JOINT STATEMENT FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Marcel von Aulock
Chief Executive Officer

John Copelyn
Non-executive Chairman

Building upon the foundations established in previous years, Southern Sun has demonstrated resilience amid global challenges and can report a record year of financial performance.

Operations

The group achieved a 9% increase in total income to R6.6 billion, driven by a 10% increase in rooms revenue and a 5% growth in average room rates, supported by a 2.2 percentage point increase in occupancy to 60.8%. This growth is attributed to strong demand in key markets, notably the Western Cape and Gauteng. Cape Town benefited from foreign inbound travel and large-scale conferences and events across all segments. A recovery in domestic and international corporate transient travel increased demand for conferencing and events bolstering hotels located in prime business hubs.

Ebitdar grew by 14% year on year, reaching R2.2 billion, accentuating the effectiveness of our cost restructuring undertaken in 2021 and ongoing disciplined cost control. We further deleveraged our balance sheet, reducing net interest-bearing debt to R266 million, from R1 billion in the prior year, providing flexibility for future investments.

Regional contributors to Ebitdar (%)

Note: Investment properties have been collapsed into the province in which the hotels are located; the Manco segment has been incorporated into the Other segment and Gauteng includes the Sandton Consortium hotels.

We have maintained our focus on optimising our existing portfolio rather than aggressively pursuing expansion. The successful refurbishments of Southern Sun Cullinan and Sandton Towers, which reopened in July 2024 and December 2024, respectively along with upgrades to the restaurant and rooms at Southern Sun Rosebank and Southern Sun Sandton, have been well received by the market and have contributed to increased occupancy and rate growth in Cape Town and Gauteng during the latter half of the financial year.

Overall performance was impacted by weaker trading in certain regions, notably KwaZulu-Natal and Mozambique. In South Africa, demand from corporate, government and leisure sectors declined ahead of the May 2024 elections, with a post-election recovery in corporate and leisure bookings. However, government demand remained inconsistent, slowing again in the final quarter due to national budget uncertainty. In Durban, reduced activity at the International Convention Centre affected hotel performance, although uMhlanga remained stable. In Mozambique, political unrest since November 2024 severely impacted demand, and despite improved stability after the January 2025 presidential inauguration, occupancy levels remain low.

Prospects

The recovery of occupancies to the group's long-term average, especially in regions that have underperformed in the current year, presents an opportunity in the medium term.

This will require policies that encourage economic growth. The softening of inflation along with the suspension of loadshedding are tailwinds that signal stronger economic growth in South Africa.

Announcements by the Department of Home Affairs simplifying requirements for port of entry visas and visa regulations for India and China, make travel more accessible and indicate government's commitment to promoting tourism in South Africa. The home affairs reform and the hosting of several events in South Africa, such as the G20 Summit will benefit the group's portfolio in all regions given its national distribution and ability to successfully host and coordinate large conferences, its brand recognition and its refurbished hotels.

However, challenges such as high interest rates, regional instability, and political and economic uncertainty, both domestically and internationally persist. The group believes that its internally focused strategy of getting more out of its irreplaceable hotel portfolio by allocating capital to key properties, so that they remain best-in-class and our customers' preferred accommodation provider, is the right one to navigate these uncertain times.

Strategy

Refurbishment plans scheduled for the 2026 financial year, with various mock-up rooms in process are progressing for several hotels including Mount Grace, Birchwood, Southern Sun Mbombela, Paradise Sun and Southern Sun Newlands. With significantly reduced and unutilised debt facilities of R1.8 billion at year end all these projects can be funded from operational cash flows.

Depending on trading levels or specific regional market conditions, any of these refurbishment projects could be delayed, to preserve cash. However, we believe that it is important to proceed, particularly in markets where we see signs of increasing demand, to capitalise on potential economic growth.

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.

Subsequent to year end, and during the month of June 2025, the company bought back 9 million shares at an average price of R8.83.

Looking ahead, the group intends to maintain the dividend payout ratio of approximately 33% of adjusted headline earnings per share (AHEPS) and, in the absence of major expansion capex, will continue to apply available cash resources towards share buybacks when appropriate.

Finally, customer experience is central to Southern Sun's value proposition and the group will continue to focus on its customer delivery. 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 feeling satisfied with their stay.

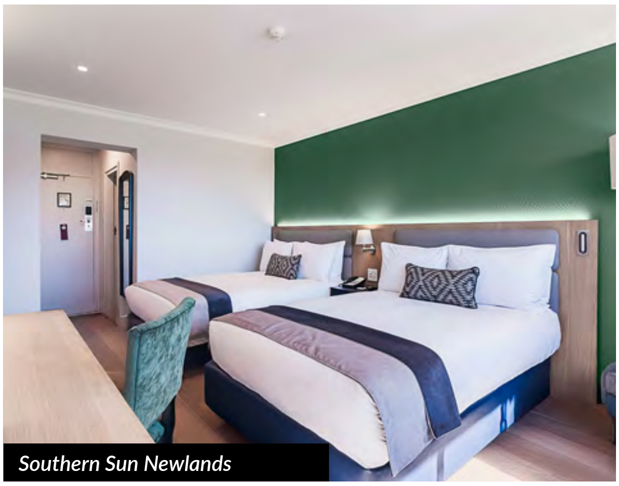
Appreciation

We extend our gratitude to our dedicated employees, for their continued support and dedication to our values. We also thank our stakeholders and financiers for their support. We look forward to an impactful year ahead.

John Copelyn
Non-executive Chairman

Marcel von Aulock
Chief Executive Officer

Birchwood Hotel & OR Tambo Conference Centre



Southern Sun Newlands

Paradise Sun