JOINT STATEMENT FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

John Copelyn, *Non-executive Chairman*

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.

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

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.

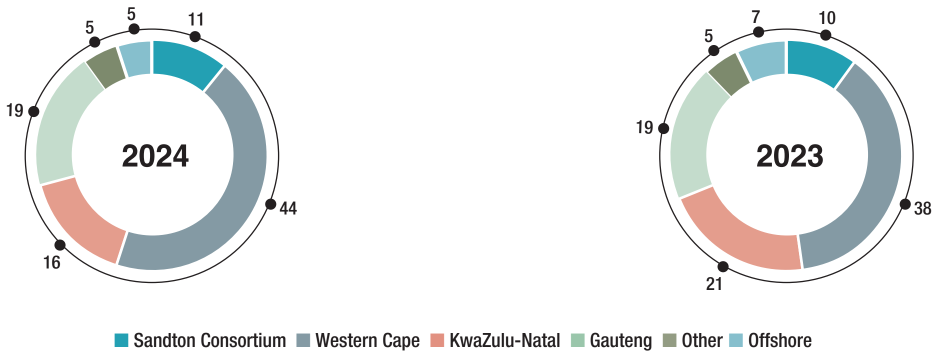
The group's occupancy at 58.6% reflects the low growth economic environment prevalent in South Africa. We are optimistic that under the newly elected Government of National Unity there will be more certainty regarding government policy and that private sector collaborations initiated to solve the myriad 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

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.

Marcel von Aulock, *Chief Executive Officer*



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.

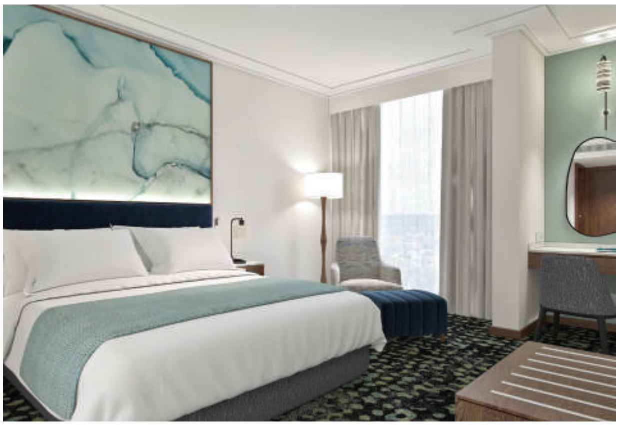
JOINT STATEMENT FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER *continued*

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.

Be consistent | **Be** present | **Have** respect

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