



## F'21

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

# DISCLAIMER

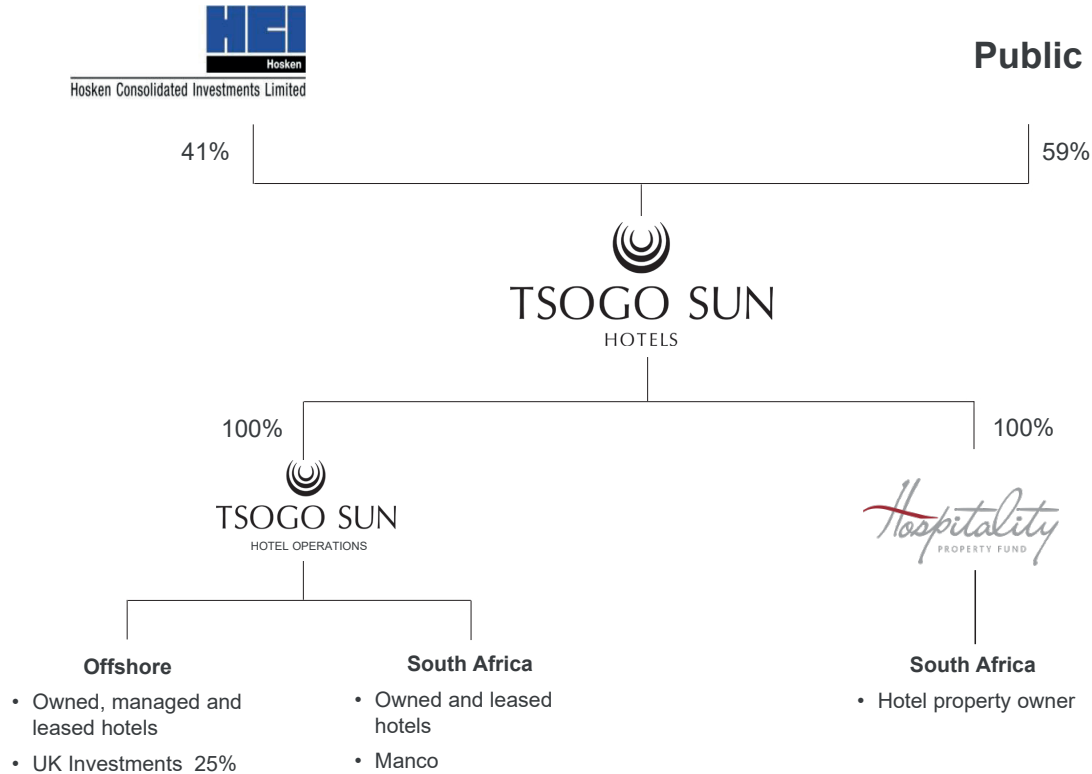
---

Certain statements in this document may constitute 'forward looking statements'. Such forward looking statements reflect the company's beliefs and expectations and involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of Tsogo Sun Hotels Limited and its subsidiaries to be materially different from the future results, performance or achievements expressed or implied by such forward looking statements. The company undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document, or to reflect the occurrence of anticipated events. Past performance of the company cannot be relied on as a guide to future performance. Forward-looking statements speak only as at the date of this document. You are cautioned not to place any undue reliance on such forward-looking statements. No statement in this document is intended to be a profit forecast.

This document is being supplied to you for informational purposes only. This document is not a prospectus or an offer or invitation or inducement to subscribe for or purchase any securities, and nothing contained herein shall form the basis of any contract or commitment whatsoever. This document does not constitute a recommendation regarding the securities of the company.

No representation or warranty, express or implied, is given by the company, its subsidiaries or any of their respective directors, officers, employees and affiliates or any other person as to the fairness, accuracy or completeness of the information (including data obtained from external sources) or opinions contained in this document, nor have they independently verified such information, and any reliance you place thereon will be at your sole risk. Without prejudice to the foregoing, no liability whatsoever for any loss howsoever arising, directly or indirectly, from any use of information contained in this document, or otherwise arising in connection therewith is accepted by any such person in relation to such information. None of the data in this document has been reviewed or reported on by the group's auditors and no guarantee or warranty as to the data's accuracy, expressed or implied, is given.

# GROUP STRUCTURE



# BOARD OF DIRECTORS

---

## Executive Directors

- Marcel von Aulock – CEO
- Laurelle McDonald – CFO

## Non-Executive Directors

- Johnny Copelyn – Chairman
- Rob Nicolella

## Independent Non-Executive Directors

- Mohamed Ahmed – Lead Independent
- Chris Gina
- Moretlo Molefi
- Jabulani Ngcobo
- Cornelia September



# OPERATED PORTFOLIO

---

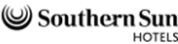
## LUXURY

---



## FULL SERVICE

---



## ECONOMY

---



# PORTFOLIO BY ROOMS

PORTFOLIO BY NUMBER OF ROOMS, BRAND AND REGION (EXCLUDING RBH AND IHL IN THE UK)

Brand	Freehold	Land & Building Lease	Owned Total	Tsogo Sun Gaming	3 <sup>rd</sup> party Owner	Total
<b>Internally managed</b>						
Luxury Portfolio	430	557	987	411	138	1 536
Southern Sun	3 956	366	4 322	714	-	5 036
Sun Square	136	202	338	179	-	517
Garden Court	2 181	1 378	3 559	198	72	3 829
StayEasy	698	302	1 000	250	-	1 250
Resorts	138	-	138	-	889	1 027
hi Hotels	-	-	-	123	-	123
Sun 1	1 741	-	1 741	-	-	1 741
<b>Total internally managed rooms – South Africa</b>	<b>9 280</b>	<b>2 805</b>	<b>12 085</b>	<b>1 875</b>	<b>1 099</b>	<b>15 059</b>
Mozambique						
Zambia	394	-	394	-	133	527
Tanzania	154	-	154	-	260	414
Nigeria	152	-	152	-	-	152
Kenya	181	-	181	-	-	181
Seychelles	80	-	80	-	-	80
UAE	-	-	-	-	353	353
<b>Total internally managed rooms – Offshore</b>	<b>961</b>	<b>-</b>	<b>961</b>	<b>-</b>	<b>746</b>	<b>1 707</b>
<b>Third party managed</b>						
Marriott	655	-	655	-	-	655
Radisson	397	-	397	-	-	397
Other	986	-	986	-	-	986
	2 038	-	2 038	-	-	2 038
<b>Total rooms</b>	<b>12 279</b>	<b>2 805</b>	<b>15 084</b>	<b>1 875</b>	<b>1 845</b>	<b>18 804</b>
Excluding third party managed			13 046			

# GROUP FINANCIAL STRUCTURE – HOTEL OWNERSHIP

---

## Freehold title or Land/building lease

- 75 hotel income statements contribute to group revenues and expenses (MAIA Luxury Resort & Spa disposed of effective 13 July 2020)
- Internal management fees are paid to Manco which eliminate on consolidation
- Rent is paid to an external land or hotel building owner if applicable

## Owner-occupied and managed by third-parties

- The acquisition of the associate companies operating the Westin and Radisson Gautrain hotels resulted in them transferring to owner-occupied property, plant & equipment during the year
- These 2 hotel income statements contributed to group revenue and expenses from 1 October 2020 and 1 November 2020 respectively
- Management fees are paid to Marriott and Radisson and not to Manco

## Leased by third-party management companies

- 5 hotels managed by external parties remain investment properties on the group balance sheet
- Rental income earned by HPF from these 5 hotels is reflected as rental income in the group consolidated income statement
- No management fees earned by Manco



# GROUP FINANCIAL STRUCTURE – HOTEL MANAGEMENT

---

## Tsogo Sun Gaming

- 17 hotels owned by Tsogo Sun Gaming and run for their account
- Managed by Tsogo Sun Hotels with the management fee income recognised in Manco

## Third-party owned

- 13 hotels owned by third parties and run for their account (includes the timeshare resorts)
- Managed by Tsogo Sun Hotels with management fee income recognised in Manco





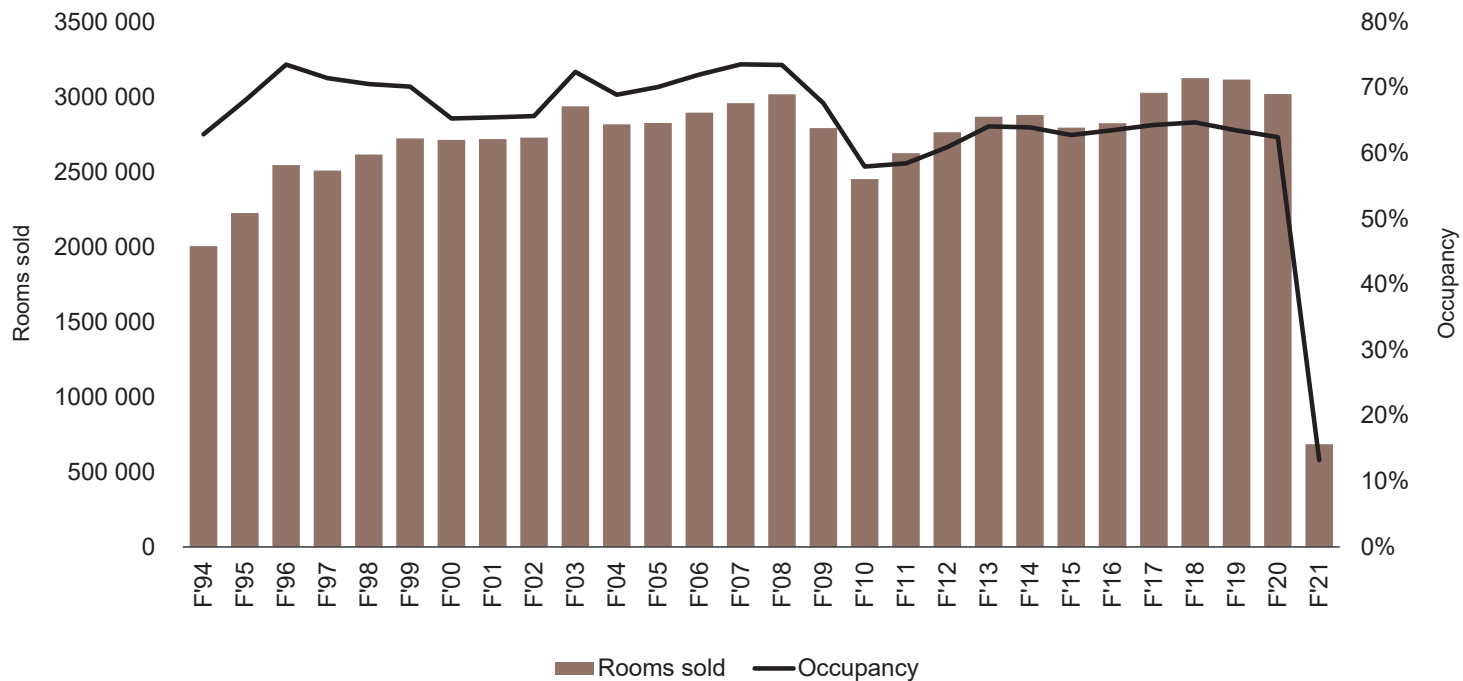
## QUARTERLY PERFORMANCE (Rm)

	Q1	Q2	H1	Q3	Q4	H2	Total
<b>Revenue</b>							
F'21	58	261	319	464	355	819	<b>1 138</b>
F'20	961	1 113	2 074	1 334	1 055	2 389	<b>4 463</b>
Change on F'20	(903)	(852)	(1 755)	(870)	(700)	(1 570)	<b>(3 325)</b>
<b>Ebitdar</b>							
F'21	(160)	(46)	(206)	47	(18)	29	<b>(177)</b>
F'20	206	353	559	481	312	793	<b>1 352</b>
Change on F'20	(366)	(399)	(765)	(434)	(330)	(764)	<b>(1 529)</b>
<b>Adjusted earnings</b>							
F'21	(216)	(210)	(426)	(92)	(115)	(207)	<b>(633)</b>
F'20	(18)	91	73	142	63	205	<b>278</b>
Change on F'20	(198)	(301)	(499)	(234)	(178)	(412)	<b>(911)</b>

## SOUTH AFRICA SYSTEM-WIDE PORTFOLIO – TREND IN ROOMS SOLD

Lockdown	July Level 3	August Level 3 2	September Level 2 1	October Level 1	November Level 1	December Level 1 3	January Level 3	February Level 2	March Level 1	April Level 1
<b>Total F'21</b>	<b>20 117</b>	<b>33 710</b>	<b>66 268</b>	<b>88 370</b>	<b>102 155</b>	<b>113 071</b>	<b>50 712</b>	<b>67 629</b>	<b>106 899</b>	<b>117 952</b>
Total F'20	262 886	263 352	288 360	286 017	289 080	257 008	226 203	264 092	154 183	4 547
% of prior period	8%	13%	23%	31%	35%	44%	22%	26%	69%	n/a

## ROOMS SOLD – F'94 TO F'21



## INCOME STATEMENT (Rm)

	F'21	F'20	Change on
<b>Income</b>	<b>1 138</b>	4 463	(3 325)
Rooms revenue	<b>593</b>	2 791	(2 198)
Food & beverage revenue	<b>269</b>	1 063	(794)
Property rental income (net of costs)	<b>27</b>	319	(292)
Other income	<b>249</b>	290	(41)
<b>Overheads</b>	<b>(1 315)</b>	(3 111)	1 796
<b>Ebitdar</b>	<b>(177)</b>	1 352	(1 529)
LTI expense	<b>(14)</b>	(17)	3
Property rentals	<b>22</b>	(84)	106
Property rentals	<b>(106)</b>	(210)	104
Property rentals – IFRS16	<b>128</b>	126	2
Amortisation & depreciation	<b>(407)</b>	(348)	(59)
Amortisation & depreciation	<b>(329)</b>	(289)	(40)
Amortisation & depreciation – IFRS16	<b>(78)</b>	(59)	(19)
Exceptional items	<b>(80)</b>	(1 669)	1 589
Loss before interest and taxation (c/f)	<b>(656)</b>	(766)	110

<b>Owned stats</b>	<b>F'21</b>	F'20
Occupancy (%)	<b>12.2</b>	59.3
Average room rate (R)	<b>1 019</b>	1 090
RevPar (R)	<b>124</b>	647
Rooms available ('000)	<b>4 769</b>	4 314
Rooms sold ('000)	<b>582</b>	2 560
Rooms revenue (Rm)	<b>593</b>	2 791

## INCOME STATEMENT (Rm) CONTINUED

	F'21	F'20	Change on
<b>Loss before interest and taxation (b/f)</b>	<b>(656)</b>	(766)	110
Finance costs (net)	<b>(346)</b>	(360)	14
Finance costs (net)	<b>(218)</b>	(259)	41
Finance costs – IFRS16	<b>(128)</b>	(101)	(27)
Share of loss of associates & joint ventures	<b>(128)</b>	(3)	(125)
Income tax	<b>148</b>	(96)	244
<b>Profit for the period</b>	<b>(982)</b>	(1 225)	243
Non-controlling interests	<b>86</b>	329	(243)
<b>Attributable loss</b>	<b>(896)</b>	(896)	-
Number of shares in issue (million)	<b>1 478</b>	1 061	
Weighted number of shares in issue (million)	<b>1 233</b>	1 061	
<b>Basic and diluted earnings per share (cents)</b>	<b>(72.7)</b>	(84.5)	

## RECONCILIATION TO HEADLINE EARNINGS (Rm)

	F'21		F'20	
	Gross	Net	Gross	Net
<b>Attributable loss</b>		<b>(896)</b>		<b>(896)</b>
Loss on disposal of PPE	1	-	2	2
Impairment of PPE	237	236	716	664
Fair value adjustment of investment property	99	83	888	888
Impairments of investments in associates	15	15	17	17
Share of associates' (IHL) headline earning adjustment	100	100	41	41
Impairment of goodwill	30	30	-	-
Gain on disposal of investment in joint venture	(355)	(355)	-	-
Total non-controlling interest effects of adjustments	4	4	(500)	(500)
<b>Headline (loss) / earnings</b>		<b>(783)</b>		<b>216</b>
Weighted average number of shares in issue (millions)		1 233		1 061
<b>Basic and diluted headline (loss)/earnings per share (cents)</b>		<b>(63.5)</b>		<b>20.4</b>



## RECONCILIATION TO ADJUSTED HEADLINE EARNINGS (Rm)

	F'21		F'20	
	Gross	Net	Gross	Net
<b>Headline (loss) / earnings</b>		<b>(783)</b>		216
Transaction costs	6	6	3	2
Restructuring costs (including termination benefits)	36	26	40	30
Pre-opening expenses	3	2	-	-
Impairment of inventory	8	8	2	2
Derecognition of deferred tax	-	-	30	30
Fair value adjustment on RDI investment	-	-	1	1
Tax effects of HPF ceasing to be a REIT	105	105	-	-
Share of associates' exceptional items	3	3	1	1
Non-controlling interest effects of exceptional items	-	-	(4)	(4)
<b>Adjusted headline (loss) / earnings</b>		<b>(633)</b>		278
Weighted number of shares in issue (millions)		1 233		1 061
<b>Basic and diluted adjusted headline (loss) / earnings per share (cents)</b>		<b>(51.4)</b>		26.2

## EXCEPTIONAL ITEMS – FV ADJUSTMENT ON INVESTMENT PROPERTIES (Rm)

	WACC %	FV adjustment
<b>Fair value adjustment on investment properties</b>		
Champagne Sports Resort	14.0	(31)
Birchwood Hotel and ORT Conference Centre	14.0	34
Radisson Blu Waterfront	13.0	(51)
Sandton Eye	13.0	(24)
		<b>(72)</b>
<b>Fair value adjustment on investment properties prior to transfer to PPE</b>		
Southern Sun Marine	13.0	(1)
The Edward	14.0	(2)
Hazyview Sun	14.0	(1)
Radisson Blu Gautrain	13.0	(3)
The Westin	13.5	(18)
Mount Grace Hotel & Spa	13.5	(2)
<b>Total</b>		<b>(27)</b>
<b>Total</b>		<b>(99)</b>

## EXCEPTIONAL ITEMS – IMPAIRMENTS OF PPE (Rm)

	WACC %	FV adjustment
<b>Impairment of PPE – Hotels SA</b>		
Southern Sun Rosebank	14.0	(5)
Holiday Inn Sandton	13.5	(27)
Garden Court Eastgate	14.0	(13)
Garden Court Umhlanga	13.5	(1)
Southern Sun Hyde Park	13.5	(22)
		<b>(68)</b>
<b>Impairments of PPE - HPF</b>		
The Westin	13.5	(12)
The Edward	14.0	(11)
Southern Sun The Marine	13.0	(2)
		<b>(25)</b>
<b>Impairments of PPE – Hotels Offshore</b>		
Southern Sun Dar-es-Salaam	9.7	(3)
Southern Sun Ikoyi	10.9	(35)
Southern Sun Ridgeway	17.5	(106)
		<b>(144)</b>
<b>Total</b>		<b>(237)</b>

## SEGMENTAL ANALYSIS (Rm)

	Income		Ebitdar	
	F'21	F'20	F'21	F'20
<b>Manco</b>	<b>68</b>	266	<b>(27)</b>	154
<b>Rental income – HPF</b>	<b>27</b>	310	<b>27</b>	310
<b>Trading income – HPF</b>	<b>38</b>	-	<b>(24)</b>	-
<b>Internally managed</b>	<b>904</b>	3 501	<b>(131)</b>	787
Coastal	<b>429</b>	1 885	<b>(92)</b>	463
Inland	<b>334</b>	1 344	<b>(56)</b>	262
Other	<b>141</b>	272	<b>17</b>	62
<b>Offshore</b>	<b>135</b>	569	<b>(22)</b>	101
Internal management fees	<b>(34)</b>	(183)	-	-
<b>Total</b>	<b>1 138</b>	4 463	<b>(177)</b>	1 352
<b>Analysed as:</b>			<b>(177)</b>	1 352
Hotels SA			<b>(155)</b>	1 251
Hotels Offshore			<b>(22)</b>	101

## CASH FLOW (Rm)

	F'21	F'20
<b>Ebitdar per income statement</b>	<b>(177)</b>	1 352
Property rentals	(106)	(210)
Move in working capital adjusted for non-cash and exceptional items	144	95
Dividend income from associates	-	22
<b>Cash (utilised)/generated from operations</b>	<b>(139)</b>	1 259
Net finance costs paid (excluding IFRS16 adjustments)	(218)	(259)
Taxation paid	(42)	(120)
Operating equipment purchased	(1)	(30)
Maintenance capex	(46)	(366)
<b>Free cash (outflow)/inflow (c/f)</b>	<b>(446)</b>	484

## CASH FLOW (Rm) CONTINUED

	F'21	F'20
<b>Free cash (outflow)/inflow (b/f)</b>	<b>(446)</b>	484
Dividends paid to NCI	-	(245)
Disposal proceeds	-	6
Investment activities – expansion capex	<b>(16)</b>	(211)
Associates, joint ventures, loans and investments	<b>481</b>	(60)
<b>Net cash surplus / (deficit)</b>	<b>19</b>	(26)
Currency	<b>(13)</b>	31
<b>Move in net IBD</b>	<b>6</b>	5
Opening net IBD	<b>(3 252)</b>	(2 963)
Prepaid borrowing costs and accrued interest	<b>2</b>	8
Currency	<b>175</b>	(302)
<b>Closing net IBD</b>	<b>(3 069)</b>	(3 252)

## CASH FLOW ANALYSIS (Rm)

	Hotels SA	Hotels Offshore	F'21
<b>Opening net IBD</b>	(1 977)	(1 275)	<b>(3 252)</b>
<b>Net IBD movement</b>	(386)	569	<b>183</b>
Comprising of:			
<b>Ebitdar / (Cash burn)</b>	(155)	(22)	<b>(177)</b>
COVID-19 contractual income	125	-	<b>125</b>
Trading income	903	135	<b>1 038</b>
Less:			
Employee costs (including termination benefits)	(489)	(67)	<b>(556)</b>
Heat, light and power	(122)	(16)	<b>(138)</b>
Property rates	(160)	(1)	<b>(161)</b>
Other operating costs	(412)	(73)	<b>(485)</b>
Property rent	(106)	-	<b>(106)</b>
Working capital inflow	131	13	<b>144</b>
Maintenance capex (including operating equipment)	(42)	(5)	<b>(47)</b>
Expansion capex	(16)	-	<b>(16)</b>
Taxation paid	(39)	(3)	<b>(42)</b>
Finance costs paid (including prepaid borrowing costs)	(178)	(38)	<b>(216)</b>
Associates, joint ventures, loans and investments	19	462	<b>481</b>
Currency	-	162	<b>162</b>
<b>Closing net IBD</b>	<b>(2 363)</b>	<b>(706)</b>	<b>(3 069)</b>



## INVESTMENT ACTIVITIES (Rm)

	F'21	F'20
<b>Investment activities</b>	<b>16</b>	211
Southern Sun Pretoria	-	200
Riverside Conference Centre	16	11
<b>Maintenance capex</b>	<b>46</b>	366
Hotel major refurbishments:		
Southern Sun Ridgeway Lusaka	-	73
Southern Sun Ikoyi	-	12
Southern Sun Elangeni - Maharani	2	
Southern Sun Cape Sun	3	9
Resorts (Drakensburg Sun & Sabi River Sun)	7	-
Garden Court Hatfield	2	11
Westin Cape Town	-	70
Southern Sun Rosebank	7	-
Other maintenance capex	25	191
<b>Total investment spend</b>	<b>62</b>	577

## INTEREST BEARING DEBT (Rm)

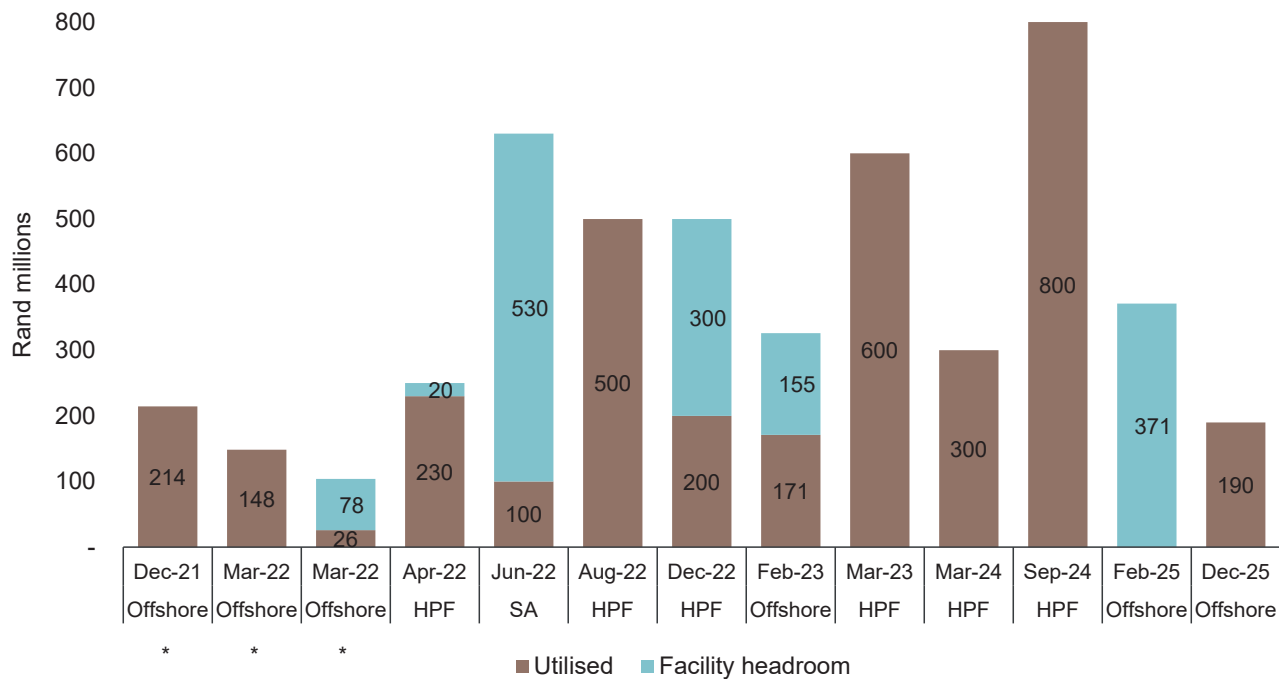
	F'21	F'20
External debt – Offshore (US\$ based)	750	1 430
External debt (Rand based)	2 730	2 550
Prepaid borrowing costs	(4)	(6)
<b>Gross IBD</b>	<b>3 476</b>	<b>3 974</b>
Cash on hand – Hotels SA	(365)	(571)
Cash on hand – Hotels Offshore	(42)	(151)
<b>Net IBD</b>	<b>3 069</b>	<b>3 252</b>
<b>Analysed as:</b> Hotels SA	<b>2 363</b>	<b>1 977</b>
Hotels Offshore	<b>706</b>	<b>1 275</b>
Cost of net debt — pre tax	7.0%	8.1%
— post tax	5.1%	6.1%

## FINANCIAL COVENANT WAIVERS AND FACILITIES

---

- Lenders have approved covenant waivers for September 2021 subject to revised Ebitda and liquidity thresholds
- Based on the COVID-19 interventions already implemented and cash flow forecasts, management believes that the company should meet revised covenant levels
- Tsogo Sun Hotels has successfully extended its R600m general banking facility of which R100m was utilised at 31 March 2021, to 30 June 2022
- Terms have also been agreed to refinance the US\$25m Mozambican facilities expiring within the next 12 months for a further 5 years and only Mozambican Central Bank approval is still outstanding
- As at 31 March 2021, the group has net cash and cash equivalents of R407m (March 2020: R722m). The group has R3.5bn (March 2020: R4.bn) of interest-bearing debt (excluding capitalised lease liabilities)
- Access to R1.5bn in undrawn facilities to meet its obligations as they become due

# GROUP FACILITY PROFILE



\* US\$25m Mozambican facilities refinanced for a further 5 years – only Central Bank approval outstanding

# COVID-19 STATUS AND ACTION PLAN

---

## Phased re-activation of portfolio

- Leisure hotels opened earlier to cater for demand for both intra and inter-provincial travel
- Outlying hotels that traditionally cater to government and corporate groups traded better in the second half of the year
- The lifting of the international travel ban and the move to level 1 restrictions was a positive step towards reviving the South African tourism sector and saw the group steadily increasing rooms sold from 88 370 in October 2020 to 113 071 in December 2020
- The closure of beaches and the alcohol ban that accompanied the adjusted level 3 lockdown in response to the country's 2nd wave of infections was particularly detrimental to the hospitality industry as they negatively impact guests' willingness to travel. The impact is reflected by the decline in the number of rooms sold to 50 712 in January 2021
- The negative publicity around the South African variant of the COVID-19 virus resulted in South Africa being added to the travel ban "red" list of many of the group's key source markets including Germany, the United Kingdom, France and the United States of America

# COVID-19 STATUS AND ACTION PLAN

---

## Phased re-activation of portfolio

- As a result, recovery in the international and corporate travel markets is likely to take longer than originally anticipated, particularly if there is a third wave of infections or further delays in the vaccine rollout locally
- The group's Sandton and Cape regions are expected to experience muted trading for the short to medium term with corporates only expected to lift travel restrictions and return to their offices post July 2021 and the Western Cape seeing a potential recovery in international business in the summer of 2021/2022
- The limitations on international travel and conferencing, along with the potential third wave of infection mean that the group will largely be reliant on the domestic leisure and sport segments over the coming months
- The announcement that the British and Irish Lions rugby tour would proceed in South Africa during July 2021 came as welcome good news
- While it is unclear whether spectators will be able to travel without onerous quarantine requirements or whether they will be allowed into stadiums, the group should benefit from being an accommodation provider to the event with each hotel acting as a designated bio-bubble for teams, support staff and the media

# CORPORATE ACTIVITY

---

## MAIA

- Sale of MAIA for R467m was opportune and improved the group's liquidity

## Investment Property in Hospitality

- Five of Hospitality's properties were vacated by Marriott during the year and are now managed by Tsogo Sun Hotels
  - Arabella Hotel, Golf & Spa
  - Hazyview Sun
  - The Edward
  - Mount Grace Hotel & Spa and
  - Southern Sun The Marine
- Hospitality's acquisition of the operating/tenant companies of the Westin (Vexicure – 85%) and the Radisson Gautrain (Ash Brook – 100%) resulting in these two hotels being transferred into owner-occupied property, plant and equipment
- The group now recognises the trading results of these 7 hotels as opposed to rental income and only 5 hotels classified as investment properties earning rental income remain



# CORPORATE ACTIVITY

---

## Hospitality

- As announced on SENS on 11 March 2021, the group successfully acquired 100% of Hospitality's ordinary shares in issue in exchange for the issue of 417 million Tsogo Sun Hotels' shares at an exchange ratio of 1.77
- With effect from 2 February 2021, Hospitality delisted from the JSE as an Equity Issuer but it remains listed as an Interest Rate Issuer (Corporate Bonds)
- Hospitality no longer operates as a REIT and has adopted the Tsogo Sun Hotels corporate governance framework
- This transaction was structured as a share-for-share transaction to preserve cash resources in order to withstand the impact of COVID-19
- Its successful completion eliminates the pressure for Hospitality to declare pre-tax cash distributions and will allow the group to focus on rebuilding the balance sheet once trading normalizes by reducing debt in the short to medium term

# PROSPECTS

---

## Trading

- Encouraged by the move back to Level 1 with rooms sold increasing to 106 889 in March 2021 and to 117 952 in April 2021
- Group currently has 86% of its hotel portfolio open and trading
- Hotels that remain closed are concentrated in the Cape Town and Sandton nodes in South Africa which are dependent on corporate and international travel as well as StayEasy Maputo, Southern Sun Dar-es-Salaam and Paradise Sun in the Offshore portfolio.
- Paradise Sun is scheduled to open in July 2021 to take advantage of European summer holidays and management continues to monitor demand levels to reactivate or deactivate hotels
- Given the pace of the vaccine rollout and the resurgence of new waves of infections globally it is clear that the recovery of the hospitality industry will be long and slow
- Substantial permanent cost savings have been achieved through the restructure of operations at head office and unit level. This process began before Covid-19 but was accelerated by the pandemic

