negative and positive impacts on the group's ability to achieve its strategic objectives. While the board retains ultimate responsibility, the execution and oversight of risk governance is formally delegated to the audit and risk committee, in line with the Companies Act and best governance practices.

Management is responsible for the design and execution of an effective risk management framework and system of internal controls. The group's risk management process involves identifying and analysing enterprise-wide risks, establishing and enforcing controls and limits, and continuously monitoring compliance and

changes to the risk environment. The internal risk committee, comprising senior executives and key operational leaders, reviews the group's risk register and emerging risks at least annually. Findings and recommendations from the internal risk committee are submitted to the audit and risk committee for assessment, and significant risks and proposed mitigation plans are escalated to the board.

Risk responses are formulated to mitigate downside risk exposures and optimise strategic opportunities. The group's risk management policy aligns with industry standards and expressly prohibits engagement in derivative financial instruments that are not directly related to the ordinary course of business or hedging commercial exposures. This integrated approach ensures that risk governance supports value creation and preservation across the group's operations.



Southern Sun's material risks and opportunities are set out on page 31.

Internal controls

The board of directors holds overall responsibility for the establishment, maintenance and review of internal controls throughout the group. This includes ensuring that the system of internal control is effective in managing identified risks and in supporting the integrity of financial and operational reporting.

- Internal controls are designed to manage and mitigate risks, rather than to eliminate all potential risk of failure. Therefore, they provide reasonable but not absolute assurance against material misstatement, financial loss, or fraud.
- The responsibility for the implementation, maintenance and operation of these controls lies with management. Managers at all levels are required to continuously monitor and ensure adherence to established controls.
- Processes related to internal control are actively communicated to all relevant employees to ensure clarity on roles, responsibilities and accountability.
- Control systems implemented by Southern Sun include:
 - strategic planning procedures to support forward-looking and sustainable decision-making;
 - defined levels of authority and delegated responsibilities for key decisions;
 - segregation of duties to prevent concentration of control and to reduce risk;
 - the appointment and retention of qualified personnel with appropriate expertise and integrity;
 - continuous monitoring, reporting and performance evaluation to measure business effectiveness; and
 - effective oversight of group investments to ensure that returns are maximised and risks controlled.

The audit and risk committee periodically reviews the effectiveness of the internal control system and makes recommendations to the board where enhancements are required.

Internal audit

The group's internal audit function is performed by a professional firm that reports directly to the CFO and the audit and risk committee Chairman. Internal audit forms part of the combined assurance framework. The internal auditor executes control-based audits based on the annual internal audit plan, as required by management, taking into account the scope of the external audit plan and as approved by the audit and risk committee. The focus of internal audit in the past financial year was on internal financial controls and business operational controls.

The audit and risk committee examines and discusses the appropriateness of internal controls with the internal auditor. The audit and risk committee is satisfied with the internal audit function, and that internal audit has the necessary skills and resources to address the complexity and volume of risks faced by the organisation. The audit and risk committee will continuously evaluate and review the group's internal audit function, which is appropriate for the group's current size and activities.

IT governance

The board is accountable for IT governance. Southern Sun continues to implement its Information Security Management Framework. The process has included the review and adoption of various IT policies and the establishment of committees, which include the IT Governance, IT Security and IT Change Control committees, each with specific responsibilities to monitor implementation and to drive initiatives in line with the group's IT Governance Charter. A summary of IT governance, deliverables and maturity is presented quarterly to the audit and risk committee for further oversight.

Chief Information Security Officer (CISO) services continue to be rendered by Performanta South Africa Proprietary Limited.

Southern Sun continues to implement its security awareness programme across the group, which includes ongoing employee training and practical examples of security breaches to indicate potential risks to the business. The programme is supported by detailed policies and procedures that assist in formalising the operation of IT solutions within the Southern Sun environment.



Refer to page 49 of this report for more information on our IT strategy and governance.

The CEO is responsible for the ownership and execution of IT governance. He is supported by the Director of Information Technology.

The key IT risks are integrated into the enterprise-wide risk governance and management process. Independent IT assurance reviews are conducted annually to ensure governance and policies are adhered to, laws are complied with, and data is secure and protected. No major incidents that required remedial action occurred during the year for all Southern Sun operated hotels. A cyber ransomware attack occurred at one of our third-party operated hotels. The incident was dealt with appropriately, without the loss of information and was rectified within an acceptable time frame.

The board is satisfied with the effectiveness of IT governance.

OUR LEADERSHIP

The board as at 31 March 2025

Executive directors



Marcel Nikolaus von Aulock (51)
Chief Executive Officer

BCom BAcc
Appointed:
10 May 2019



Laurelle McDonald (43)
Chief Financial Officer

CA(SA)
Appointed:
30 September 2011



John Anthony Copelyn (75)
Chairman and non-executive director

BA (Hons), BProc
Appointed:
10 May 2019

Independent non-executive directors



Mohamed Haroun Ahmed (60)
Lead independent non-executive director

BCom Accounting
Appointed:
10 May 2019



Lynette Moretlo Molefi (56)
Independent non-executive director

BSc, MB ChB
Appointed:
10 May 2019



Sipho Chris Gina (66)
Independent non-executive director

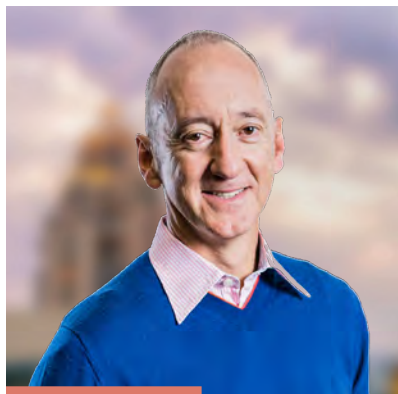
Dip (Labour Law)
Appointed:
10 May 2019

Key:

Executive directors

Non-executive directors

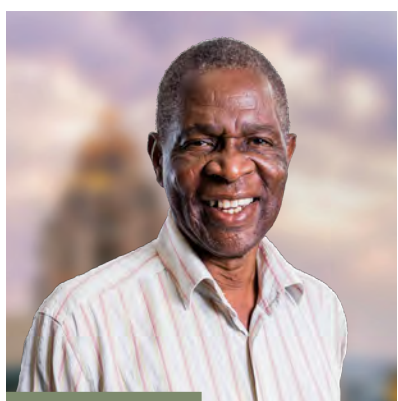
Independent non-executive directors



James Robert (Rob) Nicolella (55)
Non-executive director

CA(SA), PLD
Appointed:
10 May 2019

Southern Sun's board comprises an appropriate balance of skills, experience, independence, and diversity, as recommended by King IV, enabling it to effectively discharge its responsibilities in the best interests of the company and its stakeholders.



Jabulani Geoffrey Ngcobo (74)
Independent non-executive director

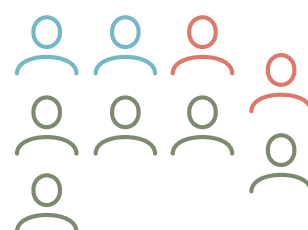
Appointed:
10 May 2019



Cornelia Carol September (66)
Independent non-executive director

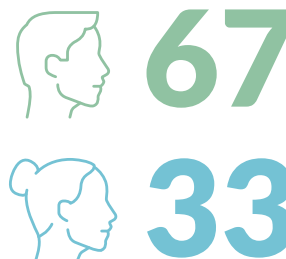
PhD, Masters in Technology Management, PGDip (Economic Policy), Adv Dip (Economics)
Appointed:
15 August 2019

Board membership (%)*

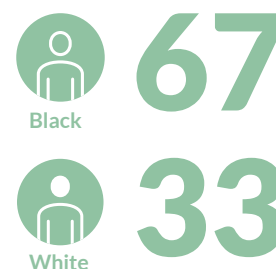


- Executive (22%)
- Non-executive (22%)
- Independent non-executive (56%)

Gender diversity (%)*



Racial diversity (%)*



* No changes in board composition occurred during the year. Graphs reflect membership status at 31 March 2025.



Summarised CVs can be found on Southern Sun's website at www.southernsun.com/investors/governance.

REMUNERATION POLICY AND REMUNERATION IMPLEMENTATION REPORT



Mohamed Ahmed
Independent non-executive
Chairman

During the year, Southern Sun engaged on a number of remuneration and employment equity matters and continues to demonstrate its intent to maintain sound remuneration practices.

“We remain mindful of the evolving reporting landscape, placing an even greater emphasis on transparency of disclosure and corporate citizenship. I am pleased to present Southern Sun’s remuneration report for the year ended 31 March 2025, reflecting our commitment to remunerate fairly, responsibly and competitively.”

In line with best practice, as prescribed by The Code on Corporate Governance representing principles of good corporate governance as laid out in the King Report on Corporate Governance for South Africa, 2016, as amended from time to time (King IV) and the Companies Act, as amended, this report is presented in three parts:

1 Background statement

2 Remuneration philosophy and policy

3 Implementation report

The group is committed to transparent and accurate disclosure. This report was reviewed and approved by the remuneration and nomination committee (the committee), and outlines the group’s remuneration practices including the remuneration policy and implementation report. The committee is responsible for reviewing Southern Sun’s approach to remuneration, ensuring the group’s policies and procedures are transparent, up-to-date and aligned with best practice and legislation.

In support of Southern Sun’s commitment to building trust, respect and credibility with our stakeholders, the group regularly engages with investors and funding institutions to better understand their concerns and mandates. The group has considered shareholder feedback in reviewing our 2025 remuneration policy and approach.

Chairman’s background statement

The company’s approach to remuneration and annual increases has always been guided by market conditions, affordability and an evaluation of inflationary trends. The annual increases awarded in the past have tracked, and in most instances, exceeded inflation, resulting in some real growth in the minimum wage.

The strategy of not aligning wage increases solely to the performance of the business, thereby acknowledging increases in the costs of living and other practical and economic considerations, ensured consistency in the company’s approach and has brought about trust and confidence in the company by its employees.

The remuneration report was again assessed for easier reading, understanding, and enhanced compliance.

The group will continue to monitor the regulatory landscape that impacts on the presentation and content of our remuneration reporting, including the introduction of King V and the coming into effect of certain sections of the Second Companies Amendment Act, 2024 to which we will align our disclosures accordingly.

Changes to our remuneration policy

There were no changes made to the group’s remuneration policy during the reporting period.

Shareholder engagement and voting

The non-binding advisory endorsements of the remuneration policy and implementation reports for the past three years as well as the

approval we received in respect of non-executive director fees at our annual general meetings are detailed below:

Non-binding advisory endorsement	2024	2023	2022
Remuneration policy (%)	87.2	95.0	96.5
Implementation report (%)	93.8	96.9	98.7
Approval of non-executive director fees (%)	100.0	99.7	100.0

The 2024 AGM had 85.5% of total shareholders present in person or by proxy, of which 82.7% and 93.8% supported the non-binding advisory resolutions on the remuneration policy and remuneration implementation report, respectively.

The remuneration policy and the remuneration implementation report will again be presented to shareholders at the 2025 AGM to be held on 15 September 2025. Should the remuneration policy or the remuneration implementation report, or both, be voted against by more than 25% of the votes cast at any AGM of the company, the remuneration and nomination committee will continue to engage with shareholders within 30 days of the AGM to ascertain the reasons for dissenting votes and appropriately address legitimate and reasonable objections raised by shareholders.

About the remuneration and nomination committee

As part of our commitment to our sustainability strategy, the group must ensure all aspects of employees' experience, including but not limited to remuneration and incentivisation, are properly structured.

Roles and responsibilities

The committee is responsible for and oversees board composition, diversity and succession, fair remuneration and performance measurement, and the setting and implementation of the remuneration policy for the group. The committee:

- ensures that the board has the appropriate composition and balance of skills for it to execute its duties effectively;
- ensures that directors' appointments are transparent and made on merit through a formal process that includes identifying and evaluating potential candidates for appointment to the board;
- ensures that the group's approved policy of gender, age, ethnicity, and cultural diversity is considered and applied in the nomination and appointment of directors;
- endorses and reviews the group's broad remuneration policy;
- monitors unionisation, collective bargaining and labour related risk; and
- ensures that the remuneration policy and remuneration implementation reports are tabled to shareholders every year at the group's AGM for separate non-binding advisory votes.

The board is satisfied that the committee fulfilled its responsibilities in accordance with its terms of reference for the year.

Composition	Meeting attendance	
Independent non-executive directors		The committee meets at least twice a year. Ad hoc meetings are held as required to consider special business. The CEO and Chief Financial Officer (CFO) attend meetings of the remuneration and nomination committee, or part thereof, by invitation if required to contribute pertinent insights and information.
Mohamed Haroun Ahmed (Chairman)	2/2	
Lynette Moretlo Molefi	2/2	
Jabulani Geoffrey Ngcobo	2/2	
Non-executive directors		
John Anthony Copelyn	2/2	
Executive directors (by invitation only)		
Laurelle McDonald	2/2	
Marcel von Aulock	2/2	

2025 focus areas and key decisions

- Assessed the impact of and plan compliance with the Companies Amendment Acts, 2024 on the group, its reporting and regulatory requirements.

2026 focus areas

- Compliance with certain sections of the Companies Second Amendment Act, 2024 when they become effective
- Compliance with the Employment Equity Act, 1998 and reviewing the group's revised five-year employment equity plan to align with the new Sectoral Numerical Targets.

REMUNERATION POLICY AND REMUNERATION IMPLEMENTATION REPORT *continued*

Remuneration policy

Remuneration philosophy

The key goals of Southern Sun's remuneration philosophy are to remunerate fairly, responsibly and competitively to:

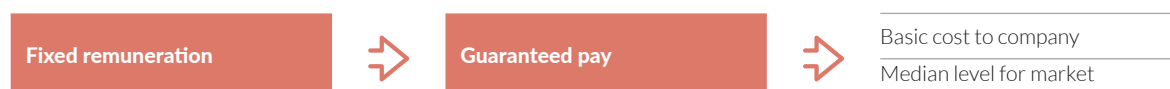
- attract, reward and retain executive directors and employees of the requisite calibre, with the appropriate knowledge, attributes, skills and experience to allow them to add meaningful value to the company;
- align the behaviour and performance of executive directors and management with the company's strategic goals in the overall interests of shareholders and other stakeholders; and
- promote a culture that supports initiative and innovation, with appropriate short and long-term incentives that are fair and achievable.

The remuneration and nomination committee approves the fixed and variable mix of the group's remuneration structure, which differs based on employee level. This remuneration report sets out the components of the group's remuneration structure, applicable under normalised circumstances.

The remuneration and nomination committee believes that the remuneration policy achieved its stated objectives.

Fair, responsible and transparent remuneration

The combination of the components below ensures that above-average pay is only received for above-average performance and above-average sustainable shareholder returns.



All permanent full-time employees, other than executive directors and management, receive guaranteed basic salaries (including an annual bonus of up to one month's basic salary on completion of up to three years' service) with the costs of medical, risk and retirement benefits shared between the employee and the employer on a 50:50 basis. Executive directors and management are remunerated based on a guaranteed total package basis, with the costs of benefits structured within their total cost to company.

Variable remuneration			
Short-term incentives (STIs)		Long-term incentives (LTIs)	
Award	Terms	Award and vesting	Terms
Annually as recommended by the remuneration and nomination committee and as approved by the board.	Based on the achievement of financial targets and personal key performance objectives, calculated as a percentage of annual total package.	Annually, subject to a three-year minimum vesting period and equity settled.	Aligned to shareholder returns.
Southern Sun seeks to remunerate employees responsibly, fairly and transparently and strives to achieve a balance between STIs and LTIs as part of a complete remuneration package that will motivate the achievement of short-term returns and long-term value creation for shareholders, as appropriate.			

Short-term incentives (STIs)

Southern Sun's STIs comprise financial achievement targets and personal key performance objectives.

Purpose and participation

Executive directors and designated management level employees participate in STIs based on the achievement of financial targets (Ebitdar and adjusted earnings per share) and personal key performance objectives, split as follows:

	Financial achievement targets	Personal key performance objectives
Proportion for the most senior level	85	15
Proportion lowest management participant level	60	40

The STI target split allows for:

- the achievement of elements over which executive directors and management could exercise direct control, and which ensures that the achievement of short-term financial performance is not at the expense of future opportunities. In this regard, personal key performance objectives are agreed annually upfront between the participant and their immediate manager; and
- the incentivisation of executive directors and management to achieve improved returns for shareholders by reaching or exceeding approved targets for Ebitdar and adjusted earnings per share.

Financial achievement – Target weighting and threshold

For STI participants to meet the financial performance targets, the group's actual performance must exceed 90% of targeted Ebitdar and adjusted earnings per share, as appropriate.

Weighting	Budget and targets	Adjustments
50% Ebitdar 50% adjusted earnings per share.	- Targets recommended by the remuneration and nomination committee, which are based on the relevant board-approved budget - Budget and accompanying targets are adjusted up or down for material structural changes during the year to ensure they remain fair and relevant.	Adjustments relate mainly to acquisitions, disposals or corporate transactions that are not anticipated at the time of finalising the budget. Any adjustments to the targets are recommended by the remuneration and nomination committee and approved by the board.

Threshold

- Set at 90% of the approved target with a score of:
 - 0% being awarded for achievement below the threshold
 - 50% being awarded for the achievement of on-target performance
 - A stretch target set at 115% of the approved target resulting in a score, capped at 100%, being awarded for the achievement of the stretch target.

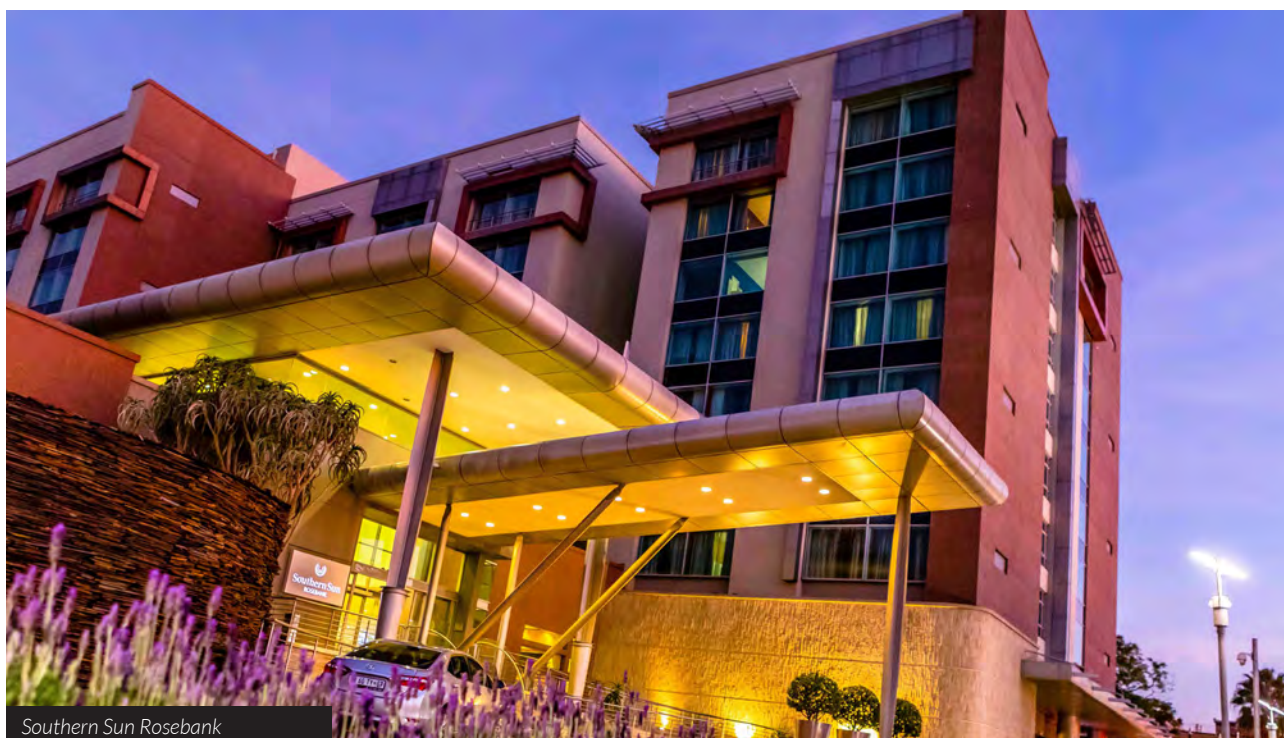
REMUNERATION POLICY AND REMUNERATION IMPLEMENTATION REPORT *continued*

Pre-agreed personal key performance objectives

- Vary depending on the employee's role within the organisation and could include elements such as growth, customer satisfaction, regulatory compliance, leadership, internal controls and cost control
- An evaluation of the STI participant's achievement of his or her pre-agreed personal key performance objectives is completed at the end of the financial year
- A bell-curve methodology is applied to the evaluation of personal performance, as provided for in the rules of the STI scheme, the outcome of which results in ranking all individuals in the Bell Curve based upon their relative achievement of personal objectives and personal performance, in a defensible manner. Proposals to amend this methodology of evaluating personal performance are under consideration. The methodology applicable to FY26 will be updated with the approved changes to the rules of the STI Scheme.

	Financial achievement on-target STI entitlement per employee level (% annual cost to company)	The maximum capped STI entitlement per level (% annual cost to company)
Chief Executive Officer	75	130
Chief Financial Officer	50	90
Heads of function	40	75
Senior managers	33	60
Designated management level employees	20	35

	Weighting (%) financial performance	Weighting (%) personal performance
Chief Executive Officer	85	15
Chief Financial Officer	80	20
Heads of function	75	25
Senior managers	70	30
Designated management level employees	60	40



Long-term incentives (LTIs)

LTIs, awarded in the form of Share Appreciation Rights (SARs), in accordance with the Southern Sun Share Appreciation Rights plan (SAR plan), serve to align the focus of management with that of shareholders in that participants receive, in the form of Southern Sun shares, the capital growth on their SARs between its date of issue and its date of exercise, as well as all dividends declared between these periods. As a result, management is focused on increasing the share price and the dividends per share. No other specific performance measurements are attached to LTIs awarded.

LTI allocations made to executive directors are listed in the remuneration implementation report on page 89.

Southern Sun Share Appreciation Rights plan

Purpose and participation

Selected key senior employees of the group participate in the SAR plan with the goal to incentivise, motivate and retain these high-calibre employees and recognise their contributions to the group.

The purpose of the SAR plan is twofold, namely:

- to offer employees the opportunity to receive shares in Southern Sun (SSU shares) through the award of share appreciation rights (SARs), which are settled in SSU shares. The SAR plan is primarily used as an incentive to participants to deliver on our business strategy over the long term; and
- to offer such participants the opportunity to share in the group's success, recognising the contributions made by these employees and providing alignment between the interests of participants and shareholders.

Award date	Vesting period	Terms
Annually as recommended by the remuneration and nomination committee and approved by the board.	Three years from their award date and will lapse and accordingly not be capable of surrender for settlement in SSU shares, upon the sixth anniversary for awards granted prior to 1 April 2023 and upon the fourth anniversary for awards granted thereafter.	The number of annual SARs awarded to participants will primarily be based on the participant's annual salary, employee level, performance, retention and attraction considerations, as well as market benchmarks. Annual allocations will be benchmarked and set to a market-related level of remuneration, while considering the overall affordability thereof to the group.
Instruments and calculation		
SARs confer the right upon the participating employee to receive shares equal to the appreciation of the awarded SARs over the vesting period, being a minimum period of three years from the award date and subject to the participating employee's continued employment during this period.	Appreciation is calculated as the difference between the seven-day volume weighted average price of the shares on the date on which notice is given to surrender the SARs (exercise price) and the seven-day volume-weighted average price on the date on which the award was made to an eligible employee to participate in the scheme (the award price), multiplied by the number of SARs awarded.	The exercise price will be adjusted to take into account dividends (being a distribution as defined in the Companies Act and any dividends declared and paid in cash or in specie and on the unbundling of an asset or share) between the award date and the vesting date.
On settlement, the value accruing to participants will be the full appreciation of the SSU share price over the award price plus dividends declared and paid, post the award date (net of tax), which value will be settled in SSU shares.		

REMUNERATION POLICY AND REMUNERATION IMPLEMENTATION REPORT *continued*

Malus and clawback

The group understands the need for increased alignment between executive management and shareholders, particularly in executive remuneration schemes operated by the group, and the growing emphasis on executive accountability.

In response, a malus and clawback clause is included in both the STI scheme and the SAR plan. In terms of this clause, clawbacks may be implemented by the board for material misstatements of financial statements or errors in calculations that led to the overpayment of incentives to executives. Clawbacks may be implemented from all gains derived from any STI or LTI award in the form of a reduction in the value of these awards in future years, or (other than for executive directors) in the form of a repayment plan over a period of up to 12 months. Executive directors are required to repay the amount in full.

In the event that an employee has left the services of the company, or there is limited possibility of recovering amounts from future incentive awards, the company may institute proceedings to recover such amounts.

Executive directors' service contracts at 31 March 2025

Both the CEO and CFO are full-time salaried employees of Southern Sun. Their employment contracts are subject to three months' notice, contain no restraint of trade clauses and have no specific contractual conditions related to termination.

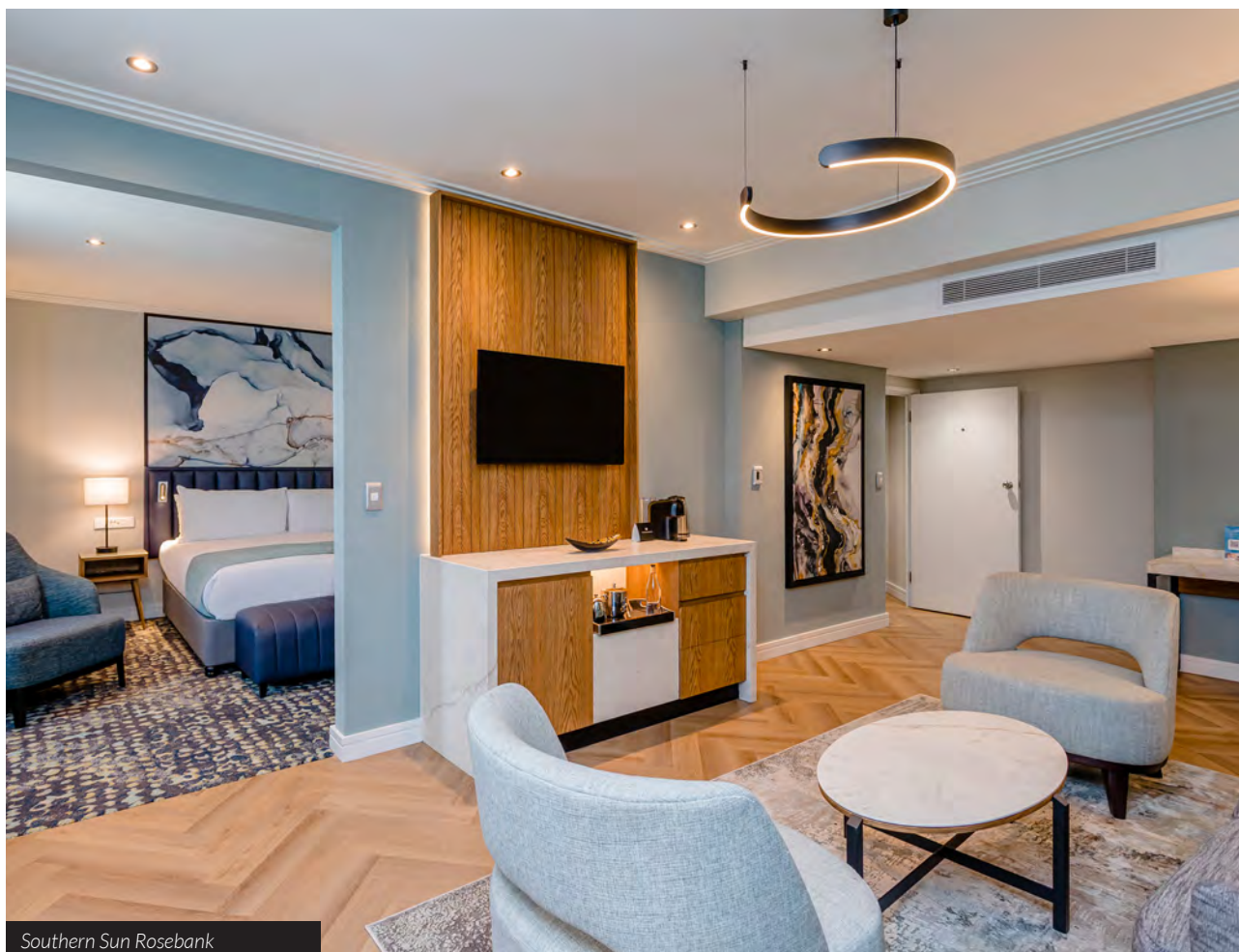
Non-executive directors' terms of appointment

Non-executive directors are not subject to any other fixed terms of employment other than the conditions contained in the incorporation of the company (MOI) and, as such, no service contracts have been entered into with the company.

Southern Sun's remuneration for non-executive directors comprises:

- a basic annual fee for membership of the board and the audit and risk committee; and
- a per meeting attendance fee for members of the social and ethics and remuneration and nomination committees.

Non-executive directors' fees are approved in advance by shareholders by special resolution at the company's AGM. No share options or other incentive awards geared to share price or corporate performance are made to non-executive directors.



Remuneration implementation report

This part of the report reflects the implementation of the remuneration policy. It provides details of the remuneration paid to executive directors and prescribed officers and fees paid to non-executive directors for the year ended 31 March 2025.

This section also sets out the details surrounding the STI and LTI payments and vesting outcomes and includes a summary overview of each executive director and prescribed officers' performance, including their single-figure remuneration.

Executive directors' and prescribed officers' emoluments

	2025			2024		
	MN von Aulock R'000	L McDonald R'000	Total R'000	MN von Aulock R'000	L McDonald R'000	Total R'000
Salaries	8 657	2 966	11 623	8 211	2 819	11 030
Benefits	576	519	1 095	587	502	1 089
SARs exercised	23 066	5 692	28 758	–	210	210
Current year STI accrued	9 596	2 491	12 087	10 950	2 876	13 826
Fair value of equity-settled SARs awarded	4 486	2 716	7 202	1 222	1 834	3 056
Total single figure of remuneration	46 381	14 384	60 765	20 970	8 241	29 211
Current year vesting of equity-settled SARs	3 155	2 579	5 734	3 707	2 557	6 264
Fair value of unvested equity-settled SARs granted during the year	(3 424)	(2 027)	(5 451)	(814)	(1 221)	(2 035)
Financial statement remuneration	46 112	14 936	61 048	23 863	9 577	33 440
Current year STI not settled	(9 596)	(2 491)	(12 087)	(10 950)	(2 876)	(13 826)
Prior year STI settled	10 950	2 876	13 826	10 484	2 725	13 209
IFRS 2 charge on equity-settled SARs	(4 217)	(3 268)	(7 485)	(4 115)	(3 170)	(7 285)
Total cash equivalent value of remuneration	43 249	12 053	55 302	19 282	6 256	25 538

Annual salary review

The annual salary review was conducted for all employees including the executive directors per the remuneration policy and resulted in an average rate of increase of 5.5% for executive directors and 5.5% for other employees.

Short-term incentives

The outcomes of the 2025 STIs, which were paid to scheme participants in May 2025 against targets set for the year are provided in the tables that follow.

	2025 Approved targets		
	Ebitdar (Rm)	Adjusted earnings per share pre-LTI (cents)	Weighting of financial achievement (%)
Threshold (above 90% of target)	1 860	62.5	0
Target	2 067	69.4	50
Stretch (above 115% of target)	2 377	79.8	100
2025 actual achievement	2 169	77.1	
Financial achievement scores	66.4	87.0	

Budget and accompanying targets are adjusted up or down and accordingly approved by the board on the recommendation of the committee, for material structural changes during the year or for corporate activities (acquisitions or disposals) undertaken that were not known at the time of budget finalisation and target approval.

REMUNERATION POLICY AND REMUNERATION IMPLEMENTATION REPORT *continued*

2025 financial targets were achieved by the group, resulting in the award of STIs for executive directors as follows:

	Annual total package R'000	On-target bonus %	Maximum capped bonus entitlement as % of annual package	Maximum capped bonus entitlement R'000	Financial score weighting %	Weighted financial score achieved %	STI earned on financial achievement R'000	Personal score weighting %	Personal score achieved %	STI earned on personal objectives R'000	Total STI earned R'000
MN von Aulock	9 178	75	130	11 931	85	65.2	8 143	15	11.7	1 452	9 595
L McDonald	3 464	50	90	3 118	80	61.4	1 978	20	16.0	512	2 490

Personal performance objectives for the CEO and CFO are generally set at the beginning of the financial year and modified as required.

Personal objectives were set to focus on the following key areas:

- continued negotiation with the eThekweni Municipality for the long-term lease and redevelopment of Southern Sun Elangeni & Maharani;
- the evaluation of key transactions, if deemed appropriate;
- the successful buyback of SSU shares in the open market;
- the successful planning and budgeting of refurbishment projects;
- restructuring and refinancing of the group's debt facilities;
- overseeing the successful implementation of major software update(s); and
- the retention of the cost efficiencies achieved through the material restructure of the business.

Long-term incentives

Details of unexpired SARs awarded to executive directors and prescribed officers prior to 31 March 2025 are set out below:

Fair value of SARs – executive directors and prescribed officers

Name	Award date	SARs awarded and still outstanding	Award price R	Strike price R	Fair value of SARs awarded R'000	Vesting date	Expiry date
MN von Aulock	13 January 2021 [^]	1 142 857	1.49	1.50	819	13 January 2024	13 January 2027
	14 January 2022 ^{*^#}	3 302 633	3.03	3.05	3 975	30 September 2024	30 September 2027
	14 January 2022 [*]	3 302 632	3.03	3.05	4 128	30 September 2025	30 September 2027
	14 January 2022 [*]	3 302 632	3.03	3.05	4 266	30 September 2026	30 September 2027
	1 April 2023	888 435	4.30	4.50	1 222	31 March 2026	31 March 2027
	1 April 2024	1 180 080	5.08	5.05	1 891	31 March 2027	31 March 2028
	1 October 2024	1 297 219	7.75	7.75	2 594	30 September 2027	30 September 2028
L McDonald	13 January 2021 [^]	1 142 857	1.49	1.50	819	13 January 2024	13 January 2027
	14 January 2022 ^{*^#}	1 651 316	3.03	3.05	1 987	30 September 2024	30 September 2027
	14 January 2022 [*]	1 651 316	3.03	3.05	2 064	30 September 2025	30 September 2027
	14 January 2022 [*]	1 651 316	3.03	3.05	2 133	30 September 2026	30 September 2027
	1 April 2022 [^]	1 048 752	3.34	3.45	1 786	31 March 2025	31 March 2028
	1 April 2023	1 332 653	4.30	4.50	1 834	31 March 2026	31 March 2027
	1 April 2024	885 060	5.08	5.05	1 419	31 March 2027	31 March 2028
	1 October 2024	648 609	7.75	7.75	1 297	30 September 2027	30 September 2028

* SARs awarded on 14 January 2022 vest in three equal tranches on the third, fourth and fifth anniversary from 30 September 2021.

[^] SARs vested and still outstanding.

[#] SARs exercised on 21 July 2025.

SARs are equity-settled and will therefore have a dilutionary impact on shareholders on settlement. Based on the closing share price on 31 March 2025 of R8.30 and the average SSU share price for the 12 months to 31 March 2025 of R7.35, all SARs that have a dilutionary impact, amounting to 40 million shares across all scheme participants, have been taken into account for the calculation of the diluted headline and diluted adjusted headline profit and the diluted number of weighted average shares.

Non-executive directors' fees

	2025 Directors' fees paid by the company R'000	2024 Directors' fees paid by the company R'000
JA Copelyn	489	461
MH Ahmed	604	568
SC Gina	460	440
LM Molefi	475	445
JG Ngcobo	475	437
JR Nicolella	316	298
CC September	331	311
	3 150	2 960

Fees are exclusive of VAT.

Non-executive directors' fees for approval by shareholders

The non-executive directors' fees for 2025 were approved by shareholders at the 2024 AGM held on 20 September 2024 and represented a 5.5% inflationary increase to the prior year.

At the AGM scheduled for 15 September 2025, the remuneration and nomination committee will propose a 5.5% increase in non-executive directors' fees, in line with the average increase for executive directors.



The board has approved the recommendation made by the remuneration and nomination committee and shareholders are referred to page 31 of the notice of AGM for the proposed non-executive directors' fees proposed for the 2026 financial year.

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teams



CONSOLIDATED ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH **2025**

Who we are

Performance and
value creation

Integrated
governance

Consolidated annual
financial statements

Shareholder
information

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STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

for the year ended 31 March 2025

The company's directors are required by the Companies Act of South Africa Act, No 71 of 2008 (Companies Act) to maintain adequate accounting records and to prepare financial statements for each financial year that fairly present the state of affairs of the group at the end of the financial year and of the results of operations and cash flows for the year. In preparing the accompanying consolidated annual financial statements, the Listings Requirements of the Johannesburg Stock Exchange Limited (JSE) together with IFRS Accounting Standards have been followed, suitable accounting policies have been used and applied consistently with the exception of the change in accounting policy relating to leases detailed in notes 1(g)(i) and 16.1, and reasonable and prudent judgements and estimates have been made. The consolidated annual financial statements incorporate full and responsible disclosure. The directors accept responsibility for the preparation, integrity and fair presentation of the consolidated annual financial statements. The directors are responsible for the establishment and adequate functioning of a system of governance, risk management and internal controls in the company including controls over the security of the company website and electronic distribution of annual reports and other financial information. Consequently, the directors have implemented a broad range of processes and procedures designed to provide control by the directors over the company's operations. The directors have oversight of the information included in the integrated annual report and are responsible for both its accuracy and its consistency with the consolidated annual financial statements.

The directors have reviewed the group's budgets and cash flow forecasts for the year to 31 March 2026. On the basis of this review, and in light of the current financial position and existing borrowing facilities, the directors are satisfied that the group is a going concern and they have accordingly adopted the going-concern basis in preparing the consolidated annual financial statements. The group's independent auditors, Deloitte & Touche, have audited the consolidated annual financial statements and their unqualified report appears on page 100. Deloitte & Touche was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The board recognises and acknowledges its responsibility for the group's systems of internal financial control. The group adheres to a code of conduct, which covers ethical behaviour and compliance with legislation. The control systems include written accounting and control policies and procedures, clearly defined lines of accountability and delegation of authority, and comprehensive financial reporting and analysis against approved budgets. The responsibility for operating these systems is delegated by the directors who confirm that they have reviewed the effectiveness thereof. The directors consider that the systems are appropriately designed to provide reasonable, but not absolute, assurance that assets are safeguarded against material loss or unauthorised use and that transactions are properly authorised and recorded.

The effectiveness of the internal financial control systems is monitored through management reviews, comprehensive reviews and testing by internal auditors and the independent auditors' testing of appropriate aspects of the internal financial control systems during the course of their statutory examinations of the company and the underlying subsidiaries.

Competence of the Company Secretary

The board of directors has considered and satisfied itself of the appropriateness of the competence, qualifications and expertise of the Company Secretary, Southern Sun Secretarial Services Proprietary Limited (represented by Rosa van Onselen). The Company Secretary has direct access to the board. The board confirms that Rosa van Onselen is not a director of the company and provided the board with independent guidance and support. An arm's length relationship exists between the Company Secretary and the board.

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER RESPONSIBILITY STATEMENT

for the year ended 31 March 2025

Each of the directors, whose names are stated below, hereby confirm that:

- (a) the annual financial statements set out on pages 106 to 168 fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- (b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- (c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries has been provided to effectively prepare the financial statements of the issuer;
- (d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- (e) where we are not satisfied, we have disclosed to the audit and risk committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken the steps to remedy the deficiencies; and
- (f) we are not aware of any fraud involving directors.



Marcel von Aulock
Chief Executive Officer



Laurelle McDonald
Chief Financial Officer

31 July 2025

DIRECTORS' APPROVAL OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2025

The preparation of the consolidated annual financial statements set out on pages 106 to 168 has been supervised by the Chief Financial Officer (CFO), L McDonald CA(SA). These consolidated annual financial statements were approved by the board of directors on 31 July 2025 and are signed on its behalf by:



Marcel von Aulock
Chief Executive Officer



Laurelle McDonald
Chief Financial Officer

31 July 2025

DECLARATION BY THE COMPANY SECRETARY

for the year ended 31 March 2025

In terms of section 88(2)(e) of the Companies Act of South Africa (Companies Act), I confirm that for the year ended 31 March 2025, Southern Sun Limited has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act and that all such returns and notices are true, correct and up to date.



Rosa van Onselen
Company Secretary

31 July 2025

REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 31 March 2025

Statutory duties

The committee is satisfied that in respect of the financial year it has performed all the functions required by law to be performed by an audit and risk committee, including as set out in section 94 of the Companies Act and in terms of the committee's terms of reference and as set out in the corporate governance report. In this connection, and with specific regard to the preparation of the consolidated annual financial statements, the committee has:

- reviewed and assessed the group's risk identification, measurement and control systems and their implementation;
- reviewed and approved the group accounting policies (refer to note 1 of the consolidated annual financial statements);
- considered all significant transactions and accounting matters that occurred during the year and evaluated whether the accounting treatment is appropriate in terms of IFRS;
- considered the impact of auditing, regulatory and accounting developments during the year, particularly the implications of new standards that became effective during the year;
- established appropriate financial reporting procedures for the group in accordance with paragraph 3.84(g)(ii) of the Listings Requirements of the JSE;
- considered the JSE's most recent report and annexure on proactive monitoring of financial statements, and where necessary those of previous periods, and taken appropriate action where necessary to respond to the findings as highlighted in the JSE report when preparing the annual financial statements for the year ended 31 March 2025;
- evaluated and is satisfied with the effectiveness of the Chief Audit Executive and the outsourced internal audit function;
- considered the outsourced internal audit service provider and is satisfied with their independence and ability to effectively complete the internal audit plan;
- reviewed the written assessment of internal audit on the design, implementation and effectiveness of the internal financial controls, in addition to the findings noted by the external auditors during the course of their annual audit in support of their annual audit opinion. Based on these results, the committee is of the opinion that the internal financial controls provide reasonable assurance that financial records may be relied upon for the preparation of reliable consolidated annual financial statements;
- dealt with concerns or complaints relating to accounting practices and internal audit of the group, the content or auditing of the group's consolidated annual financial statements, the internal financial controls of the group, or any other related matter;
- evaluated the independence and effectiveness of the external auditors, Deloitte & Touche, and is satisfied that the external auditors are independent of the group having given due consideration to the parameters enumerated under section 92 of the Companies Act of South Africa;
- ensured and satisfied itself that the appointments of the external auditors, the designated auditor and IFRS adviser are in compliance with the Companies Act of South Africa, the Auditing Profession Act, 2005 and the Listings Requirements of the JSE;
- evaluated and is satisfied with the quality of the external audit and reports issued by the external auditors;
- in consultation with executive management, agreed to the engagement letter, terms, external audit plan and fees for the 2025 financial year; and
- in accordance with the company's non-audit services policy, considered and pre-approved all non-audit services provided by the external auditors, ensuring that the independence of the external auditors is not compromised.

Disclosure of fee-related matters

Our external auditors, provide various audit, non-audit, assurance and statutory services for which a breakdown of the fees for the year has been noted below:

	Deloitte network Rm	Non-Deloitte network Rm	Total Rm
Audit services	15	2	17
Non-audit services	1	-	1
	16	2	18

Competence of the Chief Financial Officer

The committee has also considered and satisfied itself of the appropriateness of the expertise and experience of the Chief Financial Officer, Mrs L McDonald, and the finance function.

Recommendation of the consolidated annual financial statements

The committee has evaluated the consolidated annual financial statements of Southern Sun Limited for the year ended 31 March 2025 and based on the information provided to the committee, the committee recommends the adoption of the consolidated annual financial statements by the board.



Mohammed Ahmed

Chairman: Audit and risk committee

31 July 2025

DIRECTORS' REPORT

for the year ended 31 March 2025

1. Nature of business

The company is a South African incorporated public company domiciled in the Republic of South Africa engaged principally in the hospitality industry. There have been no material changes in the nature of the company's business from the prior year.

2. State of affairs and profit for the year

The financial results of the group for the year are set out in the consolidated annual financial statements and accompanying notes thereto. Group profit after tax for the year under review amounted to R1.0 billion (2024: R856 million).

3. Events occurring after the balance sheet date

Between 6 June 2025 and 30 June 2025, the group bought back 8.9 million shares at an average price of R8.83 and issued 4.6 million shares between 22 April 2025 and 30 June 2025 to employees participating in the Southern Sun Share Appreciation Rights Plan.

The directors are not aware of any other material matters or circumstance arising since the statement of financial position date and the date of this report.

Please refer to note 42 of the consolidated annual financial statements for the dividends paid to shareholders.

4. Going concern

The consolidated annual financial statements are prepared on the going-concern basis. Based on the cash flow forecasts, available cash resources and facility headroom, management believes that the group has sufficient resources to continue operations as a going concern in a responsible and sustainable manner. Refer to note 48 for further details. The board of directors of the company has assessed the cash flow forecasts and is of the view that the group has sufficient liquidity to meet its obligations over the next 12 months.

5. Share capital

Southern Sun Limited has authorised share capital of 2 000 000 000 ordinary no par value shares and the issued share capital of the company including treasury shares is 1 342 150 415 (2024: 1 336 690 132) ordinary no par value shares.

6. Dividends

Having reviewed the group's working capital requirements and cash resources, the board has approved and declared a final dividend (number 2) of 25.00 cents per ordinary share (gross) (2024: 12.50 cents) in respect of the year ended 31 March 2025. The dividend will be subject to dividend tax. In accordance with paragraphs 11.17(a)(i) to (ix) and 11.17(c) of the Johannesburg Stock Exchange (JSE) Listings Requirements the following additional information is disclosed:

- The dividend has been declared out of distributable reserves;
- The local Dividend Tax rate is 20% (twenty per centum);
- The gross local dividend amount is 25.00000 cents per ordinary share for shareholders exempt from the dividend tax;
- The net local dividend amount is 20.00000 cents per ordinary share for shareholders liable to pay the dividend tax;
- The number of shares in issue at declaration date is 1 342 936 721;
- The company's income tax reference number is 9878091140; and
- The dividend was paid to shareholders on 17 June 2025.

7. Associates and subsidiaries

Refer to note 20 of the consolidated annual financial statements for details of associates, note 46 of the consolidated annual financial statements for details of subsidiary companies with material non-controlling interests and note 47 of the consolidated annual financial statements for details of subsidiaries.

DIRECTORS' REPORT *continued*

for the year ended 31 March 2025

8. Directorate

There have been no changes to the directorate during the year under review. Directors of the company are set out below:

	Appointed
Non-executive	
JA Copelyn (Chairman)	10 May 2019
JR Nicolella	10 May 2019
Independent non-executive	
MH Ahmed (Lead Independent)	10 May 2019
SC Gina	10 May 2019
LM Molefi	10 May 2019
JG Ngcobo	10 May 2019
CC September	15 August 2019
Executive	
MN von Aulock (CEO)	10 May 2019
L McDonald (CFO)	30 September 2011

9. Directors' and prescribed officers' emoluments

No material contracts in which the directors have an interest were entered into during the year under review. Refer to note 39.2 of the consolidated annual financial statements for details of the group's key management compensation.

10. Company secretary

Southern Sun Secretarial Services Proprietary Limited, as represented by LR van Onselen.

Business address

4th Floor, South Tower, Nelson Mandela Square, Cnr 5th and Maude Streets, Sandton, 2196

Postal address

Private Bag X200, Bryanston, 2021

11. External auditors

Deloitte & Touche will continue in office in accordance with section 90 of the Companies Act of South Africa until the forthcoming annual general meeting.

12. Major shareholders and shareholder analysis

The company's ultimate majority shareholder is Hosken Consolidated Investments Limited (HCI) (a company listed on the JSE) which, at the balance sheet date, directly and indirectly owned 45.0% (2024: 44.9%) of the company's issued share capital (including treasury shares). HCI directly owned 0% (2024: 10.4%) and is the majority shareholder of TIHC Investments (RF) Proprietary Limited (TIHC) and TIHC directly owns 0% (2024: 31.2%) of Southern Sun Limited. TIH Prefco Proprietary Limited is a wholly owned subsidiary of HCI and TIH Prefco Proprietary Limited directly owns 41.4% (2024: 0%) of Southern Sun Limited. HCI also controls the HCI Foundation which directly owns 3.6% (2024: 3.3%) of the company. Refer to the shareholder analysis on page 169.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Southern Sun Limited



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Gallo Manor 2052
South Africa

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Registered Auditors
Audit & Assurance
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Waterfall 2090

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www.deloitte.com

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Southern Sun Limited and its subsidiaries (the Group) set out on pages 106 to 168, which comprise the consolidated balance sheet as at 31 March 2025; and the consolidated income statement and consolidated statement of comprehensive income; the consolidated statement of changes in equity; and the consolidated cash flow statement for the year then ended; and notes to the consolidated annual financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Southern Sun Limited and its subsidiaries as at 31 March 2025, and its consolidated financial performance; and consolidated cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023, we report:

Final Materiality

We define materiality as the magnitude of misstatement in the consolidated financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced.

We use materiality both in planning the nature and extent of our audit work and in evaluating the results of our work.



Managing Partner: ML Tshabalala

A full list of partners and directors is available on request

B-BBEE rating: Level 1 contribution in terms of the DTI Generic Scorecard as per the amended Codes of Good Practice

Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited

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INDEPENDENT AUDITOR'S REPORT *continued*

Based on our professional judgement, we determined materiality for the consolidated financial statements as a whole as follows:

Overall materiality	R66.0 million (2024: R52.3 million)
How we determined it	Based on 1% of revenue
Rationale for benchmark applied	A key judgement in determining materiality is the appropriate benchmark to select, based on our perception of the needs of shareholders. We considered which benchmarks and key performance indicators have the greatest bearing on shareholder decisions. We determined that Revenue remained the key benchmark.

Scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the structure and organisation of the Group, and assessing the risks of material misstatement at the Group level.

We selected components at which audit work in support of the Group audit opinion needed to be performed in order to provide an appropriate basis for undertaking audit work to address the risks of material misstatement.

Our selection was informed by taking into account the component's contribution to relevant classes of transactions, account balances or disclosures.

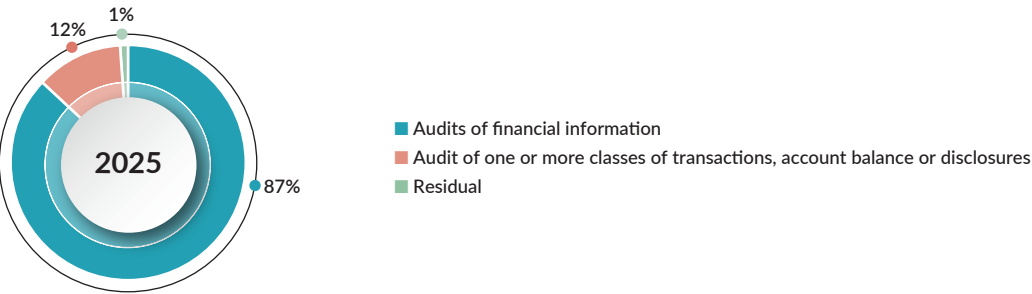
Based on our assessment, we performed work at 14 components (2024: 14 components), which has remained consistent with the prior period. These represents 99% of the Group's revenue (2024: 99%).

The following audit scoping was applied:

- 4 components were audits of the component's financial information; and
- 10 components were an audit of one or more classes of transactions, account balances or disclosures.

Residual values were addressed by risk assessment and analytical procedures performed at a Group level.

Revenue



Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In terms of the Enhanced Auditor Reporting Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

Key Audit Matter ("KAM")	How the matter was addressed in the audit
Valuation of investment property The Group's assets comprise investment properties which are measured at fair value based on external independent valuations performed by using the discounted cash flow model. The fair value of investment properties is dependent on the operating results of the respective property operations and the inputs into the valuation model. The investment property balance increased by 11.0% to R1.9 billion (2024: R1.7 billion). The increase is due to the fair value adjustment of R105 million (2024: R59 million) in the current year as disclosed in note 17. The increase in the fair value adjustment is largely due to management having adopted a more optimistic view on the recovery in trading levels and the assumption that the Group will continue to return to long-term average occupancies. Other assumptions adopted include the following: • A weighted average EBITDAR growth rate of 5.4% (2024: 8.3%) • A terminal capitalisation rate of 9.0% – 11.0% (2024: 9.0% – 11.0%) • A risk-adjusted pre-tax discount rate of 12.5% – 14.5% (2024: 12.5% – 14.5%) We have considered the valuation of investment property to be a matter of most significance and key audit matter due to the magnitude of the value as at the balance sheet date and also the inherent risk due to the significant judgement in the assumptions.	To address the KAM we completed the audit procedures below with the assistance of our Corporate Finance and Valuation specialists: • We obtained an understanding of the approach followed by management and the independent valuers for the valuation of the group's investment property portfolio through discussions with management and the external valuers, as well as inspection of minutes of meetings of the board of directors; • We have tested the design and implementation of relevant controls; • Evaluated managements' independent valuers by assessing their competence, independence and capabilities with reference to their qualifications and industry experience; • We evaluated cash flow projections, focusing on changes to the prior year, and comparison against actual results; • On a risk-based sampling approach tested the valuation models through our internal specialist team by performing the following: – Reviewed the appropriateness of methodologies applied to value the properties giving consideration to the highest and best use of the properties; – Considered the reasonableness of the key assumptions underlying the properties including the terminal capitalisation rates, and risk adjusted discount rates; – Considered the reasonableness of any extraordinary assumptions and/ hypothetical conditions applied by management; – Reviewing the overall logic and mathematical accuracy of the valuations; – Concluding on the reasonability of management's valuations; and – Reviewed the appropriateness of the disclosures relating to the balance. Based on our audit procedures performed, we found management's overall assessment relating to the valuation of investment property within an acceptable range and adequately disclosed in note 17 of the financial statements.

INDEPENDENT AUDITOR'S REPORT *continued*

Key Audit Matters continued

Key Audit Matter ("KAM")	How the matter was addressed in the audit
Valuation of owned property The Group has property, plant and equipment ("PPE") amounting to R8.5 billion (2024: R8.5 billion), which significantly relates to hotels, land and buildings which amounts to R7 billion (2024: R7.1 billion) as disclosed in note 15. There is a risk of impairment of properties that are underperforming and a possible reversal of impairment for the properties that have recovered post Covid-19. The value in use was calculated using a discounted cash flow model (DCF) based on the net cash flows of the underlying properties and the valuation is dependent on forward looking information which is impacted by the uncertainties arising from difficult and uncertain economic conditions. The Group's accounting policy for PPE is the cost model. The Group's independent valuers have performed either full or desktop valuation on all properties and the following assumptions were applied: • A risk-adjusted pre-tax discount rate of 12.5% – 14.5% (2024: 12.5% – 14.5%) for South African properties and 11.0% – 17.0% (2024: 10.5% – 17.5%) for Offshore properties. • Terminal growth rate of 4.5% (2024: 4.5%) for South African properties and 2.2% (2024: 2.2%) for Offshore properties. Based on these valuations, management has recognised impairment losses of R182 million and reversals of previous impairment losses of R53 million as disclosed in note 15. We have considered the valuation of owned property to be a matter of most significance and key audit matter due to the magnitude of the value as at the balance sheet date and also the inherent risk due to the significant judgement in the assumptions.	To address the KAM we completed the audit procedures below with the assistance of our Corporate Finance and Valuation specialists: • We updated our understanding of management's assessment of the impairment process; • We tested the design and implementation of relevant controls; • Evaluated management's independent valuers by assessing their competence, independence and capabilities with reference to their qualifications and industry experience; • Critically evaluated the projected cash flows used in the impairment models including comparing them to historical performance; • On a risk-based sampling approach tested the valuation models through our internal specialist team by performing the following: – Reviewed the appropriateness of methodologies applied to value the properties giving consideration to the highest and best use of the properties; – Considered the reasonableness of the key assumptions underlying the properties including the terminal capitalisation rates, and risk-adjusted discount rates; – Considered the reasonableness of any extraordinary assumptions and/ hypothetical conditions applied by management; – Reviewing the overall logic and mathematical accuracy of the valuations; – Concluding on the reasonability of management's valuations; and – Reviewed the appropriateness of the disclosures relating to the balance. • Engaged our corporate finance specialists to independently assess the Offshore WACC rates used to ensure that the rates used by the directors fall within an acceptable range. Based on our audit procedures performed, we found management's overall assessment relating to the valuation of owned property within an acceptable range and adequately disclosed in note 15 of the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Consolidated Annual Financial Statements for the year ended 31 March 2025”, which includes the Directors’ Report, the Audit and Risk Committee’s Report and the Declaration by the Company Secretary, as required by the Companies Act of South Africa. The other information does not include the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT *continued*

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

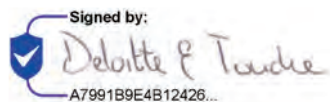
From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Audit Tenure

In terms of the IRBA Rule published in Government Gazette No. 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Southern Sun Limited for two years.



Deloitte & Touche

Registered Auditor

Per: Dr Dirk Steyn CA(SA); RA

Partner

31 July 2025

5 Magwa Crescent
Waterfall City
Waterfall
Johannesburg
2090

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March

	Notes	2025 Rm	2024 Rm
Rooms revenue	7	4 414	4 008
Food and beverage revenue	7	1 593	1 502
Property rental income	7	272	229
Other revenue	7	330	308
Income		6 609	6 047
Property and equipment rental expense	8	(142)	(191)
Amortisation and depreciation	9	(423)	(369)
Employee costs	10	(1 622)	(1 530)
Other operating expenses	11	(2 836)	(2 622)
Fair value adjustment of investment properties	17	105	59
Impairment of property, plant and equipment	15	(129)	-
Operating profit		1 562	1 394
Finance income	12	57	63
Finance costs	13	(276)	(354)
Share of profit of associates	20	99	80
Profit before income tax		1 442	1 183
Income tax expense	14	(420)	(327)
Profit for the year		1 022	856
Profit/(loss) attributable to:			
Equity holders of the company		1 024	856
Non-controlling interests		(2)	-
		1 022	856
Basic and diluted earnings attributable to the ordinary equity holders of the company per share (cents)			
Number of shares in issue (million)	26	1 342	1 337
Weighted number of shares in issue (million)		1 340	1 387
Basic earnings per share (cents)		76.4	61.7
Diluted earnings per share (cents)		74.2	60.5

The accounting policies and notes on pages 111 to 168 form an integral part of these consolidated annual financial statements.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March

	Note	2025 Rm	2024 Rm
Profit for the year		1 022	856
Other comprehensive income for the year, net of tax			
Items that may be reclassified subsequently to profit or loss:		(35)	82
Cash flow hedges		-	(16)
Currency translation adjustments		(35)	94
Income tax relating to items that may subsequently be reclassified to profit or loss	14	-	4
Total comprehensive income for the year		987	938
Total comprehensive income/(loss) attributable to:			
Equity holders of the company		992	936
Non-controlling interests		(5)	2
		987	938

The accounting policies and notes on pages 111 to 168 form an integral part of these consolidated annual financial statements.

CONSOLIDATED BALANCE SHEET

as at 31 March

	Notes	2025 Rm	2024 Rm
ASSETS			
Non-current assets			
Property, plant and equipment	15	8 490	8 488
Right-of-use assets	16	925	981
Investment properties	17	1 917	1 729
Goodwill	18	354	354
Other intangible assets	19	68	44
Investments in associates	20	452	385
Post-employment benefit assets	30	4	5
Non-current receivables	21	1	5
Deferred income tax assets	22	355	442
Total non-current assets		12 566	12 433
Current assets			
Inventories	23	81	80
Trade and other receivables	24	530	494
Derivative financial instruments	31	-	12
Current income tax assets		12	16
Cash and cash equivalents	25	396	639
Total current assets		1 019	1 241
Total assets		13 585	13 674
EQUITY			
Capital and reserves attributable to equity holders of the company			
Ordinary share capital and premium	26	4 728	4 694
Other reserves	27	1 822	1 903
Retained earnings		2 777	1 920
Total shareholders' equity		9 327	8 517
Non-controlling interests		(23)	(17)
Total equity		9 304	8 500
LIABILITIES			
Non-current liabilities			
Interest-bearing borrowings	28	453	1 633
Lease liabilities	29	1 308	1 368
Deferred income tax liabilities	22	726	720
Deferred revenue	32	29	28
Provisions	34	69	63
Total non-current liabilities		2 585	3 812
Current liabilities			
Interest-bearing borrowings	28	209	30
Lease liabilities	29	144	99
Trade and other payables	35	1 101	1 000
Deferred revenue	32	59	55
Provisions	34	147	142
Current income tax liabilities		36	36
Total current liabilities		1 696	1 362
Total liabilities		4 281	5 174
Total equity and liabilities		13 585	13 674

The accounting policies and notes on pages 111 to 168 form an integral part of these consolidated annual financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March

Attributable to equity holders of the company

	Notes	Ordinary share capital Rm	Other reserves Rm	Treasury shares	Retained earnings Rm	Total attributable to the parent Rm	Non- controlling interests Rm	Total equity Rm
Balance at 31 March 2023		5 333	1 837	(44)	1 064	8 190	(18)	8 172
Total comprehensive income		–	80	–	856	936	2	938
Profit for the year		–	–	–	856	856	–	856
Cash flow hedges, net of tax		–	(12)	–	–	(12)	–	(12)
Currency translation adjustment		–	92	–	–	92	2	94
Purchase of treasury shares ¹		–	–	(617)	–	(617)	–	(617)
Issue of ordinary shares ²	26	22	–	–	–	22	–	22
Cancellation of shares ³	26	(661)	–	661	–	–	–	–
Share-based payments charge	33	–	25	–	–	25	–	25
Exercise of share appreciation rights		–	(39)	–	–	(39)	–	(39)
Dividends paid		–	–	–	–	–	(1)	(1)
Balance at 31 March 2024		4 694	1 903	–	1 920	8 517	(17)	8 500
Total comprehensive income		–	(32)	–	1 024	992	(5)	987
Profit for the year		–	–	–	1 024	1 024	(2)	1 022
Currency translation adjustment		–	(32)	–	–	(32)	(3)	(35)
Issue of ordinary shares ²	26	34	–	–	–	34	–	34
Share-based payments charge	33	–	27	–	–	27	–	27
Derecognition of interest rate swap reserve		–	(15)	–	–	(15)	–	(15)
Exercise of share appreciation rights		–	(61)	–	–	(61)	–	(61)
Dividends paid		–	–	–	(167)	(167)	(1)	(168)
Balance at 31 March 2025		4 728	1 822	–	2 777	9 327	(23)	9 304

¹ The group bought back 135 million SSU shares at an average price of R4.56.

² The group issued five million (2024: four million) shares during the year to employees participating in the Southern Sun Share Appreciate Rights Plan.

³ The group cancelled all 145 million shares bought back in FY23 and FY24 on 12 December 2023 and 28 March 2024.

The accounting policies and notes on pages 111 to 168 form an integral part of these consolidated annual financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March

	Notes	2025 Rm	2024 Rm
Cash flows from operating activities			
Profit before interest and income tax		1 661	1 474
Adjust for non-cash movements ¹		592	474
Increase in working capital		(179)	(75)
Cash generated from operations	36	2 074	1 873
Finance income		57	63
Finance costs		(277)	(352)
Income tax paid	37	(326)	(225)
Dividends paid		(168)	(1)
Net cash generated from operating activities		1 360	1 358
Cash flows from investment activities			
Purchase of property, plant and equipment – replacement	15	(460)	(333)
Purchase of property, plant and equipment – expansionary	15	(31)	(6)
Proceeds from disposals of property, plant and equipment		3	27
Additions to investment property	17	(29)	(185)
Purchase of intangible assets	19	(29)	(2)
Dividends received from associates	20	32	101
Net cash utilised for investment activities		(514)	(398)
Cash flows from financing activities			
Borrowings raised	38.1	539	85
Borrowings repaid	38.1	(1 528)	(415)
Principal elements of lease payments	38.2	(94)	(35)
Purchase of treasury shares	26	-	(617)
Funds held as security repaid		-	(236)
Tenancy allowance received		-	3
Net cash utilised for financing activities		(1 083)	(1 215)
Net decrease in cash and cash equivalents		(237)	(255)
Cash and cash equivalents at beginning of the year		639	883
Foreign currency translation		(6)	11
Cash and cash equivalents at the end of the year		396	639

¹ Includes amortisation and depreciation of R423 million (2024: R369 million) and movements in provisions of R147 million (2024: R146 million).

The accounting policies and notes on pages 111 to 168 form an integral part of these consolidated annual financial statements.

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NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

1. Summary of material accounting policies

The material accounting policies adopted in the preparation of the consolidated annual financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

(a) Basis of preparation

The consolidated annual financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations as issued by the IFRS Interpretations Committee and comply with the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee. Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council (FRSC), the Listings Requirements of the JSE and the requirements of the South African Companies Act, No 71 of 2008, and have been prepared under the historical cost convention, as modified by the revaluation to fair value of certain financial instruments and investment property as described in the accounting policies below.

Adjusted headline earnings – exceptional items excluded from underlining operating profit

The group uses adjusted headline earnings as a performance measure to determine the underlying operating profit excluding exceptional items over and above those that are excluded from headline earnings as per the requirements of *Circular 1-2023 – Headline earnings*.

Exceptional items are those items of financial performance that are separately disclosed to assist in the understanding of the underlying financial performance achieved. The group considers exceptional items to be those that are not within the normal day-to-day operations of the business and sufficiently material or unusual by nature or amount that they would distort the financial results if they were not adjusted. This would include headline adjustments.

Apart from headline adjustments, further exceptional items include, *inter alia*, gains or losses from corporate transactions including related transaction costs, gains or losses on derivative transactions, share-based payment expenses, hotel pre-opening expenses and restructure costs where such costs would typically be included in earnings before interest, income tax, depreciation, amortisation, rent and related IFRS 16 *Rental Adjustments* (Ebitdar).

(b) New and amended standards adopted by the group

The group adopted the following new, revised or amended accounting pronouncements as issued by the IASB that were effective for the group from 1 April 2024:

Amendment to IAS 1 Presentation of Financial Statements on Classification of Liabilities as Current or Non-current

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. IAS 1 amended must be applied for financial years commencing on or after 1 January 2024.

The group has not been impacted by the amendment as the group disclosure is aligned to the requirements of IAS 1.

Amendments to IAS 1 Presentation of Annual Financial Statements – Non-current Liabilities with Covenants

The amendments apply to the classification of liabilities with loan covenants as current or non-current. If an entity has the right to defer settlement of a liability for at least 12 months after the reporting period, but subject to conditions, then the timing of the required conditions impacts whether the entity has a right to defer settlement. If the conditions must be complied with at or before the reporting date, then they affect whether the rights to defer settlement exists at reporting date. However, if the entity is only required to comply with the conditions after the reporting period, then the conditions do not affect whether the right to defer settlement exists at reporting date. If an entity classifies a liability as non-current when the conditions are only required to be met after the reporting period, then additional disclosures are required to enable the users of annual financial statements to understand the risk that the liabilities could become repayable within 12 months after the reporting period.

The group has not been impacted by the amendment.

Amendment to IFRS 16 Lease Liability in a Sale and Leaseback

Amendments to IFRS 16 *Leases* impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019. IFRS 16 amended must be applied for financial years commencing on or after 1 January 2024.

The group has not been impacted by the amendment.

Amendment to IAS 7 and IFRS 7 Supplier Finance Arrangements

The amendments introduce additional disclosure requirements for companies that enter into these arrangements. However, they do not address the classification and presentation of the related liabilities and cash flows. IAS 7 and IFRS 7 amended must be applied for financial years commencing on or after 1 January 2024.

The group has not been impacted by the amendment.

1. Summary of material accounting policies continued

(c) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM has been identified as the group's CEO and senior management. The CODM reviews the group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on the reports reviewed by the CODM which are used to make strategic decisions.

(d) Basis of consolidation and business combinations

The consolidated annual financial statements include the financial information of subsidiary, associate and joint venture entities owned by the group.

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are included in the annual financial statements from the date control commences until the date control ceases. Increases in fair value of assets that occur on the group obtaining control, for nil consideration, of an entity previously accounted for as an associate or joint venture is transferred to a reserve called *Surplus arising on change in control*.

The group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. A deferred tax asset or liability is recognised on the temporary differences arising from the recognition of the assets and liabilities on the acquisition date, to the extent that the deferred tax asset is recoverable. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Control exists where the group has the ability to direct or dominate decision-making in an entity, regardless of whether this power is actually exercised.

Goodwill arising on consolidation represents the excess of the consideration transferred over the group's interest in the fair value of the identifiable assets (including intangibles), liabilities and contingent liabilities of the acquired entity at the date of acquisition and the non-controlling interest. Where the fair value of the group's share of separable net assets acquired exceeds the fair value of the consideration and non-controlling interest, the difference is recognised immediately in profit or loss.

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated annual financial statements. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(ii) Transactions with non-controlling interests

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests and direct costs incurred in respect of transactions with non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Associates

Associates are entities over which the group has directly or indirectly significant influence but not control, generally accompanying a shareholding of 20% to 50%, where significant influence is the ability to influence the financial and operating policies of the entity.

Investments in associates are accounted for using the equity method of accounting.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

1. Summary of material accounting policies *continued*

(d) Basis of consolidation and business combinations *continued*

(iii) Associates *continued*

When the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The net investment in an associate is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment (a loss event) and that loss event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated.

(iv) Goodwill

Goodwill is stated at cost less impairment losses and is reviewed for impairment on an annual basis and when there is an indication that the asset may be impaired. Any impairment identified is recognised immediately in profit or loss and is not subsequently reversed.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. Each of those CGUs is identified in accordance with the basis on which the businesses are managed from both a business type and geographical basis. The lowest aggregation of CGU has been identified as a grouping of hotels. Central office costs (excluding those which cannot be recovered from CGUs) are allocated to each CGU based on predetermined drivers of those central costs (per computer device or per hotel room, etc.).

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated annual financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated annual financial statements are presented in SA Rand which is the group's presentation currency.

(ii) Transactions and balances

The annual financial statements for each group company have been prepared on the basis that transactions in foreign currencies are recorded in their functional currency at the rate of exchange ruling at the date of the transaction. Monetary items denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date with the resultant translation differences being credited or charged against income in the income statement.

(iii) Foreign subsidiaries and associates – translation

Significant once-off items in the income and cash flow statements of foreign subsidiaries and associates expressed in currencies other than the SA Rand are translated to SA Rand at the rates of exchange prevailing on the day of the transaction. All other items are translated at weighted average rates of exchange for the relevant reporting period. Assets and liabilities of these undertakings are translated at closing rates of exchange at each balance sheet date. Specific transactions in equity are translated at rates of exchange ruling at the transaction dates. All translation exchange differences arising on the retranslation of opening net assets together with differences between income statements translated at average and closing rates are recognised as a separate component of other comprehensive income. For these purposes, net assets include loans between group companies that form part of the net investment, for which settlement is neither planned nor likely to occur in the foreseeable future and is either denominated in the functional currency of the parent or the foreign entity. When a foreign operation is disposed of, any related exchange differences in other comprehensive income are reclassified in profit or loss as part of the gain or loss on disposal.

(f) Property, plant and equipment

Property that is held for use in the supply of services or held for long-term rental yields, and where companies in the group occupy a significant portion, is classified as property, plant and equipment. Hotel properties that are internally managed or rented by companies within the group are classified as property, plant and equipment.

Assets' residual values and useful lives are reviewed by management and adjusted, if appropriate, at each balance sheet date independent valuations of land and buildings are performed at least triennially by external valuers. Land and buildings comprise mainly of hotels.

Property, plant and equipment are stated at cost net of accumulated depreciation and any impairment losses.

Cost includes expenditure that is directly attributable to the acquisitions of the assets. Subsequent costs are included in the asset's carrying value or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the specific asset will flow to the group and the cost can be measured reliably. Repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

1. Summary of material accounting policies continued

(f) Property, plant and equipment continued

(i) Assets in the course of construction

Assets in the course of construction are carried at cost less any impairment loss. Cost includes professional fees. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

(ii) Depreciation

No depreciation is provided on freehold land or assets in the course of construction. In respect of all other property, plant and equipment, depreciation is provided on a straight-line basis at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful life as follows:

Freehold properties	15 – 50 years
Leasehold building improvements	Shorter of the lease term or 50 years
Computer equipment and software	2 – 10 years*
Furniture, fittings and other equipment	3 – 15 years*
Plant	20 – 30 years*
Vehicles	5 years
Operating equipment	Based on usage

* These categories have been grouped together under Plant and equipment in note 15 Property, plant and equipment.

Operating equipment that meets the definition of property, plant and equipment (which includes kitchen utensils, crockery, cutlery, linen and uniforms) is recognised as an expense based on usage. The period of usage depends on the nature of the operating equipment.

(iii) Profit or loss on disposal

The profit or loss on the disposal of an asset is the difference between the disposal proceeds and the net book amount of the asset.

(g) Leases

(i) The group is a lessee

The group recognises right-of-use assets and corresponding lease liabilities on the balance sheet for leases at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is subsequently measured at cost less accumulated depreciation and impairment. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present-value basis.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability and any lease payments made at or before the commencement date, less any lease incentive received.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the group lessees use their respective incremental borrowing rates. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments). Variable lease payments that depend on an index or a rate are measured using the index or rate as part of the initial lease liability calculation as at the commencement date.

The group is exposed to potential future increases in variable lease payments which are based on revenue and Ebitda. These variable lease payments are not included in the measurement of the lease liability and right-of-use asset. Variable payments are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Contracts may contain both lease and non-lease components. For leases of property for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise mainly small items of office equipment and furniture.

Where the group reassesses the terms of any lease (i.e. it reassesses the probability of exercising an extension or termination option) or modifies the terms of a lease without increasing the scope of the lease or where the increased scope is not commensurate with the standalone price, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the applicable rate on the day of the reassessment or modification.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

1. Summary of material accounting policies continued

(g) Leases continued

(i) The group is a lessee continued

For reassessments of the lease terms, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term. However, if the carrying amount of the right-of-use asset is reduced to any further reduction in the measurement of the lease liability it is recognised in profit or loss.

For lease modifications that are not accounted for as a separate lease, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term with the exception of the Sandton Consortium lease remeasurement. The Sandton Consortium hotels' fixed portion of the rental payment in-substance, resets every year when the new budget for the year is approved, and results in an annual remeasurement of the right-of-use asset and corresponding lease liability for the forthcoming year. Each remeasurement of the right-of-use asset is depreciated over the period to which it relates, i.e. annually. Refer to note 16.1 explaining the impact of the change in accounting policy relating to depreciating period of each remeasurement.

For lease modifications that decrease the scope of the lease, the carrying amount of the right-of-use asset is decreased to reflect the partial or full termination of the lease, with any resulting difference being recognised in profit or loss as a gain or loss relating to the partial or full termination of the lease.

When the group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a standalone price for the increased scope, the group accounts for the modifications as a separate new lease.

This accounting treatment equally applies to leases for which the group elected the short-term lease exemption and the lease is subsequently modified.

(ii) The group is a lessor

Assets leased to third parties under operating leases are included in property, plant and equipment and investment property in the balance sheet. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as an expense over the lease term on the same basis as lease income.

(h) Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and where companies in the group occupy no or an insignificant portion, is classified as investment property. Investment property also includes property that is being constructed or developed to earn long-term rental yields and for capital appreciation. The nature of these properties is mostly hotels and includes furniture, fixtures and equipment and the underlying letting enterprise.

Investment property is stated at fair value. Gains or losses arising from changes in the fair value are recognised immediately in profit or loss.

Fair value measurement

Properties are initially recognised at cost on acquisition, which comprises the purchase price and includes expenditure that is directly attributable to the acquisition of the property. Subsequent costs are included in the property's carrying value or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the specific asset will flow to the group and the cost can be measured reliably. Repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. The carrying value which will be the fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an investment property is classified as owner-occupied property, its fair value at the date of reclassification becomes its cost for subsequent accounting purposes. The property is revalued through other comprehensive income to fair value before being transferred.

(i) Intangible assets (other than goodwill)

Intangible assets are stated at cost less accumulated amortisation which is determined on a straight-line basis (if applicable) and impairment losses. Cost is usually determined as the amount paid by the group, unless the asset has been acquired as part of a business combination. Intangible assets acquired as part of a business combination are recognised at fair value at the acquisition date. Amortisation is included together with depreciation in the income statement.

Intangible assets with finite lives are amortised over their estimated useful economic lives, and only tested for impairment where there is a triggering event. The directors' assessment of the useful life of intangible assets is based on the nature of the asset acquired, the durability of the products to which the asset attaches and the expected future impact of competition on the business.

Intangible assets acquired as part of a business combination are recognised separately when they are identifiable, and it is probable that economic benefits will flow to the group.

1. Summary of material accounting policies continued

(i) Intangible assets (other than goodwill) continued

(i) Computer software

Where computer software is not an integral part of a related item of property, plant and equipment, the software is capitalised as an intangible asset.

Capitalised computer software, licence and development costs are amortised over their estimated useful economic lives of two to 10 years which are reassessed on an annual basis.

(ii) Other

Other comprises management contracts recognised on business combinations at fair value at acquisition date and trademarks.

Management contracts with a fixed expiry date are amortised over the duration of the contract. Trademarks are amortised over their estimated useful economic lives of 10 years, which are reassessed on an annual basis.

(j) Investments and other financial assets

(i) Classification

The group classifies its financial assets in the following measurement categories:

- Those to be measured at fair value through profit or loss; and
- Those to be measured at amortised cost (debt instruments).

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Recognition and derecognition

Financial assets are recognised when the group becomes a party to the contractual provisions of the respective instrument. Financial assets are derecognised when the right to receive cash flows from the asset has expired or has been transferred and the group has transferred substantially all risks and rewards of ownership.

Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset or liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset or liability and the recognition of a new asset or liability at fair value, including calculating a new effective interest rate, with the difference in the respective carrying amounts being recognised in other gains and losses on financial instruments within operating profit. A change is considered substantial if the net present value of the cash flows under the new terms discounted at the original effective interest rate is at least 10% different from the carrying amount of the original debt. The date of recognition of a new asset is consequently considered to be the date of initial recognition for impairment calculation purposes.

If the terms are not substantially different for financial assets or financial liabilities, the group recalculates the new gross carrying amount by discounting the modified cash flows of the financial asset or financial liability using the original effective interest rate. The difference between the new gross carrying amount and the original gross carrying amount is recognised as a modification gain or loss within credit impairments (for distressed financial asset modifications) or in other gains and losses on financial instruments within operating profit (for all other modifications).

The group holds an insurance cell captive with Guardrisk and the arrangement has been assessed as a first party cell, which is accounted for under IFRS 9 *Financial Instruments* and the liabilities relating to the cell are accounted for under IAS 19 *Employee Benefits*. The investment in the cell captive is measured at fair value through profit and loss.

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Equity investments

The group subsequently measures all equity investments at fair value. Where the group has elected to present fair value gains and losses on equity investments in profit or loss, dividends on these equity investments are recognised in profit or loss as part of other income when the group's right to receive payments is established.

Debt instruments

These are assets held to collect contractual cash flows where those cash flows represent solely payments of principal and interest and are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss included in other operating expenses. Interest income is recognised using the effective interest method.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

1. Summary of material accounting policies *continued*

(j) Investments and other financial assets *continued*

(iv) Impairment

The group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost.

The group applies the simplified approach to measuring expected credit losses (ECL) which uses lifetime expected losses to be recognised from initial recognition of its trade receivables. The balance of the group's financial assets measured at amortised cost comprise loan receivables and cash and cash equivalents to which the general model is applied.

Impairment losses are presented in Other operating expenses.

(k) Derivative instruments and hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and the nature of the item being hedged. The group designates its derivatives as hedges of a particular risk associated with the cash flows of recognised assets and (cash flow hedges).

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The group does not hold or issue derivative financial instruments for speculative purposes.

Cash flow hedges that qualify for hedge accounting

Cash flow hedges comprise derivative financial instruments designated in a hedging relationship to manage interest rate risk to which the cash flows of certain liabilities are exposed.

The effective portion of gains and losses on derivatives used to manage cash flow interest rate risk is recognised in other comprehensive income and accumulated in the cash flow hedge reserve. However, if the group closes out its position early, the cumulative gains and losses recognised in other comprehensive income are frozen and reclassified from the cash flow hedge reserve to profit or loss using the effective interest method. The ineffective portion of gains and losses on derivatives used to manage cash flow interest rate risk is recognised in profit or loss within finance costs.

Cash flow hedge accounting is discontinued when a hedging instrument expires or is sold, terminated or when a hedge no longer meets the criteria for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss existing in equity remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss within finance costs.

(l) Fair value measurement

Financial instruments carried at fair value, by valuation method, are defined as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); or

Level 3 – inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(m) Offsetting financial instruments

Where a legally enforceable right exists to set off recognised amounts of financial assets and liabilities and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously, which are in determinable monetary amounts, the relevant financial assets and liabilities are offset. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the respective company or counterparty.

1. Summary of material accounting policies continued

(n) Inventories

Inventories are valued at the lower of cost or net realisable value. Operating equipment utilised within 12 months is recognised as an expense based on usage. Provision is made for slow-moving goods and obsolete materials are written off. Cost is determined on the following basis:

- Consumable stores are valued at invoice cost on a first in, first out (FIFO) basis; and
- Food and beverage inventories and operating equipment are valued at weighted average cost.

Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

(o) Cash and cash equivalents

For the purpose of presentation in the cash flow statement, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within interest-bearing borrowings in current liabilities on the balance sheet.

(p) Impairment of non-financial assets

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the CGU to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). If the recoverable amount of a CGU is estimated to be less than its carrying amount, the carrying amount of the CGU is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(q) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are shown in equity as a deduction, net of tax, from the proceeds and are included in the share premium account.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received is included in equity attributable to the company's equity holders.

(r) Borrowings and finance costs

Borrowings are recognised initially at fair value and are subsequently stated at amortised cost and include accrued interest and prepaid facility transaction costs.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid is recognised in profit or loss.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Finance costs include all borrowing costs incurred on borrowing instruments together with related costs of debt facilities management. Such costs include facility commitment fees which are expensed in borrowing costs as incurred and facility raising fees which are amortised through borrowing costs over the life of the related facilities. Borrowing costs are recognised in the income statement in the period in which they are incurred.

(s) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

(t) Provisions

Provisions are recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The group also recognises a provision for bonus plans and long-service awards.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

1. Summary of material accounting policies continued

(u) Income

Income comprises revenue from contracts with customers and other income:

(i) Revenue from contracts with customers

The group is in the business of providing hotel rooms, food and beverage, management services, banqueting and venue hire, parking services and hotel sundry services. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods or services. Rooms revenue is recognised over time due to the nature of accommodation being consumed by customers over a period of time. The customer simultaneously receives and consumes the benefits provided as provision of a room is made to the customer. Food and beverage revenue is recognised at a point in time. Management fees, banqueting and venue hire, and parking revenues are recognised over time as the customer receives and consumes the economic benefits. No element of financing is deemed present as the sales are made generally by cash or negotiated credit terms of 30 days. The group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The group does not have significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers as the revenues mentioned above are all based on standalone selling prices and predetermined settlement dates. The group considers whether there are other promises in the contract that are separable performance obligations to which a portion of the transaction price needs to be allocated (customer loyalty programmes).

Customers purchasing the group's facilities may enter the group's customer reward programmes and earn rewards that are redeemable against future purchases of the group's hotel rooms. The group allocates a portion of the consideration received to these rewards programmes based on standalone selling prices. The amount allocated to the reward programme is deferred and is recognised as revenue when rewards are redeemed. When estimating standalone selling price of the rewards, the group considers the likelihood that the customer will redeem the points based on historical usage and forfeiture rates and any adjustments to the contract liability are allocated to revenue.

Management fees, banqueting and venue hire, parking fees and hotel sundry revenues have been included as Other revenue as these do not represent material revenue streams for the group.

(ii) Other income Property rental income

Property lease rentals received are recognised on a straight-line basis over the term of the lease. Contingent (variable) rentals are included in revenue when the amounts can be reliably measured. Recoveries of costs from lessees, where the group merely acts as agent and makes payment of these costs on behalf of lessees, are offset against the relevant costs.

(v) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a pension or provident plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(ii) Other post-employment obligations

The group operates a defined benefit plan for a portion of the medical aid members. The fund is now closed to new entrants. The assets of the scheme are held separately from those of the group and are administered by trustees.

The liability recognised in the balance sheet in respect of the plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains and losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using a reference to current market yields on South African government bonds.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised in full as they arise outside the income statement and are charged or credited to equity in other comprehensive income in the period in which they arise.

All other costs are recognised immediately in profit or loss.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value in a similar manner to all long-term employee benefits.

1. Summary of material accounting policies continued

(v) Employee benefits continued

(iv) Bonus plans – short-term incentives

The group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments and the performance of the respective employees. The criteria are only finalised after the group's year end. The group recognises the liability where an estimate can be made of the amount to be paid and it is contractually obliged to do so or there is a past practice that has created a constructive obligation and the directors are of the opinion that it is probable that such bonuses will be paid. This liability is included in Provisions in the balance sheet.

(v) Share-based payments – equity-settled schemes

The group operates equity-settled, share-based compensation plans. The fair value of the employee services received by the company and/or its subsidiaries in exchange for the grant of the options is recognised as an expense. Any change in the reserve is recognised in profit and loss.

(vi) Employee leave entitlement

Employee entitlements to annual leave is recognised as it accrues to employees. An accrual is made for the estimated liability to the employees for annual leave up to the balance sheet date. This liability is included in Trade and other payables in the balance sheet.

(vii) Long-service awards

The group recognises a liability and an expense for long-service awards where cash is paid to employees at certain milestone dates in their careers with the group. The method of accounting and frequency of valuation are similar to those used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually. This liability is included in Provisions in the balance sheet.

(w) Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income. The current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. The group's liability for current taxation is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full using the liability method, in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated annual financial statements, except where the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither accounting nor taxable profit or loss.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is probable that future taxable profit will be available against which the temporary differences (including carried forward tax losses) can be utilised.

In respect of investment properties, the measurement of deferred tax is based on a rebuttable presumption that the fair value of the investment property will be recovered entirely through sale. Investment properties are held as long-term income-generating assets. Therefore, should any property no longer meet the group's investment criteria and be sold, any profits or losses will be capital in nature and will be taxed at rates applicable to capital gains. Allowances previously claimed will be recouped on sale. Where an accumulated loss is available to shield this recoupment, a deferred tax asset is raised.

Deferred tax is measured at the tax rates expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes relate to income taxes levied by the same taxation authority on either the taxable entity, or different taxable entities where there is an intention to settle the balances on a net basis.

(x) Dividend distributions

Dividend distributions to the company's shareholders are recognised as a liability in the group's consolidated annual financial statements in the period in which the dividends are approved by the company's board of directors if not settled.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

2. Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates, which by definition, will seldom equal the actual results. Judgement also needs to be exercised in applying the group's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Leases

Determining the respective discount rates

In determining the respective discount rates, management has considered the group borrowing rate as a base rate and made adjustments to the rate based on the type of asset, the term of the lease and factors specific to the lessee company and the economic environment in which the asset is leased. The rate that the respective entity may have recently obtained on funding for a similar asset and over a similar term will also be considered in the adjustments made to the rate.

The discount rates applied to the lease commitments range from 7.25% (2024: 7.9%) to 11.75% (2024: 10.5%).

Determining the lease terms

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The extension options (or periods after termination options) have been considered and where certain, have been included in the lease term. All future cash outflows have been included in the lease liability. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

(b) Investment property

Classification of investment properties

Investment property represents a large proportion of the group's asset base. Therefore, the judgements made in determining their classification and fair values affect the group's financial position and performance.

In determining the classification of the properties as investment properties, the group considered its exposure to the risks of the lessor running a hotel business and its associated exposure to the variability of the cash flows of the underlying operations. The group took the following factors into account:

- intention to hold land and buildings for rental income and capital appreciation and its role as a passive investor;
- the duration of the lease agreements;
- control over the decision-making powers of the relevant hotel operations;
- the present value of the minimum lease payments in relation to the fair value of the investment properties; and
- various financial ratios to determine its exposure to the variability in cash flows of the hotel operations.

Based on the above, the group concluded that the properties meet the definition of investment property.

Valuations of investment properties

Use is made of independent professionally qualified valuers. Independent valuations are performed on the entire portfolio of investment properties on a three-year rotational basis (unless specifically requested by lenders) and are fair valued by internal management during the intervening years. Refer to note 17 for the valuation methodology applied.

(c) Estimated impairment of goodwill and property, plant and equipment

The group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 1(d). The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates as noted in note 18 of the consolidated annual financial statements.

The group tests property, plant and equipment when there is an indicator for impairment in accordance with the accounting policy stated in note 1(p). The recoverable amounts of the assets have been determined based on the higher of fair value less costs to sell and the value-in-use calculations. These calculations require the use of estimates as noted in note 15 of the consolidated annual financial statements.

(d) SunRands – customer loyalty programme

Programmes and are shown as deferred revenue. The group accounts for its hotel customer reward programmes in terms of IFRS 15 *Revenue from Contracts with Customers* with the liability on the balance sheet allocated to deferred revenue. The customer rewards programme (SunRands) consists of a loyalty programme whereby a guest earns SunRands based on their stay at one of the group's hotels. The amount of SunRands earned is based on the value of a guest's stay and spend on accommodation, food and beverages, and parking (only at participating hotels). Once a guest earns SunRands, the value is recognised as deferred revenue (liability) as it is expected that the guest will use the SunRands in future to pay for accommodation, food and beverages, and other related spend as a currency payment. SunRands are only available for a 24-month period, after which the guest forfeits the SunRands not spent.

3. Standards issued not yet effective

The group is concluding on the impact of the new standards, interpretations and amendments that have been issued but are not yet effective, none of which are expected to have a material effect on the consolidated position or performance of the group.

Amendment to IAS 21 *Lack of Exchangeability*

The amendments in Lack of Exchangeability amend IAS 21 to:

- specify when a currency is exchangeable into another currency and when it is not;
- specify how an entity determines the exchange rate to apply when a currency is not exchangeable; and
- require the disclosure of additional information when a currency is not exchangeable.

IAS 21 amendments must be applied for financial years commencing on or after 1 January 2025.

The group will apply the amendment from 1 April 2025, however, it is not expected to have a material impact.

New accounting standard – IFRS 18 *Presentation and Disclosure in Financial Statements*

IFRS 18 replaces IAS 1 *Presentation of Financial Statements* while carrying forward many of the requirements in IAS 1.

The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

IFRS 18 brings three categories of income and expenses, two income statement subtotals and one single note on management performance measures. These, combined with enhanced disaggregation guidance, set the stage for better and more consistent information for users – and will affect all companies.

The new IFRS 18 standard must be applied for financial years commencing on or after 1 January 2027 and applied retrospectively.

The group will implement the new standard from 1 April 2027 and is yet to assess the possible impact on the consolidated position of performance of the group.

Amendment to IFRS 9 and IFRS 7 *Classification and Measurement of Financial Instruments*

The amendments clarify the classification of financial assets with environmental, social and corporate governance (ESG) and similar features, as such features could affect whether the assets are measured at amortised cost or fair value. The amendments also clarify the date on which a financial asset or financial liability is derecognised in cases where liabilities are settled through electronic payment systems.

The effective date of the amendments is for years beginning on or after 1 January 2026.

The company expects to adopt the amendments for the first time in the 2027 annual financial statements.

It is unlikely that the amendments will have a material impact on the annual financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11

It contains amendments to five standards namely; IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7, as a result of the International Accounting Standards Board's annual improvements project.

The effective date of the amendments is for years beginning on or after 1 January 2026.

The company expects to adopt the amendments for the first time in the 2027 annual financial statements.

It is unlikely that the amendments will have a material impact on the financial statements.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

	Change %	2025 Rm	2024 Rm
4. Reconciliation of profit attributable to equity holders of the company to headline profit and adjusted headline profit			
Profit attributable to equity holders of the company		1 024	856
(Profit)/loss on disposal of property, plant and equipment		(1)	3
Net impairment of property, plant and equipment		129	–
Fair value adjustment of investment properties		(105)	(59)
Share of associates' headline earnings adjustments		(35)	(32)
Impairment reversal relating to associates		(32)	–
Total tax effect of adjustment		22	12
Headline profit	28	1 002	780
Pre-opening costs		13	–
Derecognition of derivative financial instruments		(2)	–
Share of associates' exceptional items		6	4
Total tax effects of other exceptional items		(5)	(1)
Adjusted headline profit¹	29	1 014	783
Number of shares in issue (million)		1 342	1 337
Weighted number of shares in issue (million)		1 340	1 387
Basic headline earnings per share (cents)	33	74.8	56.2
Diluted headline earnings per share (cents) ²		72.6	55.2
Basic adjusted headline earnings per share (cents)	34	75.6	56.4
Diluted adjusted headline earnings per share (cents) ²		73.5	55.4

¹ Adjusted headline profit is defined as profits or losses attributable to equity holders of the company adjusted for after-tax exceptional items (including headline earnings adjustments) that are regarded as sufficiently material and unusual that they would distort the financial results if they were not adjusted. This measure is not required by IFRS Accounting Standards and is commonly used in the industry. The directors are responsible for compiling the non-IFRS performance measures.

² The weighted average number of shares used to determine diluted earnings per share amounts to 1 380 million (2024: 1 414 million) and is calculated using the weighted average number of shares of 1 340 million (2024: 1 387 million) adjusted for the number of shares deemed to be issued in terms of the Southern Sun Share Appreciation Rights Plan of 40 million (2024: 27 million).

	2025 Rm	2024 Rm
5. Reconciliation of operating profit to Ebitdar		
Ebitdar pre-exceptional items are made up as follows:		
Operating profit	1 562	1 394
Amortisation and depreciation	423	369
Property rentals	121	170
Share-based payment expense	27	25
	2 133	1 958
Add/(less): Exceptional losses/(gains) ¹		
Pre-opening costs	13	–
(Profit)/loss on disposal of property, plant and equipment	(1)	3
Fair value adjustment of investment properties	(105)	(59)
Net impairment of property, plant and equipment	129	–
Ebitdar	2 169	1 902

¹ The group considers exceptional items to be those that are not within the normal day-to-day operations of the business and sufficiently material or unusual that they would distort the numbers if they were not adjusted. This would include headline adjustments.

6. Segmental analysis

In terms of IFRS 8 *Operating Segments*, the Chief Operating Decision Maker (CODM) has been identified as the group's Chief Executive Officer (CEO) and senior management. Management has determined the operating segments based on the reports reviewed by the CODM. There was no change to the basis of measurement of segment profit or loss from the annual financial statements apart from the CODM re-evaluating the Investment properties segment and re-allocating these hotel properties into their respective geographic locations. This re-allocation corrects prior disclosure and better reflects the source of the group's revenue and Ebitdar and the market dynamics impacting those regions. Birchwood Hotel & OR Tambo Conference Centre (Birchwood) and Kopanong Hotel & Conference Centre (Kopanong) are now included in the Gauteng segment, Radisson Blu, Waterfront, Cape Town is included in the Western Cape segment and Champagne Sports Resort forms part of the KwaZulu-Natal segment. Results for the prior year have been restated accordingly.

The revenue and Ebitdar relating to the Sandton Consortium hotels have been disclosed as a separate segment. While the group reflects the trading revenue and Ebitdar relating to the hotel operations, what is retained in Ebitda after rental payments is effectively management fee income earned from the hotels and the Sandton Convention Centre along with 1% of the Ebitdar of the hotels.

The South African hotel portfolio has been categorised by province, to better reflect the group's geographical footprint. The Ebitdar measure of each segment includes the management fee income earned from hotels managed for third-party owners. This provides more meaningful information about the cash generated by the group from a particular province and how performance is influenced by events taking place in that province. Other segment includes hotel properties located in Mpumalanga, Eastern Cape, Kimberley, Bloemfontein and Polokwane.

The Manco segment reflects the unallocated cost of providing the various central services to the business including among others, sales, marketing, information technology, development, human resources and finance services. This segment also includes the net cost of the group's frequentGuest loyalty rewards programme.

The CODM assesses the performance of the operating segments based on Ebitdar (earnings before interest, income tax, depreciation, amortisation, rent and related IFRS 16 rent adjustment, share-based payment expense and exceptional items). The measure excludes the effects of share-based payment expense and the effects of non-recurring expenditure. The measure also excludes all headline earnings adjustments, impairments and fair value adjustments on non-current and current assets and liabilities. Finance income and finance costs are not included in the results for each operating segment, as this is driven by the group treasury function which manages the cash and debt position of the group.

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6. Segmental analysis *continued*

The CODM considers the business from both a business type and geographical basis. The following are the four reportable segments identified and monitored by the CODM:

- **Sandton Consortium** consists of the group's hotels leased from Liberty 2 Degrees Limited (L2D) and their partners together with the management fee income earned from the Sandton Convention Centre.
- **SA Portfolio** consists of the South African hotel operations which are owned within the group and are managed and reported on based on the geographical area in which the hotel is located.
- **Offshore** consists of the group's non-South African hotels division which owns, operates and manages hotels in other African countries, the Middle East, and the Seychelles.
- **Manco** consists of the group's management company division which manages the hotels in South Africa.

	Material items included in Ebitdar							
	Revenue ¹	Ebitdar ²	Ebitdar margin	Employee costs ⁴	Food and beverage costs and operating equipment usage ⁷	Property costs – rates, water and electricity	Repairs and maintenance expenditure on property, plant and equipment	Rooms departmental expenses ^{5,7}
	Rm	Rm	%	Rm	Rm	Rm	Rm	Rm
Year ended 31 March 2025								
Sandton Consortium	663	211	32	(132)	(71)	(58)	(14)	(63)
SA Portfolio	5 632	1 977	35	(1 059)	(448)	(517)	(172)	(573)
Western Cape	2 335	1 053	45	(363)	(142)	(157)	(54)	(230)
KwaZulu-Natal	997	247	25	(240)	(108)	(117)	(34)	(94)
Gauteng	1 605	491	31	(306)	(136)	(171)	(55)	(176)
Other	695	186	27	(150)	(62)	(72)	(29)	(73)
Offshore	393	51	13	(144)	(44)	(29)	(18)	(35)
Manco ^{3,4,5}	(79)	(70)	89	(260)	-	2	-	9
Total	6 609	2 169	33	(1 595)	(563)	(602)	(204)	(662)

	Material items included in Ebitdar							
	Revenue ¹	Ebitdar ²	Ebitdar margin	Employee costs ⁴	Food and beverage costs and operating equipment usage ⁷	Property costs – rates, water and electricity	Repairs and maintenance expenditure on property, plant and equipment	Rooms departmental expenses ^{5,7}
	Rm	Rm	%	Rm	Rm	Rm	Rm	Rm
Year ended 31 March 2024 – Restated⁶								
Sandton Consortium	661	209	32	(131)	(74)	(64)	(14)	(63)
SA Portfolio	5 032	1 677	33	(980)	(419)	(496)	(151)	(494)
Western Cape	1 990	836	42	(334)	(135)	(145)	(45)	(191)
KwaZulu-Natal	1 037	302	29	(233)	(108)	(111)	(31)	(94)
Gauteng	1 354	363	27	(272)	(118)	(168)	(48)	(146)
Other	651	176	27	(141)	(58)	(72)	(27)	(63)
Offshore	434	93	21	(138)	(49)	(23)	(23)	(33)
Manco ^{3,4,5}	(80)	(77)	96	(256)	-	(5)	-	8
Total	6 047	1 902	31	(1 505)	(542)	(588)	(188)	(582)

¹ All revenue and income from hotel operations are derived from external customers. No one customer contributes more than 10% to the group's total revenue.

² Refer to the reconciliation of operating profit to Ebitdar in note 5.

³ This segment includes the net cost of the group's frequentGuest loyalty rewards programme which is managed by Manco and consequently includes the forfeitures and any other adjustments, while the redemptions are allocated to the hotels within the specific segments.

⁴ Total employee cost does not agree to note 10 as the share-based payment expense of R27 million (2024: R25 million) is not considered as part of Ebitdar – refer to note 5.

⁵ Rooms departmental expenses for the Manco segment consist of the recoveries relating to the cost of the central reservation offices which are recharged to the hotels in the specific segments.

⁶ Restated for the change to the disclosure of segmental reporting. Revenue and Ebitdar relating to investment properties amounting to R184 million and R181 million respectively has been re-allocated to their respective geographic locations within the SA Portfolio.

⁷ Rooms departmental expenses have been reclassified from Advertising, marketing and promotional costs, Food and beverage costs and operating equipment usage, Information technology-related costs and Other operating expenses and this has no impact on the group's total other operating expenses.

7. Revenue from contracts with customers

The group derives revenue over time, with the exception of food and beverage revenue which is recognised at a point in time, together with its hotel customer reward programmes in terms of which revenue is recognised as the rewards are redeemed or they expire. The group has no contract assets. The table below presents revenue by segment, which excludes other income as these are accounted for under different accounting policies, which are included in the segmental analysis in note 6. Disaggregation of revenue from contracts with customers for the period under review is presented below:

	Rooms revenue recognised over time		Food and beverage revenue recognised at a point in time		Other revenue recognised over time		Revenue from external customers	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Sandton Consortium	405	405	219	219	28	27	652	651
SA Portfolio	3 756	3 321	1 264	1 166	273	248	5 293	4 735
Western Cape	1 705	1 415	420	388	122	111	2 247	1 914
KwaZulu-Natal	583	619	282	291	66	62	931	972
Gauteng	974	822	401	339	67	58	1 442	1 219
Other	494	465	161	148	18	17	673	630
Manco	-	-	-	-	-	1	-	1
Offshore	253	282	110	117	29	32	392	431
Total	4 414	4 008	1 593	1 502	330	308	6 337	5 818
Reconciliation to segmental analysis in note 6:								
Revenue from contracts with customers per above								6 337
Property rental income								229
Total income per segmental analysis								6 609

	2025 Rm	2024 Rm
Other revenue is made up as follows:		
Management fees revenue	68	63
Parking revenue	16	15
Venue hire revenue	73	67
Packaged food ¹	30	25
Non-arrival charges ¹	18	15
Spa-related revenue	30	28
Golf-related revenue	25	21
Other sundry revenue	70	74
Other revenue	330	308

¹ Packaged food and non-arrival charges are recognised at a point in time.

8. Property and equipment rental expense

Under IFRS 16 Leases

Short-term leases

Properties	30	29
Plant, vehicles and equipment	9	8
Variable lease payments not included in lease liabilities	21	21
Properties	112	162
Total property and equipment rental expense	142	191

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	2025 Rm	2024 Rm
9. Amortisation and depreciation		
Amortisation of intangible assets (note 19)	5	5
Depreciation of property, plant and equipment (note 15)	279	279
Depreciation of right-of-use assets (note 16)	139	85
Total amortisation and depreciation	423	369
	2025 Rm	2024 Rm
10. Employee costs		
Employee costs (including executive directors' remuneration):		
Salaries and wages	1 504	1 421
Pension – defined contribution plans	91	84
IFRS 2 <i>Share-based Payment</i> – equity-settled (note 33)	27	25
Total employee costs	1 622	1 530
	2025 Rm	2024 Restated ¹ Rm
11. Other operating expenses		
Auditors' remuneration	20	18
Audit fees – current year	18	17
Tax services	2	1
Advertising, marketing and promotional costs ¹	147	138
External consultants	11	8
Food and beverage costs and operating equipment usage (note 23) ¹	563	542
Net impairment charge for bad and doubtful debts, net of reversals (note 24)	3	1
Information technology-related costs ¹	84	72
Net foreign exchange gain	(4)	(2)
Property costs – rates, water and electricity	602	588
Repairs and maintenance expenditure on property, plant and equipment	204	188
Rooms departmental expenses ¹	662	582
Guest supplies	74	70
Guest entertainment	43	40
Laundry	93	83
Housekeeping	115	104
Cleaning	29	28
Food and beverage costs and operating equipment usage (note 23) ¹	31	27
Other ¹	277	230
Security and surveillance costs	99	92
Other operating expenses ¹	316	266
(Profit)/loss on disposal of property, plant and equipment	(1)	3
Bank charges and credit card commission	74	65
Insurance	47	53
Commission	9	8
Total other operating expenses	2 836	2 622

¹ Following a detail review of the disclosure of the nature of the expenses classified as other operating expenses, note 11, the following reallocations have been made between subclassifications within the note of the 2024 disclosure. This has no impact on the group's total other operating expenses as previously disclosed. The reclassification resulted in the increase of other operating expenses by R113 million, offset by the decrease in advertising, marketing and promotional expenses by R40 million, the decrease of food and beverage costs and operating equipment usage by R27 million, the decrease of information technology-related costs by R8 million and the decrease of rooms departmental expenses by R38 million.

	2025 Rm	2024 Rm		
12. Finance income				
Interest received from banks	56	62		
Finance income – other	1	1		
Total finance income	57	63		
	2025 Rm	2024 Rm		
13. Finance costs				
Finance costs in respect of interest-bearing debt	134	191		
Finance costs in respect of lease liabilities (note 29)	134	135		
Cash flow hedges reclassified to profit or loss	(2)	–		
Finance costs – other	10	7		
Finance costs – SARS	–	21		
Total finance costs	276	354		
	2025 Rm	2024 Rm		
14. Income tax				
Current tax – current year charge	325	185		
Current tax – over provision prior year	1	1		
Deferred tax – current year charge (note 22)	95	139		
Deferred tax – over provision prior year (note 22)	(3)	(1)		
Withholding taxes	2	3		
Total income tax expense	420	327		
Other comprehensive income				
Tax credit relating to components of other comprehensive income on items that may be reclassified subsequently to profit or loss:	–	(4)		
Cash flow hedges	–	(4)		
Total income tax relating to components of other comprehensive income	–	(4)		
	2025 Rm	2025 %	2024 Rm	2024 %
Income tax rate reconciliation				
Profit before income tax and share of profit of associates	1 343		1 103	
Income tax thereon at 27% (2024: 27%)	363	27.0	298	27.0
Exempt income/credits:				
Expenses/debits not deductible for tax purposes:				
Amortisation and depreciation	36	2.7	3	0.3
Fair value adjustment – investment property	(6)	(0.5)	18	1.6
Foreign tax rate differential	(8)	(0.6)	(7)	(0.6)
Impairment of property, plant and equipment	19	1.4	–	–
Other non-deductible items	4	0.3	(4)	(0.4)
Prior year credits (net)	(2)	(0.1)	–	–
Withholding taxes	(2)	(0.1)	3	0.3
Assessed losses utilised	(5)	(0.4)	(7)	(0.6)
Assessed losses not recognised	21	1.6	23	2.1
	420	31.3	327	29.7

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	Land and buildings Rm	Leasehold improvements Rm	Properties under construction Rm	Plant and equipment Rm	Operating equipment Rm	Total Rm
15. Property, plant and equipment						
Year ended 31 March 2025						
Opening net carrying amount	7 067	293	2	879	247	8 488
Additions	161	-	45	231	54	491
Disposals and operating equipment usage	(2)	-	-	(1)	(39)	(42)
Depreciation charge	(98)	(33)	-	(148)	-	(279)
Net impairment	(129)	-	-	-	-	(129)
Currency translation	(34)	3	-	(7)	(1)	(39)
Closing net carrying amount	6 965	263	47	954	261	8 490
At 31 March 2025						
Cost	9 186	641	47	3 072	261	13 207
Accumulated depreciation	(2 221)	(378)	-	(2 118)	-	(4 717)
Net carrying amount	6 965	263	47	954	261	8 490
Year ended 31 March 2024						
Opening net carrying amount	7 054	319	-	809	230	8 412
Additions	85	-	3	203	48	339
Disposals and operating equipment usage	(20)	-	-	(3)	(35)	(58)
Depreciation charge	(118)	(26)	-	(135)	-	(279)
Transfers to other intangible assets (note 19)	-	-	-	(13)	-	(13)
Currency translation	66	-	(1)	18	4	87
Closing net carrying amount	7 067	293	2	879	247	8 488
At 31 March 2024						
Cost	9 198	638	2	2 862	247	12 947
Accumulated depreciation	(2 131)	(345)	-	(1 983)	-	(4 459)
Net carrying amount	7 067	293	2	879	247	8 488
At 31 March 2023						
Cost	9 053	638	-	2 650	230	12 571
Accumulated depreciation	(1 999)	(319)	-	(1 841)	-	(4 159)
Net carrying amount	7 054	319	-	809	230	8 412

Refer to note 28 for specific property, plant and equipment held as security for external interest-bearing borrowings.

The group reassessed the useful lives of property, plant and equipment during the year. Changes in useful lives and residual values are not considered significant estimates and judgements as any changes in useful lives and residual values have historically been gradual and any adjustments made, where necessary, have not been significant. The group also reviewed the residual values of property, plant and equipment during the year and the impact resulted in a decrease in depreciation of R9.4 million (2024: Rnil). The residual values have been positively impacted by the higher fair values; refer to note 17.1 and note 17.2 for the method of determining the fair values.

Management has assessed the group's property, plant and equipment for impairment by reviewing the cash flow forecasts for the period 2026 to 2030, which we believe adequately reflects cash flows generated by the underlying hotels for the years ending March 2026 to March 2027 as the recovery in trading levels normalises; as well as various technical inputs including the 5Y bond yield of 8.0% (2024: 10.7%) as at 31 March 2025.

The impairment test was performed by reviewing the cash flow forecasts for the period 2026 to 2030. The cash flow forecasts for the South African and offshore properties were prepared on the basis set out in note 17.2. The recoverable amount has been determined as the higher of value in use and the fair value less costs to sell using a discounted cash flow model. The pre-tax discount rate utilised in the valuation ranges between 12.5% and 14.5% (2024: 12.5% and 14.5%) for the South African hotels and ranges between 11.0% and 17.0% (2024: 10.5% and 17.5%) for the offshore properties. The increase in the discount rate for the offshore properties is mainly driven by the increase in the in-country risk premium. The terminal growth rate applied for the offshore properties is 2.2% (2024: 2.2%) and 4.5% (2024: 4.5%) for the South African properties.

15. PROPERTY, PLANT AND EQUIPMENT continued

The carrying values of land, buildings, plant and equipment of the following hotel properties were impaired or had an impairment reversal of the following amounts during the year:

	2025 Rm
Impairment reversal/(impairment)	
Garden Court Hatfield	2
StayEasy Eastgate	5
Southern Sun Hyde Park	16
Southern Sun Rosebank ¹	(101)
Radisson Blu Gautrain – Hotel	(21)
Gauteng	(99)
The Westin Cape Town	12
Western Cape	12
The Edward ²	(60)
Garden Court uMhlanga	1
KwaZulu-Natal	(59)
Southern Sun Maputo	17
Offshore	17
Total	(129)

¹ The impairments recognised relating to Southern Sun Rosebank relates to the write down of refurbishment capex spent during the year due to difficult trading conditions in the Rosebank node.

² The impairment of The Edward hotel in Durban is due to trading conditions in the Durban node.

15.1 Sensitivities

The table below indicates the sensitivities of the aggregate recoverable amounts of property, plant and equipment for the following changes to assumptions and would have the inverse effect on the aggregate impairments recognised for the cash flow and terminal growth rate assumptions:

	2025		2024	
	Increase Rm	Decrease Rm	Increase Rm	Decrease Rm
5% change in the net cash flows	183	(183)	177	(180)
25bps change in the terminal growth rate	(48)	36	64	(63)
50bps change in the pre-tax discount rate	(82)	85	(88)	91

The inputs used to calculate the recoverable amounts are sensitive to change and any negative movements would result in impairments and any positive movements may result in reversals of impairments. The values disclosed in the sensitivities table above would approximate the potential impairment or reversal of impairments. These sensitivities are calculated on the aggregate recoverable amounts of property, plant and equipment that have historically been impaired.

15.2 Where the group is the lessor

The group rents out retail space within hotel properties.

Property rentals (included in other income) amounted to R9 million (2024: R8 million) during the year.

	2025 Rm	2024 Rm
Rental income from property leases under IFRS 16	9	8
Fixed	9	8
Rental income (included in Revenue note 7)	9	8

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16. Right-of-use assets

Lease rental contracts include hotel property leases typically for fixed periods of 20 years to 30 years, but may have extension options. Management assessed the individual right-of-use of assets for impairment indicators at 31 March 2025 and none were noted. The recoverable amounts were determined on value-in-use calculations using a DCF model. These calculations use pre-tax cash flow projections based on financial budgets and forecasts approved by the board of directors. These cash flows were determined in a similar manner to the cash flows utilised in the assessment of the impairment of property, plant and equipment (refer to note 15) and the fair value of investment properties (refer to note 17). Based on these calculations, no impairments were required.

	Buildings Rm	Total Rm
Year ended 31 March 2025		
Opening balance	981	981
Depreciation (note 9)	(139)	(139)
Remeasurement ¹	73	73
Additions (note 29)	10	10
Closing net carrying amount	925	925
At 31 March 2025		
Cost	1 430	1 430
Accumulated depreciation	(505)	(505)
Net carrying amount	925	925
Year ended 31 March 2024		
Opening balance	1 014	1 014
Depreciation	(85)	(85)
Remeasurement ¹	51	51
Additions	4	4
Tenancy allowance	(3)	(3)
Closing net carrying amount	981	981
At 31 March 2024		
Cost	1 355	1 355
Accumulated depreciation	(374)	(374)
Net carrying amount	981	981

¹ A lease remeasurement relating to the Sandton Consortium has been accounted for in the year resulting in a right-of-use asset and corresponding lease liability of R73 million (2024: R51 million) being recognised.

16.1 Leases: Change in accounting policy

This note explains the impact of the change in treatment of the depreciation upon remeasurement of the Sandton Consortium leases on the company's financial statements.

Previous accounting policy

Southern Sun has previously written off the depreciation on the right-of-use assets over the remaining useful life of the lease term.

New accounting policy

Effective 1 April 2024, Southern Sun has elected to write off the depreciation that stems from a Sandton Consortium remeasurement in the period to which it relates. The Sandton Consortium lease is calculated at the higher of 20% of the floor in the lease or 20% of the approved Ebitdar (based on the latest approved budget). This results in a remeasurement every financial year until expiration of the lease.

16. Right-of-use assets continued

16.1 Leases: Change in accounting policy continued

Impact of adoption

The adoption of the new accounting policy directly impacts the depreciation and accumulated depreciation of the right-of-use asset. Previously, the depreciation charge would have been lower as the remeasurement was depreciated over the remaining useful life of the leases while under the new accounting policy the remeasurement is depreciated over the period to which it relates, i.e. annually, thus resulting in an increase of depreciation year-on-year.

	Previous accounting policy 2025 impact	New accounting policy 2025 impact
Sandton Consortium depreciation	3	51

Per the above, it can be noted that the depreciation impact on the right-of-use asset will increase significantly under the new accounting policy when compared to the previous accounting policy.

	2025 Rm	2024 Rm
17. Investment properties		
Opening net carrying amount	1 729	1 485
Acquisition and development of investment properties	83	185
Fair value adjustments recognised in profit or loss	105	59
Closing net carrying amount	1 917	1 729

Refer to note 28 for specific investment properties held as security for external interest-bearing borrowings.

17.1 Fair value measurement

The group's investment properties have been categorised as level 3 values based on the inputs to the valuation technique used. The group has elected to measure investment properties at fair value. The fair value is determined using the discounted cash flow method by discounting the rental income, based on expected net cash flows of the underlying hotels after considering capital expenditure requirements. The expected cash flows are discounted using an appropriate discount rate. The core discount rate is calculated using the South African 5Y bond yield at the time of valuation, to which premiums are added for market risk and equity and debt costs. The discount rate factors in a risk premium associated with the local economy as well as those specific to the local property market and the hotel industry. At 31 March 2025, the group's investment properties were independently valued by professionally qualified valuers having recent experience in the location and category of the group's investment properties being valued. The valuation is currently performed on an annual basis on the entire portfolio of investment properties by an independent valuator.

17.2 Basis of preparation of cash flow forecasts (property, plant and equipment, investment property and goodwill)

Based on the out-performance of actual 2025 results versus 2025 group forecasts, management has adopted a more optimistic view of the recovery in trading levels and an overarching assumption has been made that the group will return to long-term average occupancy levels by 2030. The forecast period in which each individual hotel returns to its long-term average occupancy has been individually considered based on its specific regional and market dynamics. Based on a review of the revenue and Ebitdar levels of each hotel, management is comfortable that the individual hotel trading assumptions are reasonable. Operating expenses were escalated by consumer price index (CPI) except for utilities, which escalate by an average of 8%, between 2026 and 2030. Payroll costs were escalated by CPI + 1%. Maintenance capex has been reviewed by unit and prioritised to ensure that the properties are well maintained and in good condition.

17.3 Valuation inputs – investment properties

Despite the risk-free rate decreasing slightly to 10.6% at 31 March 2025 when compared to the prior year (31 March 2024: 10.7%), the independent valuer has again taken a conservative view on the discount rate and terminal capitalisation rates, supported by management, which has resulted in higher discount rates being maintained in the current year, in line with rates used in the prior year. As a consequence of the various inputs applied for individual hotels, fair values of certain properties increased while others decreased, but the aggregate fair value of the total portfolio increased by 11%.

As at 31 March 2025, the significant unobservable inputs were as follows:

- A weighted average Ebitdar growth rate of 5.4% (2024: 8.3%);
- A terminal capitalisation rate of 9.0% – 11.0% (2024: 9.0% – 11.0%); and
- A risk-adjusted pre-tax discount rate of 12.5% – 14.5% (2024: 12.5% – 14.5%).

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17. Investment properties *continued*

17.4 Sensitivities

The table below indicates the sensitivities of the aggregate investment property portfolio by increasing or decreasing value inputs as follows:

	2025		2024	
	Increase Rm	Decrease Rm	Increase Rm	Decrease Rm
5% change in the net cash flows	89	(89)	81	(80)
25bps change in the terminal capitalisation rate	(28)	30	(24)	27
50bps change in the pre-tax discount rate	(33)	34	(29)	31

The inputs used to calculate the recoverable amounts are sensitive to change and any negative movements would result in impairments and any positive movements may result in reversals of impairments. The values disclosed in the sensitivities table above would approximate the potential fair value adjustment recognised in profit or loss. The sensitivities were calculated by including the aggregate recoverable amounts of the investment property.

Amounts recognised in profit or loss for investment properties:

	2025 Rm	2024 Rm
Rental income from investment property operating leases under IFRS 16:	237	194
Fixed	12	9
Variable	225	185
Rental income (included in Revenue note 7)	237	194
Direct operating expense from property that generated rental income (included in other operating expenses note 11)	(9)	(10)

At the balance sheet date, the group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases for investment property. The rentals below relate only to fixed rentals and do not include any variable rentals:

	2025 Rm	2024 Rm
Not later than one year	13	12
Between one and two years	13	12
Between two and three years	13	12
Between three and four years	-	12
Between four and five years	-	-
Later than five years	-	-
	39	48

This lease relates to Champagne Sports Resort and expires on 31 March 2028.

18. Goodwill

At 31 March

18.1 Impairment test for goodwill

Goodwill is allocated and monitored based on the group's CGUs which are the individual hotels. These hotels have been grouped according to reportable segment level. A summary of the goodwill allocation is as follows:

	2025 Rm	2024 Rm
Internally managed	347	347
SUN1 hotels ¹	254	254
Cullinan hotels ^{2,3}	11	11
Southern Sun Hotel Interests Proprietary Limited ²	82	82
Offshore	7	7
At 31 March	354	354

¹ Included in Western Cape, KwaZulu-Natal, Gauteng and Other segments.

² Included in Western Cape, KwaZulu-Natal and Gauteng segments.

³ The Cullinan hotels include the following hotels: Southern Sun The Cullinan, Southern Sun Katherine Street, Garden Court Morningside, Southern Sun Waterfront, Garden Court Eastgate, StayEasy Eastgate, Garden Court Hatfield, Garden Court Kings Beach, Garden Court uMhlanga and StayEasy Pietermaritzburg.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets and forecasts approved by the board of directors. These cash flows were determined in a similar manner to the cash flows utilised in the assessment of the impairment of property, plant and equipment (refer to note 15) and the fair value of investment properties (refer to note 17).

The key assumptions used for value-in-use calculations are as follows:

- Ebitdar margin – management determined budgeted gross Ebitdar margin based on past performance and its expectations of market developments;
- Long-term growth rate – cash flows beyond the first five-year period are extrapolated using estimated long-term growth rates in order to calculate the terminal recoverable amount. The growth rate estimations consider risks associated with the hospitality industry in which the CGUs operate; and
- Pre-tax discount rate – the discount rate is calculated by using the discount rate of the respective CGUs. Discount rates are calculated using a bond risk-free rate and an equity premium adjusted for specific risks relating to the relevant operating segments.

The following assumptions have been used for the analysis of the CGUs within the operating segments:

	Ebitdar margin %	2025 Long-term growth rate %	Discount rate pre-tax %	Ebitdar margin %	2024 Long-term growth rate %	Discount rate pre-tax %
SA Portfolio ¹	23.4 – 43.5	4.5	14.9	23.1 – 42.2	4.5	14.9

¹ SA portfolio assumptions were applied to SUN1 hotels, Cullinan hotels and Southern Sun Hotel Interests Proprietary Limited. The Ebitdar margins are as follows: SUN1 hotels 33.2% (2024: 37.4%), Cullinan hotels 43.5% (2024: 42.2%) and Southern Sun Hotel Interests Proprietary Limited 23.4% (2024: 23.1%).

Impairment test for goodwill

The group's impairment reviews are sensitive to changes in the key assumptions described above. Based on the group's sensitivity analysis, a reasonable change in a single assumption will not cause a material impairment loss in any of the group's CGUs as the group's CGUs have significant headroom available between the calculated values in use and the carrying amount of the CGU (including the goodwill).

The following changes to the assumptions will lead to a recognition of an impairment of goodwill:

	SUN1 hotels pp	Cullinan hotels pp	Southern Sun Hotel Interests Proprietary Limited pp
Increase in the discount rate	10.8	>100	54.5
Decrease in the growth rate	29.5	>100	>100
Decrease in Ebitdar margin	16.4	41.3	9.2

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for the year ended 31 March

	Computer software Rm	Other Rm	Total Rm
19. Other intangible assets			
Year ended 31 March 2025			
Opening net carrying amount	11	33	44
Additions ¹	24	5	29
Amortisation charge	(4)	(1)	(5)
Closing net carrying amount	31	37	68
At 31 March 2025			
Cost	91	46	137
Accumulated amortisation	(60)	(9)	(69)
Net carrying amount	31	37	68
Year ended 31 March 2024			
Opening net carrying amount	11	27	38
Additions	2	–	2
Amortisation charge	(3)	(2)	(5)
Disposal	–	(5)	(5)
Currency translation	1	–	1
Transfer from property, plant and equipment	–	13	13
Closing net carrying amount	11	33	44
At 31 March 2024			
Cost	67	41	108
Accumulated amortisation	(56)	(8)	(64)
Net carrying amount	11	33	44
At 31 March 2023			
Cost	64	39	103
Accumulated amortisation	(53)	(12)	(65)
Net carrying amount	11	27	38

¹ Included in the additions of R24 million is an amount of R20 million relating to the group's accounting system migration for SAP S/4HANA.

Other intangible assets include management contracts with a book value of R16 million (2024: R17 million), timeshare units with a book value of R18 million (2024: R13 million) and trademarks with a book value of R3 million (2024: R3 million). There were no significant changes made to useful lives or residual values of other intangible assets during the current year or in prior years. An impairment assessment was performed on other intangible assets and no impairment indicators were noted.

The R13 million transfer from property, plant and equipment in the previous financial period, relates to weeks owned in the various share block schemes which the group manages and includes Drakensberg Sun and Sabi River Sun.

20. Investments in associates

The group has the following interests in its material associates:

Unlisted

- 25.9% (2024: 25.9%) in IHL Holdco Limited (IHL Holdco), incorporated in the British Virgin Islands. IHL Holdco owns hotel properties in the United Kingdom which are managed by RBH Hotel Group Limited. The company has a 31 December year end; however, trading results for the 12 months ended 31 March are included in the consolidated financial results.
- 26.4% (2024: 26.4%) in RBH Hotel Group Limited (RBH), a leading independent hotel management company incorporated in the United Kingdom. This associate provides the group with access to additional management expertise, exposure to new markets and an attractive dividend yield. The company has a 31 August year end; however, trading results for the 12 months ended 31 March are included in the consolidated financial results.

	2025 Rm	2024 Rm
At 1 April	385	374
Share of profit after tax and other interests of associates	67	80
Dividends received	(32)	(101)
Currency translation	-	32
Reversal of impairment of associate (included in share of profits after tax and other interests of associates as per consolidated income statement)	32	-
At 31 March	452	385
Made up as follows:		
Unlisted	452	385
At 31 March	452	385

Summarised financial information for associates, which the directors consider to be material to the group, on a 100%-ownership basis after adjustments to comply with the group's accounting policies, is as follows:

	RBH Hotel Group		IHL Holdco	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Summarised balance sheets				
Total non-current assets	13	14	2 242	2 751
Total current assets	258	333	689	115
Total assets	271	347	2 931	2 866
Total non-current liabilities	-	-	1 614	768
Total current liabilities	294	319	32	985
Total liabilities	294	319	1 646	1 753
Net assets	(23)	28	1 285	1 113
Summarised statement of comprehensive income				
Revenue	2 467	2 493	215	255
Profit from operations	38	68	221	239
Profit for the year and total comprehensive income	38	68	221	239

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for the year ended 31 March

20. Investments in associates *continued*

A reconciliation of the summarised financial information to the carrying amount of the group's interests in its associates is as follows:

	RBH Hotel Group		IHL Holdco	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Opening net assets attributable to owners	28	76	1 113	1 069
Profit for the year	38	68	221	239
Foreign currency translation reserve	(47)	(48)	32	126
Total comprehensive income	19	96	1 366	1 434
Dividends paid	(42)	(68)	(81)	(321)
Closing net assets attributable to owners	(23)	28	1 285	1 113
Interest in associate (%)	26.4	26.4	25.9	25.9
Interest in associate	(6)	7	333	288
Intangible assets	71	71	-	-
Goodwill	25	25	31	31
Impairment reversal ¹	22	-	10	-
Translation	63	51	(97)	(88)
Carrying value of investments in associates	175	154	277	231

¹ An impairment reversal of R32 million (2024: Rnil) due to the continued recovery of trading conditions in the United Kingdom.

The group has no further contingent liabilities or commitments in relation to the associates.

21. Non-current receivables

Financial assets measured at amortised cost

	2025 Rm	2024 Rm
Other loans	-	4
Loan to JIA Piazzapark Proprietary Limited	1	1
	1	5
Non-current receivables are denominated in the following currency		
SA Rand	1	5
	1	5

Non-current receivables do not contain significant credit risk and there are no significant receivables past due that have been impaired. The group does not consider non-current receivables material and no further disclosure is provided in this regard.

22. Deferred income tax

The gross movement on the deferred tax account is as follows:

	2025 Rm	2024 Rm
Net deferred tax asset at 1 April	278	146
Income statement charge (note 14)	95	135
Prior year adjustment (note 14)	(3)	(1)
Currency translation	1	(2)
Net deferred tax liability at 31 March	371	278

22. Deferred income tax continued

The movement in deferred tax assets and liabilities during the year, without taking into account the offsetting of balances of entities within the group, is as follows:

	Accelerated tax allowances Rm	Other assets ¹ Rm	Provisions and accruals Rm	Deferred revenue Rm	Tax losses Rm	Total Rm
Deferred tax liabilities						
Balance at 1 April 2023	873	(92)	(151)	(5)	(167)	458
Income statement expense/(credit)	125	(4)	44	-	95	260
Prior year adjustment	1	-	2	-	(2)	1
Currency translation	1	-	-	-	-	1
Deferred tax liability at 31 March 2024	1 000	(96)	(105)	(5)	(74)	720
Income statement (credit)/expense	(17)	(6)	-	-	26	3
Prior year adjustment	(1)	-	7	-	(4)	2
Currency translation	-	1	-	-	-	1
Deferred tax liability at 31 March 2025	982	(101)	(98)	(5)	(52)	726
Deferred tax assets						
Balance at 1 April 2023	(150)	(74)	(70)	(4)	(14)	(312)
Income statement credit	(81)	(17)	(12)	(7)	(8)	(125)
Prior year adjustment	(1)	-	(2)	(1)	2	(2)
Currency translation	-	(3)	-	-	-	(3)
Deferred tax asset at 31 March 2024	(232)	(94)	(84)	(12)	(20)	(442)
Income statement expense/(credit)	82	19	(9)	(3)	3	92
Prior year adjustment	(1)	-	(3)	-	(1)	(5)
Currency translation	-	-	-	-	-	-
Deferred tax asset at 31 March 2025	(151)	(75)	(96)	(15)	(18)	(355)
Total net deferred tax liability/(asset)	831	(176)	(194)	(20)	(70)	371

¹ Includes investment property and prepaid expenditure.

Deferred tax assets of R70 million have been recognised for tax losses carried forward and other temporary differences. These relate to certain subsidiaries within the group and the asset has been recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. An assessment of future taxable profits has been performed at a relevant subsidiary level based on budgets and cash flow forecasts. For further details on the basis of preparation of these cash flow forecasts, refer to note 17.2.

23. Inventories

	2025 Rm	2024 Rm
Food and beverage	34	35
Operating equipment	5	4
Consumable stores	42	41
	81	80
Inventory costs recognised in Other operating expenses (note 11):		
Cost of food and beverage and consumable stores	536	515
Cost of operating equipment	58	54

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for the year ended 31 March

	2025 Rm	2024 Rm
24. Trade and other receivables		
Financial instruments		
Financial assets measured at amortised cost		
Trade receivables – net	272	224
Trade receivables – gross	323	272
Trade receivables – loss allowance	(51)	(48)
Deposits	21	18
Other receivables	52	99
	345	341
Financial assets valued at fair value		
Life Cell Reimbursive Assets	119	95
	464	436
Non-financial instruments		
Prepayments	66	58
	66	58
Total trade and other receivables	530	494

24.1 Trade receivables

Trade receivables comprise a widespread customer base mostly in respect of the hotel, banqueting and conferencing facilities provided in the ordinary course of business at the group's properties. Credit sales mostly have negotiated credit terms of 30 days and are therefore all classified as current. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable as shown above. The group does not hold any collateral as security. The carrying value less impairment provision of trade and other receivables is assumed to approximate fair value due to the short-term nature of trade and other receivables.

The group performs ongoing credit evaluations of the financial condition of its customers for both new credit applications and existing customers with credit facilities. These reviews include evaluating previous relationships the customer has had with the group, taking into account the length of time and amount of business. New customers are given credit only after meeting strict minimum requirements. The utilisation of credit limits are regularly monitored by reviewing the ageing analysis of these debtors on an ongoing basis. Of the trade receivables balance as at 31 March 2025, R47.2 million (2024: R43.7 million) is due from the group's largest customer that provides travel and tourism-related services to the general public. The group does not have significant credit risk exposure to any single counterparty or any group of counterparties providing similar services. The group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk related to this client did not exceed 7.0% (2024: 6.5%) percent of gross monetary assets at any time during the year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Credit limits exceeded during the year under review were closely monitored, and management does not expect any losses from non-performance by these counterparties that have not been provided for.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

24.2 Debtor loss allowance calculated under the provision matrix

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 March 2025 and the corresponding historical credit losses experienced over the period.

The historical loss rates are adjusted to reflect current and publicly available forward-looking information on macroeconomic factors affecting the ability of the customer to settle the receivables. A counterparty will be considered to be in default and any outstanding balance that is deemed to be unrecoverable will be fully provided for where:

- The counterparty has breached approved credit limits, and recovery is uncertain due to no alternative repayment plan being agreed; and/or
- Based on qualitative public information available, management has assessed the counterparty as being in financial distress; and/or
- The counterparty has been placed under business rescue.

24. Trade and other receivables continued

24.2 Debtor loss allowance calculated under the provision matrix continued

Specifically identified debtors and large travel management companies (TMCs) have been separately identified and risk-weighted based on their relative susceptibility to the following factors:

- Vulnerability of state-owned enterprises at present in South Africa;
- Ongoing energy and water crisis facing South Africa; and
- GDP in South Africa.

Large TMCs operate against the backdrop of the above factors along with a high cost base, driven by increasing salary costs, high interest rates along with cash flow issues emanating from the slow payments from government departments and parastatals. This, combined with relatively low levels of commission earned, increases the level of risk associated with the TMC business model. These entities which comprise the largest proportion of the group's trade receivables, typically, have a very small or no asset base to recoup losses from in the event of business failure. Large TMCs have a carrying amount of R165 million (2024: R120 million) and the group has raised a provision of R25 million (2024: R22 million) relating to large TMCs' debtors. As reflected in the loss allowance table below for large TMCs and specifically identified debtors, the total expected loss rate has decreased from the prior year. As reflected in the loss allowance table for large TMCs and specifically identified debtors, the total expected loss rate has decreased from the prior year. This can be attributed to the continued recovery in the travel and tourism industry in South Africa. There has been a marked improvement in sentiment with guests becoming more confident to travel as the year progressed.

Specifically identified debtors have a carrying value of R29 million (2024: R15 million) and are considered to be lower risk as they are related to rental income which is mostly current. Rentals are due in advance and are current, 30 days or less. Historically, there have not been material impairments of specifically identified debtors.

On this basis, the loss allowance as at 31 March 2025 was determined as follows for trade receivables:

	Current-performing Rm	30 to 60 days past due Rm	60 to 90 days past due Rm	More than 90 days past due Rm	Total Rm
Large South African TMCs and specifically identified debtors:					
Expected loss rate (%)	11.3	18.6	19.9	13.2	14.7
Gross carrying amount	149	42	1	2	194
Loss allowance	17	8	-	-	25
Other remaining South African debtors ¹ (excluding large TMCs and specifically identified debtors):					
Expected loss rate (%)	14.2	21.1	29.9	41.8	11.5
Gross carrying amount	84	12	1	5	102
Loss allowance	12	2	-	2	16

The loss allowance as at 31 March 2024 was determined as follows for trade receivables:

	Current-performing Rm	30 to 60 days past due Rm	60 to 90 days past due Rm	More than 90 days past due Rm	Total Rm
Large South African TMCs and specifically identified debtors:					
Expected loss rate (%)	12.8	20.6	23.8	42.8	16.2
Gross carrying amount	100	25	3	8	136
Loss allowance	12	5	1	4	22
Other remaining South African debtors ¹ (excluding large TMCs and specifically identified debtors):					
Expected loss rate (%)	12.8	21.2	24.3	40.5	15.0
Gross carrying amount	90	14	1	2	107
Loss allowance	12	3	-	1	16

¹ Includes small TMCs, sporting bodies, government departments and corporate accounts.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

24. Trade and other receivables *continued*

24.3 Specific South African debtors

Specific debtors are long outstanding and generally have slower payment terms. These are considered to have a higher risk profile due to their customer base. Specific debtors that are placed under business rescue are fully impaired as there is no reasonable expectation of recovery even though enforcement activities to recover balances due continue. These are credit-impaired (stage 3).

	2025 Rm	2024 Rm
Gross carrying amount	8	8
Loss allowance in respect of specific trade debtors	8	8

24.4 Offshore debtors

The loss allowance has been established as follows:

	Current- performing Rm	30 to 60 days past due Rm	60 to 90 days past due Rm	More than 90 days past due Rm	Total Rm
Offshore debtors 31 March 2025:					
Expected loss rate (%)	2.0	12.5	16.7	40.7	8.4
Gross carrying amount	14	1	1	3	19
Loss allowance	1	-	-	1	2
Offshore debtors 31 March 2024:					
Expected loss rate (%)	4.1	10.0	16.7	45.5	9.1
Gross carrying amount	17	1	1	2	21
Loss allowance	1	-	-	1	2

24.5 Loss allowance reconciliation

The closing loss allowance for trade receivables as at 31 March reconciled to the opening loss allowance is as follows:

	2025 Rm	2024 Rm
At 1 April	48	50
Provision for receivables impairment (note 11)	4	2
Impaired as non-collectable	(1)	(4)
At 31 March	51	48

As at 31 March 2025, the stage 2 gross debtors amounted to R68 million (2024: R57 million). During the year, stage 2 debtors amounting to Rnil (2024: Rnil) were written off as non-collectable; however, the group continues on an ongoing basis to recover any amounts written off where possible and unused provisions of Rnil (2024: Rnil) were reversed.

Stage 3 gross debtors amounted to R8 million (2024: R8 million), which during the year R1 million (2024: R2 million) was written off as non-collectable.

24. Trade and other receivables continued**24.6 Deposits, associate and tenant loans and other receivables**

Deposits, associate and tenant loans as well as other receivables do not contain significant credit risk, have a low probability of default and there are no significant receivables past due that have been impaired. No further disclosure is provided in this regard.

The carrying amounts of the group's trade and other receivables are denominated in the following currencies:

	2025 Rm	2024 Rm
SA Rand	485	446
US Dollar	9	11
Mozambican Metical	15	18
Tanzanian Shilling	3	1
Kenyan Shilling	-	-
Seychelles Rupee	7	10
Zambian Kwacha	8	6
United Arab Emirates Dirham	3	2
	530	494

Refer to note 28 for specific trade and other receivables balances held as security for external interest-bearing borrowings.

25. Cash and cash equivalents

Cash and cash equivalents measured at amortised cost

	2025 Rm	2024 Rm
Current accounts	224	281
Call and fixed deposit accounts	170	356
Cash	2	2
Gross cash and cash equivalents¹	396	639
Gross cash and cash equivalents are denominated in the following currencies:		
SA Rand	298	374
US Dollar	64	191
Euro	21	55
Tanzanian Shilling	2	-
Mozambican Metical	5	6
Seychelles Rupee	2	6
Zambian Kwacha	1	2
United Arab Emirates Dirham	3	5
	396	639

¹ There is a master netting arrangement in place; however, the gross positive cash balance of R396 million (2024: R639 million) and bank overdrafts of Rnil (2024: Rnil) do not qualify to be offset on the balance sheet.

Due to the short-term nature of these assets and historical experience, cash and cash equivalents are regarded as having a low probability of default and therefore the related expected credit loss is deemed insignificant.

Refer to note 28 for specific cash and cash equivalents balances held as security for external interest-bearing borrowings.

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for the year ended 31 March

26. Ordinary share capital

	Number of ordinary shares '000	Ordinary share capital Rm	Treasury shares Rm	Total Rm
At 1 April 2023	1 468 067	5 333	(44)	5 289
Issue of shares on exercise of share options ³	3 777	22	-	22
Purchase of treasury shares ¹	(135 154)	-	(617)	(617)
Cancellation of shares ²	-	(661)	661	-
At 31 March 2024	1 336 690	4 694	-	4 694
Issue of shares on exercise of share options ³	5 460	34	-	34
At 31 March 2025	1 342 150	4 728	-	4 728

¹ The group bought back 135 million SSU shares at an average price of R4.56.

² The group cancelled all 145 million shares bought back on 12 December 2023 and 28 March 2024.

³ The group issued five million shares during the year (2024: four million shares) to employees participating in the Southern Sun Share Appreciation Rights Plan.

The total authorised number of ordinary shares is 2 000 000 000 (2024: 2 000 000 000) with no par value. All issued shares, other than those related to the IFRS 2 *Share-based Payments – Equity Settled* (refer to note 33) are fully paid.

The company's authorised but unissued ordinary share capital was placed under the control of the directors until the forthcoming annual general meeting (AGM). Directors are accordingly able to issue SSU shares subject only to the limitations contained in the Companies Act, the memorandum of incorporation (MOI) and the JSE Listings Requirements.

	Share capital reserve Rm	Transactions with non- controlling interests Rm	Cash flow hedge reserve Rm	Foreign currency translation reserve Rm	Share- based payments Rm	Common control reserve Rm	Total Rm
Balance at 1 April 2023	(52)	2 763	27	(74)	94	(921)	1 837
Cash flow hedges	-	-	(12)	-	-	-	(12)
Cash flow hedges fair value adjustments, net of tax	-	-	(16)	-	-	-	(16)
Deferred tax on cash flow hedges fair value adjustments	-	-	4	-	-	-	4
Currency translation adjustments	-	-	-	92	-	-	92
Share-based payments charge	-	-	-	-	25	-	25
Exercise of share appreciation rights	-	-	-	-	(39)	-	(39)
Balance at 31 March 2024	(52)	2 763	15	18	80	(921)	1 903
Currency translation adjustments	-	-	-	(32)	-	-	(32)
Share-based payments charge	-	-	-	-	27	-	27
Exercise of share appreciation rights	-	-	-	-	(61)	-	(61)
Derecognition of interest rate swap reserve	-	-	(15)	-	-	-	(15)
Balance at 31 March 2025	(52)	2 763	-	(14)	46	(921)	1 822

28. Interest-bearing borrowings

Borrowings are made up as follows:

Financial liabilities measured at amortised cost²

Bank borrowings

	2025 Rm	2024 Rm
Bank borrowings	663	1 666
Less: Facility raising fees	663 (1)	1 666 (3)
	662	1 663
Analysed as:		
Non-current portion	453	1 633
Current portion	209	30
	662	1 663
Secured	662	1 663
Unsecured	-	-
	662	1 663
The following represents the carrying amount of the security for these borrowings:		
Property, plant and equipment (note 15) ³	6 585	6 535
Investment properties (note 17) ¹	1 851	1 683
Pledge of cash in bank accounts (note 25)	87	202
Trade receivables (note 24)	108	55
	8 631	8 475
The carrying amounts of the group's borrowings are denominated in the following currencies:		
SA Rand	209	1 168
US Dollar	453	465
Mozambican Metical	-	30
	662	1 663
The group has the following committed direct facilities excluding bank overdrafts (from banks and corporate bonds):		
Expiring within one year	209	30
Expiring beyond one year	453	1 633
	662	1 663
Undrawn facility of committed direct bank borrowings	1 790	1 320
Weighted average effective interest rates (including cash held in call accounts)	9.1%	9.0%

¹ Investment properties represent the value of the properties in Hospitality, leased to external third-party operators, over which mortgage bonds have been registered and pledged as security to the lenders for the bank borrowings.

² Refer to note 43 relating to the terms of the interest-bearing borrowings.

³ Includes properties owned by Hospitality and leased and managed by Southern Sun Hotel Interests Proprietary Limited and pledged as securities for the bank borrowings. On consolidation, these properties are accounted for as part of the carrying amount of property, plant and equipment (both companies being subsidiary companies of the group).

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments and is within level 3 of the fair value hierarchy. The fair values of long and medium-term borrowings are based on cash flows discounted using commensurate variable rates chargeable by SA Rand lenders of the above loans ranging between 8.8% and 10.1% (2024: 9.9% and 10.1%). The fair value of long and medium-term loans using variable rates by US Dollar currency lenders was calculated using 8.5% (2024: 8.6%). All borrowings bear interest at floating rates.

The carrying amounts and fair values of the bank borrowings are as follows:

	Carrying amount		Fair value	
	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Bank borrowings	663	1 666	725	1 747
Total borrowings	663	1 666	725	1 747

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	2025 Rm	2024 Rm
29. Lease liabilities		
Opening balance	1 467	1 447
Finance costs (note 13)	134	135
Remeasurement of lease contract	73	51
New leases raised ¹	10	4
Lease payments	(228)	(170)
Derecognition	(4)	-
Closing net carrying amount	1 452	1 467
Lease liabilities		
Lease liabilities recognised in the balance sheet are analysed as:		
Non-current portion	1 308	1 368
Current portion	144	99
	1 452	1 467
Total cash flows in respect of leases:		
Principal portion of the lease liabilities (included in cash flows from financing activities)	94	35
Interest portion of the lease liabilities (included in finance costs cash flows)	134	135
Short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities (included in cash generated from operations) (note 8)	142	191
Total cash outflow for leases	370	361

¹ Additionally a right-of-use asset and corresponding lease liability of R10 million has been recognised for the Arabella lease.

The group leases various hotel properties including the Garden Court Marine Parade, Garden Court Nelson Mandela Boulevard, Cape Town City Bowl Complex, Southern Sun Cape Sun, Sandton Sun, Sandton Towers, Garden Court Sandton City and Garden Court East London. These rental contracts are typically made for fixed periods of 20 years to 30 years, but may have extension options as described below.

29.1 Rental adjustments

In the prior year, a lease remeasurement relating to the Sandton Consortium has been accounted for resulting in a right-of-use asset and corresponding lease liability of R51 million being recognised. In the current financial year the lease remeasurement amounted to R73 million.

29.2 Variable lease payments

Some property leases contain variable payment terms that are linked to the Ebitdar or revenue generated by the hotel. Due to the variable nature of Ebitdar the variable lease payments cannot be predicted with reasonable assurance, these variable leases are not considered in determining the lease liability.

For five leases, up to 100% of lease payments are on the basis of variable payment terms with percentages of 98% of Ebitdar or 18% of rooms revenue. Variable payment terms are used for a variety of reasons, including for the rental expense to correlate with the operating performance of the hotel property. Variable lease payments that are based on Ebitdar or revenue generated by the hotel are recognised in profit or loss in the period in which the condition triggering those payments occur.

A 10% increase in Ebitdar across all hotels in the group with such variable lease contracts would increase total lease payments by approximately R14 million (2024: R14 million). The same increase in revenue would increase total lease payment by approximately R1 million (2024: R1 million).

Variable lease payments are included in other operating expenses (refer to note 11).

29.3 Extension options and termination options

Extension options and termination options are included in certain property and equipment leases across the group. These are used to maximise operational profitability in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

The leases were individually assessed for management's intention of extending the lease on an individual basis and the extension period was included in determining the lease liability where management was reasonably certain that the extension period would be exercised.

29.4 Residual value guarantees

The group has not provided residual value guarantees in relation to any of its leases as none of its leases contain residual value guarantees.

29. Lease liabilities commitments continued

29.5 Lease commitments

At the balance sheet date, the group had outstanding commitments under non-cancellable operating leases which are not capitalised because the lease payments relate to variable lease payments, short-term leases (leases with a lease term of 12 months or less) and low-value assets (comprising mainly small items of office equipment and furniture), which fall due as follows:

	2025 Rm	2024 Rm
Not later than one year	20	12
Later than one year and not later than five years	18	6
Later than five years	-	-
	38	18

The group has no leases not yet commenced but committed nor does it have sale and leaseback transactions. None of the group's leases imposes covenants or restrictions on the group's performance.

30. Post-employment benefits

30.1 Pension fund

The group operates two pension funds: The Tsogo Sun Group Pension Fund and the Southern Sun Group Retirement Fund. Both are defined contribution funds, governed by the Pension Funds Act, 1956, which provides retirement and death benefits for all permanent, full-time employees who are not members of any other approved pension or provident fund.

30.2 Provident funds

The group also operates the Alexander Forbes Retirement Fund which is a defined contribution fund, governed by the Pension Funds Act, 1956, which provides retirement and death benefits for all permanent, full-time employees who are not members of any other approved pension or provident fund.

30.3 Medical aid

The group operates a closed-fund defined benefit plan for certain medical aid members. The assets of the funded plans are held independently of the group's assets. This fund is valued by independent actuaries every year using the projected unit credit method.

The movement in the defined benefit obligation is as follows:

	Present value of obligation Rm	Fair value of plan assets Rm	Net asset Rm
Year ended 31 March 2025			
At 1 April 2024	24	(29)	(5)
Other post-employment benefits – medical aid	-	(1)	(1)
Expected return on plan assets	-	(4)	(4)
Expected benefit payments from plan assets	(3)	3	-
Interest expense	3	-	3
Remeasurement	1	1	2
Gain from change in financial assumptions	1	-	1
Experience gains	-	1	1
At 31 March 2025	25	(29)	(4)
	Present value of obligation Rm	Fair value of plan assets Rm	Net asset Rm
Year ended 31 March 2024			
At 1 April 2023	24	(29)	(5)
Other post-employment benefits – medical aid	-	-	-
Expected return on plan assets	-	(3)	(3)
Expected benefit payments from plan assets	(3)	3	-
Interest expense	3	-	3
At 31 March 2024	24	(29)	(5)

The present value of the obligation is R25 million (2024: R24 million) and the fair value of the plan assets is R29 million (2024: R29 million).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

30. Post-employment benefits *continued*

30.3 Medical aid *continued*

The principal actuarial assumptions used for the valuation were:

	2025 %	2024 %
Discount rate	10.2	11.7
Healthcare cost inflation	6.0	7.4
Expected return on plan assets	10.2	11.7
Remuneration inflation	5.5	6.9

The fund is actively managed and returns are based on both the expected performance of the asset class and the performance of the fund managers. The assets of the medical aid scheme comprise cash for 2025 and 2024.

The expected long-term rate of return on medical aid assets of 10.20% (2024: 11.7%) is determined by using a standard 0% margin on the assumed rate of discount as per the revised IAS 19 *Employee Benefits*. The discount rate of 10.20% (2024: 11.7%) per annum is based on current bond yields of appropriate term gross of tax as required by IAS 19. South Africa does not have a deep market in high-quality corporate bonds. The discount rate is therefore determined by reference to current market yields on government bonds.

No contributions are expected to be paid into the group's defined scheme during the annual period after 31 March 2025 (2024: Rnil).

The economic assumptions used in this valuation are based on market information relevant for the 31 March 2025 year end.

The economic assumptions have been set based on the duration of the liability as at 31 March 2025, the durability of the liability as at 31 March 2025 is 7.3 years (2024: 7.5 years).

At 31 March, the effects of a 1% movement in the assumed medical cost trend rate would be as follows:

	2025 Rm	2024 Rm
Upward movement		
Effect on the current service cost and interest cost	*	*
Effect on the post-retirement medical aid liability	(2)	(2)
Downward movement		
Effect on the current service cost and interest cost	*	*
Effect on the post-retirement medical aid liability	2	2

* Amount less than R1 million.

31. Derivative financial instruments

Derivative financial instruments measured at fair value are made up as follows:

	2025 Rm	2024 Rm
Net asset: Interest rate swaps – cash flow hedges	-	(12)
Less: Current portion asset (net)	-	12
Non-current portion asset (net)	-	-
Net assets are made up as follows:		
Asset	-	(12)
Liability	-	-
Net asset	-	(12)

There is a master netting arrangement in place per financial institution; however, in the 2025 financial year there have not been any gross positive derivative balances and gross negative derivative balances in the current year that qualify to be offset on the balance sheet.

Hedge accounting is applied to the group's interest rate swaps (refer to note 43.1(a)(ii)). For the impact of hedge accounting on the statement of changes in equity (SOCIE) refer to note 27. The group's primary interest rate risk arises from long-term borrowings (excluding bank overdrafts).

As at 30 September 2024, the group's interest rate swap contracts matured. This resulted in a net income statement impact of R3 million due to the release of the cash flow hedge reserve amounting to R15 million net of the derecognition of the cash flow hedge asset of R12 million accounted for in finance cost.

Due to the declining interest rate, together with the settlement of external debt, the interest rate exposure to the group is significantly lower and the group has not entered into any new interest swap contracts.

The notional amounts and terms of the outstanding effective interest rate swap contracts (hedged instruments) at 31 March were:

	2025 Rm	2024 Rm
RMB – With a fixed rate of 6.69% maturing 30 September 2024	-	500
Absa – With a fixed rate of 6.18% maturing 30 September 2024	-	300
Absa – With a fixed rate of 6.36% maturing 30 September 2024	-	500
	-	1 300

The group recycles the cash flow hedge reserve over the remaining period of the interest rate swaps until maturity date.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

32. Deferred revenue

The group's contract liabilities consist of the customer rewards programmes and are shown as deferred revenue. The group accounts for its hotel customer reward programmes in terms of IFRS 15 *Revenue from Contracts with Customers* with the liability on the balance sheet allocated to deferred revenue. The customer rewards programme (SunRands) consists of a loyalty programme whereby a guest earns SunRands based on their stay at one of the group's hotels. The amount of SunRands earned is based on the value of a guest's stay and spend on accommodation, food and beverages, and parking (only at participating hotels). Once a guest earns SunRands, the value is recognised as deferred revenue (liability) as it is expected that the guest will use the SunRands in future to pay for accommodation, food and beverages, and other related spend as a currency payment. SunRands are only available for a 24-month period, after which the guest forfeits the SunRands not spent.

Deferred revenue is made up as follows:

Non-financial instruments

Deferred revenue – rooms and food and beverage revenue

	2025 Rm	2024 Rm
At 1 April	83	69
Created during the year	120	112
Forfeitures during the year	(36)	(24)
Utilised during the year	(79)	(74)
At 31 March	88	83
Less: Current portion	(59)	(55)
Non-current portion	29	28

The expected timing of the recognition of the deferred revenue is within two years (2024: two years).

	2026 Rm	2027 Rm	Total Rm
Revenue expected to be recognised in respect of deferred revenue as of 31 March 2025	59	29	88

	2025 Rm	2024 Rm
Revenue recognised that was included in the contract liability balance at the beginning of the period	79	74

33. Long-Term Incentive Plans

The Southern Sun Share Appreciation Rights Plan is a bonus scheme whereby participants receive SSU shares equal to the appreciation of the awarded share appreciation rights (SARs) over the vesting period. The appreciation of the SARs is calculated as the difference between the seven-day volume weighted average price (seven-day VWAP) of SSU shares on the date on which notice is given to surrender the SAR (exercise price) and the seven-day VWAP on the date on which the award was made to an eligible employee to participate in the scheme (the award price) multiplied by the number of SARs awarded. Allocations vest over three years after the date of allocation.

The fair value is expensed over the period as services are rendered by the employees. In terms of the rules, the fair values of the payments are determined using the seven-day VWAP of the company's share prior to the determination of the fair value of the long-term incentive bonus.

A Black-Scholes valuation model was applied in determining the fair value of the SARs to be issued under the SAR plan and the valuation assumptions and inputs to this model are set out below:

	2025	2024
Spot price (R)	5.05	4.50
Dividend yield (%)	0.0 – 5.0	0.0 – 4.7
Share price volatility (%)	25.3 – 32.9	24.2 – 27.2
Risk-free rate (%)	7.6 – 9.6	7.6 – 9.6

The long-term incentive expense relating to the SAR plan will continue over the SAR vesting periods according to the terms of the SAR plan rules. The long-term incentive expense will increase by new grants made to employees and decrease by employee forfeitures. Included in the employee cost as disclosed in note 10 is an income statement charge of R27 million (2024: R25 million) relating to the share appreciation rights for the 2025 financial year.

Set out below are summaries of options granted under the plan:

	2025 Number of options	2024 Number of options
As at 1 April	72 713 028	83 278 810
Granted during the year	13 156 588	13 126 639
Exercised during the year	(21 886 959)	(22 117 360)
Expired during the year	-	(127 956)
Forfeited during the year	(1 015 001)	(1 447 105)
As at 31 March	62 967 656	72 713 028
Vested and exercisable at 31 March	27 109 696	29 742 364

Appreciation rights outstanding at the end of the year have the following expiry dates and exercise price:

Grant date	Expiry date	Exercise price	Share options 31 March
13 January 2021	13 January 2027	1.49	8 971 430
14 January 2022	30 September 2027	3.03	14 861 845
1 April 2022	31 March 2028	3.34	13 184 318
1 April 2023	31 March 2027	4.30	12 793 475
1 April 2024	31 March 2028	5.08	11 210 760
1 October 2024	30 September 2028	7.75	1 945 828
			62 967 656

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

	2025 Rm	2024 Rm
34. Provisions		
Provisions are made up as follows:		
At 1 April		
Long-service awards	71	65
Short-term incentives	134	142
	205	207
Created during the year		
Long-service awards	15	13
Short-term incentives	132	131
	147	144
Utilised during the year		
Long-service awards	(8)	(7)
Short-term incentives	(128)	(139)
	(136)	(146)
At 31 March		
Long-service awards	78	71
Short-term incentives	138	134
Total provisions	216	205
Less: Current portion	(147)	(142)
Non-current portion	69	63

34.1 Long-service awards

The group pays its employees a long-service benefit. The benefit is paid when employees reach predetermined years of service. The method of accounting and frequency of valuation are similar to those used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually by independent actuaries using the projected unit credit method.

	2025 Rm	2024 Rm
Movement in unfunded obligation:		
Benefit obligation at 1 April	71	65
Interest cost	8	9
Service cost	5	7
Actuarial gain	2	(3)
Benefits paid	(8)	(7)
Obligation at 31 March	78	71
The amounts recognised in the income statement are as follows:		
Interest cost	8	9
Current service cost	5	7
Actuarial gain	2	(3)
	15	13

34. Provisions continued**34.1 Long-service awards continued**

The principal actuarial assumptions used for accounting purposes are:

	2025 Rm	2024 Rm
Discount rate (%)	9.9	11.2
Inflation rate (%)	4.6	5.9
Salary increase rate (%)	5.1	6.4
Pre-retirement mortality rate	SA 85 – 90 (Light) table	SA 85 – 90 (Light) table
The present value of the long-service award obligations for the current and prior years are as follows:		
Present value of unfunded obligations	78	71
Experience adjustment on plan obligations	-	-

There are no plan assets in respect of the long-service award liability.

Due to the nature of the long-service award provisions, the timing of their utilisation is uncertain.

The short-term incentives provision was utilised subsequent to year end in May 2025.

35. Trade and other payables**Financial instruments**

	2025 Rm	2024 Rm
Trade and other payables	905	813
Trade payables	237	189
Accrued expenses	372	347
Advance deposits	150	143
Unallocated deposits	46	39
Capital expenditure payables	21	1
Other payables	79	94
Non-financial instruments	196	187
VAT payable	46	43
Leave pay liability	60	57
Payroll-related payables	90	87
	1 101	1 000

The carrying values of trade and other payables are assumed to approximate their fair values due to the short-term nature of trade and other payables.

The carrying amounts of the group's trade and other payables are denominated in the following currencies:

	2025 Rm	2024 Rm
SA Rand	1 028	909
US Dollar	-	11
Mozambican Metical	37	40
Tanzanian Shilling	5	4
Kenyan Shilling	1	1
Seychelles Rupee	19	21
Zambian Kwacha	10	10
United Arab Emirates Dirham	1	4
	1 101	1 000

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

	2025 Rm	2024 Rm
36. Cash generated from operations		
Profit before income tax	1 442	1 183
Adjusted for finance income and costs, share of profit of equity-accounted entities, dividends received and non-cash movements:		
Finance income	(57)	(63)
Finance costs	276	354
Share of profit of associates	(99)	(80)
Amortisation and depreciation	423	369
Impairment charge for bad and doubtful debts, net of reversals	3	2
Operating equipment usage	39	35
Movement in provisions	174	184
Long-term incentive expense	27	25
(Profit)/loss on disposal of property, plant and equipment	(1)	3
Fair value adjustment on investment properties	(105)	(59)
Net property, plant and equipment impairment	129	-
Translation impact on the income statement	-	(2)
Other non-cash moves and adjustments	2	(3)
Cash generated from operations before working capital movements	2 253	1 948
Working capital movements		
Increase in inventories	(1)	(6)
Decrease/(increase) in trade and other receivables	99	(152)
(Decrease)/increase in payables and provisions	(277)	83
Cash generated from operations	2 074	1 873
	2025 Rm	2024 Rm
37. Income tax paid		
Net tax liability at 1 April	(20)	(64)
Current tax provided	(326)	(186)
Withholding tax	(2)	(3)
Currency translation	(2)	8
Net tax liability at 31 March	24	20
	(326)	(225)

38. Changes in liabilities arising from financing activities

38.1 Changes in interest-bearing borrowings arising from financial activities

Changes arising from financing activities for the year ended 31 March 2025 related to interest-bearing borrowings, excluding bank overdrafts from short-term borrowings, are as follows:

	Long term Rm	Short term Rm	Total Rm
Year ended 31 March 2025			
Balance at 1 April 2024	1 633	30	1 663
Borrowings raised	539	-	539
Borrowings repaid	(1 499)	(29)	(1 528)
Currency translation	(11)	(1)	(12)
Reclassification to short-term borrowings	(209)	209	-
Balance at 31 March 2025	453	209	662
Year ended 31 March 2024			
Balance at 1 April 2023	1 964	-	1 964
Borrowings raised	85	-	85
Borrowings repaid	(415)	-	(415)
Currency translation	29	-	29
Reclassification to short-term borrowings	(30)	30	-
Balance at 31 March 2024	1 633	30	1 663

Total cash outflow of R134 million (2024: R191 million) relating to finance costs has been included in the consolidated cash flow statement relating to interest-bearing borrowings.

Finance cost is settled quarterly and no interest was outstanding as at 31 March 2025.

38.2 Changes in finance lease liabilities

Changes arising from lease liabilities for the year under review are as follows:

	Non-current Rm	Current Rm	Total Rm
Year ended 31 March 2025			
Balance at 1 April 2024	1 368	99	1 467
New leases raised	10	-	10
Transfer to current lease liability	(70)	70	-
Principal elements of lease payments	-	(94)	(94)
Remeasurement of lease contract	-	73	73
Derecognition	-	(4)	(4)
Balance at 31 March 2025	1 308	144	1 452
Year ended 31 March 2024			
Balance at 1 April 2023	1 412	35	1 447
New leases raised	4	-	4
Transfer to current lease liability	(48)	48	-
Principal elements of lease payments	-	(35)	(35)
Remeasurement of lease contract	-	51	51
Balance at 31 March 2024	1 368	99	1 467

Total cash outflow of R134 million (2024: R135 million) relating to finance costs has been included in cash flows from operating activities.

A lease remeasurement relating to Sandton Consortium has been accounted for in the year resulting in a right-of-use asset and corresponding lease liability of R73 million (2024: R51 million) being recognised.

The Sandton Consortium hotels' fixed portion of the rental payment in-substance resets every year when the new budget for the year is approved and results in an annual remeasurement of the right-of-use asset and corresponding liability for the forthcoming year. Each remeasurement of the right-of-use asset is depreciated over the period to which it relates, i.e. annually.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

39. Related parties

As detailed below, the group has concluded certain material transactions with related parties at arm's length. Transactions between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note.

	2025 Rm	2024 Rm
39.1 Transactions with related parties		
Management fees received from Tsogo Sun Limited for shared services	-	2
Management fees paid to Tsogo Sun Limited for shared services	(1)	(1)
Dividend received from associate – IHL Holdco	21	83
Dividend received from associate – RBH	11	18
Internal audit fees paid to GRIPP Advisory Proprietary Limited	(8)	(5)
	23	97

39.2 Key management compensation

Directors of the company and prescribed officers of the group are considered to be the group's key management personnel. All remuneration and fees are paid by subsidiary companies. Remuneration and IFRS 2 *Share-based Payments* and fees paid to key management during the year by the group are as follows:

39.2.1 Executive directors

	Year ended 31 March 2025					
	Basic remuneration R'000	Benefits R'000	Short-term incentives R'000	Directors' fees from subsidiaries R'000	Long-term incentives R'000	Total paid R'000
MN von Aulock	8 657	576	10 950	-	23 066	43 249
L McDonald	2 966	519	2 876	-	5 692	12 053
Total remuneration	11 623	1 095	13 826	-	28 758	55 302

	Year ended 31 March 2024					
	Basic remuneration R'000	Benefits R'000	Short-term incentives R'000	Directors' fees from subsidiaries R'000	Long-term incentives R'000	Total paid R'000
MN von Aulock	8 211	587	10 484	-	-	19 282
L McDonald	2 819	502	2 725	-	210	6 256
Total remuneration	11 030	1 089	13 209	-	210	25 538

39. Related parties continued

39.2 Key management compensation continued

39.2.2 Executive directors' LTIs

Details of unexpired awards granted to executive directors and prescribed officers prior to 1 April 2025 are set out below:

Fair value of SARs – executive directors and prescribed officers

Name	Award date	SARs awarded and still outstanding 2025	Award price R	Strike price R	Fair value of SARs awarded R'000	Expiry date
MN von Aulock	13/01/2021 [^]	1 142 857	1.49	1.50	819	13/01/2027
	14/01/2022* [^] #	3 302 633	3.03	3.05	3 975	30/09/2027
	14/01/2022*	3 302 632	3.03	3.05	4 128	30/09/2027
	14/01/2022*	3 302 633	3.03	3.05	4 266	30/09/2027
	01/04/2023	888 435	4.30	4.50	1 222	31/03/2027
	01/04/2024	1 180 080	5.08	5.05	1 891	31/03/2028
	01/10/2024	1 297 219	7.75	7.75	2 594	30/09/2028
L McDonald	13/01/2021 [^]	1 142 857	1.49	1.50	819	13/01/2027
	14/01/2022* [^] #	1 651 316	3.03	3.05	1 987	30/09/2027
	14/01/2022*	1 651 316	3.03	3.05	2 064	30/09/2027
	14/01/2022*	1 651 316	3.03	3.05	2 133	30/09/2027
	01/04/2022 [^]	1 048 752	3.34	3.45	1 786	31/03/2028
	01/04/2023	1 332 653	4.30	4.50	1 834	31/03/2027
	01/04/2024	885 060	5.08	5.05	1 419	31/03/2028
	01/10/2024	648 609	7.75	7.75	1 297	30/09/2028

* SARs awarded on 14 January 2022 vest in three equal tranches on the third, fourth and fifth anniversary from 30 September 2021.

[^] SARs vested and still outstanding.

[#] SARs exercised on 21 July 2025.

SARs are equity-settled and will therefore have a dilutionary impact on shareholders on settlement. Based on the closing share price on 31 March 2025 of R8.30 and the average SSU share price for the 12 months to 31 March 2025 of R7.35, all SARs that have a dilutionary impact (amounting to 40 million SSU shares) have been taken into account for the calculation of the diluted headline and diluted adjusted headline profit and the diluted number of weighted average shares. Refer to note 4.

39.2.3 Non-executive directors

Name	2025 Total directors' fees paid by the company R'000	2024 Total directors' fees paid by the company R'000
JA Copelyn	489	461
MH Ahmed	604	568
SC Gina	460	440
LM Molefi	475	445
JG Ngcobo	475	437
JR Nicoletta	316	298
CC September	331	311
	3 150	2 960

Fees are exclusive of VAT.

39.3 Contingencies, commitments and guarantees

There are no significant contingencies, commitments or guarantees on the group's related parties.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

	2025 Rm	2024 Rm
40. Future capital expenditure		
Authorised by directors but not yet contracted for:		
Property, plant and equipment	717	743
Investment property	127	22
Intangible assets: software	100	41
	944	806
Authorised by directors and contracted for:		
Property, plant and equipment	171	194
Intangible assets: software	4	9
	175	203

The majority of the capital expenditure authorised by directors and contracted for relates to the activation of certain refurbishments.

41. Operating lease commitments

Operating lease arrangements where the group is a lessor

The group's main leases are contracts with tenants in respect of its investment properties held in HPF. The group also rents out retail space in its hotel properties as set out in the below minimum rentals receivable.

At the balance sheet date, the group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following periods. The rentals below relate only to fixed rentals for retail space and do not include any variable rentals or escalations based on CPI:

	2025 Rm	2024 Rm
Not later than one year	7	6
Later than one year and not later than five years	10	11
Later than five years	-	-
	17	17

42. Events occurring after the balance sheet date

Having reviewed the group's working capital requirements and cash resources, the board approved and declared final dividend (number 2) of 25.00 cents per ordinary share (gross) (2024: 12.50 cents per ordinary share) in respect of the year ended 31 March 2025. The dividend is subject to dividend tax. In accordance with paragraphs 11.17(a)(i) to (ix) and 11.17(c) of the Johannesburg Stock Exchange (JSE) Listings Requirements the following additional information is disclosed:

- The dividend has been declared out of distributable reserves;
- The local dividend tax rate is 20% (twenty per centum);
- The gross local dividend amount is 25.00000 (2024: 12.50000) cents per ordinary share for shareholders exempt from the dividend tax;
- The net local dividend amount is 20.00000 (2024: 10.00000) cents per ordinary share for shareholders liable to pay the dividend tax;
- The number of shares in issue at declaration date was 1 342 936 721 (2024: 1 337 136 598);
- The company's income tax reference number is 9878091140; and
- The dividend was paid to shareholders on 17 June 2025.

Between 6 June 2025 and 30 June 2025, the group bought back 8.9 million shares at an average price of R 8.83 and issued 4.6 million shares between 22 April 2025 and 30 June 2025 to employees participating in the Southern Sun Share Appreciation Rights Plan.

The directors are not aware of any other material matters or circumstance arising since the balance-sheet date and the date of this report.

43. Financial risk management

43.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The group uses derivative financial instruments to hedge certain risk exposures.

Risk management process

The Southern Sun board recognises that the management of business risk is crucial to the group's continued growth and success and this can only be achieved if all three elements of risk – namely threat, uncertainty and opportunity – are recognised and managed in an integrated fashion. The audit and risk committee is mandated by the board to establish, coordinate and drive the risk management process throughout the group. It has overseen the establishment of a comprehensive risk management system to identify and manage significant risks in the operational divisions, business units and subsidiaries. Internal financial and other controls ensure a focus on critical risk areas and are closely monitored and are subject to management oversight and internal audit reviews.

The systems of internal control are designed to manage rather than eliminate risk and provide reasonable, but not absolute, assurance as to the integrity and reliability of the consolidated annual financial statements, the compliance with statutory laws and regulations and to safeguard and maintain accountability of the group's assets. The board and executive management acknowledge that an integrated approach to the total process of assurance improves the assurance coverage and quality in addition to being more cost-effective.

In addition to the risk management processes embedded within the group, the group executive committee identifies, quantifies and evaluates the group's risks annually, utilising a facilitated risk assessment workshop. The severity of risks is measured in qualitative (e.g. zero tolerance for regulatory risks) as well as quantitative terms, guided by the board's risk tolerance and risk appetite measures. The scope of the risk assessment includes risks that impact shareholder value or that may lead to a significant loss, or loss of opportunity. Appropriate risk responses to each individual risk are designed, implemented and monitored.

The risk profiles, with the risk responses, are reviewed by the audit and risk committee at least once every six months. This methodology ensures that identified risks and opportunities are prioritised according to the potential impact on the group and cost-effective responses are designed and implemented to counter the effects of risks and take advantage of opportunities.

Financial risk management is carried out by a central treasury department (Group Treasury) under policies approved by the board of directors. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the group's operating units. The board provides principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments and investing excess liquidity.

Credit risk is managed at an entity level for trade receivables.

(a) Market risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

(i) Currency risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The group is not exposed to significant foreign exchange cash flow risk as the group seeks to mitigate this exposure, where cost-effective, by raising its debt denominated in US Dollars in the offshore entities with cash generated in US Dollars to service the interest and capital repayments of those offshore operations where the functional currency of those entities is US Dollars. As a result, no forward cover contracts are required in respect of this debt. The group does not hedge currency exposures from the translation of profits earned in foreign currency subsidiaries, associates and joint ventures.

Foreign exchange risk also arises from exposure in the foreign operations due to trading transactions denominated in currencies other than the functional currency.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

43. Financial risk management *continued*

43.1 Financial risk factors *continued*

Risk management process *continued*

(a) Market risk *continued*

(i) Currency risk *continued*

The following significant exchange rates against the SA Rand applied during the year:

	Average rate		Reporting date closing rate	
	2025	2024	2025	2024
One US Dollar is equivalent to	18.26	18.70	18.34	18.84
One Euro is equivalent to	19.57	20.27	19.85	20.34

A 10% strengthening of the functional currency against the following currencies at 31 March would have increased/(decreased) profit or loss by the amounts shown below due to foreign exchange gains or losses on foreign-denominated trade receivables, cash and cash equivalents and trade payables recorded in the functional currency of the foreign operations. This analysis assumes no hedging and that all other variables, in particular interest rates, remain constant. This analysis was performed on the same basis for 2024.

	2025 Rm	2024 Rm
Euro	(2)	(6)
Mozambican Metical	2	2
US Dollar	(7)	(20)
Great Britain Pound	(2)	–

A 10% weakening of the functional currency against above currencies at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(ii) Interest rate risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Hedge accounting is applied to the group's interest rate swaps. The group's primary interest rate risk arises from long-term borrowings (excluding bank overdrafts). Borrowings at variable rates expose the group to cash flow interest rate risk. Borrowings at fixed rates expose the group to fair value interest rate risk. Refer to note 31.

The group's policy is to borrow in floating rates, having due regard that floating rates are generally lower than fixed rates in the medium term.

The group manages its interest rate risk by using floating-to-fixed interest rate swaps. Interest rate swaps have the economic effect of converting floating rate borrowings to fixed rates. Where the group raises long-term borrowings at floating rates, it swaps them into fixed rates in terms of group policy. Under the interest rate swaps, the group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to an agreed reference interest rate calculated on agreed notional principal amounts. The settlement dates coincide with the dates on which interest is payable on the underlying debt and settlement occurs on a net basis.

In line with group policy, a long-term hedging profile of approximately 50% is maintained, deviating to a minimum of 25% and a maximum of up to 100% of gross debt, considering the interest rate cycle. The board specifically approves instances where the hedging profile is outside of these parameters taking into account overall debt levels and the remaining term to maturity of borrowings as well as market conditions. As at 31 March 2025, 0% (2024: 78%) of consolidated gross borrowings and 0% (2024: 127%) of consolidated net borrowings were in fixed rates, taking into account interest rate swaps. The hedge ratio is monitored on an ongoing basis.

43. Financial risk management continued

43.1 Financial risk factors continued

Risk management process continued

(a) Market risk continued

(ii) Interest rate risk continued

Hedge effectiveness is determined at the inception of the hedge relationship, and at each reporting date (half-yearly and annually) when effectiveness is assessed to ensure that an economic relationship exists between the hedged item and the hedging instrument. The group enters into interest rate swaps that have similar terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amounts. In line with policy, the group does not hedge 100% of borrowings, however, loans eligible for hedging are identified based on their profile, predominantly three to five-year term loan facilities with bullet repayments. Hedge instrument terms are matched to the interest and capital repayment profile for the hedged item in order to minimise ineffectiveness. The effectiveness of the hedges is tested at inception and thereafter annually and the ineffective portion is recognised immediately in profit or loss. Hedge ineffectiveness for interest rate swaps may occur due to:

- The credit value adjustment on the interest rate swaps which is not matched by borrowings;
- Debt prepayments which result in a mismatch between borrowings and the interest rate swaps;
- Differences in critical terms between the interest rate swaps and borrowings; and
- Costs of hedging (including the costs of adjusting an existing hedging relationship).

Fixed interest rate swaps ranged from 6.2% to 6.7% as at 31 March 2024 referenced against the three-month JIBAR of 8.4%. As at 30 September 2024, the group's interest rate swap contracts matured. This resulted in a net income statement impact of R3 million due to the release of the cash flow hedge reserve amounting to R15 million net of the derecognition of the cash flow hedge asset of R12 million accounted for in finance cost.

At 31 March, floating rate borrowings are linked/referenced to various rates, the carrying amounts of which are as follows:

	2025 Rm	2024 Rm
Linked to three-month JIBAR ¹	210	1 170
Linked to three-month US Dollar SOFR ²	453	466
Linked to Central Bank prime rate in Mozambique	-	30
	663	1 666

¹ The Financial Stability Board has initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates (IBORs) with alternative risk-free rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets. The South African Reserve Bank (SARB) has indicated its intention to move away from JIBAR and to create an alternative reference rate for South Africa. The SARB has indicated their initial preference for the adoption of the South African Rand Overnight Index Average (ZARONIA) as the preferred unsecured candidate to replace JIBAR in cash and derivative instruments. ZARONIA has been published for the purposes of observing the rate and how it behaves, but has not been formally adopted by the SARB as the successor rate to JIBAR. The exact date for discontinuing JIBAR is currently yet to be determined, but December 2026 has been set as the target date. The group is including wording in its legal agreements to cater for the transition to ZARONIA and management does not expect the all-in rate applicable to group borrowings to be impacted by the change.

² During the prior year, the remaining US Dollar-denominated debt facilities in Mozambique, linked to the three-month US Dollar LIBOR were amended. The base lending rate of Term LIBOR was replaced by Term SOFR, the final all in rate applicable to the loan will remain equivalent to the LIBOR interest rate originally approved by the Mozambican Central Bank. The total outstanding balance of US Dollar-denominated loans linked to SOFR (2024: SOFR) as at 31 March 2025 amounts to R453 million (2024: R466 million).

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

43. Financial risk management *continued*

43.1 Financial risk factors *continued*

Risk management process *continued*

(a) Market risk *continued*

(ii) Interest rate risk *continued*

At 31 March, the interest rate profile of the group's interest-bearing financial instruments, excluding the effect of interest rate swaps and bank overdrafts, was:

	2025 Rm	2024 Rm
Variable rate instruments		
Financial assets ¹ (note 25)	(170)	(356)
Financial liabilities (note 28)	663	1 666
	493	1 310

¹ The financial assets relate to group cash held in call and fixed deposit accounts.

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates would have increased/decreased pre-tax profit or loss by R5 million (2024: R26 million), including the effects of the interest rate swaps. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis for 2024.

(iii) Other price risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market. The group has no material exposure to other price risks and no further disclosure has been provided in this regard.

(b) Credit risk

The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

With the exception of its exposure to large TMCs (refer to note 24), the group has no significant concentrations of credit risk. Overall credit risk is managed on a group basis with exposure to trade receivables managed at entity level.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to the group's customer base, including outstanding receivables and committed transactions.

For banks and financial institutions, only group audit and risk committee-approved parties are accepted (on behalf of the board). The group has policies that limit the amount of credit exposure to any bank and financial institution. The group limits its exposure to banks and financial institutions by setting credit limits based on their credit ratings and generally only with counterparties with a minimum credit rating of BBB by Standard & Poor's and BAA3 from Moody's. For banks with a lower credit rating, or with no international credit rating, limits are set by the audit and risk committee on behalf of the board. The utilisation of credit limits is regularly monitored. To reduce credit exposure, the group has international swaps and derivatives association master agreements with most of its counterparties for financial derivatives which permit net settlement of assets and liabilities in certain circumstances.

Refer to note 24 for further credit risk analysis in respect of trade and other receivables.

(c) Liquidity risk

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the group's liquidity headroom on the basis of expected cash flow and the resultant borrowing position compared to available credit facilities. This process is performed during each financial year for five years into the future in terms of the group's long-term planning process.

43. Financial risk management continued

43.1 Financial risk factors continued

Risk management process continued

(c) Liquidity risk continued

(i) Facility headroom

The group's policy is to ensure that it has, at all times, in excess of 15% of surplus, undrawn committed borrowing facilities. At 31 March 2025, the group had 73% (2024: 44%) surplus facilities. Bank overdrafts are not considered to be long-term debt but rather working capital arrangements as part of cash management as set up with the banking institutions.

	2025 Rm	2024 Rm
Debt at 1 April ¹	(1 666)	(1 968)
Net decrease in debt during the year	1 003	302
Debt at 31 March¹	(663)	(1 666)
Credit facilities ¹	2 453	2 986
Headroom available	1 790	1 320

¹ Excludes indirect facilities (letters of guarantees, forward exchange contracts and letters of credit), finance leases. Refer to note 43.1(c)(iii) for the detailed debt facility analysis.

(ii) Debt facility analysis

The group sources its funding from a syndicate of four large South African banks thereby reducing liquidity concentration risk. The facilities for continuing operations comprise a mix of short, medium and long-term tenure, with utilisations and available facilities as follows:

	2025 facility			2024 facility		
	Total Rm	Utilisation Rm	Available Rm	Total Rm	Utilisation Rm	Available Rm
Demand facilities (overdrafts)	-	-	-	20	-	20
Term facilities maturing 31 March 2025	-	-	-	30	30	-
Term facilities maturing 31 July 2026	453	453	-	466	466	-
General banking facility maturing on 8 December 2025 ¹	200	-	200	170	-	170
General banking facility maturing on 8 December 2025 ¹	200	60	140	200	-	200
Revolving credit facility maturing on 8 December 2025 ²	600	150	450	600	-	600
Revolving credit facility maturing on 8 December 2025 ²	500	-	500	500	170	330
Revolving credit facility maturing on 8 December 2026 ³	500	-	500	500	500	-
Term facility maturing on 8 December 2027 ¹	-	-	-	500	500	-
	2 453	663	1 790	2 986	1 666	1 320

¹ Repayable in a bullet payment at maturing date.

² In June 2023, the group converted the facility to a revolving credit facility maturing on 8 December 2025.

³ In March 2025, the group converted the facility to a revolving credit facility maturing on 8 December 2025.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

43. Financial risk management *continued*

43.1 Financial risk factors *continued*

Risk management process *continued*

(c) Liquidity risk *continued*

The table below analyses the group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual cash flows, inclusive of capital and interest:

	Less than 1 year Rm	Between 2 and 5 years Rm	Over 5 years Rm
At 31 March 2025			
Bank borrowings ¹	259	467	–
Lease liabilities	144	451	857
Trade and other payables	905	–	–
	1 308	918	857
At 31 March 2024			
Bank borrowings ¹	201	1 925	–
Lease liabilities	99	514	905
Derivative financial instruments	(12)	–	–
Trade and other payables	813	–	–
	1 101	2 439	905

¹ The projected cash flows based on the maturing dates of the different facilities amount to R467 million (2024: R804 million) in year two, Rnil (2024: R585 million) in year three and Rnil (2024: R536 million) in year four.

Gross cash inflows and outflows in respect of the group's derivative financial instruments are not material and therefore no further information has been presented.

43. Financial risk management continued

43.2 Financial instruments by category

The table below reconciles the group's accounting categorisation of financial assets and financial liabilities (based on initial recognition) to the classes of assets and liabilities as shown on the face of the balance sheet:

	Amortised cost	Fair value through profit and loss	Derivatives used for hedging	Other financial liabilities at amortised cost	Not categorised as a financial instrument	Total	Non-current	Current
	Rm	Rm	Rm	Rm	Rm	Rm	Rm	Rm
At 31 March 2025								
Financial assets								
Non-current receivables	1	-	-	-	-	1	1	-
Trade and other receivables	345	119	-	-	66	530	-	530
Cash and cash equivalents	396	-	-	-	-	396	-	396
Financial liabilities								
Interest-bearing borrowings	-	-	-	662	-	662	453	209
Lease liabilities	-	-	-	1 452	-	1 452	1 308	144
Trade and other payables	-	-	-	905	-	905	-	905
At 31 March 2024								
Financial assets								
Non-current receivables	5	-	-	-	-	5	5	-
Derivative financial instruments	-	-	12	-	-	12	-	12
Trade and other receivables	341	95	-	-	58	494	-	494
Cash and cash equivalents	639	-	-	-	-	639	-	639
Financial liabilities								
Interest-bearing borrowings	-	-	-	1 663	-	1 663	1 633	30
Lease liabilities	-	-	-	1 467	-	1 467	1 368	99
Trade and other payables	-	-	-	813	-	813	-	813

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

44. Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern and provide optimal returns for shareholders through maintaining an optimal capital structure.

The group defines capital as equity funding provided by shareholders and debt funding from external parties. Shareholder funding comprises permanent paid-up capital, share premium, revenue reserves and other reserves as disclosed in the balance sheet. Debt funding comprises loans from shareholders, banking institutions and corporate bonds and net debt represents gross debt net of all cash reserves.

The board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The board of directors monitors the cost of capital, which the group defines as the weighted average cost of capital, taking into account the group's internally calculated cost of equity (shareholder funding) and long-term cost of debt assumptions.

The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound equity position. The group's debt capacity and optimal gearing levels are determined by the cash flow profile of the group and are measured through applicable ratios such as net debt to Ebitdar and interest cover which ratios were complied with throughout the year.

These ratios provide a framework within which the group's capital base is managed. The group's current utilisation of debt facilities is shown in note 43.1(c)(ii).

In order to maintain or adjust the capital structure, in the absence of significant investment opportunities, the group may adjust the amount of dividends paid to shareholders or return capital to shareholders through share buybacks where appropriate.

Under the terms of the borrowing facilities, the group was required to comply with the following financial covenants:

44.1 Financial capacity and covenants

Interest-bearing debt net of cash at 31 March 2025 totalled R266 million, which is R758 million less than the 31 March 2024 balance of R1.0 billion which is largely attributable to free cash flow generated over the year of R898 million for the year, only R72 million less than in 2024 despite increased capital expenditure of R394 million (2024: R298 million) spent on major refurbishment projects at Southern Sun Cullinan, Southern Sun Rosebank and Southern Sun Sandton and higher income tax payments of R448 million (2024: R225 million) in line with increased profitability. The group considers the refurbishment of these flagship properties to be important in positioning these hotels as premium products to generate organic growth over time.

The group was well within covenant requirements for the year ended 31 March 2025, achieving a leverage ratio (net debt to Ebitda) of 0.1 times (2024: 0.7 times) and an interest cover ratio of 12.5 times (2024: 7.1 times).

Based on current performance and management's forecast cash flows, there is no reason to believe that the group will not continue to meet covenant levels required by lenders being a leverage ratio less than 2.5 times and an interest cover ratio greater than 2.5 times.

The board of directors of the company has assessed the cash flow forecasts and is of the view that the group has sufficient liquidity to meet its obligations over the next 12 months.

	2025 Rm	2024 Rm
Year ended 31 March		
Total borrowings (note 28)	662	1 663
Less: Cash and cash equivalents (note 25)	(396)	(639)
Net debt	266	1 024
Adjusted Ebitda (see below)	1 820	1 563
Net debt: Adjusted Ebitda (times)	0.1	0.7
Finance costs (note 13)	(276)	(354)
Adjusted for:		
IFRS 16 finance costs (note 13)	134	135
Cash flow hedges reclassified to profit or loss (note 13)	(2)	-
Adjusted finance costs	(144)	(219)
Interest cover (times)	12.5	7.1
Adjusted EBITDA		
Ebitdar pre-exceptionals (note 5)	2 169	1 902
Rentals paid – pre-IFRS 16	(349)	(339)
	1 820	1 563

45. Fair value estimation of financial instruments and investment property

Specific valuation techniques used to value financial instruments and investment property include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments and investment property.

45.1 Financial instruments in level 2

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

The group has the following level 2 financial instruments, which are subject to enforceable master netting arrangements which are not offset due to offsetting requirements not being met as at 31 March:

	2025 Rm	2024 Rm
Derivative financial instruments – interest rate swaps assets (note 31)	–	12
Trade and other receivables – Life Cell Reimbursive Asset (note 24)	119	95
	119	107

45.2 Financial instruments and investment property in level 3

The level 3 basis of fair value is market value which is defined as an opinion of the best price at which the sale of a financial instrument and investment property, taking into account existing conditions, would have been completed unconditionally for a cash consideration on the date of valuation assuming:

- A willing seller;
- That the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as at the date of valuation;
- That no account is taken of any additional bid by a prospective purchaser with a special interest; and
- That both parties to the transaction had acted knowledgeably, prudently and without compulsion.

The group has the following level 3 financial instruments and investment property:

	2025 Rm	2024 Rm
Investment properties (note 17)	1 917	1 729
	1 917	1 729

There were no transfers between levels 1, 2 and 3 during the year under review or in the prior year. The group has no other financial assets or liabilities measured at fair value.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

46. Subsidiaries having material non-controlling interests

The total non-controlling interests' share of losses for the year and accumulated non-controlling interests are allocated as follows:

	Place of business	NCI's ownership as at 31 March		Share of profit/(loss) for the year 31 March		Accumulated non-controlling interests as at 31 March	
		2025 %	2024 %	2025 Rm	2024 Rm	2025 Rm	2024 Rm
Southern Sun (Mozambique) Limitada	Mozambique	13	13	(6)	(5)	1	10
Other non-material non-controlling interests				4	5	(24)	(27)
				(2)	-	(23)	(17)

Summarised financial information, before intergroup eliminations, for subsidiaries having material non-controlling interests is as follows:

	Southern Sun (Mozambique) Limitada	
	2025 Rm	2024 Rm
Summarised balance sheets as at 31 March		
Non-current assets	812	767
Current assets	29	34
Total assets	841	801
Non-current liabilities	633	636
Current liabilities	98	90
Total liabilities	731	726
Net assets	110	75
Summarised income statements for the year ended 31 March		
Revenue	135	187
Loss before income tax	(58)	(40)
Income tax credit	10	2
Loss for the year	(48)	(38)
Total comprehensive loss	(48)	(38)
Summarised cash flows for the year ended 31 March		
Cash generated from operations	66	47
Finance costs	(36)	(47)
Income tax paid	-	-
Net cash generated from operations	30	-
Net cash utilised in investment activities	-	(3)
Net cash utilised in financing activities	(30)	-
Net decrease in cash and cash equivalents	-	(3)
Foreign currency translation	(1)	1
Cash and cash equivalents at beginning of the year	9	11
Cash and cash equivalents at end of the year	8	9

47. Subsidiary companies

The following information relates to the company's financial interest in its principal subsidiaries:

Subsidiary	Issued share capital		Effective holding		Shares at cost net of impairment	
	2025 Rm	2024 Rm	2025 %	2024 %	2025 Rm	2024 Restated ¹ Rm
Direct shareholding						
Southern Sun Investments Proprietary Limited ¹	*	*	100	100	5 614	5 614
Southern Sun Hotel Interests Proprietary Limited ¹	1 061	1 061	100	100	2 860	2 835
Southern Sun Offshore Proprietary Limited	*	*	100	100	1 930	1 930
Elsivert Proprietary Limited	*	*	100	100	75	75
Majormatic 194 Proprietary Limited	*	*	100	100	11	11
Indirect shareholding						
Hospitality Property Fund Limited ¹	578	578	100	100	5 614	5 614
Southern Sun Africa ¹	*	*	100	100	431	431
Southern Sun (Mozambique) Limitada	18	18	87	87	16	16
Southern Sun Middle East Investment Holdings Proprietary Limited	–	–	100	100	–	–
Reshub Proprietary Limited	*	*	100	100	*	*
					16 551	16 526

* Amounts less than R1 million.

¹ The shares at cost net of impairment disclosed in the prior year did not include the reversal of impairment losses previously recognised, the Southern Sun Investments Proprietary Limited cost increased with R1.4 billion and Hospitality Property Fund Limited increased with R824 million. Southern Sun Africa increased with R34 million due to a capital contribution and Southern Sun Hotel Interests Proprietary Limited (SSHII) cost increased with R122 million due to the increase in the fair value of the group's SAR scheme.

The group comprises a large number of companies. The list above only includes those subsidiary undertakings which materially affect the profit or net assets of the group, or a business segment, together with the principal intermediate holding companies of the group. In addition to the above-mentioned subsidiaries, the company has interests in other indirectly held subsidiaries. A register detailing such information in respect of all subsidiaries of the company is available for inspection at the registered office of the company, which may be inspected by members or their duly authorised agents.

All of the above subsidiaries are unlisted, and with the exception of Southern Sun (Mozambique) Limitada, which is incorporated in Mozambique, and Southern Sun Africa, which is incorporated in Mauritius, are incorporated in South Africa.

48. Going concern

The audited consolidated financial statements are prepared on the going-concern basis. Based on the cash flow forecasts, available cash resources and facility headroom, management believes that the group has sufficient resources to continue operations as a going concern in a responsible and sustainable manner.

As at 31 March 2025, the group had cash and cash equivalents of R396 million (2024: R639 million). The group has R0.7 billion (2024: R1.7 billion) of gross interest-bearing debt (excluding capitalised lease liabilities) and access to R1.8 billion (2024: R1.3 billion) in undrawn facilities to meet its obligations as they become due.

The board of directors of the company has assessed the cash flow forecasts and is of the view that the group has sufficient liquidity to meet its obligations over the next 12 months.

ANALYSIS OF ORDINARY SHAREHOLDERS

as at 31 March 2025

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000	17 548	86.62	1 358 246	0.10
1 001 – 10 000	1 651	8.15	6 153 691	0.46
10 001 – 100 000	659	3.25	22 517 683	1.68
100 001 – 1 000 000	291	1.44	95 867 537	7.14
Over 1 000 000	109	0.54	1 216 253 258	90.62
Total	20 258	100.00	1 342 150 415	100.00

Distribution of shareholders	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Assurance companies	18	0.09	15 587 070	1.16
Close corporations	28	0.14	1 116 421	0.08
Collective investment schemes	206	1.02	315 175 691	23.48
Control accounts	2	0.01	52	0.00
Custodians	16	0.08	686 017	0.05
Foundations and charitable funds	29	0.14	52 688 328	3.93
Hedge funds	28	0.14	55 337 033	4.12
Insurance companies	3	0.01	3 564 823	0.27
Investment partnerships	17	0.09	377 813	0.03
Managed funds	17	0.09	1 281 697	0.10
Medical aid funds	10	0.05	4 451 545	0.33
Organs of state	7	0.03	116 446 730	8.68
Private companies	149	0.74	613 462 666	45.71
Public companies	15	0.07	5 781 628	0.43
Retail shareholders	18 797	92.79	36 461 808	2.72
Retirement benefit funds	679	3.35	54 410 226	4.05
Scrip lending	7	0.03	28 196 508	2.10
Sovereign funds	1	–	4 302 074	0.32
Stockbrokers and nominees	22	0.11	17 631 043	1.31
Trusts	203	1.00	15 190 650	1.13
Unclaimed scrip	4	0.02	592	0.00
Total	20 258	100.00	1 342 150 415	100.00

In terms of section 56(3)(a) and (b) and section 56(5)(a), (b) and (c) of the Companies Act, foreign disclosures have been incorporated into this analysis (increasing the number of shareholdings).

Shareholder type	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Non-public shareholders	10	0.05	630 021 703	46.94
>35% TIH Prefco (Pty) Ltd and subsidiaries	3	0.02	604 508 966	45.04
Directors and associates	7	0.03	25 512 737	1.90
Public shareholders	20 248	99.95	712 128 712	53.06
Total	20 258	100.00	1 342 150 415	100.00

Fund managers with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
Allan Gray	137 662 363	10.25
Public Investment Corporation	96 751 393	7.21
Steyn Capital Management	83 182 037	6.20
PSG Asset Management	70 950 085	5.29
Total	388 545 878	28.95

Beneficial shareholders with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
TIH Prefco (Pty) Ltd	554 037 186	41.28
Allan Gray	105 460 860	7.86
Government Employees Pension Fund	104 063 573	7.76
PSG Asset Management	70 915 196	5.28
HCI Foundation	48 618 289	3.62
Steyn Capital	47 635 675	3.55
Total	930 730 779	69.35

	Number of shareholdings
Total number of shareholdings	20 258
Total number of shares in issue	1 342 150 415

Share price performance

Opening price 2 April 2024	R5.05
Closing price 31 March 2025	R8.30
Closing high for period	R9.28
Closing low for period	R4.98
Number of shares in issue	1 342 150 415
Volume traded during period	402 701 620
Ratio of volume traded to shares issued (%)	30.00
Rand value traded during the period	R2 961 519 735
Price/earnings ratio as at 31 March 2025	13.28
Earnings yield as at 31 March 2025	7.53
Dividend yield as at 31 March 2025	1.20
Market capitalisation at 31 March 2025	R11 139 848 445

	31 March 2025				31 March 2024			
	Direct beneficial	Indirect beneficial*	Associates	Total	Direct beneficial	Indirect beneficial*	Associates	Total
Executive directors								
MN von Aulock	-	9 860 933	-	9 860 933	-	7 789 196	-	7 789 196
L McDonald	476 799	260 188	-	736 987	68 313	260 188	-	328 501
Non-executive directors								
JA Copelyn	-	14 855 338	-	14 855 338	-	14 855 338	-	14 855 338
JR Nicoletta	-	-	59 479	59 479	-	-	59 479	59 479
Total	476 799	24 976 459	59 479	25 512 737	68 313	22 904 722	59 479	23 032 514

* Certain directors are nominees of HCI and they (or their associates) may have an indirect interest in Southern Sun as a result of those interests held in HCI.

As announced on SENS, the following directors increased their holdings in the company subsequent to year-end:

Executive director	Date	Direct beneficial	Indirect beneficial
Laurelle McDonald	1 July 2025	548 898	-
Marcel von Aulock	1 July 2025	-	548 898

B-BBEE ANNUAL COMPLIANCE REPORT

Broad-Based Black Economic Empowerment Commission

COMPLIANCE REPORT BY COMPANIES LISTED ON THE JOHANNESBURG STOCK EXCHANGE (JSE) (in terms of Section 13G (2) of the Act)

SECTION A: DETAILS OF ENTITY

Name of entity/organisation: **Southern Sun Limited**

Registration number: **2002/006356/06**

Physical address: **4th Floor, South Tower, Nelson Mandela Square, Cnr 5th and Maude Streets, Sandton, 2196**

Telephone number: **+27 11 461 9744**

Email address: **Candy.Tothill@southernsun.com**

Indicate type of entity/organisation: **Hotel operators**

Industry/sector: **Tourism**

Relevant code of good practice: **Tourism**

Name of verification agency: **Empowerdex**

Name of technical signatory: **Jenny Brebnor**

SECTION B: INFORMATION AS VERIFIED BY THE BROAD-BASED BLACK ECONOMIC EMPOWERMENT VERIFICATION PROFESSIONAL AS PER SCORECARDS

B-BBEE elements	Target score including	Bonus points	Actual score achieved
Ownership	e.g. 25 points		27.00
Management control	e.g. 19 points		13.58
Skills development	e.g. 20 points	1.07	18.14
Enterprise and supplier development	e.g. 40 points		34.59
Socio-economic development	e.g. 5 points	3.00	8.00
Total score	e.g. 109 points	4.07	101.31
Priority elements achieved	YES/NO and specify them	Yes	
Empowering supplier status	YES/NO and specify them	Yes	
Final B-BBEE status level		Level 1	

* Indicate how each element contributes to the outcome of the scorecard.

SECTION C: FINANCIAL REPORT

1. BASIC ACCOUNTING DETAILS:

a. Accounting officer's name: **Laurelle McDonald**

b. Address: **4th Floor, South Tower, Nelson Mandela Square, Cnr 5th and Maude Street, Sandton, 2196**

c. Accounting policy: (are your accounts done weekly, monthly, other – specify): **Monthly**

d. Has the attached financial statements and annual report been approved by the entity? **Yes**

2. PLEASE ATTACH THE FOLLOWING:

i. Copy of annual financial statement including balance sheet and income and expenditure report: **Attached**

ii. Annual report: **Attached**

3. ENTITY ANNUAL TURNOVER: **R6.6 billion**

Compliance Report (Form B-BBEE 1) (in terms of Section 13G (2) of the Act)

GLOSSARY AND KEY TERMS

INITIALISM	DEFINITION
Adjusted headline profits	Adjusted headline profits are defined as profits attributable to equity holders of the company adjusted for after-tax exceptional items (including headline adjustments) that are regarded as sufficiently material and unusual that they would distort the numbers if they were not adjusted. This measure is not required by IFRS, is reviewed at year end, and is commonly used in the industry
AGM	Annual general meeting
AGOA	African Growth and Opportunity Act
ARR	Average room rate
B-BBEE	Broad-based black economic empowerment
BF	Black female
BM	Black male
Board	The board of directors of Southern Sun Limited
Capex	Capital expenditure
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGU	Cash generating unit
CISO	Chief Information Security Officer
CODM	Chief Operating Decision Maker (includes the group CEO, CFO and senior management team)
Companies Act	The Companies Act, 71 of 2008, as amended or replaced from time to time
Company Secretary	The Company Secretary of Southern Sun Limited namely LR van Onselen for Southern Sun Secretarial Services Proprietary Limited (registration number 1969/001208/07), a private company incorporated and registered in accordance with the laws of South Africa
CPI	Consumer Price Index
Cps	cents per share
CSI	Corporate social investment
CSOC	Cybersecurity operations centre
CTC	Cost to company
DCF	Discounted cash flow
Directors	The directors of the company, from time to time, whose names appear in the corporate information and advisers section of this report
DTIC	Department of Trade, Industry and Competition

GLOSSARY AND KEY TERMS *continued*

Ebitdar	Earnings before interest, tax, depreciation, amortisation, rentals and exceptional items
ESG	Environmental, social and governance
F&B	Food and beverage
GBF	General Banking Facility
GC	Global Conformance
GDP	Gross domestic product
GDPR	General Data Protection Regulation
GHG	Greenhouse gases
GNU	Government of National Unity
The group	Southern Sun and its subsidiaries
HCI	Hosken Consolidated Investments Limited (registration number 1973/007111/06), a public company incorporated and registered in accordance with the laws of South Africa and listed on the JSE
HEPS	Headline earnings per share
HOFS	Heads of Functions
Hospitality	Hospitality Property Fund Limited, (registration number 2005/014211/06), a public company incorporated and registered in accordance with the laws of South Africa
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBD	Interest-bearing debt
IFRS Accounting Standards	International Financial Reporting Accounting Standards are a set of globally recognised accounting principles and rules issued by the International Accounting Standards Board (IASB). They provide a common language for business affairs so that financial statements are transparent, comparable, and consistent across international boundaries
IFRS Sustainability Standards	A set of global standards developed by the International Sustainability Standards Board (ISSB), under the oversight of the IFRS Foundation, aimed at providing a comprehensive global baseline for sustainability-related financial disclosures. These standards help companies disclose sustainability-related risks and opportunities that could reasonably be expected to affect their enterprise value.
IHG	InterContinental Hotels Group plc
IHL	International Holdco Limited (registration number 2083505), a private company incorporated and registered in accordance with the laws of the British Virgin Islands
IIRF	International Integrated Reporting Framework
IT	Information technology

JSE	The Johannesburg Stock Exchange operated by the JSE Limited (registration number 2005/022939/06), a public company incorporated and registered in accordance with the laws of South Africa, and licensed to operate and exchange under the Financial Markets Act, 19 of 2012
JSE Listings Requirements	The Listings Requirements of the JSE, as amended from time to time
King IV	The Code on Corporate Governance representing principles of good corporate governance as laid out in the King Report on Corporate Governance for South Africa, 2016, as amended from time to time
L2D	Liberty 2 Degrees Limited
LPG	Liquefied petroleum gas
LTI	Long-term incentive
LTIFR	Lost-time injury frequency rate
Manco	Management company
MOI	Memorandum of incorporation
NBEAP	National black economically active population
NED	Non-executive director
Net debt:Ebitda ratio	<i>Net debt</i> Aggregate amount of all obligations in respect of borrowings after deducting the aggregate amount of cash and cash equivalents <i>Ebitda</i> Earnings before interest, income tax, depreciation, amortisation, IFRS 16 rent adjustments, long-term incentives and exceptional items – which definition is consistent with the funding agreements
NIST	National Institute of Standards and Technology
NPAT	Net profit after tax
ORMS	Organisational Resilience Management Standards
OSS	Operational support staff
PABX	Physical and virtual private branch exchanges
POPIA	Protection of Personal Information Act, 4 of 2013
pp	Percentage points
PPE	Property, plant and equipment
QCTO	Quality Council Trades and Occupations
Rand or R	South African Rand, the lawful currency of South Africa
RBH	RBH Hotels Group Limited (registration number 07399345), a private company incorporated and registered in accordance with the laws of the United Kingdom

GLOSSARY AND KEY TERMS *continued*

RCF	Revolving credit facility
RevPar	Revenue per available room
SAB	South African Breweries
SAICA	South African Institute of Chartered Accountants
SAR	Share appreciation right
SATB	South African Tourism Board
SDS	Skills development spend
SENS	Stock Exchange News Service
Shareholders	Holders of SSU shares from time to time
SMMEs	Small, medium and micro enterprises
Southern Sun or the company	Southern Sun Limited (previously known as Tsogo Sun Hotels Limited) (registration number 2002/006356/06), incorporated as a private company and converted to a public company on 15 May 2019 in accordance with the laws of South Africa and listed on the JSE
SSE programme	Southern Sun Entrepreneurs programme
SSU	Southern Sun's JSE share code
SSU shares	Shares in Southern Sun, listed on the JSE
STI	Short-term incentive
Subsidiaries	Shall have the meaning ascribed thereto in the Companies Act
TBCSA	Tourism Business Council of South Africa
TCFD	Task Force on Climate-related Financial Disclosure
USA	United States of America
US\$	United States Dollar, the lawful currency of the United States
VAT	Value added tax

CORPORATE INFORMATION AND ADVISERS

Directors

JA Copelyn (Chairman)* MN von Aulock (Chief Executive Officer) L McDonald (Chief Financial Officer) MH Ahmed (Lead Independent)*# SC Gina*# LM Molefi# JG Ngcobo*# JR Nicoella* CC September*#

* Non-executive

Independent

Company Secretary

LR van Onselen for Southern Sun Secretarial Services Proprietary Limited

Registered office

4th Floor, South Tower, Nelson Mandela Square, Cnr 5th and Maude Streets, Sandton, 2196 (Private Bag X200, Bryanston, 2021)

Transfer secretaries

JSE Investor Services Proprietary Limited (previously Link Market Services South Africa Proprietary Limited), 13th Floor, Rennie House 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000)

Sponsor

Investec Bank Limited, 100 Grayston Drive Sandown, Sandton, 2196, South Africa

Auditors

Deloitte & Touche
5 Magwa Crescent
Waterfall City, Waterfall, 2090



Forward-looking statement(s)

This integrated annual report contains forward-looking statements and information in relation to the group. By its very nature, such forward-looking statements and information require the company to make assumptions that may not materialise or that may not be accurate. Such forward-looking information and statements involve known and unknown risks, uncertainties and other important factors beyond the control of the company that could cause the actual performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements. Past share performance cannot be relied on as a guide to future performance. Forward-looking statements speak only as at the date of this document and no statement is intended to be a profit forecast. Forward-looking statements are the responsibility of the directors and have not been reviewed and reported on by the external auditors in accordance with ISAE 3400 *The Examination of Prospective Financial Information*.

Who we are

Performance and value creation

Integrated governance

Consolidated annual financial statements

Shareholder information

southernsun.com



Southern Sun Limited
(Incorporated in the Republic of South Africa)
(Registration number 2002/006356/06)
Share code: SSU ISIN: ZAE000272522
(Southern Sun, the company or the group)