TSOGO SUN
HOTELS

2021

Notice of annual general meeting

Contents

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Summarised consolidated financial statements

1. Basis of preparation

The summarised consolidated financial statements for the year ended 31 March 2021 have been prepared in accordance with the requirements of the JSE Limited Listings Requirements and the requirements of the Companies Act of South Africa applicable to summarised consolidated financial statements. The 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, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by 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 the summarised consolidated financial statements. The accounting policies applied in the preparation of the audited consolidated financial statements, from which the summarised consolidated financial statements were derived, are in terms of IFRS and are consistent with those applied in the previous consolidated financial statements as at 31 March 2020 unless otherwise noted below. The summarised consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2021, which were approved by the board on 30 July 2021 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 2021, dated 30 July 2021, 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 have reviewed accounting standards issued and not yet effective and with the exception of IFRS 9 *Financial Instruments*, IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosure – Interest rate benchmark reform* (Phases 1 and 2); IFRS 16 *Leases* Covid-19-related rent concessions amendment and amendments to IAS 1 *Presentation of Financial Statements* on classification of liabilities as current or non-current, none are considered to have a material impact on the group. The group has early adopted IFRS 16 *Leases* Covid-19-related rent concessions amendment (refer to note 9). There is no impact on the group from the interest rate benchmark reform (IBOR) phase 1 amendment. The group is assessing the impact of IBOR Phase 2 reform. The group does not anticipate that any standards or amendments to existing standards that have been published and are mandatory for the group's accounting periods beginning on or after 1 April 2021 or later periods, which the group has not early adopted, would have a material impact on the group.

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.

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

		2021 Rm	2020 Rm
3.1	**Investment properties**		
	Opening net carrying amount	**4 149**	4 881
	Acquisition and development of investment properties	**1**	160
	Disposals	**(1)**	(4)
	Transfer of owner-occupied property[1]	**(2 489)**	–
	Fair value adjustments recognised in profit or loss	**(99)**	(888)
	Closing net carrying amount	**1 561**	4 149

(1) *The transfers from investment property to property, plant and equipment represent the transfer of the Westin Cape Town, Radisson Blu Gautrain Hotel, Mount Grace Country House and Spa, Southern Sun Marine, Hazyview Sun and Arabella Hotel.*

The group rents out hotels properties.

3. Fair value measurement continued

3.1 Investment properties continued

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 2021, 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 property being valued. The valuation is currently performed on an annual basis on the entire portfolio of investment properties by an independent valuator.

Basis of preparation of cash flow forecasts

The Covid-19 pandemic has had a significant impact on the hospitality sector, with continued restrictions in travelling and conferencing. The recovery period in the sector is dependent on the vaccine rollout in South Africa, and feeder countries, which raises uncertainty in travel and the future expected trading in each hotel. 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 FY22 and FY23 assuming a slow recovery from September 2021, once the vaccine rollout has stabilised and the third wave has passed and the corporate, conferencing and international segments have recovered somewhat, to reach pre-Covid occupancy levels by FY24. Occupancies for the group's owned hotel portfolio including offshore are assumed to increase from the 12.2% currently to 32.3% in FY22, increasing to 60.4% 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 4.4% between FY22 and FY24. 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 occupancies for the majority of hotels were capped at 65%, unless they have historically traded better. Operating expenses including payroll were escalated by CPI with the exception of utilities, which escalates by 10% per annum. 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 decreased by 1.0 percentage point to 9.5% at 31 March 2021 when compared to the prior year (31 March 2020: 10.5%). Although the risk-free rate decreased, the independent valuer has taken a further 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 decreased by 3%.

As at 31 March 2021 the significant unobservable inputs were as follows:
- A weighted average rental growth rate of 28.0%* (2020: 5.2%);
- A terminal capitalisation rate of 9.0% – 12.0% (2020: 9.0% – 13.5%); and
- A risk-adjusted discount rate of 12.0% – 14.5% (2020: 12.0% – 14.5%).

* *The weighted average rental growth calculated at 28.0% is as a result of the initial recovery in Ebitdar in year one to three from the low and in some instances negative Ebitdar base due to the impact of the Covid-19 pandemic. From year four, most of the Ebitdar growth rates are in line with the long-term growth rate of 6%.*

Sensitivities

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

	2021		2020	
	Increase Rm	Decrease Rm	Increase Rm	Decrease Rm
5% change in the net cash flows	77	(76)	203	(202)
25bps change in the terminal capitalisation rate	(20)	20	(55)	58
50bps change in the discount rate	(51)	54	(135)	143

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 6.7% to 7.4% as at 31 March 2021, referenced against the three-month JIBAR of 3.7% (2020: Fixed interest rate swaps ranged from 6.7% to 7.4% as at 31 March 2020 referenced against the three-month JIBAR of 5.6%).

The fair value of the group's derivatives used for hedge accounting is a liability of R69 million (31 March 2020: R50 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 2021, the group's interest rate hedges have been assessed as effective.

4. Impairment of property, plant and equipment

As a result of the restrictions put in place to combat the second wave of Covid-19 infections, management performed an impairment assessment on property, plant and equipment. The impairment test was performed by reviewing the cash flow forecasts for the period FY22 to FY26. The cash flow forecasts for the South African and offshore properties were prepared on the basis set out in note 3, *Basis of preparation of cash flow forecasts*. As a result of the delayed recovery, the group impaired property, plant and equipment by R237 million (2020: R716 million). 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 weighted average cost of capital (WACC) utilised in the valuation ranges between 13.5% and 14.0% (2020: 14.0%) for the South African hotels and between 9.7% and 17.5% (2020: 9% to 13.5%) for the offshore properties. The terminal growth rate applied for the offshore properties is 1.7% (2020: 1.4% to 2.1%) and 4.5% (2020: 5.0%) for the South African properties.

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

	2021 Rm	2020 Rm
Garden Court Eastgate	13	115
Garden Court Hatfield	–	86
Southern Sun Hyde Park	22	–
StayEasy Eastgate	–	63
Southern Sun Rosebank	5	35
Holiday Inn Sandton	27	40
Internally managed – Inland	**67**	339
The Edward	11	–
Garden Court Umhlanga	1	–
Southern Sun The Marine	2	–
Internally managed – Coastal	**14**	–
The Westin – Trading income HPF	**12**	–
Southern Sun Ikoyi	35	172
Southern Sun Dar es Salaam	3	84
Southern Sun Maputo	–	89
Southern Sun Ridgeway[(1)]	106	32
Offshore	**144**	377
Total	**237**	716

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

5. Changes in liabilities arising from financing activities

5.1 Interest-bearing borrowings

Changes arising from interest-bearing borrowings for the year under review, excluding bank overdrafts from short-term borrowings of R511 million (2020: R559 million), are as follows:

	Long term Rm	Short term Rm	Total Rm
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**
Balance at 1 April 2019	2 885	290	3 175
Borrowings raised	2 179	–	2 179
Borrowings repaid	(1 361)	(290)	(1 651)
Currency translation	268	–	268
Other	3	–	3
Balance at 31 March 2020	3 974	–	3 974

The group's Mozambican US Dollar-denominated facilities equating to R385 million and due in March 2022 have been reclassified to short-term borrowings. Terms have been agreed to refinance these facilities for a further five years. The approval from the Mozambican Central Bank, which was outstanding at 31 March 2021 was received on 4 June 2021 and the group is finalising the administrative process to implement the refinancing.

5.2 Changes in finance lease liabilities

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

	Non-current portion 2021 Rm	Current portion 2021 Rm	Total 2021 Rm
Year ended 31 March 2021			
Balance at 1 April 2020	**1 024**	**13**	**1 037**
New leases raised	**278**	**–**	**278**
Transfer to current lease liability	**(14)**	**14**	**–**
Rent concessions	**(26)**	**(13)**	**(39)**
Finance costs accrued	**38**	**–**	**38**
Modification of lease contract	**46**	**–**	**46**
Balance at 31 March 2021	**1 346**	**14**	**1 360**

Total cash outflow of R89 million relating to finance costs has been included in cash flows from operating activities.

	Non-current portion 2020 Rm	Current portion 2020 Rm	Total 2020 Rm
Year ended 31 March 2020			
Balance at 1 April 2019	957	–	957
New leases raised	209	–	209
Principal elements of lease payments	(128)	–	(128)
Transfer to current lease liability	(13)	13	–
Other	(1)	–	(1)
Balance at 31 March 2020	1 024	13	1 037

6. Business combinations

Acquisition of Vexicure Proprietary Limited and Ash Brook Investments 72 Proprietary Limited

On 1 October 2020 and 1 November 2020, respectively Hospitality Property Fund Limited (Hospitality or HPF) increased its interests in Vexicure Proprietary Limited (the operating/tenant company at its Westin hotel) from 5% to 85% and increased its interest in Ash Brook Investments 72 Proprietary Limited (the operating/tenant company in its Radisson Blu Gautrain hotel) from 15% to 100%.

At acquisition date, the liabilities for these companies exceeded their assets and the negative fair value is represented by trade receivables, inventory and trade payables. Cash balances of R24 million were acquired with the companies. Both entities are currently in loss-making positions with a slow recovery anticipated and therefore the goodwill was impaired.

The fair value of net liabilities acquired is as follows:

	Ash Brook Rm	Vexicure Rm	Total Rm
Fair value of net liabilities acquired	(15)	(15)	(30)
Cash purchase consideration	–	–	–
Goodwill on acquisition	15	15	30
Goodwill impairment	(15)	(15)	(30)

7. Related party transactions

Transactions with non-controlling interests

The company acquired additional ordinary shares in Hospitality over the course of the year. An ordinary resolution was proposed in terms of section 60 of the Companies Act to allow the board to acquire assets in exchange for ordinary shares in Tsogo Sun Hotels. On 10 July 2020 this resolution was duly approved by the company's shareholders and the company entered into and finalised share-for-share agreements with various institutional investors to acquire, in aggregate, 60 489 777 Hospitality shares from their respective clients, constituting 10.5% of Hospitality's issued share capital. The shares were acquired in exchange for the issue and allotment of 107 066 885 Tsogo Sun Hotels ordinary shares at an exchange ratio of 1.77 Tsogo Sun Hotels shares for every 1 Hospitality share acquired.

The group also entered into and finalised share-for-share agreements with related parties being the trustees of the HCI Foundation and Elsitime Proprietary Limited, to acquire in aggregate 33 367 919 Hospitality shares constituting 5.8% of Hospitality's issued share capital. These shares were acquired in exchange for the issue and allotment of 59 061 217 Tsogo Sun Hotels ordinary shares at the same exchange ratio of 1.77. Marcel von Aulock and Laurelle McDonald hold 75% and 25% respectively of the issued share capital of Elsitime Proprietary Limited.

On 30 September 2020 the board of directors of Hospitality and the board of directors of Tsogo Sun Hotels approved a transaction by which Tsogo Sun Hotels offered to acquire all of the ordinary shares with no par value in the issued share capital of Hospitality, other than the Hospitality Shares already owned by Tsogo Sun Hotels, its subsidiaries and treasury shares. On 11 March 2021, all remaining Hospitality shares were acquired by Tsogo Sun Hotels resulting in Hospitality becoming a 100%-held subsidiary of the group. A successful application was received for the delisting of all Hospitality shares from the main board of the Johannesburg Stock Exchange, being the securities exchange operated by the JSE Limited. Due to the resultant delisting from the JSE Limited exchange, Hospitality is no longer a REIT.

As detailed below, the group has concluded certain material transactions with related parties. Transactions between the company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation and are not disclosed in this note.

	2021 Rm	2020 Rm
7.1 Transactions with related parties		
Hotel management fees and royalties received from Tsogo Sun Gaming	10	50
Management fees received from Tsogo Sun Gaming for shared services	5	18
Fees received from Tsogo Sun Gaming for administration services for hotels	13	33
Management fees paid to Tsogo Sun Gaming for shared services	(1)	(14)
Tenant recoveries by Tsogo Sun Gaming	(4)	(5)
Insurance premiums paid to Tsogo Sun Gaming	(30)	–
Insurance claims received or receivable from Tsogo Sun Gaming	11	–
Interest paid to Tsogo Sun Proprietary Limited (Tsogo Sun Gaming subsidiary)	–	(1)
Dividend received from associate – RBH	–	26
	4	107

8. Sale of MAIA

The group has entered into a sale of shares and loans agreement with MH Limited, part of the Minor Hotels Group, dated 13 July 2020 in terms of which Southern Sun Africa disposed of its entire 50% beneficial interest in United Resorts and Hotels Limited for aggregate proceeds of US$27.8 million being R467 million.

Our intention since the listing has been to reduce our US Dollar-denominated interest-bearing debt. Covid-19 has limited our ability to apply cash resources towards the settlement of this debt. The proceeds from the sale of this hotel were utilised to reduce the US Dollar-denominated debt in Mauritius, increasing the group's available facilities and improving its liquidity.

9. 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. 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.

The rent concessions received by the group, which contribute to the R39 million impact on the rental expense are in relation to GC Marine Parade, Cape Town City Bowl Complex and the Sandton Consortium hotels.

All the group's rent concessions are as a result of the Covid-19 pandemic and the lease payments are substantially the same as the consideration for the lease immediately preceding the change. The reduced lease payments are not expected to affect lease payments after 30 June 2021 and there is no substantive change to other terms and conditions of the lease.

10. 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 the introduction of the "Trading income – HPF" segment which reflects the trading performance of the Westin and Radisson Blu Gautrain hotels since 1 October 2020 and 1 November 2020, respectively.

The CODM assesses the performance of the operating segments based on Ebitdar. 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.

11. Capital commitments

The group spent R62 million on maintenance and expansion capex for the year ended 31 March 2021. The group has committed capital spend of R41 million, the majority of which has been placed on hold.

12. Contingent liabilities

The group had no significant contingent liabilities as at 31 March 2021.

13. Events occurring after the balance sheet date

During May 2021, Tsogo Sun Gaming signed a loss agreement with its insurer Tsogosure Insurance Company Limited to settle the combined business interruption insurance claim of Tsogo Sun Gaming and Tsogo Sun Hotels, which is limited to R150 million in aggregate. Tsogo Sun Hotels' share of this claim is expected to be in the region of R27 million while Hospitality continues to engage with the loss adjustors on its stand-alone business interruption claim, which is also limited to R150 million. Any proceeds received in terms of the business interruption claims will contribute to the group's liquidity.

On 4 June 2021, the group received approval from the Mozambican Central Bank for the refinancing of its Mozambican US Dollar-denominated facilities equating to R385 million which, once implemented, will result in the extension of these facilities for a further five years. Refer to note 5.1. The directors have considered the impact of the level 4 and civil unrest on the financial statements and no adjustment is required. Refer to the going concern note for the consideration on the debt covenants.

The adjusted level 4 lockdown was considered to be an adjusting event although announced subsequent to year end. There was no material impact on the assets and liabilities at reporting date as muted trading conditions were already forecast for July and August 2021.

The recent civil unrest in parts of KwaZulu-Natal and Gauteng is considered to be a non-adjusting event. Although the tangible assets of the group located in KwaZulu-Natal and Gauteng have not been directly impacted, the events could possibly impact tourism in the affected areas. It is difficult to estimate what the impact would be although it is currently not expected to be material.

The directors are not aware of any other matter or circumstance arising since the balance sheet date.

14. Going concern

The summarised consolidated annual 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.

In response to the adjusted alert level 4 lockdown restrictions announced by the President on 27 June 2021 aimed at reducing the impact of the third wave of Covid-19 infections, management has reviewed the regional hotel portfolio and will proceed to deactivate hotels reliant on group, conferencing and leisure travel (particularly in Gauteng). In addition, the rostering of staff to align with expected lower occupancy levels in open hotels will be managed closely in order to reduce cash burn over this period to a minimum. Any capital expenditure will be further delayed as far as practicably possible.

The adjusted level 4 lockdown announced subsequent to year end does not impact the going concern assumption. Muted trading conditions were already forecast for July and August 2021 and were also factored into the assessment of compliance with covenants. The group monitors the covenants on an ongoing basis and does not expect the adjusted level 4 lockdown to cause covenants to be breached.

The tangible assets of the group have not been directly impacted by the recent civil unrest in parts of KwaZulu-Natal and Gauteng. However, the nature of the events could potentially impact tourism to the affected areas. At present it is difficult to estimate what the impact would be, however, based on the cash flows incorporated into our assessment which takes into account muted trading conditions, the group does not expect an impact on the going concern assessment.

Financial capacity and covenants

In exchange for the waiver of original debt covenants for the September 2020 and March 2021 measurement periods, lenders introduced revised covenants comprising Ebitda and liquidity thresholds, measured quarterly at December 2020 and March 2021. 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 group comfortably met the minimum Ebitda and liquidity thresholds on both occasions. At Hospitality level, lenders introduced a minimum liquidity covenant of R125 million including available facilities and cash on hand. Similarly, Hospitality has met these minimum liquidity requirements.

14. Going concern continued

The lenders to both Tsogo Sun Hotels and Hospitality have approved the covenant waivers for September 2021 on the basis that the rolling Ebitda threshold be reduced to R533 million (June 2021 measurement period), R453 million (September 2021 measurement period) and R412 million (December 2021 measurement period) and that revised covenants continue to be measured on a quarterly basis at a Tsogo Sun Hotels 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 FY23 budgets. As at 31 March 2021, the group has net cash and cash equivalents of R407 million. The group has R3.5 billion of interest-bearing debt (excluding capitalised lease liabilities) and access to R1.5 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 the *Basis of preparation of cash flow forecasts* section in note 3 for further details. Based on the Covid-19 interventions (refer below) already implemented and the forecasts, which indicate some recovery in the corporate, conferencing and international segments in the summer of 2021/2022, once the vaccine rollout has stabilised and the third wave of Covid-19 infections has passed, management believes that the company should meet these revised covenant levels. The group comfortably met the minimum Ebitda and liquidity thresholds for the June 2021 covenant measurement period. As at 30 June 2021, Tsogo Sun Hotels' rolling 12-month Ebitda loss was R303 million with available facilities including cash on hand of R1.3 billion. Similarly, Hospitality's available facilities including cash amounted to R441 million as at 30 June 2021.

Covid-19 status and action plan

The success of the group's Covid-19 response during the initial level 5 lockdown period meant that it was well placed to respond quickly to the second wave of infections and the more stringent restrictions. Drawing on its ability to deactivate and reactivate hotels in a short space of time, the group was able to capitalise on any potential business while keeping costs to a minimum. Throughout the year in the midst of the changing circumstances, the group has remained in close communication with its lenders, employees, trading partners, suppliers, tenants and landlords in order to arrive at mutually sustainable operating solutions in these extraordinarily difficult times. The group's Covid-19 action plan to reduce costs and preserve cash is set out below:

- **Reduction of payroll burden:** The group understands that this is an extremely stressful time for employees and is committed to engaging with them openly and honestly. The group continually communicated with all management and staff, sharing the severe impact that Covid-19 and the national state of disaster had, and continues to have, on the business. The UIF TERS (Temporary Employer/Employee Relief Scheme) has been of great assistance in alleviating the cash flow burden on both the company and its employees while hotels have been closed or operating at low occupancy levels. The group has processed R127 million in grants over the year, however, with this assistance coming to an end and given the expected extended period of depressed trading, especially in the face of the third wave of infections, the temporary layoff structure originally implemented in March 2020 remains in place today with further distinction made between employees at operating and closed hotels since then. As a consequence of the financial strain experienced by both the company and its employees, the group's headcount has permanently reduced by 1 361 positions either through retrenchment, resignation, dismissal or retirement.
- **Rent relief:** The group has received rental concessions from its various landlords and while terms varied, these mainly involved discounts in rent due for FY21. With effect from 1 April 2021, many of these affected leases have reverted to their agreed payment terms. Refer to note 9 for further information.
- **Suppliers:** During level 5 lockdown, the group negotiated reduced or extended payment terms with major suppliers, particularly those providing fixed-cost services such as security and lift maintenance. As hotels have begun operating and trading restrictions have eased many of these arrangements have now ceased, however, management continues to negotiate early settlement discounts or delaying spend where possible.

Stress-testing cash flow forecasts

Given the uncertainty around trading levels, management incorporated a 10% revenue contingency into the forecasts. This contingency cannot be attributed to any division but has been incorporated at group level in order to stress test the group's going-concern assumption. Even after incorporating this contingency, the group is able to meet its debt obligations.

The directors have assessed the cash flow forecasts together with the other actions taken or proposed by management as described above, and are of the view that the group has sufficient liquidity to meet its obligations and to counteract the losses.

Condensed consolidated income statement

for the year ended 31 March

	2021 Rm	2020 Rm
Rooms revenue	**593**	2 791
Food and beverage revenue	**269**	1 063
Property rental income	**52**	331
Other income	**249**	290
Income	**1 163**	4 475
Property and equipment rentals	**9**	(97)
Amortisation and depreciation	**(407)**	(348)
Employee costs	**(520)**	(1 321)
Other operating expenses	**(890)**	(1 871)
Impairment of property, plant and equipment	**(237)**	(716)
Profit on sale of joint venture	**355**	–
Impairment of goodwill	**(30)**	–
Fair value adjustment of investment properties	**(99)**	(888)
Operating loss	**(656)**	(766)
Finance income	**33**	40
Finance costs	**(379)**	(400)
Share of loss of associates and joint ventures	**(128)**	(3)
Loss before income tax	**(1 130)**	(1 129)
Income tax credit/(expense)	**148**	(96)
Loss for the year	**(982)**	(1 225)
Loss attributable to:		
Equity holders of the company	**(896)**	(896)
Non-controlling interests	**(86)**	(329)
	(982)	(1 225)
Basic and diluted loss attributable to the ordinary equity holders of the company per share (cents)		
Number of shares in issue (million)	**1 478**	1 061
Weighted number of shares in issue (million)	**1 233**	1 061
Basic and diluted loss per share (cents)	**(72.7)**	(84.5)

Condensed consolidated statement of comprehensive income

for the year ended 31 March

	2021 Rm	2020 Rm
Loss for the year	**(982)**	(1 225)
Other comprehensive (loss)/income for the year, net of tax		
Items that may be reclassified subsequently to profit or loss:	**(286)**	221
Cash flow hedges	**(19)**	(50)
Currency translation adjustments	**(273)**	256
Income tax relating to items that may subsequently be reclassified to profit or loss	**6**	15
Items that may not be reclassified subsequently to profit or loss:	**(1)**	2
Remeasurements of post-employment defined benefit liability	**(1)**	3
Income tax relating to items that may not subsequently be reclassified to profit or loss	**–**	(1)
Total comprehensive loss for the year	**(1 269)**	(1 002)
Total comprehensive loss attributable to:		
Equity holders of the company	**(1 170)**	(660)
Non-controlling interests	**(99)**	(342)
	(1 269)	(1 002)

Supplementary information

for the year ended 31 March

	2021 Rm	2020 Rm
Reconciliation of loss attributable to equity holders of the company to headline (loss)/earnings and adjusted headline (loss)/earnings		
Loss attributable to equity holders of the company	**(896)**	(896)
Loss on disposal of property, plant and equipment	**1**	2
Impairment of property, plant and equipment	**237**	716
Fair value adjustment of investment properties	**99**	888
Impairment relating to IHPL (associate)	**10**	–
Impairment relating to RBH (associate)	**5**	17
Share of associates' (IHPL) headline earnings adjustment	**100**	41
Gain on disposal of investment in joint venture	**(355)**	–
Impairment of goodwill	**30**	–
Total tax effect of adjustments	**(18)**	(52)
Total non-controlling interest effects of adjustments	**4**	(500)
Headline (loss)/earnings	**(783)**	216
Transaction costs	**6**	3
Fair value adjustment on RDI investment	**–**	1
Restructuring costs	**36**	40
Pre-opening expenses	**3**	–
Impairment of inventory	**8**	2
Derecognition of Southern Sun Maputo deferred tax	**–**	30
Share of associates' exceptional items	**3**	1
Tax impact of Hospitality ceasing to be a REIT[2]	**105**	–
Total tax effects of other exceptional items	**(11)**	(11)
Total non-controlling interest effects of exceptional items	**–**	(4)
Adjusted headline (loss)/earnings[1]	**(633)**	278
Number of shares in issue (million)	**1 478**	1 061
Weighted number of shares in issue (million)	**1 233**	1 061
Basic and diluted headline (loss)/earnings per share (cents)	**(63.5)**	20.4
Basic and diluted adjusted (loss)/headline earnings per share (cents)	**(51.4)**	26.2

(1) *Adjusted headline (loss)/earnings are defined as (losses)/earnings 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 audited and is commonly used in the industry.*

(2) *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. The tax effects of Hospitality ceasing to be a REIT has accordingly been treated as an exceptional item in the current year's adjusted headline loss measure.*

Supplementary information *continued*

for the year ended 31 March

	2021 Rm	2020 Rm
Reconciliation of operating loss to Ebitdar		
Ebitdar pre-exceptional items is made up as follows:		
Operating loss	**(656)**	(766)
Amortisation and depreciation	**407**	348
Property rentals	**(22)**	84
Long-term incentive expense	**14**	17
	(257)	(317)
Add/(less): Exceptional losses/(gains)		
Loss on disposal of property, plant and equipment	**1**	2
Impairment of property, plant and equipment	**237**	716
Fair value adjustment of investment properties	**99**	888
Fair value adjustment on RDI investment	**–**	1
Gain on disposal of investment in joint venture	**(355)**	–
Impairment of goodwill	**30**	–
Impairment of inventory	**8**	2
Impairment relating to IHPL (associate)	**10**	–
Impairment relating to RBH (associate)	**5**	17
Pre-opening expenses	**3**	–
Restructuring costs	**36**	40
Transaction costs	**6**	3
Ebitdar	**(177)**	1 352

Condensed consolidated cash flow statement

for the year ended 31 March

	2021 Rm	2020 Rm
Cash flows from operating activities		
Profit before interest and income tax	**(656)**	(766)
Adjust for non-cash movements and dividends received	**455**	2 121
Increase in working capital	**195**	(34)
Cash (utilised in)/generated from operations	**(6)**	1 321
Finance income	**33**	40
Finance costs	**(379)**	(394)
Income tax paid	**(42)**	(121)
Dividends paid to non-controlling interests	**–**	(245)
Dividends received	**–**	22
Net cash (utilised in)/generated from operating activities	**(394)**	623
Cash flows from investment activities		
Purchase of property, plant and equipment	**(56)**	(329)
Proceeds from disposals of property, plant and equipment	**3**	–
Additions to investment properties	**(1)**	(160)
Proceeds from disposal of investment property	**–**	3
Purchase of intangible assets	**(6)**	(6)
Acquisition of business – intellectual property	**–**	(8)
Proceeds from disposal of joint venture	**467**	–
Additions to investment in associates	**–**	(8)
Acquisition of subsidiary	**24**	–
Other loans granted	**(9)**	(29)
Net cash generated from/(utilised in) investment activities	**422**	(537)
Cash flows from financing activities		
Borrowings raised	**241**	2 179
Borrowings repaid	**(566)**	(1 651)
Principal elements of lease payments	**–**	(128)
Other current liabilities repaid	**(5)**	(7)
Net cash (utilised for)/generated from financing activities	**(330)**	393
Net (decrease)/increase in cash and cash equivalents	**(302)**	479
Cash and cash equivalents at beginning of the year, net of bank overdrafts	**722**	212
Foreign currency translation	**(13)**	31
Cash and cash equivalents at end of the year, net of bank overdrafts	**407**	722

Condensed consolidated balance sheet

as at 31 March

	2021 Rm	2020 Rm
ASSETS		
Non-current assets		
Property, plant and equipment	**9 106**	7 554
Right-of-use assets	**1 045**	799
Investment properties	**1 561**	4 149
Goodwill	**354**	354
Other intangible assets	**54**	56
Investments in associates	**305**	446
Investments in joint ventures	**–**	124
Post-employment benefit liability	**3**	4
Non-current receivables	**14**	14
Other financial assets	**3**	2
Deferred income tax assets	**297**	84
Total non-current assets	**12 742**	13 586
Current assets		
Inventories	**62**	58
Trade and other receivables	**365**	454
Other income tax assets	**5**	–
Other current assets	**12**	3
Cash and cash equivalents	**918**	1 281
Total current assets	**1 362**	1 796
Total assets	**14 104**	15 382
EQUITY		
Capital and reserves attributable to equity holders of the company		
Ordinary share capital and premium	**5 333**	4 642
Other reserves	**1 805**	599
Retained earnings	**205**	1 102
Total shareholders' equity	**7 343**	6 343
Non-controlling interests	**97**	2 352
Total equity	**7 440**	8 695

	2021 Rm	2020 Rm
LIABILITIES		
Non-current liabilities		
Interest-bearing borrowings	**2 991**	3 974
Lease liabilities	**1 346**	1 024
Derivative financial instruments	**59**	50
Deferred income tax liabilities	**256**	175
Deferred revenue	**37**	37
Provisions	**58**	58
Total non-current liabilities	**4 747**	5 318
Current liabilities		
Interest-bearing borrowings	**996**	559
Lease liabilities	**14**	13
Trade and other payables	**774**	622
Deferred revenue	**74**	75
Current portion derivative financial instruments	**10**	–
Current income tax liabilities	**49**	100
Total current liabilities	**1 917**	1 369
Total liabilities	**6 664**	6 687
Total equity and liabilities	**14 104**	15 382

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 attri-butable to the parent Rm	Non-controlling interests Rm	Total equity Rm
Balance at 1 April 2019	4 642	289	2 059	**6 990**	2 939	**9 929**
Change in accounting policy – *adoption of IFRS 16 Leases*	–	–	(63)	**(63)**	–	**(63)**
Restated balance at 1 April 2019	4 642	289	1 996	**6 927**	2 939	**9 866**
Total comprehensive loss	–	234	(894)	**(660)**	(342)	**(1 002)**
Loss for the year	–	–	(896)	**(896)**	(329)	**(1 225)**
Cash flow hedges, net of tax	–	(21)	–	**(21)**	(14)	**(35)**
Currency translation adjustment	–	255	–	**255**	1	**256**
Remeasurements of post-employment defined benefit liability net of tax	–	–	2	**2**	–	**2**
Shareholders' redemption provision	–	24	–	**24**	–	**24**
Share-based payments conversion	–	35	–	**35**	–	**35**
Share-based payments charge	–	17	–	**17**	–	**17**
Ordinary dividends	–	–	–	**–**	(245)	**(245)**
Balance at 31 March 2020	4 642	599	1 102	**6 343**	2 352	**8 695**
Total comprehensive income	–	(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**

Segmental analysis

for the year ended 31 March

	Revenue[1]		Ebitdar[2]		Ebitdar margin	
	2021 Rm	2020 Rm	2021 Rm	2020 Rm	2021 %	2020 %
Manco	**68**	266	**(27)**	154	**(40)**	58
Rental income – HPF[6]	**27**	310	**27**	310	**100**	100
Trading income – HPF[4]	**38**	–	**(24)**	–	**(63)**	–
Internally managed[5]	**904**	3 501	**(131)**	787	**(14)**	22
Coastal	**429**	1 885	**(92)**	463	**(21)**	25
Inland	**334**	1 344	**(56)**	262	**(17)**	20
Other	**141**	272	**17**	62	**12**	23
Offshore	**135**	569	**(22)**	101	**(16)**	18
Internal management fees[3]	**(34)**	(183)	**–**	–	**–**	–
Total	**1 138**	4 463	**(177)**	1 352	**(16)**	30

(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 profit to Ebitdar on page 12.*

(3) *Included in Manco.*

(4) *This segment reflects the trading performance of the Westin and Radisson Blu Gautrain hotels since the acquisition of their related operating/tenant companies on 1 October 2020 and 1 November 2020, respectively. These hotels were included in the Rental income – HPF segment in FY20 (2020: Total rental income from these hotels was R126 million). Refer to note 6.*

(5) *Trading relating to the Arabella Hotel, Golf and Spa, Mount Grace Hotel and Spa, the Hazyview Sun, The Edward and Southern Sun The Marine are included in the Internally managed segment as a consequence of these properties transferring from investment properties to owner-occupied property, plant and equipment during the year. These hotels were included in the Rental income – HPF segment in FY20 (2020: Total rental income from these hotels was R45 million).*

(6) *The CODM reviews rental income net of rates, taxes and cost recoveries for segmental reporting purposes. Rates, taxes and cost recoveries of R25 million (2020: R12 million) have been reallocated from Manco to Rental income – HPF. Refer to page 18.*

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 on page 17. 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	
	2021 Rm	2020 Rm	**2021 Rm**	2020 Rm	**2021 Rm**	2020 Rm	**2021 Rm**	2020 Rm
Internally managed	**508**	2 429	**234**	901	**203**	168	**945**	3 498
Coastal	**302**	1 337	**122**	478	**43**	70	**467**	1 885
Inland	**146**	903	**84**	372	**104**	69	**334**	1 344
Other income	**60**	189	**28**	51	**56**	29	**144**	269
Manco	**–**	–	**–**	–	**33**	83	**33**	83
Offshore	**85**	362	**35**	162	**13**	39	**133**	563
	593	2 791	**269**	1 063	**249**	290	**1 111**	4 144

	2021 Rm	2020 Rm
Reconciliation to segmental analysis on page 17:		
Revenue from contracts with customers per above	**1 111**	4 144
Property rental income	**52**	331
Rates, taxes and cost recoveries offset against rental income for segmental analysis purposes	**(25)**	(12)
Total income per segmental analysis	**1 138**	4 463

Analysis of ordinary shareholders

as at 31 March 2021

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000	9 509	74.4	1 581 731	0.1
1 001 – 10 000	2 009	15.7	7 123 559	0.5
10 001 – 100 000	719	5.6	23 803 639	1.6
100 001 – 1 000 000	395	3.1	135 034 098	9.1
Over 1 000 000	148	1.2	1 310 362 667	88.7
Total	**12 780**	**100.0**	**1 477 905 694**	**100.0**

Distribution of shareholders	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Assurance companies	34	0.3	17 802 255	1.2
Certificated	1	0.0	2 992	0.0
Close corporations	31	0.2	2 895 307	0.2
Collective investment schemes	186	1.5	490 575 220	33.2
Control accounts	3	0.0	73	0.0
Custodians	17	0.1	1 572 027	0.1
Foundations and charitable funds	39	0.3	84 865 312	5.7
Hedge funds	10	0.1	33 948 327	2.3
Insurance companies	7	0.1	7 484 378	0.5
Investment partnerships	20	0.2	244 287	0.0
Managed funds	15	0.1	3 653 415	0.3
Medical aid funds	19	0.1	9 482 731	0.6
Organs of state	3	0.0	11 741 256	0.8
Private companies	110	0.9	473 933 392	32.1
Public companies	8	0.1	111 253 953	7.5
Public entities	2	0.0	705 505	0.1
Retail shareholders	11 820	92.5	50 225 280	3.4
Retirement benefit funds	280	2.2	134 896 973	9.1
Scrip lending	4	0.0	2 870 155	0.2
Share schemes	1	0.0	435 558	0.0
Sovereign funds	1	0.0	20 623 520	1.4
Stockbrokers and nominees	24	0.2	5 791 993	0.4
Trusts	140	1.1	12 901 184	0.9
Unclaimed scrip	5	0.0	601	0.0
Total	**12 780**	**100.0**	**1 477 905 694**	**100.0**

* *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	12	0.1	636 267 312	43.1
>10% HCI and its subsidiaries	4	0.0	599 676 866	40.6
Directors and associates	8	0.1	36 590 446	2.5
Public shareholders	12 768	99.9	841 638 382	56.9
Total	**12 780**	**100.0**	**1 477 905 694**	**100.0**

Analysis of ordinary shareholders *continued*

as at 31 March 2021

Fund managers with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
Allan Gray	227 049 012	15.4
Coronation Fund Managers	176 443 147	11.9
Prudential Investment Managers	81 251 323	5.5
PSG Asset Management	61 677 044	4.2
Steyn Capital Management	58 037 312	3.9
Total	**604 457 838**	**40.9**

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	28.1
Allan Gray	151 164 749	10.2
Coronation Fund Managers	110 959 425	7.5
Hosken Consolidated Investments Limited	106 784 202	7.2
HCI Foundation	75 857 146	5.1
PSG	61 674 044	4.2
Total	**921 621 593**	**62.3**

	Number of shareholdings
Total number of shareholdings	**12 780**
Total number of shares in issue	**1 477 905 694**

Share price performance	
Opening price 1 April 2020	R1.56
Closing price 31 March 2021	R2.12
Closing high for period	R2.71
Closing low for period	R1.30
Number of shares in issue	1 477 905 694
Volume traded during period	260 529 057
Ratio of volume traded to shares issued	17.6%
Rand value traded during the period	R461 461 900
Price/earnings ratio as at 31 March 2021	(8.38)
Earnings yield as at 31 March 2021	(11.93)
Dividend yield as at 31 March 2021	–
Market capitalisation at 31 March 2021	R3 133 160 071

Directors' interests

	31 March 2021 Direct beneficial	31 March 2021 Indirect beneficial[1]	31 March 2021 Associates	31 March 2021 Total	31 March 2020 Direct beneficial	31 March 2020 Indirect beneficial[1]	31 March 2020 Associates	31 March 2020 Total
Executive directors								
MN von Aulock	–	5 159 451	–	5 159 451	–	2 916 388	–	2 916 388
L McDonald	46 377	247 688	–	294 065	46 377	–	–	46 377
Non-executive directors								
JA Copelyn	–	14 855 338	–	14 855 338	–	2 591 111	–	2 591 111
JR Nicolella	–	–	59 479	59 479	–	–	59 479	59 479
Total	46 377	20 262 477	59 479	20 368 333	46 377	5 507 499	59 479	5 613 355

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 Tsogo Sun Hotels as a result of those interests held in HCI.*

(2) *As announced on SENS, the following directors increased their indirect beneficial shareholding in Tsogo Sun Hotels subsequent to year end:*

	Date	Indirect beneficial
Executive directors		
MN von Aulock	27 May 2021	175 117
	28 May 2021	32 339
	3 June 2021	92 619
	4 June 2021	93 877
	4 June 2021	37 500
L McDonald	4 June 2021	12 500

Remuneration policy and remuneration implementation report

Remuneration philosophy

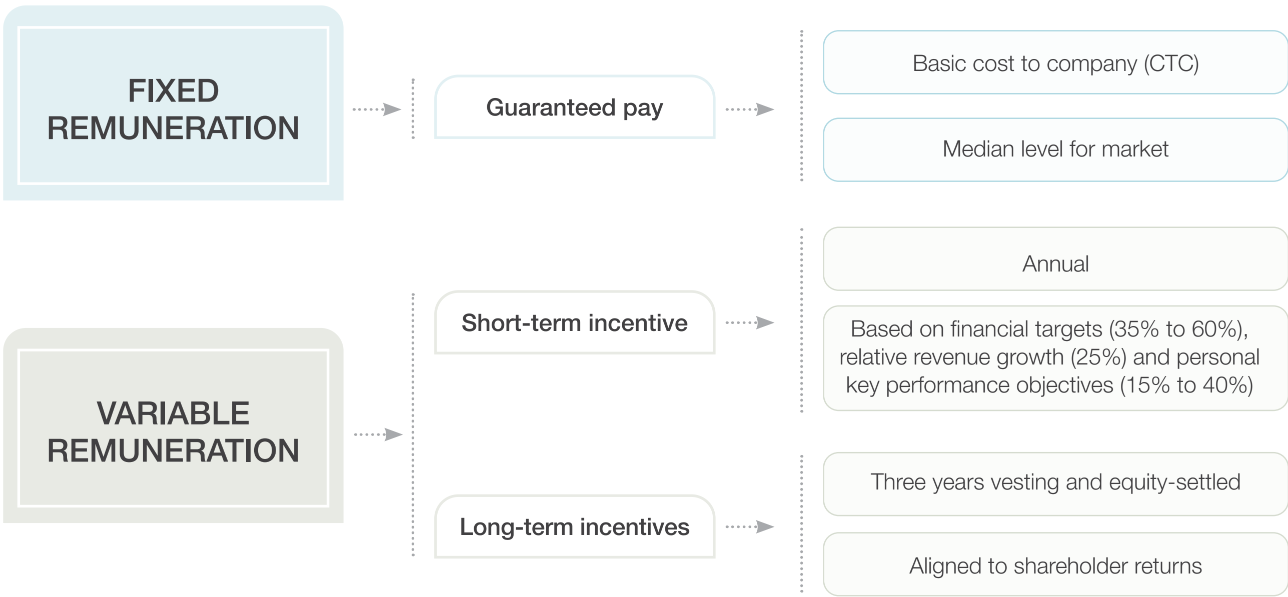
The key goals of Tsogo Sun Hotels' remuneration philosophy are to remunerate fairly, responsibly and competitively in order to:

- 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 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 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 award and payment of short-term incentives (STIs) in 2020 and 2021 and the reduction in salaries due to the furlough implemented in March 2020, the details of which are set out in the remuneration implementation report.

Fair, responsible and transparent remuneration



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

Tsogo Sun Hotels 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), relative revenue growth and personal key performance objectives in proportions ranging respectively from 60:25:15 at the most senior level to 35:25:40 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, adjusted earnings and relative revenue growth.

Relative revenue growth is determined by comparing actual revenue growth year on year (as measured by Revpar) in Tsogo Sun Hotels with appropriate comparator performance.

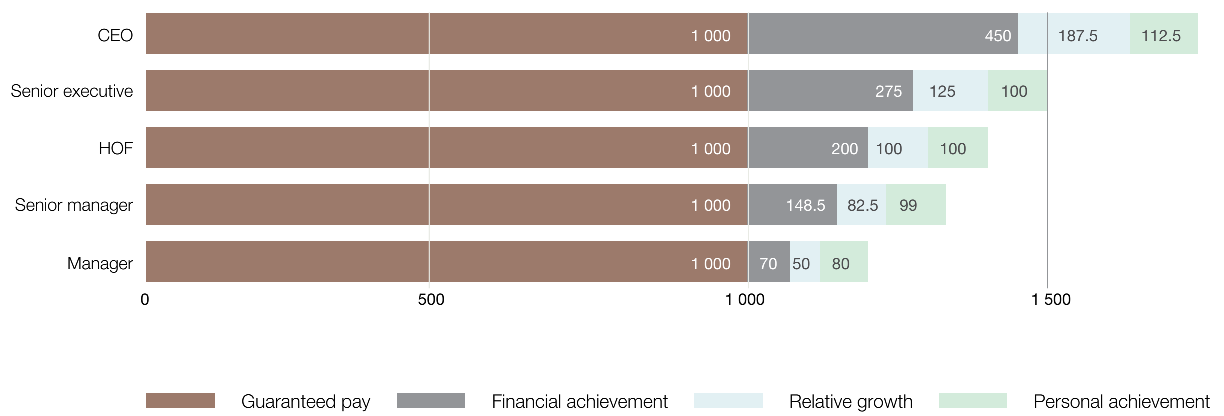
At an executive management level, financial achievement is weighted 50% Ebitdar and 50% adjusted earnings, against the targets approved by the remuneration and nomination committee, which are based on the relevant board-approved budget. The budget and accompanying targets are adjusted up or down for 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 and at 115% of targeted Ebitdar and adjusted earnings.

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 from 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 on-target performance assuming an annual total package of R1 million:

STI achievement by management level (R'000)



Long-term incentives (LTIs)

Selected key senior employees of the group participate in the Tsogo Sun Hotels' 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:

- For new awards:
  - To offer employees the opportunity to receive shares in Tsogo Sun Hotels (TGO shares) through the award of share appreciation rights (SARs), 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.
  - 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.
- For replacement awards:
  - Due to the unbundling, employees of Tsogo Sun Hotels were given the option to elect to exchange their rights held under the Tsogo Sun Group Long Term Incentive Plan (Tsogo Sun LTIP) for replacement awards under the SAR plan.
  - The exchange and replacement, effective 12 June 2019, was regulated under the rules of the Tsogo Sun LTIP and the specific details confirmed in a replacement award letter provided to each participant.
  - To ensure ease of administration and sound governance following the unbundling, the group assumes the obligation to settle the replacement awards and the rules of the SAR plan will therefore be used to facilitate this settlement. In addition, the ongoing administration of the replacement awards will be performed by the board, on the recommendation of the remuneration and nomination committee, in terms of the rules of the SAR plan.

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;
- vest on the third anniversary of 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;
- confers the right upon the participating employee to receive TGO shares equal to the appreciation of the awarded SARs over the vesting period, being a 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, whilst 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 Tsogo Sun Hotels' share price over the award price plus dividends declared and paid, post the award date (net of corporate tax), which value will be settled in TGO shares.

LTI allocations (prior year replacement awards and new awards, if applicable) 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 2021

Both the CEO and CFO are full-time salaried employees of Tsogo Sun Hotels. 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 MOI and, as such, no service contracts have been entered into with the company. Tsogo Sun Hotels' remuneration for non-executive directors comprises:

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

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

Executive directors' and prescribed officer's emoluments

	2021				2020			
	MN von Aulock R'000	L McDonald R'000	R Nadasen[2] R'000	Total Rm	MN von Aulock[1] R'000	L McDonald R'000	R Nadasen R'000	Total R'000
Salaries	2 216	1 613	504	4 333	7 358	2 428	2 588	12 374
Benefits	146	118	287	551	594	436	523	1 553
Current year STI accrued	–	–	–	–	1 712	504	546	2 762
Fair value of equity-settled SARs awarded[1]	819	819	–	1 638	9 180	3 426	3 507	16 113
IFRS 2 charge on vested equity-settled SARs transferred to share-based payment reserve	–	–	–	–	–	(1 631)	(1 723)	(3 354)
Total single figure remuneration	3 181	2 550	791	6 522	18 844	5 163	5 441	29 448
Current year vesting of equity-settled SARs	4 270	682	–	4 952	–	–	–	–
Fair value of unvested equity-settled SARs[1]	(761)	(761)	–	(1 522)	(5 741)	(1 086)	(926)	(7 753)
Settlement of cash-based LTI	–	–	–	–	–	–	216	216
Remuneration including vested SARs	6 690	2 471	791	9 952	13 103	4 077	4 731	21 911
Current year STI not settled	–	–	–	–	(1 712)	(504)	(546)	(2 762)
Prior year STI settled	–	–	–	–	2 678	1 000	986	4 664
Current year IFRS 2 charge on equity-settled SARs	(4 328)	(740)	–	(5 068)	(3 439)	(709)	(858)	(5 006)
Total cash equivalent value of remuneration	2 362	1 731	791	4 884	10 630	3 864	4 313	18 807

(1) *Reflects the fair value of new SARs (unvested) awarded on 13 January 2021 as well as replacement SARs (vested and unvested) awarded on the conversion date in the prior year, being 12 June 2019. Refer to note 35 of the consolidated annual financial statements for detail on new and replacement awards granted in terms of the SAR plan.*

(2) *Ravi Nadasen resigned on 31 July 2020 and the table reflects his remuneration up to this date. Due to the reconfiguration of the business and the creation of a flatter organisational structure, this exact role was not replaced.*

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 date, respectively. The CFO, heads of function 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 date. These salary rates will be continuously assessed against trading levels and cash generation and adjusted accordingly depending on affordability. While furlough has been in place, there have been no salary rate increases for employees in the 2020 or 2021 financial years.

Achievement of STIs in FY2020	Financial weighted score %	Relative growth weighted score %	Personal weighted score %	Total score %	Bonus accrued R'000
MN von Aulock	–	4.7	10.0	14.7	1 712
L McDonald	–	4.7	13.3	18.0	504

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, but payment thereof deferred until such time that it would be appropriate and responsible for payment to be made.

Due to the protracted impact of the Covid-19 pandemic, no STIs were awarded for the 2021 financial year.

LTI allocations in FY2021	Number of SARs awarded	Award price	Strike price[(1)]	Fair value of SARs on award date[(1)]	Vesting date	Expiry date
MN von Aulock	1 142 857	R1.49	R1.50	819	13 January 2024	13 January 2027
L McDonald	1 142 857	R1.49	R1.50	819	13 January 2024	13 January 2027

[(1)] *Calculated using a Black Scholes model at award date. Please refer to note 35 of the consolidated annual financial statements for details on the valuation assumptions applied.*

LTI awards are normally granted in May of every year at the seven-day VWAP to 31 March, however, the 1 April 2020 awards were deferred to provide shareholders and the market with sufficient time to consider the impact that Covid-19 had on the business for the interim reporting period to 30 September 2020 and announced on 19 November 2020. The intention being to ensure that the award price was based on shareholders and the market having considered all relevant financial information. Accordingly, the LTI awards were awarded on 13 January 2021, at the seven-day VWAP to 12 January 2021.

Conversion to the SAR plan and replacement awards granted

As a consequence of the listing of the group on 12 June 2019, employees of Tsogo Sun Hotels who participated in the Tsogo Sun LTIP were given the option to: (a) accelerate the vesting of all their notional shares (both vested and unvested) held under the Tsogo Sun LTIP and receive settlement in cash; or (b) to elect to convert their notional shares held under the Tsogo Sun LTIP to replacement awards administered in terms of the SAR plan.

The conversion calculation provided for participants to receive SARs that equate to the same fair value of the notional shares (both vested and unvested) previously held under the Tsogo Sun LTIP on the conversion date, being 12 June 2019. The conversion ensured that employees of the company are incentivised based on the company's share price performance moving forward, and also served to align their interests more closely with those of shareholders.

Details of replacement awards granted to executive directors and prescribed officers are set out below:

Replacement award date	Replacement SARs awarded and still outstanding 2020	Replacement award price on conversion date	Strike price[1]	Replacement SARs vested and still outstanding 2020	Fair value of SARs on replacement award date[1] R'000	Vesting date	Expiry date
MN von Aulock							
1 October 2018[2]	10 893 353	4.13	4.03	–	9 180	30 September 2021	30 September 2024
L McDonald							
1 April 2016	–	4.01	4.01	747 218	716	31 March 2019	31 March 2022
1 April 2017	–	5.14	5.14	584 037	156	31 March 2020	31 March 2023
1 April 2018	–	4.62	4.57	324 907	231	31 March 2021	31 March 2024
1 April 2019	1 603 856	4.24	3.99	–	1 409	31 March 2022	31 March 2025

(1) *Calculated using a Black Scholes model at conversion date. Please refer to note 35 of the consolidated annual financial statements for details on the valuation assumptions applied.*

(2) *No top-up award was allocated to Mr von Aulock during the 2020 financial year as requested by Mr von Aulock.*

LTIs are equity-settled and will therefore have a dilutionary impact to shareholders on settlement. Based on the seven-day VWAP as at 31 March 2021 of R2.17 and the average TGO share price for the 12 months to 31 March 2021 of R1.77, 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 2021.

Refer to note 35 of the consolidated annual financial statements for further information.

Remuneration policy and remuneration implementation report *continued*

Non-executive directors' fees

Non-executive directors	2021 Directors' fees paid by the company R'000	2021 Directors' fees paid by Hospitality R'000	2021 Total R'000	2020 Directors' fees paid by the company R'000	2020 Directors' fees paid by Hospitality R'000	2020 Total R'000
JA Copelyn*	**216**	**–**	**216**	418	77	495
M Ahmed#	**266**	**239**	**505**	453	492	945
J Awbrey^	**–**	**136**	**136**	–	–	–
SC Gina#	**203**	**132**	**335**	355	234	589
ML Molefi#	**205**	**181**	**386**	361	318	679
T Mosololi^	**–**	**136**	**136**	–	–	–
JG Ngcobo#	**209**	**184**	**393**	361	318	679
JR Nicolella#	**140**	**129**	**269**	275	226	501
CC September#	**146**	**129**	**275**	206	170	376
D Smith^	**–**	**136**	**136**	–	–	–
	1 385	**1 402**	**2 787**	2 429	1 835	4 264

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 Tsogo Sun Hotels and 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 2020 AGM

At the AGM held on 20 October 2020, the non-binding advisory endorsement of the company's remuneration policy received less than 75% support from shareholders with 70.3% of votes in favour. The company requested shareholders to engage with the chairmen of the board and remuneration and nomination committee at a meeting held via Microsoft Teams on 10 November 2020.

Following this engagement with shareholders, the remuneration and nomination committee has attempted to expand in the remuneration report on the vesting of SARs and why the group believes that management's participation in the plan aligns their focus with that of shareholders. Although no STIs were awarded during the year, the setting of performance criteria and calculation of STIs have also been expanded on in the remuneration report.

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 2021 financial year were approved by shareholders at the 2020 AGM and remained unchanged from those approved by shareholders at the AGM held on 17 October 2019.

At the AGM scheduled on 18 October 2021, the remuneration and nomination committee will not propose an increase in non-executive directors' from those approved by shareholders at the AGM held on 17 October 2019.

Furthermore, non-executive directors' fees were reduced by between 60% and 25% from April 2020 to date and may be adjusted upwards or downwards (subject to the maximum amount approved by shareholders), based on an assessment of what the company is likely to be able to afford during the time that the business is impacted by the Covid-19 pandemic.

The board has approved the recommendation made by the remuneration and nomination committee and shareholders are referred to page 34 of the notice of the AGM for the proposed non-executive directors' fees for the 2022 financial year.

Notice of annual general meeting

Tsogo Sun Hotels Limited
(formerly Southern Sun Hotels Proprietary Limited)
(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 Monday, 18 October 2021 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.

In light of the past and present restrictions imposed in terms of the Regulations issued in terms of section 27(2) of the Disaster Management Act, 57 of 2002 in relation to the Covid-19 pandemic (Regulations), it may not be possible to hold the AGM in person at the company's registered office. The board has therefor decided to proceed with the AGM by way of electronic participation only and not by way of a physical meeting (as more fully detailed below in the paragraph titled Electronic participation). The AGM will accordingly be accessible through electronic communication, as permitted by the JSE and in accordance with the provisions of the Companies Act and the company's memorandum of incorporation (MOI). Attendance throughout this notice will refer to electronic attendance.

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

The company is mindful of the health and safety of its shareholders and directors. Should it become possible or feasible after the date of this notice for the AGM to be held in person due to a significant relaxation of restrictions relating to public gatherings as outlined in the Regulations that were issued in terms of section 27(2) of the Disaster Management Act, 57 of 2002 or otherwise, the board will consider whether to nevertheless hold the AGM in person, but if it does so, it will communicate any changes to the proposed methodology and location of the AGM by publication of a further announcement on SENS.

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, 23 July 2021; and
- participate in and vote at the AGM is Friday, 8 October 2021.

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, 5 October 2021.

For administrative purposes, shareholders are requested to lodge their completed proxy forms with the company's transfer secretaries, JSE Investor Services Proprietary Limited (JIS) at meetfax@jseinvestorservices.co.za by no later than 10:00 on Thursday, 14 October 2021.

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 Thursday, 14 October 2021.

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 2021

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 2021, as required in terms of section 30(3)(d) of the Companies Act, have been published on the company's website at **www.tsogosun.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 on page 69 of the integrated annual report, which can be found at **www.tsogosun.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 2021. Any specific questions to the social and ethics committee may be addressed to the Company Secretary prior to the meeting at companysecretaryTGO@tsogosun.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 JG Ngcobo, 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 JR Nicolella, 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 JG Ngcobo and Mr JR Nicolella 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 JG Ngcobo
Independent non-executive director
Date appointed: 10 May 2019
Jabu held the positions of General Secretary of the Southern African Clothing and Textile Workers Union from 1994 to 1999 and the Regional Secretary for Africa of the International Textile Garment and Leather Workers Federation from 1999 to 2006. He was appointed to the board of directors of Hosken Consolidated Investments Limited (HCI) in 2004 and serves as a Director of HCI Coal.
Committee memberships: audit and risk; social and ethics; remuneration and nomination.

Mr JR Nicolella
Non-executive director
CA(SA), PLD
Date appointed: 10 May 2019
Rob joined Hosken Consolidated Investments Limited (HCI) in an executive capacity in 2011. He is currently the Financial Director of HCI and serves on the boards of subsidiary companies Business Systems Group Africa Proprietary Limited and Group associate company Impact Oil and Gas Limited. Rob also serves on the board of Alphawave Golf (Pty) Limited, a technology business based in London, the United Kingdom and Stellenbosch. Prior to joining HCI he was employed by Investec Bank Limited for 17 years, most notably in the capacity as Head of Corporate Banking, Western Cape, and subsequently Head of Private Banking, Western Cape.

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 2022 until the conclusion of the next AGM)."

Reason for ordinary resolution number 2: Reappointment of 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 registered 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.

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 Chair 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 chair 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)."

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), subject to his re-election as an independent non-executive director in terms of ordinary resolution number 1.1."

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 company's 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 22 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 22 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 25 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 18 October 2021 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 18 October 2021 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 18 October 2021 until conclusion of the next AGM	Chairman (Rand)	Member (Rand)
Board (per annum)	410 000	275 000
Lead Independent Director (per annum)	–	325 000
Audit and risk committee (per annum)	170 000	109 000
Remuneration and nomination committee (assuming 2 meetings per annum)[1]	17 500	15 000
Social and ethics committee (per annum) [1]	14 500	11 500

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

The above fees were not increased at the prior AGM and have not been increased from those approved by shareholders at the AGM held on 17 October 2019. Furthermore, non-executive directors' fees were reduced by between 60% and 25% from April 2020 to date, in-line with the furlough implemented for management and may be adjusted upwards or downwards until the AGM (subject to the maximum amount approved by shareholders as set out in the above schedule), based on an assessment of what the company is likely to be able to afford during the time that the business is impacted by the Covid-19 pandemic.

Reason for special resolution number 1: Non-executive directors' remuneration for the period from 18 October 2021 until 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 October 2020 until conclusion of the next AGM in accordance with section 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 provide financial assistance in terms of sections 44 and 45 of the Companies Act**

"Resolved that, to the extent permitted 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 during the period of two years commencing on the date of the adoption of this special resolution number 2, permitted to authorise the company to provide direct or indirect financial assistance, including by way of loan, guarantee for a loan or other obligation, the provision of security for any debt or obligation or otherwise, to or for the benefit of any of its present or future subsidiaries and/or any other company or entity that becomes related or inter-related to the company or any of its subsidiaries, and/or any shareholder of such subsidiary or related or inter-related company or entity, all as contemplated in sections 44 and/or 45 of the Companies Act, for such amounts and on such terms and conditions as the directors of the company may determine."

Reason for special resolution number 2: General authority to provide financial assistance to subsidiaries and other related and inter-related entities

The reason and effect of special resolution number 2 is to provide the company with the ability to provide financial assistance to or for the benefit of subsidiaries and other related and inter-related entities, if necessary, in accordance with sections 44 and 45 of the Companies Act, in order to ensure access to financing and/or financial backing from the company (as opposed to banks), for the purpose of facilitating the company's commercial activities. The provision of financial assistance is subject to the board authorising such financial assistance and agreeing that the company and/or the group satisfies the solvency and liquidity test as set out in section 4 of the Companies Act.

In the absence of special resolution number 2, the company and the group would be unable to undertake its normal day-to-day business operations and procure funding from its funders on the terms provided currently, or at all.

10. **Special resolution number 3: Issue of shares or options and grant of financial assistance in connection with the company's share-based share incentive scheme**

"Resolved that, to the extent required and permitted in terms of, and subject to the provisions of sections 41, 42, 44 and 45 of the Companies Act, the requirements (if applicable) of the company's memorandum of incorporation and the Listings Requirements of the JSE, each as presently constituted and as amended from time to time:

- the issue by the company of shares or securities convertible into shares, or the grant by the company of options for the allotment or subscription of authorised shares or other securities of the company or the grant of any other rights exercisable for securities of the company in accordance with, and pursuant to, the provisions of any share-based incentive scheme established by the company; and/or
- the provision by the company of direct or indirect financial assistance (whether by way of loan, guarantee, the provision of security or otherwise) in connection with any share-based incentive scheme established by the company (i) to any person, a director, future director, prescribed officer of the company or future prescribed officer of the company or (ii) to a person related or inter-related to the company, a director or a prescribed officer or to their respective nominees, for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company, or by a related or inter-related company or for the purchase of any securities of the company or of a related or inter-related company, at any time and from time to time during the period of two years commencing on the date of the adoption of this special resolution 3

be and are hereby approved."

Reason for special resolution number 3: Issue of shares or options and grant of financial assistance in connection with the company's share-based incentive scheme

The reason for and effect of special resolution number 3 is (i) to authorise the issue of shares or options and the provision of financial assistance, in connection with any share-based incentive scheme established by the company; and (ii) although section 44 of the Companies Act contains an exemption in respect of employee share schemes that satisfy the requirements of section 97 of the Companies Act, to the extent that any of the company's share or other employee incentive schemes do not satisfy such requirements, financial assistance (as contemplated in section 44) to be provided under such schemes will, *inter alia*, also require approval by special resolution of the shareholders.

11. Special resolution number 4: 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 4: General authority to acquire shares

The reason for special resolution number 4 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 a maximum limit, 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 2021, 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 19 to 21 of the notice of the AGM.
- share capital of the company – note 28 of the consolidated annual financial statements on page 140 of the 2021 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, 30 July 2021, 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, 30 July 2021 other than the facts and developments as reported on in the integrated annual report of the company for the financial year ended 31 March 2021.

Electronic participation
In light of the measures put in place by the South African Government in response to the Covid-19 pandemic, the board has decided that the annual general meeting 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 Thursday, 14 October 2021. Shareholders or their duly appointed proxies are required to provide satisfactory identification before being entitled to participate in the AGM, as noted on page 1 of the notice of the AGM.

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 for administrative purposes requested to join the AGM at 10:00 on Thursday, 14 October 2021 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 prevents 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 Thursday, 14 October 2021. 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 companysecretaryTGO@tsogosun.com.

By order of the board

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

30 July 2021

Participation by electronic communication

Information required for participation by electronic communication at the AGM of Tsogo Sun Hotels Limited to be held on Monday, 18 October 2021

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 Tsogo Sun Hotels Limited's AGM.
Signed at on 2021
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 40 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
(Formerly Southern Sun Hotels Proprietary 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 Monday, 18 October 2021, 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.

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 Thursday, 14 October 2021. 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 JG Ngcobo as an independent non-executive director			
Ordinary resolution number 1.2: Re-election of Mr JR Nicolella 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 Chair 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 approve financial assistance in terms of sections 44 and 45 of the Companies Act			
Special resolution number 3: Issue of shares or options and grant of financial assistance in connection with in connection with the company's share-based share incentive scheme			
Special resolution number 4: General authority to acquire shares in the company			

Signed at	on	2021
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, 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 insert 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. It is recommended that such form of proxy be lodged with the transfer secretaries, by 10:00 on Thursday, 14 October 2021. 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
board	The board of directors of Tsogo Sun Hotels
capex	Capital expenditure
CEO	Chief Executive Officer
CFO	Chief Financial 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, 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
directors	The directors of Tsogo Sun Hotels from time to time whose names appear in the Integrated governance 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
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
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
LTV	Loan to value
Manco	Management company
MOI	Memorandum of incorporation
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
SAICA	South African Institute of Chartered Accountants
SAR Plan	The Tsogo Sun Hotels 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
STIs	Short-term incentives
Subsidiaries	Shall have the meaning ascribed thereto in the Companies Act
TERS	Covid-19 Temporary Employer-Employee Relief Scheme
TGO shares	Ordinary shares of no par value in the share capital of Tsogo Sun Hotels
TIHC	TIHC Investments (RF) Proprietary Limited is a 100% held indirect subsidiary of HCI
Tsogo Sun Gaming	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'), the group or the company	Tsogo Sun Hotels Limited (known previously as Southern Sun Hotels Proprietary Limited), 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

TSOGO SUN HOTELS

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)
This 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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