Southern Sun

2022

NOTICE OF ANNUAL GENERAL MEETING

Tsogo Sun Hotels Limited t/a Southern Sun
(Incorporated in the Republic of South Africa)
(Registration Number 2002/006356/06)

Southern Sun's key differentiator in South Africa is its wide distribution of quality hotel products

Contents

Summarised consolidated financial statements

1 BASIS OF PREPARATION

The summarised consolidated financial statements for the year ended 31 March 2022 are prepared in accordance with the requirements of the JSE Limited Listings Requirements and the requirements of the Companies Act of South Africa. The JSE Listings Requirements require summarised consolidated financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council and to also, as a minimum, contain the information required by IAS 34 Interim Financial Reporting. Chief Financial Officer, L McDonald CA(SA), supervised the preparation of these summarised consolidated financial statements. The accounting policies are consistent with IFRS as well as those applied in the previous audited financial statements as at 31 March 2021. The summarised consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2022 which were approved by the board on 29 July 2022 and are available online or can be requested from the Company Secretary. The summarised consolidated financial statements are extracted from audited information but are not themselves audited. The unmodified audit report of PricewaterhouseCoopers Inc. (PwC), the independent auditors, on the consolidated financial statements for the year ended 31 March 2022, dated 29 July 2022, is available for inspection at the registered office of the company and is included in the audited financial statements available online.

2 STANDARDS ISSUED NOT YET EFFECTIVE

Management has reviewed accounting standards issued and not yet effective, none are considered to have a material impact on the group. The most notable of these are the amendments to IAS 1 *Presentation of Financial Statements on Classification of Liabilities as Current or Non-current*, amendment to IFRS 3 *Business Combinations*, amendments to IAS 16 *Property, Plant and Equipment on Proceeds before Intended Use* and amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* on onerous contracts – cost of fulfilling a contract.

3 FAIR VALUE MEASUREMENT

The group fair values its investment properties (categorised as level 3 values) and interest rate swaps (categorised as level 2 values). There were no transfers into or out of level 3, other than as shown below.

3.1 Investment properties

The movement of investment properties for the year is as follows:

	2022 Rm	2021 Rm
Opening net carrying amount	**1 561**	4 149
Additions to and development of investment properties	**7**	1
Disposals	**–**	(1)
Transfer to owner-occupied property, plant and equipment[1]	**(173)**	(2 489)
Fair value adjustments recognised in profit or loss	**55**	(99)
Closing net carrying amount	**1 450**	1 561

[1] *The transfers from investment property to property, plant and equipment in the current year relates to the Garden Court Victoria Junction and the prior year represents the transfer of The Westin Cape Town, Radisson Blu Gautrain Hotel, Arabella Hotel, Golf & Spa, Mount Grace Hotel & Spa, Hazyview Sun, The Edward and Southern Sun The Marine.*

3.1.1 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 bond yield 10Y at the time of valuation, to which premiums are added for market risk and equity and debt costs. The discount rate takes into account a risk premium associated with the local economy as well as that specific to the local property market and the hotel industry. At 31 March 2022, 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.

3 FAIR VALUE MEASUREMENT continued

3.1 Investment properties continued

3.1.2 Basis of preparation of cash flow forecasts

The Covid-19 pandemic has had a significant impact on the hospitality sector, with multiple waves prompting continuous restrictions in travelling and conferencing to curb the rate of infection. Consequently, the recovery period in the sector has been repeatedly delayed; however, there are positive signs that the severity of Covid-19 is declining with each wave and as vaccination numbers increase or immunity improves, it is unlikely that a return to more stringent restrictions will be required. A conservative view with a slow recovery has been forecast, and each property individually considered. In order to ensure the cost efficiencies achieved in the operational restructuring flowed through to the cash flow forecasts, each hotel prepared a detailed budget for FY23 assuming a slow return of domestic and international corporate business during FY23H1 and volumes increasing steadily into FY23H2 as foreign inbound travel volumes increase ahead of the summer season. The budget assumes no further Covid-19-related lockdown restrictions and that the corporate, conferencing and international segments have normalised somewhat, to reach pre-Covid occupancy levels by FY25. Occupancies for the group's owned hotel portfolio including offshore are assumed to increase from 30.6% currently to 45.7% in FY23, increasing to 58.5% in FY24, which is closer to the group's long-term occupancy levels. Average room rates (ARRs) are assumed to increase by a compound annual revenue growth rate (CAGR) of 5.5% between FY23 and FY25. Based on a review of the FY24 revenue and Ebitdar levels of each hotel, management is comfortable that the individual hotel trading assumptions are reasonable.

From FY24 onwards, ARRs were increased by CPI +1% while the maximum occupancy for the majority of the hotels in the portfolio was the group's long-term average of 68% unless they have historically traded better. Operating expenses were escalated by CPI except for utilities, which escalate by 10% per annum. Payroll costs were escalated by CPI +1.5%. No expansion capex has been forecast and maintenance capex has been reviewed by unit and reduced as much as possible. More focus will be placed on repairs and maintenance to ensure that the properties are kept in good condition.

Other valuation inputs

The risk-free rate applied remained flat at 9.5% at 31 March 2022 when compared to the prior year (31 March 2021: 9.5%). 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 4%.

As at 31 March 2022 the significant unobservable inputs were as follows:

- A weighted average rental growth rate of 32.0%* (2021: 28.0%);
- A terminal capitalisation rate of 9.0% – 12.0% (2021: 9.0% – 12.0%); and
- A risk-adjusted discount rate of 13.0% – 14.5% (2021: 12.0% – 14.5%).

* *The weighted average rental growth rate calculated at 32.0% is as a result of the initial recovery in Ebitdar in year one and two from the low, and in some instances, negative Ebitdar base due to the impact of the Covid-19 pandemic. From year three, most of the Ebitdar growth rates are in line with the long-term growth rate of 5%.*

Sensitivities

The table below indicates the sensitivities of the aggregate investment property portfolio by increasing or decreasing value inputs as follows:

	2022		2021	
	Increase Rm	Decrease Rm	Increase Rm	Decrease Rm
5% change in the net cash flows	**73**	**(73)**	77	(76)
25bps change in the terminal capitalisation rate	**(14)**	**14**	(20)	20
50bps change in the discount rate	**(40)**	**42**	(51)	54

3 FAIR VALUE MEASUREMENT continued

3.2 Interest rate swaps

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). In line with group policy, a portion of the group debt is hedged.

Fixed interest rate swaps ranged from 6.2% to 7.2% as at 31 March 2022, referenced against the three-month JIBAR of 4.4% (2021: fixed interest rate swaps ranged from 6.7% to 7.4% as at 31 March 2021, referenced against the three-month JIBAR of 3.7%).

The fair value of the group's derivatives used for hedge accounting is a liability of R13 million (31 March 2021: R69 million) and is calculated as the present value of the estimated future cash flows based on observable yield curves, which is consistent with the prior year. As at 31 March 2022, the group's interest rate hedges have been assessed as effective.

4 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

Management has assessed the group's property, plant and equipment for impairment by reviewing the cash flow forecasts, which we believe still adequately reflect the negative impact of Covid-19 on cash flows generated by the underlying hotels for the financial years ending March 2023 and 2024; as well as various technical inputs including the 10Y bond yield, of 9.5% as at 31 March 2022, which has remained unchanged from the prior year.

The impairment test was performed by reviewing the cash flow forecasts for the period FY23 to FY27. The cash flow forecasts for the South African and offshore properties were prepared on the basis set out in note 3.1.2 "Basis of preparation of cash flow forecasts". The recoverable amount has been determined by the higher of value in use and the fair value less costs to sell using a discounted cash flow model (DCF). The discount rate utilised in the valuation ranges between 13.0% and 14.5% (2021: 13.5% and 14.0%) for the South African hotels and ranges between 7.2% and 14.8% (2021: 9.7% to 17.5%) for the offshore properties. The terminal growth rate applied for the offshore properties is 2.5% (2021: 1.7%) and 4.0% (2021: 4.5%) for the South African properties.

Based on these factors, management is of the view that the carrying values of goodwill and property, plant and equipment are fairly stated at 31 March 2022 and, with the exception of Southern Sun Ikoyi, no further impairments or reversals of impairments are required. As a result of the delayed recovery due to lockdown restrictions and the continued depreciation of the Naira against the USD, the group impaired Southern Sun Ikoyi by R94 million.

The carrying values of land, buildings, plant and equipment of the following hotel properties were impaired by the following amounts.

	2022 Rm	2021 Rm
Garden Court Eastgate	–	13
Southern Sun Hyde Park	–	22
Southern Sun Rosebank	–	5
Holiday Inn Sandton	–	27
Internally managed – Inland	–	67
The Edward	–	11
Garden Court Umhlanga	–	1
Southern Sun The Marine	–	2
Internally managed – Coastal	–	14
The Westin Cape Town – Trading income HPF	–	12
Southern Sun Ikoyi	**94**	35
Southern Sun Dar es Salaam	–	3
Southern Sun Ridgeway[1]	–	106
Offshore	**94**	144
Total	**94**	237

[1] *The impairment of Southern Sun Ridgeway in the prior year is mainly related to the increase in the discount rate from 12.1% in FY20 to 17.5% in FY21 driven by the increase in the in-country risk premium.*

4 IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT continued

Sensitivities

The table below indicates the sensitivities of the aggregate recoverable amounts of property, plant and equipment detailed above 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:

	2022		2021	
	Increase Rm	Decrease Rm	Increase Rm	Decrease Rm
5% change in the net cash flows	**130**	**(130)**	154	(154)
25bps change in the terminal growth rate	**38**	**(36)**	33	(36)
50bps change in the discount rate	**(125)**	**136**	(129)	137

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 tables above would approximate the potential impairment or reversal of impairments.

5 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

5.1 Interest-bearing borrowings

Changes arising from financing activities for the year ended 31 March 2022 related to interest- bearing borrowings, excluding bank overdrafts from short-term borrowings, are as follows:

	Long term Rm	Short term Rm	Total Rm
Balance at 1 April 2021	**2 991**	**485**	**3 476**
Borrowings raised	**379**	**100**	**479**
Borrowings repaid	**(448)**	**–**	**(448)**
Currency translation	**(17)**	**–**	**(17)**
Reclassification to long-term borrowings	**585**	**(585)**	**–**
Other	**5**	**–**	**5**
Balance at 31 March 2022	**3 495**	**–**	**3 495**
Balance at 1 April 2020	3 974	–	3 974
Borrowings raised	141	100	241
Borrowings repaid	(566)	–	(566)
Currency translation	(175)	–	(175)
Reclassification to short-term borrowings	(385)	385	–
Other	2	–	2
Balance at 31 March 2021	2 991	485	3 476

The group extended debt facilities and corporate bonds maturing prior to 31 March 2023 by 12 months to ensure that solvency requirements are met and that the group can meet its obligations as they come due. In HPF, Note 11, maturing on 31 March 2023 (R600 million), was replaced with Note 14 on the same terms and conditions maturing on 31 March 2024. In addition, a term loan (R500 million fully utilised facility maturing on 31 August 2022) and an RCF facility (R500 million facility maturing on 19 December 2022 of which R200 million was utilised at 31 March 2022) were extended on the same terms and conditions to 31 August 2023 and 19 December 2023 respectively. The company extended its R600 million facility, of which R200 million was utilised at 31 March 2022, on the same terms and conditions to 30 June 2023. The group's Mozambican US Dollar-denominated facilities equating to R358 million and R27 million MZN-denominated loan which was due in March 2022 have been refinanced for a further five and three years respectively.

5 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES continued

5.2 Lease liabilities

Changes arising from lease liabilities for the year under review are as follows:

	Non-current portion 2022 Rm	Current portion 2022 Rm
At 1 April 2021	**1 346**	**14**
Transfer to current lease liability	**(11)**	**11**
Rent concessions	**–**	**(4)**
Principal elements of lease payments	**–**	**(10)**
Modification of lease contract	**14**	**–**
At 31 March 2022	**1 349**	**11**

Total cash outflow of R112 million (2021: R89 million) relating to finance costs has been included in cash flows from operating activities.

	Non-current portion 2021 Rm	Current portion 2021 Rm
At 1 April 2020	1 024	13
New leases raised	278	–
Transfer to current lease liability	(14)	14
Rent concessions	(26)	(13)
Finance costs accrued	38	–
Modification of lease contract	46	–
At 31 March 2021	1 346	14

6 RELATED PARTY TRANSACTIONS

The group had no significant related party transactions during the period under review, nor entered into any new significant related party transactions during this period, other than the business interruption claim from Tsogosure Insurance Company Limited as mentioned below.

The group received insurance proceeds of R179 million from Tsogosure Insurance Company Limited, which includes R177 million relating to business interruption insurance as well as other insurance claims of R2 million. Insurance proceeds have been accounted for as other income and not included in group revenue for the period.

6 RELATED PARTY TRANSACTIONS continued

The group has also concluded certain transactions with its associates and with Tsogo Sun Gaming Limited and its subsidiary companies (Tsogo Sun Gaming), the more significant transactions are shown below:

	2022 Rm	2021 Rm
Hotel management fees and royalties received from Tsogo Sun Gaming	**29**	10
Management fees received from Tsogo Sun Gaming for shared services	**4**	5
Fees received from Tsogo Sun Gaming for administration services for hotels	**15**	13
Management fees paid to Tsogo Sun Gaming for shared services	**(2)**	(1)
Tenant recoveries by Tsogo Sun Gaming	**(4)**	(4)
Insurance premiums paid to Tsogo Sun Gaming	**(10)**	(30)
Insurance claims received from Tsogo Sun Gaming	**179**	11
Shareholder loans to associate – IHL Holdco	**65**	–
Shareholder loans to associate – IHPL	**–**	32
Loan due to fellow shareholder in associate – RDI	**(33)**	–
Dividend received from associate – RBH	**5**	–

The group had no other significant related party transactions during the year under review.

7 RENTAL CONCESSIONS

As permitted by IFRS 16, the group early adopted the amendment with effect from 1 April 2020 retrospectively although there was no adjustment to the opening balance of retained earnings at the same date. The IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to Covid-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as variable lease payments in the period(s) in which the event or condition that triggers the reduced payment occurs. No such relief is provided for lessors. Lessors are required to assess whether rent concessions are lease modifications and, if so, account for them accordingly.

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

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
(b) any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
(c) there is no substantive change to other terms and conditions of the lease.

The group applied the practical expedient to all of its leases where it is a lessee and lease concessions were granted to the group which met the rent concession requirements as set out in IFRS 16. These include the Garden Court Marine Parade, Cape Town City Bowl Complex and the Sandton Consortium hotels. The application was applied retrospectively with effect from 1 April 2020. This had the effect of reducing rental expenses and lease liabilities by R39 million in the 2021 financial year.

Only the rent concession relating to the Sandton Consortium leases was still applicable during the 2022 financial year and had the effect of reducing rental expenses and lease liabilities by R20 million.

During the year, the rent concession relating to the Sandton Consortium leases was extended beyond the 30 June 2022 date allowed in terms of applying the practical expedient. The change to the consideration of the leases was assessed and resulted in a modification of the leases which increased the finance lease liability and the right-of-use asset by R14 million.

8 SEGMENT INFORMATION

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 has been no change to the basis of segmentation or to the basis of measurement of segment profit or loss from the annual financial statements apart from an amendment to the way the CODM reviews ***Rental income – HPF***. Following the group's acquisition on 11 March 2021 of 100% interest in Hospitality, and the decrease in rental income due to the decrease in externally managed properties, the CODM has changed the basis of review regarding property rates, taxes and other costs recovered from HPF. The CODM now reviews the ***Rental income – HPF*** segment before deducting property rates, taxes and other costs recovered from HPF.

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, long-term incentives and exceptional items). The measure excludes the effects of long-term incentives and the effects of non-recurring expenditure. The measure also excludes all headline earning 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.

9 CAPITAL COMMITMENTS

The group spent R48 million on maintenance and expansion capex for the year ended 31 March 2022. The group has committed capital spend of R18 million, of which the majority has been placed on hold.

10 CONTINGENT LIABILITIES

The group had no significant contingent liabilities as at 31 March 2022.

11 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

11.1 On 26 May 2022, the company announced on SENS that it had concluded a Hotel Purchase Agreement with Tsogo Sun Gaming Limited and two of its subsidiaries (TSG) in terms of which the group will acquire the ***Southern Sun Emnotweni*** and ***StayEasy Emnotweni*** (Emnotweni Hotels) in Mbombela, Mpumalanga province from TSG for an aggregate purchase consideration of R141.6 million (VAT exclusive). In addition, the company and its subsidiary, Southern Sun Hotel Interests (Pty) Limited (SSHI), have concluded a Separation Agreement with TSG and its various subsidiaries, in terms of which the management and licensing agreements concluded with SSHI in respect of 15 hotels owned by TSG will be capable of termination, subject to payment of an aggregate termination fee of R398.8 million (VAT exclusive) (collectively, the Proposed Transaction).

The Proposed Transaction is subject to various suspensive conditions including shareholder approval and shareholders are referred to the relevant SENS announcement for further details. The Proposed Transaction agreements contain warranties, undertakings and breach provisions that are normal for transactions of their nature.

The successful implementation of the Proposed Transaction will result in the group receiving a net cash inflow of R257.2 million and acquiring the two Emnotweni Hotels, which are important for the group's distribution in the province. Refer to note 6 for details of the management fee impact on the group. The company believes this to be a beneficial transaction for the group and its shareholders. A circular setting out the terms of the Proposed Transaction was disseminated to shareholders on 20 July 2022. Due to the related party nature of the Proposed Transaction, it requires the approval of the company's shareholders (excluding TSG and its associates, including HCI and the HCI Foundation) by ordinary resolution at a special general meeting to be held on 18 August 2022.

11.2 Subsequent to year end the group has decided to dispose of its ***Southern Sun Ikoyi*** hotel in Nigeria. As announced on SENS, its wholly owned subsidiary Southern Sun Africa (SSA) has entered into a Sale Agreement on 26 May 2022 with Kasada Albatross Holding (the Purchaser), which is a subsidiary of Kasada Hospitality Fund LP. In terms of the Sale Agreement, the group committed to dispose of its entire 75.55% shareholding and shareholder loan claims in Ikoyi Hotels Limited (Ikoyi) which owns the group's ***Southern Sun Ikoyi*** hotel in Ikoyi, Nigeria.

The value of the total assets and total liabilities of Ikoyi as at 31 March 2022 were US$55.9 million and US$14.9 million respectively and the group's 75.55% share of the net asset value equates to US$31.0 million. The headline profit attributable to Ikoyi for the year was US$0.7 million.

11 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE continued

11.2 The aggregate disposal consideration per the agreement is US$30.4 million, comprising US$29.1 million for the shares and US$1.3 million for the shareholder loan claims. The successful implementation of the disposal would result in the reduction of the group's US dollar-denominated debt (Offshore Debt) through the deconsolidation of Ikoyi's external debt of US$12.8 million and provides SSA with sufficient cash resources to offset Offshore Debt in Mozambique amounting to US$26.6 million, thereby eliminating the forex risk to the group. The Sale Agreement also provides for the Purchaser to release the group from its guarantee obligations in respect of the external debt of Ikoyi.

The disposal is subject to the fulfilment (or waiver) of various conditions precedent, including the approval of the Federal Competition and Consumer Protection Commission in Nigeria. The Sale Agreement also provides for warranties, undertakings, indemnities and events of default that are normal for transactions of this nature. Further announcements will be made in due course updating shareholders on the status of the disposal.

12 GOING CONCERN

The summarised consolidated financial statements are prepared on the going-concern basis. Based on the cash flow forecasts, available cash resources and the other measures the group has taken or plans to take, management believes that the group has sufficient resources to continue operations as a going concern in a responsible and sustainable manner. The group monitors the covenants on an ongoing basis and does not expect to breach covenants.

12.1 Covid-19 status

On the assumption that Covid-19 regulations are not reintroduced and trading levels continue to improve in line with the trend since year end, there should be increasing demand for conferences, business and leisure travel with international and corporate take up during FY23H2. There is still a risk that a severe wave of infections could occur, however, the group's experience and learning throughout the pandemic means that management can quickly respond by deactivating hotels and reducing rostered staff to reduce cash burn to a minimum. Any capital expenditure will be further delayed as far as practicably possible.

12.2 Financial capacity and covenants

As previously reported, lenders introduced revised covenants comprising Ebitda (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) and liquidity thresholds, measured quarterly. The revised covenants established a maximum rolling 12-month negative Ebitda level and a minimum liquidity level of R500 million is required, which includes available facilities and cash on hand. An event of default will occur if both the Ebitda and liquidity covenants are breached in one of the measurement periods or the Ebitda covenant is breached for two consecutive measurement periods. The company comfortably met the minimum Ebitda and liquidity thresholds for each quarterly measurement period in the 2022 financial year. As at 31 March 2022 headroom on the rolling 12-month Ebitda loss was R381 million and headroom on available facilities including cash on hand was R973 million. At Hospitality level, lenders introduced a minimum liquidity covenant of R125 million in the prior year including available facilities and cash on hand. Similarly, Hospitality has met these minimum liquidity requirements and as at 31 March 2022 liquidity headroom was R422 million.

Lenders have further approved the covenant waivers for September 2022 on the basis that the rolling Ebitda threshold be reduced to between R326 million (June 2022 measurement period) and R243 million (September 2022 measurement period) and that revised covenants continue to be measured on a quarterly basis at a company level. In Hospitality, the requirement is to continue to have a minimum available liquidity of R125 million, until such time that the normal covenant requirements are met. The terms of the revised waiver relating to an event of default remain the same as described above. Covenant levels for later periods will be reassessed during the preparation of the group's five-year forecasts. As at 31 March 2022, the group has net cash and cash equivalents of R665 million, net of bank overdrafts (2021: R407 million). The group has R3.5 billion (2021: R3.5 billion) of interest-bearing debt (excluding capitalised lease liabilities) and access to R1.3 billion in undrawn facilities to meet its obligations as they become due. In preparing the cash flow forecasts utilised to assess going concern, the continuing impact of the Covid-19 pandemic on the group's operations and liquidity was considered. Refer to note 3.1.2 "Basis of preparation of cash flow forecasts" for further details. Based on the current improved trading levels the forecasts, which indicate some recovery in the corporate, conferencing and international segments during the 2022 calendar year, management believes that the company should meet these revised covenant levels.

Condensed consolidated income statement

for the year ended 31 March

	Change %	2022 Rm	2021 Rm
Rooms revenue	177	**1 641**	593
Food and beverage revenue	172	**731**	269
Property rental income		**90**	52
Other income		**246**	249
Income	133	**2 708**	1 163
Property and equipment rentals		**(16)**	9
Amortisation and depreciation		**(365)**	(407)
Employee costs		**(846)**	(520)
Other operating expenses		**(1 465)**	(890)
Insurance proceeds received		**191**	–
Impairment of property, plant and equipment		**(94)**	(237)
Profit on sale of joint venture		**–**	355
Impairment of goodwill		**–**	(30)
Fair value adjustment of investment properties		**55**	(99)
Operating profit/(loss)		**168**	(656)
Finance income		**15**	33
Finance costs		**(373)**	(379)
Share of profit/(loss) of associates and joint ventures		**26**	(128)
Loss before income tax		**(164)**	(1 130)
Income tax credit		**8**	148
Loss for the year		**(156)**	(982)
Loss attributable to:			
Equity holders of the company		**(156)**	(896)
Non-controlling interests		**–**	(86)
		(156)	(982)
Basic and diluted loss attributable to the ordinary equity holders of the company per share (cents)			
Number of shares in issue (million)		**1 478**	1 478
Weighted number of shares in issue (million)		**1 478**	1 233
Basic and diluted loss per share (cents)	85	**(10.6)**	(72.7)

Condensed consolidated statement of comprehensive income

for the year ended 31 March

	2022 Rm	2021 Rm
Loss for the year	**(156)**	(982)
Other comprehensive income/(loss) for the year, net of tax		
Items that may be reclassified subsequently to profit or loss:	**13**	(286)
Cash flow hedges	**56**	(19)
Currency translation adjustments	**(27)**	(273)
Income tax relating to items that may subsequently be reclassified to profit or loss	**(16)**	6
Items that may not be reclassified subsequently to profit or loss:	**(1)**	(1)
Remeasurements of post-employment defined benefit liability	**(1)**	(1)
Total comprehensive loss for the year	**(144)**	(1 269)
Total comprehensive loss attributable to:		
Equity holders of the company	**(144)**	(1 170)
Non-controlling interests	**–**	(99)
	(144)	(1 269)

Supplementary information

for the year ended 31 March

	2022 Rm	2021 Rm
Reconciliation of loss attributable to equity holders of the company to headline loss and adjusted headline loss		
Loss attributable to equity holders of the company	**(156)**	(896)
Loss on disposal of property, plant and equipment	**1**	1
Impairment of property, plant and equipment	**94**	237
Fair value adjustment of investment properties	**(55)**	99
Impairment relating to IHPL (associate)	**–**	10
Impairment relating to RBH (associate)	**–**	5
Share of associates' headline earnings adjustment	**(11)**	100
Gain on disposal of investment in joint venture	**–**	(355)
Impairment of goodwill	**–**	30
Total tax effect of adjustments	**7**	(18)
Tax effect of rate change	**(1)**	–
Total non-controlling interest effects of adjustments	**–**	4
Headline loss	**(121)**	(783)
Transaction costs	**–**	6
Restructuring costs	**4**	36
Pre-opening expenses	**–**	3
Impairment of inventory	**–**	8
Share of associates' exceptional items	**–**	3
Tax impact of Hospitality ceasing to be a REIT[1]	**–**	105
Total tax effects of other exceptional items	**(1)**	(11)
Adjusted headline loss[2]	**(118)**	(633)
Number of shares in issue (million)	**1 478**	1 478
Weighted number of shares in issue (million)	**1 478**	1 233
Basic and diluted headline loss per share (cents)	**(8.2)**	(63.5)
Basic and diluted adjusted headline loss per share (cents)	**(8.0)**	(51.4)

[1] *Management considers Hospitality ceasing to be a REIT and the resulting recognition of deferred tax balances to be a once-off event not related to the ongoing operations of the group in the prior year. The tax effects of Hospitality ceasing to be a REIT has accordingly been treated as an exceptional item in the prior year's adjusted headline loss measure.*

[2] *Adjusted headline losses are defined as losses 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 and is commonly used in the industry.*

Supplementary information *continued*

for the year ended 31 March

	2022 Rm	2021 Rm
Reconciliation of operating profit/(loss) to Ebitdar		
Ebitdar pre-exceptional items is made up as follows:		
Operating profit/(loss)	**168**	(656)
Amortisation and depreciation	**365**	407
Property rentals	**3**	(22)
Long-term incentive expense	**10**	14
	546	(257)
Add/(less): Exceptional[1] losses/(gains)		
Loss on disposal of property, plant and equipment	**1**	1
Impairment of property, plant and equipment	**94**	237
Fair value adjustment of investment properties	**(55)**	99
Gain on disposal of investment in joint venture	**–**	(355)
Impairment of goodwill	**–**	30
Impairment of inventory	**–**	8
Impairment relating to IHPL (associate)	**–**	10
Impairment relating to RBH (associate)	**–**	5
Pre-opening expenses	**–**	3
Restructuring costs	**4**	36
Transaction costs	**–**	6
Ebitdar	**590**	(177)

[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.*

Condensed consolidated cash flow statement

for the year ended 31 March

	2022 Rm	2021 Rm
Cash flows from operating activities		
Profit/(loss) before interest and income tax	**168**	(656)
Adjust for non-cash movements	**478**	455
(Decrease)/increase in working capital	**(19)**	195
Cash generated from/(utilised in) operations	**627**	(6)
Finance income	**15**	33
Finance costs	**(353)**	(379)
Income tax paid	**(9)**	(42)
Net cash generated from/(utilised in) operating activities	**280**	(394)
Cash flows from investment activities		
Purchase of property, plant and equipment	**(40)**	(56)
Proceeds from disposals of property, plant and equipment	**1**	3
Additions to investment properties	**(7)**	(1)
Purchase of intangible assets	**(1)**	(6)
Proceeds from disposal of joint venture	**–**	467
Proceeds on disposal of financial assets at fair value through profit or loss	**2**	–
Acquisition of subsidiary	**–**	24
Other loans granted	**–**	(9)
Dividends received	**5**	–
Net cash (utilised in)/generated from investment activities	**(40)**	422
Cash flows from financing activities		
Borrowings raised	**479**	241
Borrowings repaid	**(448)**	(566)
Principal elements of lease payments	**(10)**	–
Other current liabilities repaid	**–**	(5)
Net cash generated from/(utilised in) financing activities	**21**	(330)
Net increase/(decrease) in cash and cash equivalents	**261**	(302)
Cash and cash equivalents at beginning of the year, net of bank overdrafts	**407**	722
Foreign currency translation	**(3)**	(13)
Cash and cash equivalents at end of the year, net of bank overdrafts	**665**	407

Condensed consolidated balance sheet

as at 31 March

	2022 Rm	2021 Rm
ASSETS		
Non-current assets		
Property, plant and equipment	**8 878**	9 106
Right-of-use assets	**984**	1 045
Investment properties	**1 450**	1 561
Goodwill	**354**	354
Other intangible assets	**48**	54
Investments in associates	**325**	305
Post-employment benefit liability	**2**	3
Non-current receivables	**14**	14
Other financial assets	**–**	3
Deferred income tax assets	**298**	297
Total non-current assets	**12 353**	12 742
Current assets		
Inventories	**69**	62
Trade and other receivables	**470**	365
Other income tax assets	**8**	5
Other current assets	**–**	12
Cash and cash equivalents	**707**	918
Total current assets	**1 254**	1 362
Total assets	**13 607**	14 104
EQUITY		
Capital and reserves attributable to equity holders of the company		
Ordinary share capital and premium	**5 333**	5 333
Other reserves	**1 828**	1 805
Retained earnings	**48**	205
Total shareholders' equity	**7 209**	7 343
Non-controlling interests	**97**	97
Total equity	**7 306**	7 440

	2022 Rm	Restated[1] 2021 Rm
LIABILITIES		
Non-current liabilities		
Interest-bearing borrowings	**3 495**	2 991
Lease liabilities	**1 349**	1 346
Derivative financial instruments	**4**	59
Deferred income tax liabilities	**262**	256
Deferred revenue	**29**	37
Provisions	**67**	58
Total non-current liabilities	**5 206**	4 747
Current liabilities		
Interest-bearing borrowings	**42**	996
Lease liabilities	**11**	14
Trade and other payables[1]	**838**	717
Deferred revenue	**58**	74
Provisions[1]	**88**	57
Current portion derivative financial instruments	**9**	10
Current income tax liabilities	**49**	49
Total current liabilities	**1 095**	1 917
Total liabilities	**6 301**	6 664
Total equity and liabilities	**13 607**	14 104

[1] *The current portion of Provisions was previously included in Trade and other payables and is now disclosed separately to ensure comparability and enhanced financial disclosure as provided for in IAS 1* Presentation of Financial Statements.

Condensed consolidated statement of changes in equity

for the year ended 31 March

	Attributable to equity holders of the company					
	Ordinary share capital and premium Rm	Other reserves Rm	Retained earnings Rm	Total attributable to the parent Rm	Non-controlling interests Rm	Total equity Rm
Balance at 1 April 2020	4 642	599	1 102	**6 343**	2 352	**8 695**
Total comprehensive loss	–	(273)	(897)	**(1 170)**	(99)	**(1 269)**
Loss for the year	–	–	(896)	**(896)**	(86)	**(982)**
Cash flow hedges, net of tax	–	(1)	–	**(1)**	(12)	**(13)**
Currency translation adjustment	–	(272)	–	**(272)**	(1)	**(273)**
Remeasurements of post-employment defined benefit liability net of tax	–	–	(1)	**(1)**	–	**(1)**
Acquisition of NCI in HPF	691	1 465	–	**2 156**	(2 156)	**–**
Share-based payments charge	–	14	–	**14**	–	**14**
Balance at 31 March 2021	5 333	1 805	205	**7 343**	97	**7 440**
Total comprehensive loss	–	13	(157)	**(144)**	–	**(144)**
Loss for the year	–	–	(156)	**(156)**	–	**(156)**
Cash flow hedges, net of tax	–	40	–	**40**	–	**40**
Currency translation adjustment	–	(27)	–	**(27)**	–	**(27)**
Remeasurements of post-employment defined benefit liability net of tax	–	–	(1)	**(1)**	–	**(1)**
Share-based payments charge	–	10	–	**10**	–	**10**
Balance at 31 March 2022	**5 333**	**1 828**	**48**	**7 209**	**97**	**7 306**

Segmental analysis

for the year ended 31 March

	Revenue[1]		Ebitdar[2]		Ebitdar margin	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm	2022 %	2021 %
Manco	**139**	68	**224**	(27)	**161**	(40)
Rental income – HPF[6]	**68**	27	**68**	27	**100**	100
Trading income – HPF[4]	**177**	38	**(7)**	(24)	**(4)**	(63)
Internally managed[5]	**2 100**	904	**253**	(131)	**12**	(14)
Coastal	**1 167**	429	**197**	(92)	**17**	(21)
Inland	**697**	334	**13**	(56)	**2**	(17)
Other	**236**	141	**43**	17	**18**	12
Offshore	**318**	135	**52**	(22)	**16**	(16)
Internal management fees[3]	**(94)**	(34)	**–**	–	**–**	–
Total	**2 708**	1 138	**590**	(177)	**22**	(16)

[1] *All revenue and income from hotel operations is derived from external customers. No one customer contributes more than 10% to the group's total revenue.*
[2] *Refer reconciliation of operating loss to Ebitdar on page 12.*
[3] *Included in **Manco**.*
[4] *This segment reflects the trading performance of The Westin Cape Town and Radisson Blu Gautrain Hotel since the acquisition of their related operating/tenant companies in the prior financial year on 1 October 2020 and 1 November 2020, respectively.*
[5] *Trading relating to the Arabella Hotel, Golf & Spa, Mount Grace Hotel & Spa, Hazyview Sun, The Edward and Southern Sun The Marine are included in the **Internally managed** as well as Garden Court Victoria Junction which moved from investment properties to owner-occupied property, plant and equipment during the year. Garden Court Victoria Junction was included in the **Rental income – HPF** segment in FY21 (2021: total rental income from the hotel was R6 million).*
[6] *Following the group's acquisition of 100% interest in Hospitality, and the decrease in rental income due to the decrease in externally managed properties, the CODM has changed the basis of review regarding property rates, taxes and other costs recovered from HPF. The CODM now reviews the **Rental income – HPF** segment before deducting property rates, taxes and other costs recovered from HPF. Had the segment been reviewed on a similar basis in 2021, the **Rental income – HPF** revenue and Ebitdar would have amounted to R52 million.*

Revenue from contracts with customers

for the year ended 31 March

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 above. Disaggregation of revenue from contracts with customers for the period under review:

	Rooms revenue recognised over time		Food and beverage recognised at a point in time		Other revenue recognised over time		Revenue from external customers	
	2022 Rm	2021 Rm	2022 Rm	2021 Rm	2022 Rm	2021 Rm	2022 Rm	2021 Rm
Internally managed	**1 449**	508	**629**	234	**182**	203	**2 260**	945
Coastal	**861**	302	**336**	122	**96**	43	**1 293**	467
Inland	**451**	146	**234**	84	**51**	104	**736**	334
Other	**137**	60	**59**	28	**35**	56	**231**	144
Manco	**–**	–	**–**	–	**44**	33	**44**	33
Offshore	**192**	85	**102**	35	**20**	13	**314**	133
	1 641	593	**731**	269	**246**	249	**2 618**	1 111
Reconciliation to segmental analysis above:								
Revenue from contracts with customers per above							**2 618**	1 111
Property rental income							**90**	52
Reallocation of rates and taxes and costs recovered from HPF							**–**	(25)
Total income per segmental analysis							**2 708**	1 138

Analysis of ordinary shareholders

as at 31 March 2022

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000	18 084	86.41	1 743 747	0.12
1 001 – 10 000	1 797	8.59	6 356 212	0.43
10 001 – 100 000	568	2.71	18 886 126	1.28
100 001 – 1 000 000	340	1.62	125 957 063	8.52
Over 1 000 000	140	0.67	1 324 962 546	89.65
Total	**20 929**	**100.00**	**1 477 905 694**	**100.00**

Distribution of shareholders	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Assurance companies	27	0.13	22 627 465	1.53
Close corporations	25	0.12	1 314 633	0.09
Collective investment schemes	160	0.76	513 344 957	34.73
Control accounts	2	0.01	52	0.00
Custodians	15	0.07	2 097 204	0.14
Foundations and charitable funds	39	0.19	65 114 393	4.41
Hedge funds	7	0.03	9 287 457	0.63
Insurance companies	6	0.03	9 753 317	0.66
Investment partnerships	18	0.09	147 110	0.01
Managed funds	18	0.09	15 105 139	1.02
Medical aid funds	16	0.08	7 696 775	0.52
Organs of state	3	0.01	10 501 735	0.71
Private companies	117	0.56	473 220 987	32.02
Public companies	7	0.03	132 144 823	8.94
Public entities	1	0.01	287 446	0.02
Retail shareholders	19 975	95.44	40 877 556	2.77
Retirement benefit funds	331	1.58	153 442 579	10.38
Scrip lending	4	0.02	4 947 715	0.33
Share schemes	1	0.00	435 558	0.03
Stockbrokers and nominees	21	0.10	3 505 473	0.24
Trusts	131	0.63	12 052 719	0.82
Unclaimed scrip	5	0.02	601	0.00
Total	**20 929**	**100.00**	**1 477 905 694**	**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	11	0.05	621 197 329	42.03
>10% HCI and its subsidiaries	4	0.02	600 008 966	40.60
Directors and associates	7	0.03	21 188 363	1.43
Public shareholders	20 918	99.95	856 708 365	57.97
Total	**20 929**	**100.00**	**1 477 905 694**	**100.00**

Fund managers with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
Coronation Fund Managers	325 433 538	22.02
Allan Gray	213 554 778	14.45
PSG Asset Management	53 362 170	3.61
Total	**592 350 486**	**40.08**

Beneficial shareholders with a holding greater than 3% of the issued shares	Number of shares	of issued capital
TIHC Investments (RF) Proprietary Limited	415 182 027	28.09
Coronation Fund Managers	173 960 718	11.77
Allan Gray	150 269 199	10.17
Hosken Consolidated Investments Limited	128 297 782	8.68
HCI Foundation	54 675 666	3.70
PSG	53 357 170	3.61
Total	**975 742 562**	**66.02**

	Number of shareholdings
Total number of shareholdings	20 929
Total number of shares in issue	**1 477 905 694**

Share price performance	
Opening price 1 April 2021	R2.18
Closing price 31 March 2022	R3.38
Closing high for period	R3.68
Closing low for period	R2.21
Number of shares in issue	1 477 905 694
Volume traded during period	350 877 174
Ratio of volume traded to shares issued	23.74
Rand value traded during the period	R1 059 828 703
Price/earnings ratio as at 31 March 2022	(9.97)
Earnings yield as at 31 March 2022	(10.03)
Dividend yield as at 31 March 2022	–
Market capitalisation at 31 March 2022	R4 995 321 246

Analysis of ordinary shareholders *continued*

as at 31 March 2022

	31 March 2022				31 March 2021			
	Direct beneficial	Indirect beneficial[1]	Associates	Total	Direct beneficial	Indirect beneficial[1]	Associates	Total
Executive directors								
MN von Aulock	–	5 590 903	–	5 590 903	–	5 159 451	–	5 159 451
L McDonald	46 377	260 188	–	306 565	46 377	247 688	–	294 065
Non-executive directors								–
JA Copelyn	–	14 855 338	–	14 855 338	–	14 855 338	–	14 855 338
JR Nicolella	–	–	59 479	59 479	–	–	59 479	59 479
Total	46 377	20 706 429	59 479	20 812 285	46 377	20 262 477	59 479	20 368 333

Please refer to note 2 below for changes in the above directors' interests subsequent to year end and the date of approval of the consolidated annual financial statements.

[1] *Certain directors are nominees of HCI and they (or their associates) may have an indirect interest in the company as a result of those interests held in HCI.*

[2] *As announced on SENS, the following director increased his indirect beneficial shareholding in the company subsequent to year end:*

	Date	Indirect beneficial
Executive directors		
MN von Aulock	4 July 2022	59 414
	5 July 2022	40 764
	20 July 2022	634 827

Remuneration policy and remuneration implementation report

REMUNERATION PHILOSOPHY

The key goals of the remuneration philosophy of Southern Sun are to remunerate fairly, responsibly and competitively in order to:

- attract, reward and retain executive directors and staff 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 (LTIs) that are fair and achievable.

REMUNERATION POLICY

The remuneration and nomination committee approves the fixed and variable mix of the group's remuneration structure, which differs based on employee level. The components of the group's remuneration structure, applicable under normalised circumstances, are set in this remuneration report. However, due to the impact of Covid-19, these have been adjusted and approved by the board, on the recommendation of the remuneration and nomination committee, as part of the Covid-19 action plan to reduce costs and to preserve cash. The adjustments pertain mainly to the deferral of payment of the FY20 short-term incentives (STIs) (no STIs were awarded in FY21 and FY22) and the reduction in salaries due to the furlough implemented between 1 April 2020 and 31 January 2022, the details of which are set out in respect of the reporting and prior comparative year, in the remuneration implementation report.

Fair, responsible and transparent remuneration

[1] *As a consequence of the disruption caused by the Covid-19 pandemic, with hotels forced to close for periods of time, the group and many other industry participants stopped submitting regular revenue and occupancy statistics to STR. STR provides data benchmarking, analytics and marketplace insights for the global hospitality industry and the group used the South African national and regional data to determine the relative revenue growth target in determining STI achievements. Relative revenue growth is determined by comparing actual revenue growth year on year (as measured by revenue per available room (Revpar)) in Southern Sun with appropriate comparator performance. Given the lack of reliable market data and the group's distribution often resulting in very few third-party hotels being included in the comparator set, the remuneration and nomination committee recommended that the relative revenue growth targets be removed from the STI rules with effect from 1 April 2022. The financial targets, Ebitdar and adjusted earnings remain unchanged with the relative growth component's weighting (previously 25%) being added to the financial component (FY22: weighting of 35% to 60% vs FY23: weighting of 60% to 85%) as provided for in the rules of the scheme. The board approved this recommendation at the board meeting held on 19 May 2022.*

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 CTC.

Southern Sun seeks to remunerate employees responsibly, fairly and transparently and seeks 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.

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

SHORT-TERM INCENTIVES (STIs)

Executive directors and management participate in STIs, which are based on the achievement of financial targets (Ebitdar and adjusted earnings) and personal key performance objectives in proportions ranging respectively from 85:15 at the most senior level to 60:40 at the lowest management participant level.

The STI target split allows for:

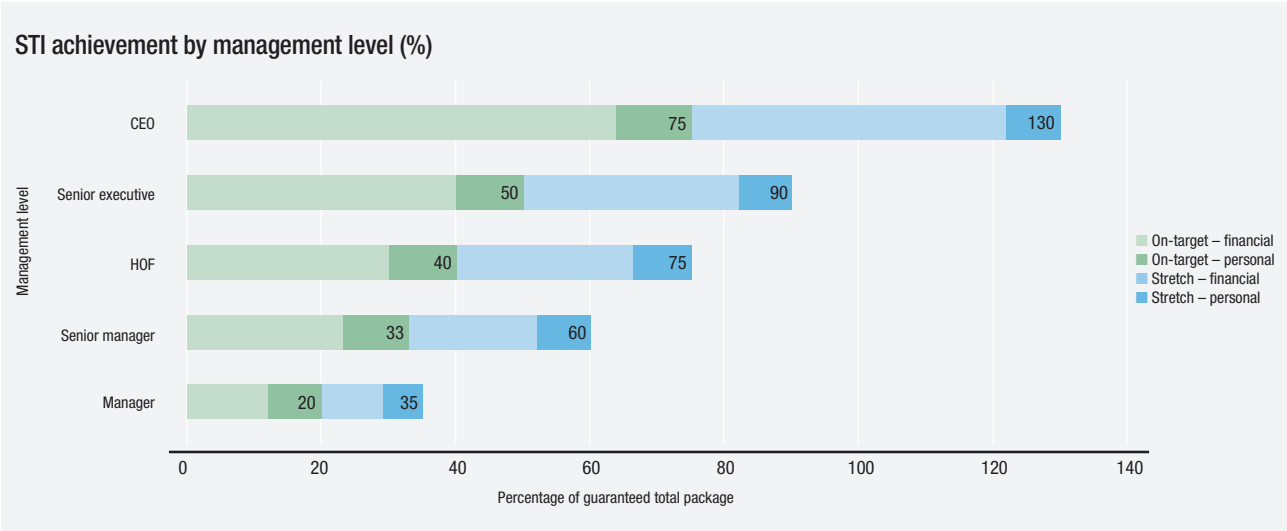
- the achievement of elements over which executive directors and management could exercise direct control and which ensures that the achievement of short-term financial performance is not at the expense of future opportunities. In this regard, personal key performance objectives are agreed annually upfront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

At an executive management level, financial achievement is weighted at 50% Ebitdar and 50% adjusted earnings, against the targets approved by the remuneration and nomination committee, which are based on the relevant board-approved budget. The budget and accompanying targets are adjusted up or down for material structural changes during the year to ensure they remain fair. 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.

The financial "threshold" target is 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 and with 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. This means that in order for STI participants to meet the financial performance targets, the group's actual performance must be within 90% of targeted Ebitdar and adjusted earnings (which will allow for 50% of the financial achievement to be awarded) and at 115% of targeted Ebitdar and adjusted earnings (which will allow for 100% of the financial achievement to be awarded).

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 on-target STI entitlement varies per employee level from 75% of the annual total package for the CEO, 50% for the CFO, 40% for heads of function (HOFs), 33% for senior managers and 20% for management-level employees. The maximum bonus entitlement varies per level and is capped at 130% of the total package for the CEO, 90% for the CFO, 75% for HOFs, 60% for senior managers and 35% for management-level employees. The chart below is an illustrative example of the STI achievement by management level for both on-target and "stretch" performance:



LONG-TERM INCENTIVES (LTIs)

Selected key senior employees of the group participate in the Southern Sun Share Appreciation Rights plan (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 (TGO shares) through the award of share appreciation rights (SARs), which are settled in TGO 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.

Key features of the SAR plan

Share appreciation rights:

- are allocated annually (award date) to eligible employees as recommended by the remuneration and nomination committee and approved by the board;
- have a minimum vesting period of three years from their award date and will lapse and accordingly not be capable of surrender for settlement in TGO shares, upon the sixth anniversary of their award date;
- 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 is 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 (seven-day VWAP) of the TGO shares on the date on which notice is given to surrender the SARs (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; and
- 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.

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.

LTIs serve to align the focus of management with that of shareholders in that participants receive the capital growth on their share between date of issue and date of vesting, as well as all dividends declared in 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.

On settlement, the value accruing to participants will be the full appreciation of TGO's share price over the award price plus dividends declared and paid, post the award date (net of tax), which value will be settled in TGO shares.

LTI allocations are listed in the remuneration implementation report.

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, the remuneration and nomination committee proposed a malus and clawback clause which was approved by the board for inclusion 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.

REMUNERATION IMPLEMENTATION REPORT

Executive directors' service contracts at 31 March 2022

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 company's memorandum of incorporation (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 annual general meeting (AGM). No share options or other incentive awards geared to share price or corporate performance are made to non-executive directors.

EXECUTIVE DIRECTORS' AND PRESCRIBED OFFICERS' EMOLUMENTS

	2022			2021			
	MN von Aulock R'000	L McDonald R'000	Total R'000	MN von Aulock R'000	L McDonald R'000	R Nadasen[2] R'000	Total R'000
Salaries	**6 203**	**2 197**	**8 400**	2 216	1 613	504	4 333
Benefits	**258**	**166**	**424**	146	118	287	551
Fair value of equity-settled SARs awarded[1]	**12 369**	**6 184**	**18 553**	819	819	–	1 638
Total single figure of remuneration	**18 830**	**8 547**	**27 377**	3 181	2 550	791	6 522
Current year vesting of equity-settled SARs	**2 414**	**820**	**3 234**	4 270	682	–	4 952
Fair value of unvested equity-settled SARs granted during the year	**(11 634)**	**(5 817)**	**(17 451)**	(761)	(761)	–	(1 522)
Financial statement remuneration	**9 610**	**3 550**	**13 160**	6 690	2 471	791	9 952
IFRS 2 charge on equity-settled SARs	**(3 149)**	**(1 187)**	**(4 336)**	(4 328)	(740)	–	(5 068)
Total cash equivalent value of remuneration	**6 461**	**2 363**	**8 824**	2 362	1 731	791	4 884

[1] *Reflects the fair value of new SARs (unvested) awarded on 14 January 2022.*
[2] *R Nadasen resigned as COO on 31 July 2020 and benefits settled include termination benefits amounting to R236 995.*

Reduction in payroll burden

The furlough implemented to reduce payroll costs in response to Covid-19 was accepted by all employees including the CEO, Mr von Aulock, whose rate of pay reduced to nil between 1 April 2020 to 30 September 2020 and increased to 40% of normal pay from 1 October 2020 to 31 January 2021 and to 75% of normal pay from 1 February 2021 to 31 January 2022, respectively. The CFO, HOFs and managers' pay levels were initially set at 60% of normal pay in April 2020, reduced to 40% of normal pay from May 2020 to January 2021 and increased to 75% of normal pay from February 2021 to 31 January 2022. These salary rates were continuously assessed against trading levels and cash generation and adjusted accordingly depending on affordability. The rate of pay for the CEO, CFO, HOFs and managers was increased to 100% of normal pay effective 1 February 2022. There have been no salary rate increases for employees in the 2020, 2021 or 2022 financial years. A salary rate increase of 5% was implemented for the 2023 financial year.

STIs

STIs are paid in May each year, however, due to the impact of the Covid-19 pandemic and the company's focus on cash preservation, STIs for the 2020 financial year were calculated and approved by the remuneration and nomination committee during the 2021 financial year, but payment thereof deferred until such time that it would be appropriate and responsible for payment to be made. An additional provision, of which R0.49 million relates to executive directors' STIs, was raised in March 2022 to top up the amounts set aside for bonuses in the 2020 financial year. With the group consistently generating cash from October 2021 and a minimal negative impact from the fifth wave of Covid-19 infections, the group had sufficient cash resources available to settle the STI provision of R67 million during June 2022, in respect of eligible participants in employment.

Due to the protracted impact of the Covid-19 pandemic, no STIs were awarded for the 2021 and 2022 financial years. STIs will be reinstituted in the 2023 financial year.

LTIs

Details of unexpired awards granted to executive directors and prescribed officers prior to 1 April 2022 are set out below:

Fair value of SARs – executive directors and prescribed officers

Name	Award date	SARs awarded and still outstanding 2022	Award price R	Strike price R	Fair value of SARs awarded R'000	SARs vested and still outstanding	Vesting date	Expiry date
MN von Aulock	1 October 2018	**10 893 353**	4.13	4.03	9 180	10 893 353	30 September 2021	30 September 2024
	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
L McDonald	1 April 2017	**584 037**	5.14	5.14	156	584 037	31 March 2020	31 March 2023
	1 April 2018	**324 907**	4.62	4.57	231	324 907	31 March 2021	31 March 2024
	1 April 2019	**1 603 856**	4.24	3.99	1 409	1 603 856	31 March 2022	31 March 2025
	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

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

LTIs are equity settled and will therefore have a dilutionary impact on shareholders on settlement. Based on the closing share price on 31 March 2022 of R3.38 and the average TGO share price for the 12 months to 31 March 2022 of R3.02, all vested SARs capable of being exercised are out-of-the-money and, accordingly, the scheme has no dilutionary impact on shareholders for the year ended 31 March 2022.

Refer to note 35 of the consolidated annual financial statements as set out in the 2022 integrated annual report for further information.

NON-EXECUTIVE DIRECTORS' FEES

Non-executive directors	2022 Directors' fees paid by the company R'000	2022 Total R'000	2021 Directors' fees paid by the company R'000	2021 Directors' fees paid by Hospitality R'000	2021 Total R'000
JA Copelyn*	**339**	**339**	216	–	216
M Ahmed#	**413**	**413**	266	239	505
J Awbrey^	**–**	**–**	–	136	136
SC Gina#	**317**	**317**	203	132	335
ML Molefi#	**322**	**322**	205	181	386
T Mosololi^	**–**	**–**	–	136	136
JG Ngcobo#	**322**	**322**	209	184	393
JR Nicolella#	**223**	**223**	140	129	269
CC September#	**228**	**228**	146	129	275
D Smith^	**–**	**–**	–	136	136
	2 164	**2 164**	1 385	1 402	2 787

Fees are exclusive of VAT.

** JA Copelyn resigned from the board of Hospitality effective 31 May 2019.*
^ Following the company's acquisition of 100% interest in Hospitality, these independent directors resigned from the board of Hospitality effective 11 March 2021.
 # As a wholly owned subsidiary of Southern Sun and following Hospitality's adoption of the group's governance structure, all non-executive directors resigned from the board of Hospitality effective 31 March 2021.

VOTING RESULTS AT THE 2021 AGM

At the AGM held on 18 October 2021, the non-binding advisory endorsement of the company's remuneration policy received 95.57% (2020: 70.3%) support from shareholders. The remuneration implementation report received support of 96.70% (2020: 86.95%) of shareholders. A total of 91.43% of all shareholders were represented at the AGM.

In the event that the remuneration policy or remuneration implementation report, or both, are 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.

NON-EXECUTIVE DIRECTORS' FEES FOR APPROVAL BY SHAREHOLDERS

The non-executive directors' fees for the 2022 financial year were approved by shareholders at the 2021 AGM and remained unchanged from those approved by shareholders at the AGM held on 20 October 2020.

At the AGM scheduled for 20 September 2022, the remuneration and nomination committee will propose a 5% increase in non-executive directors' fees.

In line with the furlough implemented by the group and accepted by employees, non-executive directors' fees were also reduced by between 60% and 25% from 1 April 2020 to 31 January 2022. Directors' fees were adjusted back to normal rates with effect from 1 February 2022.

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 for the 2023 financial year.

Notice of annual general meeting

TSOGO SUN HOTELS LIMITED

(which is in the process of changing its name to Southern Sun Limited, subject to the approval of shareholders)
(Incorporated in the Republic of South Africa)
(Registration number 2002/006356/06)
JSE Share code: TGO
ISIN: ZAE000272522
(the company)

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

Notice is hereby given to shareholders of the company that the annual general meeting (AGM) of the company will be held on Tuesday, 20 September 2022 at 10:00, to

(i) deal with such business as may lawfully be dealt with at the meeting; and
(ii) consider and, if deemed fit to pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act, 71 of 2008, as amended (the Companies Act), as read with the Listings Requirements of the JSE Limited (the JSE Listings Requirements). This document is available in English only. The proceedings at the meeting will be conducted in English.

The board has decided that it is appropriate that the AGM be held by way of electronic participation only and not by way of an in-person meeting, to allow for the widest possible participation in the AGM proceedings. The AGM will accordingly only be accessible through electronic communication, as permitted by the JSE and in accordance with the provisions of the Companies Act and the MOI. "Attendance" throughout this notice will refer to electronic attendance.

The AGM will be remotely hosted via Microsoft Teams, a remote interactive electronic platform.

SECTION 63(1) OF THE COMPANIES ACT: IDENTIFICATION OF MEETING PARTICIPANTS

Meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a meeting. Forms of identification that will be accepted include original and valid identity documents, drivers' licences and passports.

SALIENT DATES

The following dates apply to the AGM:

Record dates

In terms of sections 59(1)(a) and (b) of the Companies Act, the directors have determined that the date on which a shareholder must be registered in the company's securities register in order to:

- receive notice of the AGM is Friday, 22 July 2022; and
- participate in and vote at the AGM is Friday, 9 September 2022.

The last day to trade in order to be registered in the company's securities register to be able to participate in and vote at the AGM will therefore be Tuesday, 6 September 2022.

For administrative purposes, shareholders are recommended to lodge their completed proxy forms with the company's transfer secretaries, JSE Investor Services Proprietary Limited (JIS) at meetfax@jseinvestorservices.co.za to be received by 10:00 on Friday, 16 September 2022.

Own name dematerialised shareholders or their duly authorised proxies who wish to participate in the AGM, must register to do so by lodging a completed Electronic Participation Application form (which forms part of this notice) with JIS at meetfax@jseinvestorservices.co.za, as soon as possible after receipt of this notice, but in any event no later than 10:00 on Friday, 16 September 2022.

Shareholders who hold dematerialised shares, other than holders of dematerialised shares registered in their own name, must inform their Central Securities Depository Participant (CSDP) or broker of their intention to attend the AGM, and must request their CSDP or broker to issue them with the necessary letter of representation to attend the AGM if they wish to attend the AGM or provide their CSDP or broker with their voting instructions should they not wish to attend the AGM, failing which the CSDP or broker will be obliged to act in terms of the mandate between such shareholder and their CSDP or broker.

VOTING REQUIREMENTS

All ordinary resolutions will, in terms of the Companies Act and the company's MOI, require support of more than 50% of the voting rights of shareholders, in their capacity as shareholders, exercised thereon at the AGM, to be approved. All special resolutions will, in terms of the Companies Act and the company's MOI, require support of at least 75% of the total voting rights of shareholders, in their capacity as shareholders, exercised thereon at the AGM, to be approved.

AGENDA

1. Presentation of the audited annual financial statements of the company, including the reports of the directors, external auditors, the audit and risk committee and the social and ethics committee, for the year ended 31 March 2022

The consolidated audited financial statements of the company and its subsidiaries (including the reports of the directors, the audit and risk committee and the independent auditors) for the year ended 31 March 2022, as required in terms of section 30(3)(d) of the Companies Act, have been published on the company's website at **www.southernsun.com/investors/financial-reports**, and are hereby presented to shareholders as required in terms of section 61(8)(a) of the Companies Act.

In accordance with Regulation 43 of the Companies Regulations, 2011, the social and ethics committee has reported throughout the integrated annual report and specifically in the "Our strategy in action" section of the integrated annual report, which can be found at **www.southernsun.com/investors/financial-reports**, on the execution of its statutory duties and its responsibilities as set out in its terms of reference, for the financial year ended 31 March 2022. Any specific questions to the social and ethics committee may be addressed to the Company Secretary prior to the meeting at companysecretary@southernsun.com.

2. Ordinary resolution number 1: Election and re-election of the company's directors by separate resolutions

2.1 Ordinary resolution number 1.1

"Resolved that Mr JA Copelyn, who retires by rotation in terms of the memorandum of incorporation of the company and who is eligible and available for re-election, is re-elected as a director of the company."

2.2 Ordinary resolution number 1.2

"Resolved that Mr MH Ahmed, who retires by rotation in terms of the memorandum of incorporation of the company and who is eligible and available for re-election, is re-elected as a director of the company."

Reason for ordinary resolution number 1: Election and re-election of directors at the AGM

In accordance with the company's MOI, one-third of the company's non-executive directors are required to retire at each AGM and may offer themselves for re-election. The non-executive directors to retire are firstly those appointed since the last AGM to fill a casual vacancy; secondly those that have been in office the longest and in pursuance to the aforementioned or in addition thereto, any director that has been in office for a period of 3 (three) years since his/her last election. Accordingly, Mr JA Copelyn and Mr MH Ahmed retire at the end of the AGM, unless re-elected thereat.

The board has considered the past performance and contribution to the company of the directors standing for re-election and, having offered themselves for re-election, recommends to shareholders that they be re-elected.

The abridged curriculum vitae of each of the directors standing for re-election appears below.

Mr JA Copelyn
Non-executive director
BA(Hons) BProc
Date appointed: 10 May 2019
Johnny joined Hosken Consolidated Investments Limited (HCI) as chief executive officer in 1997. Prior to this he was a member of parliament and general secretary of the Southern African Clothing and Textile Workers' Union. He is the Chairman of the company and of HCI subsidiary companies Deneb Investments Limited, eMedia Holdings Limited and Tsogo Sun Gaming Limited, the shares of which are all listed on the Johannesburg Stock Exchange.
Committee memberships: remuneration and nomination

Mr MH Ahmed
Independent non-executive director
BCom Accounting
Date appointed: 10 May 2019
Mohamed is a businessman with 27 years of experience in finance and leadership and has served on the boards of various listed companies. Mohamed is a director of Montauk Renewables Inc and Deneb Investments Limited. From 1997 – 2001 he was the chief financial officer of HCI. He has previously held directorships in Seardel Investment Corporation, MTN and Real Africa Holdings. Mohamed was appointed to the board of HCI as a non-executive director in September 2020. Mohamed is the founder of the Gallagher Charitable Trust. He was first appointed to the board on 14 August 2018.
Committee memberships: audit and risk; social and ethics; remuneration and nomination

3. Ordinary resolution number 2: Reappointment of the external auditor

"Resolved that PricewaterhouseCoopers Inc. be reappointed as the company's independent external auditor (to report on the financial year ending 31 March 2023 until the conclusion of the next AGM)."

Reason for ordinary resolution number 2: Reappointment of the external auditor

In terms of section 90(1) of the Companies Act, each year at its AGM, the company must appoint an auditor who complies with the requirements of section 90(2) of the Companies Act. PricewaterhouseCoopers Inc. (PwC) has indicated its willingness to continue in office. P Calicchio shall serve as the designated audit partner in relation to the audit.

The company's audit and risk committee has considered PwC's independence in accordance with the Companies Act and is satisfied that PwC is independent as contemplated by the Companies Act and the applicable rules of the International Federation of Accountants (IFAC).

Furthermore, the company's audit and risk committee has, in terms of paragraphs 3.84(g)(iii) and 3.86 of the JSE Listings Requirements, considered and satisfied itself that PwC, the reporting accountant and individual auditor are accredited to appear on the JSE list of Accredited Auditors in compliance with section 22 of the JSE Listings Requirements and are suitable for appointment.

As proposed by ordinary resolution number 2, the audit and risk committee can therefore recommend PwC for appointment as the registered independent external auditor of the company until the next AGM, subject to shareholder approval as required in terms of section 90(1) of the Companies Act. The company will apply the Independent Regulatory Board for Auditors rule on Mandatory Audit Firm Rotation as required for firms with year ends commencing on or after 1 April 2023, which will be applicable for the company's financial year ending 31 March 2024.

4. Ordinary resolution number 3: Election of the members of the audit and risk committee by separate resolutions

4.1 Ordinary resolution number 3.1: Election of Mr MH Ahmed as a member and the Chairman of the audit and risk committee

"Resolved that Mr MH Ahmed, being an independent, non-executive director of the company, be elected as a member and Chairman of the audit and risk committee of the company with effect from the conclusion of this annual general meeting (in terms of section 94(2) of the Companies Act), subject to his re-election as an independent non-executive director in terms of ordinary resolution number 1.2."

4.2 Ordinary resolution number 3.2: Election of Mr SC Gina as a member of the audit and risk committee

"Resolved that Mr SC Gina, being an independent, non-executive director of the company, be elected as a member of the audit and risk committee of the company with effect from the conclusion of this meeting (in terms of section 94(2) of the Companies Act)."

4.2 Ordinary resolution number 3.3: Election of Dr LM Molefi as a member of the audit and risk committee

"Resolved that Dr LM Molefi, being an independent, non-executive director of the company, be elected as a member of the audit and risk committee of the company with effect from the conclusion of this meeting (in terms of section 94(2) of the Companies Act)."

4.3 Ordinary resolution number 3.4: Election of Mr JG Ngcobo as a member of the audit and risk committee

"Resolved that Mr JG Ngcobo, being an independent, non-executive director of the company, be elected as a member of the audit and risk committee of the company with effect from the conclusion of this meeting (in terms of section 94(2) of the Companies Act)."

Reason for ordinary resolution number 3: Election of the members of the audit and risk committee

In terms of section 94(2) of the Companies Act and the King IV Report on Governance for South Africa 2016 (King IV) the audit and risk committee is a committee elected by shareholders at each AGM. In terms of the Regulations to the Companies Act, at least one-third of the members of a company's audit and risk committee at any particular time must have academic qualifications, or experience in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

The board, having satisfied itself, among others, of the independence, qualifications, experience and expertise of the independent, non-executive directors offering themselves for election as members of the company's audit and risk committee, recommends their election to shareholders.

5. Ordinary resolution number 4: General authority to directors to allot and issue authorised but unissued shares

"Resolved that, to the extent required by and subject to the memorandum of incorporation of the company, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, the directors are, as a general authority and approval, authorised, as they in their discretion think fit, to allot and issue the authorised but unissued ordinary shares in the company to such person(s) and upon such terms and conditions as the directors may determine. Such authority to remain valid until the conclusion of the next AGM."

Reason for ordinary resolution number 4: General authority to directors to allot and issue authorised but unissued shares

In terms of the company's MOI, shareholders may authorise the directors to allot and issue authorised but unissued shares as the directors in their discretion think fit, but at all times subject to the Companies Act and the JSE Listings Requirements. The directors consider it advantageous to obtain this authority to enable the company to take advantage of any business opportunities that may arise in future, particularly in the current financial and economic environment. Being able to act promptly on such opportunities through the issue of shares in exchange for assets acquired or as a vendor consideration placement (both subject to the JSE Listings Requirements), puts the company in an advantageous position at the time of negotiations, and allows the company to protect its cash resources.

6. Advisory endorsement number 1: Non-binding advisory endorsement of the remuneration policy

"Resolved that, the shareholders of the company endorse, through a non-binding advisory vote, the company's remuneration policy as set out on page 21 of this notice of the AGM."

Reason for endorsement of the remuneration policy

In terms of principle 14 of King IV, the company's remuneration policy should be tabled to the shareholders of the company for consideration and a non-binding advisory vote at the AGM. The essence of this vote is to enable the shareholders to express their views on the remuneration policies adopted by the company.

Should 25% (twenty-five percent) or more of the voting rights exercised by the shareholders on this non-binding vote, be cast against the remuneration policy, the company undertakes to invite such dissenting shareholders to engage with the company in order to ascertain the reasons therefor and to address legitimate and reasonable objections and/or concerns.

The company's remuneration policy is set out on page 21 of this notice of the AGM.

7. **Advisory endorsement number 2: Non-binding advisory endorsement of the remuneration implementation report**

"Resolved that, the shareholders of the company endorse, through a non-binding advisory vote, the company's remuneration implementation report with regard to the remuneration of directors set out on page 24 of this notice of the AGM."

Reason for endorsement of the implementation report

In terms of principle 14 of King IV, the company's remuneration implementation report should be tabled for a non-binding advisory vote at the AGM. The essence of this vote is to enable the shareholders to express their views on the company's remuneration implementation report.

Should 25% (twenty-five percent) or more of the voting rights exercised by the shareholders on this non-binding vote, be cast against the remuneration implementation report, the company undertakes to invite such dissenting shareholder to engage with the company in order to ascertain the reasons therefor and to address legitimate and reasonable objections and/or concerns.

8. **Special resolution number 1: Non-executive directors' remuneration for the period from 20 September 2022 until the conclusion of the next AGM**

"Resolved that, in terms of the company's memorandum of incorporation and sections 66(8) and 66(9) of the Companies Act, the payment of the remuneration of the non-executive directors of the company, for their services as directors, for the period from 20 September 2022 until the conclusion of the next AGM and/or as members of the board sub-committees, be approved as set out below:

Fees for the period 20 September 2022 until the conclusion of the next AGM	Chairman R	Member R
Board (per annum)	430 500	288 750
Lead independent director (per annum)	–	341 250
Audit and risk committee (per annum)	178 500	114 450
Remuneration and nomination committee (per annum)[1]	18 375	15 750
Social and ethics committee (per annum)[1]	15 225	12 075

[1] *Members earn a fee per meeting, for actual attendance. Two meetings per annum have been assumed in total fees for the period.*

Directors' fees have not been increased since the AGM held on 17 October 2019. The above proposed fees represent a 5% increase to the fees approved by shareholders at the AGM held on 17 October 2019."

Reason for special resolution number 1: Non-executive directors' remuneration for the period from 20 September 2022 until the conclusion of the next AGM

The reason and effect of special resolution number 1 is to obtain shareholder approval for the remuneration of each of the non-executive directors of the company for the period from 20 September 2022 until the conclusion of the next AGM in accordance with sections 66(8) and 66(9) of the Companies Act. The proposed special resolution excludes value added tax (VAT), which will be added by directors in accordance with current VAT legislation, where applicable.

9. Special resolution number 2: General authority to acquire shares in the company

"Resolved that the company and/or any subsidiary of the company is authorised by way of a general authority to repurchase or purchase, as the case may be, ordinary shares issued by the company, from any person, upon such terms and conditions and in such number as the directors of the company or the subsidiary may from time to time determine, subject to the applicable requirements of the company's memorandum of incorporation, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time on the following bases:

- Each repurchase of shares must be effected through the main order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty (reported trades are prohibited);
- The repurchase or purchase, as the case may be, by the company and/or any of its subsidiaries, of shares in the company of any class under this authority shall not, in aggregate in any one financial year, exceed 20% of the company's issued share capital as at the commencement date of such financial year;
- Repurchases of ordinary shares may not be made at a price greater than 10% above the weighted average of the market value of ordinary shares for the five business days immediately preceding the date on which the repurchase is effected (the maximum price). The JSE will be consulted for a ruling if the company's shares have not traded in such a five-business day period;
- Repurchases of ordinary shares by the company or its subsidiaries may not take place during a prohibited period (as defined in the JSE Listings Requirements), unless the company has in place a repurchase programme where the dates and quantities of ordinary shares to be traded are fixed (not subject to any variation) and full details of the programme have been disclosed in writing to the JSE prior to the commencement of the prohibited period;
- The company shall release an announcement on SENS, as soon as it or its subsidiary has, on a cumulative basis purchased or repurchased ordinary shares, which constitute 3% of the number of ordinary shares in issue (at the time that this authority from shareholders for the repurchase was granted), and for each 3% in aggregate of such number of ordinary shares purchased or repurchased, as the case may be, thereafter;
- This general authority shall be valid only until the next annual general meeting of the company, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- At any point in time, the company may only appoint one agent to effect any repurchases on the company's behalf;
- The number of ordinary shares purchased and held by a subsidiary or subsidiaries of the company shall not exceed 10% in the aggregate of the number of issued shares in the company at the relevant times;
- No voting rights attached to ordinary shares acquired by the company's subsidiaries may be exercised while the ordinary shares are held by them and they remain subsidiaries of the company;
- A resolution has been passed by the board of the company confirming that it has authorised the general repurchase, that the company and its subsidiaries will satisfy the solvency and liquidity test (as set out in section 4 of the Companies Act) immediately after the repurchase of ordinary shares and that since the test was done there have been no material changes to the financial position of the company and its subsidiaries;
- The pre-approval by the JSE of any derivative transaction that may or will result in the repurchase of shares in terms of this general authority is obtained; and
- Any such general repurchase will be subject to Exchange Control Regulations, if applicable."

Reason for special resolution number 2: General authority to acquire shares

The reason for special resolution number 2 is to grant the board a general authority for the acquisition of the company's shares by the company, or by a subsidiary or subsidiaries of the company.

Having considered the effect of acquisition of the company's shares up to the maximum limit referred to above, the directors of the company are of the opinion that, if such acquisitions were implemented:

- The company and/or its subsidiaries are in a position to repay their debts in the ordinary course of business for a period of 12 (twelve) months after the date of the notice of the meeting;
- The assets of the company and its subsidiaries will be in excess of the liabilities of the company and the group for a period of 12 (twelve) months after the date of the notice of the meeting. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements of the group for the year ended 31 March 2022, which comply with the Companies Act;
- The share capital and reserves of the company and its subsidiaries will be adequate for the ordinary business purposes of the company and the group for a period of 12 (twelve) months following the date of the notice of the meeting; and
- The available working capital of the company and its subsidiaries will be adequate for ordinary business purposes for a period of 12 (twelve) months after the date of the notice of the meeting.

STATEMENT OF THE BOARD'S INTENTION

Although there is no immediate intention for the company to effect a repurchase of its shares, the board believes that it should retain flexibility so that the directors may utilise the general authority to repurchase its shares as and when suitable opportunities present themselves and which opportunities may require immediate action.

OTHER DISCLOSURE IN ACCORDANCE WITH SECTION 11.26 OF THE JSE LISTINGS REQUIREMENTS

The following additional information, some of which may appear elsewhere in this notice of the AGM is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- Major shareholders – pages 18 to 20 of the notice of the AGM.
- Share capital of the company – note 28 of the consolidated annual financial statements as included in the 2022 integrated annual report.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, collectively and individually, accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolutions contain all information required by law and the JSE Listings Requirements.

MATERIAL CHANGE STATEMENT

As at Friday, 29 July 2022, being the last practicable date before the finalisation of this notice, there have been no material changes in the financial or trading position of the company and its subsidiaries that have occurred between 31 March 2021 and Friday, 20 July 2022 other than the facts and developments as reported on in the integrated annual report of the company for the financial year ended 31 March 2022.

ELECTRONIC PARTICIPATION

The board has decided that the AGM will only be accessible through the remote interactive electronic platform Microsoft Teams, as detailed below.

Any shareholder (or representative or proxy for a shareholder) who wishes to participate in the AGM by way of electronic participation, should complete the Electronic Participation Application Form, which forms part of this notice and should email same to the company's transfer secretaries, JIS at meetfax@jseinvestorservices.co.za as soon as possible after receipt of this notice, but in any event no later than 10:00 on Friday, 16 September 2022. Shareholders or their duly appointed proxies are required to provide satisfactory identification before being entitled to participate in the AGM, as noted on page 27.

Upon receipt of a duly completed Electronic Participation Application Form, the company's transfer secretaries will follow a verification process to verify each applicant's entitlement to participate in and/or vote at the AGM. On successful verification, such shareholder or their duly appointed proxy will receive on their nominated email a Microsoft Teams meeting invitation, which will be required to access the AGM.

Fully verified shareholders or their duly appointed proxies who have applied to participate electronically in the AGM are requested to join the AGM at 10:00 on Tuesday, 20 September 2022 by clicking on the "Join Microsoft Teams Meeting" link provided.

Fully verified shareholders, who will participate electronically in the AGM are still required to submit their proxies in accordance with the instructions below, as Microsoft Teams allows for participation, but does not include a voting platform.

Meeting participants will be liable for their own network charges in relation to electronic participation in and/or voting at the AGM. Any such charges will not be for the account of the company's or its transfer secretaries, who will also not be held accountable in the case of loss of network connectivity or other network failure due to insufficient airtime, internet connectivity, internet bandwidth and/or power outages which prevent any such shareholder or their proxy from participating in and/or voting at the AGM.

PROXIES, AUTHORITY FOR REPRESENTATIVES TO ACT AND VOTING

Shareholders who are entitled to attend, participate in and vote at the AGM, are entitled to appoint a proxy (or more than one proxy in respect of different shareholders held by them) to attend, speak and vote in their stead. A proxy need not be a shareholder of the company and shall be entitled to vote on a show of hands or a poll. For the convenience of registered shareholders of the company, a form of proxy is enclosed herewith to be completed by them in their capacity as shareholders.

The enclosed form of proxy is only to be completed by those shareholders who are:

- holding shares in certificated form; or
- recorded on the company's sub-register in dematerialised electronic form with "own name" registration.

For administrative purposes, it is recommended that forms of proxy be completed and delivered to the transfer secretaries, JIS by 10:00 on Friday, 16 September 2022. If shareholders who have not dematerialised their shares or who have dematerialised their shares with 'own name' registration, and who are entitled to attend, participate in and vote at the AGM, do not deliver forms of proxy to the transfer secretary by the relevant time, such shareholders will nevertheless be entitled to lodge the form of proxy in respect of the AGM until immediately prior to the exercising of the shareholders' voting rights at the AGM, in accordance with the instructions therein, for the attention of the Chairman of the AGM via the transfer secretaries.

All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the AGM should contact their CSDP or broker:

- to provide them with the necessary letter of representation in order to attend the AGM; or
- to furnish the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

These beneficial owners must not use a form of proxy.

A company that is a shareholder wishing to attend and participate at the AGM should ensure that a resolution authorising a representative to so attend and participate at the AGM on its behalf is passed by its directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the company's transfer secretaries prior to the AGM.

Every shareholder present in person or represented by proxy and entitled to vote shall, in his/her/its capacity as shareholder, on a show of hands, have only one vote irrespective of the number of shares he/she/it holds or represents. On a poll, every shareholder present in person or represented by proxy and entitled to vote, shall, in his/her/its capacity as shareholder, be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of all the shares held by him/her/it bears to the aggregate amount of the nominal value of all the shares issued by the company.

ENQUIRIES

Any shareholder having difficulties or queries in regard to the AGM is invited to contact the Company Secretary at companysecretary@southernsun.com.

By order of the board

LR van Onselen
For Southern Sun Secretarial Services Proprietary Limited
Company Secretary

29 July 2022

Participation by electronic communication

INFORMATION REQUIRED FOR PARTICIPATION BY ELECTRONIC COMMUNICATION AT THE AGM OF TSOGO SUN HOTELS LIMITED (WHICH HAS OR IS IN THE PROCESS OF CHANGING ITS NAME TO SOUTHERN SUN LIMITED) TO BE HELD ON TUESDAY, 20 SEPTEMBER 2022

Full name of shareholder:
Identity or registration number of shareholder:
Full name of authorised representative (if applicable):
Identity number of authorised representative:
Email address: * *Note: this email address will be used by the company to share the Microsoft Teams meeting invitation required to access the AGM electronically.*
Cell phone number:
Telephone number, including dialling codes:
* *Note: The electronic platform to be utilised for the AGM does not provide for interactive electronic voting during the meeting. Accordingly, shareholders holding shares in certificated form or shareholders who are recorded on the company's sub-register in dematerialised electronic form with 'own name' registration, are strongly encouraged to submit votes by proxy in advance of the AGM, by completing the proxy form or in the case of shareholders that have been issued with a letter of representation, the ballot form that will be provided by the transfer secretaries, on successful verification of such shareholder.*
Indicate (by marking with an 'X') whether: ☐ votes will be submitted by proxy (in which case, please enclose the duly completed proxy form with this form); or ☐ the participant wishes to exercise votes during the AGM. If this option is selected, the company's transfer secretaries will contact you to make the necessary arrangements.
By signing this application form, I consent to the processing of my personal information above for the purpose of participating in **Southern Sun Limited's AGM**.
Signed at on 2022
Signed:

By signing this application form, the participant indemnifies and holds the company harmless against any loss, injury, damage, penalty or claim arising in any way from the use of the telecommunication lines to participate in the AGM or any interruption in the ability of the participant to participate in the AGM via electronic communication, whether or not the problem is caused by any act or omission on the part of the participant or anyone else, including without limitation the company and its employees.

Documents required to be attached to this application form

(1) In order to exercise their voting rights at the AGM, shareholders who choose to participate electronically may appoint a proxy, which proxy may participate in the AGM, provided that a duly completed proxy form has been submitted in accordance with the instructions on that form, and as envisaged in the notice of the AGM. A copy of the proxy form can be found on page 36 of this notice of the AGM.

(2) Documentary evidence establishing the authority of the shareholder or duly appointed proxy, including any person acting in a representative capacity, who is to participate in the AGM, must be attached to this application. This includes the shareholder's full title to the shares issued by the company, in the form of share certificates (in the case of certified shares) and (in the case of dematerialised shares) written confirmation from the shareholder's Central Securities Depository Participant (CSDP) confirming the shareholder's title to the dematerialised shares.

(3) A certified copy of the valid identity document/passport of the person attending the AGM by electronic participation, including any person acting in a representative capacity, must be attached to this application.

Applications to participate by electronic communication will only be considered if this application form is completed in full, signed by the shareholder, its proxy or representative, and delivered as detailed above. The company may in its sole discretion accept any incomplete application forms.

Form of proxy

TSOGO SUN HOTELS LIMITED
(In the process of changing its name to Southern Sun Limited)
(Incorporated in the Republic of South Africa)
(Registration number 2002/006356/06)
Share code for ordinary shares: TGO
ISIN: ZAE000272522
(the company)

This form of proxy is for use by shareholders registered as such who hold certificated shares in the company and shareholders who hold 'own-name' dematerialised shares in the company, to appoint a proxy or proxies for the annual general meeting (AGM) of the company to be held at 10:00 on Tuesday, 20 September 2022, by electronic participation or any adjournment thereof.

Shareholders who have dematerialised their shares in the company and do not have 'own-name' registration, must inform their Central Securities Depository Participant (CSDP) or broker if they wish to attend the AGM electronically and must request their CSDP or broker to issue them with the necessary letters of representation authorising them to attend in person. Alternatively, they must provide their CSDP or broker with their voting instructions should they not wish to attend the AGM. Such dematerialised shareholders must not return this form of proxy to the transfer secretaries.

For administrative purposes, it is recommended that forms of proxy be completed and delivered to the transfer secretaries, JSE Investor Services Proprietary Limited, to be received by 10:00 on Friday, 16 September 2022. Alternatively, the form of proxy can be delivered by email to meetfax@jseinvestorservices. co.za via the transfer secretaries.

I/We (name/s in BLOCK LETTERS) _____

of (address) _____

being the registered holder/s of [ ] ordinary shares, hereby appoint:

_____ or failing him/her,

_____ or failing him/her,

the Chairman of the AGM, as my/our proxy to attend, speak and vote for me/us on my/our behalf or to abstain from voting at the AGM of the company and at any adjournment thereof in respect of the ordinary share(s) registered in my/our name(s), as follows:

Resolutions	For	Against	Abstain
Ordinary resolution number 1.1: Re-election of Mr JA Copelyn as an independent non-executive director			
Ordinary resolution number 1.2: Re-election of Mr MH Ahmed as a non-executive director			
Ordinary resolution number 2: Reappointment of the external auditor			
Ordinary resolution number 3.1: Election of Mr MH Ahmed as a member and Chairman of the audit and risk committee			
Ordinary resolution number 3.2: Election of Mr SC Gina as a member of the audit and risk committee			
Ordinary resolution number 3.3: Election of Dr LM Molefi as a member of the audit and risk committee			
Ordinary resolution number 3.4: Election of Mr JG Ngcobo as a member of the audit and risk committee			
Ordinary resolution number 4: General authority to directors to allot and issue authorised but unissued shares			
Advisory endorsement 1: Non-binding advisory endorsement of the remuneration policy			
Advisory endorsement 2: Non-binding advisory endorsement of the remuneration implementation report			
Special resolution number 1: Approval of non-executive directors' remuneration			
Special resolution number 2: General authority to acquire shares in the company			

Signed at _____ on _____ 2022

Signature(s) _____

Assisted by (where applicable) _____

Name _____ Capacity _____

Signature _____

Please read notes on the following page.

Notes to the form of proxy and summary of rights under section 58 of the Companies Act, 71 of 2008

1. Only shareholders who are registered in the register of the company under their own name may complete a form of proxy or attend the AGM. This includes shareholders who have not dematerialised their shares or who have dematerialised their shares with 'own-name' registration. A shareholder entitled to attend and vote at the AGM is entitled to appoint one individual as a proxy to attend, speak and, on a poll, to vote in his/her place at the AGM. A proxy need not be a shareholder of the company. Such shareholder may insert the name of a proxy of the shareholder's choice in the space provided, with or without deleting 'the Chairman of the AGM', provided that any such deletion must be signed in full by the shareholder. The person whose name stands first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow. Should a proxy not be specified, this will be exercised by the Chairman of the class AGM.

2. The date must be filled in on this form of proxy and when it is signed.

3. The completion and lodging of this form will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed, should such shareholder wish to do so.

4. The appointment of a proxy or proxies:
   - 4.1 is suspended at any time to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
   - 4.2 is revocable in which case the shareholder may revoke the proxy appointment by:
     - 4.2.1 cancelling it in writing or making a later inconsistent appointment of a proxy; and
     - 4.2.2 delivering a copy of the revocation instrument to the proxy and to the company.

5. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date:
   - 5.1 stated in the revocation instrument, if any; or
   - 5.2 upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.

6. Should the instrument appointing a proxy or proxies have been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company's memorandum of incorporation to be delivered by such company to the shareholder must be delivered by such company to:
   - 6.1 the shareholder; or
   - 6.2 the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.

7. The proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used unless revoked as contemplated in section 58(5) of the Companies Act.

8. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies. The completion of any blank space(s) need not be signed or initialled.

9. A power of attorney or other documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form unless previously recorded by the transfer secretaries of the company or waived by the Chairman of the AGM.

10. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.

11. A company holding shares in the company that wishes to attend and participate in the AGM should ensure that a resolution authorising a representative to act is passed by its directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the company's transfer secretaries prior to the AGM.

12. Where there are joint holders of shares, only one of such persons need to sign the form of proxy. If more than one of such joint shareholder votes, whether in person or by proxy, only the vote of one of the said persons whose name appears first in the securities register in respect of such shares or his/her proxy, as the case may be, shall be counted.

13. Every shareholder present in person or represented by proxy and entitled to vote shall, in his/her/its capacity as shareholder, on a show of hands, have only one vote irrespective of the number of shares he/she/it holds or represents. On a poll every shareholder present in person or represented by a proxy and entitled to vote, shall, in his/her/its capacity as shareholder, be entitled to that proportion of the total votes in the company which the aggregate amount of the nominal value of the shares held by him/her bears to the aggregate amount of the nominal value of all the shares of the relevant class issued by the company.

14. The Chairman of the AGM may reject or accept any proxy which is completed and/or received, other than in accordance with these notes, provided that he/she shall not accept a proxy unless he/she is satisfied as to the matter in which a shareholder wishes to vote.

15. A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person.

16. You are not obliged either to cast all your votes or to cast all your votes in the same way. A shareholder's instruction to the proxy must be indicated either by:
    - 16.1 the insertion of an 'X' in the appropriate box next to the resolution (ie in favour of and/or against and/or by way of abstention), in which event the proxy will cast all your votes in the manner so specified; or
    - 16.2 setting out the relevant number of shares to be voted on behalf of that shareholder in the appropriate box provided next to the resolution, provided that, if for any resolution the aggregate number of votes to be cast would exceed the total number of shares held, you will be deemed to have given no specific instruction as to how you wish your proxy to vote in respect of that resolution.

    Failure to comply with the above will be deemed to authorise the Chairman of the AGM, if the Chairman is the authorised proxy, to vote in favour of the resolutions at the AGM or other proxy to vote or to abstain from voting at the AGM as he/she deems fit, in respect of the shares concerned. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or the proxy, but the total of votes cast in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.

17. Where a proxy is appointed, the enclosed proxy form must be completed, signed and lodged, together with proof of the authority of the person signing the form in a representative capacity, with JSE Investor Services Proprietary Limited, the transfer secretaries of the company. For administrative purposes, it is recommended that such form of proxy be lodged with the transfer secretaries, by 10:00 on Friday, 16 September 2022. The form of proxy can be delivered by email to meetfax@ jseinvestorservices.co.za via the transfer secretaries.

Glossary and key terms

Adjusted headline earnings	Earnings attributable to equity holders after adjusting for exceptional non-recurring items including, inter alia, impairments of property, plant and equipment, fair value adjustments of investment property, sale of assets, transaction and pre-opening costs. This is a measure of the group's earnings based solely on operational activities
Adjusted HEPS	Adjusted headline earnings per share
AGM	Annual general meeting
ARR	Average room rate
board	The board of directors of Tsogo Sun Hotels trading as Southern Sun
capex	Capital expenditure
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COO	Chief Operating 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 Tsogo Sun Hotels trading as Southern Sun, 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
Covid-19	An infectious disease caused by a newly discovered coronavirus, as defined by WHO
CPI	Consumer Price Index
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 advisors section of this report
Ebitda	Earnings before interest, tax, depreciation, amortisation and exceptional items
Ebitdar	Earnings before interest, tax, depreciation, amortisation, rentals and exceptional items
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 function
Hospitality or HPF	Hospitality Property Fund Limited (registration number 2005/014211/06), a public company incorporated and registered in accordance with the laws of South Africa and listed on the JSE
IAS	International Accounting Standards
IASB	The International Accounting Standards Board
IFRS	International Financial Reporting Standards
IHL Holdco	IHL Holdco Limited (registration number 2083505), a private company incorporated and registered in accordance with the laws of the British Virgin Islands
IHPL	International Hotel Properties Limited (registration number 1862176), a private company incorporated and registered in accordance with the laws of the British Virgin Islands
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 an exchange under the Financial Markets Act, 19 of 2012

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
JSE Listings Requirements	The Listings Requirements of the JSE, as amended from time to time
Manco	Management company
MOI	Memorandum of incorporation
MZN	Mozambican Metical
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
RDI	RDI REIT plc is a property investment business listed on the London Stock Exchange
REIT	Real Estate Investment Trust
Revpar	Revenue per available room
SAICA	South African Institute of Chartered Accountants
SAR Plan	The Southern Sun Share Appreciation Rights Plan – a share incentive scheme which provides for the award of share appreciation rights in the form of awards and replacement awards and in which selected key senior employees of the group are eligible to participate with salient features set out in the Remuneration policy and implementation report
SARs	Share appreciation rights are allocated annually (award date) to eligible employees as recommended by the remuneration and nomination committee and approved by the board
SENS	Stock Exchange News Service of the JSE

Shareholders	Holders of TGO shares from time to time
Solvency and liquidity test	As set out in the Companies Act
South Africa	The Republic of South Africa
SSA	Southern Sun Africa
SSHI	Southern Sun Hotel Interests Proprietary Limited (registration number 1969/001365/07), a private company incorporated and registered in accordance with the laws of South Africa and a wholly owned subsidiary of Tsogo Sun Hotels trading as Southern Sun
STIs	Short-term incentives
Subsidiaries	Shall have the meaning ascribed thereto in the Companies Act
TGO shares	Ordinary shares of no par value in the share capital of the company
The group	Tsogo Sun Hotels, trading as Southern Sun and its subsidiaries
TIHC	TIHC Investments (RF) Proprietary Limited is a 100% held indirect subsidiary of HCI
Tsogo Sun Gaming (TSG)	Tsogo Sun Gaming Limited (previously known as Tsogo Sun Holdings Limited) (registration number 1989/002108/06), a public company incorporated and registered in accordance with the laws of South Africa with shares listed on the JSE
Tsogo Sun Hotels (TGO), or Southern Sun or the company	Tsogo Sun Hotels Limited trading as Southern Sun, incorporated as a private company and converted to a public company on 15 May 2019 in accordance with the laws of South Africa (registration number 2002/006356/06) and listed on the JSE
UIF	Unemployment Insurance Fund
US Dollar or US$	United States Dollar, the lawful currency of the United States
VAT	Value added tax levied in terms of the South African Value Added Tax Act, 89 of 1991

Corporate information and advisors

DIRECTORS
JA Copelyn (Chairman)*, MN von Aulock (Chief Executive Officer), L McDonald (Chief Financial Officer), MH Ahmed (lead independent)*#, SC Gina*#, ML Molefi#, JG Ngcobo*#, JR Nicolella*, CC September*#
* *Non-executive.* # *Independent.*

COMPANY SECRETARY
LR van Onselen for Southern Sun Secretarial Services Proprietary Limited

REGISTERED OFFICE
Palazzo Towers West, Montecasino Boulevard,
Fourways, 2055
(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

COMMERCIAL BANKERS
Nedbank Limited
(Registration number 1966/010630/06)
1st Floor, Corporate Park, Nedcor Sandton,
135 Rivonia Road, Sandown, Johannesburg, 2196
(PO Box 1144, Johannesburg, 2000)

INDEPENDENT EXTERNAL AUDITOR
PricewaterhouseCoopers Inc., 4 Lisbon Lane,
Jukskei View, 2090 (Private Bag X36, Sunninghill, 2157)

FORWARD-LOOKING STATEMENT(S)
The summarised consolidated financial statements contain 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.

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