Southern Sun
INTEGRATED ANNUAL REPORT 2024

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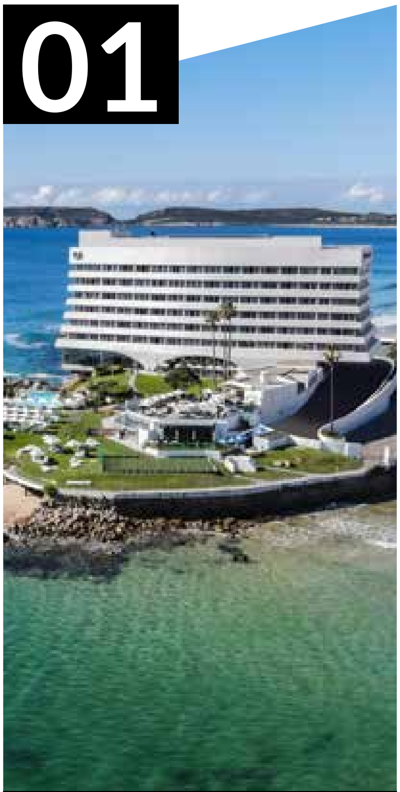

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Find more detailed information on our website relating to Southern Sun and our integrated annual report

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Social platforms via other media:

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

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

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

www.southernsun.com

ABOUT THIS REPORT

Reporting approach

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

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

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

Assured element	Assurance provided	Assurance provider
Consolidated financial statements	External audit	Deloitte & Touche (Deloitte)
Broad-based black economic empowerment (B-BBEE) level 1 contributor status	Verification	Empowerdex Proprietary Limited
Internal audit	Internal controls	GRiPP Advisory Proprietary Limited
Information technology (IT)	Cyber-security maturity	Performanta South Africa Proprietary Limited

Scope and boundaries

The contents of this report relate to Southern Sun (Southern Sun or the company) and its subsidiaries (the group) for the 2024 financial year and beyond. This report covers Southern Sun's performance for the year ended 31 March 2024 compared to the prior year ended 31 March 2023. The matters included address material issues for the group, associates and joint ventures.

The process we utilised in determining and applying materiality is included on page 33 of this report.


54 on Bath

With the exception of environmental disclosures which cover both the South African and Offshore operations of the group, the remainder of the non-financial disclosures set out in this report focus only on the South African operations which make up 93% of our income.

The scope and boundaries of environmental disclosures are defined on page 41.

Reporting suite

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

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

Board approval

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

John Copelyn
Chairman

Marcel von Aulock
Chief Executive Officer

31 July 2024

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GROUP OVERVIEW

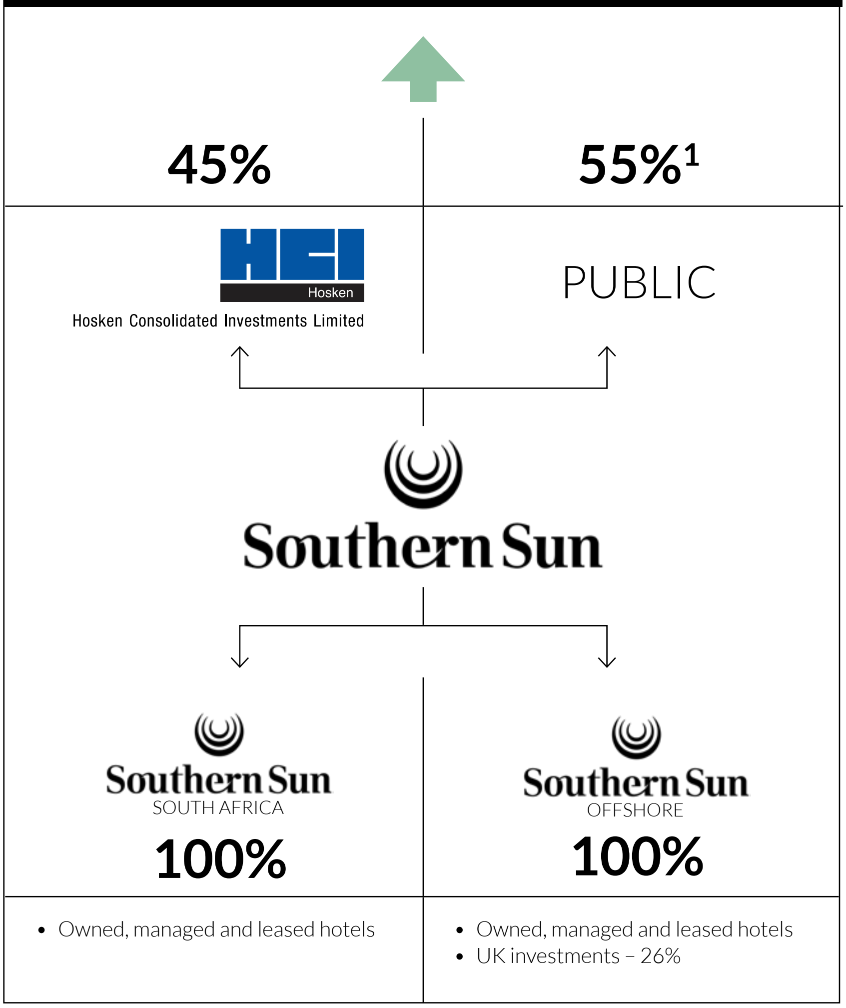
OUR VISION

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

Who we are

Southern Sun is Southern Africa's leading hospitality group, comprising over 90 hotels and resorts, a wide selection of restaurants and more than 300 conference and banqueting venues located in South Africa, Africa, Seychelles, and the Middle East.

Our group structure



[1] *Includes directors and associates that own 1.7% of the company's total issued capital.*

Our owners

Our key shareholder at 31 March 2024 was Hosken Consolidated Investments Limited (HCI), a JSE-listed investment holding company that directly and indirectly owned 44.9% of the total issued share capital of the company, including treasury shares.

The HCI shareholding is of particular importance to the group as it provides the bulk of the 67% effective black ownership. Our empowerment ownership is an important part of our transformation agenda and a factor considered by government and other public bodies in awarding contracts. Furthermore, our empowerment ownership may influence relationships with customers or suppliers as it contributes to their B-BBEE status.

JOINT STATEMENT FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

John Copelyn, *Non-executive Chairman*

As we reflect on the 2024 year under review, we are proud of what our team has managed to achieve since the pandemic began.

From separately listing on the JSE in June 2019 to the closure of most of our hotels a mere nine months later, the group entered the pandemic with R3.3 billion in interest-bearing debt. Four years later and we have de-risked the balance sheet, reducing debt to R1.0 billion principally through the sale of assets: the ultra-luxury Maia hotel in Seychelles and the Southern Sun Ikoyi hotel in Nigeria. These transactions generated US-dollar proceeds equivalent to R1.2 billion and allowed us to reduce our foreign exchange risk by settling a significant portion of US-dollar denominated debt.

While navigating the pandemic was an extremely difficult time for the group, it did provide us with an opportunity to reconsider every operating department in the business and whether it was appropriately sized or even necessary at all. At the same time, the outright acquisition and delisting of Hospitality further simplified the group, eliminating the cost of maintaining two separate listings and the burden of declaring distributions to comply with REIT legislation.

The message internally across our operational management teams is that in our business of high volume, low value transactions; every unnecessary expense or missed opportunity to sell a room is material. The discipline of retaining these operational efficiencies together with our hotel distribution and well-recognised brands, means that we are well-positioned to benefit from growth in South African tourism.

Operations

Revenue for the year was largely driven by room rates with average room rates increasing by 10% from the prior year. This is attributable to strong tourism, business travel and event-related demand, particularly in Cape Town where the group has significant exposure. Luxury hotel guests have proven more resilient to prevailing economic pressures such as inflation and rising interest rates, being influenced more by location and personal preference rather than price.

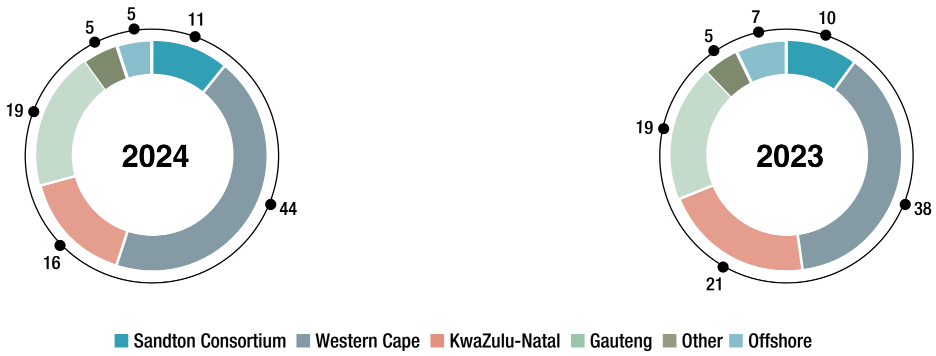
The group's occupancy at 58.6% reflects the low growth economic environment prevalent in South Africa. We are optimistic that under the newly elected Government of National Unity there will be more certainty regarding government policy and that private sector collaborations initiated to solve the myriad of challenges facing the country will gain traction. Pent-up demand for travel and accommodation by both domestic and international corporates as well as government should begin to materialise, benefiting the group's hotels in both Gauteng and KwaZulu-Natal which are weighted towards these segments.

Despite occupancies still being below pre-pandemic levels, operational efficiencies have improved profitability, and the group achieved a 32% Ebitdar growth to R1.9 billion from a 19% growth in revenue, a record for Southern Sun. Regional contribution to Ebitdar is set out in the charts on page 4 and the Western Cape is the group's best performing region contributing 44% to total group Ebitdar with hotels capitalising on strong foreign inbound travel and eventing demand. Gauteng continues to contribute 19% to overall group

Marcel von Aulock, *Chief Executive Officer*

Ebitdar, however, this region's performance is bolstered by the solid performance of hotels located in prime business hubs near OR Tambo International Airport and Sandton Convention Centre, with the latter hosting the 15th BRICS Summit in August 2023. Hotels outside of these nodes have not yet fully recovered but are showing signs of improvement. Since the group only retains fee income from the lease of the Sandton Consortium hotels, they have been excluded from the Gauteng region.

KwaZulu-Natal has had a difficult year and, while it was the group's strongest region during the pandemic when it benefited from domestic tourism as well as corporate and government business due to its proximity to Gauteng, its Ebitdar contribution has reduced to 16% of total group Ebitdar. Durban has struggled to attract tourism as the negative PR about issues such as polluted sea waters and the after-effect of the July 2021 riots impact public perception of the city. Corporate demand has also relocated to uMhlanga where the group is currently underrepresented. Even government demand lagged in the lead up to the elections as fears of unrest kept travel to a minimum. However, we are optimistic that the newly elected provincial government will continue its commitment to rebuilding and improving conditions in Durban.



Note: Investment properties have been collapsed into the province in which the hotels are located, and the Manco segment has been incorporated into the Other segment.

Following the sale of our Nigerian hotel, which accounts for the decline in Ebitdar contribution from the Offshore division, Mozambique, Seychelles and Zambia are now the largest contributors to Offshore Ebitdar. Despite development delays in the oil and gas sectors in Mozambique, Southern Sun and StayEasy Maputo achieved Ebitdar growth of 37%, benefiting from shipping business redirected from Durban's port. The Paradise Sun hotel in Seychelles met trading expectations thanks to support from the European market. Trading at Southern Sun The Ridge in Zambia was muted due to its reliance on corporate travel from South Africa which has not recovered to pre-Covid-19 levels, however, business has improved within the sports, government, and NGO segments. The process of re-opening the Southern Sun Dar es Salaam in Tanzania, which is the only group hotel still closed since the pandemic, is currently underway and is expected to be completed in October 2024.

Prospects

Tourism internationally is thriving, and South Africa continues to benefit from strong international demand. This could be even stronger with the simplification of Visa application processes for certain growth markets like China and India, and further activation of inbound air capacity to the country. The middle-income international traveller has not yet recovered to pre-Covid-19 levels and represents a growth opportunity.

There are several events being hosted in South Africa in the coming year where the group can capitalise on its national distribution and ability to successfully host and coordinate large conferences. These events, together with increasing demand from international and domestic corporates, present opportunities for the group to grow occupancies and yield average room rates. Together with the high operational gearing in the business, this would result in a substantial flow through to Ebitdar, even at reasonable revenue growth.

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

Strategy

Southern Sun's biggest strength is our portfolio of owned hotel properties which are distributed across the country in prime locations. At current new build costs, it would be near impossible to replicate our scale or to make a reasonable return on that investment from hotels located in secondary nodes. Consequently, we have adopted an introspective strategy and instead of targeting an increase in number of rooms or hotel properties, our focus is on optimising the returns from our own hotels. As a first phase, we are refurbishing our flagship properties in Cape Town, Sandton, and Rosebank to ensure that they remain best-in-class and our customers' preferred accommodation providers. The renovation of Southern Sun The Cullinan includes the refurbishment of the lobby, meeting rooms, and bedrooms; water piping and swimming pool repairs as well as an expansion of the pool deck for more eventing space. The hotel re-opened in July 2024 after a month's closure, to excellent reviews from guests.

At Southern Sun Sandton, the renovation of the restaurant along with two floors of bedrooms have been completed with the balance of the rooms scheduled for completion in 2025. The refreshed look will help us leverage our relationships with sporting bodies, corporates and government and we have already seen an improvement in trading at this hotel.

The Southern Sun Rosebank refurbishment has been prioritised to reposition the hotel as a flagship property in Rosebank. The scope of works includes the bedrooms, corridors, and the lift lobby in the South Tower. The bedroom mock-up is complete and the refurbishment of 200 bedrooms in the South Tower is planned for 2025.

While not funded by the group, the Sandton Towers is important to our brand recognition and relationship with Liberty, and we are proud to be managing the renovation of this iconic hotel. The scope of works includes the bedrooms, lobby furniture, the club lounges and key plant and machinery. The hotel closed on 26 April 2024 and will reopen on 27 November 2024.

Certain images are artist's impressions and for illustrative purposes only.

The second phase of our refurbishment programme is in planning stage and includes mock-ups of Southern Sun Hyde Park, Mount Grace Hotel & Spa, Southern Sun Mbombela, Southern Sun Pretoria, Southern Sun Bloemfontein, and Paradise Sun. With the group's debt at a sustainable level all these projects can be funded from operational cash flows, but we are cognisant of the learnings from the pandemic and refurbishments can be postponed and cash conserved during periods of depressed trading if necessary.

Our current enterprise value represents a substantial discount to the fair market value of our properties and an even greater discount to their replacement value. Consequently, any new hotel developments or acquisitions are considered carefully in terms of capital allocation and investment returns. Any potential transaction would have to provide the group with additional exposure to strategically important nodes at the right price. Our acquisition of the minority interest in the Birchwood Hotel & Conference Centre for R180 million and the land adjacent to our Garden Court uMhlanga hotel for R36 million, met these hurdles.

Given the disparity between new build costs and the discount at which our shares trade on the JSE, the best investment the group could make is to buy more of its own hotels. The total share buyback of 145 million shares at an average price of R4.57 equates to a return on free cash flow per share of 15%. Should the company's shares remain undervalued, we will continue to buy back shares and in the absence of major investments will continue to return cash to shareholders, having declared and paid our first dividend of 12.5 cents per share in June 2024.

Finally, our people are responsible for delivering our promise of exceptional experiences to our guests and we continue to reinforce our group values through our internal training platforms.

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

Appreciation

Our sincere gratitude goes to the people of Southern Sun for their continued support and dedication to our values. We also want to thank the group's stakeholders and financiers for their support during the last few difficult years and through the recovery.

John Copelyn
Non-executive Chairman

Marcel von Aulock
Chief Executive Officer

SOUTHERN SUN THROUGH THE YEARS

1969 to 1983

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

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

1983 to 1994

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

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

1994 to 1999

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

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

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

2003 to 2011

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

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

2012 to 2018

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

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

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

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

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

Arabella Hotel, Golf & Spa

2019

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

2020 to 2021

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

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

2021 to 2022

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

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

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

The group successfully rebranded to Southern Sun.

2022 to 2023

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

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

2024

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

The group acquired, effective 1 October 2023, the balance of the Birchwood & OR Tambo Conference Centre land not already owned and declared a maiden dividend of 12.5 cents per share at year end.

STRATEGY AND PERFORMANCE REVIEW

How we create long-term sustainable value

Sustainability ⟵ **Our strategic objectives are** ⟶ Growth

The five key pillars of our sustainability include:

DELIVER TO OUR BENEFICIARIES

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

- **Level 1** (2023: Level 1) B-BBEE contributor
- Black ownership **67%** (2023: 60%)
- **R3.1 billion** (2023: R2.8 billion) value added to black economic empowered businesses and government
- **40** (2023: 67) beneficiaries supported through the Southern Sun Entrepreneurs programme

PRODUCT RELEVANCE TO CUSTOMER EXPERIENCE

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

- **16 942** (2023: 16 942) hotel rooms across all market segments
- **87%** (2023: 82%) hotel guest satisfaction

REGULATORY COMPLIANCE

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

- No significant regulation breaches

SKILLED HUMAN RESOURCES

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

- **6 025** (2023: 5 874) direct employees
- **95%** (2023: 94%) of employees are African, Coloured and Indian and **56%** (2023: 56%) are women

FINANCIAL STRENGTH AND DURABILITY

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

- Declaration of dividends in line with an appropriate dividend policy
- Reducing debt levels to **R1.0 billion** (2023: R1.3 billion)
- Maintaining cost efficiencies
- Managing liquidity
- Unutilised facilities plus cash of **R1.9 billion** (2023: R1.6 billion)
- **2.2** (2023: 3.2) years weighted average expiry of debt facilities
- **127%** (2023: 120%) of the group's net debt is hedged

Riverside Sun

The value of a business is the present value of the future cash flows that can be generated by the assets and other capitals utilised by the business. Growth in cash flows over time is generated through the optimal operation of the group's capitals (organic growth) and building the tangible and intangible asset base of the group through developing and acquiring new businesses (inorganic growth).

Organic growth

Optimal operation of the group's capitals generates growth in cash flow and thus value	2024	2023
Income (Rm)	**6 047**	5 081*
Ebitdar (Rm)	**1 902**	1 436*
Ebitdar margin (%)	**31**	28*
Adjusted headline profit per share (cents)	**56.4**	30.0*
Free cash flow (Rm)	**970**	753
Maintenance capital expenditure (Rm)	**298**	104

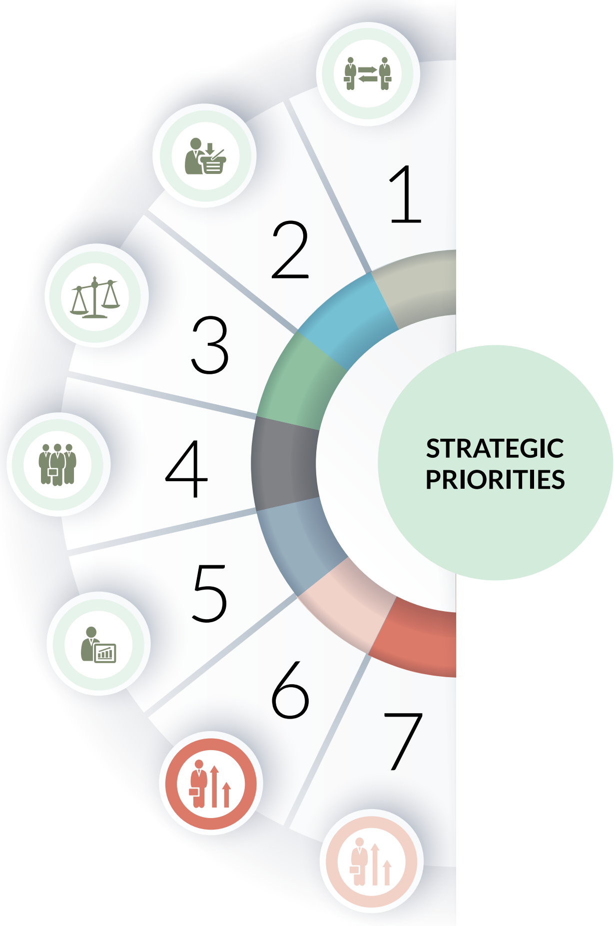
* *Excludes the Separation Payment of R399 million and includes discontinued operations.*

Inorganic growth

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

- Acquisition of four sectional title units at Garden Court Victoria Junction
- Acquisition of land in uMhlanga, adjacent to one of our existing hotels, for future development
- Acquisition of the 25% minority interest in Birchwood Hotel & OR Tambo Conference Centre, by acquiring the land and certain moveable assets not already owned.

STRATEGIC PRIORITIES AND GROWTH DRIVERS



Sustainability

1. Deliver to our beneficiaries

- Current shareholding, corporate social investment, enterprise development and environmental programmes are effective
- Payment of dividends

2. Product relevance to customer experience

- Adequate maintenance capex
- Strong development skills in-house
- Proactive marketing of products and brands
- Improvement of existing products and brands
- Management of booking channels
- Rebranding of hotels to Southern Sun's collection of brands

3. Regulatory compliance

- An integral part of our corporate culture
- Viewed as a vital investment and not an unavoidable cost

4. Skilled human resources

- Adequate resources and skills
- Engaged workforce

5. Financial strength and durability

- Judicious use of gearing and adequate facilities
- Own most of our assets

6. Organic growth

- Significant focus on getting more out of existing businesses
- Continued cost focus
- Systems and values

7. Inorganic growth

- New projects/acquisitions

Growth

GROWTH DRIVERS

ECONOMIC RECOVERY	• Growth in revenue per available room (RevPar) as economy improves through higher occupancies and the resultant rate increase and yielding opportunities • Focus on costs to protect margins
ECONOMIC CYCLE	• Hospitality industry's economic cycle is generally closely tied to the macroeconomic cycle • Cyclical and seasonal nature of the business links into the macroeconomic environment and key analytics on trends remain crucial to support investment decisions
PORTFOLIO MANAGEMENT	• Hotel operations require specialist expertise and are highly management and labour intensive • A constant focus on improvement and development for each hotel is necessary to maintain products that are relevant to their markets
LOCATION	• Hotels, restaurants and conference facilities in prime locations, where visibility and accessibility to major business hubs or points of leisure interest are important demand drivers
INVESTMENT IN SOUTH AFRICAN HOTELS	• Renovations of existing hotel portfolio, property acquisitions or greenfield developments • Management contracts in South Africa
EXPANSION IN OFFSHORE HOTELS	• Management contracts in Africa and the Middle East • Investment in UK management company
CAPITAL CAPACITY	• Maintain an appropriate weighting of debt and equity • Balance cash requirements for reinvestment with shareholders' expectations for dividends • Ensure sufficient flexibility to adapt to prevailing economic conditions to maintain and improve the portfolio

BUSINESS MODEL

OUR CAPITALS – RESOURCES AND RELATIONSHIPS

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

The capitals that generate these cash flows include:

CAPITALS	UTILISATION OF THE CAPITALS
Manufactured	Significant focus is placed on the quality of the facilities and experiences offered at each of our hotels. To remain relevant, a variety of quality experiences must be provided at appropriate price points across all market segments. Our hotels have a wide geographic distribution that is key to the group's competitive advantage. We have continuously invested in developing and maintaining our properties to keep them relevant and fresh.
Product relevance to customer experience; Growth	45
Natural	Our utilisation of natural capital is predominantly driven by our requirement for optimally located properties upon which we have instituted property-specific environmental management systems focused mainly on energy, water, waste management and responsible procurement.
Deliver to our beneficiaries	39
Human	People are at the core of delivering the Southern Sun experience, both front and back of house. A pool of qualified, trained and talented people is required to deliver these experiences, supported by empowered management and relevant support services. Employee development and engagement remain focus areas to ensure we attract and retain the highest-calibre people to drive our strategy.
Skilled human resources	50
Intellectual	Our brands underpin the quality experiences of our customers. We are consistently striving to innovate our physical product, technology, accessibility and brands to remain relevant to our customers and superior to that of our competitors. Our intellectual capital is largely driven by our people, processes and systems, market intelligence and specialist business partners.
Product relevance to customer experience; Regulatory compliance	45
Financial	Our ability to generate cash flows as well as access to well-priced debt and equity funding determines our ability to fund organic and inorganic growth.
Financial strength and durability	59
Social and relationship	The quality and strength of relationships with our key stakeholders are vital to the long-term sustainability of Southern Sun. Being transparent and building trust and credibility with our key stakeholders is crucial to retaining our social and regulatory licence to operate.
Deliver to our beneficiaries; Regulatory compliance	39

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

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

BUSINESS MODEL *continued*

OPERATING MODEL

Key features

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

Portfolio philosophy

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

Southern Sun

Real estate	Land
	Buildings
Management of hotel operations	Operations
	Management
Brands	Brand Portfolio

Real estate

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

Land	Buildings
76 hotels	• **68** Managed by Southern Sun • **8** Managed by external operators including Marriott, Radisson and EcoMotel
South Africa	
5 hotels	• Managed by Southern Sun
Offshore	

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

Management of hotel operations

Operations	Management

14 hotels

- Managed for third parties

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

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

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

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

Key centralised services

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

Accounting

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

Brands, marketing and eCommerce

The Brands function is the centralised custodian of the group's family of brands including its architecture and strategy, brand assets, brand standards and customer experience, ensuring that our brand promise is delivered by the hotels. Marketing is aligned with the brand strategy and group objectives and includes core promotions such as the SunBreaks and TravelSmart campaigns, seasonal and individual hotel special offers, targeted advertising and sales support. The group's partnerships, public relations, and social media presence are all centralised and aligned with Brands and Marketing to ensure consistent messaging and appropriate management of the group's communications.

eCommerce encompasses a range of services, including the contact centre, website management (southernsun.com), digital marketing and channel management, all of which are leveraged across the group. This integrated approach ensures that our hotels have access to a diverse range of booking channels, global distribution systems, and sales channels at competitive rates. Additionally, our customer relationship management strategy includes the frequentGuest rewards programme, which has proven highly effective in fostering loyalty to our brands. 28% of the group's rooms revenue is generated by frequentGuest members, who recognise the value of SunRands, which are earned and redeemed at participating hotels.

Sales and revenue

A centralised sales team focuses on direct sales to existing key and potential new accounts. These involve account management and product training for larger customers including sports bodies, government, state-owned entities, conference organisers and corporate clients. The long-standing relationships we have developed with organisations such as the South African Rugby Union, stem from our ability to handle complex travel requirements countrywide, during normal season and extraordinary tournament periods. Our revenue management team works with the sales team, providing a more cohesive outlook towards top-line revenue generation, particularly contracted and negotiated revenue streams, which make up a material portion of our business.

Information technology

IT services include sourcing and maintaining appropriate business operating systems such as reservations, property management, financial systems sales and catering and the human resource management system (including payroll). All IT solutions reside on Microsoft-based operating systems and databases such as Oracle and Microsoft SQL Server. These services also include procurement and support of hardware including physical and cloud-based solutions, business computer and mobile requirements, networking of hotel solutions and WiFi infrastructure. IT security services have also continued to improve and implement systems that focus on the protection of the personal information of our guests, employees, suppliers, and associates and the protection of the business from cyber crimes and external infiltrations and/or threats.

Development

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

Human resources

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

These central services, together with the group Corporate Affairs, Tax and Secretariat and Group Risk and Insurance departments collectively makes up the management (Manco) division's activities, through which the group provides central services to its hotel operations.

Brand Portfolio

Luxury portfolio

Western Cape, KwaZulu-Natal, Gauteng, Seychelles	**7 hotels**	**1 205 rooms**

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

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

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

Arabella Hotel, Golf & Spa

Full service portfolio

Southern Sun Hotels and Southern Sun Resorts

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

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

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

Garden Court

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

South Africa, Zambia	**18 hotels**	**3 933 rooms**

SunSquare

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

Cape Town	**2 hotels**	**338 rooms**


Sandton Convention Centre

Economy portfolio

StayEasy

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

Cape Town, Eastgate, Pietermaritzburg, Pretoria, Zambia, Mozambique	**10* hotels**	**1 503* rooms**

* *Includes Tete Ferry Sun in Mozambique.*

SUN1

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

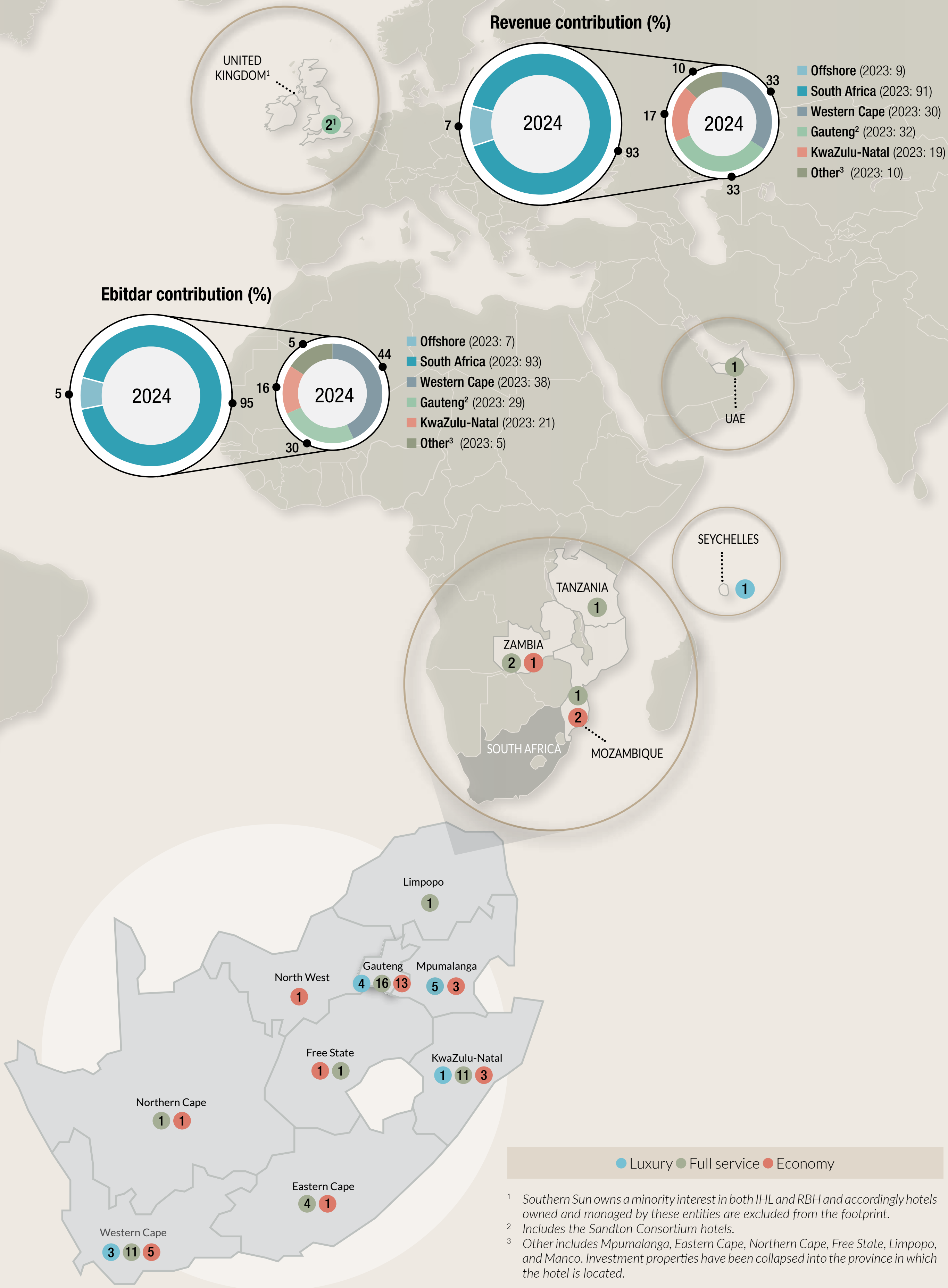
Countrywide	**19 hotels**	**1 509 rooms**

Sandton Convention Centre

The world-class Sandton Convention Centre (SCC) with 22 000 m^2 of flexible event space, is the foremost venue for hosting exhibitions, events and conferences of all sizes and scales in South Africa. From meetings in 10-seater boardrooms to functions for 4 500 guests in the grand pavilion, the SCC can host every imaginable requirement. It is flanked by three of our hotels (Garden Court Sandton City, Sandton Sun and Sandton Towers), which together offer over 1 000 hotel rooms.

Southern Sun's key differentiator in South Africa is its wide distribution of quality hotel products. Delivering consistently exceptional guest experiences remains the focus at our hotels and differentiates them in a commoditised industry.

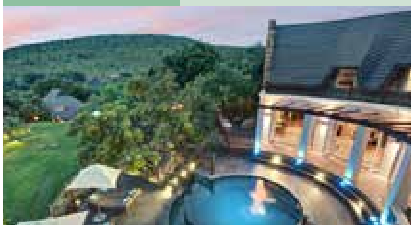
GEOGRAPHIC FOOTPRINT



Luxury Full service Economy

[1] *Southern Sun owns a minority interest in both IHL and RBH and accordingly hotels owned and managed by these entities are excluded from the footprint.*
[2] *Includes the Sandton Consortium hotels.*
[3] *Other includes Mpumalanga, Eastern Cape, Northern Cape, Free State, Limpopo, and Manco. Investment properties have been collapsed into the province in which the hotel is located.*

Luxury brands



Full service brands

Economy brands

SOUTHERN SUN BRANDS

87 HOTELS

EXTERNAL BRANDS

8 HOTELS

Portfolio segmentation

as at 31 March 2024

	Owned/leased		Managed		Total	
Southern Sun operated	**Hotels**	**Rooms**	**Hotels**	**Rooms**	**Hotels**	**Rooms**
Western Cape	**14**	**3 095**	**3**	**257**	**17**	**3 352**
Luxury	1	145	–	–	1	145
Full service	8	2 263	3	257	11	2 520
Economy	5	687	–	–	5	687
KwaZulu-Natal	**10**	**2 281**	**4**	**588**	**14**	**2 869**
Luxury	1	89	–	–	1	89
Full service	6	1 913	4	588	10	2 501
Economy	3	279	–	–	3	279
Gauteng	**27**	**4 849**	**1**	**138**	**28**	**4 987**
Luxury	3	753	1	138	4	891
Full service	13	3 060	–	–	13	3 060
Economy	11	1 036	–	–	11	1 036
Other	**17**	**2 024**	**2**	**138**	**19**	**2 162**
Luxury	–	–	–	–	–	–
Full service	10	1 402	2	138	12	1 540
Economy	7	622	–	–	7	622
Third-party operated	**8**	**2 046**	**–**	**–**	**8**	**2 046**
South Africa	**76**	**14 295**	**10**	**1 121**	**86**	**15 416**
Offshore	**5**	**780**	**4**	**746**	**9**	**1 526**
Total 2024	**81**	**15 075**	**14**	**1 867**	**95**	**16 942**
Total 2023	81	15 075	14	1 867	95	16 942

INVESTMENT CASE

Why invest in Southern Sun

Quality assets → Ownership → Customer-centric

01

HIGH-QUALITY ASSETS IN KEY LOCATIONS

High-quality assets

Location

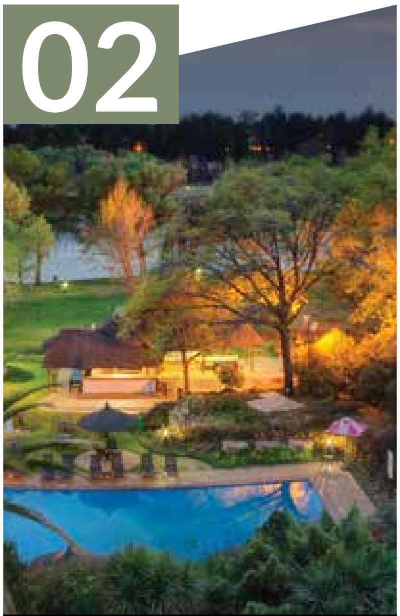
Geographic distribution

We operate high-quality hotels in which we invest significant capital to continually maintain and improve.

The location of the majority of our hotel properties in urban areas throughout South Africa maximises public exposure and ensures access to critical supplies and services.

The wide geographic distribution of our hotel properties in South Africa is mainly in key urban centres and is a fundamental market differentiator.

02



VAST MAJORITY OF ASSETS OWNED

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

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

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

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

03

RESPONSIVE TO CUSTOMER NEEDS

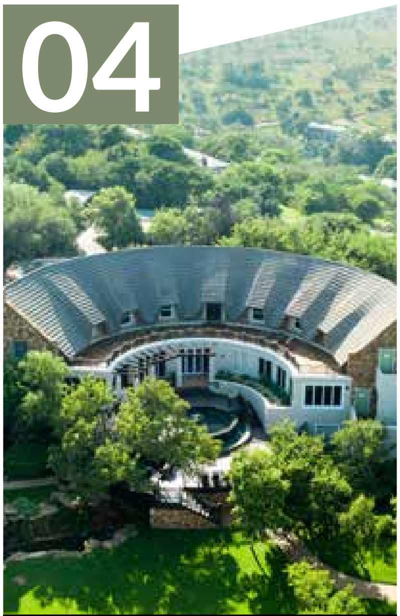
Participants in our frequentGuest programme contributed 28% (2023: 30%) of total rooms revenue for the year ended 31 March 2024

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

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

Brand recognition → Financial strength → Community development → Centralised management structure

04



STRONG PORTFOLIO OF BRANDS

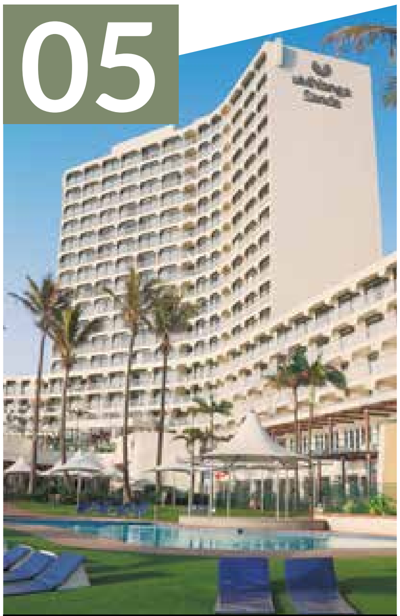
50 YEARS OF HOSPITALITY & ENTERTAINMENT

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

Over our 55-year heritage, we have achieved strong recognition across the business and leisure markets in South Africa and Africa.

By having a centralised marketing department and plan, marketing spend at individual units can be re-directed, and in some cases rationalised to focus on marketing initiatives that are beneficial across our entire portfolio. In recent years this has enabled efficiencies in our marketing efforts, reducing cost and improving brand alignment.

05



FINANCIAL STRENGTH AND DURABILITY

Use debt prudently

Monitor our leverage ratio and other covenant requirements

Manage interest rate risk

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

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

The group manages its interest rate risk for all South African debt, by using floating-to-fixed interest rate swaps, in line with its group policy, which requires a long-term hedging profile of approximately 50%, deviating to a minimum of 25% and a maximum of up to 100% of gross debt.

06

COMMITMENT TO BROAD-RANGING STAKEHOLDERS

Social investment in community development was R10 million during the year ended 31 March 2024

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

During the year ended 31 March 2024, the group's social investment in community development amounted to R10 million (2023: R9 million). This represents 0.2 percentage points (pp) more than the tourism sector code target.

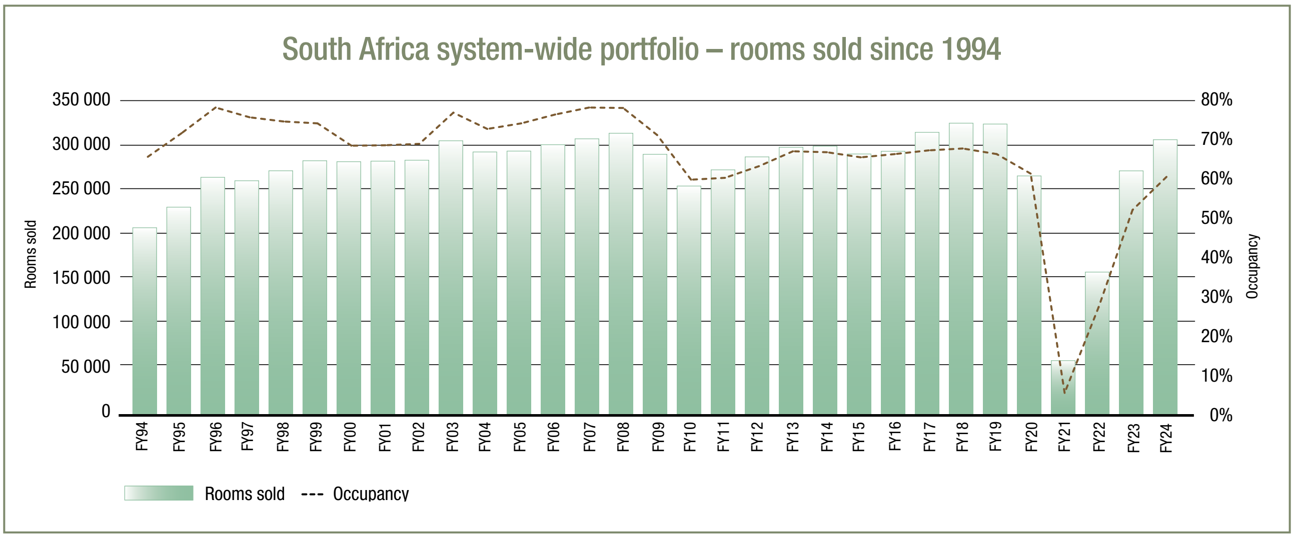
THE ENVIRONMENT IN WHICH WE OPERATE

The hotel business in South Africa is highly competitive and, since the barriers to entry are low, it is often the case that additional, and in some cases, unviable supply, is added to the market.

While these hotels inevitably experience financial distress, the room stock once built does not exit the market, and it can take a substantial period of time for demand to catch up to supply. Given the impact that Covid-19 has had on the industry, it is unlikely, but not impossible, that significant new room stock will be brought to market in the medium term while demand recovers.

Following the first democratic elections in 1994, the demand for hotel rooms grew rapidly and rooms sold by the group grew by an average of more than 6% per annum between 1994 and 1999. The market responded to this demand with the construction of new hotels and until 2008, demand growth continued to exceed the growth in supply with occupancies and ARRs continuing to rise.

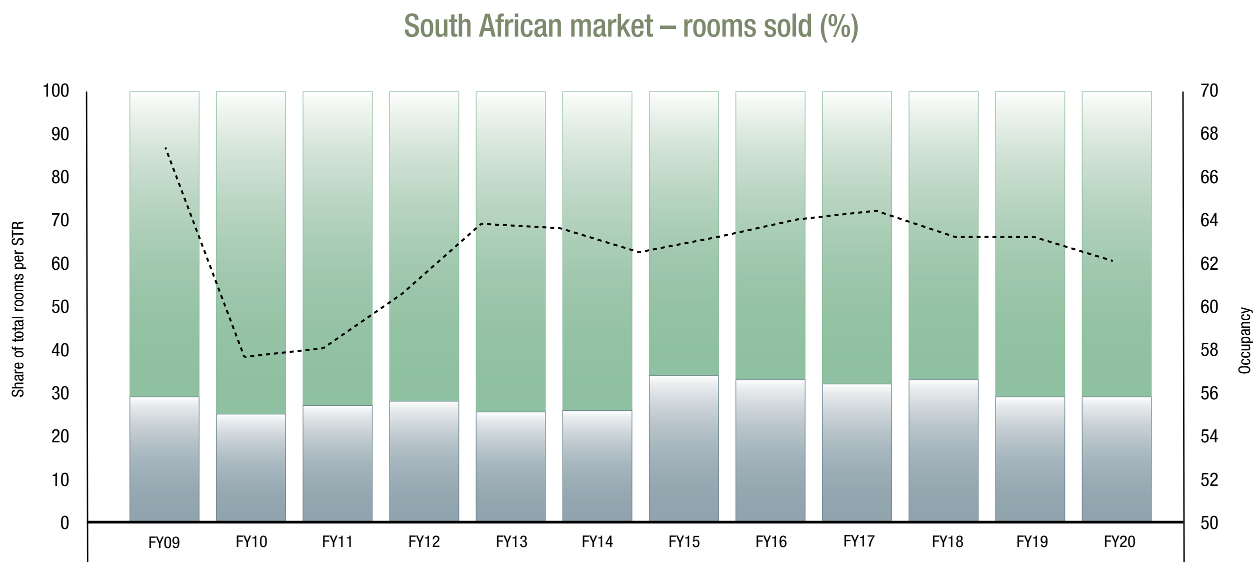
During 2008, the impact of the global recession constrained demand but construction of new hotels continued until the 2010 FIFA World Cup™ since these projects were already in progress. Market occupancies fell from 74% in 2007 to 58% in 2011, due to the combination of constrained demand and increased supply. Demand subsequently improved, and with minimal growth in hotel supply, market occupancies showed recovery from 2011 but stagnated and have ranged between 61% and 65% from 2012 to 2020. The devastating impact of the Covid-19 pandemic and the recovery in the second half of the 2022 and into the 2024 financial year where the group achieved an occupancy of 59%, is best illustrated in the graph below which reflects rooms sold by the group in South Africa since 1994 and the occupancies achieved.




Sunsquare Cape Town Gardens

POLITICAL	Political, social, labour and economic conditions in South Africa or regionally could adversely affect our businesses
ECONOMIC	Declines in demand for our services due to general economic conditions and depressed sentiment could negatively impact our business by increasing income and profitability
SOCIO-CULTURAL	For the group to compete effectively with other consumer options our operations must deliver diversified brand options and a quality experience at a price that our customers are willing to pay
TECHNOLOGICAL	The development, maintenance and improvement of our systems require ongoing investment by the group
ENVIRONMENTAL	The environmental focus areas include the reduction of consumption, preservation of the environment and the responsible management of the supply chain and waste
REGULATORY	As a multinational business, Southern Sun is subject to a wide range of legislation, which is monitored on an ongoing basis

The chart below shows the group's overall market share relative to the STR Global statistics for South Africa since the global financial crisis until the Covid-19 lockdowns began in March 2020. Over this time the overall formal market has grown by some 41% from approximately 38 272 rooms in 2009 to 53 916 rooms in March 2020 immediately prior to the lockdown.



Note: Given the disruption to the market caused by Covid-19 with a number of participants, including the group, no longer submitting data to STR Global, the chart has not been updated post 2020 as the data is no longer comparable.

THE ENVIRONMENT IN WHICH WE OPERATE *continued*

Given the historic long-term growth of demand in the industry as the economy grows, we expect the market to rebalance in the medium term.

This does not include the proliferation of accommodation that does not participate in STR. It can be assumed that nearly all smaller hotels and guest houses would not participate, and it further excludes the proliferation of Airbnb product in the market. Our share, including the exposure we receive through third-party operated hotels, remains around 30% of the formal market.

Despite this large increase in available rooms stock, over a difficult time in the South African economy, occupancies up to 2020 have been higher than they were at the height of the financial crisis in 2010. The impact of the Covid-19 pandemic in South Africa will mean a period of substantial oversupply.

However, given the historic long-term growth of demand in the industry as the economy grows, we expect the market to rebalance in the medium term.

Trading in most African cities outside South Africa where Southern Sun operates remained remarkably resilient through the economic recession mainly due to limited supply of good quality hotels. Trading between the 2015 and 2019 financial years was, however, significantly impacted by the Ebola pandemic, security concerns and more recently a weaker market attributable to the negative impact of lower commodity prices and the resultant weakening of local currencies. In the medium term it is expected that many African countries will experience strong economic growth, which will drive the demand for, and supply of, new hotels, but in the short-term difficult trading conditions will continue as these economies recover from the impact of Covid-19. The markets are small, and the addition of new room stock has a more significant impact on the market.

HOTELS SA OCCUPANCY

2012	2018	2021	2022	2023	2024
61%	65%	13%	33%	53%	59%

Southern Sun Elangeni & Maharani

Political

Although Southern Sun operates primarily in South Africa, it also has operations in Mozambique, the Seychelles, Tanzania, the United Arab Emirates and Zambia. Political, social, labour and economic conditions in South Africa or regionally could adversely affect our businesses.

The group is based in and derives most of its income from operations in South Africa. As such, the political conditions in South Africa have a significant influence on our business. South Africa faces many challenges in improving levels of social and economic development among its people. To the extent these challenges are not overcome, there may be a negative impact on the South African economy and, in turn, the group's results of operations. There is, however, cause for optimism that the recent collaboration between government and the private sector to address many of the problems facing the country will continue under the stewardship of the Government of National Unity.

There has also been regional political instability in some of the countries surrounding South Africa. The potential for social unrest in these regions could negatively affect the South African economy and political environment, which, in turn, could have a material adverse effect on the group's operations, profitability, cash flows and financial condition.

Economic

Demand for our hotels is linked to the performance of the general economy, including the detrimental impact of the continuous load shedding on consumer and corporate sentiment and is sensitive to business, government, and personal discretionary spending levels. Decreased global or regional demand for our products and services can be especially pronounced during periods of economic contraction or low levels of economic growth, and the recovery in the hotel industry may lag overall economic improvement.

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

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

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

The group still faces several challenges with high global food and fuel pricing affecting not only operating expenses but guest affordability as well. With travel budgets reduced to save costs and individuals preserving disposable income in a high interest rate environment, the cost of transport due to rising fuel prices is a major travel deterrent, particularly for international and corporate travel. For the hospitality industry, ease and affordability of travel is of paramount importance as is the safety and confidence of tourists once they reach our shores and stay in our hotels.

The impact of global inflation is counteracted somewhat by the weakness of the Rand which makes South Africa a relatively affordable destination, particularly for foreign visitors. Local and global inflation, along with a weaker Rand will, however, increase the cost of certain capex items such as imported machinery and equipment.

THE ENVIRONMENT IN WHICH WE OPERATE *continued*

Socio-cultural

The group must continually refresh its product offering to cater to consumer preferences. For the group to compete effectively with other consumer options for leisure and entertainment activities, as well as other hotel and leisure providers, our hotels must deliver a constant and superior quality experience at a price that our customers are willing to pay. The experience must also cater to various changing consumer preferences in the market. Consumer preferences range from technological preferences (such as the increased utilisation of mobile devices and social media) to the look and feel of the physical product, the location of buildings, concepts of restaurants and bar offerings and types of entertainment and travel patterns.

Technological

The group's businesses demand the use of technology and systems for property management, brand assurance and compliance, procurement, reservation systems, surveillance, operation of our customer reward programme, booking of hotel accommodation by current and future customers, search engine optimisation and guest amenities. The development and maintenance of these technologies require ongoing investment by the group.

Technology trends most relevant to our industry include:

- Availability of robust broadband
- Advanced and secure mobile functionality for transacting and communication (customers and operational employees)
- Integrated tools to ensure customers are rewarded equitably based on spend/value
- Improving employee productivity and reducing costs
- More cost-effective IT business models
- Protecting the personal information of our guests, employees, suppliers, and associates and protecting the business from cybercrimes and external infiltrations.

Environmental

Our business has a low environmental impact due to the service nature of the hotel industry. Although we have a low environmental impact, our hotels use energy and water. The use of non-renewable energy results in Greenhouse Gas (GHG) emissions. Our hotels also generate waste.

We have a programme in place to reduce our energy and water consumption as well as the waste we generate. Where we cannot reduce, we look to install renewable energy, source water from sustainable alternatives and divert waste from landfill.

Although we have yet to see customer choices being significantly impacted by environmental considerations, the programme we have in place is driven by our sense of social responsibility as well as the pressure we are experiencing from rising utility costs and uncertainty surrounding security of energy and water supply.

Administered costs have seen a sustained above-inflation increase over the past number of years. These include property rates, and the cost of heat, light, and power. While we have undertaken numerous steps to reduce our electricity and water consumption by employing efficient operating methodologies, the price per unit of these utilities has increased dramatically and is worsened by the requirement to fund generating capacity (diesel generators) during load shedding. Municipalities have come under increasing pressure to raise independent funding and this has led to substantially higher property rates being imposed on the group's portfolio.

Regulatory

As a multinational business, Southern Sun is subject to a wide range of existing, amended and new legislation, which is monitored on an ongoing basis. Any amendments to existing legislation and any new legislation, that affect the business are implemented and the business is continuously monitored for compliance. Any breach of compliance with this legislation could result in fines or sanctions that affect our profitability and may impact the relationship with stakeholders resulting in serious adverse reputational and financial consequences.

B-BBEE

Under the laws, codes and regulations promulgated by the South African government to promote B-BBEE, the government awards procurement contracts, quotas, licences, permits, and other rights based on numerous factors, including the B-BBEE status of applicants. We are committed to complying with these requirements, which are designed to redress historical social and economic inequalities and ensure socioeconomic stability in South Africa. A company's B-BBEE status is an important factor considered by government and other public bodies in awarding contracts and may influence relationships with customers or suppliers as it contributes to their B-BBEE status. Given that government travellers comprise a core segment of our revenues, our B-BBEE contributor status is important in securing this business. Refer to page 40 of this report for more information on our contributor status and B-BBEE results.

Tax legislation

Changes in tax legislations across the jurisdictions of operation could adversely affect financial results for future periods and affect the group's business, financial condition, and results of operations. South Africa has a stable tax environment and the tax administration system is advanced and transparent in many aspects. Other jurisdictions of operation, including Zambia, Mozambique, and the Seychelles have differing tax legislation by which the group must additionally abide.

Health and safety legislation

Current legislation in South Africa imposes significant health and safety regulations on the group's operations. Health and safety are ingrained in our culture and we have a high standard of compliance in this area.

Consumer privacy and data protection legislation

The group is subject to regulation under the General Data Protection Regulation (GDPR) and Protection of Personal Information Act, 4 of 2013 (POPIA) regarding the use of customers' personal and credit card data and the protection of such data from cyber theft. The group receives and processes large amounts of sensitive personal customer data (including name, address, bank details and credit card details) as part of its business and as a result must comply with strict data protection and privacy laws in the jurisdictions where we operate. For details on our privacy processes and the implementation and compliance with privacy and data protection legislation, refer to page 48 of this report.

Employment Equity legislation

The amendments to Employment Equity legislation, particularly regarding the setting of numerical targets for the Accommodation and Food Services Sector and compliance certification, underscore the significance of ensuring the equitable representation of suitably qualified people from historically disadvantaged groups based on race, gender and disability at all occupational levels in the workplace. All necessary steps will be taken to ensure compliance with legislation and employees will be consulted, through its various employment equity structures, on any changes to the group's current five-year Employment Equity Plan.

Southern Sun Waterfront

OUR KEY STAKEHOLDERS

We create value through our relationships with our stakeholders. Building trust, mutual respect and credibility with them is vital to our long-term sustainability.

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

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

STAKEHOLDER GROUP	WHY IT IS IMPORTANT FOR US TO ENGAGE	HOW WE ENGAGE WITH OUR STAKEHOLDERS	OUR STAKEHOLDERS' KEY INTERESTS	ASSOCIATED STRATEGIC PRIORITIES
Investors and funding institutions	Investors and funding institutions are the providers of capital necessary for our growth. We need transparent communication to understand potential concerns.	• JSE news services • Media releases and published results • Integrated annual reports and financial statements • Annual general meetings (AGMs) • Dedicated analyst and investor presentations • One-on-one meetings • Southern Sun's website	• Sustainable business, growth and returns on investment • Covenant requirements • Dividends • Transparent executive remuneration • Corporate governance and ethics • Liquidity and gearing • Security of tenure over properties • Independence of the board	**Financial strength and durability** Page 59 **Organic growth** Page 62 **Inorganic growth** Page 65
Government and regulatory bodies	Government provides us with our licence to trade and the enabling regulatory framework within which to operate and we need to ensure compliance and understand the broader economic, social and environmental issues.	• Establish constructive relationships • Comment on developments in legislation • Participate in forums • Written responses in consultation processes • Presentations and feedback sessions • Regulatory surveillance, reporting and interaction • Membership of industry bodies, e.g. the Tourism Business Council of South Africa (TBCSA), the South African Tourism Board (SATB) and the Federated Hospitality Association of Southern Africa (Fedhasa)	• Taxation revenues • Compliance with legislation • Job creation • Investment in public and tourism infrastructure • Investment in disadvantaged communities • Advancing transformation • Social impacts • Reduction in energy, Greenhouse gas (GHG) emissions and water	**Deliver to our beneficiaries** Page 39 **Regulatory compliance** Page 49

STAKEHOLDER GROUP	WHY IT IS IMPORTANT FOR US TO ENGAGE	HOW WE ENGAGE WITH OUR STAKEHOLDERS	OUR STAKEHOLDERS' KEY INTERESTS	ASSOCIATED STRATEGIC PRIORITIES
Guests	We need to understand our guests' needs, perceptions and behaviours in order to deliver experiences relevant to them, thereby enhancing our brand value and driving revenue.	• Monitor online reviews • Rewards programmes • Customer relationship managers • Call centres • Website and social media engagement	• Quality product • Consistent quality experience • Simpler and quicker to deal with us • Value offerings • Long-term security of supply • Recognition for loyalty • Safety and security	**Product relevance to customer experience** **Page 45**
Communities	Engagement assists us to focus our efforts on empowering local communities which contributes to our long-term viability.	• Events and sponsorships • Website and social media engagement • CSI initiatives • Employee volunteering	• Investment in disadvantaged communities • Employment opportunities • Sponsorships	**Deliver to our beneficiaries** **Page 39**
Employees	Our employees are core to delivering our guest experiences and we need to understand their needs, challenges and aspirations and for them to be aligned with our strategy.	• Communication from executives • Internal communications and posters • Induction programmes • Ongoing training and education • Employee surveys • Performance management programmes • Anti-fraud, ethics and corruption hotline • Trade union representative meetings • Employee engagement programme	• Job security • Engagement • Performance management • Clear understanding of reward structures • Health and safety performance • Access to HIV counselling and wellness programmes • Career planning and skills development	**Skilled human resources** **Page 50**
Suppliers, tenants and business partners	Our suppliers, tenants and business partners enable us to deliver consistent guest experiences.	• One-on-one meetings • Tender and procurement processes • Anti-fraud, ethics and corruption hotline • Supplier forums and showcases	• Timely payment and favourable terms • Fair treatment • B-BBEE compliance	**Deliver to our beneficiaries** **Page 39**

Southern Sun Bloemfontein

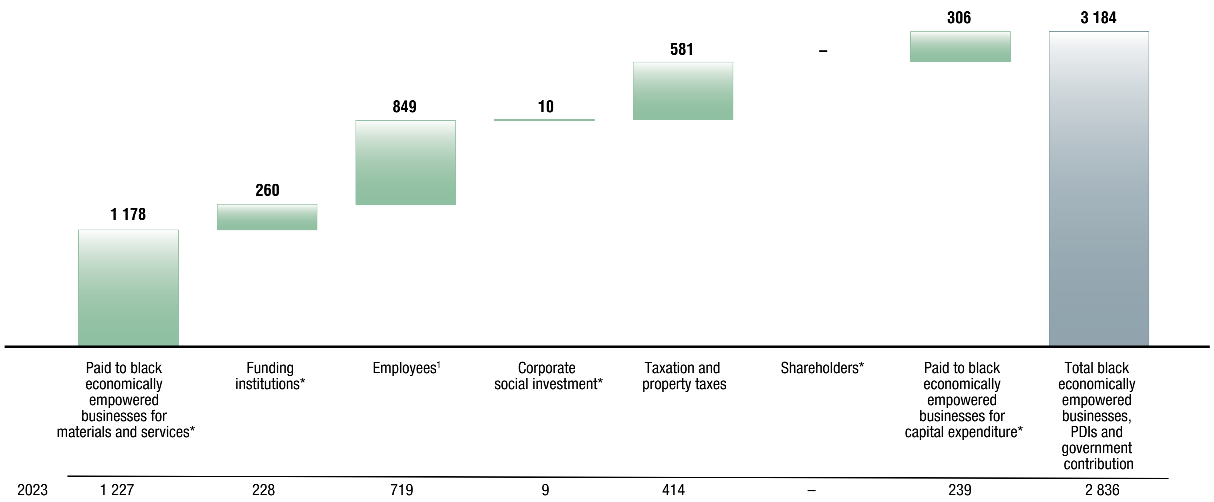
OUR KEY STAKEHOLDERS *continued*

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

- returns for our shareholders and funding institutions;
- substantial income tax, value added tax (VAT), employees' tax and property rates and taxes to national and provincial government;
- CSI in our communities;
- employment within the communities we serve;
- sustainable business for our national and local business partners and suppliers which creates wealth and additional employment; and
- continuous investment to maintain and expand our portfolio of properties.

A substantial portion of the wealth generated by the group is spent with or distributed to black economically empowered businesses, previously disadvantaged individuals and government, the value of which for the year ended March 2024 is set out below:

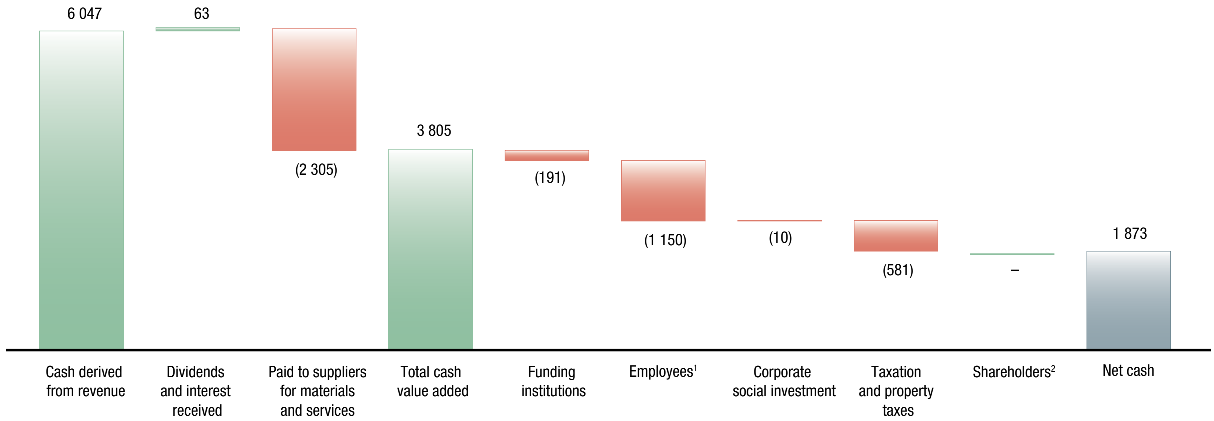
Value added to black economically empowered businesses, previously disadvantaged individuals and government for the year ended 31 March 2024 (Rm)



** As per the Department of Trade and Industry tourism sector code.*
¹ Net pay to employees with employees' tax included in taxation.


Southern Sun Ridgeway

Value added for the year ended 31 March 2024 (Rm)



	Cash derived from revenue	Dividends and interest received	Paid to suppliers for materials and services	Total cash value added	Funding institutions	Employees[1]	Corporate social investment	Taxation and property taxes	Shareholders[2]	Net cash
2023	5 480	29	(2 224)	3 285	(211)	(957)	(9)	(414)	–	1 694

[1] *Net pay to employees with employees' tax included in taxation.*
[2] *Excludes share buyback of R617 million (2023: R45 million).*

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

Southern Sun Hyde Park

OUR MATERIAL RISKS AND OPPORTUNITIES

The matters included in our integrated annual report are principally aimed at providers of financial capital in order to support their financial capital allocation assessments.

However, the interests of the providers of financial capital are largely aligned with other key stakeholders because they are also focused on the creation of value over the long term.

Determination of materiality

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

1 **Risk identification**

2 **Qualitative and quantitative analysis**

3 **Risk matrix**

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

4 **Magnitude and likelihood**

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

5 **Material matters**

Southern Sun The Cullinan

Material risks and opportunities

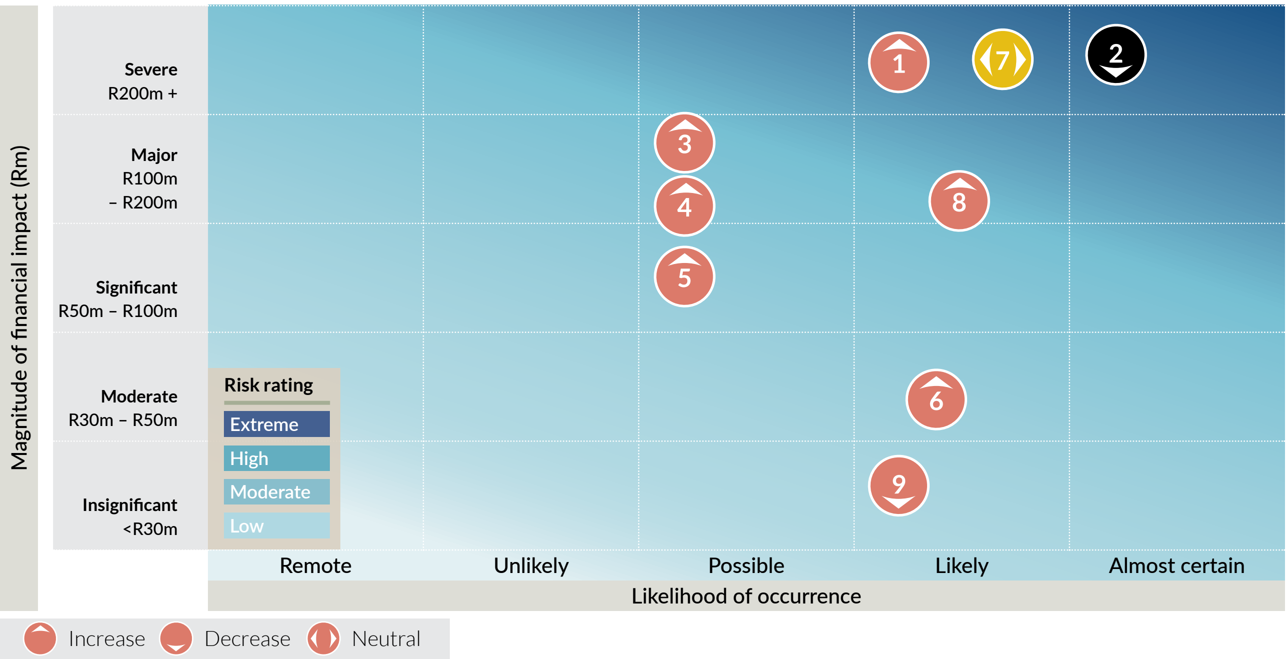
We evaluated and prioritised our material risks and opportunities, which are depicted in the heatmap below. The specific risks and opportunities within each risk landscape (in order of assessed residual risk), their potential impact and the group's risk responses are noted from pages 33 to 37. The following new risks or amendments of previously identified risks have been added to the risk landscape:

- The perceived inability of government to improve the current depressed macroeconomic situation and the constrained growth exacerbated by uncertainty regarding electricity supply in the country may lead to reduced income and lower profitability
- Slowdown in GDP growth, high unemployment and a lack of policy certainty adversely impacting on revenue
- Hybrid conferencing and events no longer presented a significant risk; however, disruptions to corporate transit travel and the possibility of government austerity poses a significant risk to the group
- Bulk water and electricity supply disruption was streamlined into the risk of degradation of municipal infrastructure
- Financial reporting system failure due to a peril or malicious acts, inclusive of cyber, debuted on the risk landscape. The impact is seen as moderate, and the likelihood identified as possible. This is distinct from the risk of technical failure which is likely system driven, while this is human-related
- The risk of changes in legislation and regulations is raised in a number of annual risk reports both in-country and around the world. The impact of adverse findings could lead to considerable fines, or even possible trading restrictions.

The following risks from the prior period have been removed from the risk landscape:

- International geopolitical events such as the war in the Ukraine, causing inflationary pressures due to the oil price increase resulting in travel becoming prohibitively costly. While geopolitical events such as the war in the Ukraine or insurgency in parts of Africa impact on inflation and oil prices, the upside for South Africa is that these events are not taking place in this country, and the weakness of the Rand works in the favour of foreign travellers. At this point, the risk of people not travelling is not considered a significant risk
- Major domestic and international sporting events continue to be postponed or cancelled due to security concerns following possible political violence relating to the recent national elections. The growth of sports tourism is seen to have recovered to pre-Covid-19 levels and a number of international teams, as well as supporters are travelling to South Africa and this risk was therefore removed from the risk landscape.

SOUTHERN SUN'S RISK AND OPPORTUNITY LANDSCAPE



Risk matters

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

Strength of current risk responses

Very good | Satisfactory | Unsatisfactory | Good | Weak | Uncontrollable

For a detailed understanding of how we manage risk, please refer to page 71 of the governance report.

Strategic objectives

Deliver to our beneficiaries	Product relevance to customer experience	Regulatory compliance	Skilled human resources	Financial strength and durability	Growth

Principal risk landscapes

1 Portfolio management and product relevance

Specific risks we face

- Ensuring our products remain relevant to consumers may require additional investment in customer experience intelligence through research and further refurbishment capex. As such, the group may be required to assume development risk to enhance or protect the value of its portfolio base
- Major plant and equipment failures (lifts, transformers and/or switchgear, chillers, hot water plant) can disrupt operations for extended periods
- Nodal shift remains a significant risk that requires active management and the quantification of unknown impairments
- Security of tenure over hotel operations including third party leases and management contract
- Hybrid conferencing and events no longer presented a significant risk; however, disruptions of corporate transit travel and the possibility of government austerity poses a significant risk to the group.

Risk responses

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

Associated strategic priorities

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

Strategic objectives:

Cabana Beach Resort

2 Macroeconomic environment

Specific risks we face	Risk responses

- Our operations are concentrated in South Africa and are affected by the cyclical nature of the hospitality industry
- The perceived inability of government to improve the current depressed macroeconomic situation, the heightened political risk, and the constrained growth exacerbated by uncertainty regarding electricity and water supply in the country may lead to reduced income and lower profitability
- Slowdown in GDP growth, high unemployment and a lack of policy certainty adversely impacting on revenue
- South Africa may lose its appeal as travel destination due to safety concerns arising from poor municipality service deliveries, accessibility to basic human rights (water, food, housing), terrorism, instability and rioting related to the elections
- Constrained growth in government, corporate, international and conferencing markets will negatively impact trading.

Risk responses

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

Associated strategic priorities

Strength of risk response:	Magnitude of impact:	Likelihood of occurrence:	Risk rating:
■ Uncontrollable	Severe	Almost certain	■ Extreme

Strategic objectives:

3 Capacity and market issues

Specific risks we face

- The catastrophic loss of an airport terminal building in major nodes due to fire damage, or major damage to national roads, could negatively impact domestic and/or international travel
- An environmental catastrophe (earthquake, tsunami, fire) resulting in the total shutdown of a location and/or node, which would severely impact the group's capacity for extended periods of time
- Increased frequency and severity of extreme weather events.

Risk responses

- Continuous management of the group's various booking channels including online travel agents and travel management companies to ensure that the group is maximising revenue per transaction
- Further focus on cost containment
- Adequate insurance cover for business interruption and property damage.

Associated strategic priorities

Strength of risk response:	Magnitude of impact:	Likelihood of occurrence:	Risk rating:
■ Satisfactory	Major	Possible	■ High

Strategic objective:

4 Crime, security, health and safety

Specific risks we face	Risk responses
• Crime, security and safety concerns due to political instability in South Africa • There is also an increased risk of financial fraud as guests and employees have been under financial pressure • The occurrence of major violent incidents during civil unrest can cause major infrastructure damage and limit our ability to trade • The possibility of hotel robberies and/or follow-home robberies.	• Physical security and surveillance procedures and crime intelligence • Internal control frameworks and internal audit procedures • Coordination with the South African Police Service.

Associated strategic priorities

Strength of risk response:	Magnitude of impact:	Likelihood of occurrence:	Risk rating:
Satisfactory	Major	Possible	High

Strategic objectives:

5 Cyber, IT and information management

Specific risks we face	Risk responses
• Our operations, including online booking and hotel management systems, largely depend on our IT systems • The performance and reliability of these systems and the group's technology are critical to its reputation and ability to attract, retain and service customers and generate revenues • Any disruption in the group's ability to provide the use of its reservation system to customers, including as a result of software or hardware issues related to the reservation system or cyber attacks, will result in loss of revenues, as well as customer dissatisfaction and will harm our reputation and business • Other risks include: – Sub-optimal online transacting – Hacking and hacktivism – Social media risks, including abuse by employees – Loss of sensitive information and consequential GDPR or POPIA sanction or fine – Denial of service attacks or ransomware – High reliance on third-party suppliers – Failure of key system upgrades or full system changes – Financial reporting system fails due to any peril or malicious act, including cyber.	• Continuous maturity of and improvements made to the IT security ecosystem • Training of employees to identify potentially dangerous links and respond by alerting the IT security team • Payment and card industry standard compliance • POPIA and GDPR compliance • Chief Information Security Officer (CISO) services are being rendered by Performanta in the form of quarterly reviews, high level consultation and external penetration tests • Review online transaction and channel opportunities, to reduce the risk of a weak currency and website redirect alternative in the short term, or an alternative supplier selection and rewrite in the longer term • Backup IT systems for business critical systems generally in different geographies and restores tested bi-annually for core solutions • Continuous maintenance of hardware and databases to ensure warranties remain in order • Fail overs and manual procedures to support any possible IT downtime, limiting impact on guests and our reputation • Increase IT auditing and assurance (internal and external) • Continual review of channel sources, to alleviate a reliance on one particular channel • Social media security and access management • Preservation and protection of creative and photographic assets and group heritage material • Maintenance of our existing telephony communications and three-year strategy to implement new cloud-based physical and virtual private branch exchange (PABX) technologies.

Associated strategic priorities

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

Strategic objectives:

6 Human resources

Specific risks we face	Risk responses
• Not being competitive in the labour market within which we operate and failing to attract, train, motivate and retain enough qualified and skilled employees to operate. The loss of knowledgeable/skilled maintenance employee results in more frequent replacement of plant and machinery • Changes in labour legislation may negatively impacts operational flexibility, increases labour costs or become unnecessarily managerially or administratively burdensome • Unrealistic wage expectations, social pressures or unresolved disputes resulting in prolonged industrial action or protest • Scarcity of skills, unsustainable premiums being paid to retain or acquire scarce skills, and the depletion of the company's efforts to develop skills and improve its bench-strength of key operating skills, including key IT and finance skills • Poor crisis management and/or failure to adhere to prescribed standards.	• Retention of employees through appropriate remuneration structures and employee benefits • Engaging with and empowering employees • Employee training and development with a focus on fast-tracking those with high-performance potential • Performance-driven culture • Focused employment equity strategy • Labour rate parity • Regular monitoring to ensure compliance with labour legislation.

Associated strategic priorities

Strength of risk response:	Magnitude of impact:	Likelihood of occurrence:	Risk rating:
Satisfactory	Moderate	Likely	High

Strategic objectives:

7 Public liability

Specific risks we face	Risk responses
• The nature of the group's business means that it is responsible for the health and safety of numerous guests who stay in our hotels, attend conferences at our properties and dine in our food and beverage (F&B) establishments • The group has excellent health and safety as well as property maintenance standards so while there is a risk of multiple claims should guests or employees be injured at one of our properties due to fire or food poisoning, this risk is lower down on the criticality scale • Contractual breaches by tenants could impact the group.	• Physical security and surveillance procedures and crime intelligence • Stringent fire, life, safety and hygiene protocols, which are subject to self-audit and audits by risk managers, recorded through the Organisational Risk Management Standards (ORMS) system • Coordination with South African Police Services • Internal control frameworks and internal audit procedures • Adequate public liability insurance cover.

Associated strategic priorities

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

Strategic objectives:

8 Unreliable and costly utilities

Specific risks we face	Risk responses
• Service delivery, limited infrastructure investment and funding challenges at South Africa's municipalities have compounded their capacity to supply water and electricity to ratepayers • Regular bulk water supply disruptions and unreliable electricity provision due to major electrical supply disruptions from nearby substations affect the operational capability of hotels to provide consistent services to guests • Municipalities and utility providers also increase rates, property taxes, water and electricity to fund their own shortfalls, placing an additional cost burden on the returns to shareholders.	• Electricity-efficient demand side management programme to reduce consumption • Boreholes, desalination plants and solar capacity • Water handling and/or storage capacity for emergency supply • Self-reliance on generators for emergency electrical supply • Efficient cost reduction in response to revenue contraction.

Associated strategic priorities

Strength of risk response:	Magnitude of impact:	Likelihood of occurrence:	Risk rating:
Satisfactory	Major	Likely	High

Strategic objectives:

9 Regulatory change and compliance

Specific risks we face	Risk responses
• Policy uncertainty • More aggressive regulatory authorities • Changing B-BBEE requirements • Degradation of formal skills set • Increased complexity of compliance, e.g. Companies Act, POPIA, Consumer Protection Act and Financial Intelligence Centre Act • Visa regulations • Aggressive tax authorities • Increase in taxes, including VAT • Increased rates and property taxes • Legal or regulatory non-compliance resulting in adverse findings.	• Submit comments to lawmakers through formal comment structures • Robust compliance procedures • Comprehensive B-BBEE programme • Lodgement of appeals on assessments and property valuations.

Associated strategic priorities

Strength of risk response:	Magnitude of impact:	Likelihood of occurrence:	Risk rating:
Satisfactory	Insignificant	Likely	High

Strategic objectives:

OUR STRATEGY IN ACTION

Sustainability is a growing priority for almost every industry at present and the hospitality and tourism sector is no exception.

THE KEY PILLARS OF OUR SUSTAINABILITY INCLUDE:

- Deliver to our beneficiaries
- Product relevance to customer experience
- Regulatory compliance
- Skilled human resources
- Financial strength and durability

Sustainability strategy in action

	KEY PILLARS	MATERIAL RISKS
CSI outcomes **270** education, health and welfare organisations supported	**Deliver to our beneficiaries**	• Regulatory change and compliance • Portfolio management and product relevance • Human resources • Public liability • Macroeconomic environment
Guest satisfaction **87%**	**Product relevance to customer experience**	• Capacity and market issues • Human resources • Crime, security, health and safety • Unreliable and costly utilities • Public liability • Macroeconomic environment
Fines imposed for breaches of law **Nil**	**Regulatory compliance**	• Regulatory change and compliance • Cyber, IT and information management • Public liability • Crime, security, health and safety
Verified training spend **7.8%** as a percentage of leviable amount	**Skilled human resources**	• Human resources • Public liability
Unutilised facilities plus cash **R1.96 billion**	**Financial strength and durability**	• Macroeconomic environment • Portfolio management and product relevance • Crime, security, health and safety • Cyber, IT and information management • Public liability

OUR SUSTAINABILITY STRATEGY IN ACTION

SOCIAL AND ETHICS COMMITTEE REPORT

Chris Gina, *Independent non-executive Chairman*

Southern Sun is committed to its ongoing development as a good corporate citizen. The social and ethics committee supports this commitment by monitoring the group's environmental, social and governance initiatives and performance.

Deliver to our beneficiaries

As a responsible corporate citizen with a rich South African heritage, we aim to ensure that a portion of the economic benefits of ownership flow to community, charitable or socially beneficial organisations. We achieve this through meaningful citizenship programmes and through direct and indirect equity ownership and employment.

Key performance indicators	2024	2023	2022
Black ownership (%)	**67**	60	62
Value added contribution to black economic empowered businesses, previously disadvantaged individuals and government (Rm)	**3 133**	2 836	1 781
B-BBEE level	**1**	1	1
CSI outcomes: Education, health and welfare organisations supported	**270**	265	200
Enterprise and supplier development outcomes: SMMEs supported	**40**	45	67

2024 performance

Shareholders

The nature of the HCI shareholding provides the bulk of our 67% broad-based empowered ownership. HCI's shareholding, net of treasury shares increased from 40.6% at 31 March 2023 to 44.9% at 31 March 2024. This is a result of the company having repurchased a further 135 million SSU shares which together with the 10 million SSU shares acquired in the prior financial year, brings the total SSU shares bought back by the group to 145 million. HCI has provided a stable shareholder base for several years, which has allowed the group to grow and leverage opportunities. The balance of the shareholding is diverse with adequate liquidity.

Refer to the group structure on page 2 for more information.

Community

The group is committed to supporting local under-resourced communities and we contribute a portion of our profits annually to charitable organisations, entrepreneurial development and natural environment conservation initiatives in order to improve their circumstances, transfer skills and alleviate poverty.

Community development

We support our local communities in education, health and welfare through in-kind contributions (such as venues, accommodation, food, linen, furniture, equipment and volunteering). Over the past year, we supported 270 non-profit organisations, with our social investment amounting to R10 million in value. This represents 0.2% percentage points (pp) more than the tourism sector code target.

Enterprise and supplier development

Through the Southern Sun Entrepreneurs programme, we assist emerging enterprises with the potential to form part of our procurement pipeline. The programme provides a range of business benefits to 40 enterprises in various industries across South Africa. In partnership with the HCI Supplier Club, our entrepreneurs participate in the Legacy Series, which features their businesses in advertising commercials that are broadcast on eMedia channels. This provides them with valuable exposure and increases their access to new markets. We are also proud to be the home of the Proudly South African Buy Local Summit, which we host annually at the Sandton Convention Centre as part of our programme.

The value of our investment in enterprise and supplier development for the year was R30 million, which is equivalent to the tourism sector code target. R4 million was allocated to enterprise development beneficiaries and R26 million to supplier development beneficiaries.

Southern Sun Volunteers

Through the Southern Sun Volunteers' programme, employees participate in diverse community projects that range from assisting welfare shelters to organising beach clean-ups. During the year, Southern Sun Volunteers supported Mandela Day, Reach for a Dream Slipper Day, Rise Against Hunger, the CANSA Shavathon and several relief outreach efforts in the areas where our hotels are situated.

Transformation

Southern Sun is committed to transformation and actively contributes to B-BBEE through practices that facilitate positive change – from maintaining the diversity of our workforce to supporting emerging enterprises through our entrepreneurs' programme. The group is a level 1 B-BBEE contributor, measured against the Department of Trade, Industry and Competition's (DTIC) revised codes of good practice – tourism sector scorecard, and complies with the related guidelines.

An accredited economic empowerment rating agency performs the formal verification audits annually. The consolidated group results for the year ended 31 March are as follows:

B-BBEE results	Target – tourism sector scorecard	Actual score achieved 2024	2023	2022
Ownership	**27**	**27.0**	27.0	27.0
Management and control	**19**	**12.9**	12.8	13.1
Skills development	**20**	**19.0**	17.1	17.1
Enterprise and supplier development	**40**	**35.0**	35.8	34.9
Socioeconomic development	**5**	**8.0**	8.0	8.0
Overall	**111**	**101.9**	100.7	100.1
Rating level	**Level 1**	**Level 1**	Level 1	Level 1

The group's B-BBEE contributor status remained at level 1 with 135% procurement recognition status. We received 101 out of 111 available points on the tourism sector scorecard. Our black ownership is 67% and black women ownership is 38%.

Industry bodies

Southern Sun actively participates in business and industry bodies such as the Tourism Business Council of South Africa (TBCSA), the South African Tourism Board (SATB) and the Federated Hospitality Association of Southern Africa (Fedhasa). Our participation includes contributing management's time, effort and intellect. The group also forms relationships with national and regional tourism associations.

Tenants

Delivering quality hospitality, dining and conferencing experiences is important to staying relevant in our market and satisfying our customers' diverse requirements. With 109 tenants across Southern Sun's properties, tenanting is a core focus area to ensure our guests have access to the best office, retail, restaurant and entertainment-related offerings.

Suppliers

The group develops long-term, mutually beneficial relationships with suppliers of goods and services. Through these supplier relationships, many indirect jobs are created and wealth is generated in the economy.

A growing portion of our procurement is centrally managed. This allows for enhanced consistency in standards and pricing, and closer relationships with our suppliers. We ensure that, as far as practically and commercially possible, our operations procure products from local vendors.

The group encourages diversity in its commercial associations, particularly through involving black-empowered and local businesses, from whom we intentionally procure through a focused procurement strategy. Verified total procurement spend on black economic empowered businesses amounted to R2.0 billion during the year (2023: R1.9 billion). The group's B-BBEE score for preferential procurement, measured in the enterprise and supplier development element, is 19.0 out of 25. Our focus areas are procurement from black women-owned businesses and further opportunities to establish and support enterprise and supplier development initiatives through procurement.

An additional procurement consideration is our suppliers' environmental performance, which is part of our procurement criteria during the supplier selection process.

Third-party owners

The group leases hotel properties and manages hotel businesses on behalf of third-party owners where it does not own the property or the business.

Environment

The nature of our business means that the group has a low impact on the environment relative to businesses in other industries. However, our hotels require energy and water to operate, and waste is generated as a result of their operations. We are also exposed to climate-related risks and opportunities and, as a responsible corporate citizen, we therefore make every effort to manage our hotels with due care and consideration for the environment.

Environmental management is integrated into our core business strategy and climate-related risks and opportunities are assessed and managed by our environmental steering committee. We have comprehensive programmes in place to reduce our energy and water usage, as well as our waste generation.

The group's activities are guided by our environmental policy, which is revised annually and disclosed on southernsun.com. We also disclose our climate change and water security performance to the Carbon Disclosure Project (CDP) as an associate of HCI. In addition, we will be disclosing our performance via the CDP independently from 2024 onwards. Our environmental-related efforts and performance are monitored and overseen by the social and ethics committee, which has overarching responsibility for our response to the impact of climate change.

Environmental impact overview

Total emissions were flat on the prior year with water consumption only increasing by 2% on the previous year. The entire group portfolio has been reactivated with normalised demand for hotel accommodation from local and international travellers resulting in an increase of about 13% in rooms sold.

A continued increase in business activity throughout the year saw a slight increase in electricity consumption and water usage during the year. Significant focus was placed on retaining and continuing with the savings initiatives implemented and improved during the Covid-19 period. Energy efficient practices continue in order to reduce maximum demand levels and controllable expenditure.

Scope and boundaries of emissions measurement

Scope 1 and scope 2 emissions are reported for all businesses at properties owned or leased by the group, in South Africa and offshore, excluding tenant emissions. Southern Sun calculates its carbon footprint in line with best practice. It uses the Greenhouse Gas (GHG) Protocol's Corporate Accounting and Reporting Standard and emission factors from the Intergovernmental Panel on Climate Change (IPCC) 2006 Guidelines. For operations in South Africa, it also uses some local conversion factors from the South African Department of Forestry, Fisheries and Environment ("DFFE"). Tenant emissions, emissions at managed properties, emissions from outside laundry services and business travel emissions are reported in scope 3. Fugitive emissions, mainly from refrigerants, are not significant and there are no other emissions that are considered material.

92% percent of scope 1 and 2 emissions arise through the consumption of electricity and thus demand-side management of electrical consumption remains the area of focus in reducing emissions. 95% percent of the scope 3 emissions from tenants also arise from the consumption of electricity.

Liquefied natural gas (LPG) and natural gas are primarily used for cooking with limited space heating and water heating.

Diesel is utilised for back-up electrical generation.

Emissions measurement

Total emissions (tCO_2e)	2024	2023	% change 2024 vs 2023	2022
Scope 1	**7 920**	6 580	20	2 545
Petrol and diesel (owned company vehicles)	**120**	165	(27)	148
Diesel consumed (owned businesses)	**5 460**	4 160	31	1 050
Liquefied petroleum gas (LPG) and natural gas usage (owned businesses)	**2 340**	2 255	4	1 347
Scope 2	**86 578**	84 922	2	65 510
Energy consumed (owned businesses)	**86 578**	84 922	2	65 510
Scope 3	**49 542**	53 179	(7)	52 610
Energy consumed (tenants)	**28 099**	26 955	4	26 773
Energy consumed (managed properties)	**11 209**	17 184	(35)	15 156
Laundry services (outsourced)	**9 939**	8 786	13	10 564
Business travel	**295**	254	16	117
Total emissions (tCO_2e)	**144 040**	144 681	–	120 665

Electricity

Scope 2 emissions: Scope 2 emissions at owned properties increased by only 2% on the prior year at 86 578tCO_2e due to the continued increase in business activity throughout the year, countered by the disposal of Southern Sun Ikoyi in the prior year. Savings from ongoing energy-saving initiatives, the ability to deactivate major plants at the hotels, continuous energy management programmes, consumption measurement and behavioural change initiatives have maximised efficiencies and contributed to the further reduction in electricity intensity consumption. The installation and use of energy-efficient equipment continues where practical.

LPG and natural gas: Scope 1 emissions from the consumption of LPG and natural gas increased by only 4% to 2 340tCO_2e due to the continued increase in business activity throughout the year and to a lesser extent, the impact of the increased load shedding during the year.

Petrol and diesel – vehicles: Scope 1 emissions from the consumption of petrol and diesel in company-owned vehicles decreased by 27% to 120tCO_2e due to portfolio changes.

Diesel – stationary: Scope 1 emissions from the consumption of diesel increased by 31% to 5 460tCO_2e due to the continued increase in business activity throughout the year and mainly the impact of increased load shedding and supply interruptions during the year. The diesel expenditure for the owned portfolio amounted to R48 million for 2024 compared to R41 million for the 2023 financial year.

Scope 3 emissions: The 4% increase in scope 3 emissions from tenants at group properties is mainly due to the increase in business activity combined with increased focus on savings initiatives. The decrease in scope 3 emissions from properties managed by the group was 35% due to the portfolio changes relating to the Tsogo Sun management agreement terminations from December 2022 onwards. Scope 3 emissions from outsourced laundry services (utilised at most hotels) were 13% up on prior year consumption, mainly due to the increase in trading. The increase in business travel related emissions is directly related to increased trading activities, but is not material for the group.

Water

Although supply interruptions due to poor municipal infrastructure continue to increase and medium-term water shortages are probable, the group does not have material company-specific water risks. The majority of the group's properties are in urban areas and use potable water provided by local municipalities (86% of consumption). Two resort properties utilise surface water for irrigation and two resort properties are fully reliant on river water.

Water consumption at owned properties increased during the year by only 2% to 1 447 783 kilolitres mainly due to the continued increase in business activity, countered by the disposal of Southern Sun Ikoyi (20 789 litre impact) and the ongoing conservation and reduction measures at all properties. A number of properties have seen the installation of bore hole solutions as an alternative water source during the year, reducing the water security risk to the business.

The group engaged Topia Water, a water optimisation company, to reduce the pre-packaged and single-use plastic bottled water in our hotels. Topia Water provides innovative, sustainable hydration systems that deliver premium polished water to the hospitality industry. Their onsite bottling systems and designer reusable glass bottles enable us to:

- Eliminate waste associated with plastic and pre-bottled water
- Chill water on demand and free-up storage space
- Action a sustainability initiative
- Reduce electricity consumption by reducing refrigeration needs; and
- Decrease carbon emissions by eliminating the logistics of pre-packaged water bottles.

We currently eliminate the use of more than 2.5 million pre-packaged water bottles annually. The project has been initiated at selected hotels and we intend to implement it at more of our four and five-star hotels.

Waste management

The group has committed to a hybrid waste management strategy, addressing both general waste and organic waste through various methods. Waste is being managed through waste removal companies, with a commitment to zero waste to landfill practices, as well as ensuring employees are trained in sustainable recycling practices. We are cognisant of Gazetted law, whereby 100% of organic waste must be diverted from landfill by 2027. The Department of Agriculture also requires our hotels to register for sorting, shredding, grinding, crushing, screening or bailing of general waste – Government Notice 41175 of 11 Oct 2017. We are currently in the process of registering.

The implementation of Bokashi Bran (Bokashi), an organic waste treatment method, has proceeded with a total of 13 properties on board across South Africa. Bokashi is a product originally developed in Japan that is made with wheat-bran that is brewed with effective microorganisms. The microbes in the Bokashi ferment the food waste and eliminate any pathogens that are often associated with decomposing cooked food, meat products and dairy. By treating food waste with Bokashi, it enables the safe composting of these food wastes. A number of properties have also commenced the use of the "soldier fly" process, where the larvae of the black soldier fly turns organic waste into a rich fertiliser.

These methods assisted to divert a total of 998 tons of wet waste/food waste from landfill. Implementing these systems not only reduced the carbon footprint but has also demonstrated our commitment to sustainability and innovation. For the 2024 financial year, we had a total waste stream of 2 995 tons of waste. This was distributed as follows: 594 tons of recyclables; 3 tons of hazardous; 998 tons of wet/food waste diverted away from landfill. 490 tons of food ended up in landfill as well as 910 tons of contaminated/non recyclables. The percentage of total waste food diverted away from landfill is 67%. By introducing Bokashi into those hotels where there is little food processing methodologies, we are confident that within the next 12 to 18 months we can significantly improve our food diversion percentage.

Bokashi will also have the added benefit of being able to compost some of the non-recyclable materials.

SOCIAL AND ETHICS COMMITTEE REPORT *continued*

In line with the Western Cape legislation our commitment to reduce general waste, in particular single use plastics and paper, have seen successes. Furthermore, we ensure that our suppliers understand our sustainability goals, as stated in our procurement strategy. We have embarked on various strategies to ensure that we use, where possible, recyclable and bio-degradable products e.g. straws, water bottles, guest amenities, copy paper and collateral, to mention a few.

A continued focus on sustainable waste management will be maintained, as innovative ideas are implemented by employees, while ensuring tenants are informed and participate in the group's diversion from landfill strategy.

Looking ahead

Community development

We will continue supporting local communities in education, health and welfare through in-kind contributions and monitoring the impact thereof by tracking donations and measuring their benefits.

Enterprise and supplier development

The Southern Sun Entrepreneurs' programme is well positioned to continue actively addressing the need for small business support and will continue serving beneficiaries in useful and innovative ways in the future. The basis for delivery of support will continue to make use of online platforms and technology.

Transformation

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

Environment

While we currently report to the Carbon Disclosure Project as an associate of HCI, we will report our environmental performance independently via the CDP from 2024 onwards.

Our focus will continue to be on ensuring the energy and water consumption management programmes remain in place to reduce consumption year on year wherever possible, excluding the impact of corporate activity such as the acquisition or disposal of hotel properties. Through environmental education, the group will continue encouraging stakeholders to take responsibility for their environmental impact and positively change their behaviour by communicating about topics such as climate change.

We will continue to focus on reducing waste to landfill, through potential new and continued strategic partnerships and by understanding our waste streams to identify those that may be eliminated by the implementation of our green purchase policy.

Southern Sun Citizenship

CARING ACROSS COMMUNITIES

Southern Sun supports our local communities in education, health and welfare through in-kind contributions. During the year, the group supported 270 charitable organisations and community-based initiatives.

SOUTHERN SUN ENVIRONMENT

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

SOUTHERN SUN ENTREPRENEURS

The Southern Sun Entrepreneurs' programme provides practical benefits and tools to business owners to help small enterprises become sustainable.

SOUTHERN SUN VOLUNTEERS

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

Product relevance to customer experience

To provide the variety and quality of experiences our customers expect at the appropriate price points, we need to constantly monitor and invest in:

- **physical product that caters to the customer, including hotel operating equipment, major and minor hotel refurbishments, and mind and mood infrastructure to enhance customer experience;**
- **technology that works for the customer and makes the product work, including guest facing and back of house hospitality systems for in-house facilities and reservations, channel and customer relationship management;**
- **accessibility that allows the customer to use the group's products with minimal barriers to entry, including physical facilities like sufficient parking, accessibility for mobility impaired guests, easy access to reservation systems and personnel for trade and individual buyers, and easy access to information on the group's products; and**
- **branding, which is critical to our customers' perception of us.**

Key performance indicators	2024	2023	2022
Rewards programme membership contribution to revenue (%)	**28**	30	36
Guest satisfaction (%)	**87**	82	84
Hotel property brand audits – material deviations from brand standards	**None**	None	None
Hygiene audits – significant issues noted	**None**	None	None
Maintenance capital spend (Rm)	**298**	104	43

2024 performance

Product relevance

For us to deliver the experiences that our customers' desire, it is important that our physical product and service delivery are easily accessible and relevant at appropriate price points; are consistent in standard and delivery; and provide a variety and quality of experiences that encourage repeat visits. Our customers' expectations involve a range of deliverables that include the nature of our technology offerings, the quality of our physical products, where our hotels are located, the appeal of our restaurants, and our availability in response to travel patterns.

The group seeks to respond dynamically to changing trends, refreshing hotel offerings to reflect contemporary tastes and embracing new technologies to improve the customer experience. Therefore, we invest in regularly maintaining and refurbishing our properties to keep them attractive and relevant to our customers. We maintain a rolling five-year capex planning system to identify hotels requiring refurbishment as well as plant and infrastructure replacements.

Southern Sun Sandton Eclipse Restaurant

We believe that our properties offer a superior experience compared to our peers and other leisure offerings. To preserve our market position and attract and retain new and existing guests to our hotels, we will continue our disciplined programme of investment to continuously refresh the offerings and decor of our facilities. No material deviations from the brand standards occurred during the year.

Product development

Developing hotel real estate is a critical component of the business and our plans for organic growth. In the five years prior to the Covid-19 pandemic, approximately R1.4 billion was invested in the refurbishment and maintenance of the group's existing hotels, excluding the acquisition of new properties. As part of the Covid-19 action plan, the group suspended all capex with only emergency capex and repairs and maintenance considered to preserve cash. With the recovery in the hotel business post-Covid-19, the current refurbishment and maintenance plans have normalised and refurbishment programmes are underway at key properties, such as Sandton Towers, Southern Sun Sandton, Southern Sun Rosebank and Southern Sun Cullinan. Refurbishment plans are also progressing at several other hotels with mock-up rooms in progress.

The ability to develop and maintain relevant physical products is a key competency required in the business, and the selection of locations, hotel development and refurbishment and ongoing property maintenance are the core skills required. Key personnel are permanently employed to deliver these core skills that safeguard and mentor this knowledge. These skills are augmented by a network of experienced professionals in the major centres who have worked with the business for several years.

IT

IT strategy, governance and decision-making form part of a coordinated and integrated process across relevant business functions. IT decisions are taken in collaboration with the business operations based on the demands of the industry in which we operate. In most areas, we continue using industry-specific third-party packaged solutions. We also develop numerous in-house applications and integrations to differentiate our service offerings. We believe specialist suppliers are generally better equipped to conduct research and development and keep pace with industry changes and the rapid evolution of technology. However, we actively direct application development by participating in the process with our suppliers. This approach optimises our technology investment and allows us to concentrate on delivering IT services to our business functions. What has become key in the past 12 months is the advent of working with our counterparts in the travel industry to bring about efficient and seamless integrations between ourselves and deliver the best result for the end customer. Due to continuous and responsible IT investment over the past few years, there are no legacy system issues. Our systems remain current and are fully supported by relevant vendors and/or in-house by our employees. Core to this strategy is to move to the new Financial Management systems SAP S4 Hana from SAP ECC which is end of life in 2026. Southern Sun is committed to this transition and the benefits thereof.

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

The group's digital platform (including but not limited to the group's website southernsun.com) continues to enable better customer engagement, relationship and business management.

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

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

We have increased our cyber-security landscape to include best of breed technology to further support end point detection (EPD), patch management, asset management and managed vulnerability management. There is a strategy to heighten security and incorporate additional Identity threat protection to enhance our cyber maturity.

Our offering of cyber-security training for our employees has been enhanced and will continue to grow during the 2025 financial year.

Chief Information Security Officer (CISO) services are being rendered by Performanta and this includes continuous update of information security policies and procedures, technical and procedural roadmaps for improvement and performing internal and external penetration assessments.

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

Southern Sun brand portfolio management

As a leading hospitality company in Southern Africa, our unique selling propositions of creating memorable experiences, providing quality products and delivering trusted service with flair are synonymous across the Southern Sun family of brands.

Southern Sun's hotel brand portfolio has remained unchanged, and our luxury, full service and economy segments continue to serve our guests with trusted offerings while the brand architecture continues to enable ease of decision-making across our operations. Our investment in the sunburst also continues to pay off as it unites our family of brands and honours our rich heritage.

Customer satisfaction

Our customers' satisfaction is of utmost importance and we pay careful attention to their feedback, both when they are at our hotels and when they interact with us before and after their stays. We monitor website traffic, social media communications and online reviews to measure visibility and directly engage with customers. The overall guest satisfaction score from online third-party review sites during the year was 87% (2023: 82%).

SOCIAL AND ETHICS COMMITTEE REPORT *continued*

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

Website: average visits per month	2024	2023	2022
southernsun.com	**268 616**	349 394	282 000

Social media platforms: engagement	2024	2023	2022
Facebook (likes)	**859 274**	854 399	866 471
X (formerly Twitter) (followers)	**51 339**	51 235	52 057
Instagram (followers)	**98 738**	91 402	82 946
LinkedIn (followers)	**46 936**	41 530	34 762
Total	**1 056 287**	1 038 566	1 036 236

An average of 268 616 monthly visits were received by southernsun.com, which is less than previously reported due to traffic duplications from tsogosun.com in the prior year following migration to the new domain when the group rebranded. The group's social media platform following remained above one million.

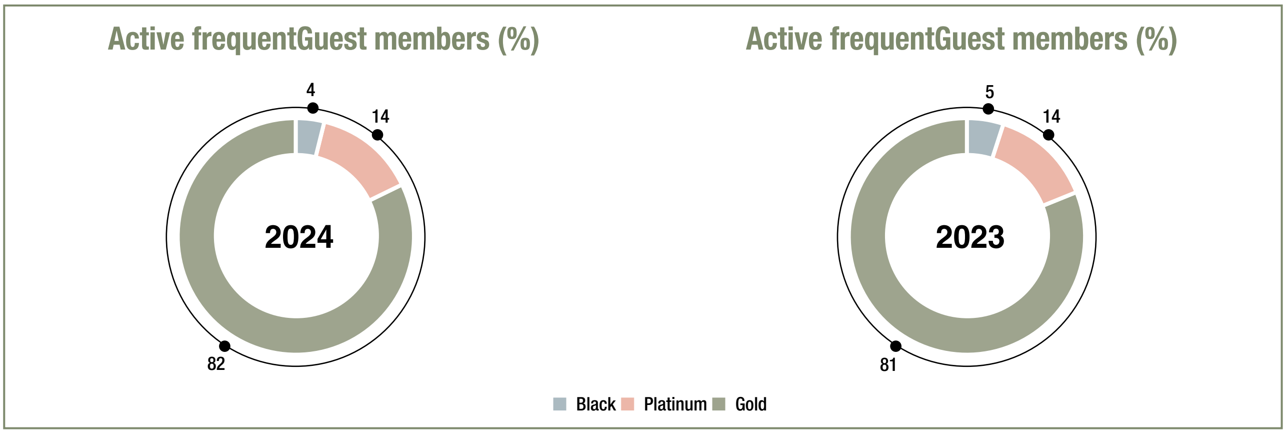
Customer rewards programme

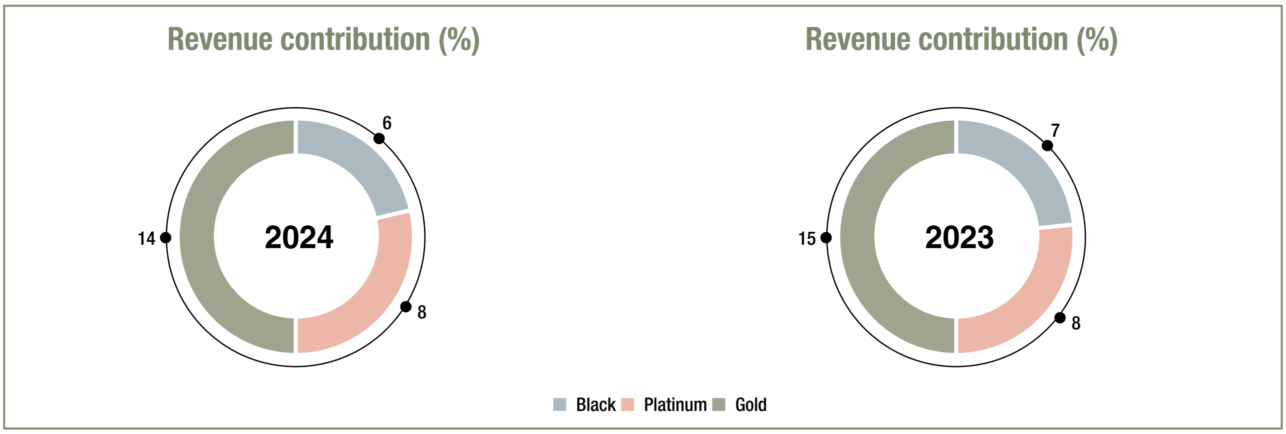
frequentGuest, the group's rewards programme is synonymous with value, recognising loyal guests of Southern Sun who earn SunRands which they can redeem when booking accommodation and spa treatments or dining at our hotels.

The Southern Sun frequentGuest programme provides the group with customer intelligence, which enables us to improve our offerings and respond appropriately to the needs and expectations of our guests.

Southern Sun frequentGuest segmental analysis

At the end of the year, there were 119 976 active frequentGuest members (2023: 119 992), which equates to a 28% revenue contribution (2023: 30%). The decrease in contribution is due to international travel trends normalising post-Covid-19.





Guest and employee safety

Southern Sun recognises that customers and employees' health, safety and wellbeing are of paramount importance. We maintain the highest quality life safety equipment and compliance with procedures at all our facilities. Compliance with best practice in life safety, health, hygiene and fire protection is a non-negotiable element of our management systems.

Each property undergoes rigorous safety inspections as part of the ORMS audit process, and deviations from the agreed standards, and incidents and events are reported and resolved.

All hotels and restaurants, including outsourced restaurants, undergo an independent audit regularly, which covers food safety practices and compliance with the group standard, as well as legislated elements. Temperature control, personal hygiene, good manufacturing practices, product traceability and storage, cleaning programmes and pest control are included. Audits are strictly unannounced and include surface swabs, hand swabs and food samples, which are selected at random during the audits and assessed for micro-biological quality. No significant issues were noted during these audits.

Looking ahead

Customer rewards programmes

Benefits and rewards are continuously reviewed to ensure the programme remains relevant. Database growth, repeat visits and incremental spend will remain a core focus of the Southern Sun frequentGuest programme. Data profiling will also remain a priority to improve our understanding of customer behaviour and purchasing patterns. We will continue to pay particular attention to data protection, and alignment with local and international legislation and standards.

IT

We continue managing our current solutions to effectively operate our business while exploring future opportunities, with some initiatives being:

- implementing SAP S4 Hana;
- re-alignment of the IT team to better suit the new hotels landscape and support business initiatives;
- following a successful pilot hotel, we will be implementing a wide area network technology namely: SD-WAN (Software Defined WAN). This enhanced management support will reduce operational costs;
- further enhancing our cyber-security and continuously improving our maturity posture;
- maintaining the customer information system, which supports GDPR and POPIA requirements. Further, we will continue working on business and IT processes to ensure compliance. This will include various upgrades to ensure we remain on the most current supported versions;
- further adoption and migration of IT solutions to the cloud that enable improved security and meet legislation requirements. One such initiative is moving our electronic key locking software to the cloud to improve the management and cost effectiveness of the solution, while reducing our footprint within the hotel buildings;
- improved cyber-security awareness training within our organisation;
- continuing with the strategy of PABX in the cloud and on-net telephone service to reduce telephony costs;
- improving our engagement with business partners, travel agents, etc. to ensure the seamless processing of reservations, payment and invoicing enabling Southern Sun to be the easiest to do business with;
- constant revision of our channel management offering and ensuring that we are available on platforms to ensure our guests have easy access to our portfolio;
- enhancing our management of assets and deployment of technology patches;
- enhancing our internal IT call centre solution to improve the experience for our business users and improve on turnaround times;
- implementing new television headend solutions to improve the viewing experience of our guests; and
- implementing new guest WiFi solutions to ensure we are meeting the needs of guests for WiFi capacity.

Regulatory compliances

We have a strict culture of compliance with all aspects of our business, including areas as diverse as hospitality hygiene, liquor licences, fire, life and safety regulations, corruption, insider trading and competition law. Despite the significant cost involved, we treat compliance as a vital investment and not an unavoidable cost and recognise that compliance yields benefits such as an enhanced financial and operational internal control environment.

The South African regulatory environment continues to become more complex with the ongoing introduction of multiple new legislations, rulings, practices and policies.

Legislation applicable to the group is identified by executive management. Processes are adopted and implemented, following presentation and approval thereof by the audit and risk committee, to ensure compliance. We rely on the collaboration of the integrated governance roles of Secretariat, Legal, Compliance, Risk and Internal Audit for an effective regulatory compliance function.

Our compliance management process is split between functions specific to hotels and functions undertaken at head office.

Hotel level

The general manager of each hotel ensures compliance with legislation specific to that property. This includes ensuring that the necessary licences, such as liquor licences and business licences are in place as well as ensuring that all privacy laws, environmental, health and hygiene, and fire, life and safety standards are being met.

The physical and operational risk exposures of the group are identified, managed and monitored using the group's proprietary ORMS. The elements of the ORMS programme are verified by the DQS-UL group to ensure compliance with the DQS Global Conformance (GC) Mark. The elements are aligned to globally recognised standards, such as:

- ISO 14000 (Environment)
- OHSAS 18000 (Health and Safety)
- ISO 22000 (Food Safety and Hygiene)
- ISO 50000 (Energy Management)
- ISO 28000 (Security)
- BS 25999 (Business Continuity)
- SANS1162 Standard on Responsible Tourism

Quarterly self-audits are undertaken at the hotels. Any areas of low or non-compliance are flagged and followed up on by the group's Risk Manager and are also monitored by the Operational Director who oversees the property. The Risk Manager verification audits are conducted on a cyclical basis consistent with the level of risk exposure and size of property. The outcome of the ORMS audits (both self and risk manager audits) and remedial actions are reported quarterly to the audit and risk committee.

The group has, during the reporting period, been subject to unusually high volumes of national inspections from the Department of Labour (DOL). The outcome of these inspections and engagements with the DOL on matters raised, none of which are considered material, are ongoing.

Corporate

The group has a robust risk management process that includes considering regulatory risks.

Southern Sun declares annually that it has met all the JSE's continuing obligations to remain listed and that it has not fallen foul of the Companies Act. Members of the board and management declare annually that they have not knowingly caused the group to breach any laws or legislations applicable to it.

The group's internal audit team assesses the adequacy and effectiveness of compliance processes, systems and structures. Weaknesses and associated risks are noted, and recommendations are made to management and the board on corrective actions.

The processing and protection of all sensitive and personally identifiable information is a global priority, and we will be challenged by threats posed by the cyber underworld. With specific reference to POPIA and GDPR, the group continues to revise its existing processes and platforms and will implement new processes if and when applicable to ensure the protection of sensitive and personally identifiable information and compliance with legislation. We continue to engage law firm, Michalsons to ensure that our employees are educated and receive continued training on privacy and data protection legislation, trends and case law. The group created a dedicated email address, privacy@southernsun.com, to which all matters concerning POPIA and GDPR are directed and dealt with speedily.

Key performance indicators	2024	2023	2022
Fines imposed for other regulatory breaches	**Nil**	Nil	Nil
Fines imposed for breaches of law	**Nil**	Nil	Nil

2024 performance

The broader trading environment is becoming increasingly complex and is governed by legislation and policies, some of which are relatively new, relating to competition, customer protection, privacy, environmental, health and safety, money laundering, B-BBEE and labour issues. Several statutes provide for monitoring and enforcement by regulatory bodies. Heads of Functions (HOFS) are provided with updates and training, where applicable, as and when legislations relevant to the group are amended and changed. The audit and risk committee are updated with all material changes to legislation and regulations twice a year and the board is updated quarterly. Training is provided to board and committee members when applicable.

Southern Sun complies with all applicable legislation in all countries where it operates and, where possible, builds constructive relationships with regulatory bodies. There were no significant breaches of any legislation and no significant fines imposed during the year.

Skilled human resources

People are at the core of delivering a Southern Sun Hotels' experience, both front and back of house.

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

At corporate level, the group relies on executives and managers who can identify and manage both risks and opportunities and implement appropriate responses. These individuals need to apply long-term thinking and avoid quick and unsustainable fixes.

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

Key performance indicators	2024	2023	2022
Management and control score	**12.9**	12.8	13.1
Skills spend on black people (%)	**5.8**	4.6	5.1
Employee resignations (%)	**7.7**	8.9	3.9

2024 performance

Human capital management

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

Job creation and employee stability

The group contributes 6 025 direct jobs and 10 209 combined direct and indirect jobs (including 4 184 contractors employed by third-party providers comprising security, cleaning and landscaping services) at our operations in South Africa.

Employee resignations reduced to 7.7% (2023: 8.9%).

Employee development

Training and development are delivered to employees by Southern Sun Training and Development, which has accreditation by CATHSSETA to provide skills development programmes.

The group's training provider accreditation, which is valid until 2026, enables us to continue developing and providing new learning programmes that improve the skills of employees and unemployed people in communities.

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

The value of skills development spend (SDS) was R95.4 million, which is equal to 7.8% of the leviable amount (2023: R59.2 million, equal to 5.4% of leviable amount). R87.6 million, equal to 7.1% of the leviable amount, was allocated to SDS on black people (2023: R53.0 million, equal to 4.9% of the leviable amount). R71.0 million, equal to 5.8% of the leviable amount, was allocated to B-BBEE SDS measured on the National Black Economically Active Population (NBEAP) (2023: R50.2 million, equal to 4.6% of the leviable amount). The skills development B-BBEE score was 19 out of 20. During the year, the group provided 18 formally certificated programmes to employees and provided 608 unemployed students with work-based learning opportunities to enable them to complete their studies and graduate – 53 of them were subsequently employed.

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

Employee engagement

Employee engagement focused on the group's purpose and commitments and entrenching the group's hallmark behaviour standards, which support the group's employer brand and ensure that, as a service-driven organisation, our people craft the intended experiences for guests. Southern Sun's purpose is to create exceptional experiences and its commitments are to: be consistent; be present; and have respect.

Employee wellness

Southern Sun seeks to find ways to help our employees manage their health and offer employee assistance programmes. In addition, the Tsogo Sun Group Medical Scheme had 3 615 principal members (of which 1 403 are hotel employees) and 224 pensioner members at the end of the financial year. The scheme continued to regularly communicate with members and their beneficiaries to ensure that they received helpful information together with the appropriate level of cover for their health needs.

Health and safety

The hospitality industry is a safe environment compared to many other industries. Our hotels undergo rigorous safety inspections as part of the ORMS audit process, and deviations from the agreed standards, as well as incidents and events, are reported and resolved.

No employee fatalities occurred from health and safety incidents at any of our properties during the year under review.

The lost time injury frequency rate (LTIFR) decreased to 1.3 (2023: 1.5), which equates to the number of injuries that render an employee unfit for duty for one shift or longer per 200 000 hours worked. Rigorous safety inspections are undertaken as part of the ORMS ongoing audits.

Unions

Southern Sun respects the right to freedom of association of employees and we recognise that collective bargaining forms an integral part of labour relations. Of the 5 566 active employees in the South African operations, 4 844 employees are eligible to join a union and 943 (19.5%) are members of a union. Although collective bargaining agreements are in place, levels of representation were below the threshold and no wage negotiations were necessary for the improvement of terms and conditions of employment during the year.

We endeavour to maintain transparent and constructive relationships with our employees and encourage a culture of engagement in the business. In addition, the consistent approach we have applied in determining annual increases over many years, including during times of economic downturn, has resulted in a low level of industrial action over the past decade.

Employment equity

The principles of empowerment and diversity are entrenched in Southern Sun's ethos. Our employment equity is set out in the table below and includes South Africa only. It excludes the approximately 4 184 contractors employed by third-party service providers and 459 employees outside of South Africa.

Employment equity profile

	South African male				South African female				Foreign nationals		
Employees	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	**Total**
Permanent											
Executives and management	151	39	45	97	161	46	60	99	11	2	**711**
Supervisory and skilled	505	55	33	18	693	125	71	46	8	4	**1 558**
General	325	44	14	3	100	11	3	1	3	1	**505**
Operational support											
Executives and management	–	–	–	–	–	–	–	–	–	–	**–**
Supervisory and skilled	33	–	–	–	58	–	1	–	2	–	**94**
General	892	37	13	5	1 433	52	3	–	12	4	**2 451**
Other	87	8	2	7	117	15	1	8	1	1	**247**
Total 2024	1 993	183	107	130	2 562	249	139	154	37	12	**5 566**
Total 2023	1 902	190	108	142	2 436	254	143	163	44	15	**5 397**

Permanent employees work full-time or on a flexible roster, according to business levels, and are guaranteed a minimum number of hours of work per month. Operational support staff (OSS) generally work on a flexible roster according to business levels and have no guaranteed hours.

We ensure our workforce reflects our focused employment equity philosophy. In this regard, the overall percentage of female employees is 55.6% of the workforce (2023: 55.8%) and the representation of black employees throughout the group is 94.8% (2023: 93.2%). In accordance with our management and control B-BBEE results measured against the National Black Economically Active Population demographic published by Stats SA, black representation is 22.2% at top management level (2023: 20.0%), 41.3% at senior management level (2023: 20.0%) and 76.0% at management level (2023: 72.9%).

The main challenges in employment equity remain at the levels of executive management, senior management, and black disabled employees. We will continue focusing on facilitating and fast-tracking the development of our employees' skills, enabling our development pipeline.

Looking ahead

Employee development

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

Garden Court Sandton City

CHIEF FINANCIAL OFFICER'S REVIEW

Laurelle McDonald, *Chief Financial Officer*

The results presented in this integrated annual report reflect the impact of the group's exposure to the Western Cape and discipled cost control, driving revenue up by 19% and Ebitdar up by 32%.

Annual review

The year under review has been a record one for Southern Sun's profitability, with total income growth of 19%, Ebitdar growth of 32% and Adjusted HEPS growth of 88% to 56.4 cents per share. In addition to buying back just under 10% of the shares in issue in the last year, the group announced the declaration of a maiden dividend of 12.5 cents per share.

Free cash flow of R970 million has been applied to the share buybacks of R617 million as well as expansion capex of R180 million during the financial year, and the balance to the reduction of net debt to R1.0 billion, resulting in a comfortable leverage ratio of 0.7 times Ebitda.

This performance is anchored firstly, through the strict maintenance of the cost efficiencies achieved through the complete restructuring of the group during the Covid-19 period and secondly, through the significant exposure of the owned portfolio of hotels to the Western Cape and particularly the City of Cape Town, which has enjoyed a strong tourism, business travel and event-related year.

Aided by more normalised demand from local and international travellers and strong demand for conferencing and events, group occupancy at 58.6% for the year ended 31 March 2024, has increased by 7.1 percentage points (pp) compared to 51.5% in the prior year but is still 0.7pp below the 59.3% achieved for 31 March 2020, being pre-Covid-19.

This shortfall in occupancy largely relates to hotels in individual nodes, in South Africa and offshore, which have not yet fully recovered but are showing signs of improvement and present a focus area for management.

The group's rooms revenue growth of 23% to R4.1 billion (2023: R3.3 billion) has been supported by ARR growth which has increased by 9% (pre-frequentGuest adjustment) for the year ended 31 March 2024, compared to the prior year and by an encouraging 27% compared to the 2020 financial year.

Similarly, food and beverage revenue is up 15% to R1.5 billion (2023: R1.3 billion), property rental income has grown by 17% to R229 million (2023: R195 million) and other revenue has increased by 15% to R308 million (2023: R268 million excluding the once-off payment of R399 million (R313 million after tax) received from Tsogo Sun Limited (TS) on implementation of the Separation agreement on 30 September 2022 (Separation Payment)).

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

For the year ended 31 March	2024	2023
Occupancy (%)	**58.6**	51.5
Average room rate (R)	**1 388**	1 268
RevPar (R)	**813**	652
Rooms available ('000)	**5 035**	5 081
Rooms sold ('000)	**2 948**	2 615
Rooms revenue (Rm)	**4 092**	3 314
frequentGuest loyalty expense (Rm)[1]	**(84)**	–
Rooms revenue per the income statement (Rm)	**4 008**	3 314

1 *The net cost of the group's frequentGuest loyalty programme has been reallocated from Other to Rooms revenue which is in line with the requirements of IFRS 15 and has no impact on the group's total revenue for the year ended 31 March 2024.*

Overall, the group's operating costs for the year ended 31 March 2024 have increased by 14%. Main contributors to this increase being variable costs in line with the increased levels of trading. The increase in employee costs is attributable to above inflationary salary increases implemented on 1 April 2023 as well as increased rostering of OSS in response to higher trading levels. As a consequence of load shedding, R48 million (2023: R41 million) has been spent on diesel over the year, a 17% increase on the prior year. Property rates have increased by 1% to R162 million (2023: R160 million) for the year. The group continues to investigate options to reduce its energy costs.

The group generated Ebitdar of R1.9 billion (2023: R1.4 billion), a 32% increase on the prior year and equating to an Ebitdar margin of 31% compared to 28% (if the Separation Payment is excluded from total revenue) for the year ended 31 March 2023 and exceeds the Ebitdar margin achieved for the 2020 financial year of 30%; despite the consolidation of hotels previously accounted for as investment properties that generated rental income at an Ebitdar margin of 100% at that time.

AT A GLANCE

REVENUE UP
19% to R6.0 billion

EBITDAR UP
32% to R1.9 billion

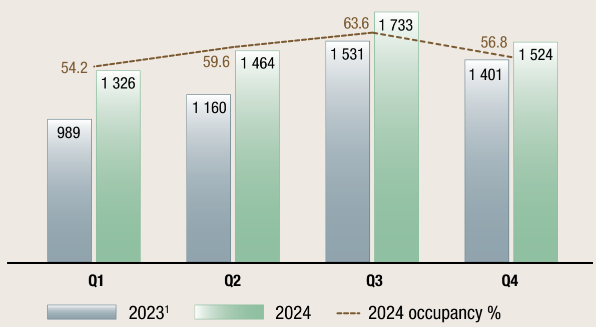
ADJUSTED HEPS UP
88% to 56.4 cents

NET DEBT REDUCED
to R1.0 billion

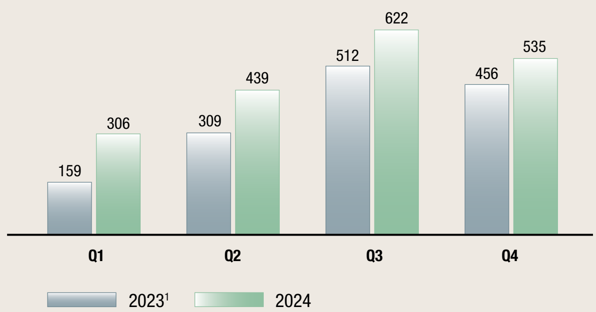
SHARE BUYBACKS OF
R617 million

DIVIDEND PER SHARE
of 12.5 cents

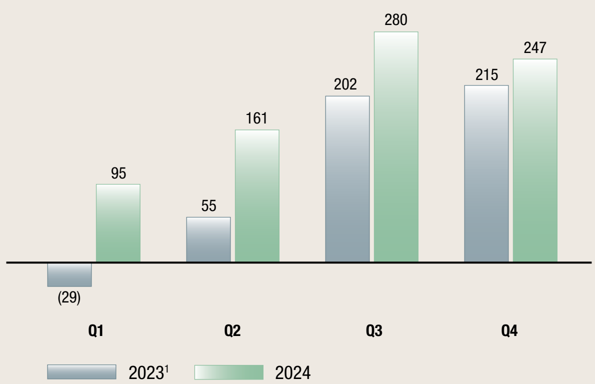
Quarterly performance – Income (Rm)



Quarterly performance – Ebitdar (Rm)



Quarterly performance – Adjusted earnings (Rm)



[1] *Income, Ebitdar and adjusted earnings for 2023 exclude the Separation Payment of R399 million (R313 million net of tax) and include discontinued operations.*

Summarised income statement review

Income statement (Rm)

	2024	2023[1]	Note
Income	**6 047**	5 081	1
Rooms revenue	**4 008**	3 314	
Food and beverage revenue	**1 502**	1 304	
Property rental income	**229**	195	
Other income[1]	**308**	268	
Overheads	**(4 145)**	(3 645)	
Ebitdar	**1 902**	1 436	2
LTI expense	**(25)**	(18)	
Property rental expense	**(170)**	(134)	3
Property rental expense	**(340)**	(288)	
Property rental expense – IFRS 16	**170**	154	
Amortisation and depreciation	**(369)**	(351)	
Amortisation and depreciation	**(284)**	(272)	
Amortisation and depreciation – IFRS 16	**(85)**	(79)	
Exceptional items	**56**	640	4
Profit before interest and taxation	**1 394**	1 573	
Finance costs (net)	**(291)**	(314)	5
Finance costs (net)	**(156)**	(182)	
Finance costs – IFRS 16	**(135)**	(132)	
Share of profits from associates	**80**	25	6
Income tax	**(327)**	(270)	7
Attributable profit for the year	**856**	1 014	8

[1] *The Separation Payment of R399 million has been excluded from Other revenue and disclosed as an exceptional item in 2023, additionally 2023 includes discontinued operations..*

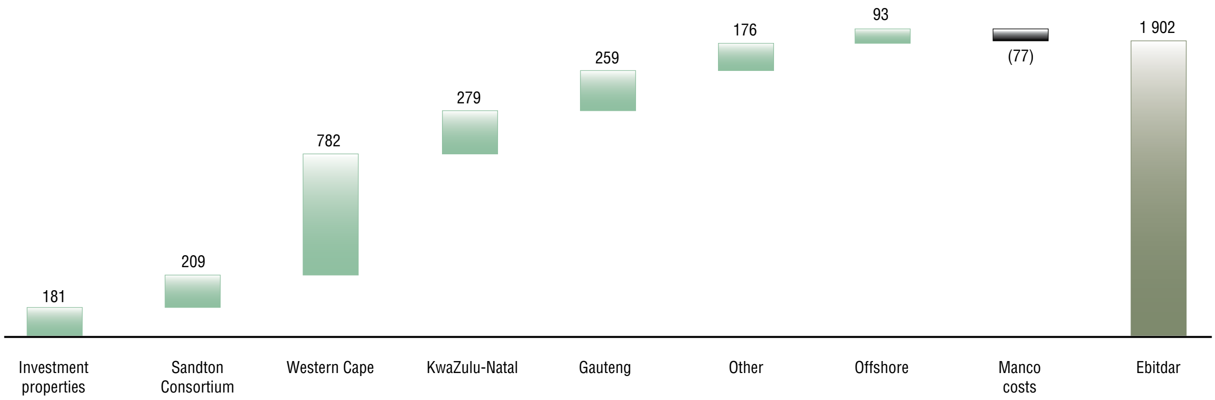
Note 1	INCOME

Total income for the year ended 31 March 2024 of R6.0 billion (2023: R5.1 billion) ended R1 billion above the prior year with a R694 million and R198 million increase in hotel rooms' revenue and food and beverage revenue, respectively. This performance was driven by a 7.1pp increase in occupancy from 51.5% to 58.6% and a 9.5% increase in ARR from R1 268 to R1 388. Property rental income ended R34 million above the prior year at R229 million while other income ended R40 million above the prior year at R308 million, reflecting the overall improvement in trading levels.

Note 2	EBITDAR

The group generated Ebitdar of R1.9 billion (2023: R1.4 billion), a R466 million increase on the prior year and equating to an Ebitdar margin of 31.5% compared to 28.3% in the prior year.

Segmental analysis for the year ended 31 March 2024 (Rm)



Note 3 PROPERTY RENTAL EXPENSE

Property rental expense of R170 million (2023: R134 million) represents the variable portion of lease payments. Excluding the impact of IFRS 16, the group incurred cash rent of R340 million for the year ended 31 March 2024 compared to R288 million in the prior year. The overall increase in the group's rent expense reflects the normalisation in trading, particularly in the Sandton Consortium hotels.

Note 4 EXCEPTIONAL ITEMS

Exceptional gains for the period of R56 million (2023 gains: R640 million) relate to the upward valuations of investment properties of R59 million net of loss on disposal of property, plant and equipment of R3 million. Exceptional gains for the prior year of R640 million relate primarily to the Separation Payment received from TS as well as the profit on the disposal of the group's hotel in Nigeria.

Note 5 FINANCE COSTS

Net finance costs of R291 million (2023: R314 million) include interest on capitalised leases of R135 million (2023: R132 million) and have reduced due to the reduction in the group's net interest-bearing debt levels.

Note 6 SHARE OF PROFITS FROM ASSOCIATES

The share of profit from associates of R80 million (2023: R25 million) includes the group's share of the valuation gain on the investment properties owned by International Hotels Limited (IHL) of R32 million (2023 loss: R15 million) net of fair value losses on interest rate hedges of R4 million (2023 gain: R5 million). Excluding these exceptional items, the underlying performance of the group's investments in the UK has grown by 46% from R35 million in 2023 to R51 million for the year ended 31 March 2024. Hotel trading in the UK recovered quickly post-Covid-19, particularly in the regional markets and trading levels and profitability continue to be encouraging. The group received dividends of R101 million during the year under review, R83 million of which relates to the group's share of the proceeds on disposal of two Holiday Inn Express hotels owned by IHL.

Note 7 INCOME TAX

The income tax expense for the year ended 31 March 2024 of R327 million (2023: R270 million) is in line with operating profits. Certain of the group's operating subsidiaries remain in assessed loss positions, however, these are being utilised as trading improves. Deferred income tax assets amounting to R94 million have been recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Note 8 **ATTRIBUTABLE PROFIT**

	2024 Net of tax Rm	2023 Net of tax Rm
Attributable profit	**856**	1 014
Separation Payment	–	(313)
Profit on disposal of subsidiary	–	(259)
Cash flow hedges reclassified to profit or loss	–	(21)
Fair value adjustment of investment properties	**(46)**	(3)
Loss on disposal of PPE	**2**	4
Transaction and restructuring costs	–	7
Impairment of trademark	–	4
Share of associates' exceptional items	**(29)**	10
Adjusted headline profit[1]	**783**	443
Weighted average number of shares in issue (millions)	**1 387**	1 476
Basic adjusted headline profit per share (cents)	**56.4**	30.0

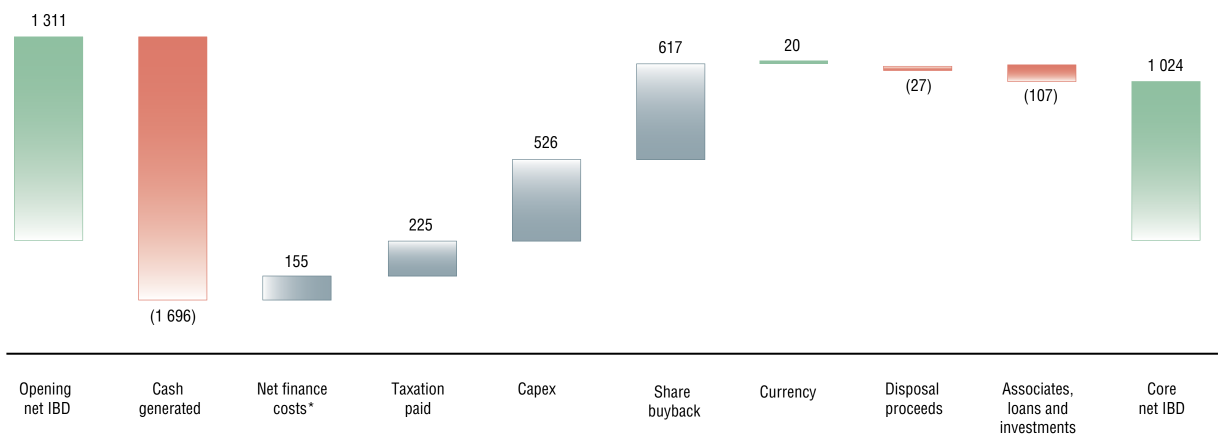
[1] *Adjusted headline profit is defined as profits or losses attributable to equity holders of the company adjusted for after-tax exceptional items (including headline adjustments) that are regarded as sufficiently material and unusual that they would distort the financial results if they were not adjusted. This measure is not required by IFRS Accounting Standards and is commonly used in the industry. The directors are responsible for compiling the non-IFRS performance measures which are independently audited by the group's external auditors at year end.*

Liquidity, funding capacity and covenants

Interest-bearing debt net of cash at 31 March 2024 totalled R1.0 billion, which is R287 million less than the 31 March 2023 balance of R1.3 billion which is largely attributable to free cash flow generated over the year of R970 million net of the share buyback of R617 million and capital expenditure of R180 million, disposal proceeds of R27 million along with cash inflows from investments in associates of R107 million and net foreign exchange losses of R20 million. The group was well within covenant requirements for the year ended 31 March 2024, achieving a leverage ratio (net debt to Ebitda) of 0.7 times and an interest cover ratio of 7.2 times.

The group had cash and cash equivalents of R639 million (2023: R653 million) and access to R1.3 billion in undrawn facilities at 31 March 2024.

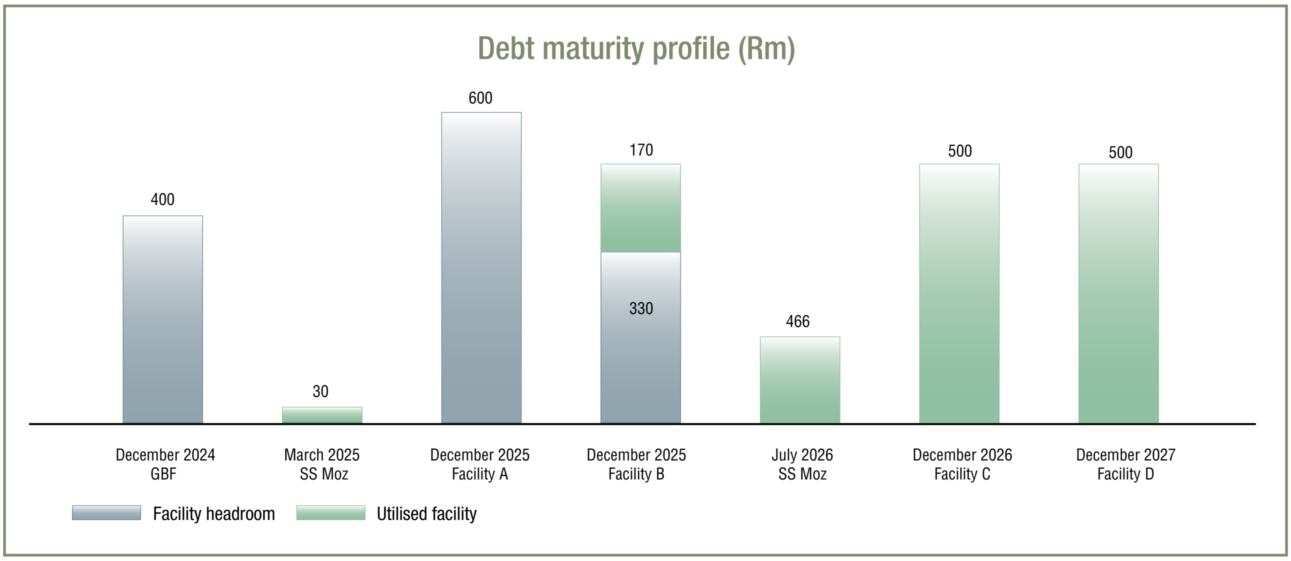
Summarised cash flow for the year ended 31 March 2024 (Rm)



* *Excluding IFRS16 adjustments.*

Interest-bearing debts (IBD) net of cash at 31 March 2024 (Rm)

	2024	2023
External debt – offshore (US Dollar-based)	**496**	468
External debt (Rand-based)	**1 170**	1 500
Pre-paid borrowing costs	**(3)**	(4)
Gross IBD	**1 663**	1 964
Cash on hand – South Africa hotels	**(372)**	(529)
Cash on hand – Offshore hotels	**(267)**	(124)
Net IBD	**1 024**	1 311
Cash held as security for the SS Ikoyi refinancing	**–**	(230)
Net IBD as per balance sheet	**1 024**	1 081
Analysed as: South Africa hotels	**796**	967
Hotels offshore	**228**	344
Cash held as security for the SS Ikoyi refinancing	**–**	(230)



Laurelle McDonald
Chief Financial Officer (CFO)

31 July 2024

Financial strength and durability

It is important to ensure the group's capital structure is appropriate so that the business survives through economic cycles.

Cyclical variations in macroeconomic conditions are particularly relevant in the hotel industry, which is regularly in undersupply or oversupply. To withstand the impacts of these cycles, the group aims to ensure debt is used prudently.

Approach

The group manages debt levels using the leverage ratio (net debt:Ebitda) and ensures availability of sufficient credit facilities with long-term maturities, providing additional liquidity when economic conditions deteriorate.

Key performance indicators	2024	2023	2022
Net debt:Ebitda (times)	**0.7**	1.1	6.4
Unutilised facilities including core cash (Rm)	**1 959**	1 643	1 996
Weighted average expiry of debt facilities (years)	**2.2**	3.2	2.3
Gross debt hedged through fixed interest rate swaps (%)	**78.2**	66.2	45.8

2024 performance

Funding capacity and interest-bearing debt

The group's funding package is diversified across all four major South African banks in order to reduce our credit exposure and limit liquidity concentration risk. The group is never exposed to only one lender and has sufficient committed credit facilities to weather the cyclical nature of the business. The group's policy is to ensure that it has, at all times, in excess of 15% of surplus, undrawn committed borrowing facilities. At 31 March 2024, the group had R1.3 billion in unutilised facilities out of total committed facilities of R2.99 billion equating to 44% (2023: 33%) surplus facilities.

We aim to use the cash generated efficiently to reduce interest-bearing thereby preventing interest leakage. The group is able to allocate cash towards term loans on a quarterly basis. In the year under review, the group managed to further reduce its net interest-bearing debt from R1.3 billion to R1.0 billion after distributing R627 million to shareholders and spending a total of R478 million on maintenance and expansion capital expenditure. In the absence of further large share buybacks or corporate activity, we will continue repaying the longer-term, more expensive term loans in the year ahead.

Interest rate and currency risk management

The group manages its interest rate risk by using floating-to-fixed interest rate swaps. Interest rate swaps have the economic effect of converting floating rate borrowings to fixed rates. Where the group raises long-term borrowings at floating rates, it swaps them into fixed rates in terms of group policy. Group policy requires a long-term hedging profile of approximately 50%, deviating to a minimum of 25% and a maximum of up to 100% of gross debt, considering the interest rate cycle. The hedge ratio is monitored on an ongoing basis. Under the interest rate swaps, the group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to an agreed reference interest rate calculated on agreed notional principal amounts. The settlement dates coincide with the dates on which interest is payable on the underlying debt and settlement occurs on a net basis. As at 31 March 2024, 78% of combined group gross debt was hedged through fixed interest rate swaps. The weighted average pre-tax effective interest rate for the year increased from 8.9% in 2023 to 9.0% in 2024, given increases in the underlying reference JIBAR and SOFR interest rates as well as higher cash balances earning interest at lower rates than those applicable to borrowings.

The group is not exposed to significant foreign exchange risk in its Offshore division as the functional currency (the currency in which cash flows are generated) matches the currency of the debt raised in those entities, being US Dollars. As a result, no forward cover contracts are required in respect of this debt and a natural hedge exists. There is, however, foreign currency risk exposure on the conversion of these US Dollar-denominated loans to Rand and while the group has not hedged this risk given that the cost to do so is prohibitive, the intention since listing has been to reduce the exposure to Dollar-denominated debt and the proceeds from the sale of Southern Sun Ikoyi in 2023 further assisted in achieving this. Offshore cash at year end was held 72% in US Dollar, 21% in Euro and 2% in Mozambican Metical with 5% in other local currency deposits.

Looking ahead

The group generated free cash flow of R970 million during 2024 and assuming the same level of cash flow is generated during 2025, in the absence of further buyback or investment opportunities, we intend to settle the two R500 million term loan facilities expiring in December 2026 and 2027.

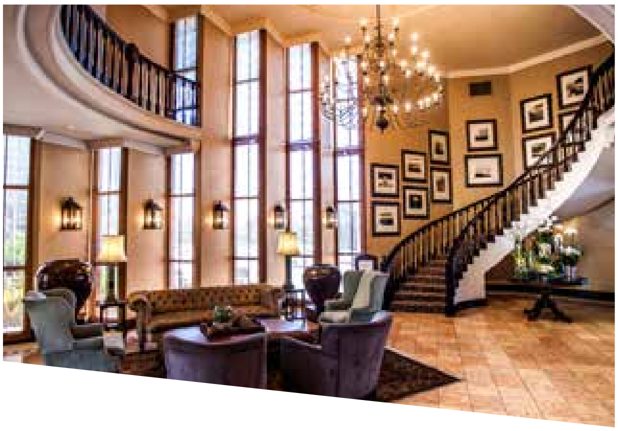
Given that the group's interest rate hedges expire during September 2024, the lower Rand-based debt levels allow us to delay entering into new hedges until the refinancing of facilities expiring in December 2025, at which point interest rates should have declined. At a core debt facility level of R1.5 billion, ranging between one and four years' maturity and with a security pool value in excess of R10 billion, the group should be able to achieve more attractive margins and reduce funding costs.

Garden Court Kitwe

OUR GROWTH STRATEGY IN ACTION

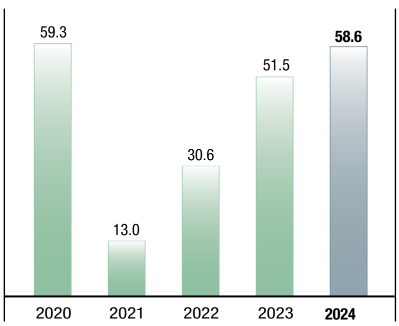
Growth strategy in action

We know that businesses are valued as the present value of the future cash flows that can be generated by their assets and other capitals. While all the capitals we use are required to generate value, we use growth in cash flow as the true measure of growth for our business over time.

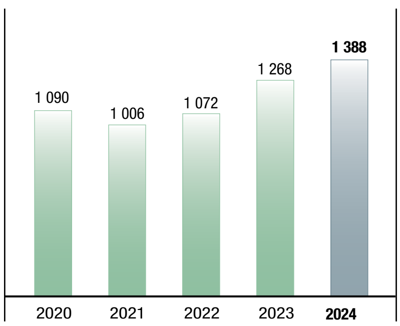


	KEY PILLARS	MATERIAL RISKS
Free cash generated of **R970 million**	Organic growth	• Macroeconomic environment • Crime, security, health and safety • Portfolio management and product relevance • Capacity and market issues • Cyber, IT and information management • Regulatory change and compliance • Local authority capability
Investment expenditure of **R180 million**	Inorganic growth	• Missed opportunities

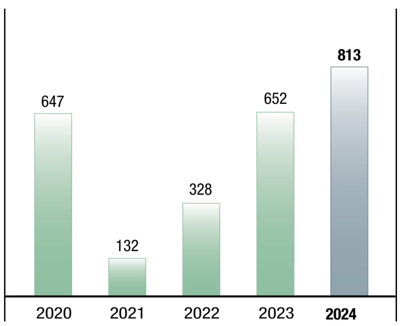
Occupancy (%)*



Average room rate (R)*

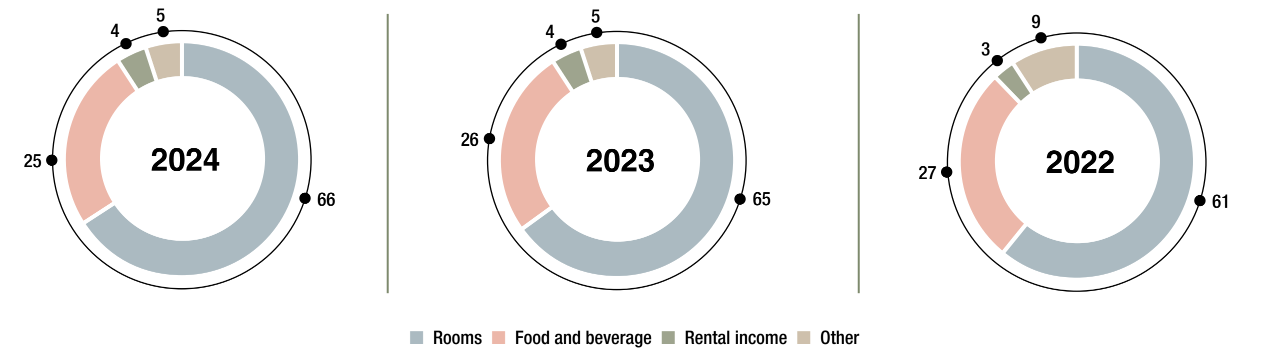


RevPar (R)*



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

Hotel revenue by nature (%)



Organic growth

Hotels have high levels of operational gearing due to substantial fixed operating costs. The major driver of long-term organic growth will arise from maximising the revenue generated from the group's asset base in all macroeconomic circumstances. Operational overheads must be reviewed and measured for efficiency and to ensure each Rand spent is either in support of the objective of sustainability or growth.

	Revenue[1]		Ebitdar[2]		Ebitdar margin	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm	**2024 %**	2023 %
Continuing operations						
Investment properties	**184**	153	**181**	149	**98**	97
Sandton Consortium	**661**	521	**209**	147	**32**	28
SA Portfolio	**4 848**	3 971	**1 496**	1 131	**31**	28
Western Cape	**1 934**	1 453	**782**	512	**40**	35
KwaZulu-Natal	**1 013**	961	**279**	281	**28**	29
Gauteng	**1 250**	995	**259**	177	**21**	18
Other	**651**	562	**176**	161	**27**	29
Offshore	**434**	378	**93**	76	**21**	20
Manco costs	**(80)**	363	**(77)**	(94)	**96**	*
Manco[3]	**(80)**	(36)	**(77)**	(94)	**96**	*
Separation Payment	**–**	399	**–**	–	**–**	–
Total	**6 047**	5 386	**1 902**	1 409	**31**	26
Discontinued operations						
Offshore – Southern Sun Ikoyi	**–**	94	**–**	27	**–**	29
Group	**6 047**	5 480	**1 902**	1 436	**31**	26

1 *All revenue and income from hotel operations are derived from external customers. No one customer contributes more than 10% to the group's total revenue.*
2 *Refer to the reconciliation of operating profit to Ebitdar on page 118.*
3 *This segment includes the net cost of the group's frequentGuest loyalty rewards programme which is managed by Manco and consequently includes the forfeitures and any other adjustments, while the redemptions are allocated to the specific segments.*
* *Percentage change greater than 100% or negative.*

OUR GROWTH STRATEGY IN ACTION *continued*

Key performance indicators	2024	2023	2022
Organic income increase (Rm)	**1 056**	2 575	1 486
Organic Ebitdar increase (Rm)	**471**	1 058	567
Free cash generated (Rm)	**970**	753	223
Maintenance capex (Rm)	**298**	104	43
Adjusted HEPS per share increase (cents)	**26.4**	37.8	43.4

Operational review

Ebitdar from Investment properties for the year ended 31 March 2024 of R181 million (2023: R149 million) has grown by 21% and relates to the four remaining investment properties consolidated by the group, being Birchwood Hotel & OR Tambo Conference Centre (Birchwood), the Radisson Blu Waterfront Hotel (Radisson Waterfront), Champagne Sports Resort and Kopanong Hotel & Conference Centre. Most of the increase in rental income, 13%, relates to organic growth in the segment, driven by groups and conferencing demand at Birchwood and strong ARR and volume growth at Radisson Waterfront mirroring buoyant trading levels and international tourism demand in the Western Cape. The balance of 8% is attributable to the group's acquisition of the 25% minority interest in Birchwood effective 1 October 2023.

The Sandton Consortium segment reflects the trading performance of the Sandton Sun and Towers complex and the Garden Court Sandton City, along with management fee income earned from the Sandton Convention Centre. This segment generated revenue of R661 million (2023: R521 million) and Ebitdar of R209 million (2023: R147 million) up 42% for the year ended 31 March 2024. These hotels have been star performers in Gauteng, thanks to their location and the increased demand for events and conferencing at the Sandton Convention Centre. The Sandton Towers is currently undergoing a full bedroom and corridor refurbishment which is expected to be complete by November 2024.

The group generated revenue and Ebitdar from the Western Cape of R1.9 billion (2023: R1.5 billion) and R782 million (2023: R512 million) respectively. Cape Town has benefited from foreign inbound travel and large-scale conferences and events across all segments, which boosts demand for accommodation and drives both volume and rate growth in the region.

The revenue and Ebitdar contribution from KwaZulu-Natal was R1.0 billion (2023: R961 million) and R279 million (2023: R281 million) respectively. The group's hotels located on the Durban beachfront and uMhlanga continue to perform well, however, the austerity measures put in place by National Treasury to reduce government travel expenditure impacted the Durban hotels in particular which saw a notable reduction in groups and conferencing demand from government. uMhlanga is a key growth node for the group and during August 2023 we acquired land adjacent to one of our existing hotels for R36 million, which we have earmarked for future development.

The domestic and international corporate transient travel segment has been the slowest to return to pre-Covid-19 levels. Consequently, Gauteng has previously lagged behind other provinces in terms of recovery, particularly hotels not located in prime business hubs near OR Tambo International Airport or Sandton Convention Centre but this has started to improve. The rebranding of the Holiday Inn Sandton to the Southern Sun brand in Sandton and leveraging our relationships with sporting bodies, corporates and government has given the hotel traction in the market. The group's revenue and Ebitdar from Gauteng for the year ended 31 March 2024 amounted to R1.3 billion (2023: R1.0 billion) and R259 million (2023: R177 million) respectively, a 46% improvement.

The Other segment includes hotels situated in Mpumalanga, Eastern Cape, Kimberley, Bloemfontein and Polokwane. These hotels are well supported by government groups and conferencing business as well as sporting events and have consistently performed well after the pandemic. Given its exposure to government, this segment was also impacted by the travel restrictions implemented by National Treasury, particularly during the fourth quarter. Trading levels appear to be normalising in the lead up to the National Elections. This segment generated revenue and Ebitdar for the year ended 31 March 2024 of R651 million (2023: R562 million) and R176 million (2023: R161 million) respectively, a 9% growth in Ebitdar.

Total revenue for the Offshore division of hotels of R434 million (2023: R472 million) for the year ended 31 March 2024 largely relates to the Southern Sun and StayEasy Maputo, Mozambique which despite development delays in the oil and gas sectors, has achieved Ebitdar growth of 37% from the previous year to R41 million. The second largest contributor to Ebitdar for this segment is Paradise Sun, Seychelles which has met performance expectations thanks to support from the European market. Trading at the Southern Sun, The Ridge in Zambia was muted due to its reliance on corporate travel from South Africa which has not recovered to pre-Covid-19 levels, however, business has improved within the sports, government, and NGO segments. In response to these dynamics, expenses have been tightly controlled. In the owned Offshore portfolio only the Southern Sun Dar es Salaam, Tanzania remains closed, however, the group intends re-opening the hotel in October 2024 and planning is currently underway. The Offshore division generated Ebitdar of R93 million (2023: R103 million).

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

Maintenance capital expenditure

The group spent R298 million (2023: R104 million) on maintenance capex, largely on repairs to ensure that the hotels are able to continue operating optimally.

Looking ahead

The group's overall occupancy at 58.6% reflects the low growth economic environment prevalent in South Africa. We are optimistic that if there is certainty regarding government policy and private sector collaborations initiated to solve the myriad of challenges facing the country, that the pent-up demand for travel and accommodation by both domestic and international corporates as well as government should begin to materialise, benefiting the group's hotels in both Gauteng and KwaZulu-Natal which are weighted towards these segments.

South Africa continues to benefit from strong international demand and this could be even stronger with the removal of visa restrictions to some markets and further activation of inbound air capacity to the country. The middle-income international traveller has not recovered to pre-Covid-19 levels and represents an opportunity.

There are several events being hosted in South Africa such as the G20 Summit, Mining Indaba and the African Energy Indaba, where the group can capitalise on its national distribution and ability to successfully host and coordinate large conferences.

These events together with increasing demand from international and domestic corporates, present opportunities for the group to grow occupancies and yield average room rates which, together with the high operational gearing in the business would result in a substantial flow through to Ebitdar, even at reasonable revenue growth.

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

Inorganic growth

Inorganic growth will be a combination of capacity increases in existing businesses, greenfield developments in new markets and acquisitions within the group's core competencies. In all situations, disciplined due diligence and feasibility are critical to ensure the success of growth projects.

The propensity for growth projects to absorb financial and human resources must be carefully evaluated within the group's capacity tolerances as these can impact some of the pillars of sustainability.

Investment activity expenditure	2024 Rm	2023 Rm	2022 Rm
Five sectional title units at Radisson Blu Waterfront Hotel	**–**	24	–
StayEasy Mbombela and Southern Sun Mbombela	**–**	142	–
Four sectional title units at Garden Court Victoria Junction (Rm)	**7**	–	–
Land in uMhlanga, for future development (Rm)	**6**	–	–
Acquisition of 25% minority interest in Birchwood Hotel & OR Tambo Conference Centre (acquisition of land and certain moveable assets (Rm)	**160**	–	–
Sunswop units	**5**	–	–
Beverly Hills	**2**	–	–
Investment activity expenditure (Rm)	**180**	166	–

StayEasy Lusaka

Looking ahead

Notwithstanding the upward trend in trading and return to normalised travel patterns, there is still a considerable disconnect between what the group's hotel portfolio is valued at as represented by Southern Sun's share price and related enterprise value on the JSE; and hotel sellers' expectations of price as well as new build cost. While the group remains undervalued, the best return on investment is achieved through the repurchase of our own shares and therefore, inorganic growth is not our focus for the medium term.

CORPORATE GOVERNANCE REVIEW

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

Group governance framework

Board 5* 2 2

Audit and risk committee	Remuneration and nomination committee	Social and ethics committee	CEO
4	3 1	5*	
Financial integrity, risk, governance and compliance	Board composition, diversity and succession, fair remuneration and performance measurement	Ethical conduct, anti-corruption, empowerment and transformation, environment, labour and employment	Responsible for **implementing board strategy and policy, and managing** the business

The above three committees assist the board in fulfilling its duties.

* *Southern Sun considers the independence of directors holistically annually, and on a substance-over-form basis, in line with the practices of King IV and based on the indicators set out in the Companies Act and the JSE Listings Requirements.*

Independent non-executive director · Non-executive director · Executive director

Executive committee

Responsible for the **day-to-day management** of the group

Executive risk committee

Responsible for **identifying** and **managing risks** and opportunities

Compliance

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

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

Beverly Hills Hotel

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

Organisational ethics and responsible citizenship

The group's ethical culture is instilled by the board, and flows through to management, which is tasked to lead by example. The group's ethics policy and code of conduct direct business practices. The ethics policy includes key aspects such as:

- the group's societal contribution and how people should be treated;
- the need for employees to speak out about wrongdoings;
- conflicts of interest;
- the legitimate interests of the business;
- application of law, policies and procedures; and
- individual accountability.

Conflicts of interest

Directors are required to disclose personal financial interests in terms of section 75 of the Companies Act. General disclosures of directors' interests are made at least annually to the Company Secretary and are updated during the year. These disclosures are available to all board members for inspection.

Share dealing

Dealing in the group's securities by directors, their associates and senior group officials is regulated and monitored in accordance with the JSE Listings Requirements and the group's share dealing policy. Southern Sun maintains a closed period from the end of a financial period to the day of publication of its financial results and any time when the group's shares are trading under cautionary.

Code of conduct

The code of conduct provides guidance on matters such as conflicts of interest, acceptance and giving of donations and gifts, compliance with laws and disseminating confidential information.

Anti-bribery and corruption

The group does not tolerate any form of bribery or corruption. Whistleblowing and anti-corruption procedures are in place. Stakeholders are encouraged to report, if necessary, the actions and individuals who compromise or threaten the group's values and reputation. These actions and individuals can be reported through anonymous and independently conducted ethics hotlines. Investigations are carried out and findings reported, and disciplinary, civil or criminal action is taken as and when appropriate. During the year, nine whistleblowing incidents were reported to ethics hotlines (2023: eight). These included no serious incidents of governance failure and were dealt with appropriately by the human resources department. Members of the board and management annually declare that they have not been involved in any form of bribery or corruption in their personal capacities as members of the board and/or employees or on behalf of the group.

Governance framework

The board mindfully interpreted and applied King IV as appropriate for the organisation and the tourism sector in which it operates. The board adopted an appropriate governance framework for the group and oversees the implementation of the governance framework. The board believes this framework resulted in the group being a good corporate citizen and achieving an honest and ethical culture, good performance, effective control in the organisation and legitimacy with stakeholders.

Southern Sun Abu Dhabi

BOARD OF DIRECTORS

Composition	Meeting attendance
Executive directors	
MN von Aulock (CEO)	5/5
L McDonald (CFO)	5/5
Independent non-executive directors	
MH Ahmed (Lead independent)	5/5
SC Gina	5/5
LM Molefi	5/5
JG Ngcobo	5/5
CC September	5/5
Non-executive	
JA Copelyn (Chairman)	5/5
JR Nicolella	4/5

Board membership and analyses of its composition can be found on page 73.

The roles of the Chairman and the CEO are clearly defined to ensure a balance of power. The Chairman is responsible for providing overall leadership to the board and ensuring the board performs effectively. The CEO is responsible for implementing strategy, as approved by the board. The delegation of authority framework contributes to role clarity and the effective exercise of authority and responsibility. No one director has unfettered powers of decision-making. While the Chairman is a non-independent non-executive director, the board appointed a strong lead independent non-executive director to ensure the necessary independence is upheld in the functioning of the board. The lead independent director leads in the Chairman's absence and assists with managing any actual or perceived conflicts of interest that may arise. A clear division of responsibilities at board level ensures a balance of power and authority.

The terms of employment of board members are included in the remuneration report on page 81.

Responsibilities

The board's main functions, as set out in its approved charter, include:

- exercising control of the group and providing leadership;
- adopting strategic plans and delegating and monitoring their implementation by management;
- considering risks and opportunities in line with the group's agreed risk parameters and approving major issues, including the group's investment policies, acquisitions, disposals and reporting as well as monitoring operational performance;
- monitoring the group's performance; and
- acting in the group's best interests and being accountable to shareholders and other stakeholders.

Southern Sun's board charter is reviewed annually.

Diversity

www

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

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

The board is satisfied that its current composition, the components of which are set out in the graphs on page 74, reflects an appropriate mix of knowledge, skills, experience, diversity and independence.

Appointments and succession

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

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

Accountability and compliance

Southern Sun's stakeholders hold the board accountable for its performance. The performance of the board and its committees is regularly evaluated. Management is held accountable for its activities through quarterly performance reporting and budget updates. The CEO and CFO are awarded annual short-term incentives (STIs) based on pre-agreed financial criteria and the director's personal performance.

Members of the board and management annually declare that they have not caused the group to breach any laws and regulations applicable to it and to the conduct of its businesses.

For further information, please refer to the remuneration policy and the remuneration implementation report on page 75.

The board is confident that it fulfilled its responsibilities in accordance with its charter and the group's memorandum of incorporation (MOI) for the year. The group adheres to an effective framework and processes for compliance with laws, codes, rules and standards. No contraventions were reported during the year.

Company Secretary effectiveness

The group's Company Secretary is Southern Sun Secretarial Services Proprietary Limited (represented by Laurinda Rosalind (Rosa) van Onselen). The Company Secretary is responsible for the group's statutory administration, ensures compliance and provides the board with guidance on the Companies Act and all regulations and governance codes and policies.

The Company Secretary is not a director of the group and ensures board and committee processes and procedures are implemented. She attends all meetings of the board and committees.

Directors have unrestricted access to the Company Secretary's advice and services. The board is satisfied that an arm's-length relationship exists between the board of directors, the executive team, individual directors and the Company Secretary.

The board determined that it is satisfied with the Company Secretary's competence, qualifications and experience.

Committees

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

The board is satisfied that its governance structure continues to serve the group well.

AUDIT AND RISK COMMITTEE

Composition	Meeting attendance
Independent non-executive directors	
Mohamed Haroun Ahmed (Chairman)	3/3
Sipho Chris Gina	3/3
Lynette Moretlo Molefi	3/3
Jabulani Geffrey Ngcobo	3/3

This report should be read in conjunction with the statutory report of the audit and risk committee on page 91 of the consolidated annual financial statements.

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

- providing independent oversight of the effectiveness of the group's assurance functions and services;
- ensuring appropriate financial reporting procedures are established for the group in accordance with paragraph 3.84g(ii) of the Listings Requirements of the JSE;
- ensuring the group's financial performance is properly reported on and monitored, including reviewing the annual and interim accounts, results announcements, the integrated annual reporting process, internal control systems and procedures, and accounting policies;
- appointing and assessing the performance of the internal auditor for the necessary skills and resources to address the complexity and volume of risks faced by the group;
- making recommendation to shareholders regarding the appointment or reappointment of the independent external auditor following the receipt of the necessary information as set out in paragraph 22.15(h) of the Listings Requirements of the JSE, an evaluation and assessment of the external auditor and the designated audit partner, the suitability for such appointment and independence of the external auditor and audit partner;
- considering the effectiveness of the internal financial controls as well as the external and internal audit functions;

- approving internal and external audit plans and audit fees;
- approving non-audit services;
- approving accounting policies;
- reviewing insurance, treasury and taxation matters;
- executing its statutory duties as set out in section 90 of the Companies Act;
- satisfying itself of the expertise and experience of the CFO and the group's finance function as set out on page 91 of the consolidated annual financial statements for the year ended 31 March 2024;
- ensuring an effective risk management process is in place to identify and monitor the management of key risks and opportunities relating to the group's risk tolerance and risk appetite levels and evaluation of the appropriateness of management's response to these risks;
- reviewing IT risks relating to core operational systems, systems projects, information management and security initiatives, and governance and regulatory compliance;
- reviewing material legal, legislative and regulatory developments;
- reviewing prospective accounting standard changes; and
- taking appropriate action where necessary to respond to findings as highlighted in the JSE's most recent report on proactive monitoring of financial statements and, where necessary, those of previous periods.

The board concluded that the members of the audit and risk committee had the necessary financial literacy, skills and experience to execute their duties effectively during the year and make worthwhile contributions to its deliberations. The board recommends the members of the audit and risk committee for reappointment at the AGM to be held on Friday, 20 September 2024.

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

The audit and risk committee:

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

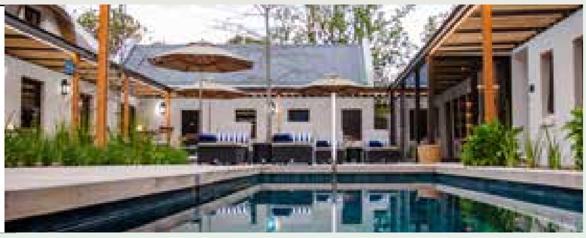
Non-audit services approved throughout the year included mainly agreed-upon procedures for HCI group-related reporting and agreed-upon procedure certificates for property transfers. The audit and risk committee met three times during the year. *Ad hoc* meetings are held as required to consider special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

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

Key focus areas addressed during the 2024 financial year	Key focus areas addressed during the 2025 financial year
• Monitored the handover between the incoming and outgoing external auditor and regularly communicated with executive management and external audit on the handover process and the status of 2024 external audit process • Continued to monitor the implementation of new IFRS and the impact of future standards • Considered the implications of the JSE's most recent report on the proactive monitoring of financial statements and implemented recommendations where appropriate • Monitored the implementation of the group's Information Security Management Framework aimed at strengthening IT security • Continue to monitor business risks and internal controls	• Keeping up to date with the JSE market segmentation project and the JSE simplification process, the resultant amendments to the JSE Listings Requirements and the potential impact thereof on the company • Monitoring the smooth implementation and upgrade of Financial Systems, such as SAP S/4 Hana • Continuing to monitor the implementation of new IFRS and the impact of future standards

CORPORATE GOVERNANCE REVIEW *continued*

SOCIAL AND ETHICS COMMITTEE	
Composition	**Meeting attendance**
Independent non-executive directors	
Sipho Chris Gina (Chairman)	2/2
Lynette Moretlo Molefi	2/2
Jabulani Geffrey Ngcobo	2/2
Mohamed Haroun Ahmed	2/2
Cornelia Carol September	2/2



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

- Progress in the alignment of the group's practices to the requirements of the revised B-BBEE codes
- Disputes with government or regulators
- Regulatory compliance
- Responsible tourism
- Preferential procurement, socioeconomic development and enterprise and supplier development
- Climate change and environmental management and certification
- Customer satisfaction, loyalty, health and safety and consumer protection
- Job creation, employee health and safety, employee development, management diversity, employment equity and employee engagement

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

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

Key focus areas addressed during the 2024 financial year	Key focus areas addressed during the 2025 financial year
• Continued to monitor the group's B-BBEE status • Consider the amendments to the Employment Equity Amendment Act 4 of 2022, being an amendment to the Employment Equity Act of 1998 (Act 55 of 1998) and the impact thereof on the group	• Continuing to monitor the group's B-BBEE status • Monitoring the group's environmental impact and disclosure

Risk and opportunity

The group treats risk as integral to how it makes decisions and executes its duties. The group's risk governance encompasses the opportunities and associated risks in developing strategy and the potential positive and negative effects of such risks on achieving its organisational objectives. While the board exercises ongoing oversight of risk management, the group's risk governance function is delegated to the audit and risk committee with the responsibility for implementing and executing effective risk management delegated to management.

The group's risk management process identifies and analyses group risks, sets appropriate limits, and controls and monitors risks and adherence to limits. The internal risk committee reviews risks and opportunities at least annually.

These are presented to the audit and risk committee for review. This allows for risks to be identified and opportunities to be prioritised according to their potential impact on the group. Responses are designed and implemented to counter the effects of risks and to leverage opportunities. Significant risks identified are communicated to the board with recommended actions.

The risk management policy is in accordance with industry practice and specifically prohibits the group from entering into any derivative transactions that are not in the normal course of business.

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

Internal controls

The directors have overall responsibility for the group's internal control and for reviewing its effectiveness. The controls identify and manage group risks rather than completely eliminating failure.

Therefore, internal controls provide reasonable but not absolute assurance against material misstatement or loss. Management is responsible for implementing and operating these systems. Processes are regularly communicated to employees to inform them of their responsibilities.

Systems include strategic planning, appropriate levels of authority, segregation of duties, appointing qualified employees, regular reporting and monitoring of performance and effective control over Southern Sun's investments.

Internal audit

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

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

IT governance

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

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

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

Refer to page 46 of this report for more information on our IT strategy and governance.

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

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

The board is satisfied with the effectiveness of IT governance.

OUR LEADERSHIP

The board as at 31 March 2023

Executive directors

Marcel Nikolaus von Aulock (50)
Chief Executive Officer

BCom BAcc
Appointed:
10 May 2019

Laurelle McDonald (42)
Chief Financial Officer

CA(SA)
Appointed:
30 September 2011

Non-executive directors

John Anthony Copelyn (74)
Chairman and non-executive director

BA (Hons), BProc
Appointed:
10 May 2019

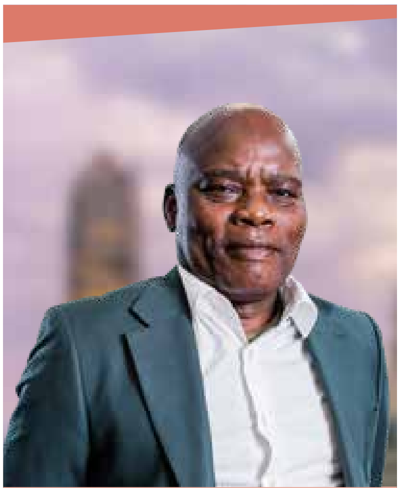
Independent non-executive directors

Mohamed Haroun Ahmed (59)
Lead independent non-executive director

BCom Accounting
Appointed:
10 May 2019

Lynette Moretlo Molefi (55)
Independent non-executive director

BSc, MB ChB
Appointed:
10 May 2019



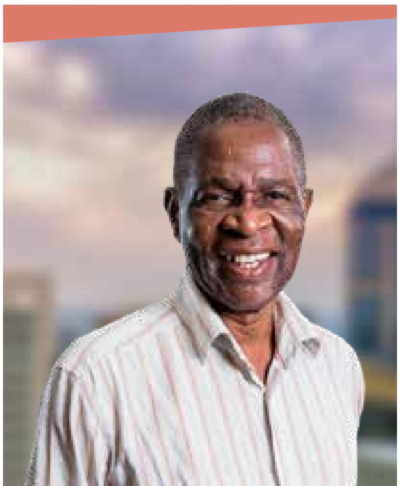
Sipho Chris Gina (65)
Independent non-executive director

Dip (Labour Law)
Appointed:
10 May 2019

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

CA(SA), PLD
Appointed:
10 May 2019

The board has adopted an appropriate governance framework for the group and monitors its implementation and application. The board is confident that it has fulfilled its responsibilities in accordance with its charter.



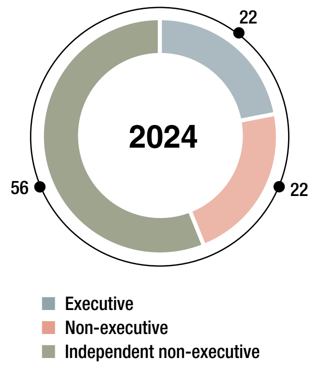
Jabulani Geffrey Ngcobo (73)
Independent non-executive director

Appointed:
10 May 2019

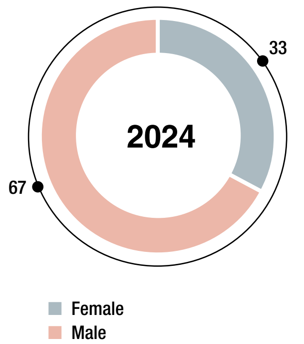
Cornelia Carol September (65)
Independent non-executive director

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

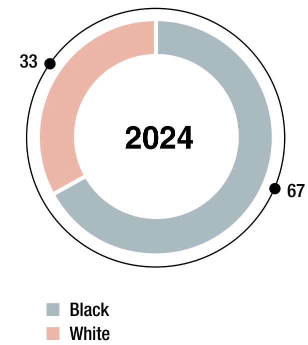
Board membership (%)*



Gender diversity (%)*



Racial diversity (%)*



* *No changes in board composition occurred during the year. Graphs reflect membership status at 31 March 2024.*

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

REMUNERATION POLICY AND REMUNERATION IMPLEMENTATION REPORT

Mohamed Ahmed, *Independent non-executive Chairman*

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

"We remain mindful of the evolving reporting landscape, placing an even greater emphasis on transparency of disclosure and corporate citizenship. I am pleased to present Southern Sun's remuneration report for the year ended 31 March 2024, reflecting our commitment to remunerate fairly, responsibly and competitively."

In line with best practice, as prescribed by King IV, this report is presented in three parts:

1. **Background statement**
2. **Remuneration philosophy and policy**
3. **Implementation report**

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

In support of Southern Sun's commitment to building trust, respect and credibility with our stakeholders, the group regularly engages with investors and funding institutions to better understand their concerns and mandates. The group has considered shareholder feedback in reviewing our 2024 remuneration policy and approach.

Chairman's background statement

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

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

The remuneration report was again assessed for easier reading, understanding, and enhanced compliance. The transparency of short-term incentive performance targets and achievements was expanded and enhanced and includes disclosure of performance targets for each executive director.

The group will be assessing the impact of and planning for the expanded reporting and regulatory requirements brought about by the Companies Second Amendment Bill, once signed into law by our President, for inclusion in our 2025 integrated annual report and AGM Notice.

Changes to our remuneration policy

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

Shareholder engagement and voting

The non-binding advisory endorsements of the remuneration policy and implementation reports for the past three years as well as the approval we received in respect of non-executive director fees are detailed below:

Non-binding advisory endorsement	2024	2023	2022
Remuneration policy (%)	**95.0**	96.5	95.6
Implementation report (%)	**96.9**	98.7	96.7
Approval of non-executive director fees (%)	**99.7**	100.0	99.4

The positive voting trend over the past three years has been encouraging.

80.7% of all shareholders were represented at the 2023 AGM. Southern Sun is pleased with the outcome of the results, which show that the group's shareholders continue to support the remuneration policy and the remuneration implementation report.

The remuneration policy and the remuneration implementation report will again be presented to shareholders at the 2024 AGM to be held on 20 September 2024. Should the remuneration policy or the remuneration implementation report, or both, be voted against by more than 25% of the votes cast at any AGM of the company, the remuneration and nomination committee will continue to engage with shareholders within 30 days of the AGM to ascertain the reasons for dissenting votes and appropriately address legitimate and reasonable objections raised by shareholders.

About the remuneration and nomination committee

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

Roles and responsibilities

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

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

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

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

* *By invitation.*

2024 focus areas and key decisions	2025 focus areas
• Considered the changes to the employment equity legislation and ensured the implementation of the necessary steps to ensure compliance • Ensured the committee continued to fulfil its role and comply with its terms of reference and ensured the proper implementation of the group's remuneration policy	• To assess the impact of the Companies Second Amendment Bill on the group and to plan for the expanded reporting and regulatory requirements brought about by the Companies Second Amendment Bill, once signed into law by our President, for inclusion in our 2025 integrated annual report and AGM Notice.

REMUNERATION POLICY AND REMUNERATION IMPLEMENTATION REPORT *continued*

Remuneration policy

Remuneration philosophy

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

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

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

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

Fair, responsible and transparent remuneration

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

Fixed remuneration → **Guaranteed pay** → Basic cost to company; Median level for market

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

Variable remuneration			
Short-term Incentives (STIs)		**Long-term Incentives (LTIs)**	
Award	**Terms**	**Award and vesting**	**Terms**
Annually as recommended by the remuneration and nomination committee and as approved by the board	Based on the achievement of financial targets and personal key performance objectives, calculated as a percentage of annual total package	Annually, subject to a three-year minimum vesting period and equity settled	Aligned to shareholder returns

Southern Sun seeks to remunerate employees responsibly, fairly and transparently and strives to achieve a balance between STIs and LTIs as part of a complete remuneration package that will motivate the achievement of short-term returns and long-term value creation for shareholders, as appropriate.

Short-term incentives (STIs)

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

Purpose and participation

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

	Financial achievement targets (Ebitdar and adjusted earnings per share)	Personal key performance objectives
Proportion for the most senior level	85	15
Proportion lowest management participant level	60	40

The STI target split allows for:

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

Financial achievement – Target weighting and threshold

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

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

Threshold

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

REMUNERATION POLICY AND REMUNERATION IMPLEMENTATION REPORT *continued*

Pre-agreed personal key performance objectives

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

	Financial achievement on-target STI entitlement per employee level (% annual cost to company)	The maximum capped STI entitlement per level (% annual cost to company)
Chief Executive Officer	75	130
Chief Financial Officer	50	90
Heads of Function	40	75
Senior managers	33	60
Designated management level employees	20	35
	Weighting (%) financial performance	**Weighting (%) personal performance**
Chief Executive Officer	85	15
Chief Financial Officer	80	20
Heads of Function	75	25
Senior managers	70	30
Designated management level employees	60	40


Southern Sun The Cullinan

Long-term incentives (LTIs)

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

LTI allocations made to executive directors are listed in the remuneration implementation report on page 83.

Southern Sun Share Appreciation Rights plan

Purpose and participation

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

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

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

REMUNERATION POLICY AND REMUNERATION IMPLEMENTATION REPORT *continued*

Malus and clawback

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

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

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

Executive directors' service contracts at 31 March 2024

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

Non-executive directors' terms of appointment

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

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

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

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


Beacon Island Resort

Remuneration implementation report

This part of the report reflects the implementation of the remuneration policy. It provides details of the remuneration paid to executive directors and prescribed officers and fees paid to non-executive directors for the year ended 31 March 2024.

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

Executive directors' and prescribed officers' emoluments

	2024			2023		
	MN von Aulock R'000	L McDonald R'000	Total R'000	MN von Aulock R'000	L McDonald R'000	Total R'000
Salaries	**8 211**	**2 819**	**11 030**	7 678	2 630	10 308
Benefits	**587**	**502**	**1 089**	607	474	1 081
SARs exercised	**–**	**210**	**210**	–	–	–
Current year STI accrued	**10 950**	**2 876**	**13 826**	10 484	2 725	13 209
Fair value of equity-settled SARs awarded[1]	**1 222**	**1 834**	**3 056**	–	1 786	1 786
Total single figure of remuneration	**20 970**	**8 241**	**29 211**	18 769	7 615	26 384
Current year vesting of equity-settled SARs	**3 707**	**2 557**	**6 264**	3 756	2 014	5 770
Fair value of unvested equity-settled SARs granted during the year	**(814)**	**(1 221)**	**(2 035)**	–	(1 191)	(1 191)
Financial statement remuneration	**23 863**	**9 577**	**33 440**	22 525	8 438	30 963
Current year STI not settled	**(10 950)**	**(2 876)**	**(13 826)**	(10 484)	(2 725)	(13 209)
Prior year STI settled	**10 484**	**2 725**	**13 209**	1 704	1 000	2 704
IFRS 2 charge on equity-settled SARs	**(4 115)**	**(3 170)**	**(7 285)**	(3 756)	(2 609)	(6 365)
Total cash equivalent value of remuneration	**19 282**	**6 256**	**25 538**	9 989	4 104	14 093

[1] *Reflects the fair value of new SARs (unvested) awarded during the year.*

Annual salary review

The annual salary review was conducted for all employees including the executive directors per the remuneration policy and resulted in an average rate of increase, of 5.5% for executive directors and 6.6% for other employees.

Short-term Incentives

No STIs were awarded for the 2021 and 2022 financial years due to the protracted impact of the Covid-19 pandemic. STIs were, however, reinstituted in 2023. The outcomes of the 2024 STIs, which were paid to scheme participants in May 2024 against targets set for the year are provided in the tables that follow.

	Ebitdar (Rm)	Adjusted earnings pre-LTI (Rm)	Adjusted earnings pre-LTI per share (cents)	Weighting of financial achievement (%)
Threshold (above 90% of target)	**1 324**	**490**	**33.3**	**0**
Target	**1 471**	**544**	**37.0**	**50**
Stretch (above 115% of target)	**1 692**	**626**	**42.5**	**100**

Budget and accompanying targets are adjusted up or down for material structural changes during the year or for corporate activities (acquisitions or disposals) undertaken that were not known at the time of budget finalisation and target approval. An example during the current financial year would be the acquisition by the group of the 25% minority interest in Birchwood Hotel & OR Tambo Conference Centre. In this specific instance, the actual financial performance of the group was adjusted, by excluding Birchwood's trading for 10 months, to ensure that the financial performance measurements remained comparable, fair and relevant.

REMUNERATION POLICY AND REMUNERATION IMPLEMENTATION REPORT *continued*

2024 financial stretch targets were achieved by the group, resulting in the award of STIs for executive directors as follows:

	Annual total package R'000	Maximum capped bonus entitlement % of annual total package	Maximum capped bonus entitle-ment R'000	Weighting (%)	STI earned stretch target achieve-ment R'000	Weighting (%)	Personal objectives achieved	STI earned achieve-ment personal objectives R'000	Total STI earned
MN von Aulock	**8 699**	**130**	**11 309**	**85**	**9 613**	**15**	**11.25**	**1 337**	**10 950**
L McDonald	**3 283**	**90**	**2 955**	**80**	**2 364**	**20**	**17.0**	**512**	**2 876**

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

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

- the compilation and submission of a bid to eThekwini Municipality for the long-term lease and redevelopment of Southern Sun Elangeni & Maharani;
- the evaluation of key transactions, if deemed appropriate;
- the successful buyback of SSU shares in the open market;
- the successful planning and budgeting of refurbishment projects;
- the retention of the cost efficiencies achieved through the material restructure of the business undertaken during the prior two years, as trading volumes continued to recover; and
- formulation of the group strategy for presentation to and approval by the board.

Long-term Incentives

Details of unexpired SARs awarded to executive directors and prescribed officers prior to 31 March 2024 are set out below:

Fair value of SARs – executive directors and prescribed officers

Name	Award date	SARs awarded and still outstanding 2022	Award price	Strike price R	Fair value of SARs awarded R'000	Vesting date	Expiry date
MN von Aulock	1 October 2018^	**10 893 353**	4.13	4.03	9 180	30 September 2021	30 September 2024
	13 January 2021^	**1 142 857**	1.49	1.50	819	13 January 2024	13 January 2027
	14 January 2022*	**3 302 633**	3.03	3.05	3 975	30 September 2024	30 September 2027
	14 January 2022*	**3 302 632**	3.03	3.05	4 128	30 September 2025	30 September 2027
	14 January 2022*	**3 302 632**	3.03	3.05	4 266	30 September 2026	30 September 2027
	1 April 2023	**888 435**	4.30	4.50	1 222	31 March 2026	31 March 2027
L McDonald	1 April 2019^	**1 603 856**	4.24	3.99	1 409	31 March 2022	31 March 2025
	13 January 2021^	**1 142 857**	1.49	1.50	819	13 January 2024	13 January 2027
	14 January 2022*	**1 651 316**	3.03	3.05	1 987	30 September 2024	30 September 2027
	14 January 2022*	**1 651 316**	3.03	3.05	2 064	30 September 2025	30 September 2027
	14 January 2022*	**1 651 316**	3.03	3.05	2 133	30 September 2026	30 September 2027
	1 April 2022	**1 048 752**	3.34	3.45	1 786	31 March 2025	31 March 2028
	1 April 2023	**1 332 653**	4.30	4.50	1 834	31 March 2026	31 March 2027

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

SARs are equity-settled and will therefore have a dilutionary impact on shareholders on settlement. Based on the closing share price on 31 March 2024 of R5.05 and the average SSU share price for the 12 months to 31 March 2024 of R4.63, all SARs that have a dilutionary impact, equating to 26.9 million shares across all scheme participants, have been taken into account for the calculation of the diluted headline and diluted adjusted headline profit and the diluted number of weighted average shares.

Non-executive directors' fees

	2024		2023	
Non-executive directors	**Directors' fees paid by the company R'000**	**Total R'000**	Directors' fees paid by the company R'000	Total R'000
JA Copelyn	**461**	**461**	436	436
MH Ahmed	**568**	**568**	495	495
SC Gina	**440**	**440**	381	381
LM Molefi	**445**	**445**	394	394
JG Ngcobo	**437**	**437**	394	394
JR Nicolella	**298**	**298**	282	282
CC September	**311**	**311**	294	294
	2 960	**2 960**	2 676	2 676

Fees are exclusive of VAT.

Non-executive directors' fees for approval by shareholders

The non-executive directors' fees for 2024 were approved by shareholders at the 2023 AGM held on 20 September 2023 and represented a 6.5% inflationary increase to the prior year.

At the AGM scheduled for 20 September 2024, the remuneration and nomination committee will propose a 5.5% increase in non-executive directors' fees, in line with the average increase for executive directors.

The board has approved the recommendation made by the remuneration and nomination committee and shareholders are referred to page 31 of the notice of AGM for the proposed non-executive directors' fees proposed for the 2025 financial year.

OVER 90 HOTELS & RESORTS

in South Africa, Africa, the Seychelles and the Middle East

OVER **16,000** rooms
from luxury to economy

Luxury

54 ON BATH

Arabella HOTEL, GOLF & SPA

BEVERLY HILLS

INTERCONTINENTAL JOHANNESBURG O.R.TAMBO AIRPORT

SANDTON SUN

SANDTON TOWERS

MOUNT GRACE HOTEL & SPA

Paradise Sun praslin seychelles

Full Service

Southern Sun HOTELS

Southern Sun RESORTS

SUN SQUARE

Garden Court

Economy

stayeasy

SUN1

Convention Centre

SANDTON CONVENTION CENTRE

OVER **300** CONFERENCE VENUES & banqueting facilities

VARIETY OF restaurants & bars

CITIZENSHIP

- Community development
- Entrepreneur development
- Environmental education

LEVEL **1** B-BBEE CONTRIBUTOR

PREFERRED ACCOMMODATION PARTNER to South Africa's leading sports teams

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For the year ended 31 March

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STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

for the year ended 31 March 2024

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

The directors have reviewed the group's budgets and cash flow forecasts for the year to 31 March 2025. On the basis of this review, and in light of the current financial position and existing borrowing facilities, the directors are satisfied that the group is a going concern and they have accordingly adopted the going-concern basis in preparing the consolidated annual financial statements. The group's independent auditors, Deloitte & Touche, have audited the consolidated annual financial statements and their unqualified report appears on page 94. Deloitte & Touche was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

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

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

Competence of the Company Secretary

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

CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER RESPONSIBILITY STATEMENT

for the year ended 31 March 2024

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

(a) the annual financial statements set out on pages 99 to 163 fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;

(b) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(c) internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries has been provided to effectively prepare the financial statements of the issuer;

(d) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

(e) where we are not satisfied, we have disclosed to the audit and risk committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken the steps to remedy the deficiencies; and

(f) we are not aware of any fraud involving directors.

Marcel von Aulock
Chief Executive Officer

Laurelle McDonald
Chief Financial Officer

31 July 2024

DIRECTORS' APPROVAL OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2024

The preparation of the consolidated annual financial statements set out on pages 99 to 163 has been supervised by the Chief Financial Officer (CFO), L McDonald CA(SA). These consolidated annual financial statements were approved by the board of directors on 31 July 2024 and are signed on its behalf by:

Marcel von Aulock
Chief Executive Officer

Laurelle McDonald
Chief Financial Officer

31 July 2024

DECLARATION BY THE COMPANY SECRETARY

for the year ended 31 March 2024

In terms of section 88(2)(e) of the Companies Act of South Africa (Companies Act), I confirm that for the year ended 31 March 2024, Southern Sun Limited has lodged with the Companies and Intellectual Property Commission all such returns as are required of a public company in terms of the Companies Act and that all such returns and notices are true, correct and up to date.

Rosa van Onselen
Company Secretary

31 July 2024

REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 31 March 2024

Statutory duties

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

- evaluated the independence and effectiveness of the external auditors, Deloitte & Touche, and is satisfied that the external auditors are independent of the group having given due consideration to the parameters enumerated under section 92 of the Companies Act of South Africa;
- ensured and satisfied itself that the appointments of the external auditors, the designated auditor and IFRS adviser are in compliance with the Companies Act of South Africa, the Auditing Profession Act, 2005 and the Listings Requirements of the JSE;
- evaluated and is satisfied with the quality of the external audit and reports issued by the external auditors;
- in consultation with executive management, agreed to the engagement letter, terms, external audit plan and fees for the 2024 financial year;
- in accordance with the company's non-audit services policy, considered and pre-approved all non-audit services provided by the external auditors, ensuring that the independence of the external auditors is not compromised;
- reviewed and assessed the group's risk identification, measurement and control systems and their implementation;
- reviewed and approved the group accounting policies (refer to note 1 to the consolidated annual financial statements);
- considered all significant transactions and accounting matters that occurred during the year and evaluated whether the accounting treatment is appropriate in terms of IFRS;
- considered the impact of auditing, regulatory and accounting developments during the year, particularly the implications of new standards that became effective during the year;
- established appropriate financial reporting procedures for the group in accordance with paragraph 3.84(g)(ii) of the Listings Requirements of the JSE;
- considered the JSE's most recent 2023 report and annexure 3 on proactive monitoring of financial statements, and where necessary those of previous periods, and taken appropriate action where necessary to respond to the findings as highlighted in the JSE report when preparing the annual financial statements for the year ended 31 March 2024;
- evaluated and is satisfied with the effectiveness of the Chief Audit Executive and the outsourced internal audit function;
- considered the outsourced internal audit service provider and is satisfied with their independence and ability to effectively complete the internal audit plan;
- reviewed the written assessment of internal audit on the design, implementation and effectiveness of the internal financial controls, in addition to the findings noted by the external auditors during the course of their annual audit in support of their annual audit opinion. Based on these results, the committee is of the opinion that the internal financial controls provide reasonable assurance that financial records may be relied upon for the preparation of reliable consolidated annual financial statements; and
- dealt with concerns or complaints relating to accounting practices and internal audit of the group, the content or auditing of the group's consolidated annual financial statements, the internal financial controls of the group, or any other related matter.

Competence of the Chief Financial Officer

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

Recommendation of the consolidated annual financial statements

The committee has evaluated the consolidated annual financial statements of Southern Sun Limited for the year ended 31 March 2024 and based on the information provided to the committee, the committee recommends the adoption of the consolidated annual financial statements by the board.

Mohammed Ahmed
Chairman: Audit and risk committee

31 July 2024

DIRECTORS' REPORT

for the year ended 31 March 2024

1. Nature of business

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

2. State of affairs and profit for the year

The financial results of the group for the year are set out in the consolidated annual financial statements and accompanying notes thereto. Group profit after tax for the year under review amounted to R856 million (2023: R1 billion).

3. Events occurring after the balance sheet date

The directors are not aware of any matter or circumstance arising since the balance sheet date and the date of this report as disclosed in note 43.

4. Going concern

The consolidated annual financial statements are prepared on the going-concern basis. Based on the cash flow forecasts, available cash resources and facility headroom, management believes that the group has sufficient resources to continue operations as a going concern in a responsible and sustainable manner. Refer to note 45 for further details. The board of directors of the company has assessed the cash flow forecasts and is of the view that the group has sufficient liquidity to meet its obligations over the next 12 months.

5. Share capital

Southern Sun Limited has authorised share capital of 2 000 000 000 ordinary no par value shares and the issued share capital of the company including treasury shares is 1 336 690 132 (2023: 1 477 905 694) ordinary no par value shares.

6. Dividends

Having reviewed the group's working capital requirements and cash resources, the board approved and declared final dividend (number 1) of 12.50 cents per ordinary share (gross) (2023: Nil) in respect of the year ended 31 March 2024. The dividend is subject to Dividend Tax. In accordance with paragraphs 11.17(a)(i) to (ix) and 11.17(c) of the JSE Listings Requirements the following additional information is disclosed:

- The dividend has been declared out of distributable reserves;
- The local Dividend Tax rate is 20% (twenty per centum);
- The gross local dividend amount is 12.50000 cents per ordinary share for shareholders exempt from the Dividend Tax;
- The net local dividend amount is 10.00000 cents per ordinary share for shareholders liable to pay the Dividend Tax;
- The number of shares in issue at declaration date was 1 337 136 598; and
- The company's income tax reference number is 9878091140.
- The dividend was paid to shareholders on 18 June 2024.

7. Associates and subsidiaries

Refer to note 20 of the consolidated annual financial statements for details of associates, note 47 of the consolidated annual financial statements for details of subsidiary companies with material non-controlling interests and note 48 of the consolidated annual financial statements for details of subsidiaries.

8. Directorate

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

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

9. Directors' and prescribed officers' emoluments

No material contracts in which the directors have an interest were entered into during the year under review. Refer to note 39.3 of the consolidated annual financial statements for details of the group's key management compensation.

10. Company secretary

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

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

Postal address
Private Bag X200, Bryanston, 2021

11. EXTERNAL AUDITORS

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

12. Major shareholders and shareholder analysis

The company's ultimate majority shareholder is Hosken Consolidated Investments Limited (HCI) (a company listed on the JSE) which, at the balance sheet date, directly and indirectly owned 44.9% 2023: 40.6%) of the company's issued share capital (including treasury shares). HCI directly owned 10.4% (2023: 9.1%) and is the majority shareholder of TIHC Investments (RF) Proprietary Limited (TIHC) and TIHC directly owned 31.2% (2023: 28.2%) of Southern Sun Limited. HCI also controls the HCI Foundation which directly owns 3.3% (2023: 3.3%) of the company. Refer to the shareholder analysis on page 164.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Southern Sun Limited

Deloitte.

Private Bag X6
Gallo Manor 2052
South Africa

Deloitte & Touche
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Audit & Assurance
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Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Southern Sun Limited and its subsidiaries (the Group) set out on pages 99 to 163, which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Southern Sun Limited and its subsidiaries as at 31 March 2024, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act of South Africa.

Basis for Opinion

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

Key Audit Matters

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

MAKING AN IMPACT THAT MATTERS since 1845

National Executive: *R Redfearn Chief Executive Officer *GM Berry Chief Operating Officer JW Eshun Managing Director Businesses LN Mahluza Chief People Officer *N Sing Chief Risk Officer AP Theophanides Chief Sustainability Officer *NA le Riche Chief Growth Officer *ML Tshabalala Audit & Assurance AM Babu Consulting TA Odukoya Financial Advisory G Rammego Risk Advisor DI Kubeka Tax & Legal DP Ndlovu Chair of the Board

A full list of partners and directors is available on request * Partner and Registered Auditor

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

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

Key Audit Matters continued

Key Audit Matter **Valuation of Investment Properties**	**How the matter was addressed in the audit**
The Group's assets comprise investment properties which are measured at fair value based on external independent valuations performed by using the discounted cash flow model. The fair value of investment properties is dependent on the operating results of the respective property operations and the inputs into the valuation model. Factors such as prevailing market conditions and country-specific risks directly impact fair values and are taken into account in the calculation of the discount rate by use of a risk premium. As disclosed in note 17 the total fair value of investment properties at 31 March 2024 was R1 729 billion (2023: R1 485 billion) representing a R244 million increase from the prior year. Significant judgement is required from management on the following assumptions: • Weighted average earnings, before interest, taxation, depreciation, amortisation, rental and related IFRS 16 adjustments and (Ebitdar) growth rate; • Terminal capitalisation rates applied in determining the terminal value; and • Risk adjusted WACC rates applied in discounting the expected future cash flows. We have considered the valuation of the investment properties to be a key audit matter. This is due to the magnitude of the value as at balance sheet date and also the inherent risk due to the significant judgement in the assumptions.	We obtained an understanding of the approach followed by management and the independent valuers for the valuation of the Group's investment property portfolio through discussions with management and the external valuers, as well as inspection of minutes of meetings of the board of directors; We have tested the design and implementation of relevant controls; Evaluated managements independent valuers by assessing their competence, independence and capabilities with reference to their qualifications and industry experience; We evaluated cash flow projections, focusing on changes to the prior year, and comparison against actual results; On a risk-based sampling approach tested the valuation models through our internal specialist team by performing the following: • Assessed the cash flow forecast assumptions used in the valuation models, with particular focus on the investment properties with material fair value adjustments; • Tested the principles and integrity of the models used; • Assessed the reasonableness of the terminal capitalisation rates and risk adjusted discount rates against market related data for similar investment properties and based on our work performed; • Assessed management's occupancy rates expected per hotel over the five-year projection; and • Performed an independent sensitivity analysis of the risk adjusted discount rates, and terminal growth rates by assessing their impact on the value in use computation. Based on the procedures performed above, we are satisfied that the inputs applied in the investment properties are appropriate and that investment properties are appropriately valued and disclosed.

Key Audit Matters continued

Key Audit Matter **Valuation of hotel properties**	**How the matter was addressed in the audit**
The Group's property, plant and equipment (PPE) comprises land and buildings, of which the majority is represented by hotel buildings, operating equipment and plant and equipment. There is a risk of impairment of properties that are underperforming and a possible reversal of impairment for the property's that have recovered post-Covid-19. The value in use was calculated using a discounted cash flow model (DCF) based on the net cash flows of the underlying properties and the valuation is dependent on forward looking information which is impacted by the uncertainties arising from difficult and uncertain economic conditions. The valuation thereof is therefore considered a key audit matter. Included in note 15 of the consolidated financial statements, is land and buildings with a carrying amount of R7.014 billion (2023: R7.054 billion). This represents and overall decrease of R13 million. This is further impacted by the magnitude of the account balance. The valuation thereof is therefore considered a key audit matter.	We have obtained an understanding of management's assessment of the impairment process. We have tested the relevant controls relating budgeting for design and implementation. Considered the appropriateness of the valuation methodology adopted by the directors for the purpose of impairment testing in accordance with IAS 36. Critically evaluated the projected cash flows used in the impairment models including comparing them to historical performance. Evaluated the appropriateness of the terminal growth rates. Our corporate finance specialists independently assess the WACC rates to ensure that the rates used by the directors fall within an acceptable range. Performed sensitivity analyses on the discount rates, selected cash flows and growth rates. Considered the adequacy of the Group's disclosures on this matter. Based on the procedures completed above, we found management's impairment assessment and disclosure to be appropriate.

Other Matter

The consolidated financial statements of the Group for the year ended 31 March 2023 were audited by another auditor who expressed an unmodified opinion on those statements on 28 July 2024.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Consolidated Annual Financial Statements for the year ended 31 March 2024", which includes the Directors' Report, the report of the audit and risk committee's Report and the declaration by the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this report. The other information does not include the consolidated financial statements and our auditor's reports thereon.

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

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

Responsibilities of the Directors for the Consolidated Financial Statements

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

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

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

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

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

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

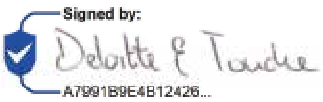
We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte has been the auditor of Southern Sun Limited for 1 year.



Deloitte & Touche
Registered Auditor
Per: Dirk Steyn CA(SA); RA Partner

31 July 2024

5 Magwa Crescent
Waterfall City
Waterfall
Johannesburg

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March

	Notes	2024 Rm	2023 Rm
Rooms revenue	7	**4 008**	3 255
Food and beverage revenue	7	**1 502**	1 272
Property rental income	7	**229**	192
Other revenue	7	**308**	667
Income		**6 047**	5 386
Property and equipment rental expense	8	**(191)**	(154)
Amortisation and depreciation	9	**(369)**	(346)
Employee costs	10	**(1 530)**	(1 345)
Other operating expenses	11	**(2 622)**	(2 253)
Fair value adjustment of investment properties	17	**59**	4
Operating profit		**1 394**	1 292
Finance income	12	**63**	29
Finance costs	13	**(354)**	(335)
Share of profit of associates	20	**80**	25
Profit before income tax		**1 183**	1 011
Income tax expense	14	**(327)**	(270)
Profit for the year from continuing operations		**856**	741
Profit for the year from discontinued operations, net of tax		**–**	273
Profit for the year		**856**	1 014
Profit attributable to:			
Equity holders of the company		**856**	1 014
From continuing operations		**856**	743
From discontinued operations		**–**	271
Non-controlling interests		**–**	–
From continuing operations		**–**	(2)
From discontinued operations		**–**	2
		856	1 014
Basic and diluted profit attributable to the ordinary equity holders of the company per share (cents)			
Number of shares in issue* (million)	26	**1 337**	1 468
Weighted number of shares in issue* (million)		**1 387**	1 476
Basic profit per share (cents)		**61.7**	68.7
From continuing operations		**61.7**	50.4
From discontinued operations		**–**	18.3
Diluted profit per share (cents)		**60.5**	67.6
From continuing operations		**60.5**	49.6
From discontinued operations		**–**	18.0

* *Net of treasury shares.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March

	Notes	2024 Rm	2023 Rm
Profit for the year		**856**	1 014
Other comprehensive income for the year, net of tax			
Items that may be reclassified subsequently to profit or loss:		**82**	38
Cash flow hedges	31	**(16)**	42
Cash flow hedges reclassified to profit or loss		**–**	(28)
Currency translation adjustments on continuing operations		**94**	228
Currency translation adjustments on discontinued operations		**–**	114
Foreign currency translation reserve reclassified to profit or loss – discontinued operations		**–**	(313)
Income tax relating to items that may subsequently be reclassified to profit or loss	14	**4**	(5)
Items that may not be reclassified subsequently to profit or loss:		**–**	2
Remeasurements of post-employment defined benefit liability	30	**–**	2
Total comprehensive income for the year		**938**	1 054
Total comprehensive income attributable to:			
Equity holders of the company		**936**	1 007
Non-controlling interests		**2**	47
		938	1 054
Total comprehensive income attributable to equity holders:			
Continuing operations		**936**	933
Discontinued operations		**–**	74
		936	1 007

CONSOLIDATED BALANCE SHEET

as at 31 March

	Notes	2024 Rm	2023 Rm
ASSETS			
Non-current assets			
Property, plant and equipment	15	**8 488**	8 412
Right-of-use assets	16	**981**	1 014
Investment properties	17	**1 729**	1 485
Goodwill	18	**354**	354
Other intangible assets	19	**44**	38
Investments in associates	20	**385**	374
Post-employment benefit assets	30	**5**	5
Derivative financial instruments	31	**–**	28
Non-current receivables	21	**5**	14
Deferred income tax assets	22	**442**	312
Total non-current assets		**12 433**	12 036
Current assets			
Inventories	23	**80**	75
Trade and other receivables	24	**494**	504
Derivative financial instruments	31	**12**	–
Current income tax assets		**16**	8
Cash and cash equivalents		**639**	883
Demand deposit held as security	25	**–**	230
Cash and cash equivalents	25	**639**	653
Total current assets		**1 241**	1 470
Total assets		**13 674**	13 506
EQUITY			
Capital and reserves attributable to equity holders of the company			
Ordinary share capital	26	**4 694**	5 333
Other reserves	27	**1 903**	1 837
Treasury shares	26	**–**	(44)
Retained earnings		**1 920**	1 064
Total shareholders' equity		**8 517**	8 190
Non-controlling interests		**(17)**	(18)
Total equity		**8 500**	8 172
LIABILITIES			
Non-current liabilities			
Interest-bearing borrowings	28	**1 633**	1 964
Lease liabilities	29	**1 368**	1 412
Deferred income tax liabilities	22	**720**	458
Deferred revenue	32	**28**	23
Provisions	34	**63**	70
Total non-current liabilities		**3 812**	3 927
Current liabilities			
Interest-bearing borrowings	28	**30**	–
Lease liabilities	29	**99**	35
Trade and other payables	35	**1 000**	887
Deferred revenue	32	**55**	46
Provisions	34	**142**	137
Liabilities linked to demand deposit		**–**	230
Current income tax liabilities		**36**	72
Total current liabilities		**1 362**	1 407
Total liabilities		**5 174**	5 334
Total equity and liabilities		**13 674**	13 506

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March

		Attributable to equity holders of the company						
	Notes	Ordinary share capital Rm	Other reserves[1] Rm	Treasury shares	Retained earnings Rm	Total attributable to the parent Rm	Non-controlling interests Rm	Total equity Rm
Balance at 1 April 2022		5 333	1 828	–	48	**7 209**	97	**7 306**
Total comprehensive income		–	(9)	–	1 016	**1 007**	(114)	**893**
Profit for the year		–	–	–	1 014	**1 014**	–	**1 014**
Cash flow hedges, net of tax		–	9	–	–	**9**	–	**9**
Currency translation adjustment		–	295	–	–	**295**	47	**342**
Derecognition on disposal of subsidiary		–	(313)	–	–	**(313)**	(161)	**(474)**
Remeasurements of post-employment defined benefit liability net of tax	30	–	–	–	2	**2**	–	**2**
Purchase of treasury shares[2]	26	–	–	(45)	–	**(45)**	–	**(45)**
Issue of treasury shares	26	–	–	1	–	**1**	–	**1**
Share-based payments charge	33	–	18	–	–	**18**	–	**18**
Dividends paid		–	–	–	–	**–**	(1)	**(1)**
Balance at 1 April 2023		5 333	1 837	(44)	1 064	**8 190**	(18)	**8 172**
Total comprehensive income		–	80	–	856	**936**	2	**938**
Profit for the year		–	–	–	856	**856**	–	**856**
Cash flow hedges, net of tax		–	(12)	–	–	**(12)**	–	**(12)**
Currency translation adjustment		–	92	–	–	**92**	2	**94**
Purchase of treasury shares[2]		–	–	(617)	–	**(617)**	–	**(617)**
Issue of ordinary shares[4]	26	22	–	–	–	**22**	–	**22**
Cancellation of shares[3]	26	(661)	–	661	–	**–**	–	**–**
Share-based payments charge	33	–	25	–	–	**25**	–	**25**
Exercise of share appreciation rights		–	(39)	–	–	**(39)**	–	**(39)**
Dividends paid		–	–	–	–	**–**	(1)	**(1)**
Balance at 31 March 2024		4 694	1 903	–	1 920	**8 517**	(17)	**8 500**

1 *Refer to note 27 for details of other reserves.*
2 *The group bought back 135 million (2023: 10 million) SSU shares at an average price of R4.56 (2023: R4.46).*
3 *The group cancelled all 145 million shares bought back between FY23 and FY24 on 12 December 2023 and 28 March 2024.*
4 *The group issued 4 million shares during the year to employees participating in the Southern Sun Share Appreciation Rights Plan.*

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March

	Notes	2024 Rm	2023 Restated[1] Rm
Cash flows from operating activities			
Profit before interest and income tax[1]		**1 474**	1 317
Adjust for non-cash movements[1]		**474**	433
Increase in working capital[1]		**(75)**	(56)
Cash generated from operations	36	**1 873**	1 694
Finance income		**63**	29
Finance costs		**(352)**	(335)
Income tax paid	37	**(225)**	(100)
Dividends paid		**(1)**	(1)
Cash flows generated from operating activities – discontinued operations		**–**	27
Net cash generated from operating activities		**1 358**	1 314
Cash flows from investment activities			
Purchase of property, plant and equipment – replacement	15	**(333)**	(131)
Purchase of property, plant and equipment – expansionary	15	**(6)**	(142)
Proceeds from disposals of property, plant and equipment		**27**	1
Additions to investment properties	17	**(185)**	(31)
Purchase of intangible assets	19	**(2)**	(2)
Proceeds from disposal of subsidiary net of cash disposed of		**–**	471
Dividends received from associates	20	**101**	3
Net cash utilised for investment activities – discontinued operations		**–**	(2)
Net cash (utilised for)/generated from investment activities		**(398)**	167
Cash flows from financing activities			
Borrowings raised	38.1	**85**	2 383
Borrowings repaid	38.1	**(415)**	(3 829)
Principal elements of lease payments	38.2	**(35)**	(22)
Purchase of treasury shares	26	**(617)**	(45)
Funds (repaid)/received and held as security	42	**(236)**	230
Tenancy allowance received		**3**	–
Net cash utilised for financing activities		**(1 215)**	(1 283)
Net (decrease)/increase in cash and cash equivalents		**(255)**	198
Cash and cash equivalents at the beginning of the year		**883**	665
Foreign currency translation		**11**	20
Cash and cash equivalents at the end of the year	25	**639**	883

1 *The cash flow statement has been re-presented to start with profit before interest and income tax in line with the requirements of IAS 7 Statement of Cash Flows. These items were previously included in the cash generated from operations note and is now disclosed separately to ensure comparability and enhanced financial disclosure as provided for in IAS 1 Presentation of Financial Statements.*

The accounting policies and notes on pages 104 to 163 form an integral part of these consolidated annual financial statements.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

1. Summary of material accounting policies

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

(a) Basis of preparation

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

Adjusted headline earnings – exceptional items excluded from underlining operating profit

The group uses adjusted headline earnings as a performance measure to determine the underlying operating profit excluding exceptional items over and above those that are excluded from headline earnings as per the requirements of *Circular1-2023 - Headline earnings*.

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

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

(b) New and amended standards adopted by the group

The group adopted the following new, revised or amended accounting pronouncements as issued by the IASB that were effective for the group from 1 April 2023:

Amendments to IAS 12 *Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. IAS 12 as amended must be applied for financial years commencing on or after 1 January 2023.

The group has not been impacted by the amendment.

Narrow scope amendments to IAS 1 *Presentation of Financial Statements, Practice Statement 2 and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors*

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates. The narrow scope amendments to IAS 1, Practice Statement 2 and IAS 8 must be applied for financial years commencing on or after 1 January 2023.

The group has not been impacted by the amendment.

Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*

The definition of accounting estimates was amended so that accounting estimates are now defined as "monetary amounts in annual financial statements that are subject to measurement uncertainty".

The group has not been materially impacted by the amendment.

1. Summary of material accounting policies continued

(b) New and amended standards adopted by the group continued

IFRS 17 *Insurance Contracts*

Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.

Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contracts, including those with a coverage period of one year or less.

For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.

The group has not been impacted by the amendment.

The group adopted all the new, revised or amended accounting pronouncements as issued by the IASB which were effective for the group from 1 April 2023. None of the standards had a material impact on the consolidated annual financial statements.

(c) Segmental reporting

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

(d) Basis of consolidation and business combinations

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

(i) Subsidiaries

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

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

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

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

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

1. Summary of material accounting policies continued

(d) Basis of consolidation and business combinations continued

(ii) Transactions with non-controlling interests

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

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

(iii) Associates

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

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

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

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

(iv) Goodwill

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

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

(e) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

1. Summary of material accounting policies continued

(e) Foreign currency translation continued

(iii) Foreign subsidiaries and associates – translation

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

(f) Property, plant and equipment

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

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

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

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

(i) Assets in the course of construction

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

(ii) Depreciation

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

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

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

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

(iii) Profit or loss on disposal

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

1. Summary of material accounting policies continued

(g) Leases

(i) The group is a lessee

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

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

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

The Sandton Consortium hotels fixed portion of the rental payment in-substance reset every year when the new budget for the year is approved and results in an annual re-measurement of the right-of-use asset and corresponding lease liability.

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

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Contracts may contain both lease and non-lease components. For leases of property for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise mainly small items of office equipment and furniture.

Where the group reassesses the terms of any lease (i.e. it reassesses the probability of exercising an extension or termination option) or modifies the terms of a lease without increasing the scope of the lease or where the increased scope is not commensurate with the standalone price, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the applicable rate on the day of the reassessment or modification.

For reassessments of the lease terms, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term. However, if the carrying amount of the right-of-use asset is reduced to any further reduction in the measurement of the lease liability it is recognised in profit or loss.

For lease modifications that are not accounted for as a separate lease, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term. However, for lease modifications that decrease the scope of the lease, the carrying amount of the right-of-use asset is decreased to reflect the partial or full termination of the lease, with any resulting difference being recognised in profit or loss as a gain or loss relating to the partial or full termination of the lease.

1. Summary of material accounting policies continued

(g) Leases continued

(i) The group is a lessee continued

When the group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a standalone price for the increased scope, the group accounts for the modifications as a separate new lease.

This accounting treatment equally applies to leases for which the group elected the short-term lease exemption and the lease is subsequently modified.

(ii) The group is a lessor

Assets leased to third parties under operating leases are included in property, plant and equipment and investment property in the balance sheet. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income.

(h) Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and where companies in the group occupy no or an insignificant portion, is classified as investment property. Investment property also includes property that is being constructed or developed to earn long-term rental yields and for capital appreciation. The nature of these properties is mostly hotels and includes furniture, fixtures and equipment and the underlying letting enterprise.

Investment property is stated at fair value. Gains or losses arising from changes in the fair value are recognised immediately in profit or loss.

Fair value measurement

Properties are initially recognised at cost on acquisition, which comprises the purchase price and includes expenditure that is directly attributable to the acquisition of the property. Subsequent costs are included in the property's carrying value or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the specific asset will flow to the group and the cost can be measured reliably. Repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. The carrying value which will be the fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

If an owner-occupied property is reclassified as investment property, its fair value at the date of reclassification becomes its cost for subsequent accounting purposes. The property is revalued through other comprehensive income to fair value before being transferred.

(i) Intangible assets (other than goodwill)

Intangible assets are stated at cost less accumulated amortisation which is determined on a straight-line basis (if applicable) and impairment losses. Cost is usually determined as the amount paid by the group, unless the asset has been acquired as part of a business combination. Intangible assets acquired as part of a business combination are recognised at fair value at the acquisition date. Amortisation is included together with depreciation in the income statement.

Intangible assets with finite lives are amortised over their estimated useful economic lives, and only tested for impairment where there is a triggering event. The directors' assessment of the useful life of intangible assets is based on the nature of the asset acquired, the durability of the products to which the asset attaches and the expected future impact of competition on the business.

Intangible assets acquired as part of a business combination are recognised separately when they are identifiable, and it is probable that economic benefits will flow to the group.

1. Summary of material accounting policies continued

(i) Intangible assets (other than goodwill) continued

(i) Computer software

Where computer software is not an integral part of a related item of property, plant and equipment, the software is capitalised as an intangible asset.

Capitalised computer software, licence and development costs are amortised over their estimated useful economic lives of two to 10 years which are reassessed on an annual basis.

(ii) Other

Other comprises management contracts recognised on business combinations at fair value at acquisition date and trademarks.

Management contracts with a fixed expiry date are amortised over the duration of the contract. Trademarks are amortised over their estimated useful economic lives of 10 years, which are reassessed on an annual basis.

(j) Investments and other financial assets

(i) Classification

The group classifies its financial assets in the following measurement categories:

- Those to be measured at fair value through profit or loss; and
- Those to be measured at amortised cost (debt instruments).

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(ii) Recognition and derecognition

Financial assets are recognised when the group becomes a party to the contractual provisions of the respective instrument. Financial assets are derecognised when the right to receive cash flows from the asset has expired or has been transferred and the group has transferred substantially all risks and rewards of ownership.

Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset or liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset or liability and the recognition of a new asset or liability at fair value, including calculating a new effective interest rate, with the difference in the respective carrying amounts being recognised in other gains and losses on financial instruments within operating profit. A change is considered substantial if the net present value of the cash flows under the new terms discounted at the original effective interest rate is at least 10% different from the carrying amount of the original debt. The date of recognition of a new asset is consequently considered to be the date of initial recognition for impairment calculation purposes.

If the terms are not substantially different for financial assets or financial liabilities, the group recalculates the new gross carrying amount by discounting the modified cash flows of the financial asset or financial liability using the original effective interest rate. The difference between the new gross carrying amount and the original gross carrying amount is recognised as a modification gain or loss within credit impairments (for distressed financial asset modifications) or in other gains and losses on financial instruments within operating profit (for all other modifications).

The group holds an insurance cell captive with Guardrisk and the arrangement has been assessed as a first party cell, which is accounted for under IFRS 9 *Financial Instruments* and the liabilities relating to the cell are accounted for under IAS 19 *Employee Benefits*. The investment in the cell captive is measured at fair value through profit and loss.

(iii) Measurement

At initial recognition, the group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Equity investments

The group subsequently measures all equity investments at fair value. Where the group has elected to present fair value gains and losses on equity investments in profit or loss, dividends on these equity investments are recognised in profit or loss as part of other income when the group's right to receive payments is established.

1. Summary of material accounting policies continued

(j) Investments and other financial assets continued

(iii) Measurement continued

Debt instruments

These are assets held to collect contractual cash flows where those cash flows represent solely payments of principal and interest and are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss included in other operating expenses. Interest income is recognised using the effective interest method.

(iv) Impairment

The group assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost.

The group applies the simplified approach to measuring expected credit losses (ECL) which uses lifetime expected losses to be recognised from initial recognition of its trade receivables. The balance of the group's financial assets measured at amortised cost comprise loan receivables and cash and cash equivalents to which the general model is applied.

Impairment losses are presented in other operating expenses.

(k) Derivative instruments and hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and the nature of the item being hedged. The group designates its derivatives as hedges of a particular risk associated with the cash flows of recognised assets and (cash flow hedges).

At inception of the hedge relationship, the group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The group documents its risk management objective and strategy for undertaking its hedge transactions.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

The group does not hold or issue derivative financial instruments for speculative purposes.

Cash flow hedges that qualify for hedge accounting

Cash flow hedges comprise derivative financial instruments designated in a hedging relationship to manage interest rate risk to which the cash flows of certain liabilities are exposed.

The effective portion of gains and losses on derivatives used to manage cash flow interest rate risk is recognised in other comprehensive income and accumulated in the cash flow hedge reserve. However, if the group closes out its position early, the cumulative gains and losses recognised in other comprehensive income are frozen and reclassified from the cash flow hedge reserve to profit or loss using the effective interest method. The ineffective portion of gains and losses on derivatives used to manage cash flow interest rate risk is recognised in profit or loss within finance costs.

Cash flow hedge accounting is discontinued when a hedging instrument expires or is sold, terminated or when a hedge no longer meets the criteria for hedge accounting. At that time, for forecast transactions, any cumulative gain or loss existing in equity remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss within finance costs.

1. Summary of material accounting policies continued

(l) Fair value measurement

Financial instruments carried at fair value, by valuation method, are defined as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); or

Level 3 – inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(m) Offsetting financial instruments

Where a legally enforceable right exists to set off recognised amounts of financial assets and liabilities and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously, which are in determinable monetary amounts, the relevant financial assets and liabilities are offset. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the respective company or counterparty.

(n) Inventories

Inventories are valued at the lower of cost or net realisable value. Operating equipment utilised within 12 months is recognised as an expense based on usage. Provision is made for slow-moving goods and obsolete materials are written off. Cost is determined on the following basis:

- Consumable stores are valued at invoice cost on a first in, first out (FIFO) basis; and
- Food and beverage inventories and operating equipment are valued at weighted average cost.

Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

(o) Cash and cash equivalents

For the purpose of presentation in the cash flow statement, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within interest-bearing borrowings in current liabilities on the balance sheet.

(p) Impairment of non-financial assets

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the CGU to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). If the recoverable amount of a CGU is estimated to be less than its carrying amount, the carrying amount of the CGU is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(q) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are shown in equity as a deduction, net of tax, from the proceeds and are included in the share premium account.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received is included in equity attributable to the company's equity holders.

1. Summary of material accounting policies continued

(r) Borrowings and finance costs

Borrowings are recognised initially at fair value and are subsequently stated at amortised cost and include accrued interest and prepaid facility transaction costs.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished and the consideration paid is recognised in profit or loss.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Finance costs include all borrowing costs incurred on borrowing instruments together with related costs of debt facilities management. Such costs include facility commitment fees which are expensed in borrowing costs as incurred and facility raising fees which are amortised through borrowing costs over the life of the related facilities. Borrowing costs are recognised in the income statement in the period in which they are incurred.

(s) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the reporting period which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest rate method.

(t) Provisions

Provisions are recognised when there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The group also recognises a provision for bonus plans and long-service awards.

(u) Income

Income comprises revenue from contracts with customers and other income:

(i) Revenue from contracts with customers

The group is in the business of providing hotel rooms, food and beverage, management services, banqueting and venue hire, parking services and hotel sundry services. Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the group expects to be entitled in exchange for those goods or services. Rooms revenue is recognised over time due to the nature of accommodation being consumed by customers over a period of time. The customer simultaneously receives and consumes the benefits provided as provision of a room is made to the customer. Food and beverage revenue is recognised at a point in time. Management fees, banqueting and venue hire, and parking revenues are recognised over time as the customer receives and consumes the economic benefits. No element of financing is deemed present as the sales are made generally by cash or negotiated credit terms of 30 days. The group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The group does not have significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers as the revenues mentioned above are all based on standalone selling prices and pre-determined settlement dates. The group considers whether there are other promises in the contract that are separable performance obligations to which a portion of the transaction price needs to be allocated (customer loyalty programmes).

Customers purchasing the group's facilities may enter the group's customer reward programmes and earn rewards that are redeemable against future purchases of the group's hotel rooms. The group allocates a portion of the consideration received to these rewards programmes based on standalone selling prices. The amount allocated to the reward programme is deferred and is recognised as revenue when rewards are redeemed. When estimating standalone selling price of the rewards, the group considers the likelihood that the customer will redeem the points based on historical usage and forfeiture rates and any adjustments to the contract liability are allocated to revenue.

Management fees, banqueting and venue hire, parking fees and hotel sundry revenues have been included as Other revenue as these do not represent material revenue streams for the group.

(ii) Other income

Property rental income

Property lease rentals received are recognised on a straight-line basis over the term of the lease. Contingent (variable) rentals are included in revenue when the amounts can be reliably measured. Recoveries of costs from lessees, where the group merely acts as agent and makes payment of these costs on behalf of lessees, are offset against the relevant costs.

1. Summary of material accounting policies continued

(v) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a pension or provident plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(ii) Other post-employment obligations

The group operates a defined benefit plan for a portion of the medical aid members. The fund is now closed to new entrants. The assets of the scheme are held separately from those of the group and are administered by trustees.

The liability recognised in the balance sheet in respect of the plan is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognised actuarial gains and losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using a reference to current market yields on South African government bonds.

Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions, are recognised in full as they arise outside the income statement and are charged or credited to equity in other comprehensive income in the period in which they arise.

All other costs are recognised immediately in profit or loss.

(iii) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after balance sheet date are discounted to present value in a similar manner to all long-term employee benefits.

(iv) Bonus plans – short-term incentives

The group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments and the performance of the respective employees. The criteria are only finalised after the group's year end. The group recognises the liability where an estimate can be made of the amount to be paid and it is contractually obliged to do so or there is a past practice that has created a constructive obligation and the directors are of the opinion that it is probable that such bonuses will be paid. This liability is included in *Provisions* in the balance sheet.

(v) Share-based payments – equity-settled schemes

The group operates equity-settled, share-based compensation plans. The fair value of the employee services received by the company and/or its subsidiaries in exchange for the grant of the options is recognised as an expense. Any change in the reserve is recognised in profit and loss.

(vi) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability to the employees for annual leave up to the balance sheet date. This liability is included in *Trade and other payables* in the balance sheet.

(vii) Long-service awards

The group recognises a liability and an expense for long-service awards where cash is paid to employees at certain milestone dates in their careers with the group. The method of accounting and frequency of valuation are similar to those used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually. This liability is included in *Provisions* in the balance sheet.

1. Summary of material accounting policies continued

(w) Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income. The current tax expense is based on the results for the period as adjusted for items that are not taxable or not deductible. The group's liability for current taxation is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full using the liability method, in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated annual financial statements, except where the temporary difference arises from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither accounting nor taxable profit or loss.

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is probable that future taxable profit will be available against which the temporary differences (including carried forward tax losses) can be utilised.

In respect of investment properties, the measurement of deferred tax is based on a rebuttable presumption that the fair value of the investment property will be recovered entirely through sale. Investment properties are held as long-term income- generating assets. Therefore, should any property no longer meet the group's investment criteria and be sold, any profits or losses will be capital in nature and will be taxed at rates applicable to capital gains (currently nil). Allowances previously claimed will be recouped on sale. Where an accumulated loss is available to shield this recoupment, a deferred tax asset is raised.

Deferred tax is measured at the tax rates expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted at balance sheet date. Deferred tax is measured on a non-discounted basis.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes relate to income taxes levied by the same taxation authority on either the taxable entity, or different taxable entities where there is an intention to settle the balances on a net basis.

(x) Dividend distributions

Dividend distributions to the company's shareholders are recognised as a liability in the group's consolidated annual financial statements in the period in which the dividends are approved by the company's board of directors.

2. Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates, which by definition, will seldom equal the actual results. Judgement also needs to be exercised in applying the group's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Leases

Determining the respective discount rates

In determining the respective discount rates, management has considered the group's borrowing rate as a base rate and made adjustments to the rate based on the type of asset, the term of the lease and factors specific to the lessee company and the economic environment in which the asset is leased. The rate that the respective entity may have recently obtained on funding for a similar asset and over a similar term will also be considered in the adjustments made to the rate.

The discount rates applied to the lease commitments range from 7.9% (2023: 7.9%) to 10.5% (2023: 10.5%) due to the multiple jurisdictions within which the group operates.

Determining the lease terms

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option which includes; if the lease payment terms are economically favourable and if the hotel is of strategic importance to the group. The extension options (or periods after termination options) have been considered and where certain, have been included in the lease term. All future cash outflows have been included in the lease liability. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

2. Critical accounting estimates and judgements continued

(b) Investment property continued

Classification of investment properties

Investment property represents a large proportion of the group's asset base. Therefore, the judgements made in determining their classification and fair values affect the group's financial position and performance.

In determining the classification of the properties as investment properties, the group considered its exposure to the risks of the lessor running a hotel business and its associated exposure to the variability of the cash flows of the underlying operations. The group took the following factors into account:

- Intention to hold land and buildings for rental income and capital appreciation and its role as a passive investor;
- The duration of the lease agreements;
- Control over the decision-making powers of the relevant hotel operations;
- The present value of the minimum lease payments in relation to the fair value of the investment properties; and
- Various financial ratios to determine its exposure to the variability in cash flows of the hotel operations.

Based on the above, the group concluded that the properties meet the definition of investment property.

Valuations of investment properties

Use is made of independent professionally qualified valuers. Independent valuations are performed on the entire portfolio of investment properties on a three-year rotational basis (unless specifically requested by lenders) and are fair valued by internal management during the intervening years. Refer to note 17 for the valuation methodology applied.

(c) Estimated impairment of goodwill and property, plant and equipment

The group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 1(d). The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of estimates as noted in note 18 of the consolidated annual financial statements.

The group tests property, plant and equipment when there is an indicator for impairment in accordance with the accounting policy stated in note 1(p). The recoverable amounts of the assets have been determined based on the higher of fair value less costs to sell and the value-in-use calculations. These calculations require the use of estimates as noted in note 15 of the consolidated annual financial statements.

(d) SunRands – customer loyalty programme

Programmes are shown as deferred revenue. The group accounts for its hotel customer reward programmes in terms of IFRS 15 *Revenue from Contracts with Customers* with the liability on the balance sheet allocated to deferred revenue. The customer rewards programme (SunRands) consists of a loyalty programme whereby a guest earns SunRands based on their stay at one of the group's hotels. The amount of SunRands earned is based on the value of a guest's stay and spend on accommodation, food and beverages, and parking (only at participating hotels). Once a guest earns SunRands, the value is recognised as deferred revenue (liability) as it is expected that the guest will use the SunRands in future to pay for accommodation, food and beverages, and other related spend as a currency payment. SunRands are only available for a 24-month period, after which the guest forfeits the SunRands not spent.

The forfeitures recognised during the prior year took into account the forfeitures of the extension periods of the 2020 and 2021 years. As a result of the Covid-19 pandemic, the group granted extensions to members of the customer rewards programme during which they could redeem their SunRands that would normally have been forfeited two years after being earned. Extensions to the expiry of SunRands were granted in 2020 and 2021 due to the continued lockdowns, with a final extension granted to 30 September 2022, after which unredeemed SunRands earned prior to 31 March 2020 would be forfeited. Refer to note 32 for the impact on the deferred revenue balance.

3. New International Financial Reporting Standards and amendments

International Financial Reporting Standards, interpretations and amendments issued but not effective

The group is concluding on the impact of the new standards, interpretations and amendments that have been issued but are not yet effective as at 31 March 2024. None of which are expected to have a material effect on the consolidated position or performance of the group.

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

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

The group will apply the amendment from 1 April 2024; however, it is not expected to have a material impact.

3. New International Financial Reporting Standards and amendments continued

International Financial Reporting Standards, interpretations and amendments issued but not effective continued

Amendment to IFRS 16 *Lease Liability in a Sale and Leaseback*

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

The group will apply the amendment from 1 April 2024, however, it is not expected to have a material impact.

Amendment to IAS 7 and IFRS 7 *Supplier Finance Arrangements*

The amendments introduce additional disclosure requirements for companies that enter into these arrangements. However, they do not address the classification and presentation of the related liabilities and cash flows. IFRS 16 amendment must be applied for financial years commencing on or after 1 January 2024.

The group will apply the amendment from 1 April 2024; however, it is not expected to have a material impact.

Amendment to IAS 21 *Lack of Exchangeability*

The amendments in Lack of Exchangeability amend IAS 21 to:
- specify when a currency is exchangeable into another currency and when it is not,
- specify how an entity determines the exchange rate to apply when a currency is not exchangeable,
- require the disclosure of additional information when a currency is not exchangeable.

IAS 21 amendments must be applied for financial years commencing on or after 1 January 2025.

The group will apply the amendment from 1 April 2025, however, it is not expected to have a material impact.

New accounting standard – IFRS 18 *Presentation and Disclosure in Financial Statements*

IFRS 18 replaces IAS 1 *Presentation of Financial Statements* while carrying forward many of the requirements in IAS 1.

The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses .

IFRS 18 brings three categories of income and expenses, two income statement subtotals and one single note on management performance measures. These, combined with enhanced disaggregation guidance, set the stage for better and more consistent information for users – and will affect all companies.

The new IFRS 18 standard must be applied for financial years commencing on or after 1 January 2027 and applied retrospectively.

The group will implement the new standard from 1 April 2027 and is yet to assess the possible impact on the consolidated position of performance of the group.

New accounting standard – IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

The objective of the newly issued IFRS 19 in May 2024 is to specify the disclosure requirements an entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards

An entity electing to apply IFRS 19 applies the requirements in other IFRS Accounting Standards, except for the disclosure requirements. Instead of the disclosure requirements, the entity applies the requirements in IFRS 19.

The new IFRS 19 standard must be applied for financial years commencing on or after 1 January 2027.

The group will implement the new standard from 1 April 2027 and is yet to assess the possible impact on the consolidated position of performance of the group.

	Continuing operations		Discontinued operations	
	2024 Rm	2023 Rm	2024 Rm	2023 Rm
4. Reconciliation of profit attributable to equity holders of the company to headline profit and adjusted headline profit				
Profit attributable to equity holders of the company	**856**	743	**–**	271
Loss on disposal of property, plant and equipment	**3**	5	**–**	–
Fair value adjustment of investment properties	**(59)**	(4)	**–**	–
Share of associates' (IHL) headline earnings adjustments	**(32)**	15	**–**	–
Impairment of trademark	**–**	6	**–**	–
Total tax effects of adjustments	**12**	(2)	**–**	–
Profit on disposal of subsidiary	**–**	–	**–**	(259)
Headline profit[2]	**780**	763	**–**	12
Separation Payment	**–**	(399)	**–**	–
Transaction cost	**–**	7	**–**	–
Restructuring costs	**–**	4	**–**	–
Share of associates' exceptional items	**4**	(5)	**–**	–
Cash flow hedges reclassified to profit or loss	**–**	(28)	**–**	
Total tax effects of other exceptional items	**(1)**	89	**–**	–
Adjusted headline profit[1]	**783**	431	**–**	12
Number of shares in issue (million)	**1 337**	1 468	**–**	1 468
Weighted number of shares in issue (million)	**1 387**	1 476	**–**	1 476
Basic headline profit per share (cents)	**56.2**	51.7	**–**	0.8
Diluted headline profit per share (cents)	**55.2**	50.9	**–**	0.8
Basic adjusted headline profit per share (cents)	**56.4**	29.2	**–**	0.8
Diluted adjusted headline profit per share (cents)	**55.4**	28.7	**–**	0.8

[1] *Adjusted headline profit is defined as profits or losses attributable to equity holders of the company adjusted for after-tax exceptional items (including headline adjustments) that are regarded as sufficiently material and unusual that they would distort the financial results if they were not adjusted. This measure is not required by IFRS Accounting Standards and is commonly used in the industry.*

[2] *The Separation Payment of R399 million (R313 million net of tax) has been included in the group's headline profit for the year ended 31 March 2023.*

	Continuing operations		Discontinued operations	
	2024 Rm	2023 Rm	2024 Rm	2023 Rm
5. Reconciliation of operating profit to Ebitdar				
Ebitdar pre-exceptional items are made up as follows:				
Operating profit	**1 394**	1 292	**–**	22
Amortisation and depreciation	**369**	346	**–**	5
Property rentals	**170**	134	**–**	–
Share-based payment expense	**25**	18	**–**	–
	1 958	1 790	**–**	27
Add/(less): Exceptional losses/(gains)[1]				
Loss on disposal of property, plant and equipment	**3**	5	**–**	–
Fair value adjustment of investment properties	**(59)**	(4)	**–**	–
Impairment of trademark	**–**	6	**–**	–
Separation Payment	**–**	(399)	**–**	–
Restructuring costs	**–**	4	**–**	–
Transactions costs	**–**	7	**–**	–
Ebitdar	**1 902**	1 409	**–**	27

[1] *The group considers exceptional items to be those that are not within the normal day-to-day operations of the business and sufficiently material or unusual that they would distort the numbers if they were not adjusted. This would include headline adjustments.*

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

6. Segmental analysis

In terms of IFRS 8 *Operating Segments*, the Chief Operating Decision Maker (CODM) has been identified as the group's Chief Executive Officer (CEO) and senior management. Management has determined the operating segments based on the reports reviewed by the CODM. There was no change to the basis of measurement of segment profit or loss from the annual financial statements.

The revenue and Ebitdar relating to the Sandton Consortium hotels have been disclosed as a separate segment. While the group reflects the trading revenue and Ebitdar relating to the hotel operations, what is retained in Ebitda after rental payments is effectively management fee income earned from the hotels and the Sandton Convention Centre along with 1% of the Ebitdar of the hotels.

The South African hotel portfolio has been categorised by province, to better reflect the group's geographical footprint. The Ebitdar measure of each segment includes the management fee income earned from hotels managed for third-party owners. This provides more meaningful information about the cash generated by the group from a particular province and how performance is influenced by events taking place in that province. Other segment includes hotel properties located in Mpumalanga, Eastern Cape, Kimberley, Bloemfontein and Polokwane.

The Manco segment reflects the unallocated cost of providing the various central services to the business including among others, sales, marketing, information technology, development, human resources and finance services. This segment also includes the net cost of the group's frequentGuest loyalty rewards programme.

The CODM assesses the performance of the operating segments based on Ebitdar (earnings before interest, income tax, depreciation) and related IFRS 16 *Rent Adjustment*, and adjusted for the same items as headline earnings. The measure excludes the effects of share-based payment expense and the effects of non-recurring expenditure. The measure also excludes all headline earnings adjustments, impairments and fair value adjustments on non-current and current assets and liabilities. Finance income and finance costs are not included in the results for each operating segment, as this is driven by the group treasury function which manages the cash and debt position of the group.

The CODM considers the business from both a business type and geographical basis. The following are the five reportable segments identified and monitored by the CODM:

- **Manco** consists of the group's management company division which manages the hotels in South Africa.
- **Investment properties** consist of the rentals received by Hospitality from the four hotel properties leased to external third-party operators.
- **Sandton Consortium** consists of the group's hotels leased from Liberty 2 Degrees Limited (L2D) and their partners together with the management fee income earned from the Sandton Convention Centre.
- **SA Portfolio** consists of the South African hotel operations which are owned within the group and are managed and reported on based on the geographical area in which the hotel is located.
- **Offshore** consists of the group's non-South African hotels division which owns, operates and manages hotels in other African countries, the Middle East, and the Seychelles.

				Material items included in Ebitdar				
	Revenue[1] Rm	Ebitdar[2] Rm	Ebitdar margin %	Employee costs[4] Rm	Food and beverage costs and operating equipment usage Rm	Property costs – rates, water and electricity Rm	Repairs and maintenance expenditure on property, plant and equipment Rm	Rooms departmental expenses[5] Rm
Year ended 31 March 2024								
Continuing operations								
Investment properties	**184**	**181**	**98**	**–**	**–**	**(3)**	**–**	**–**
Sandton Consortium	**661**	**209**	**32**	**(131)**	**(77)**	**(64)**	**(14)**	**(67)**
SA Portfolio	**4 848**	**1 496**	**31**	**(980)**	**(443)**	**(493)**	**(151)**	**(528)**
Western Cape	**1 934**	**782**	**40**	**(334)**	**(145)**	**(142)**	**(45)**	**(197)**
KwaZulu-Natal	**1 013**	**279**	**28**	**(233)**	**(115)**	**(111)**	**(31)**	**(101)**
Gauteng	**1 250**	**259**	**21**	**(272)**	**(123)**	**(168)**	**(48)**	**(157)**
Other	**651**	**176**	**27**	**(141)**	**(60)**	**(72)**	**(27)**	**(73)**
Offshore	**434**	**93**	**21**	**(138)**	**(49)**	**(23)**	**(23)**	**(33)**
Manco[3, 4, 5]	**(80)**	**(77)**	**96**	**(256)**	**–**	**(5)**	**–**	**8**
Total	**6 047**	**1 902**	**31**	**(1 505)**	**(569)**	**(588)**	**(188)**	**(620)**

6. Segmental analysis continued

				Material items included in Ebitdar				
	Revenue[1] Rm	Ebitdar[2] Rm	Ebitdar margin %	Employee costs[4] Rm	Food and beverage costs and operating equipment usage Rm	Property costs – rates, water and electricity Rm	Repairs and maintenance expenditure on property, plant and equipment Rm	Rooms departmental expenses[5] Rm
Year ended 31 March 2023								
Continuing operations								
Investment properties	153	149	97	–	–	(3)	–	–
Sandton Consortium	521	147	28	(112)	(65)	(50)	(14)	(57)
SA Portfolio	3 971	1 131	28	(844)	(371)	(433)	(121)	(423)
Western Cape	1 453	512	35	(280)	(121)	(119)	(35)	(152)
KwaZulu-Natal	961	281	29	(211)	(105)	(99)	(26)	(95)
Gauteng	995	177	18	(232)	(96)	(151)	(39)	(119)
Other	562	161	29	(121)	(49)	(64)	(21)	(57)
Offshore	378	76	20	(122)	(53)	(21)	(18)	(29)
Manco costs	363	(94)	*	(249)	–	(5)	–	7
Manco [3, 4, 5]	(36)	(94)	*	(249)	–	(5)	–	7
Separation Payment	399	–	–	–	–	–	–	–
Total	5 386	1 409	26	(1 327)	(489)	(512)	(153)	(502)
Discontinued operations	94	27	29	(18)	(13)	(9)	(6)	(3)
Offshore								
Group, including discontinued operations	5 480	1 436	26	(1 345)	(502)	(521)	(159)	(505)

1 *All revenue and income from hotel operations are derived from external customers. No one customer contributes more than 10% to the group's total revenue.*
2 *Refer to the reconciliation of operating profit to Ebitdar on note 5.*
3 *This segment includes the net cost of the group's frequentGuest loyalty rewards programme which is managed by Manco and consequently includes the forfeitures and any other adjustments, while the redemptions are allocated to the specific segments.*
4 *Total employee cost does not agree to note 10 as the share-based payment expense of R25 million (2023: R18 million) is not considered as part of Ebitdar – refer to note 5.*
5 *Rooms departmental expenses for this segment consist of the recoveries charged to the relevant segments relating to the cost of the central reservation offices.*
* *Percentage change greater than 100% or negative.*

7. Revenue from contracts with customers

The group derives revenue over time, with the exception of food and beverage revenue which is recognised at a point in time, together with its hotel customer reward programmes in terms of which revenue is recognised as the rewards are redeemed or they expire. The group has no contract assets. The table below presents revenue by segment, which excludes other income as these are accounted for under different accounting policies, which are included in the segmental analysis in note 6. Disaggregation of revenue from contracts with customers for the period under review is presented below:

	Rooms revenue recognised over time		Food and beverage recognised at a point in time		Other revenue recognised over time[1]		Revenue from external customers	
	2024 Rm	2023 Rm	2024 Rm	2023 Rm	2024 Rm	2023 Rm	2024 Rm	2023 Rm
Continuing operations								
Sandton Consortium	**405**	321	**219**	178	**27**	18	**651**	517
Internally managed	**3 321**	2 692	**1 166**	985	**248**	219	**4 735**	3 896
Western Cape	**1 415**	1 042	**388**	317	**111**	83	**1 914**	1 442
KwaZulu-Natal	**619**	599	**291**	272	**62**	55	**972**	926
Gauteng	**822**	646	**339**	269	**58**	63	**1 219**	978
Other	**465**	405	**148**	127	**17**	18	**630**	550
Manco	**–**	–	**–**	–	**1**	405	**1**	405
Offshore	**282**	242	**117**	109	**32**	25	**431**	376
	4 008	3 255	**1 502**	1 272	**308**	667	**5 818**	5 194
Discontinued operations								
Offshore	**–**	59	**–**	32	**–**	3	**–**	94
Total	**4 008**	3 314	**1 502**	1 304	**308**	670	**5 818**	5 288

	2024 Rm	2023 Rm
Reconciliation to segmental analysis in note 6:		
Continuing operations	**6 047**	5 386
Revenue from contracts with customers per above	**5 818**	5 194
Property rental income	**229**	192
Discontinued operations – Revenue from contracts with customers per above	**–**	94
Total income per segmental analysis	**6 047**	5 480

	2024 Rm	2023 Rm
Other revenue is made up as follows:		
Management fees revenue	**63**	84
Parking revenue	**15**	14
Venue hire revenue	**67**	60
Packaged food[2]	**25**	23
Non-arrival charges[2]	**15**	10
Other sundry revenue	**123**	77
Separation Payment[1]	**–**	399
Other revenue from continuing operations	**308**	667

1 *All other revenue is recognised over time except for the Separation Payment of R399 million that is included in the Manco segment. Refer to note 39 for details of the Separation Payment and items disclosed as per note 2 below.*

2 *Packaged food and non-arrival charges are recognised at a point in time.*

		2024 Rm	2023 Rm
8.	**Property and equipment rentals**		
	Under IFRS 16 *Leases*		
	Short-term leases	**29**	26
	Properties	**8**	6
	Plant, vehicles and equipment	**21**	20
	Variable lease payments not included in lease liabilities	**162**	128
	Properties	**162**	128
	Total property and equipment rentals	**191**	154

		2024 Rm	2023 Rm
9.	**Amortisation and depreciation**		
	Amortisation of intangible assets (note 19)	**5**	5
	Depreciation of property, plant and equipment (note 15)	**279**	267
	Depreciation of right-of-use assets (note 16)	**85**	79
	Total amortisation and depreciation	**369**	351
	Less: Amortisation and depreciation from discontinued operations	**–**	(5)
	Amortisation and depreciation from continuing operations	**369**	346

		2024 Rm	2023 Rm
10.	**Employee costs**		
	Employee costs (including executive director's remuneration):		
	Salaries and wages	**1 421**	1 277
	Pension – defined contribution plans	**84**	68
	IFRS 2 *Share-based Payment* – equity-settled (note 33)	**25**	18
	Total employee costs	**1 530**	1 363
	Less: Employee costs from discontinued operations	**–**	(18)
	Employee costs from continuing operations	**1 530**	1 345

	2024 Rm	2023 Rm
11. Other operating expenses		
Auditors' remuneration	**18**	20
Audit fees – current year	**17**	19
Tax services	**1**	1
Advertising, marketing and promotional costs	**178**	123
External consultants	**8**	10
Food and beverage costs and operating equipment usage (note 23)	**569**	502
Impairment charge for bad and doubtful debts, net of reversals (note 24)	**1**	8
Information technology-related costs	**80**	98
Net foreign exchange (gain) or loss	**(2)**	5
Property costs – rates, water and electricity	**588**	521
Repairs and maintenance expenditure on property, plant and equipment	**188**	159
Rooms departmental expenses	**620**	505
Guest supplies	**70**	59
Guest entertainment	**40**	39
Laundry	**83**	68
Housekeeping	**104**	84
Cleaning	**28**	23
Other	**295**	232
Security and surveillance costs	**92**	79
Other operating expenses	**153**	134
Loss on disposal of property, plant and equipment	**3**	5
Bank charges and credit card commission	**65**	55
Insurance	**53**	44
Commission	**8**	17
Restructuring costs	**–**	4
Transaction costs	**–**	7
Impairment of trademarks (note 19)	**–**	6
Total other operating expenses	**2 622**	2 302
Less: Other operating costs from discontinued operations	**–**	(49)
Other operating costs from continuing operations	**2 622**	2 253

	2024 Rm	2023 Rm
12. Finance income		
Interest received from banks	**62**	26
Finance income – other	**1**	3
Total finance income	**63**	29

	2024 Rm	2023 Rm
13. Finance costs		
Finance costs in respect of interest-bearing debt	**191**	210
Finance costs in respect of lease liabilities (note 29)	**135**	132
Cash flow hedges reclassified to profit or loss	**–**	(28)
Finance costs – other	**7**	29
Finance costs – SARS	**21**	–
Total finance costs	**354**	343
Less: Finance costs from discontinued operations	**–**	(8)
Finance costs from continuing operations	**354**	335

14. Income tax

	2024 Rm	2023 Rm
Current tax – current year charge	**185**	129
Current tax – over provision prior year	**1**	1
Deferred tax – current year (credit) (note 22)	**139**	153
Deferred tax – over provision prior year (note 22)	**(1)**	(16)
Withholding taxes	**3**	3
Total income tax expense	**327**	270
Other comprehensive income		
Tax credit relating to components of other comprehensive income on items that may be reclassified subsequently to profit or loss:	**(4)**	5
Cash flow hedges (note 22)	**(4)**	5
Total income tax relating to components of other comprehensive income	**(4)**	5

	2024 Rm	2024 %	2023 Rm	2023 %
Income tax rate reconciliation				
Profit before income tax and share of profit of associates	**1 103**		1 259	
Profit before income tax and share of profit of associates from continuing operations	**1 103**		986	
Profit before income tax and share of profit of associates from discontinued operations	**–**		273	
Income tax thereon at 27% (2023: 27%)	**298**	**27.0**	340	27.0
Continuing operations				
Exempt income/credits:				
Capital gains tax	**–**	**–**	86	6.8
Capital receipts – Separation Payment	**–**	**–**	(108)	(8.6)
Expenses/debits not deductible for tax purposes:				
Amortisation and depreciation*	**3**	**0.3**	2	0.2
Fair value adjustments – investment property*	**18**	**1.6**	39	3.1
Foreign tax rate differential	**(7)**	**(0.6)**	(11)	(0.9)
Impairment on intangible assets	**–**	**–**	1	0.1
Other non-deductible items*	**(4)**	**(0.4)**	(14)	(1.1)
Prior year credits (net)	**–**	**–**	(14)	(1.1)
Withholding taxes	**3**	**0.3**	3	0.2
Assessed losses utilised	**(7)**	**(0.6)**	–	–
Assessed losses not recognised*	**23**	**2.1**	20	1.6
Discontinued operations				
Exempt income/credits:				
Gain on disposal of subsidiary	**–**	**–**	(70)	(5.6)
Expenses/debits not deductible for tax purposes:				
Foreign tax rate differential	**–**	**–**	(3)	(0.2)
Other non-deductible items	**–**	**–**	(1)	(0.1)
	327	**29.7**	270	21.4

* *The income tax rate reconciliation has been disaggregated to reflect the major components of income tax. The comparative period has been re-presented accordingly.*

15. Property, plant and equipment

	Land and buildings Rm	Leasehold improvements Rm	Properties under construction Rm	Plant and equipment Rm	Operating equipment Rm	Total Rm
Year ended 31 March 2024						
Opening net carrying amount	**7 054**	**319**	**–**	**809**	**230**	**8 412**
Additions	**85**	**–**	**3**	**203**	**48**	**339**
Disposals and operating equipment usage	**(20)**	**–**	**–**	**(3)**	**(35)**	**(58)**
Depreciation charge	**(118)**	**(26)**	**–**	**(135)**	**–**	**(279)**
Transfer to other intangible assets (note 19)	**–**	**–**	**–**	**(13)**	**–**	**(13)**
Currency translation	**66**	**–**	**(1)**	**18**	**4**	**87**
Closing net carrying amount	**7 067**	**293**	**2**	**879**	**247**	**8 488**
At 31 March 2024						
Cost	**9 198**	**638**	**2**	**2 862**	**247**	**12 947**
Accumulated depreciation	**(2 131)**	**(345)**	**–**	**(1 983)**	**–**	**(4 459)**
Net carrying amount	**7 067**	**293**	**2**	**879**	**247**	**8 488**
Year ended 31 March 2023						
Opening net carrying amount	7 399	344	–	919	216	8 878
Additions	152	–	–	87	34	273
Disposal of subsidiary	(771)	–	–	(70)	(14)	(855)
Disposals and operating equipment usage	(5)	–	–	(1)	(18)	(24)
Depreciation charge	(51)	(25)	–	(191)	–	(267)
Currency translation	330	–	–	65	12	407
Closing net carrying amount	7 054	319	–	809	230	8 412
At 31 March 2023						
Cost	9 053	638	–	2 650	230	12 571
Accumulated depreciation	(1 999)	(319)	–	(1 841)	–	(4 159)
Net carrying amount	7 054	319	–	809	230	8 412
At 31 March 2022						
Cost	9 340	666	–	2 679	216	12 901
Accumulated depreciation	(1 941)	(322)	–	(1 760)	–	(4 023)
Net carrying amount	7 399	344	–	919	216	8 878

Refer to note 28 for specific property, plant and equipment held as security for external interest-bearing borrowings.

15. Property, plant and equipment continued

The group reassessed the useful lives of property, plant and equipment during the year. Changes in useful lives and residual values are not considered significant estimates and judgements as any changes in useful lives and residual values have historically been gradual and any adjustments made, where necessary, have not been significant. The group also reviewed the residual values of property, plant and equipment during the year and no adjustment to depreciation was accounted for (2023: decrease in depreciation of R18 million). The residual values have been positively impacted by the higher fair values; refer to note 17.1 and note 17.2 for the method of determining the fair value.

Management has assessed the group's property, plant and equipment for impairment by reviewing the cash flow forecasts for the period 2025 to 2029, which we believe adequately reflects cash flows generated by the underlying hotels for the years ending March 2025 to March 2026 as the recovery in trading levels normalises; as well as various technical inputs including the 10Y bond yield of 10.7% (2023: 9.8%) as at 31 March 2024.

The impairment test was performed by reviewing the cash flow forecasts for the period 2025 to 2029. The cash flow forecasts for the South African and Offshore properties were prepared on the basis set out in note 17.2. The recoverable amount has been determined as the higher of value in use and the fair value less costs to sell using a discounted cash flow model (DCF). The pre-tax discount rate utilised in the valuation ranges between 12.5% and 14.5% (2023: 12.5% and 14.5%) for the South African hotels and ranges between 10.5% and 17.5% (2023: 10.1% and 14.2%) for the Offshore properties. The increase in the discount rate for the Offshore properties is mainly driven by the increase in the in-country risk premium. The terminal growth rate applied for the Offshore properties is 2.2% (2023: 2.6%) and 4.5% (2023: 5.6%) for the South African properties.

Based on these factors, management is of the view that the carrying values of property, plant and equipment are fairly stated at 31 March 2024 and no further impairments or reversals of impairments are required.

15.1 Sensitivities

The table below indicates the sensitivities of the aggregate recoverable amounts of property, plant and equipment for the following changes to assumptions and would have the inverse effect on the aggregate impairments recognised for the cash flow and terminal growth rate assumptions:

	2024		2023	
	Increase Rm	**Decrease Rm**	Increase Rm	Decrease Rm
5% change in the net cash flows	**177**	**(180)**	174	(173)
25bps change in the terminal growth rate	**64**	**(63)**	70	(66)
50bps change in the discount rate	**(88)**	**91**	(95)	100

The inputs used to calculate the recoverable amounts are sensitive to change and any negative movements would result in impairments and any positive movements may result in reversals of impairments. The values disclosed in the sensitivities table above would approximate the potential impairment or reversal of impairments. These sensitivities are calculated on the aggregate recoverable amounts of property, plant and equipment that has historically been impaired.

15.2 Where the group is the lessor

The group rents out retail space within hotel properties.

Property rentals (included in other income) amounted to R8 million (2023: R6 million) during the year.

	2024 Rm	2023 Rm
Rental income from property leases under IFRS 16	**8**	6
Fixed	**8**	6
Rental income (included in *Revenue* note 7)	**8**	6

16. Right-of-use assets

Lease rental contracts include hotel property leases typically for fixed periods of 20 years to 30 years, but may have extension options. Management assessed the individual right-of-use of assets for impairment indicators at 31 March 2024 and none were noted. The recoverable amounts were determined on value-in-use calculations using a DCF model. These calculations use pre-tax cash flow projections based on financial budgets and forecasts approved by the board of directors. These cash flows were determined in a similar manner to the cash flows utilised in the assessment of the impairment of property, plant and equipment (refer to note 15) and the fair value of investment properties (refer to note 17). Based on these calculations, no impairments were required.

	Buildings Rm	Total Rm
Year ended 31 March 2024		
Opening balance	**1 014**	**1 014**
Depreciation	**(85)**	**(85)**
Remeasurement	**51**	**51**
Additions (note 29)	**4**	**4**
Tenancy allowance	**(3)**	**(3)**
Closing net carrying amount	**981**	**981**
At 31 March 2024		
Cost	**1 355**	**1 355**
Accumulated depreciation	**(374)**	**(374)**
Net carrying amount	**981**	**981**
Year ended 31 March 2023		
Opening balance	984	984
Depreciation	(79)	(79)
Modification	9	9
Additions (note 29)	100	100
Closing net carrying amount	1 014	1 014
At 31 March 2023		
Cost	1 303	1 303
Accumulated depreciation	(289)	(289)
Net carrying amount	1 014	1 014

		2024 Rm	2023 Rm
17.	**Investment properties**		
	Opening net carrying amount	**1 485**	1 450
	Acquisition and development of investment properties[1]	**185**	31
	Fair value adjustments recognised in profit or loss	**59**	4
	Closing net carrying amount	**1 729**	1 485

[1] *During the year, the group acquired the balance of the land not already owned at Birchwood as well as certain moveable assets for a total purchase consideration of R180 million. Payments of R160 million occurred during the year and the balance of the purchase price of R20 million will be settled on transfer of the property to the group (refer to note 40).*

Refer to note 28 for specific investment properties held as security for external interest-bearing borrowings.

17.1 Fair value measurement

The group's investment properties have been categorised as level 3 values based on the inputs to the valuation technique used. The group has elected to measure investment properties at fair value. The fair value is determined using the discounted cash flow method by discounting the rental income (based on expected net cash flows of the underlying hotels) after considering capital expenditure requirements. The expected cash flows are discounted using an appropriate discount rate. The core pre-tax discount rate is calculated using the South African 10Y bond yield at the time of valuation, to which premiums are added for market risk and equity and debt costs. The discount rate factors in a risk premium associated with the local economy as well as those specific to the local property market and the hotel industry. At 31 March 2024, the group's investment properties were independently valued by professionally qualified valuers having recent experience in the location and category of the group's investment properties being valued. The valuation is currently performed on an annual basis on the entire portfolio of investment properties by an independent valuator.

17.2 Basis of preparation of cash flow forecasts (property, plant and equipment, investment property, right-of-use assets and goodwill)

Based on the out-performance of actual 2024 results versus 2024 group forecasts, management has adopted a more optimistic view of the recovery in trading levels and an overarching assumption has been made that the group will return to long-term average occupancy levels. The forecast period in which each individual hotel returns to its long-term average occupancy has been individually considered based on its specific regional and market dynamics.

The overall assumption for the group was that 2020 occupancies should be reached in 2025 and increase from there as 2020 was impacted by Covid-19, particularly in March 2020. Occupancies for the group's owned hotel portfolio including Offshore are assumed to increase from 59% in 2024 to 62% for 2025, increasing to 66% by 2029. ARRs are assumed to increase by a compound annual growth rate (CAGR) of 5% between 2025 and 2029. Based on a review of the revenue and Ebitdar levels of each hotel, management is comfortable that the individual hotel trading assumptions are reasonable. Operating expenses were escalated by CPI except for utilities, which escalates by an average of 10%, between 2025 and 2029. Payroll costs were escalated by CPI +1%. Maintenance capex has been reviewed by unit and prioritised to ensure that the properties are well maintained and in good condition.

17.3 Valuation inputs – investment properties

The risk-free rate applied increased to 10.7% at 31 March 2024 when compared to the prior year (31 March 2023: 9.8%). The independent valuer has again taken a conservative view on the discount rate and terminal capitalisation rates, supported by management, which has resulted in higher discount rates being maintained in the current year, in line with rates used in the prior year. As a consequence of the various inputs applied for individual hotels, fair values of certain properties increased while others decreased, but the aggregate fair value of the total portfolio increased by 3% excluding the Birchwood acquisition.

As at 31 March 2024, the significant unobservable inputs were as follows:
- A weighted average Ebitdar growth rate of 8.3% (2023: 10.0%);
- A terminal capitalisation rate of 9.0% – 11.0% (2023: 9.0% – 11.0%); and
- A risk-adjusted pre-tax discount rate of 12.5% –14.5% (2023: 12.5% – 14.5%).

17. Investment properties continued

17.4 Sensitivities

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

	2024		2023	
	Increase Rm	**Decrease Rm**	Increase Rm	Decrease Rm
5% change in the net cash flows	**81**	**(80)**	68	(68)
25bps change in the terminal capitalisation rate	**(24)**	**27**	(22)	23
50bps change in the discount rate	**(29)**	**31**	(25)	26

The inputs used to calculate the recoverable amounts are sensitive to change and any negative movements would result in impairments and any positive movements may result in reversals of impairments. The values disclosed in the sensitivities table above would approximate the potential fair value adjustment recognised in profit or loss. The sensitivities were calculated by including the aggregate recoverable amounts of the investment property.

Amounts recognised in profit or loss for investment properties:

	2024 Rm	2023 Rm
Rental income from investment property operating leases under IFRS 16:	**194**	153
Fixed	**9**	8
Variable	**185**	145
Rental income (included in *Revenue* note 7)	**194**	153
Direct operating expenses from property that generated rental income (note 7)	**–**	–

At the balance sheet date, the group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases for investment property. The rentals below relate only to fixed rentals and do not include any variable rentals:

	2024 Rm	2023 Rm
Not later than one year	**12**	9
Between one and two years	**12**	9
Between two and three years	**12**	9
Between three and four years	**12**	9
Between four and five years	**12**	9
Later than five years	**–**	–
	60	45

During the prior year, Champagne Sports Resort has exercised the option to extend the hotel lease agreement for a further five years, with the lease terminating on 31 March 2028.

	2024 Rm	2023 Rm
18. Goodwill		
At 31 March	**354**	354

18.1 Impairment test for goodwill

Goodwill is allocated and monitored on the group's CGUs which are a grouping of hotels. These hotels have been grouped according to reportable segment level. A summary of the goodwill allocation is as follows:

	2024 Rm	2023 Rm
Internally managed	**347**	347
SUN1 hotels[1]	**254**	254
Cullinan hotels[2,3]	**11**	11
Southern Sun Hotel Interests Proprietary Limited[2]	**82**	82
Offshore	**7**	7
At 31 March	**354**	354

1 *Included in Western Cape, KwaZulu-Natal, Gauteng and Other segments.*
2 *Included in Western Cape, KwaZulu-Natal and Gauteng segments.*
3 *The Cullinan hotels include the following hotels: Southern Sun The Cullinan, Southern Sun Katherine Street, Garden Court Morningside, Southern Sun Waterfront, Garden Court Eastgate, StayEasy Eastgate, Garden Court Hatfield, Garden Court Kings Beach, Garden Court uMhlanga and StayEasy Pietermaritzburg.*

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets and forecasts approved by the board of directors. These cash flows were determined in a similar manner to the cash flows utilised in the assessment of the impairment of property, plant and equipment (refer to note 15) and the fair value of investment properties (refer to note 17).

The key assumptions used for value-in-use calculations are as follows:

- Ebitdar margin – management determined budgeted gross Ebitdar margin based on past performance and its expectations of market developments;
- Long-term growth rate – cash flows beyond the first five-year period are extrapolated using estimated long-term growth rates in order to calculate the terminal recoverable amount. The growth rate estimations consider risks associated with the hospitality industry in which the CGUs operate; and
- Pre-tax discount rate – the discount rate is calculated by using the discount rate of the respective CGUs. Discount rates are calculated using a bond risk-free rate and an equity premium adjusted for specific risks relating to the relevant operating segments.

The following assumptions have been used for the analysis of the CGUs within the operating segments:

	2024			2023		
	Ebitdar margin %	Long-term growth rate %	Discount rate pre-tax %	Ebitdar margin %	Long-term growth rate %	Discount rate pre-tax %
SA Portfolio[1]	**23.1 – 42.2**	**4.5**	**14.9**	35.9 – 44.8	5.6	12.5

1 *SA Portfolio assumptions were applied to SUN1 hotels, Cullinan hotels and Southern Sun Hotel Interests Proprietary Limited. The Ebitdar margins are as follows: SUN1 hotels 37.4% (2023: 44.8%), Cullinan hotels 42.2% (2023: 40.7%) and Southern Sun Hotel Interests Proprietary Limited 23.1% (2023: 35.9%).*

18. Goodwill continued

18.1 Impairment test for goodwill continued

The group's impairment reviews are sensitive to changes in the key assumptions described above. Based on the group's sensitivity analysis, a reasonable change in a single assumption will not cause a material impairment loss in any of the group's CGUs as the group's CGUs have significant headroom available between the calculated values in use and the carrying amount of the CGU (including the goodwill) shown on the previous page.

The following changes to the assumptions will lead to a recognition of an impairment of goodwill:

	SUN1 hotels pp	Cullinan hotels pp	Southern Sun Hotel Interests Proprietary Limited pp
Increase in the discount rate	**12.9**	**>100**	**49.3**
Decrease in the growth rate	**41.5**	**>100**	**>100**
Decrease in Ebitdar margin	**22.2**	**43.7**	**9.6**

19. Other intangible assets

	Computer software Rm	Other Rm	Total Rm
Year ended 31 March 2024			
Opening net carrying amount	**11**	**27**	**38**
Additions	**2**	**–**	**2**
Amortisation charge	**(3)**	**(2)**	**(5)**
Disposal	**–**	**(5)**	**(5)**
Currency translation	**1**	**–**	**1**
Transfer from property, plant and equipment	**–**	**13**	**13**
Closing net carrying amount	**11**	**33**	**44**
At 31 March 2024			
Cost	**67**	**41**	**108**
Accumulated amortisation	**(56)**	**(8)**	**(64)**
Net carrying amount	**11**	**33**	**44**
Year ended 31 March 2023			
Opening net carrying amount	13	35	48
Additions	2	–	2
Amortisation charge	(3)	(2)	(5)
Impairment[1]	–	(6)	(6)
Currency translation	(1)	–	(1)
Closing net carrying amount	11	27	38
At 31 March 2023			
Cost	64	39	103
Accumulated amortisation	(53)	(12)	(65)
Net carrying amount	11	27	38
At 31 March 2022			
Cost	66	55	121
Accumulated amortisation	(53)	(20)	(73)
Net carrying amount	13	35	48

[1] *Due to the TSG transaction in the prior year, the group no longer operates a hotel under the HI Hotel brand and therefore the trademark net of accumulated amortisation was impaired during the prior year. The impairment is included in the Manco segment.*

Other intangible assets include management contracts with a book value of R17 million (2023: R17 million), timeshare units with a book value of R13 million (2023: Rnil) and trademarks with a book value of R3 million (2023: R10 million). There were no significant changes made to useful lives or residual values of other intangible assets during the current year or in prior years. An impairment assessment was performed on other intangible assets and no impairment indicators were noted.

The R13 million transfer from property, plant and equipment relates to weeks owned in the various share block schemes which the group manages and includes Drakensburg Sun and Sabi River Sun.

20. Investments in associates

The group has the following interests in its material associates:

Unlisted

- 25.9% (2023: 25.9%) in IHL Holdco Limited (IHL Holdco), incorporated in the British Virgin Islands. IHL Holdco owns hotel properties located in the United Kingdom and Europe with the hotels to be managed by RBH Hotel Group Limited. The company has a 31 December year end; however, trading results for the 12 months ended 31 March are included in the consolidated financial results.
- 26.4% (2023: 26.4%) in RBH Hotel Group Limited (RBH), a leading independent hotel management company incorporated in the United Kingdom. This associate provides the group with access to additional management expertise, exposure to new markets and an attractive dividend yield. The company has a 31 August year end; however, trading results for the 12 months ended 31 March are included in the consolidated financial results.

	2024 Rm	2023 Rm
At 1 April	**374**	325
Share of profit after tax and other interests of associates	**80**	25
Dividends received	**(101)**	(3)
Currency translation and other moves	**32**	27
At 31 March	**385**	374
Made up as follows:		
Unlisted	**385**	374
At 31 March	**385**	374

Summarised financial information for associates, which the directors consider to be material to the group, on a 100%-ownership basis after adjustments to comply with the group's accounting policies, is as follows:

	RBH Hotel Group		IHL Holdco	
	2024 Rm	2023 Rm	2024 Rm	2023 Rm
Summarised balance sheets				
Total non-current assets	**14**	17	**2 751**	2 736
Total current assets	**333**	367	**115**	103
Total assets	**347**	384	**2 866**	2 839
Total non-current liabilities	**–**	–	**768**	1 577
Total current liabilities	**319**	295	**985**	193
Total liabilities	**319**	295	**1 753**	1 770
Net assets	**28**	89	**1 113**	1 069
Summarised statement of comprehensive income				
Revenue	**2 493**	1 635	**255**	196
Profit from operations	**68**	55	**239**	42
Profit for the year and total comprehensive income	**68**	55	**239**	42

20. Investments in associates continued

A reconciliation of the summarised financial information to the carrying amount of the group's interests in its associates is as follows:

	RBH Hotel Group		IHL Holdco	
	2024 Rm	2023 Rm	**2024 Rm**	2023 Rm
Opening net assets attributable to owners	**76**	3	**1 069**	864
Profit for the year	**68**	55	**239**	42
Foreign currency translation reserve	**(48)**	31	**126**	163
Total comprehensive income	**96**	89	**1 434**	1 069
Dividends paid	**(68)**	(13)	**(321)**	–
Closing net assets attributable to owners	**28**	76	**1 113**	1 069
Interest in associate (%)	**26.4**	26.4	**25.9**	25.9
Interest in associate	**7**	24	**288**	277
Intangible assets	**71**	71	**–**	–
Goodwill	**25**	25	**31**	31
Currency translation	**51**	23	**(88)**	(77)
Carrying value of investments in associates	**154**	143	**231**	231

The group has no further contingent liabilities or commitments in relation to the associates.

21. Non-current receivables

	2024 Rm	2023 Rm
Financial assets measured at amortised cost		
Other loans	**4**	13
Loan to JIA Piazzapark Proprietary Limited	**1**	1
	5	14
Non-current receivables are denominated in the following currency		
SA Rand	**5**	14
	5	14

Non-current receivables do not contain significant credit risk and there are no significant receivables past due that have been impaired. The group does not consider non-current receivables material and no further disclosure is provided in this regard.

22. Deferred income tax

	2024 Rm	2023 Rm
The gross movement on the deferred tax account is as follows:		
Net deferred tax asset at 1 April	**146**	(36)
Income statement charge (note 14)	**135**	158
Derecognition on disposal of subsidiary	**–**	51
Prior year adjustment (note 14)	**(1)**	(16)
Currency translation	**(2)**	(11)
Net deferred tax liability at 31 March	**278**	146

22. Deferred income tax continued

The movement in deferred tax assets and liabilities during the year, without taking into account the offsetting of balances of entities within the group, is as follows:

	Accelerated tax allowances Rm	Other assets[1] Rm	Provisions and accruals Rm	Deferred revenue Rm	Tax losses Rm	Total Rm
Deferred tax liabilities						
Balance at 1 April 2022	749	(103)	(148)	(5)	(231)	262
Income statement expense/(credit)	117	11	(3)	–	65	190
Prior year adjustment	–	–	–	–	(1)	(1)
Currency translation	7	–	–	–	–	7
Deferred tax liability at 31 March 2023	**873**	**(92)**	**(151)**	**(5)**	**(167)**	**458**
Income statement expense/(credit)	**125**	**(4)**	**44**	**–**	**95**	**260**
Prior year adjustment	**1**	**–**	**2**	**–**	**(2)**	**1**
Currency translation	**1**	**–**	**–**	**–**	**–**	**1**
Deferred tax liability at 31 March 2024	**1 000**	**(96)**	**(105)**	**(5)**	**(74)**	**720**
Deferred tax assets						
Balance at 1 April 2022	(93)	(74)	6	(3)	(134)	(298)
Income statement (credit)/expense	(75)	(1)	(76)	(4)	124	(32)
Prior year adjustment	(12)	1	(1)	3	(6)	(15)
Currency translation	–	–	(16)	–	(2)	(18)
Disposal of subsidiary	30	–	17	–	4	51
Deferred tax asset at 31 March 2023	**(150)**	**(74)**	**(70)**	**(4)**	**(14)**	**(312)**
Income statement (credit)/expense	**(81)**	**(17)**	**(12)**	**(7)**	**(8)**	**(125)**
Prior year adjustment	**(1)**	**–**	**(2)**	**(1)**	**2**	**(2)**
Currency translation	**–**	**(3)**	**–**	**–**	**–**	**(3)**
Deferred tax asset at 31 March 2024	**(232)**	**(94)**	**(84)**	**(12)**	**(20)**	**(442)**
Total net deferred tax liability/(asset)	**768**	**(190)**	**(189)**	**(17)**	**(94)**	**278**

[1] *Includes investment property and prepaid expenditure.*

Deferred tax assets of R94 million have been recognised for tax losses carried forward and other temporary differences. These relate to certain subsidiaries within the group and the asset has been recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. An assessment of future taxable profits has been performed at a relevant subsidiary level based on budgets and cash flow forecasts. For further details on the basis of preparation of these cash flow forecasts, refer to note 17.2.

23. Inventories

	2024 Rm	2023 Rm
Food and beverage	**35**	32
Operating equipment	**4**	5
Consumable stores	**41**	38
	80	75
Inventory costs recognised in Other operating expenses (note 11):		
Cost of food and beverage and consumable stores	**515**	487
Cost of operating equipment	**54**	18

	2024 Rm	2023 Rm
24. Trade and other receivables		
Financial instruments		
Financial assets measured at amortised cost		
Trade receivables – net	**224**	258
Trade receivables – gross	**272**	308
Trade receivables – loss allowance	**(48)**	(50)
Deposits	**18**	16
IHL Holdco loan	**–**	44
Other receivables	**99**	60
	341	378
Financial assets valued at fair value		
Life Cell Reimbursive Asset[1]	**95**	75
	436	453
Non-financial instruments		
Prepayments	**58**	51
	58	51
Total trade and other receivables	**494**	504

[1] *The Life Cell Reimbursive Asset has been reclassified out of financial assets measured at amortised cost to financial assets measure at fair value. The comparative year has been re-presented accordingly. This disclosure is in line with the group's accounting policy in note 1(j)(ii) , is in compliance with IFRS 9 and agrees to notes 44.2 and 46.1.*

24.1 Trade receivables

Trade receivables comprise a widespread customer base mostly in respect of the hotel, banqueting and conferencing facilities provided in the ordinary course of business at the group's properties. Credit sales mostly have negotiated credit terms of 30 days and are therefore all classified as current. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable as shown above. The group does not hold any collateral as security. The carrying value less impairment provision of trade and other receivables is assumed to approximate fair value due to the short-term nature of trade and other receivables.

The group performs ongoing credit evaluations of the financial condition of its customers for both new credit applications and existing customers with credit facilities. These reviews include evaluating previous relationships the customer has had with the group, taking into account the length of time and amount of business. New customers are given credit only after meeting strict minimum requirements. The utilisation of credit limits is regularly monitored by reviewing the ageing analysis of these debtors on an ongoing basis. Of the trade receivables balance as at 31 March 2024, R43.7 million (2023: R39.7 million) is due from the group's largest customer that provides travel and tourism-related services to the general public. The group does not have significant credit risk exposure to any single counterparty or any group of counterparties providing similar services. The group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk related to this client did not exceed 6.5% percent of gross monetary assets at any time during the year. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Credit limits exceeded during the year under review were closely monitored, and management does not expect any losses from non-performance by these counterparties that have not been provided for.

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

24.2 Debtor loss allowance calculated under the provision matrix

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 March 2024 and the corresponding historical credit losses experienced over the period. The 12-month period used to assess the payment profiles is mainly due to the volatility of the current economic environment which is prone to more significant changes over the short term.

The historical loss rates are adjusted to reflect current and publicly available forward-looking information on macroeconomic factors affecting the ability of the customer to settle the receivables. A counterparty will be considered to be in default and any outstanding balance that is deemed to be unrecoverable will be fully provided for where:

- The counterparty has breached approved credit limits, and recovery is uncertain due to no alternative repayment plan being agreed; and/or
- Based on qualitative public information available, management has assessed the counterparty as being in financial distress; and/or
- The counterparty has been placed under business rescue.

24. Trade and other receivables continued

24.2 Debtor loss allowance calculated under the provision matrix continued

Specifically identified debtors and large travel management companies (TMCs) have been separately identified and risk-weighted based on their relative susceptibility to the following factors:

- Vulnerability of state-owned enterprises at present in South Africa;
- Ongoing energy and water crisis facing South Africa; and
- GDP in South Africa.

Large TMCs operate against the backdrop of the above factors along with a burgeoning cost base, driven by increasing salary costs, increasing interest rates along with cash flow issues emanating from the slow payments from government departments and parastatals. This, combined with relatively low levels of commission earned, increases the level of risk associated with the TMC business model. These entities which comprise the largest proportion of the group's trade receivables, typically, have a very small or no asset base to recoup losses from in the event of business failure. Large TMCs have a carrying amount of R120 million (2023: R122 million) and the group has raised a provision of R22 million (2023: R20 million) relating to large TMCs' debtors. As reflected in the loss allowance table for large TMC and specifically identified debtors the loss allowance table below, the total expected loss rate has decreased from the prior year. This can be attributed to the continued recovery in the travel and tourism industry in South Africa as lockdown regulations eased and the severity of the Covid-19 disease declined. Both of these factors contributed to a marked improvement in sentiment with guests becoming more confident to travel as the year progressed. Consequently, as the travel and tourism industry recovers from the impact of Covid-19, so does the recoverability of debtors balances due to the group from large TMC and Hospitality debtors.

Specifically identified debtors have a carrying value of R15 million (2023: R28 million) and are considered to be lower risk as they are related to rental income which is mostly current. Rentals are due in advance and are current, 30 days or less. Historically, there have not been material impairments of specifically identified debtors; however, as a consequence of Covid-19, the group has raised a provision of Rnil (2023: R2 million) relating to Hospitality debtors. Customers comprise lessees paying rent to occupy hotel buildings.

On this basis, the loss allowance as at 31 March 2024 was determined as follows for trade receivables:

	Current-performing Rm	**30 to 60 days past due Rm**	**60 to 90 days past due Rm**	**More than 90 days past due Rm**	**Total Rm**
Large South African TMCs and specifically identified debtors:					
Expected loss rate (%)	**12.8**	**20.6**	**23.8**	**42.8**	**16.2**
Gross carrying amount	**100**	**25**	**3**	**8**	**136**
Loss allowance	**12**	**5**	**1**	**4**	**22**
Other remaining South African debtors[1] (excluding large TMCs and specifically identified debtors):					
Expected loss rate (%)	**12.8**	**21.2**	**24.3**	**40.5**	**15.0**
Gross carrying amount	**90**	**14**	**1**	**2**	**107**
Loss allowance	**12**	**3**	**–**	**1**	**16**

On this basis, the loss allowance as at 31 March 2023 was determined as follows for trade receivables:

	Current-performing Rm	30 to 60 days past due Rm	60 to 90 days past due Rm	More than 90 days past due Rm	Total Rm
Large South African TMCs and specifically identified debtors:					
Expected loss rate (%)	12.5	14.3	–	44.4	14.7
Gross carrying amount	104	35	2	9	150
Loss allowance	13	5	–	4	22
Other remaining South African debtors[1] (excluding large TMCs and specifically identified debtors):					
Expected loss rate (%)	9.7	9.1	33.3	40.0	11.5
Gross carrying amount	103	11	3	5	122
Loss allowance	10	1	1	2	14

[1] *Includes small TMCs, sporting bodies, government departments and corporate accounts.*

24. Trade and other receivables continued

24.3 Specific South African debtors

Specific debtors are long outstanding and generally have slower payment terms. These are considered to have a higher risk profile due to their customer base. Specific debtors that are placed under business rescue are fully impaired as there is no reasonable expectation of recovery even though enforcement activities to recover balances due continue. These are credit-impaired (stage 3).

	2024 Rm	2023 Rm
Gross carrying amount	**8**	11
Loss allowance in respect of specific trade debtors	**8**	11

Specific debtors provided for completely amounted to R8 million (2023: R11 million). During the year, specific debtors (stage 3) amounting to R2 million (2023: R3 million) were impaired as non-collectable.

24.4 Offshore debtors

The loss allowance has been established as follows:

	Current-performing Rm	30 to 60 days past due Rm	60 to 90 days past due Rm	More than 90 days past due Rm	Total Rm
Offshore debtors 31 March 2024:					
Expected loss rate (%)	**4.1**	**10.0**	**16.7**	**45.5**	**9.1**
Gross carrying amount	**17**	**1**	**1**	**2**	**21**
Loss allowance	**1**	**–**	**–**	**1**	**2**
Offshore debtors 31 March 2023:					
Expected loss rate (%)	5.6	33.3	–	33.3	12.0
Gross carrying amount	18	3	1	3	25
Loss allowance	1	1	–	1	3

24.5 Loss allowance reconciliation

The closing loss allowance for trade receivables as at 31 March reconciled to the opening loss allowance is as follows:

	2024 Rm	2023 Rm
At 1 April	**50**	50
Provision for receivables impairment (note 11)	**2**	8
Impaired as non-collectable	**(4)**	(4)
Disposal of subsidiary	**–**	(4)
At 31 March	**48**	50

As at 31 March 2024, the stage 2 gross debtors amounted to R57 million (2023: R67 million). During the year, stage 2 debtors amounting to Rnil (2023: R1 million) were written off as non-collectable; however, the group continues on an ongoing basis to recover any amounts written off where possible and unused provisions of Rnil (2023: Rnil) were reversed.

Stage 3 gross debtors amounted to R8 million (2023: R11 million), which during the year R2 million (2023: R3 million) was written off as non-collectable.

24. Trade and other receivables continued

24.6 Deposits, associate and tenant loans and other receivables

Deposits, associate and tenant loans as well as other receivables do not contain significant credit risk, have a low probability of default and there are no significant receivables past due that have been impaired. No further disclosure is provided in this regard.

The carrying amounts of the group's trade and other receivables are denominated in the following currencies:

	2024 Rm	2023 Rm
SA Rand	**446**	416
Great Britain Pound	**–**	44
US Dollar	**11**	7
Mozambican Metical	**18**	11
Tanzanian Shilling	**1**	3
Kenyan Shilling	**–**	1
Seychelles Rupee	**10**	14
Zambian Kwacha	**6**	6
United Arab Emirates Dirham	**2**	2
	494	504

Refer to note 28 for specific trade and other receivables balances held as security for external interest-bearing borrowings.

25. Cash and cash equivalents

	2024 Rm	2023 Rm
Cash and cash equivalents measured at amortised cost		
Current accounts	**281**	516
Demand deposit held as security[2]	**–**	230
Call and fixed deposit accounts	**356**	135
Cash	**2**	2
Gross cash and cash equivalents[1]	**639**	883
Net cash and cash equivalents per cash flow statement	**639**	883
Gross cash and cash equivalents are denominated in the following currencies:		
SA Rand	**374**	530
US Dollar	**191**	298
Mozambican Metical	**6**	8
Seychelles Rupee	**6**	6
Zambian Kwacha	**2**	3
United Arab Emirates Dirham	**5**	4
Euro	**55**	34
	639	883

[1] *There is a master netting arrangement in place; however, the gross positive cash balances of R639 million (2023: R653 million) and bank overdrafts of Rnil (2023: Rnil) do not qualify to be offset on the balance sheet.*

[2] *In order to secure the disposal proceeds in the prior year and provide Kasada with additional time to refinance the hotel's in-country debt of US$12.8 million, the group agreed to Kasada depositing US$12.8 million, equating to R230 million, in a Southern Sun-controlled bank account in Mauritius to serve as cash held as security against the group's guarantee obligations (Ikoyi Cash Deposit). Refer to note 42.*

During July 2023, Kasada refinanced the hotel's in-country debt and the group was released from its guarantee obligation. The deposit including accumulated interest earned amounting to US$13.1 million, was repaid to Kasada on 18 July 2023.

Due to the short-term nature of these assets and historical experience, cash and cash equivalents are regarded as having a low probability of default and therefore the related expected credit loss is deemed insignificant.

Refer to note 28 for specific cash and cash equivalents balances held as security for external interest-bearing borrowings.

26. Ordinary share capital

	Number of ordinary shares ’000	Ordinary share capital Rm	Treasury shares Rm	Total Rm
At 1 April 2022	1 477 906	5 333	–	5 333
Issue of shares on exercise of share options	161	–	1	1
Purchase of treasury shares[1]	(10 000)	–	(45)	(45)
At 31 March 2023	1 468 067	5 333	(44)	5 289
Issue of shares on exercise of share options[3]	**3 777**	**22**	**–**	**22**
Purchase of treasury shares[1]	**(135 154)**	**–**	**(617)**	**(617)**
Cancellation of shares[2]	**–**	**(661)**	**661**	**–**
At 31 March 2024	**1 336 690**	**4 694**	**–**	**4 694**

[1] *The group bought back 135 million (2023:10 million) SSU shares at an average price of R4.56 (2023: R4.46).*
[2] *The group cancelled all 145 million shares bought back on 12 December 2023 and 28 March 2024.*
[3] *The company issued four million shares during the year to employees participating in the Southern Sun Share Appreciation Rights Plan.*

The total authorised number of ordinary shares is 2 000 000 000 (2023: 2 000 000 000) with no par value. All issued shares, other than those related to the IFRS 2 *Share-based Payments – Equity Settled* (refer to note 33) are fully paid.

The company’s authorised but unissued ordinary share capital was placed under the control of the directors until the forthcoming annual general meeting (AGM). Directors are accordingly able to issue SSU shares subject only to the limitations contained in the Companies Act, the memorandum of incorporation (MOI) and the Listings Requirements.

27. Other reserves

	Share capital reserve Rm	Transactions with non-controlling interests Rm	Cash flow hedge reserve Rm	Foreign currency translation reserve Rm	Share-based payments Rm	Common control reserve Rm	Total Rm
Balance at 1 April 2022	(52)	2 763	18	(56)	76	(921)	1 828
Cash flow hedges, net of tax	–	–	9	–	–	–	9
Cash flow hedges fair value adjustments	–	–	42	–	–	–	42
Cash flow hedges reclassified to profit or loss	–	–	(28)	–	–	–	(28)
Deferred tax on cash flow hedges fair value adjustments	–	–	(5)	–	–	–	(5)
Currency translation adjustments	–	–	–	295	–	–	295
Share-based payments charge	–	–		–	18	–	18
Derecognition on disposal of subsidiary	–	–	–	(313)	–	–	(313)
Balance at 31 March 2023	**(52)**	**2 763**	**27**	**(74)**	**94**	**(921)**	**1 837**
Cash flow hedges, net of tax	**–**	**–**	**(12)**	**–**	**–**	**–**	**(12)**
Cash flow hedges fair value adjustments	**–**	**–**	**(16)**	**–**	**–**	**–**	**(16)**
Deferred tax on cash flow hedges fair value adjustments	**–**	**–**	**4**	**–**	**–**	**–**	**4**
Currency translation adjustments	**–**	**–**	**–**	**92**	**–**	**–**	**92**
Share-based payments charge	**–**	**–**	**–**	**–**	**25**	**–**	**25**
Exercise of share appreciation rights	**–**	**–**	**–**	**–**	**(39)**	**–**	**(39)**
Balance at 31 March 2024	**(52)**	**2 763**	**15**	**18**	**80**	**(921)**	**1 903**

	2024 Rm	2023 Rm
28. Interest-bearing borrowings		
Borrowings are made up as follows:		
Financial liabilities measured at amortised cost[2]		
Bank borrowings	**1 666**	1 968
	1 666	1 968
Less: Facility raising fees	**(3)**	(4)
	1 663	1 964
Analysed as:		
Non-current portion	**1 633**	1 964
Current portion	**30**	–
	1 663	1 964
Secured	**1 663**	1 964
Unsecured	**–**	–
	1 663	1 964
The following represents the carrying amount of the security for these borrowings:		
Property, plant and equipment (note 15)[3]	**6 535**	6 530
Investment properties (note 17)[1]	**1 683**	1 435
Pledge of cash in bank accounts (note 25)	**202**	201
Trade receivables (note 24)	**55**	133
	8 475	8 299
The carrying amounts of the group's borrowings are denominated in the following currencies:		
SA Rand	**1 168**	1 496
US Dollar	**465**	440
Mozambican Metical	**30**	28
	1 663	1 964
The group has the following committed direct facilities excluding bank overdrafts (from banks and corporate bonds):		
Expiring within one year	**30**	–
Expiring beyond one year	**1 633**	1 964
	1 663	1 964
Undrawn facility of committed direct bank borrowings (note 44)*	**1 320**	990
Weighted average effective interest rates (including cash held in call accounts)	**9.0%**	8.9%

1 *Investment properties represent the value of the properties in Hospitality, leased to external third-party operators, over which mortgage bonds have been registered and pledged as security to the lenders for the bank borrowings.*
2 *Refer to note 44 relating to the terms of the interest-bearing borrowings.*
3 *Includes properties owned by Hospitality and leased and managed by Southern Sun Hotel Interests Proprietary Limited and pledged as securities for the bank borrowings. On consolidation, these properties are accounted for as part of the carrying amount of property, plant and equipment (both companies being subsidiary companies of the group)*
* *The amount for the prior year has been re-presented to agree to note 44.1(c)(i).*

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments and is within level 3 of the fair value hierarchy. The fair values of long and medium-term borrowings are based on cash flows discounted using commensurate variable rates chargeable by SA Rand lenders of the above loans ranging between 9.9% and 10.1% (2023: 9.1% and 9.1%). The fair value of long and medium-term loans using variable rates by US Dollar currency lenders was calculated using 8.6% (2023: 7.6%) and 23.1% (2023: 22.6%) for those relating to the Mozambican Metical currency loan. All borrowings bear interest at floating rates.

The carrying amounts and fair values of the bank borrowings are as follows:

	Carrying amount		Fair value	
	2024 Rm	2023 Rm	2024 Rm	2023 Rm
Bank borrowings	**1 666**	1 968	**1 747**	1 980
	1 666	1 968	**1 747**	1 980

		2024 Rm	2023 Rm
29.	**Lease liabilities and commitments**		
	Opening balance	**1 447**	1 360
	Finance costs (note 13)	**135**	132
	Remeasurement of lease contract	**51**	9
	New leases raised	**4**	100
	Lease payments	**(170)**	(154)
	Closing net carrying amount	**1 467**	1 447
	Lease liabilities		
	Lease liabilities recognised in the balance sheet are analysed as:		
	Non-current portion	**1 368**	1 412
	Current portion	**99**	35
		1 467	1 447
	Total cash flows in respect of leases:		
	Principal portion of the lease liabilities (included in cash flows from financing activities)	**35**	22
	Interest portion of the lease liabilities (included in finance costs cash flows)	**135**	132
	Short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities (included in cash generated from operations) (note 8)	**191**	142
	Total cash outflow for leases	**361**	296

The group leases various hotel properties including the Garden Court Marine Parade, Garden Court Nelson Mandela Boulevard, Cape Town City Bowl Complex, Southern Sun Cape Sun, Sandton Sun, Sandton Towers, Garden Court Sandton City and Garden Court East London. These rental contracts are typically made for fixed periods of 20 years to 30 years, but may have extension options as described below.

29.1 Rental adjustments

A lease re-measurement relating to the Sandton Consortium has been accounted for in the year resulting in a right-of-use asset and corresponding lease liability of R51 million being recognised.

Additionally, a right-of-use asset and corresponding lease liability of R4 million has been recognised for the parking lease relating to the office space at Nelson Mandela Square with the lease effectively commencing 1 April 2023.

29.2 Variable lease payments

Some property leases contain variable payment terms that are linked to the Ebitdar or revenue generated by the hotel. Due to the variable nature of Ebitdar the variable lease payments cannot be predicted with reasonable assurance, these variable leases are not considered in determining the lease liability.

For five leases, up to 100% of lease payments are on the basis of variable payment terms with percentages of 98% of Ebitdar or 18% of rooms revenue. Variable payment terms are used for a variety of reasons, including for the rental expense to correlate with the operating performance of the hotel property. Variable lease payments that are based on Ebitdar or revenue generated by the hotel are recognised in profit or loss in the period in which the condition triggers those payments occur.

A 10% increase in Ebitdar across all hotels in the group with such variable lease contracts would increase total lease payments by approximately R14 million (2023: R12 million). The same increase in revenue would increase total lease payment by approximately R1 million (2023: R1 million).

Variable lease payments are included in other operating expenses (refer to note 11).

29. Lease liabilities and commitments continued

29.3 Extension options and termination options

Extension options and termination options are included in certain property and equipment leases across the group. These are used to maximise operational profitability in terms of managing the assets used in the group's operations. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

The leases were individually assessed for management's intention of extending the lease on an individual basis and the extension period was included in determining the lease liability where management was reasonably certain that the extension period would be exercised.

29.4 Residual value guarantees

The group has not provided residual value guarantees in relation to any of its leases as none of its leases contain residual value guarantees.

29.5 Lease commitments

At the balance sheet date, the group had outstanding commitments under non-cancellable operating leases which are not capitalised because the lease payments relate to variable lease payments, short-term leases (leases with a lease term of 12 months or less) and low-value assets (comprising mainly small items of office equipment and furniture), which fall due as follows:

	2024 Rm	2023 Rm
Not later than one year	**12**	3
Later than one year and not later than five years	**6**	–
Later than five years	**–**	–
	18	3

The group has no leases not yet commenced but committed nor does it have sale and leaseback transactions. None of the group's leases imposes covenants or restrictions on the group's performance.

30. Post-employment benefits

30.1 Pension fund

The group operates two pension funds: The Tsogo Sun Group Pension Fund and the Southern Sun Group Retirement Fund. Both are defined contribution funds, governed by the Pension Funds Act, 1956, which provides retirement and death benefits for all permanent, full-time employees who are not members of any other approved pension or provident fund.

30.2 Provident funds

The group also operates the Alexander Forbes Retirement Fund which is a defined contribution fund, governed by the Pension Funds Act, 1956, which provides retirement and death benefits for all permanent, full-time employees who are not members of any other approved pension or provident fund.

30. Post-employment benefits continued

30.3 Medical aid

The group operates a closed fund-defined benefit plan for certain medical aid members. The assets of the funded plans are held independently of the group's assets. This fund is valued by independent actuaries every year using the projected unit credit method.

The movement in the defined benefit obligation is as follows:

	Present value of obligation Rm	Fair value of plan assets Rm	Net asset Rm
Year ended 31 March 2024			
At 1 April 2023	**24**	**(29)**	**(5)**
Other post-employment benefits – medical aid	**–**	**–**	**–**
Expected return on plan assets	**–**	**(3)**	**(3)**
Expected benefit payments from plan assets	**(3)**	**3**	**–**
Interest expense	**3**	**–**	**3**
At 31 March 2024	**24**	**(29)**	**(5)**

	Present value of obligation Rm	Fair value of plan assets Rm	Net asset Rm
Year ended 31 March 2023			
At 1 April 2022	27	(29)	(2)
Other post-employment benefits – medical aid	–	–	–
Expected return on plan assets	–	(3)	(3)
Expected benefit payments from plan assets	(3)	3	–
Interest expense	3	–	3
Remeasurement through SOCI	(3)	–	(3)
Gain from change in financial assumptions	(3)	–	(3)
At 31 March 2023	24	(29)	(5)

The present value of the obligation is R24 million (2023: R24 million) and the fair value of the plan assets is R29 million (2023: R29 million).

The principal actuarial assumptions used for the valuation were:

	2024 %	2023 %
Discount rate	**11.7**	11.5
Healthcare cost inflation	**7.4**	7.5
Expected return on plan assets	**11.7**	11.5
Remuneration inflation	**6.9**	7.0

The fund is actively managed and returns are based on both the expected performance of the asset class and the performance of the fund managers. The assets of the medical aid scheme comprise cash for 2024 and 2023.

The expected long-term rate of return on medical aid assets of 11.7% (2023: 11.5%) is determined by using a standard 0% margin on the assumed rate of discount as per the revised IAS 19 *Employee Benefits*. The discount rate of 11.7% (2023: 11.5%) per annum is based on current bond yields of appropriate term gross of tax as required by IAS 19. South Africa does not have a deep market in high-quality corporate bonds. The discount rate is therefore determined by reference to current market yields on government bonds.

No contributions are expected to be paid into the group's defined scheme during the annual period after 31 March 2024 (2023 Rnil).

30. Post-employment benefits continued

30.3 Medical aid continued

At 31 March, the effects of a 1% movement in the assumed medical cost trend rate would be as follows:

	2024 Rm	2023 Rm
Upward movement		
Effect on the current service cost and interest cost	**	*
Effect on the post-retirement medical aid liability	**(2)**	(2)
Downward movement		
Effect on the current service cost and interest cost	**	*
Effect on the post-retirement medical aid liability	**2**	2

* *Amount less than R1 million.*

31. Derivative financial instruments

Derivative financial instruments measured at fair value are made up as follows:

	2024 Rm	2023 Rm
Net asset: Interest rate swaps – cash flow hedges	**(12)**	(28)
Less: Current portion asset (net)	**12**	–
Non-current portion asset (net)	**–**	(28)
Net assets are made up as follows:		
Asset	**(12)**	(28)
Liability	**–**	–
Net asset	**(12)**	(28)

There is a master netting arrangement in place per financial institution; however, there have not been any gross positive derivative balances and gross negative derivative balances in the current year that qualify to be offset on the balance sheet.

Hedge accounting is applied to the group's interest rate swaps (refer to note 44.1(a)(ii)). For the impact of hedge accounting on the statement of changes in equity (SOCIE) refer to note 27. The group's primary interest rate risk arises from long-term borrowings (excluding bank overdrafts). In line with group policy, a portion of the group debt is hedged.

Fixed interest rate swaps ranged from 6.2% to 6.7% as at 31 March 2024 referenced against the three-month JIBAR of 8.4% (2023: Fixed interest rate swaps ranged from 6.2% to 6.7% as at 31 March 2023 referenced against the three-month JIBAR of 8.0%).

The fair value of the group's derivatives used for hedge accounting is an asset of R12 million (31 March 2023: R28 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.

In line with group policy, a long-term hedging profile of approximately 50% is maintained, deviating to a minimum of 25% and a maximum of up to 100% of gross debt, considering the interest rate cycle. As at 31 March 2024, 78% (2023: 66%) of consolidated gross borrowings and 127% (2023: 120%) of consolidated net borrowings were in fixed rates, taking into account cash and cash equivalents but excluding the Ikoyi Cash Deposit in the prior year (refer to note 25). The hedge ratio is monitored on an ongoing basis.

31. Derivative financial instruments continued

The notional amounts and terms of the outstanding effective interest rate swap contracts (hedged instruments) at 31 March were:

	2024 Rm	2023 Rm
RMB – With a fixed rate of 6.69% maturing 30 September 2024	**500**	500
Absa – With a fixed rate of 6.18% maturing 30 September 2024	**300**	300
Absa – With a fixed rate of 6.36% maturing 30 September 2024	**500**	500
	1 300	1 300

Based on independently performed hedge effectiveness tests, the group has assessed the hedges to be ineffective as at 31 March 2024.

The group recycles the cash flow hedge reserve over the remaining period of the interest rate swaps until maturity date.

32. Deferred revenue

The group's contract liabilities consist of the customer rewards programmes and are shown as deferred revenue. The group accounts for its hotel customer reward programmes in terms of IFRS 15 *Revenue from Contracts with Customers* with the liability on the balance sheet allocated to deferred revenue. The customer rewards programme (SunRands) consists of a loyalty programme whereby a guest earns SunRands based on their stay at one of the group's hotels. The amount of SunRands earned is based on the value of a guest's stay and spend on accommodation, food and beverages, and parking (only at participating hotels). Once a guest earns SunRands, the value is recognised as deferred revenue (liability) as it is expected that the guest will use the SunRands in future to pay for accommodation, food and beverages, and other related spend as a currency payment. SunRands are only available for a 24-month period, after which the guest forfeits the SunRands not spent.

The forfeitures recognised during the prior year took into account the forfeitures of the extension periods of the 2020 and 2021 years. As a result of the Covid-19 pandemic, the group granted extensions to members of the customer rewards programme during which they could redeem their SunRands that would normally have been forfeited two years after being earned. Extensions to the expiry of SunRands were granted in 2020 and 2021 due to the continued lockdowns with a final extension granted to 30 September 2022 after which unredeemed SunRands earned prior to 31 March 2020 would be forfeited.

Deferred revenue is made up as follows:

Non-financial instruments

Deferred revenue – rooms and food and beverage revenue

	2024 Rm	2023 Rm
At 1 April	**69**	87
Created during the year	**112**	109
Forfeitures during the year	**(24)**	(52)
Utilised during the year	**(74)**	(75)
At 31 March	**83**	69
Less: Current portion	**(55)**	(46)
Non-current portion	**28**	23

The expected timing of the recognition of the deferred revenue is within two years (2023: two years).

	2025 Rm	2026 Rm	Total Rm
Revenue expected to be recognised in respect of deferred revenue as of 31 March 2024	**55**	**28**	**83**

	2024 Rm	2023 Rm
Revenue recognised that was included in the contract liability balance at the beginning of the period	**74**	75

33. Long-term incentive plans

The Southern Sun Share Appreciation Rights is a bonus scheme whereby participants receive SSU shares equal to the appreciation of the awarded share appreciation rights (SARs) over the vesting period. The appreciation of the SARs is calculated as the difference between the seven-day volume weighted average price (seven-day VWAP) of SSU shares on the date on which notice is given to surrender the SAR (exercise price) and the seven-day VWAP on the date on which the award was made to an eligible employee to participate in the scheme (the award price) multiplied by the number of SARs awarded. Allocations vest over a minimum of three years after the date of allocation.

The fair value is expensed over the period as services are rendered by the employees. In terms of the rules, the fair values of the payments are determined using the seven-day VWAP of the company's share prior to the determination of the fair value of the long-term incentive bonus.

A Black-Scholes valuation model was applied in determining the fair value of the SARs to be issued under the SAR plan and the valuation assumptions and inputs to this model are set out below:

	2024	2023
Spot price (R)	**4.50**	3.45
Dividend yield (%)	**0.0 – 4.7**	0.0 – 4.7
Share price volatility(%)	**24.2 – 27.2**	24.2 – 27.2
Risk-free rate (%)	**7.6 – 9.6**	7.6 – 9.6

The long-term incentive expense relating to the SAR plan will continue over the SAR vesting periods according to the terms of the SAR plan rules. The long-term incentive expense will increase by new grants made to employees and decrease by employee forfeitures. Included in the employee cost as disclosed in note 10 is an income statement charge of R25 million (2023: R18 million) relating to the share appreciation rights for the 2024 financial year.

Set out below are summaries of options granted under the plan:

	2024 Number of options	2023 Number of options
As at 1 April	**83 278 810**	83 112 035
Granted during the year	**13 126 639**	15 281 824
Exercised during the year	**(22 117 360)**	(511 121)
Expired during the year	**(127 956)**	(11 655 059)
Forfeited during the year	**(1 447 105)**	(2 948 869)
As at 31 March	**72 713 028**	83 278 810
Vested and exercisable at 31 March	**29 742 364**	31 135 141

Appreciation rights outstanding at the end of the year have the following expiry dates and exercise price:

Grant date	**Expiry date**	**Exercise price**	**Share options 31 March**
1 October 2018	**30 September 2024**	**4.13**	**11 135 429**
1 April 2019	**31 March 2025**	**4.24**	**5 389 399**
1 October 2019	**30 September 2025**	**4.02**	**74 677**
13 January 2021	**13 January 2027**	**1.49**	**13 142 859**
14 January 2022	**30 September 2027**	**3.03**	**14 861 845**
1 April 2022	**31 March 2028**	**3.34**	**14 982 180**
1 April 2023	**31 March 2027**	**4.30**	**13 126 639**
			72 713 028

		2024 Rm	2023 Rm
34.	**Provisions**		
	Provisions are made up as follows:		
	At 1 April		
	Long-service awards	**65**	73
	Short-term incentives	**142**	82
		207	155
	Released during the year		
	Long-service awards	**–**	–
	Short-term incentives	**–**	(1)
		–	(1)
	Created during the year		
	Long-service awards	**13**	4
	Short-term incentives	**131**	125
		144	129
	Utilised during the year		
	Long-service awards	**(7)**	(12)
	Short-term incentives	**(139)**	(64)
		(146)	(76)
	At 31 March		
	Long-service awards	**71**	65
	Short-term incentives	**134**	142
	Total provisions	**205**	207
	Less: Current portion	**(142)**	(137)
	Non-current portion	**63**	70

34.1 Long-service awards

The group pays its employees a long-service benefit. The benefit is paid when employees reach predetermined years of service. The method of accounting and frequency of valuation are similar to those used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually by independent actuaries using the projected unit credit method.

	2024 Rm	2023 Rm
Movement in unfunded obligation:		
Benefit obligation at 1 April	**65**	73
Interest cost	**9**	7
Service cost	**7**	5
Actuarial gain	**(3)**	(8)
Benefits paid	**(7)**	(12)
Obligation at 31 March	**71**	65
The amounts recognised in the income statement are as follows:		
Interest cost	**9**	7
Current service cost	**7**	5
Actuarial gain	**(3)**	(8)
	13	4

	2024 Rm	2023 Rm
34. Provisions continued		
34.1 Long-service awards continued		
The principal actuarial assumptions used for accounting purposes are:		
Discount rate (%)	**11.2**	10.2
Inflation rate (%)	**5.9**	5.1
Salary increase rate (%)	**6.4**	5.6
Pre-retirement mortality rate	**SA 85 – 90 (Light) table**	SA 85 – 90 (Light) table
The present value of the long-service award obligations for the current and prior years are as follows:		
Present value of unfunded obligations	**71**	65
Experience adjustment on plan obligations	**–**	–

There are no plan assets in respect of the long-service award liability.

Due to the nature of the long-service award provisions, the timing of their utilisation is uncertain. The short-term incentives provision was utilised subsequent to year end in May 2024.

	2024 Rm	2023 Rm
35. Trade and other payables		
Financial instruments		
Trade and other payables	**813**	729
Trade payables	**189**	116
Accrued expenses	**347**	333
Advance deposits	**143**	105
Unallocated deposits	**39**	35
Loan from RDI Hotel Group Limited[1]	**–**	10
Capital expenditure payables	**1**	41
Other payables	**94**	89
Non-financial instruments	**187**	158
VAT payable	**43**	33
Leave pay liability	**57**	46
Payroll-related payables	**87**	79
	1 000	887

[1] *The loan relates to IHL Holdco, in which the group holds a 25.9% shareholding. The loan was repaid during the current year.*

The carrying values of trade and other payables are assumed to approximate their fair values due to the short-term nature of trade and other payables.

The carrying amounts of the group's trade and other payables are denominated in the following currencies:

	2024 Rm	2023 Rm
SA Rand	**909**	787
US Dollar	**11**	28
Mozambican Metical	**40**	34
Tanzanian Shilling	**4**	6
Kenyan Shilling	**1**	1
Seychelles Rupee	**21**	20
Zambian Kwacha	**10**	10
United Arab Emirates Dirham	**4**	1
	1 000	887

36. Cash generated from operations

	2024 Rm	2023 Rm
Profit before income tax	**1 183**	1 011
Adjusted for finance income and costs, share of profit of equity accounted entities, dividends received and non-cash movements:		
Finance income	**(63)**	(29)
Finance costs	**354**	335
Share of profit of associates	**(80)**	(25)
Amortisation and depreciation	**369**	346
Impairment charge for bad and doubtful debts, net of reversals	**2**	7
Operating equipment usage	**35**	17
Movement in provisions	**184**	102
Long-term incentive expense	**25**	18
Loss on disposal of property, plant and equipment	**3**	5
Fair value adjustment on investment properties	**(59)**	(4)
Translation impact on the income statement	**(2)**	–
Impairment of trademark	**–**	6
Other non-cash moves and adjustments	**(3)**	(11)
Cash flow hedges reclassified to profit and loss	**–**	(28)
Cash generated from operations before working capital movements	**1 948**	1 750
Working capital movements		
Increase in inventories	**(6)**	(12)
Increase in trade and other receivables	**(152)**	(274)
Increase in payables and provisions	**83**	230
Cash generated from operations	**1 873**	1 694

37. Income tax paid

	2024 Rm	2023 Rm
Net tax liability at 1 April	**(64)**	(41)
Current tax provided	**(186)**	(130)
Withholding tax	**(3)**	(3)
Currency translation	**8**	5
Derecognition on disposal of subsidiary	**–**	5
Net tax liability at 31 March	**20**	64
	(225)	(100)

38. Changes in liabilities arising from financing activities

38.1 Changes in interest-bearing borrowings arising from financial activities

Changes arising from interest-bearing borrowings for the year under review are as follows:

	Non-current Rm	Current Rm	Total Rm
Year ended 31 March 2024			
Balance at 1 April 2023	**1 964**	**–**	**1 964**
Borrowings raised	**85**	**–**	**85**
Borrowings repaid	**(415)**	**–**	**(415)**
Currency translation	**29**	**–**	**29**
Reclassification to short-term borrowings	**(30)**	**30**	**–**
Balance at 31 March 2024	**1 633**	**30**	**1 663**
Year ended 31 March 2023			
Balance at 1 April 2022	3 495	–	3 495
Borrowings raised	2 383	–	2 383
Borrowings repaid	(3 829)	–	(3 829)
Currency translation	133	–	133
Derecognition on disposal of subsidiary	(218)	–	(218)
Balance at 31 March 2023	1 964	–	1 964

Total cash outflow of R191 million (2023: R210 million) relating to finance costs has been included in the consolidated cash flow statement relating to interest-bearing borrowings.

Finance costs are settled quarterly and no interest was outstanding as at 31 March 2024.

In December 2022, the group successfully concluded the refinancing of its debt package with the aim of simplifying the security structure, further extending the facility tenures to between three and five years and reintroducing normalised covenants. Total facilities of R2.5 billion were raised across all four major South African banks with R2.1 billion of the proceeds applied towards the settlement of term loans in Hospitality of R400 million and the settlement of outstanding Hospitality notes of R1.7 billion. The Hospitality corporate note programme was delisted with effect from 30 November 2022 and funds flow and settlement of the Hospitality term loans and note programme occurred on 9 December 2022. Refer to note 44.1(c).

38.2 Changes in finance lease liabilities

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

	Non-current Rm	Current Rm	Total Rm
Year ended 31 March 2024			
Balance at 1 April 2023	**1 412**	**35**	**1 447**
New leases raised	**4**	**–**	**4**
Transfer to current lease liability	**(48)**	**48**	**–**
Principal elements of lease payments	**–**	**(35)**	**(35)**
Remeasurement of lease contract	**–**	**51**	**51**
Balance at 31 March 2024	**1 368**	**99**	**1 467**

Total cash outflow of R135 million (2023: R132 million) relating to finance costs has been included in cash flows from operating activities.

38. Changes in liabilities arising from financing activities continued

38.2 Changes in finance lease liabilities continued

	Non-current Rm	Current Rm	Total Rm
Year ended 31 March 2023			
Balance at 1 April 2022	1 349	11	1 360
New leases raised	95	5	100
Transfer to current lease liability	(35)	35	–
Principal elements of lease payments	–	(22)	(22)
Modification of lease contract	3	6	9
Balance at 31 March 2023	1 412	35	1 447

39. Related parties

As previously reported, the related party transaction with TS was implemented with effect from 30 September 2022 with the net cash flow to the group amounting to R248 million. As at 31 March 2023, the management and licensing agreement in respect of all 15 hotels owned by TS have been terminated and excluded from the group's portfolio of managed hotel properties.

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

		2024 Rm	2023 Rm
39.1	**Transactions with related parties**		
	Hotel management fees and royalties received from Tsogo Sun Limited	**–**	31
	Management fees received from Tsogo Sun Limited for shared services	**2**	6
	Fees received from Tsogo Sun Limited for administration services for hotels	**–**	15
	Management fees paid to Tsogo Sun Limited for shared services	**(1)**	(1)
	Tenant recoveries by Tsogo Sun Limited	**–**	(5)
	Purchase of Southern Sun and StayEasy Mbombela from Tsogo Sun Limited	**–**	(142)
	Separation Payment received from Tsogo Sun Limited	**–**	399
	Dividend received from associate – IHL Holdco	**83**	–
	Dividend received from associate – RBH	**18**	3
	Internal audit fees paid to GRIPP Advisory Proprietary Limited	**(5)**	(3)
		97	303

		2024 Rm	2023 Rm
39.2	**Amounts owing (to)/by related parties**		
	Amounts receivable from Tsogo Sun Limited and its subsidiaries	**–**	2
	Loan due to fellow shareholder in associate – RDI	**–**	(10)
	Shareholder loans to associate – IHL Holdco	**–**	44
		–	36

In the prior year, these loans were disclosed as current assets or liabilities. The loans were settled during the year.

39. Related parties continued

39.3 Key management compensation

Directors of the company and prescribed officers of the group are considered to be the group's key management personnel. All remuneration and fees are paid by subsidiary companies. Remuneration and IFRS 2 *Share-based Payments* and fees paid to key management during the year by the group are as follows:

39.3.1 Executive directors

	Year ended 31 March 2024					
	Basic remuneration R'000	Benefits R'000	Short-term incentives R'000	Directors' fees from subsidiaries R'000	Long-term incentives R'000	Total paid R'000
MN von Aulock	**8 211**	**587**	**10 484**	**–**	**–**	**19 282**
L McDonald	**2 819**	**502**	**2 725**	**–**	**210**	**6 256**
Total remuneration	**11 030**	**1 089**	**13 209**	**–**	**210**	**25 538**

	Year ended 31 March 2023					
	Basic remuneration R'000	Benefits R'000	Short-term incentives R'000	Directors' fees from subsidiaries R'000	Long-term incentives R'000	Total paid R'000
MN von Aulock	7 678	607	1 704	–	–	9 989
L McDonald	2 630	474	1 000	–	–	4 104
Total remuneration	10 308	1 081	2 704	–	–	14 093

39.3.2 Executive directors' LTIs

Details of unexpired awards granted to executive directors and prescribed officers prior to 1 April 2024 are set out below:

Fair value of SARs – executive directors and prescribed officers

Name	Award date	SARs awarded and still outstanding 2024	Award price R	Strike price R	Fair value of SARs awarded R'000	Vesting date	Expiry date
MN von Aulock	01/10/2018^	**10 893 353**	4.13	4.03	9 180	30/09/2021	30/09/2024
	13/01/2021^	**1 142 857**	1.49	1.50	819	13/01/2024	13/01/2027
	14/01/2022*	**3 302 633**	3.03	3.05	3 975	30/09/2024	30/09/2027
	14/01/2022*	**3 302 632**	3.03	3.05	4 128	30/09/2025	30/09/2027
	14/01/2022*	**3 302 633**	3.03	3.05	4 266	30/09/2026	30/09/2027
	01/04/2023	**888 435**	4.30	4.50	1 222	01/04/2026	01/04/2027
L McDonald	01/04/2019^	**1 603 856**	4.24	3.99	1409	31/03/2022	31/03/2025
	13/01/2021^	**1 142 857**	1.49	1.50	819	13/01/2024	13/01/2027
	14/01/2022*	**1 651 316**	3.03	3.05	1 987	30/09/2024	30/09/2027
	14/01/2022*	**1 651 316**	3.03	3.05	2 064	30/09/2025	30/09/2027
	14/01/2022*	**1 651 316**	3.03	3.05	2 133	30/09/2026	30/09/2027
	01/04/2022	**1 048 752**	3.34	3.45	1 786	31/03/2025	31/03/2028
	01/04/2023	**1 332 653**	4.30	4.50	1 834	01/04/2026	01/04/2027

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

SARs are equity-settled and will therefore have a dilutionary impact on shareholders on settlement. Based on the closing share price on 31 March 2024 of R5.05 and the average SSU share price for the 12 months to 31 March 2024 of R4.63, all SARs that have a dilutionary impact have been taken into account for the calculation of the diluted headline and diluted adjusted headline profit and the diluted number of weighted average shares. Refer to note 4.

39. Related parties continued

39.3 Key management compensation continued

39.3.3 Non-executive directors

	2024 Total directors' fees paid by the company R'000	2023 Total directors' fees paid by the company R'000
JA Copelyn	**461**	436
MH Ahmed	**568**	495
SC Gina	**440**	381
LM Molefi	**445**	394
JG Ngcobo	**437**	394
JR Nicolella	**298**	282
CC September	**311**	294
	2 960	2 676

Fees are exclusive of VAT.

39.4 Contingencies, commitments and guarantees

There are no contingencies, commitments or guarantees on the group's related parties.

	2024 Rm	2023 Rm
40. Future capital expenditure		
Authorised by directors but not yet contracted for:		
Property, plant and equipment	**743**	527
Investment property	**22**	13
Intangible assets: software	**41**	34
	806	574
Authorised by directors and contracted for:		
Property, plant and equipment	**194**	39
Intangible assets: software	**9**	1
	203	40

The majority of the capital expenditure authorised by directors and contracted for relates to the activation of certain refurbishments, with the exception of R20 million relating to the outstanding balance for the Birchwood transaction and R31 million relating to the land purchased in uMhlanga, both of which will be settled on transfer of the relevant properties.

41. Operating lease commitments

Operating lease arrangements where the group is a lessor

The group's main leases are contracts with tenants in respect of its investment properties held in Hospitality. The group also rents out retail space in its hotel properties as set out in the below minimum rentals receivable.

At the balance sheet date, the group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases in the aggregate and for each of the following periods. The rentals below relate only to fixed rentals for retail space and do not include any variable rentals or escalations based on CPI:

	2024 Rm	2023 Rm
Not later than one year	**6**	48
Later than one year and not later than five years	**11**	6
Later than five years	**–**	–
	17	54

42. Discontinued operations

As part of the transaction to dispose of the group's Southern Sun Ikoyi hotel in Nigeria, the group agreed to Kasada Albatross Holding (Kasada) depositing US$12.8 million in a Southern Sun controlled bank account in Mauritius to serve as cash collateral for the group's guarantee obligation in respect of the hotel's in-country debt balance.

During July 2023, Kasada refinanced the hotel's in-country debt and the group was released from its guarantee obligation. The deposit including accumulated interest earned amounting to US$13.1 million, was repaid to Kasada on 18 July 2023.

43. Events occurring after the balance sheet date

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

44. Financial risk management

44.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group. The group uses derivative financial instruments to hedge certain risk exposures.

Risk management process

The Southern Sun board recognises that the management of business risk is crucial to the group's continued growth and success and this can only be achieved if all three elements of risk – namely threat, uncertainty and opportunity – are recognised and managed in an integrated fashion. The audit and risk committee is mandated by the board to establish, coordinate and drive the risk management process throughout the group. It has overseen the establishment of a comprehensive risk management system to identify and manage significant risks in the operational divisions, business units and subsidiaries. Internal financial and other controls ensure a focus on critical risk areas and are closely monitored and are subject to management oversight and internal audit reviews.

The systems of internal control are designed to manage rather than eliminate risk and provide reasonable, but not absolute, assurance as to the integrity and reliability of the consolidated annual financial statements, the compliance with statutory laws and regulations and to safeguard and maintain accountability of the group's assets. The board and executive management acknowledge that an integrated approach to the total process of assurance improves the assurance coverage and quality in addition to being more cost-effective.

In addition to the risk management processes embedded within the group, the group executive committee identifies, quantifies and evaluates the group's risks annually, utilising a facilitated risk assessment workshop. The severity of risks is measured in qualitative (e.g. zero tolerance for regulatory risks) as well as quantitative terms, guided by the board's risk tolerance and risk appetite measures. The scope of the risk assessment includes risks that impact shareholder value or that may lead to a significant loss, or loss of opportunity. Appropriate risk responses to each individual risk are designed, implemented and monitored.

The risk profiles, with the risk responses, are reviewed by the audit and risk committee at least once every six months. In addition to the group risk assessment, risk matrices are prepared and presented to the audit and risk committee for each operational division. This methodology ensures that identified risks and opportunities are prioritised according to the potential impact on the group and cost-effective responses are designed and implemented to counter the effects of risks and take advantage of opportunities.

Financial risk management is carried out by a central treasury department (Group Treasury) under policies approved by the board of directors. Group Treasury identifies, evaluates and hedges financial risks in close cooperation with the group's operating units. The board provides principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments and investing excess liquidity.

Credit risk is managed at an entity level for trade receivables.

44. Financial risk management continued

44.1 Financial risk factors continued

Risk management process continued

(a) Market risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

(i) Currency risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The group is not exposed to significant foreign exchange cash flow risk as the group seeks to mitigate this exposure, where cost-effective, by raising its debt denominated in US Dollars in the offshore entities with cash generated in US Dollars to service the interest and capital repayments of those Offshore operations where the functional currency of those entities is US Dollars. As a result, no forward cover contracts are required in respect of this debt. The group does not hedge currency exposures from the translation of profits earned in foreign currency subsidiaries, associates and joint ventures.

Foreign exchange risk also arises from exposure in the foreign operations due to trading transactions denominated in currencies other than the functional currency.

The following significant exchange rates against the SA Rand applied during the year:

	Average rate		Reporting date closing rate	
	2024	2023	**2024**	2023
One US Dollar is equivalent to	**18.70**	16.96	**18.84**	17.79
One Euro is equivalent to	**20.27**	17.68	**20.34**	19.35

A 10% strengthening of the functional currency against the following currencies at 31 March would have increased/(decreased) profit or loss by the amounts shown below due to foreign exchange gains or losses on foreign-denominated trade receivables, cash and cash equivalents and trade payables recorded in the functional currency of the foreign operations. This analysis assumes no hedging and that all other variables, in particular interest rates, remain constant. This analysis was performed on the same basis for 2023.

	2024 Rm	2023 Rm
Euro	**(6)**	(3)
Mozambican Metical	**2**	1
US Dollar	**(20)**	(28)
Great Britain Pound	**–**	(5)

A 10% weakening of the functional currency against above currencies at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(ii) Interest rate risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Hedge accounting is applied to the group's interest rate swaps. The group's primary interest rate risk arises from non-current interest-bearing borrowings (excluding bank overdrafts). Borrowings at variable rates expose the group to cash flow interest rate risk. Borrowings at fixed rates expose the group to fair value interest rate risk. In line with group policy, a portion of the group debt is hedged. Refer to note 31.

The group's policy is to borrow in floating rates, having due regard that floating rates are generally lower than fixed rates in the medium term.

44. Financial risk management continued

44.1 Financial risk factors continued

Risk management process continued

(a) Market risk continued

(ii) Interest rate risk continued

The group manages its interest rate risk by using floating-to-fixed interest rate swaps. Interest rate swaps have the economic effect of converting floating rate borrowings to fixed rates. Where the group raises long-term borrowings at floating rates, it swaps them into fixed rates in terms of group policy. Under the interest rate swaps, the group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to an agreed reference interest rate calculated on agreed notional principal amounts. The settlement dates coincide with the dates on which interest is payable on the underlying debt and settlement occurs on a net basis.

In line with group policy, a long-term hedging profile of approximately 50% is maintained, deviating to a minimum of 25% and a maximum of up to 100% of gross debt, considering the interest rate cycle. As at 31 March 2024, 78% (2023: 66%) of consolidated gross borrowings and 127% (2023: 120%) of consolidated net borrowings were in fixed rates, taking into account cash and cash equivalents but excluding the Ikoyi Cash Deposit in the prior year (refer to note 25). The hedge ratio is monitored on an ongoing basis.

Hedge effectiveness is determined at the inception of the hedge relationship, and at each reporting date (mainly half-yearly and annually) when effectiveness is assessed to ensure that an economic relationship exists between the hedged item and the hedging instrument. The group enters into interest rate swaps that have similar terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amounts. In line with policy, the group does not hedge 100% of borrowings, however, loans eligible for hedging are identified based on their profile, predominantly three to five-year term loan facilities with bullet repayments. Hedge instrument terms are matched to the interest and capital repayment profile for the hedged item in order to minimise ineffectiveness. The effectiveness of the hedges is tested at inception and thereafter annually and the ineffective portion is recognised immediately in profit or loss. Hedge ineffectiveness for interest rate swaps may occur due to:

- The credit value adjustment on the interest rate swaps which is not matched by borrowings;
- Debt prepayments which result in a mismatch between borrowings and the interest rate swaps;
- Differences in critical terms between the interest rate swaps and borrowings; and
- Costs of hedging (including the costs of adjusting an existing hedging relationship).

Fixed interest rate swaps ranged from 6.2% to 7.2% as at 31 March 2024 referenced against the three-month JIBAR of 8.4% (2023: Fixed interest rate swaps ranged from 6.2% to 7.2% as at 31 March 2023 referenced against the three-month JIBAR of 8.0%).

At 31 March, floating rate borrowings are linked/referenced to various rates, the carrying amounts of which are as follows:

	2024 Rm	2023 Rm
Linked to three-month JIBAR[1]	**1 170**	1 500
Linked to three-month US Dollar SOFR[2]	**466**	440
Linked to Central Bank prime rate in Mozambique	**30**	28
	1 666	1 968

[1] *The Financial Stability Board has initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates (IBORs) with alternative risk-free rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets. The South African Revenue Bank (SARB) has indicated its intention to move away from JIBAR and to create an alternative reference rate for South Africa. The SARB has indicated their initial preference for the adoption of the South African Rand Overnight Index Average (ZARONIA) as the preferred unsecured candidate to replace JIBAR in cash and derivative instruments. ZARONIA has been published for the purposes of observing the rate and how it behaves, but has not been formally adopted by the SARB as the successor rate to JIBAR. The exact date for discontinuing JIBAR is currently yet to be determined, but June 2025 has been set as the target date. The group is still uncertain on how the transition will affect various financial instruments held by the group.*

[2] *During the year, the remaining US dollar-denominated debt facilities in Mozambique, linked to the three-month US Dollar LIBOR were amended. The base lending rate of Term LIBOR was replaced by Term SOFR, the final all in rate applicable to the loan will remain equivalent to the LIBOR interest rate originally approved by the Mozambican Central Bank. The total outstanding balance of US Dollar-denominated loans linked to SOFR (2023: LIBOR) as at 31 March 2024 amounts to R466 million (2023: R440 million).*

44. Financial risk management continued

44.1 Financial risk factors continued

Risk management process continued

(a) **Market risk** continued

(ii) *Interest rate risk* continued

At 31 March, the interest rate profile of the group's interest-bearing financial instruments, excluding the effect of interest rate swaps and bank overdrafts, was:

	2024 Rm	2023 Rm
Variable rate instruments		
Financial assets[1] (note 25)	**(356)**	(365)
Financial liabilities (note 28)	**1 666**	1 968
	1 310	1 603

[1] *The financial assets relate to group cash due to improved trading and the prior year includes the Ikoyi Cash Deposit amounting to R230 million (refer to note 42).*

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates would have increased/decreased pre-tax profit or loss by R26 million (2023: R31 million), including the effects of the interest rate swaps. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis for 2023.

(iii) *Other price risk*

The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market.

(b) **Credit risk**

The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

With the exception of its exposure to large TMCs (refer to note 24), the group has no significant concentrations of credit risk. Overall credit risk is managed on a group basis with exposure to trade receivables managed at entity level.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to the group's customer base, including outstanding receivables and committed transactions.

For banks and financial institutions, only group audit and risk committee-approved parties are accepted (on behalf of the board). The group has policies that limit the amount of credit exposure to any bank and financial institution. The group limits its exposure to banks and financial institutions by setting credit limits based on their credit ratings and generally only with counterparties with a minimum credit rating of BBB by Standard & Poor's and BAA3 from Moody's. For banks with a lower credit rating, or with no international credit rating, limits are set by the audit and risk committee on behalf of the board. The utilisation of credit limits is regularly monitored. To reduce credit exposure, the group has international swaps and derivatives association master agreements with most of its counterparties for financial derivatives which permit net settlement of assets and liabilities in certain circumstances.

Refer to note 24 for further credit risk analysis in respect of trade and other receivables.

(c) **Liquidity risk**

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Group Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

Management monitors rolling forecasts of the group's liquidity headroom on the basis of expected cash flow and the resultant borrowing position compared to available credit facilities. This process is performed during each financial year for five years into the future in terms of the group's long-term planning process.

44. Financial risk management continued

44.1 Financial risk factors continued

Risk management process continued

(c) **Liquidity risk** continued

(i) *Facility headroom*

The group's policy is to ensure that it has, at all times, in excess of 15% of surplus, undrawn committed borrowing facilities. At 31 March 2024, the group had 44% (2023: 33%) surplus facilities. Bank overdrafts are not considered to be long-term debt but rather working capital arrangements as part of cash management as set up with the banking institutions.

	2024 Rm	2023 Rm
Debt at 1 April[1]	**(1 968)**	(3 498)
Net decrease in debt during the year	**302**	1 530
Debt at 31 March[1]	**(1 666)**	(1 968)
Credit facilities[1]	**2 986**	2 958
Headroom available	**1 320**	990

[1] *Excludes indirect facilities (letters of guarantees, forward exchange contracts and letters of credit), finance leases. Refer to note 44.1(c)(ii) for the detailed debt facility analysis.*

(ii) *Debt facility analysis*

The group sources its funding from a syndicate of four large South African banks thereby reducing liquidity concentration risk. The facilities for continuing operations comprise a mix of short, medium and long-term tenure, with utilisations and available facilities as follows:

	2024 facility			2023 facility		
	Total Rm	Utilisation Rm	Available Rm	Total Rm	Utilisation Rm	Available Rm
Demand facilities (overdrafts)	**20**	**–**	**20**	20	–	20
Term facilities maturing 31 March 2025	**30**	**30**	**–**	28	28	–
Term facilities maturing 31 July 2026	**466**	**466**	**–**	440	440	–
General banking facility maturing on 8 December 2024[1,2]	**170**	**–**	**170**	170	–	170
General banking facility maturing on 8 December 2024[1,2]	**200**	**–**	**200**	200	–	200
Revolving credit facility maturing on 8 December 2025[1,2]	**600**	**–**	**600**	600	–	600
Term facility maturing on 8 December 2025[1,2,3]	**–**	**–**	**–**	500	500	–
Revolving credit facility maturing on 8 December 2025[3]	**500**	**170**	**330**	–	–	–
Term facility maturing on 8 December 2026[1,2]	**500**	**500**	**–**	500	500	–
Term facility maturing on 8 December 2027[1,2]	**500**	**500**	**–**	500	500	–
	2 986	**1 666**	**1 320**	2 958	1 968	990

[1] *In December 2022, the group successfully concluded the refinancing of its debt package with the aim of simplifying the security structure, further extending the facility tenures to between three and five years and reintroducing normalised covenants. Total facilities of R2.5 billion were raised across the four major South African banks, ensuring that the group remain multi-banked and is not exposed to concentration risk. R2.1 billion of these facilities was applied towards the settlement of Hospitality's maturing term loans and corporate notes, with the balance allocated towards headroom for the group's short-term working capital requirements.*

[2] *Repayable in a bullet payment at maturing date.*

[3] *In June 2023, the group converted the facility from a term facility to a revolving credit facility maturing on 8 December 2025.*

44. Financial risk management continued

44.1 Financial risk factors continued

Risk management process continued

(c) Liquidity risk continued

The table below analyses the group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash outflows/(inflows), inclusive of capital and interest:

	Less than 1 year Rm	Between 2 and 5 years Rm	Over 5 years Rm
At 31 March 2024			
Bank borrowings[1]	**201**	**1 925**	**–**
Lease liabilities	**99**	**514**	**905**
Derivative financial instruments	**(12)**	**–**	**–**
Trade and other payables	**813**	**–**	**–**
	1 101	**2 439**	**905**
At 31 March 2023			
Bank borrowings[1]	123	2 321	–
Lease liabilities	35	289	1 088
Derivative financial instruments	–	(28)	–
Trade and other payables	729	–	–
	887	2 582	1 088

[1] *The projected cash flows based on the maturing dates of the different facilities amount to R804 million (2023: R152 million) in year two, R585 million (2023: R617 million) in year three and R536 million (2023: R1 019 million) in year four and in year five Rnil (2023: R533 million).*

Gross cash inflows and outflows in respect of the group's derivative financial instruments are not material and therefore no further information has been presented.

44.2 Financial instruments by category

The table below reconciles the group's accounting categorisation of financial assets and financial liabilities (based on initial recognition) to the classes of assets and liabilities as shown on the face of the balance sheet:

	Amortised cost Rm	Fair value through profit and loss[1] Rm	Derivatives used for hedging Rm	Other financial liabilities at amortised cost Rm	Not categorised as a financial instrument Rm	Total Rm	Non-current Rm	Current Rm
At 31 March 2024								
Financial assets								
Non-current receivables	**5**	**–**	**–**	**–**	**–**	**5**	**5**	**–**
Derivative financial instruments	**–**	**–**	**12**	**–**	**–**	**12**	**–**	**12**
Trade and other receivables	**341**	**95**	**–**	**–**	**58**	**494**	**–**	**494**
Cash and cash equivalents	**639**	**–**	**–**	**–**	**–**	**639**	**–**	**639**
Financial liabilities								
Interest-bearing borrowings	**–**	**–**	**–**	**1 663**	**–**	**1 663**	**1 633**	**30**
Lease liabilities	**–**	**–**	**–**	**1 467**	**–**	**1 467**	**1 368**	**99**
Trade and other payables	**–**	**–**	**–**	**813**	**–**	**813**	**–**	**813**
At 31 March 2023								
Financial assets								
Non-current receivables	14	–	–	–	–	14	14	–
Derivative financial instruments	–	–	28	–	–	28	28	–
Trade and other receivables[1]	378	75	–	–	51	504	–	504
Cash and cash equivalents	883	–	–	–	–	883	–	883
Financial liabilities								
Interest-bearing borrowings	–	–	–	1 964	–	1 964	1 964	–
Lease liabilities	–	–	–	1 447	–	1 447	1 412	35
Trade and other payables	–	–	–	729	158	887	–	887

[1] *The Life Cell Reimbursive Asset has been reclassified out of financial assets measured at amortised cost to financial assets measure at fair value. The comparative year has been re-presented accordingly. This disclosure is in line with the group's accounting policy in note 1(j)(ii), is in compliance with IFRS 9 and agrees to notes 24 and 46.1.*

45. Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern and provide optimal returns for shareholders through maintaining an optimal capital structure.

The group defines capital as equity funding provided by shareholders and debt funding from external parties. Shareholder funding comprises permanent paid-up capital, share premium, revenue reserves and other reserves as disclosed in the balance sheet. Debt funding comprises loans from shareholders, banking institutions and corporate bonds and net debt represents gross debt net of all cash reserves.

The board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The board of directors monitors the cost of capital, which the group defines as the weighted average cost of capital, taking into account the group's internally calculated cost of equity (shareholder funding) and long-term cost of debt assumptions.

The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound equity position. The group's debt capacity and optimal gearing levels are determined by the cash flow profile of the group and are measured through applicable ratios such as net debt to Ebitdar and interest cover which ratios were complied with throughout the year.

These ratios provide a framework within which the group's capital base is managed. The group's current utilisation of debt facilities is shown in note 44.1(c)(ii).

In order to maintain or adjust the capital structure, in the absence of significant investment opportunities, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Under the terms of the borrowing facilities, the group was required to comply with the following financial covenants:

45.1 Financial capacity and covenants

Interest-bearing debt net of cash at 31 March 2024 totalled R1.0 billion, which is R287 million less than the 31 March 2023 balance of R1.3 billion which is largely attributable to free cash flow generated over the year of R970 million net of the share buyback of R617 million and capital expenditure of R180 million, disposal proceeds of R27 million along with cash inflows from investments in associates of R107 million and net foreign exchange losses of R20 million relating to the translation of the US dollar-denominated debt.

The group was well within covenant requirements for the year ended 31 March 2024, achieving a leverage ratio (net debt to Ebitda) of 0.7 times and an interest cover ratio of 7.2 times.

Based on current performance and management's forecast cash flows to 31 March 2024 (refer to note 17.2), there is no reason to believe that the group will not meet these covenant levels.

The board of directors of the company has assessed the cash flow forecasts and is of the view that the group has sufficient liquidity to meet its obligations over the next 12 months.

	2024 Rm	2023 Rm
Year ended 31 March 2024		
Total borrowings (note 28)	**1 663**	1 964
Less: Cash and cash equivalents (note 25)	**(639)**	(883)
Plus: Demand deposit held as security (note 25)	**–**	230
Net debt	**1 024**	1 311
Adjusted Ebitda (see below)	**1 563**	1 154
Net debt: Adjusted Ebitda (times)	**0.7**	1.1
Finance costs (note 13)	**(354)**	(343)
Adjusted for:		
IFRS 16 *Finance Costs* (note 13)	**135**	132
Gains relating to derivative instruments (note 13)	**–**	(28)
Adjusted finance costs	**(219)**	(239)
Interest cover (times)	**7.1**	4.8
Adjusted EBITDA		
Ebitdar pre-exceptionals (note 5)	**1 902**	1 436
Rentals paid – pre-IFRS 16	**(339)**	(288)
Once-off costs relating to the implementation of the refinance agreements	**–**	6
	1 563	1 154

46. Fair value estimation of financial instruments and investment property

Specific valuation techniques used to value financial instruments and investment property include:

- Quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments and investment property.

46.1 Financial instruments in level 2

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.

The fair value of the Life Cell Reimbursive Asset is re-measured at each balance sheet date to the fair value and any movement in that fair value is taken directly to the income statement.

The group has the following level 2 financial instruments, which are subject to enforceable master netting arrangements which are not offset due to offsetting requirements not being met as at 31 March:

	2024 Rm	2023 Rm
Derivative financial instruments – interest rate swaps assets (note 31)	**12**	28
Trade and other receivables – Life Cell Reimbursive Asset (note 24)*	**95**	75
	107	103

* *The Life Cell Reimbursive Asset has been reclassified out of financial assets measured at amortised cost to financial assets measure at fair value. The comparative year has been re-presented accordingly. This disclosure is in line with the group's accounting policy in note 1(j)(ii) , is in compliance with IFRS 9 and agrees to notes 24 and 44.2.*

46.2 Financial instruments and investment property in level 3

The level 3 basis of fair value is market value which is defined as an opinion of the best price at which the sale of a financial instrument and investment property, taking into account existing conditions, would have been completed unconditionally for a cash consideration on the date of valuation assuming:

- A willing seller;
- That the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as at the date of valuation;
- That no account is taken of any additional bid by a prospective purchaser with a special interest; and
- That both parties to the transaction had acted knowledgeably, prudently and without compulsion.

The group has the following level 3 financial instruments and investment property:

	2024 Rm	2023 Rm
Investment properties (note 17)	**1 729**	1 485
	1 729	1 485

There were no transfers between levels 1, 2 and 3 during the year under review or in the prior year. The group has no other financial assets or liabilities measured at fair value.

47. Subsidiaries having material non-controlling interests

The total non-controlling interests' share of losses for the year and accumulated non-controlling interests are allocated as follows:

	Place of business	NCI's ownership as at 31 March 2024 %	NCI's ownership as at 31 March 2023 %	Share of profit/(loss) for the year 31 March 2024 Rm	Share of profit/(loss) for the year 31 March 2023 Rm	Accumulated non-controlling interests as at 31 March 2024 Rm	Accumulated non-controlling interests as at 31 March 2023 Rm
Ikoyi Hotels Limited	Nigeria	**–**	–	**–**	2	**–**	–
Southern Sun (Mozambique) Limitada*	Mozambique	**13**	13	**(5)**	(4)	**10**	13
Other non-material non-controlling interests*				**5**	2	**(27)**	(31)
				–	–	**(17)**	(18)

* *The amount for the prior year has been re-presented to agree to the total non-controlling interests per the Consolidated Balance Sheet.*

Summarised financial information, before inter-group eliminations, for subsidiaries having material non-controlling interests is as follows:

	Southern Sun (Mozambique) Limitada 2024 Rm	Southern Sun (Mozambique) Limitada 2023 Rm
Summarised balance sheets as at 31 March		
Non-current assets	**767**	828
Current assets	**34**	28
Total assets	**801**	856
Non-current liabilities	**636**	602
Current liabilities	**90**	65
Total liabilities	**726**	667
Net assets	**75**	189
Summarised income statements for the year ended 31 March		
Revenue	**187**	155
Loss before income tax	**(40)**	(32)
Income tax credit	**2**	4
Loss for the year	**(38)**	127
Total comprehensive loss	**(38)**	127
Summarised cash flows for the year ended 31 March		
Cash generated from operations	**47**	43
Finance costs paid	**(47)**	(33)
Income tax paid	**–**	–
Net cash generated from operations	**–**	10
Net cash utilised in investment activities	**(3)**	(4)
Net cash utilised in financing activities	**–**	(6)
Net decrease in cash and cash equivalents	**(3)**	–
Foreign currency translation	**1**	2
Cash and cash equivalents at beginning of the year	**11**	9
Cash and cash equivalents at end of the year	**9**	11

48. Subsidiary companies

The following information relates to the company's financial interest in its principal subsidiaries:

	Issued share capital		Effective holding		Shares at cost net of impairment	
Subsidiary	**2024 Rm**	2023 Rm	**2024 %**	2023 %	**2024 Rm**	2023 Rm
Direct shareholding						
Southern Sun Investments Proprietary Limited	*****	*	**100**	100	**4 267**	4 267
Southern Sun Hotel Interests Proprietary Limited	**1 061**	1 061	**100**	100	**2 713**	2 713
Southern Sun Offshore Proprietary Limited	*****	*	**100**	100	**1 930**	1 930
Elsivert Proprietary Limited	*****	*	**100**	100	**75**	75
Majormatic 194 Proprietary Limited	*****	*	**100**	100	**11**	11
Indirect shareholding						
Hospitality Property Fund Limited	**578**	578	**100**	100	**4 790**	4 790
Southern Sun Africa	*****	*	**100**	100	**397**	397
Southern Sun (Mozambique) Limitada	**18**	18	**87**	87	**16**	16
Southern Sun Middle East Investment Holdings Proprietary Limited	**–**	–	**100**	100	**–**	–
Reshub Proprietary Limited	*****	*	**100**	100	*****	*
					14 199	14 199

* *Amounts less than R1 million.*

The group comprises a large number of companies. The list above only includes those subsidiary undertakings which materially affect the profit or net assets of the group, or a business segment, together with the principal intermediate holding companies of the group. In addition to the above-mentioned subsidiaries, the company has interests in other indirectly held subsidiaries. A register detailing such information in respect of all subsidiaries of the company is available for inspection at the registered office of the company, which may be inspected by members or their duly authorised agents.

All the above subsidiaries are unlisted, and with the exception of Southern Sun (Mozambique) Limitada, which is incorporated in Mozambique, and Southern Sun Africa, which is incorporated in Mauritius, are incorporated in South Africa.

49. Going concern

The audited consolidated financial statements are prepared on the going-concern basis. Based on the cash flow forecasts, available cash resources and facility headroom, management believes that the group has sufficient resources to continue operations as a going concern in a responsible and sustainable manner.

As at 31 March 2024, the group had cash and cash equivalents of R639 million (2023: R653 million). The group has R1.7 billion (2023: R2.0 billion) of gross interest-bearing debt (excluding capitalised lease liabilities) and access to R1.3 billion in undrawn facilities to meet its obligations as they become due.

The board of directors of the company has assessed the cash flow forecasts and is of the view that the group has sufficient liquidity to meet its obligations over the next 12 months.

ANALYSIS OF ORDINARY SHAREHOLDERS

as at 31 March 2024

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000	19 154	88.70	1 466 702	0.11
1 001 – 10 000	1 471	6.81	5 227 300	0.39
10 001 – 100 000	564	2.61	20 942 861	1.57
100 001 – 1 000 000	287	1.33	96 398 670	7.21
Over 1 000 000	119	0.55	1 212 654 599	90.72
Total	**21 595**	**100.00**	**1 336 690 132**	**100.00**

Distribution of shareholders	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Assurance companies	26	0.12	26 997 657	2.02
Close corporations	27	0.13	1 439 547	0.11
Collective investment schemes	172	0.80	380 437 838	28.46
Control accounts	2	0.01	52	0.00
Custodians	17	0.08	2 691 591	0.20
Foundations and charitable funds	39	0.18	50 825 008	3.80
Hedge funds	9	0.04	45 491 745	3.40
Insurance companies	4	0.02	4 251 582	0.32
Investment partnerships	22	0.10	218 167	0.02
Managed funds	18	0.08	2 529 583	0.19
Medical aid funds	11	0.05	7 155 470	0.54
Organs of state	5	0.02	13 048 578	0.98
Private companies	117	0.54	473 653 548	35.43
Public companies	9	0.04	143 186 403	10.71
Public entities	1	0.01	67 848	0.00
Retail shareholders	18 692	86.56	38 107 568	2.85
Retirement benefit funds	2 251	10.42	96 551 547	7.22
Scrip lending	4	0.02	687 366	0.05
Sovereign funds	1	0.01	30 852 430	2.31
Stockbrokers and nominees	24	0.11	7 427 676	0.56
Trusts	139	0.64	11 068 327	0.83
Unclaimed scrip	5	0.02	601	0.00
Total	**21 595**	**100.00**	**1 336 690 132**	**100.00**

In terms of section 56(3)(a) and (b) and section 56(5)(a), (b) and (c) of the Companies Act, foreign disclosures have been incorporated into this analysis (increasing the number of shareholdings).

Shareholder type	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Non-public shareholders	12	0.06	623 041 480	46.61
>35% HCI and its subsidiaries	5	0.02	600 008 966	44.89
Directors and associates	7	0.04	23 032 514	1.72
Public shareholders	21 583	99.94	713 648 652	53.39
Total	**21 595**	**100.00**	**1 336 690 132**	**100.00**

ANALYSIS OF ORDINARY SHAREHOLDERS *continued*

as at 31 March 2024

Fund managers with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
Allan Gray	209 975 991	15.71
Coronation Fund Managers	102 482 148	7.67
Steyn Capital Management	66 336 701	4.96
PSG Asset Management	58 205 502	4.35
M & G Investments	48 993 196	3.67
Total	**485 993 538**	**36.36**

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	31.06
Allan Gray	152 334 324	11.40
Hosken Consolidated Investments Limited	138 855 159	10.39
PSG Asset Management	58 191 716	4.35
Coronation Fund Managers	44 662 818	3.34
HCI Foundation	44 118 289	3.30
Steyn Capital	42 726 282	3.20
Total	**896 070 615**	**67.04**

	Number of shareholdings
Total number of shareholdings	21 595
Total number of shares in issue	1 336 690 132

Share price performance	
Opening price 3 April 2023	R4.30
Closing price 28 March 2024	R5.05
Closing high for period	R5.50
Closing low for period	R3.96
Number of shares in issue	1 336 690 132
Volume traded during period	275 702 786
Ratio of volume traded to shares issued (%)	20.63
Rand value traded during the period	R1 275 447 536
Price/earnings ratio as at 28 March 2024	10.74
Earnings yield as at 28 March 2024	9.31
Dividend yield as at 28 March 2024	0.00
Market capitalisation at 28 March 2024	R6 750 285 167

	31 March 2024				31 March 2023			
	Direct beneficial	Indirect beneficial[1]	Associates	Total	Direct beneficial	Indirect beneficial[1]	Associates	Total
Executive directors								
MN von Aulock	**–**	**7 789 196**	**–**	**7 789 196**	–	6 677 831	–	6 677 831
L McDonald	**68 313**	**260 188**	**–**	**328 501**	46 377	260 188	–	306 565
Non-executive directors								
JA Copelyn	**–**	**14 855 338**	**–**	**14 855 338**	–	14 855 338	–	14 855 338
JR Nicolella	**–**	**–**	**59 479**	**59 479**	–	–	59 479	59 479
Total	**68 313**	**22 904 722**	**59 479**	**23 032 514**	46 377	21 793 357	59 479	21 899 213

[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.*

There have been no changes in the above interests of directors subsequent to year end and the date of approval of the consolidated annual financial statements.

B-BBEE ANNUAL COMPLIANCE REPORT

Broad-Based Black Economic Empowerment Commission

COMPLIANCE REPORT BY COMPANIES LISTED ON THE JOHANNESBURG STOCK EXCHANGE (JSE)
(in terms of Section 13G (2) of the Act)

SECTION A: DETAILS OF ENTITY

Name of entity/organisation: **Southern Sun Limited**

Registration number: **2002/006356/06**

Physical address: **South Tower, Nelson Mandela Square, Cnr 5th and Maude Streets, Sandton, 2196**

Telephone number: **011 461 9779**

Email address: **Candy.Tothill@southernsun.com**

Indicate type of entity/organisation: **Hotel operators**

Industry/sector: **Tourism**

Relevant code of good practice: **Tourism**

Name of verification agency: **Empowerdex**

Name of technical signatory: **Patience Dozwa**

SECTION B: INFORMATION AS VERIFIED BY THE BROAD-BASED BLACK ECONOMIC EMPOWERMENT VERIFICATION PROFESSIONAL AS PER SCORECARDS

B-BBEE elements	Target score including	Bonus points	Actual score achieved
Ownership	e.g. 25 points		27.00
Management control	e.g. 19 points		12.90
Skills development	e.g. 20 points	1.37	19.04
Enterprise and supplier development	e.g. 40 points	1.00	35.05
Socio-economic development	e.g. 5 points	3.00	8.00
Total score	e.g. 109 points	5.37	101.99
Priority elements achieved	YES/NO and specify them	Yes	
Empowering supplier status	YES/NO and specify them	Yes	
Final B-BBEE status level		Level 1	

** Indicate how each element contributes to the outcome of the scorecard*

SECTION C: FINANCIAL REPORT

1. **BASIC ACCOUNTING DETAILS:**
   a. Accounting officer's name: **Laurelle McDonald**
   b. Address: **South Tower, Nelson Mandela Square, Cnr 5th and Maude Street, Sandton, 2196**
   c. Accounting policy: (are your accounts done weekly, monthly, other – specify): **Monthly**
   d. Has the attached financial statements and annual report been approved by the entity? Y/N: **Yes**
2. **PLEASE ATTACH THE FOLLOWING:**
   i. COPY OF ANNUAL FINANCIAL STATEMENT INCLUDING BALANCE SHEET AND INCOME AND EXPENDITURE REPORT **Attached**
   ii. ANNUAL REPORT **Attached**

Entity annual turnover: **R5 612 million**

Compliance Report (Form B-BBEE 1) (in terms of Section 13G (2) of the Act)

GLOSSARY AND KEY TERMS

Initialism	Definition
Adjusted headline profit/(loss)	Adjusted headline profit/(loss) is defined as profits or losses attributable to equity holders of the company adjusted for after-tax exceptional items (including headline adjustments) that are regarded as sufficiently material and unusual that they would distort the numbers if they were not adjusted. This measure is not required by IFRS, is reviewed at year end, and is commonly used in the industry
AGM	Annual general meeting
ARR	Average room rate
B-BBEE	Broad-based black economic empowerment
board	The board of directors of Southern Sun Limited
Capex	Capital expenditure
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CISO	Chief Information Security Officer
CODM	Chief Operating Decision Maker (includes the group CEO, CFO and senior management team)
Companies Act	The Companies Act, 71 of 2008, as amended or replaced from time to time
Company Secretary	The Company Secretary of Southern Sun Limited namely LR van Onselen for Southern Sun Secretarial Services Proprietary Limited (registration number 1969/001208/07), a private company incorporated and registered in accordance with the laws of South Africa
CPI	Consumer Price Index
cps	cents per share
CSI	Corporate social investment
CSOC	Cyber-security operations centre
CTC	Cost to company
DCF	Discounted cash flow
Directors	The directors of the company, from time to time, whose names appear in the corporate information and advisers section of this report

DOL	Department of Labour
DTIC	Department of Trade, Industry and Competition
Ebitdar	Earnings before interest, tax, depreciation, amortisation, rentals and exceptional items
EPD	End point detection
ESG	Environmental, social and governance
F&B	Food and beverage
GC	Global Conformance
GDP	Gross domestic product
GDPR	General Data Protection Regulation
GNU	Government of National Unity
The group	Southern Sun and its subsidiaries
HCI	Hosken Consolidated Investments Limited (registration number 1973/007111/06), a public company incorporated and registered in accordance with the laws of South Africa and listed on the JSE
HEPS	Headline earnings per share
HOFS	Heads of Functions
Hospitality	Hospitality Property Fund Limited, (registration number 2005/014211/06), a public company incorporated and registered in accordance with the laws of South Africa
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBD	Interest-bearing debt
IFRS	International Financial Reporting Standards
IHG	InterContinental Hotels Group plc
IHL	International Holdco Limited (registration number 2083505), a private company incorporated and registered in accordance with the laws of the British Virgin Islands
IIRF	International Integrated Reporting Framework
IT	Information technology

GLOSSARY AND KEY TERMS *continued*

JSE	The Johannesburg Stock Exchange operated by the JSE Limited (registration number 2005/022939/06), a public company incorporated and registered in accordance with the laws of South Africa, and licensed to operate and exchange under the Financial Markets Act, 19 of 2012
JSE Listings Requirements	The Listings Requirements of the JSE, as amended from time to time
King IV	The Code on Corporate Governance representing principles of good corporate governance as laid out in the King Report on Corporate Governance for South Africa, 2016, as amended from time to time
L2D	Liberty 2 Degrees Limited
LPG	Liquefied petroleum gas
LTI	Long-term incentive
LTIFR	Lost-time injury frequency rate
Manco	Management company
MOI	Memorandum of incorporation
NBEAP	National black economically active population
NED	Non-executive director
Net debt:Ebitda ratio	*Net debt* Aggregate amount of all obligations in respect of borrowings after deducting the aggregate amount of cash and cash equivalents *Ebitda* Earnings before interest, income tax, depreciation, amortisation, IFRS 16 rent adjustments, long-term incentives and exceptional items – which definition is consistent with the funding agreements
ORMS	Organisational Resilience Management Standards
OSS	Operational support staff
PABX	Physical and virtual private branch exchanges
POPIA	Protection of Personal Information Act, 4 of 2013
pp	Percentage points
PPE	Property, plant and equipment

QCTO	Quality Council Trades and Occupations
Rand or R	South African Rand, the lawful currency of South Africa
RBH	RBH Hotel Group Limited (registration number 07399345), a private company incorporated and registered in accordance with the laws of the United Kingdom
RCF	Revolving credit facility
RDI	RDI REIT plc is a property investment business listed on the London Stock Exchange
RevPar	Revenue per available room
SAB	South African Breweries
SAICA	South African Institute of Chartered Accountants
SAR	Share appreciation right
SATB	South African Tourism Board
SDS	Skills development spend
SENS	Stock Exchange News Service
Separation agreement	The agreement entered into between Southern Sun and Tsogo Sun Gaming Limited, which gave TSG the right to terminate (on one month's notice) the various management and licensing agreements in respect of 15 hotels owned by TSG, for a once-off payment of R399 million
Separation Payment	The once-off payment of R399 million received from Tsogo Sun Gaming Limited on implementation of the Separation agreement
Shareholders	Holders of SSU shares from time to time
SMMEs	Small, medium and micro enterprises
Southern Sun or the company	Southern Sun Limited (previously known as Tsogo Sun Hotels Limited) (registration number 2002/006356/06), incorporated as a private company and converted to a public company on 15 May 2019 in accordance with the laws of South Africa and listed on the JSE
SSU	Southern Sun’s JSE share code
SSU shares	Shares in Southern Sun, listed on the JSE
STI	Short-term incentive

GLOSSARY AND KEY TERMS *continued*

Subsidiaries	Shall have the meaning ascribed thereto in the Companies Act
TBCSA	Tourism Business Council of South Africa
TCFD	Task Force on Climate-related Financial Disclosure
TS	Tsogo Sun
TSG	Tsogo Sun Limited (previously known as Tsogo Sun Gaming 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
TSG transaction	The conclusion of a hotel properties and businesses acquisition agreement between Southern Sun and TSG for Southern Sun to acquire the two hotel properties and business assets of Southern Sun Mbombela (formerly Southern Sun Emnotweni) and StayEasy Mbombela (formerly StayEasy Mbombela) for an aggregate purchase consideration of R142 million and a Separation agreement between Southern Sun and TSG for the termination of the various management and licensing agreements in respect of 15 hotels owned by TSG, for a termination fee of R399 million paid to Southern Sun. The effective date being 1 October 2022
US$	United States Dollar, the lawful currency of the United States
VAT	Value added tax

CORPORATE INFORMATION AND ADVISERS

Directors
JA Copelyn (Chairman)*
MN von Aulock (Chief Executive Officer)
L McDonald (Chief Financial Officer)
MH Ahmed (Lead Independent)*#
SC Gina*# LM Molefi# JG Ngcobo*#
JR Nicolella* CC September*#

** Non-executive* *# Independent*

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

Registered office
4th Floor, South Tower, Nelson Mandela Square
Cnr 5th and Maude Streets, Sandton, 2196
(Private Bag X200, Bryanston, 2021)

Transfer secretaries
JSE Investor Services Proprietary Limited
13th Floor, Rennie House
19 Ameshoff Street, Braamfontein, 2001
(PO Box 4844, Johannesburg, 2000)

Sponsor
Investec Bank Limited, 100 Grayston Drive
Sandown, Sandton, 2196, South Africa

Auditors
Deloitte & Touche
5 Magwa Crescent
Waterfall City, Midrand, 2090

Southern Sun

Luxury

54 on Bath
Arabella Hotel, Golf & Spa
Sandton Sun & Towers
Beverly Hills
InterContinental Johannesburg O.R. Tambo Airport
Mount Grace Hotel & Spa
Paradise Sun Praslin Seychelles

Full Service

Southern Sun Hotels
Sun Square
Southern Sun Resorts
Garden Court

Economy

StayEasy
SUN1

Convention Centre

Sandton Convention Centre

Forward-looking statement(s)
This integrated annual report contains forward-looking statements and information in relation to the group. By its very nature, such forward-looking statements and information require the company to make assumptions that may not materialise or that may not be accurate. Such forward-looking information and statements involve known and unknown risks, uncertainties and other important factors beyond the control of the company that could cause the actual performance or achievements of the company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements. Past share performance cannot be relied on as a guide to future performance. Forward-looking statements speak only as at the date of this document and no statement is intended to be a profit forecast. Forward-looking statements are the responsibility of the directors and have not been reviewed and reported on by the external auditors in accordance with ISAE 3400 *The Examination of Prospective Financial Information*.

Southern Sun

Southern Sun Limited
(Incorporated in the Republic of South Africa)
(Registration number 2002/006356/06)
Share code: SSU ISIN: ZAE000272522
(Southern Sun, the company or the group)