



Southern Sun

CONSOLIDATED ANNUAL
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH
2026



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STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

for the year ended 31 March 2026

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 IFRS Accounting Standards 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 2027. 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 7. 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 2026

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

- (a) the annual financial statements set out on pages 13 to 73 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

28 July 2026

DIRECTORS' APPROVAL OF THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2026

The preparation of the consolidated annual financial statements set out on pages 13 to 73 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 28 July 2026 and are signed on its behalf by:



Marcel von Aulock
Chief Executive Officer



Laurelle McDonald
Chief Financial Officer

28 July 2026

DECLARATION BY THE COMPANY SECRETARY

for the year ended 31 March 2026

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 2026, 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

28 July 2026

REPORT OF THE AUDIT AND RISK COMMITTEE

for the year ended 31 March 2026

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:

- 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 of 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 report and annexure 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 2026;
- 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;
- 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;
- 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 2026 financial year; and
- 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.

Disclosure of fee-related matters

Our external auditors, provide various audit, non-audit, assurance and statutory services for which a breakdown of the fees for the year has been noted below:

	Deloitte network Rm	Non-Deloitte network Rm	Total Rm
Audit services	15	2	17
Non-audit services	1	-	1
	16	2	18

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 2026 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

28 July 2026

DIRECTORS' REPORT

for the year ended 31 March 2026

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 R1.3 billion (2025: R1.0 billion).

3. Events occurring after the balance sheet date

Between 23 April 2026 and 21 July 2026, the group bought back 14.0 million shares at an average price of R9.99 per share.

The directors are not aware of any other material matters or circumstance arising since the statement of financial position date and the date of this report.

Please refer to note 41 of the consolidated annual financial statements for the dividends paid to shareholders.

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 47 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 excluding treasury shares is 1 315 348 147 (2025: 1 342 150 415) ordinary no par value shares.

6. Dividends

Having reviewed the group's working capital requirements and cash resources, the board has approved and declared a final dividend (number 3) of 30.00 cents per ordinary share (gross) (2025: 25.00 cents) in respect of the year ended 31 March 2026. The dividend will be subject to dividend tax. In accordance with paragraphs 7.23 of the Johannesburg Stock Exchange (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 30.0000 (2025: 25.0000) cents per ordinary share for shareholders exempt from the dividend tax;
- The net local dividend amount is 24.0000 (2025: 20.0000) cents per ordinary share for shareholders liable to pay the dividend tax;
- The number of shares in issue at declaration date is 1 315 348 147 (2025: 1 342 936 721);
- The company's income tax reference number is 9878091140; and
- The dividend was paid to shareholders on 15 June 2026.

7. Associates and subsidiaries

Refer to note 20 of the consolidated annual financial statements for details of associates, note 45 of the consolidated annual financial statements for details of subsidiary companies with material non-controlling interests and note 46 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
TG Govender	9 February 2026
JR Nicoletta (Resigned 9 February 2026)	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

DIRECTORS' REPORT *continued*

for the year ended 31 March 2026

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 38.2 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 45.0% (2025: 45.0%) of the company's issued share capital (including treasury shares). TIH Prefco Proprietary Limited is a wholly owned subsidiary of HCI and TIH Prefco Proprietary Limited directly owns 4.4% (2025: 41.4%) of Southern Sun Limited. HCI also controls the HCI Foundation which directly owns 3.6% (2025: 3.6%) of the company. Refer to the shareholder analysis as included in the Southern Sun Integrated Annual Report 2026.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Southern Sun Limited



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Gallo Manor 2052
South Africa

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Registered Auditors
Audit & Assurance
Audit
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5 Magwa Crescent
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Waterfall 2090

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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 13 to 73, which comprise the consolidated balance sheet as at 31 March 2026; and the consolidated income statement and consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated cash flow statement for the year then ended, and notes to the consolidated annual financial statements, including 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 2026, 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In terms of the IRBA Rule on Enhanced Auditor Reporting for the Audit of Financial Statements of Public Interest Entities, published in Government Gazette No. 49309 dated 15 September 2023, we report:

Final Materiality

We define materiality as the magnitude of misstatement in the consolidated financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced.

We use materiality both in planning the nature and extent of our audit work and in evaluating the results of our work.



Managing Partner: ML Tshabalala

A full list of partners and directors is available on request

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

INDEPENDENT AUDITOR'S REPORT *continued*

Based on our professional judgement, we determined materiality for the consolidated financial statements as a whole as follows:

Overall materiality	R75.0 million (2025: R66.0 million)
How we determined it	Based on 5% of Profit Before tax (2025: Based on 1% of Revenue)
Rationale for benchmark applied	In determining materiality for the current year, we considered a range of financial metrics and key performance indicators relevant to shareholders' decisions. We concluded that profit before tax is the most appropriate primary benchmark for setting materiality because it has exhibited greater stability in the current year and is a primary driver of investor assessments of performance. Revenue has been retained as a secondary benchmark.

Scope of our audit

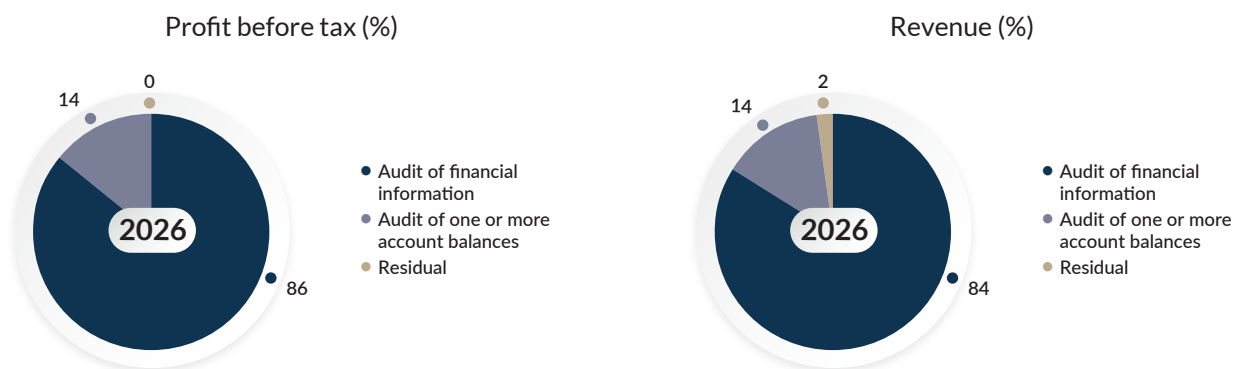
Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the structure and organisation of the Group, and assessing the risks of material misstatement at the Group level. We selected components at which audit work in support of the Group audit opinion needed to be performed in order to provide an appropriate basis for undertaking audit work to address the risks of material misstatement.

Our selection was informed by taking into account the component's contribution to relevant classes of transactions, account balances or disclosures.

Based on our assessment, we performed work at 16 components (2025: 14 components). These represents 98% of the Group's revenue (2025: 99%). The following audit scoping was applied:

- 4 components were audits of the component's financial information; and
- 12 components were an audit of one or more classes of transactions, account balances or disclosures.

Residual values were addressed by risk assessment and analytical procedures performed at a Group level.



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.

In terms of the Enhanced Auditor Reporting Rule, we are required to report the outcome of audit procedures or key observations with respect to the key audit matters and these are included below.

Key Audit Matter (KAM)	How the matter was addressed in the audit
Valuation of investment property 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. The investment property balance increased by 7% to R2.1 billion (2025: R1.9 billion). The increase is due to the fair value adjustment of R75 million (2025: R105 million) in the current year as disclosed in note 17. The fair value adjustment is largely driven by increase in value of the Birchwood and Radisson Collection Waterfront properties because of increased forecasted occupancies for Birchwood and higher room rates for Radisson Collection Waterfront. The increase is slightly offset by decreases in value noted on the Radisson Collection Gautrain (Sandton Eye) and Champagne Resorts due to difficult trading conditions and constrained occupancy growth, respectively. Other assumptions adopted include the following: • A weighted average EBITDAR growth rate of 5.2% (2025: 5.4%). • A terminal capitalisation rate of 9.0% – 11.0% (2025: 9.0% – 11.0%). • A risk adjusted pre-tax discount rate of 12.5% – 14.5% (2025: 12.5% – 14.5%). We have considered the valuation of investment property to be a matter of most significance and key audit matter due to the magnitude of the value as at the balance sheet date and also the inherent risk due to the significant judgement in the assumptions.	To address the KAM we completed the audit procedures below with the assistance of our Corporate Finance and Valuation specialists: • 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: – Reviewed the appropriateness of methodologies applied to value the properties; considering the highest and best use of the properties; – Considered the reasonableness of the key assumptions underlying the properties including the terminal capitalisation rates, and risk adjusted discount rates; – Considered the reasonableness of any extraordinary assumptions and hypothetical conditions applied by management; – Reviewed the overall logic and mathematical accuracy of the valuations; – Concluded on the reasonability of management's valuations; and – Reviewed the appropriateness the disclosure relating to the balance. Based on our audit procedures performed, we found management's overall assessment relating to the valuation of investment property within an acceptable range and adequately disclosed in note 17 of the financial statements.

INDEPENDENT AUDITOR'S REPORT *continued*

Key Audit Matters *continued*

Key Audit Matter (KAM)	How the matter was addressed in the audit
Valuation of owned property The Group has significant Property, plant and equipment (PPE) amounting to R8.6 billion (2025: R8.5 billion), of which R6.9 billion (FY2025: R7.0 billion) relates to Hotel land and buildings as disclosed in note 15. There is a risk of impairment of properties that are underperforming and a possible reversal of impairment for the property's that have previously been impaired. 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 Group's accounting policy for PPE is the cost model. The Group's valuers, De Leeuw and Norman Griffiths have performed valuations on the Group's properties and the following assumptions were applied: • A risk adjusted pre-tax discount rate of 12.5% – 14.5% (2025: 12.5% – 14.5%) for South African properties and 12.3% – 24.7% (2025: 12.9% – 21.9%) for Offshore properties. • Terminal growth rate of 4.0% (2025: 4.5%) for SA properties and 2.6% (2025: 2.2%) for Offshore properties. Based on these valuations, management has recognised impairment losses of R93 million (FY2025: R182 million) and reversals of impairment of R56 million (FY2025: R53 million) as disclosed in note 15. We have considered the valuation of owned property to be a matter of most significance and key audit matter due to the magnitude of the value as at the balance sheet date and also the inherent risk due to the significant judgement in the assumptions.	To address the KAM we completed the audit procedures below with the assistance of our Corporate Finance and Valuation specialists: • We have updated our understanding of management's assessment of the impairment process; • 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; • Critically evaluated the projected cash flows used in the impairment models including comparing them to historical performance; • On a risk-based sampling approach tested the valuation models through our internal specialist team by performing the following: – Reviewed the appropriateness of methodologies applied to value the properties considering the highest and best use of the properties; – Considered the reasonableness of the key assumptions underlying the properties including the terminal capitalisation rates, and risk-adjusted discount rates ; – Considered the reasonableness of any extraordinary assumptions and/hypothetical conditions applied by management; – Reviewing the overall logic and mathematical accuracy of the valuations; – Concluding on the reasonability of management's valuations; and – Reviewed the appropriateness of the disclosures relating to the balance. Engaged our corporate finance specialists to independently assess the Weighted Average Cost of Capital ("WACC") rates used to ensure that the rates used by the directors fall within an acceptable range. Based on our audit procedures performed, we found management's overall assessment relating to the valuation of owned property within an acceptable range and adequately disclosed in note 15 of the financial statements.

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 2026", which includes the Directors' Report, the Audit and Risk Committee's Report and the Declaration by the Company Secretary, as required by the Companies Act of South Africa. The other information does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do 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, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT *continued*

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 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

Audit Tenure

In terms of the IRBA Rule published in Government Gazette No. 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Southern Sun Limited for three years.

Signed by:
 Deloitte & Touche
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Deloitte & Touche

Registered Auditor

Per: Dr Dirk Steyn CA(SA); RA

Partner

28 July 2026

5 Magwa Crescent
Waterfall City
Waterfall
Johannesburg
2090

CONSOLIDATED INCOME STATEMENT

for the year ended 31 March

	Notes	2026 Rm	2025 Rm
Rooms revenue	7	4 776	4 414
Food and beverage revenue	7	1 743	1 593
Property rental income	7	294	272
Other revenue	7	377	330
Income		7 190	6 609
Property and equipment rental expense	8	(175)	(142)
Amortisation and depreciation	9	(466)	(423)
Employee costs	10	(1 688)	(1 622)
Other operating expenses	11	(3 076)	(2 836)
Fair value adjustment of investment properties	17	75	105
Impairment of property, plant and equipment	15	(37)	(129)
Operating profit		1 823	1 562
Finance income	12	34	57
Finance costs	13	(209)	(276)
Share of profit of associates	20	37	99
Profit before income tax		1 685	1 442
Income tax expense	14	(434)	(420)
Profit for the year		1 251	1 022
Profit/(loss) attributable to:			
Equity holders of the company		1 237	1 024
Non-controlling interests	45	14	(2)
		1 251	1 022
Basic and diluted earnings attributable to the ordinary equity holders of the company per share (cents)			
Number of shares in issue* (million)	4	1 315	1 342
Weighted number of shares in issue* (million)		1 341	1 340
Basic earnings per share (cents)		92.2	76.4
Diluted earnings per share (cents)		90.4	74.2

* Net of treasury shares.

The accounting policies and notes on pages 18 to 73 form an integral part of these consolidated annual financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March

	Notes	2026 Rm	2025 Rm
Profit for the year		1 251	1 022
Other comprehensive income for the year, net of tax			
Items that may be reclassified subsequently to profit or loss:		(113)	(35)
Currency translation adjustments		(113)	(35)
Items that may not be reclassified subsequently to profit or loss:		1	-
Remeasurements of post-employment defined benefit liability	30	3	-
Income tax relating to items that may not subsequently be reclassified to profit or loss	14	(2)	-
Total comprehensive income for the year		1 139	987
Total comprehensive income/(loss) attributable to:			
Equity holders of the company		1 134	992
Non-controlling interests		5	(5)
		1 139	987

The accounting policies and notes on pages 18 to 73 form an integral part of these consolidated annual financial statements.

CONSOLIDATED BALANCE SHEET

as at 31 March

	Notes	2026 Rm	2025 Rm
ASSETS			
Non-current assets			
Property, plant and equipment	15	8 639	8 490
Right-of-use assets	16	1 053	925
Investment properties	17	2 053	1 917
Goodwill	18	354	354
Other intangible assets	19	72	68
Investments in associates	20	373	452
Post-employment benefit assets	30	2	4
Non-current receivables	21	1	1
Deferred income tax assets	22	442	355
Total non-current assets		12 989	12 566
Current assets			
Inventories	23	75	81
Trade and other receivables	24	623	530
Current income tax assets		17	12
Cash and cash equivalents	25	635	396
Total current assets		1 350	1 019
Total assets		14 339	13 585
EQUITY			
Capital and reserves attributable to equity holders of the company			
Ordinary share capital and premium	26	4 743	4 728
Other reserves	27	1 575	1 822
Treasury shares ¹	26	(280)	-
Retained earnings		3 679	2 777
Total shareholders' equity		9 717	9 327
Non-controlling interests	45	58	(23)
Total equity		9 775	9 304
LIABILITIES			
Non-current liabilities			
Interest-bearing borrowings	28	200	453
Lease liabilities	29	1 466	1 308
Deferred income tax liabilities	22	844	726
Deferred revenue	31	33	29
Provisions	33	77	69
Total non-current liabilities		2 620	2 585
Current liabilities			
Interest-bearing borrowings	28	349	209
Lease liabilities	29	167	144
Trade and other payables	34	1 205	1 101
Deferred revenue	31	70	59
Provisions	33	121	147
Current income tax liabilities		32	36
Total current liabilities		1 944	1 696
Total liabilities		4 564	4 281
Total equity and liabilities		14 339	13 585

¹ The group bought back 37 million SSU shares at an average price of R9.60. These shares were cancelled and delisted subsequent to year end with effect from 23 April 2026.

The accounting policies and notes on pages 18 to 73 form an integral part of these consolidated annual financial statements.

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 31 March 2024	4 694	1 903	–	1 920	8 517	(17)	8 500
Total comprehensive income	–	(32)	–	1 024	992	(5)	987
Profit for the year	–	–	–	1 024	1 024	(2)	1 022
Currency translation adjustment	–	(32)	–	–	(32)	(3)	(35)
Issue of ordinary shares ³ 26	34	–	–	–	34	–	34
Derecognition of interest rate swap reserve	–	(15)	–	–	(15)	–	(15)
Share-based payments charge 32	–	27	–	–	27	–	27
Exercise of share appreciation rights	–	(61)	–	–	(61)	–	(61)
Dividends paid	–	–	–	(167)	(167)	(1)	(168)
Balance at 31 March 2025	4 728	1 822	–	2 777	9 327	(23)	9 304
Total comprehensive income	–	(103)	–	1 237	1 134	5	1 139
Profit for the year	–	–	–	1 237	1 237	14	1 251
Remeasurement of post-employment defined benefit liability net of tax	–	1	–	–	1	–	1
Currency translation adjustment	–	(104)	–	–	(104)	(9)	(113)
Purchase of treasury shares ²	–	–	(359)	–	(359)	–	(359)
Issue of ordinary shares ³ 26	94	–	–	–	94	–	94
Cancellation of shares ⁴ 26	(79)	–	79	–	–	–	–
Disposal of minority interest in a subsidiary ⁵	–	–	–	–	–	85	85
Share-based payments charge 32	–	26	–	–	26	–	26
Exercise of share appreciation rights	–	(170)	–	–	(170)	–	(170)
Dividends paid	–	–	–	(335)	(335)	(9)	(344)
Balance at 31 March 2026	4 743	1 575	(280)	3 679	9 717	58	9 775

¹ Refer to note 27 for details of other reserves.

² The group bought back 37 million (2025: 135 million) SSU shares at an average price of R9.60 (2026: R4.56). These shares were cancelled and delisted subsequent to year end with effect from 23 April 2026.

³ The group issued ten million (2025: five million) shares during the year to employees participating in the Southern Sun Share Appreciation Rights Plan.

⁴ The group cancelled nine million shares bought back during the year.

⁵ The group sold a 10% stake in Birchwood Hotel & OR Tambo Conference Centre during the period for a consideration of R85 million.

The accounting policies and notes on pages 18 to 73 form an integral part of these consolidated annual financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 March

	Notes	2026 Rm	2025 Rm
Cash flows from operating activities			
Profit before interest and income tax		1 860	1 661
Adjust for non-cash movements ¹		455	592
Increase in working capital		(43)	(179)
Cash generated from operations	35	2 272	2 074
Finance income		34	57
Finance costs		(205)	(277)
Income tax paid	36	(420)	(326)
Dividends paid		(344)	(168)
Net cash generated from operating activities		1 337	1 360
Cash flows from investment activities			
Purchase of property, plant and equipment – replacement	15	(592)	(460)
Purchase of property, plant and equipment – expansionary	15	(14)	(31)
Additions to investment properties		(55)	(29)
Proceeds from disposals of property, plant and equipment		4	3
Purchase of intangible assets	19	(12)	(29)
Dividends received from associates	20	91	32
Net cash utilised for investment activities		(578)	(514)
Cash flows from financing activities			
Borrowings raised	37.1	1 919	539
Borrowings repaid	37.1	(2 006)	(1 528)
Principal elements of lease payments	37.2	(128)	(94)
Purchase of treasury shares	26	(359)	-
Disposal of minority interest in a subsidiary		65	-
Net cash utilised for financing activities		(509)	(1 083)
Net increase/(decrease) in cash and cash equivalents		250	(237)
Cash and cash equivalents at beginning of the year		396	639
Foreign currency translation		(11)	(6)
Cash and cash equivalents at the end of the year		635	396

¹ Includes amortisation and depreciation of R466 million (2025: R423 million) and movements in provisions of R133 million (2025: R147 million).

The accounting policies and notes on pages 18 to 73 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 *Circular 1-2023 – 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 2025:

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; and
- 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 has not been impacted by the amendment.

(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*.

1. Summary of material accounting policies continued

(d) Basis of consolidation and business combinations continued

(i) Subsidiaries continued

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.

(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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

1. Summary of material accounting policies *continued*

(d) Basis of consolidation and business combinations *continued*

(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.

(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 independent valuations of land and buildings are performed at least triennially by external valuers. 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 acquisitions 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.

1. Summary of material accounting policies continued

(f) Property, plant and equipment continued

(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.

(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 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 lessees 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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

1. Summary of material accounting policies *continued*

(g) Leases *continued*

(i) The group is a lessee *continued*

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 with the exception of the Sandton Consortium lease remeasurement. The Sandton Consortium hotels' fixed portion of the rental payment in-substance, resets every year when the new budget for the year is approved, and results in an annual remeasurement of the right-of-use asset and corresponding lease liability for the forthcoming year. Each remeasurement of the right-of-use asset is depreciated over the period to which it relates, i.e. annually.

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.

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 an expense over the lease term on the same basis as lease income.

1. Summary of material accounting policies continued

(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 investment property is classified as owner-occupied 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.

(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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

1. Summary of material accounting policies *continued*

(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.

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.

1. Summary of material accounting policies continued

(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.

(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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

1. Summary of material accounting policies *continued*

(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.

(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.

1. Summary of material accounting policies continued

(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 predetermined 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.

(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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

1. Summary of material accounting policies *continued*

(v) Employee benefits *continued*

(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 is recognised as it accrues 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. 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 if not settled.

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 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 7.25% (2025: 7.25%) to 13.50% (2025: 11.75%) due to the multiple jurisdictions within which the group operates.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

2. Critical accounting estimates and judgements *continued*

(a) Leases *continued*

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. 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.

(b) Investment property

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

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.

3. Standards issued not yet effective

The group is concluding on the impact of the new standards, interpretations and amendments that have been issued but are not yet effective, none of which are expected to have a material effect on the consolidated position or performance of the group.

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.

Amendment to IFRS 9 and IFRS 7 *Classification and Measurement of Financial Instruments*

The amendments clarify the classification of financial assets with environmental, social and corporate governance (ESG) and similar features, as such features could affect whether the assets are measured at amortised cost or fair value. The amendments also clarify the date on which a financial asset or financial liability is derecognised in cases where liabilities are settled through electronic payment systems.

The effective date of the amendments is for years beginning on or after 1 January 2026.

The company expects to adopt the amendments for the first time in the 2027 annual financial statements.

The group has assessed the possible impact and it is unlikely that the amendments will have a material impact on the annual financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11

It contains amendments to five standards namely: IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7, as a result of the International Accounting Standards Board's annual improvements project.

The effective date of the amendments is for years beginning on or after 1 January 2026.

The company expects to adopt the amendments for the first time in the 2027 annual financial statements.

It is unlikely that the amendments will have a material impact on the financial statements.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

	Change %	2026 Rm	2025 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		1 237	1 024
Loss/(profit) on disposal of property, plant and equipment		5	(1)
Net impairment of property, plant and equipment		37	129
Fair value adjustment of investment properties		(75)	(105)
Share of associates' headline earnings adjustments		(5)	(35)
Impairment reversal relating to associates		-	(32)
Share of minorities' headline earnings adjustments		2	-
Total tax effects of adjustments		7	22
Headline profit	21	1 208	1 002
Pre-opening costs		-	13
Derecognition of derivative financial instruments		-	(2)
Share of associates' exceptional items		1	6
Total tax effects of other exceptional items		-	(5)
Adjusted headline profit¹	19	1 209	1 014
Number of shares in issue* (million)		1 315	1 342
Weighted number of shares in issue* (million)		1 341	1 340
Basic headline earnings per share (cents)	20	90.1	74.8
Diluted headline earnings per share (cents) ²		88.3	72.6
Basic adjusted headline earnings per share (cents)	19	90.1	75.6
Diluted adjusted headline earnings per share (cents) ²		88.4	73.5

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 earnings 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.

² The weighted average number of shares used to determine diluted earnings per share amounts to 1 368 million (2025: 1 380 million) and is calculated using the weighted average number of shares of 1 341 million (2025: 1 340 million) adjusted for the number of shares deemed to be issued in terms of the Southern Sun Share Appreciation Rights Plan of 27 million (2025: 40 million).

* Net of treasury shares.

	2026 Rm	2025 Rm
5. Reconciliation of operating profit to Ebitdar		
Ebitdar pre-exceptional items are made up as follows:		
Operating profit	1 823	1 562
Amortisation and depreciation	466	423
Property rentals	151	121
Share-based payment expense	26	27
	2 466	2 133
Add/(less): Exceptional losses/(gains) ¹		
Pre-opening costs	-	13
Loss/(profit) on disposal of property, plant and equipment	5	(1)
Fair value adjustment of investment properties	(75)	(105)
Net impairment of property, plant and equipment	37	129
Ebitdar	2 433	2 169

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.

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, amortisation, rent and related IFRS 16 rent adjustment, share-based payment expense and exceptional items). 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 four reportable segments identified and monitored by the CODM:

- **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 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.
- **Manco** consists of the group's management company division which manages the hotels in South Africa.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

6. Segmental analysis *continued*

	Material items included in Ebitdar							
	Revenue ¹	Ebitdar ²	Ebitdar margin	Employee costs ⁴	Food and beverage costs and operating equipment usage	Property costs – rates, water and electricity	Repairs and maintenance expenditure on property, plant and equipment	Rooms departmental expenses ⁵
	Rm	Rm	%	Rm	Rm	Rm	Rm	Rm
Year ended 31 March 2026								
Sandton Consortium	801	276	34	(151)	(86)	(75)	(15)	(78)
SA Portfolio	6 107	2 176	36	(1 124)	(478)	(554)	(177)	(625)
Western Cape	2 506	1 149	46	(379)	(152)	(168)	(59)	(242)
KwaZulu-Natal	1 126	284	25	(259)	(122)	(126)	(37)	(112)
Gauteng	1 720	534	31	(327)	(142)	(180)	(51)	(192)
Other	755	209	28	(159)	(62)	(80)	(30)	(79)
Offshore	377	46	12	(138)	(45)	(26)	(21)	(33)
Manco ^{3,4,5}	(95)	(65)		(249)	-	(3)	-	9
Total	7 190	2 433	34	(1 662)	(609)	(658)	(213)	(727)

	Material items included in Ebitdar							
	Revenue ¹	Ebitdar ²	Ebitdar margin	Employee costs ⁴	Food and beverage costs and operating equipment usage	Property costs – rates, water and electricity	Repairs and maintenance expenditure on property, plant and equipment	Rooms departmental expenses ⁵
	Rm	Rm	%	Rm	Rm	Rm	Rm	Rm
Year ended 31 March 2025								
Sandton Consortium	663	211	32	(132)	(71)	(58)	(14)	(63)
SA Portfolio	5 632	1 977	35	(1 059)	(448)	(517)	(172)	(573)
Western Cape	2 335	1 053	45	(363)	(142)	(157)	(54)	(230)
KwaZulu-Natal	997	247	25	(240)	(108)	(117)	(34)	(94)
Gauteng	1 605	491	31	(306)	(136)	(171)	(55)	(176)
Other	695	186	27	(150)	(62)	(72)	(29)	(73)
Offshore	393	51	13	(144)	(44)	(29)	(18)	(35)
Manco ^{3,4,5}	(79)	(70)		(260)	-	2	-	9
Total	6 609	2 169	33	(1 595)	(563)	(602)	(204)	(662)

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 R26 million (2025: R27 million) is not considered as part of Ebitdar – refer to note 5.

⁵ Rooms departmental expenses for the Manco segment consist of the recoveries relating to the cost of the central reservation offices which are recharged to the hotels in the specific segments.

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 revenue recognised at a point in time		Other revenue recognised over time		Revenue from external customers	
	2026 Rm	2025 Rm	2026 Rm	2025 Rm	2026 Rm	2025 Rm	2026 Rm	2025 Rm
Sandton Consortium	492	405	260	219	34	28	786	652
SA Portfolio	4 051	3 756	1 370	1 264	313	273	5 734	5 293
Western Cape	1 806	1 705	443	420	141	122	2 390	2 247
KwaZulu-Natal	656	583	322	282	79	66	1 057	931
Gauteng	1 053	974	429	401	73	67	1 555	1 442
Other	536	494	176	161	20	18	732	673
Offshore	233	253	113	110	30	29	376	392
Total	4 776	4 414	1 743	1 593	377	330	6 896	6 337
Reconciliation to segmental analysis in note 6:								
Revenue from contracts with customers per above							6 896	6 337
Property rental income							294	272
Total income per segmental analysis							7 190	6 609

	2026 Rm	2025 Rm
Other revenue is made up as follows:		
Management fees revenue	74	68
Parking revenue	19	16
Venue hire revenue	76	73
Packaged food ¹	35	30
Non-arrival charges and cancellation fees ^{1,2}	52	34
Spa-related revenue ¹	30	30
Golf-related revenue ¹	29	25
Other sundry revenue ²	40	36
Timeshare rental income ²	22	18
Other revenue	377	330

¹ Packaged food, non-arrival charges and cancellation fees, spa-related revenue and golf-related revenue are recognised at a point in time.

² The other sundry revenue has been disaggregated to ensure enhanced financial disclosure as provided for in IAS 1 Presentation of Financial Statements.

8. Property and equipment rental expense

Under IFRS 16 Leases

Short-term leases

	2026 Rm	2025 Rm
Properties	9	9
Plant, vehicles and equipment	24	21
Variable lease payments not included in lease liabilities	142	112
Properties	142	112
Total property and equipment rental expense	175	142

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	2026 Rm	2025 Rm
9. Amortisation and depreciation		
Amortisation of intangible assets (note 19)	8	5
Depreciation of property, plant and equipment (note 15)	277	279
Depreciation of right-of-use assets (note 16)	181	139
Total amortisation and depreciation	466	423

	2026 Rm	2025 Rm
10. Employee costs		
Employee costs (including executive directors' remuneration):		
Salaries and wages	1 566	1 504
Pension – defined contribution plans	96	91
IFRS 2 <i>Share-based Payment</i> – equity-settled (note 32)	26	27
Total employee costs	1 688	1 622

	2026 Rm	2025 Rm
11. Other operating expenses		
Auditors' remuneration	18	20
Audit fees – current year	18	18
Tax services	–	2
Advertising, marketing and promotional costs	158	147
External consultants	11	11
Food and beverage costs and operating equipment usage (note 23)	609	563
Net impairment charge for bad and doubtful debts, net of reversals (note 24)	6	3
Information technology-related costs	104	84
Net foreign exchange gain	(6)	(4)
Property costs – rates, water and electricity	658	602
Repairs and maintenance expenditure on property, plant and equipment	213	204
Rooms departmental expenses	727	662
Guest supplies	80	74
Guest entertainment	44	43
Laundry	103	93
Housekeeping	130	115
Cleaning	33	29
Food and beverage costs and operating equipment usage (note 23)	33	31
Other	304	277
Security and surveillance costs	109	99
Other operating expenses	319	316
Loss/(profit) on disposal of property, plant and equipment	5	(1)
Bank charges and credit card commission	86	74
Insurance	51	47
Commission	8	9
Total other operating expenses	3 076	2 836

	2026 Rm	2025 Rm
12. Finance income		
Interest received from banks	34	56
Finance income – other	–	1
Total finance income	34	57

	2026 Rm	2025 Rm
13. Finance costs		
Finance costs in respect of interest-bearing debt	59	134
Finance costs in respect of lease liabilities (note 29)	142	134
Cash flow hedges reclassified to profit or loss	–	(2)
Finance costs – other	8	10
Total finance costs	209	276

	2026 Rm	2025 Rm
14. Income tax		
Current tax – current year charge	401	325
Current tax – (over)/underprovision prior year	(3)	1
Deferred tax – current year charge (note 22)	25	95
Deferred tax – under/(over) provision prior year (note 22)	6	(3)
Withholding taxes	5	2
Total income tax expense	434	420
Other comprehensive income		
<i>Tax charge relating to components of other comprehensive income on items that may not be reclassified subsequently to profit or loss:</i>		
Remeasurements of post-employment defined benefit liability	2	–
	2	–
Total income tax relating to components of other comprehensive income	2	–

	2026 Rm	2026 %	2025 Rm	2025 %
Income tax rate reconciliation				
Profit before income tax and share of profit of associates	1 648		1 343	
Income tax thereon at 27% (2025: 27%)	445	27.0	363	27.0
Expenses/debits not deductible for tax purposes:				
Amortisation and depreciation	23	1.4	36	2.7
Fair value adjustments – investment property	(4)	(0.2)	(6)	(0.5)
Foreign tax rate differential	(9)	(0.5)	(8)	(0.6)
Impairment of property, plant and equipment	4	0.2	19	1.4
Non-taxable foreign exchange rate adjustments ¹	(16)	(1.0)	(7)	(0.5)
Exempt income ¹	(46)	(2.8)	(17)	(1.2)
Other non-deductible items ¹	20	1.2	28	2.0
Prior year debits/(credits) (net)	2	0.1	(2)	(0.1)
Withholding taxes	5	0.3	(2)	(0.1)
Assessed losses utilised	(1)	(0.1)	(5)	(0.4)
Assessed losses not recognised	11	0.7	21	1.6
	434	26.3	420	31.3

¹ Other non-deductible items have been disaggregated to ensure enhanced financial disclosure as provided for in IAS 1 Presentation of Financial Statements.

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	Land and buildings Rm	Leasehold improvements Rm	Properties under construction Rm	Plant and equipment Rm	Operating equipment Rm	Total Rm
15. Property, plant and equipment						
Year ended 31 March 2026						
Opening net carrying amount	6 965	263	47	954	261	8 490
Additions	213	5	15	313	60	606
Transfers from work in progress	-	-	(46)	46	-	-
Disposals and operating equipment usage	(4)	-	-	(5)	(46)	(55)
Depreciation charge	(117)	(18)	-	(142)	-	(277)
Reallocations of operating equipment	-	-	-	-	14	14
Net impairment	(37)	-	-	-	-	(37)
Currency translation	(77)	8	(16)	(14)	(3)	(102)
Closing net carrying amount	6 943	258	-	1 152	286	8 639
At 31 March 2026						
Cost	9 059	654	-	3 237	286	13 236
Accumulated depreciation	(2 116)	(396)	-	(2 085)	-	(4 597)
Net carrying amount	6 943	258	-	1 152	286	8 639
Year ended 31 March 2025						
Opening net carrying amount	7 067	293	2	879	247	8 488
Additions	161	-	45	231	54	491
Disposals and operating equipment usage	(2)	-	-	(1)	(39)	(42)
Depreciation charge	(98)	(33)	-	(148)	-	(279)
Net impairment	(129)	-	-	-	-	(129)
Currency translation	(34)	3	-	(7)	(1)	(39)
Closing net carrying amount	6 965	263	47	954	261	8 490
At 31 March 2025						
Cost	9 186	641	47	3 072	261	13 207
Accumulated depreciation	(2 221)	(378)	-	(2 118)	-	(4 717)
Net carrying amount	6 965	263	47	954	261	8 490

Refer to note 28 for details of specific property, plant and equipment held as security for external interest-bearing borrowings.

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 the impact resulted in a decrease in depreciation of R23 million (2025: R9 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 values.

Management has assessed the group's property, plant and equipment for impairment by reviewing the cash flow forecasts for the period 2027 to 2031, which we believe adequately reflects cash flows generated by the underlying hotels for the years ending March 2027 to March 2028 as the recovery in trading levels normalises; as well as various technical inputs including the 5Y bond yield of 8.2% (2025: 8.0%) as at 31 March 2026.

The impairment test was performed by reviewing the cash flow forecasts for the period 2027 to 2031. 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. The pre-tax discount rate utilised in the valuation ranges between 12.5% and 14.5% (2025: 12.5% and 14.5%) for the South African hotels and ranges between 12.3% and 24.7% (2025: 12.9% and 21.9%¹) 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 2.6% (2025: 2.2%) and 4.0% (2025: 4.5%) for the South African properties.

¹ The prior year discount rates for the offshore properties of 11.0% – 17.0% have been restated to 12.9% – 21.9%. This reflects the pre-tax discount rates iteratively aligned to the pre- and post-tax cash flows utilised in the net present value (NPV) calculation. This result has no impact on the reported valuation outcomes.

15. Property, plant and equipment continued

The carrying values of land, buildings, plant and equipment of the following hotel properties were impaired or had an impairment reversal of the following amounts during the year:

	2026 Rm	2025 Rm
Impairment reversal/(impairment)		
Garden Court Hatfield ¹	28	2
StayEasy Eastgate	-	5
Southern Sun Hyde Park	-	16
Southern Sun Pretoria ²	(19)	-
Southern Sun Rosebank ¹	28	(101)
SUN1 – Alberton	(6)	-
SUN1 – Vereeniging	(6)	-
Radisson Blu Gautrain Hotel ²	(35)	(21)
Gauteng	(10)	(99)
The Westin Cape Town	-	12
Southern Sun The Marine	(13)	-
Western Cape and Eastern Cape	(13)	12
The Edward ³	(14)	(60)
Garden Court uMhlanga	-	1
KwaZulu-Natal	(14)	(59)
Southern Sun Maputo	-	17
Offshore	-	17
Total	(37)	(129)

¹ The impairment reversals recognised relating to Garden Court Hatfield and Southern Sun Rosebank is as a result of improved trading conditions in the respective nodes.

² The impairments recognised for Southern Sun Pretoria is due to difficult trading conditions in the central Tshwane node, resulting in lower trading occupancies. The further impairment of Radisson Blu Gautrain Hotel partially related to the write-down of refurbishment capex spent as a result of subdued trading conditions at the hotel.

³ The further impairment of The Edward hotel in Durban is due to the hotel continuing to struggle post-Covid-19 with lower than expected occupancy.

15.1 Sensitivities

	2026		2025	
	Increase Rm	Decrease Rm	Increase Rm	Decrease Rm
5% change in the net cash flows	214	(214)	183	(183)
25bps change in the terminal capitalisation rate	(66)	75	(48)	36
50bps change in the pre-tax discount rate	(81)	88	(82)	85

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 R9 million (2025: R9 million) during the year.

	2026 Rm	2025 Rm
Rental income from property leases under IFRS 16	9	9
Fixed	9	9
Rental income (included in Revenue note 7)	9	9

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16. Right-of-use assets

Lease rental contracts include hotel property leases, typically for fixed periods of 20 to 50 years, and may include extension options. Management assessed the individual right-of-use assets for indicators of impairment as at 31 March 2026, and none were identified. The recoverable amounts were determined using value-in-use calculations based on a discounted cash flow (DCF) model. These calculations use pre-tax cash flow projections derived from financial budgets and forecasts approved by the board of directors. The cash flows were determined in a manner consistent with those utilised in the impairment assessment of property, plant and equipment (refer to note 15) and the fair value assessment of investment properties (refer to note 17). Based on these calculations, no impairment was recognised.

	Buildings Rm
Year ended 31 March 2026	
Opening balance	925
Depreciation (note 9)	(181)
Remeasurement ¹	83
New leases raised ² (note 29)	226
Closing net carrying amount	1 053
At 31 March 2026	
Cost	1 739
Accumulated depreciation	(686)
Net carrying amount	1 053
Year ended 31 March 2025	
Opening balance	981
Depreciation	(139)
Remeasurement ¹	73
New leases raised	10
Closing net carrying amount	925
At 31 March 2025	
Cost	1 430
Accumulated depreciation	(505)
Net carrying amount	925

¹ A lease remeasurement relating to the Sandton Consortium has been accounted for in the year resulting in a right-of-use asset and corresponding lease liability of R83 million (2025: R73 million) being recognised.

² The group signed a 50-year lease for Southern Sun Elangeni & Maharani with the eThekweni Municipality on 29 October 2025, resulting in the recognition of a R226 million right-of-use asset and corresponding lease liability on 1 January 2026.

17. Investment properties

	2026 Rm	2025 Rm
Opening net carrying amount	1 917	1 729
Acquisition and development of investment properties	62	83
Disposal of investment properties	(1)	–
Fair value adjustments recognised in profit or loss	75	105
Closing net carrying amount	2 053	1 917

Refer to note 28 for details of 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 discount rate is calculated using the South African 5Y 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 2026, 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. Investment properties continued

17.2 Basis of preparation of cash flow forecasts (property, plant and equipment, investment property and goodwill)

Based on the group's strong performance in 2026, 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 by 2031. 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. 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 consumer price index (CPI) except for utilities, which escalate by an average of 7.2%, between 2027 and 2031. Payroll costs were escalated by CPI +1.0%. 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

Despite the risk-free rate increasing slightly to 8.2% at 31 March 2026 when compared to the prior year (31 March 2025: 8.0%), 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 7%.

As at 31 March 2026, the significant unobservable inputs were as follows:

- A weighted average Ebitdar growth rate of 5.2% (2025: 5.4%);
- A terminal capitalisation rate of 9.0% – 11.0% (2025: 9.0% – 11.0%); and
- A risk-adjusted pre-tax discount rate of 12.5% – 14.5% (2025: 12.5% – 14.5%).

17.4 Sensitivities

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

	2026		2025	
	Increase Rm	Decrease Rm	Increase Rm	Decrease Rm
5% change in the net cash flows	96	(96)	89	(89)
25bps change in the terminal capitalisation rate	(30)	32	(28)	30
50bps change in the pre-tax discount rate	(27)	28	(33)	34

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:

	2026 Rm	2025 Rm
Rental income from investment property operating leases under IFRS 16:	258	237
Fixed	13	12
Variable	245	225
Rental income (included in Revenue note 7)	258	237
Direct operating expense from property that generated rental income (note 11)	(12)	(9)

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:

	2026 Rm	2025 Rm
Not later than one year	16	13
Between one and two years	16	13
Between two and three years	-	13
	32	39

This lease relates to Champagne Sports Resort and expires on 31 March 2028.

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	2026 Rm	2025 Rm
18. Goodwill		
At 31 March	354	354

18.1 Impairment test for goodwill

Goodwill is allocated and monitored based on the group's CGUs which are the individual hotels. These hotels have been grouped according to reportable segment level. A summary of the goodwill allocation is as follows:

	2026 Rm	2025 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:

	2026			2025		
	Ebitdar margin %	Long-term growth rate %	Discount rate pre-tax %	Ebitdar margin %	Long-term growth rate %	Discount rate pre-tax %
SA Portfolio ¹	24.6 – 44.8	4.0	14.9	23.4 – 43.5	4.5	14.9

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 32.7% (2025: 33.2%), Cullinan hotels 44.8% (2025: 43.5%) and Southern Sun Hotel Interests Proprietary Limited 24.6% (2025: 23.4%).

Impairment test for goodwill

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).

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	13.9	>100	1.7
Decrease in the growth rate	43.8	35.8	2.4
Decrease in Ebitdar margin	21.7	44.9	1.7

	Computer software Rm	Other Rm	Total Rm
19. Other intangible assets			
Year ended 31 March 2026			
Opening net carrying amount	31	37	68
Additions	9	3	12
Amortisation charge	(7)	(1)	(8)
Closing net carrying amount	33	39	72
At 31 March 2026			
Cost	100	49	149
Accumulated amortisation	(67)	(10)	(77)
Net carrying amount	33	39	72
Year ended 31 March 2025			
Opening net carrying amount	11	33	44
Additions ¹	24	5	29
Amortisation charge	(4)	(1)	(5)
Closing net carrying amount	31	37	68
At 31 March 2025			
Cost	91	46	137
Accumulated amortisation	(60)	(9)	(69)
Net carrying amount	31	37	68

¹ Prior year additions of R24 million includes an amount of R20 million relating to the group's accounting system migration for SAP S/4HANA.

Other intangible assets include management contracts with a book value of R15 million (2025: R16 million), timeshare units with a book value of R21 million (2025: R18 million) and trademarks with a book value of R3 million (2025: R3 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.

20. Investments in associates

The group has the following interests in its material associates:

Unlisted

- 25.9% (2025: 25.9%) in IHL Holdco Limited (IHL Holdco), incorporated in the British Virgin Islands. IHL Holdco owns hotel properties in the United Kingdom which are 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% (2025: 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.

	2026 Rm	2025 Rm
At 1 April	452	385
Share of profits after tax and other interests of associates	37	67
Dividends received	(101)	(32)
Tax paid (non-resident landlord taxes (NRL))	10	-
Currency translation and other moves	(25)	-
Reversal of impairment of associate (included in share of profits after tax and other interests of associates as per consolidated income statement)	-	32
At 31 March	373	452
Made up as follows:		
Unlisted	373	452
At 31 March	373	452

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20. Investments in associates *continued*

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	
	2026 Rm	2025 Rm	2026 Rm	2025 Rm
Summarised balance sheets				
Total non-current assets	12	13	2 304	2 242
Total current assets	289	258	96	689
Total assets	301	271	2 400	2 931
Total non-current liabilities	-	-	767	1 614
Total current liabilities	262	294	631	32
Total liabilities	262	294	1 398	1 646
Net assets	39	(23)	1 002	1 285
Summarised statement of comprehensive income				
Revenue	2 467	2 467	163	215
Profit from operations	70	38	71	221
Profit for the year and total comprehensive income	70	38	71	221

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	
	2026 Rm	2025 Rm	2026 Rm	2025 Rm
Opening net assets attributable to owners	(23)	28	1 285	1 113
Profit for the year	70	38	71	221
Foreign currency translation reserve	49	(47)	(22)	32
Total comprehensive income	96	19	1 334	1 366
Dividends paid	(57)	(42)	(332)	(81)
Closing net assets attributable to owners	39	(23)	1 002	1 285
Interest in associate (%)	26.4	26.4	25.9	25.9
Interest in associate	10	(6)	260	333
Intangible assets	71	71	-	-
Goodwill	25	25	31	31
Impairment reversal ¹	-	22	-	10
Translation	61	63	(85)	(97)
Carrying value of investments in associates	167	175	206	277

¹ The prior year includes an impairment reversal of R32 million, due to the continued recovery of trading conditions in the United Kingdom.

The group has no further contingent liabilities or commitments in relation to the associates.

21. Non-current receivables

Financial assets measured at amortised cost

Loan to JIA Piazzapark Proprietary Limited

	2026 Rm	2025 Rm
	1	1
	1	1
Non-current receivables are denominated in the following currency		
SA Rand	1	1
	1	1

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

The gross movement on the deferred tax account is as follows:

	2026 Rm	2025 Rm
Net deferred tax asset at 1 April	371	278
Income statement charge (note 14)	22	95
Prior year adjustment (note 14)	6	(3)
Currency translation	3	1
Net deferred tax liability at 31 March	402	371

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 2024	1 000	(96)	(105)	(5)	(74)	720
Income statement expense/(credit)	(17)	(6)	–	–	26	3
Prior year adjustment	(1)	–	7	–	(4)	2
Currency translation	–	1	–	–	–	1
Deferred tax liability at 31 March 2025	982	(101)	(98)	(5)	(52)	726
Income statement expense/(credit)	78	–	18	(1)	(12)	83
Prior year adjustment	35	–	–	–	–	35
Deferred tax liability at 31 March 2026	1 095	(101)	(80)	(6)	(64)	844
Deferred tax assets						
Balance at 1 April 2024	(232)	(94)	(84)	(12)	(20)	(442)
Income statement expense/(credit)	82	19	(9)	(3)	3	92
Prior year adjustment	(1)	–	(3)	–	(1)	(5)
Deferred tax asset at 31 March 2025	(151)	(75)	(96)	(15)	(18)	(355)
Income statement (credit)/expense	(43)	(14)	(7)	(8)	11	(61)
Prior year adjustment	(24)	(1)	(2)	–	(2)	(29)
Currency translation	–	3	–	–	–	3
Deferred tax asset at 31 March 2026	(218)	(87)	(105)	(23)	(9)	(442)
Total net deferred tax liability/(asset)	877	(188)	(185)	(29)	(73)	402

¹ Includes investment property and prepaid expenditure.

Total deferred tax assets of R172 million (2025: R164 million) is available to offset against future taxable profits. Deferred tax assets amounting to R73 million have been recognised for tax losses carried forward. 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

	2026 Rm	2025 Rm
Food and beverage	38	34
Operating equipment	5	5
Consumable stores ¹	32	42
	75	81
Inventory costs recognised in Other operating expenses (note 11):		
Cost of food and beverage and consumable stores	581	536
Cost of operating equipment	61	58

¹ An amount of R14 million was transferred to property, plant and equipment during the year.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

	2026 Rm	2025 Rm
24. Trade and other receivables		
Financial instruments		
Financial assets measured at amortised cost		
Trade receivables – net	301	272
Trade receivables – gross	358	323
Trade receivables – loss allowance	(57)	(51)
Deposits	19	21
Other receivables	85	52
	405	345
Financial assets valued at fair value		
Life Cell Reimbursive Assets	135	119
	539	464
Non-financial instruments		
Prepayments	83	66
Total trade and other receivables	623	530

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 are regularly monitored by reviewing the ageing analysis of these debtors on an ongoing basis. Of the trade receivables balance as at 31 March 2026, R52 million (2025: R47 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 8.8% (2025: 7.0%) 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 2026 and the corresponding historical credit losses experienced over the period.

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 high cost base, driven by increasing salary costs, high 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 in the event of business failure. Large TMCs have a carrying amount of R177 million (2025: R165 million) and the group has raised a provision of R27 million (2025: R25 million) relating to large TMCs. As reflected in the loss allowance table for large TMCs and specifically identified debtors, the total expected loss rate has remained unchanged from the prior year. This can be attributed to the continued recovery in the travel and tourism industry in South Africa. There has been a marked improvement in sentiment with guests becoming more confident to travel as the year progressed.

Specifically identified debtors have a carrying value of R30 million (2025: R29 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.

On this basis, the loss allowance as at 31 March 2026 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 Hospitality debtors:					
Expected loss rate (%)	12.1	18.3	18.1	-	14.7
Gross carrying amount	164	40	1	2	207
Loss allowance	20	7	-	-	27
Other remaining South African debtors ¹ (excluding large TMCs and specifically identified debtors):					
Expected loss rate (%)	16.1	20.4	30.3	45.3	11.5
Gross carrying amount	100	13	5	5	123
Loss allowance	16	3	2	2	23

On this basis, the loss allowance as at 31 March 2025 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 Hospitality debtors:					
Expected loss rate (%)	11.3	18.6	19.9	13.2	14.7
Gross carrying amount	149	42	1	2	194
Loss allowance	17	8	-	-	25
Other remaining South African debtors ¹ (excluding large TMCs and specifically identified debtors):					
Expected loss rate (%)	14.2	21.1	29.9	41.8	11.5
Gross carrying amount	84	12	1	5	102
Loss allowance	12	2	-	2	16

¹ Includes small TMCs, sporting bodies, government departments and corporate accounts.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

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).

	2026 Rm	2025 Rm
Gross carrying amount	6	8
Loss allowance in respect of specific trade debtors	6	8

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 2026:					
Expected loss rate (%)	2.6	3.8	4.1	43.7	5.6
Gross carrying amount	18	2	1	1	22
Loss allowance	-	-	-	1	1
Offshore debtors 31 March 2025:					
Expected loss rate (%)	2.0	12.5	16.7	40.7	8.4
Gross carrying amount	14	1	1	3	19
Loss allowance	1	-	-	1	2

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:

	2026 Rm	2025 Rm
At 1 April	51	48
Provision for receivables impairment (note 11)	8	4
Impaired as non-collectable (note 11)	(2)	(1)
At 31 March	57	51

As at 31 March 2026, the stage 2 gross debtors amounted to R70 million (2025: R68 million). During the year, there were no stage 2 debtors written off as non-collectible (2025: Rnil). The group continues to pursue recovery of amounts previously written off where feasible. No provisions were utilised or reversed during the year (2025: Rnil).

Stage 3 gross debtors amounted to R6 million (2025: R8 million), of which R2 million (2025: R1 million) was written off as non-collectable during the year.

24. Trade and other receivables continued

24.6 Debtor loss allowance calculated under the provision matrix

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:

	2026 Rm	2025 Rm
SA Rand	572	485
US Dollar	9	9
Mozambican Metical	19	15
Tanzanian Shilling	4	3
Seychelles Rupee	8	7
Zambian Kwacha	9	8
United Arab Emirates Dirham	2	3
	623	530

Refer to note 28 for specific trade and other receivables balances held as security for external interest-bearing borrowings.

25. Cash and cash equivalents

Cash and cash equivalents measured at amortised cost

	2026 Rm	2025 Rm
Current accounts	519	224
Call and fixed deposit accounts	114	170
Cash	2	2
Cash and cash equivalents¹	635	396

Cash and cash equivalents are denominated in the following currencies:

	2026 Rm	2025 Rm
SA Rand	508	298
US Dollar	100	64
Euro	6	21
Tanzanian Shilling	1	2
Mozambican Metical	14	5
Seychelles Rupee	2	2
Zambian Kwacha	1	1
United Arab Emirates Dirham	3	3
	635	396

¹ There is a master netting arrangement in place; however, the gross positive cash balance of R635 million (2025: R396 million) and bank overdrafts of Rnil (2025: Rnil) do not qualify to be offset on the balance sheet.

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

	Number of ordinary shares '000	Ordinary share capital Rm	Treasury shares Rm	Total Rm
26. Ordinary share capital				
At 1 April 2024	1 336 690	4 694	–	4 694
Issue of shares on exercise of share options ¹	5 460	34	–	34
At 31 March 2025	1 342 150	4 728	–	4 728
Issue of shares on exercise of share options ¹	10 212	94	–	94
Purchase of treasury shares ²	(37 015)	–	(359)	(359)
Cancellation of shares ³	–	(79)	79	–
At 31 March 2026	1 315 348	4 743	(280)	4 463

¹ The group issued ten million (2025: five million) shares during the year to employees participating in the Southern Sun Share Appreciation Rights Plan.

² The group bought back 37 million (2025: 135 million) SSU shares at an average price of R9.60. These shares were cancelled and delisted subsequent to year end with effect from 23 April 2026.

³ The group cancelled nine million shares bought back during the year.

The total authorised number of ordinary shares is 2 000 000 000 (2025: 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 32) 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.

	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
27. Other reserves							
Balance at 1 April 2024	(52)	2 763	15	18	80	(921)	1 903
Currency translation adjustments	–	–	–	(32)	–	–	(32)
Share-based payments charge	–	–	–	–	27	–	27
Exercise of share appreciation rights	–	–	–	–	(61)	–	(61)
Derecognition of interest rate swap reserve	–	–	(15)	–	–	–	(15)
Balance at 31 March 2025	(52)	2 763	–	(14)	46	(921)	1 822
Currency translation adjustments	–	–	–	(104)	–	–	(104)
Share-based payments charge (note 10)	–	–	–	–	26	–	26
Exercise of share appreciation rights	–	–	–	–	(170)	–	(170)
Remeasurements of post-employment defined benefit liability	–	–	–	–	–	1	1
Balance at 31 March 2026	(52)	2 763	–	(118)	(98)	(920)	1 575

28. Interest-bearing borrowings

Borrowings are made up as follows:

Financial liabilities measured at amortised cost¹

Bank borrowings

	2026 Rm	2025 Rm
Bank borrowings	550	663
Less: Facility raising fees	550 (1)	663 (1)
	549	662
Analysed as:		
Non-current portion	200	453
Current portion	349	209
	549	662
Secured	549	662
Unsecured	-	-
	549	662
The following represents the carrying amount of the security for these borrowings:		
Property, plant and equipment (note 15) ²	6 689	6 585
Investment properties (note 17) ³	1 987	1 851
Pledge of cash in bank accounts (note 25)	395	87
Trade receivables (note 24)	123	108
	9 194	8 631
The carrying amounts of the group's borrowings are denominated in the following currencies:		
SA Rand	549	209
US Dollar ⁴	-	453
	549	662
The group has the following committed direct facilities excluding bank overdrafts (from banks and corporate bonds):		
Expiring within one year	349	209
Expiring beyond one year	200	453
	549	662
Undrawn facility of committed direct bank borrowings	1 450	1 790
Weighted average effective interest rates (including cash held in call accounts)	9.0%	9.1%

¹ Refer to note 42 relating to the terms of the interest-bearing borrowings.

² Includes properties owned by HPF 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).

³ 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.

⁴ The USD facility was repaid on 31 October 2025.

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 7.0% and 8.75% (2025: 8.8% and 10.1%). The fair value of long and medium-term loans using variable rates by US Dollar currency lenders was calculated using 8.5% in the prior year. All borrowings bear interest at floating rates.

The carrying amounts and fair values of the bank borrowings and corporate bonds are as follows:

	Carrying amount		Fair value	
	2026 Rm	2025 Rm	2026 Rm	2025 Rm
Bank borrowings	550	663	557	725
Total borrowings	550	663	557	725

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

	2026 Rm	2025 Rm
29. Lease liabilities commitments		
Opening balance	1 452	1 467
Finance costs (note 13)	142	134
Remeasurement of lease contract (note 16)	83	73
New leases raised (note 16) ¹	226	10
Lease payments	(270)	(228)
Derecognition	-	(4)
Closing net carrying amount	1 633	1 452
Lease liabilities		
Lease liabilities recognised in the balance sheet are analysed as:		
Non-current portion	1 466	1 308
Current portion	167	144
	1 633	1 452
Total cash flows in respect of leases:		
Principal portion of the lease liabilities (included in cash flows from financing activities)	128	94
Interest portion of the lease liabilities (included in finance costs cash flows)	142	134
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)	175	142
Total cash outflow for leases	445	370

¹ Following its selection as the successful bidder, the group signed a 50-year lease for Southern Sun Elangeni & Maharani with the eThekweni Municipality on 29 October 2025. The lease became effective on 1 January 2026, with no rent payable for the first three years. A right-of-use asset and corresponding lease liability of R226 million has been accounted for.

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, with the exception of the newly signed Elangeni & Maharani lease which is over a period of 50 years.

29.1 Rental adjustments

In the prior year, a lease remeasurement relating to the Sandton Consortium has been accounted for resulting in a right-of-use asset and corresponding lease liability of R73 million being recognised. In the current financial year the lease remeasurement amounted to R83 million.

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 R22 million (2025: R14 million). The same increase in revenue would increase total lease payment by approximately R2 million (2025: R1 million).

Variable lease payments are included in other operating expenses (refer to note 11).

29. Lease liabilities 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:

	2026 Rm	2025 Rm
Not later than one year	11	20
Later than one year and not later than five years ¹	4	18
Later than five years	-	-
	15	38

¹ The projected cash flows based on the maturing dates of the different lease commitments amount to R4 million (2025: R11 million) in year two, R3 million (2025: R7 million) in year three, R2 million (2025: R0.1 million) in year four and R1 million (2025: Rnil) in year five.

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.

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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 2026			
At 1 April 2025	25	(29)	(4)
Other post-employment benefits – medical aid	(1)	-	(1)
Expected return on plan assets	-	(3)	(3)
Expected benefit payments from plan assets	(3)	3	-
Interest expense	2	-	2
Remeasurement through SOCI	2	1	3
Gain from change in financial assumptions	2	-	2
Experience gains	-	1	1
At 31 March 2026	26	(28)	(2)
	Present value of obligation Rm	Fair value of plan assets Rm	Net asset Rm
Year ended 31 March 2025			
At 1 April 2024	24	(29)	(5)
Other post-employment benefits – medical aid	-	(1)	(1)
Expected return on plan assets	-	(4)	(4)
Expected benefit payments from plan assets	(3)	3	-
Interest expense	3	-	3
Remeasurement	1	1	2
Gain from change in financial assumptions	1	-	1
Experience gains	-	1	1
At 31 March 2025	25	(29)	(4)

The present value of the obligation is R26 million (2025: R25 million) and the fair value of the plan assets is R28 million (2025: R29 million).

The principal actuarial assumptions used for the valuation were:

	2026 %	2025 %
Discount rate	8.0	10.2
Healthcare cost inflation	5.0	6.0
Expected return on plan assets	8.0	10.2
Remuneration inflation	4.5	5.5

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 2026 and 2025.

The expected long-term rate of return on medical aid assets of 8.0% (2025: 10.2%) 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 8.0% (2025: 10.2%) 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 2026 (2025: Rnil).

The economic assumptions have been set based on the duration of the liability as at 31 March 2026, the duration of the liability as at 31 March 2026 is 7.6 years (2025: 7.3 years).

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:

	2026 Rm	2025 Rm
Upward movement		
Effect on the current service cost and interest cost	(2)	*
Effect on the post-retirement medical aid liability	2	(2)
Downward movement		
Effect on the current service cost and interest cost	2	*
Effect on the post-retirement medical aid liability	(2)	2

* Amount less than R1 million.

31. 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.

Deferred revenue is made up as follows:

Non-financial instruments

Deferred revenue – rooms and food and beverage revenue

	2026 Rm	2025 Rm
At 1 April	88	83
Created during the year	142	120
Forfeitures during the year	(40)	(36)
Utilised during the year	(87)	(79)
At 31 March	103	88
Less: Current portion	(70)	(59)
Non-current portion	33	29

The expected timing of the recognition of the deferred revenue is within two years (2025: two years).

	2027 Rm	2028 Rm	Total Rm
Revenue expected to be recognised in respect of deferred revenue as of 31 March 2026	70	33	103

	2026 Rm	2025 Rm
Revenue recognised that was included in the contract liability balance at the beginning of the period	87	79

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for the year ended 31 March

32. Long-Term Incentive Plans

The Southern Sun Share Appreciation Rights Plan 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 day before 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:

	2026	2025
Spot price (R)	8.55	5.05
Dividend yield (%)	0.0 – 5.0	0.0 – 5.0
Share price volatility (%)	25.3 – 45.2	25.3 – 32.9
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 R26 million (2025: R27 million) relating to the share appreciation rights for the 2026 financial year.

Set out below are summaries of options granted under the plan:

	2026 Number of options	2025 Number of options
As at 1 April	62 967 656	72 713 028
Granted during the year	7 890 289	13 156 588
Exercised during the year	(23 778 277)	(21 886 959)
Expired during the year	-	-
Forfeited during the year	-	(1 015 001)
As at 31 March	47 079 668	62 967 656
Vested and exercisable at 31 March	21 373 862	27 109 696

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 2026
13 January 2021	13 January 2027	1.49	3 200 000
14 January 2022	30 September 2027	3.03	9 907 897
1 April 2022	31 March 2028	3.34	1 648 039
1 April 2023	31 March 2027	4.50	11 571 875
1 April 2024	31 March 2028	5.08	10 915 740
1 October 2024	30 September 2028	7.71	1 945 828
1 April 2025	31 March 2029	8.30	6 174 403
1 October 2025	30 September 2029	8.55	1 715 886
			47 079 668

33. Provisions

Provisions are made up as follows:

At 1 April

Long-service awards	78	71
Short-term incentives	138	134
	216	205

Created during the year

Long-service awards	17	15
Short-term incentives	97	132
	114	147

Utilised during the year

Long-service awards	(8)	(8)
Short-term incentives	(124)	(128)
	(132)	(136)

At 31 March

Long-service awards	87	78
Short-term incentives	111	138
Total provisions	198	216
Less: Current portion	(121)	(147)
Non-current portion	77	69

33.1 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.

	2026 Rm	2025 Rm
Movement in unfunded obligation:		
Benefit obligation at 1 April	78	71
Interest cost	8	8
Service cost	5	5
Actuarial gain	4	2
Benefits paid	(8)	(8)
Obligation at 31 March	87	78
The amounts recognised in the income statement are as follows:		
Interest cost	8	8
Current service cost	5	5
Actuarial gain	4	2
	17	15

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

	2026 Rm	2025 Rm
33. Provisions continued		
33.1 Long-service awards continued		
The principal actuarial assumptions used for accounting purposes are:		
Discount rate (%)	7.8	9.9
Inflation rate (%)	3.3	4.6
Salary increase rate (%)	3.8	5.1
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	87	78
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 June 2026.

	2026 Rm	2025 Rm
34. Trade and other payables		
Financial instruments		
Trade and other payables	989	905
Trade payables	264	237
Accrued expenses	385	372
Advance deposits	193	150
Unallocated deposits	52	46
Capital expenditure payables	21	21
Other payables	74	79
Non-financial instruments	216	196
VAT payable	49	46
Leave pay liability	61	60
Payroll-related payables	106	90
	1 205	1 101

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:

	2026 Rm	2025 Rm
SA Rand	1 128	1 028
US Dollar	5	-
Mozambican Metical	36	37
Tanzanian Shilling	9	5
Kenyan Shilling	-	1
Seychelles Rupee	10	19
Zambian Kwacha	16	10
United Arab Emirates Dirham	1	1
	1 205	1 101

	2026 Rm	2025 Rm
35. Cash generated from operations		
Profit before income tax	1 685	1 442
<i>Adjusted for finance income and costs, share of profit of equity accounted entities, dividends received and non-cash movements:</i>		
Finance income	(34)	(57)
Finance costs	209	276
Share of profit of associates	(37)	(99)
Amortisation and depreciation	466	423
Impairment charge for bad and doubtful debts, net of reversals	6	3
Operating equipment usage	45	39
Movement in provisions	151	174
Long-term incentive expense	26	27
Loss/(profit) on disposal of property, plant and equipment	5	(1)
Fair value adjustment on investment properties	(75)	(105)
Net property, plant and equipment impairment reversal	37	129
Other non-cash moves and adjustments	(169)	2
Cash generated from operations before working capital movements	2 315	2 253
Working capital movements		
Increase in inventories	(9)	(1)
(Decrease)/increase in trade and other receivables	(5)	99
Decrease in payables and provisions	(29)	(277)
Cash generated from operations	2 272	2 074
	2026 Rm	2025 Rm
36. Income tax paid		
Net tax liability at 1 April	(24)	(20)
Current tax provided	(398)	(326)
Withholding tax	(5)	(2)
Currency translation	(8)	(2)
Net tax liability at 31 March	15	24
	(420)	(326)

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

37. Changes in liabilities arising from financing activities

37.1 Changes in interest-bearing borrowings arising from financial activities

Changes arising from financing activities for the year ended 31 March 2026 related to interest-bearing borrowings excluding bank overdrafts from short-term borrowings, are as follows:

	Non-current Rm	Current Rm	Total Rm
Year ended 31 March 2026			
Balance at 1 April 2025	453	209	662
Borrowings raised	480	1 439	1 919
Borrowings repaid	(500)	(1 506)	(2 006)
Currency translation	(17)	(9)	(26)
Reclassification to long-term borrowings (refinance of debt package)	220	(220)	-
Reclassification to short-term borrowings	(436)	436	-
Balance at 31 March 2026	200	349	549
Year ended 31 March 2025			
Balance at 1 April 2024	1 633	30	1 663
Borrowings raised	539	-	539
Borrowings repaid	(1 499)	(29)	(1 528)
Currency translation	(11)	(1)	(12)
Reclassification to short-term borrowings	(209)	209	-
Balance at 31 March 2025	453	209	662

Total cash outflow of R59 million (2025: R134 million) relating to finance costs has been included in the consolidated cash flow statement relating to interest-bearing borrowings.

Finance cost is settled quarterly and no interest was outstanding as at 31 March 2026.

37.2 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 2026			
Balance at 1 April 2025	1 308	144	1 452
New leases raised ¹	226	-	226
Transfer to current lease liability	(68)	68	-
Principal elements of lease payments	-	(128)	(128)
Remeasurement of lease contract	-	83	83
Balance at 31 March 2026	1 466	167	1 633
Year ended 31 March 2025			
Balance at 1 April 2024	1 368	99	1 467
New leases raised	10	-	10
Transfer to current lease liability	(70)	70	-
Principal elements of lease payments	-	(94)	(94)
Remeasurement of lease contract	-	73	73
Derecognition	-	(4)	(4)
Balance at 31 March 2025	1 308	144	1 452

¹ Following its selection as the successful bidder, the group signed a 50-year lease for Southern Sun Elangeni & Maharani with the eThekweni Municipality on 29 October 2025. The lease became effective on 1 January 2026, with no rental payable for the first three years. A right-of-use asset and corresponding lease liability of R226 million has been accounted for.

Total cash outflow of R142 million (2025: R134 million) relating to finance costs has been included in cash flows from operating activities.

A lease remeasurement relating to Sandton Consortium has been accounted for in the year resulting in a right-of-use asset and corresponding lease liability of R83 million (2025: R73 million) being recognised.

The Sandton Consortium hotels' fixed portion of the rental payment in-substance resets every year when the new budget for the year is approved and results in an annual remeasurement of the right-of-use asset and corresponding liability for the forthcoming year. Each remeasurement of the right-of-use asset is depreciated over the period to which it relates, i.e. annually.

38. Related parties

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.

	2026 Rm	2025 Rm
38.1 Transactions with related parties		
Management fees paid to Tsogo Sun Limited for shared services	-	(1)
Dividend received from associate – IHL Holdco (net of NRL taxes paid)	76	21
Dividend received from associate – RBH	15	11
Internal audit fees paid to GRiPP Advisory Proprietary Limited ¹	(7)	(8)
	84	23

¹ GRiPP Advisory Proprietary Limited ceased to be a related party during FY26 due to it no longer being a subsidiary of Hosken Consolidated Investments Limited.

38.2 Key management compensation

At the AGM scheduled for 15 September 2026, the remuneration and nomination committee will propose a 4.5% increase in non-executive directors' fees, in line with the average increase for executive directors, as approved at the committee meeting held on 19 May 2026 and subsequently endorsed by the board.

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:

38.2.1 Executive directors

	Year ended 31 March 2026					
	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	9 290	452	9 596	-	31 873	51 211
L McDonald	3 117	560	2 491	-	20 313	26 481
Total remuneration	12 407	1 012	12 087	-	52 186	77 692

	Year ended 31 March 2025					
	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	8 657	576	10 950	-	23 066	43 249
L McDonald	2 966	519	2 876	-	5 692	12 053
Total remuneration	11 623	1 095	13 826	-	28 758	55 302

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for the year ended 31 March

38. Related parties *continued*

38.2 Key management compensation *continued*

38.2.2 Executive directors' LTIs

Details of unexpired awards granted to executive directors and prescribed officers prior to 1 April 2026 are set out below:

Fair value of SARs – executive directors and prescribed officers

Name	Award date	SARs awarded and still outstanding 2025	Award price R	Strike price R	Fair value of SARs awarded R'000	Expiry date
MN von Aulock	14/01/2022*^	3 302 632	3.03	3.05	4 128	30/09/2027
	14/01/2022*	3 302 633	3.03	3.05	4 266	30/09/2027
	01/04/2023^	888 435	4.50	4.30	1 222	31/03/2027
	01/04/2024	1 180 080	5.08	5.05	1 891	31/03/2028
	01/10/2024	1 297 219	7.71	7.75	2 594	30/09/2028
	01/04/2025	356 215	8.30	8.42	1 018	31/03/2029
	01/10/2025	1 143 981	8.55	8.86	3 432	30/09/2029
L McDonald	14/01/2022*^	1 651 316	3.03	3.05	2 064	30/09/2027
	14/01/2022*	1 651 316	3.03	3.05	2 133	30/09/2027
	01/04/2022^	1 048 752	3.34	3.45	1 786	31/03/2027
	01/04/2023^	1 332 653	4.50	4.30	1 834	31/03/2027
	01/04/2024	885 060	5.08	5.05	1 419	31/03/2028
	01/10/2024	648 609	7.71	7.75	1 297	30/09/2028
	01/04/2025	474 953	8.30	8.42	1 357	31/03/2029
	01/10/2025	571 905	8.55	8.86	1 716	30/09/2029

* 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 2026 of R10.20 and the average SSU share price for the 12 months to 31 March 2026 of R9.38, SARs that have a dilutionary impact amounting to 27 million (40 million) shares 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.

39.2.3 Non-executive directors

Name	2026 Total directors' fees paid by the company R'000	2025 Total directors' fees paid by the company R'000
JA Copelyn	517	489
MH Ahmed	638	604
SC Gina	485	460
LM Molefi	500	475
JG Ngcobo	500	475
JR Nicoletta (Resigned 9 February 2026)	287	316
CC September	349	331
TG Govender (Appointed 9 February 2026)	48	-
	3 324	3 150

Fees are exclusive of VAT.

38.3 Contingencies, commitments and guarantees

There are no significant contingencies, commitments or guarantees on the group's related parties.

	2026 Rm	2025 Rm
39. Future capital expenditure		
<i>Authorised by directors but not yet contracted for:</i>		
Property, plant and equipment ¹	1 110	717
Investment property	101	127
Intangible assets: software	105	100
	1 316	944
<i>Authorised by directors and contracted for:</i>		
Property, plant and equipment	147	171
Intangible assets: software	10	4
	157	175

¹ Included in future capital expenditure in relation to the Southern Sun Elangeni & Maharani lease, is R510 million with R255 million to be spent during the rent-free period of three years. Refer to note 29.

The majority of the capital expenditure authorised by directors and contracted for relates to the activation of certain refurbishments.

40. 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 HPF. 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:

	2026 Rm	2025 Rm
Not later than one year	11	7
Later than one year and not later than five years	9	10
	20	17

41. Events occurring after the balance sheet date

41.1 Dividends

Having reviewed the group's working capital requirements and cash resources, the board has approved and declared a final dividend (number 3) of 30.00 cents per ordinary share (gross) (2025: 25.00 cents per ordinary share) in respect of the year ended 31 March 2026. The dividend will be subject to dividend tax. In accordance with paragraph 7.23 of the Johannesburg Stock Exchange (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 30.0000 (2025: 25.0000) cents per ordinary share for shareholders exempt from the dividend tax;
- The net local dividend amount is 24.0000 (2025: 20.0000) cents per ordinary share for shareholders liable to pay the dividend tax;
- The number of shares in issue at declaration date was 1 315 348 147 (2025: 1 342 936 721);
- The company's income tax reference number is 9878091140; and
- The dividend was paid on 15 June 2026.

41.2 Share repurchase programme

Between 23 April 2026 and 21 July 2026, the group bought back 14.0 million shares at an average price of R9.99 per share.

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for the year ended 31 March

42. Financial risk management

42.1 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.

(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.

42. Financial risk management continued

42.1 Financial risk factors continued

Risk management process continued

(a) Market risk continued

(i) Currency risk continued

The following significant exchange rates against the SA Rand applied during the year:

	Average rate		Reporting date closing rate	
	2026	2025	2026	2025
One US Dollar is equivalent to	17.33	18.26	17.05	18.34
One Euro is equivalent to	20.07	19.57	19.61	19.85

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 2025.

	2026 Rm	2025 Rm
Euro	(1)	(2)
Mozambican Metical	-	2
US Dollar	(10)	(7)
Great Britain Pound	-	(2)

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 long-term 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.

The group enters into interest rate swaps from time to time in order to maintain a level of exposure to interest rate variability that is in line with the group policy.

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.

Due to the declining interest rate, together with the settlement of external debt, the group has no active interest rate swap contracts.

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. The board specifically approves instances where the hedging profile is outside of these parameters taking into account overall debt levels and the remaining term to maturity of borrowings as well as market conditions. As at 31 March 2026 the group had no interest rate swaps.

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for the year ended 31 March

42. Financial risk management *continued*

42.1 Financial risk factors *continued*

Risk management process *continued*

(a) Market risk *continued*

(ii) Interest rate risk *continued*

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).

At 31 March, floating rate borrowings are linked/referenced to various rates, the carrying amounts of which are as follows:

	2026 Rm	2025 Rm
Linked to three-month ZARONIA ¹	550	210
Linked to three-month US Dollar SOFR ²	-	453
	550	663

¹ Following the refinancing of the group's debt facility package during December 2025, the senior facility agreement now includes measures to allow for the conversion of the base interest rate from JIBAR to ZARONIA. Since the credit adjustment spread was announced in January 2026, ZARONIA will be applicable for all quarterly interest payment periods beginning on April 2026.

² The loan was settled on 31 October 2025.

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:

	2026 Rm	2025 Rm
<i>Variable rate instruments</i>		
Financial assets (note 25)	(114)	(170)
Financial liabilities (note 28)	550	663
	436	493

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 R4 million (2025: R5 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis was performed on the same basis for 2025.

(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.

42. Financial risk management continued

42.1 Financial risk factors continued

Risk management process continued

(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.

(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 2026, the group had 73% (2025: 73%) 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.

	2026 Rm	2025 Rm
Debt at 1 April ¹	(663)	(1 666)
Net decrease in debt during the year	113	1 003
Debt at 31 March¹	(550)	(663)
Credit facilities ¹	2 000	2 453
Headroom available	1 450	1 790

¹ Excludes indirect facilities (letters of guarantees, forward exchange contracts and letters of credit), finance leases. Refer to note 42.1(c)(iii) for the detailed debt facility analysis.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

42. Financial risk management *continued*

42.1 Financial risk factors *continued*

Risk management process *continued*

(c) Liquidity risk *continued*

(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:

	2026 facility			2025 facility		
	Total Rm	Utilisation Rm	Available Rm	Total Rm	Utilisation Rm	Available Rm
Term facilities maturing 31 July 2026 ¹	-	-	-	453	453	-
General banking facility maturing on 8 December 2026	200	200	-	200	-	200
General banking facility maturing on 8 December 2025 ⁴	-	-	-	200	60	140
General banking facility maturing on 31 March 2027 ⁴	200	150	50	-	-	-
Revolving credit facility maturing on 8 December 2025 ²	-	-	-	600	150	450
Revolving credit facility maturing on 8 December 2025 ²	-	-	-	500	-	500
Revolving credit facility maturing on 30 September 2028 ²	600	200	400	-	-	-
Revolving credit facility maturing on 30 September 2028 ²	500	-	500	-	-	-
Revolving credit facility maturing on 8 December 2026 ³	-	-	-	500	-	500
Revolving credit facility maturing on 12 December 2030 ³	500	-	500	-	-	-
	2 000	550	1 450	2 453	663	1 790

¹ The loan was settled in full on 31 October 2025.

² Effective 30 September 2025 the facility was extended for two years with a settlement date of September 2027 with the option to extend for one more year to 30 September 2028.

³ In December 2025 the facility was extended for five years with a settlement date of 12 December 2030. In March 2026 the group converted the facility to a revolving credit facility maturing on 12 December 2030.

⁴ In March 2026 the maturity date was converted to be in line with the revolving credit facilities maturing date of March.

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 flows, inclusive of capital and interest:

	Less than 1 year Rm	Between 2 and 5 years Rm	Over 5 years Rm
At 31 March 2026			
Bank borrowings ¹	392	216	-
Lease liabilities	167	565	901
Trade and other payables	989	-	-
	1 548	781	901
At 31 March 2025			
Bank borrowings ¹	259	467	-
Lease liabilities	144	451	857
Trade and other payables	905	-	-
	1 308	918	857

¹ The projected cash flows based on the maturing dates of the different facilities amount to R216 million (2025: R467 million) in year two.

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.

42. Financial risk management continued

42.2 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	Fair value through profit and loss	Other financial liabilities at amortised cost	Not categorised as a financial instrument	Total	Non-current	Current
	Rm	Rm	Rm	Rm	Rm	Rm	Rm
At 31 March 2026							
Financial assets							
Non-current receivables	1	-	-	-	1	1	-
Trade and other receivables	405	135	-	83	623	-	623
Cash and cash equivalents	635	-	-	-	635	-	635
Financial liabilities							
Interest-bearing borrowings	-	-	549	-	549	200	349
Lease liabilities	-	-	1 633	-	1 633	1 466	167
Trade and other payables	-	-	989	-	989	-	989
At 31 March 2025							
Financial assets							
Non-current receivables	1	-	-	-	1	1	-
Trade and other receivables	345	119	-	66	530	-	530
Cash and cash equivalents	396	-	-	-	396	-	396
Financial liabilities							
Interest-bearing borrowings	-	-	662	-	662	453	209
Lease liabilities	-	-	1 452	-	1 452	1 308	144
Trade and other payables	-	-	905	-	905	-	905

43. 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 42.1(c)(i).

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

43. Capital risk management *continued*

Under the terms of the borrowing facilities, the group was required to comply with the following financial covenants:

43.1 Financial capacity and covenants

The group's strong cash conversion generated free cash flow of R909 million (2025: R952 million), after incurring capital expenditure of R600 million (2025: R450 million) including a total of R373 million (2025: R177 million) predominantly spent on major refurbishment projects at Southern Sun Waterfront, The Westin Cape Town, Southern Sun Sandton, Paradise Sun, Birchwood & OR Tambo Conference Centre, Southern Sun The Cullinan, Mount Grace Hotel & Spa (Mount Grace), Southern Sun Mbombela, Southern Sun Newlands and Southern Sun Rosebank. Since Southern Sun's separate listing in June 2019, a key objective has been to reduce USD-denominated debt and limit foreign exchange exposure. This milestone was achieved on 31 October 2025 when the group settled the USD loan balance of USD24.7 million.

The group was well within covenant requirements for the year ended 31 March 2026, achieving a leverage ratio (net debt to Ebitda) of 0.0 times (2025: 0.1 times) and an interest cover ratio of 30.0 times (2025: 12.5 times).

Based on current performance and management's forecast cash flows, there is no reason to believe that the group will not continue to meet covenant levels required by lenders being a leverage ratio less than 2.5 times and an interest cover ratio greater than 2.5 times.

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.

	2026 Rm	2025 Rm
Year ended 31 March		
Total borrowings (note 28)	549	662
Less: Cash and cash equivalents (note 25)	(635)	(396)
Net debt	(86)	266
Adjusted Ebitda (see below)	2 012	1 820
Net debt: Adjusted Ebitda (times)	-	0.1
Finance costs (note 13)	(209)	(276)
Adjusted for:		
Cash flow hedges reclassified to profit or loss (note 13)	-	(2)
IFRS 16 finance costs (note 13)	142	134
Adjusted finance costs	(67)	(144)
Interest cover (times)	30	12.5
Adjusted EBITDA		
Ebitdar pre-exceptionals (note 5)	2 433	2 169
Rentals paid – pre-IFRS 16	(421)	(349)
	2 012	1 820

44. Fair value estimation of financial instruments and investment property

Specific valuation techniques used to value financial instruments and investment property include:

- The Life Cell Reimbursive Asset is valued using quoted market prices or dealer quotes for similar instruments; and
- Discounted cash flow analysis is used to determine fair value of investment property.

44.1 Financial instruments in level 2

The fair value of the Life Cell Reimbursive Asset is remeasured 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 instrument (note 24), which are subject to enforceable master netting arrangements which are not offset due to offsetting requirements not being met as at 31 March:

	2026 Rm	2025 Rm
Trade and other receivables – Life Cell Reimbursive Asset	135	119
	135	119

44.2 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:

	2026 Rm	2025 Rm
Investment properties (note 17)	2 053	1 917
	2 053	1 917

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.

NOTES TO THE CONSOLIDATED ANNUAL FINANCIAL STATEMENTS *continued*

for the year ended 31 March

45. Subsidiaries having material non-controlling interests

The total non-controlling interests' share of (losses)/profits for the year and accumulated non-controlling interests are allocated as follows:

	Place of business	NCI's ownership as at 31 March		Share of profit/(loss) for the year 31 March		Accumulated non-controlling interests as at 31 March	
		2026 %	2025 %	2026 Rm	2025 Rm	2026 Rm	2025 Rm
Southern Sun (Mozambique) Limitada	Mozambique	13	13	(4)	(6)	(12)	1
Birchwood Propco Proprietary Limited ¹	South Africa	10	–	12	–	89	–
Other non-material non-controlling interests				6	4	(19)	(24)
				14	(2)	58	(23)

¹ The group sold a 10% stake in Birchwood Hotel & OR Tambo Conference Centre during the period for a consideration of R85 million, settled by R65 million in cash and R20 million funded by a loan.

Summarised financial information, before intergroup eliminations, for subsidiaries having material non-controlling interests is as follows:

	Southern Sun (Mozambique) Limitada		Birchwood Propco Proprietary Limited	
	2026 Rm	2025 Rm	2026 Rm	2025 Rm
Summarised balance sheets as at 31 March				
Non-current assets	736	812	909	–
Current assets	46	29	57	–
Total assets	782	841	966	–
Non-current liabilities	171	633	48	–
Current liabilities	111	98	–	–
Total liabilities	282	731	48	–
Net assets	500	110	918	–
Summarised income statements for the year ended 31 March				
Revenue	148	135	125	–
(Loss)/profit before income tax	(23)	(58)	157	–
Income tax credit/(expense)	–	10	(40)	–
(Loss)/profit for the year	(23)	(48)	117	–
Total comprehensive (loss)/profit	(23)	(48)	117	–
Summarised cash flows for the year ended 31 March				
Cash generated from operations	33	66	108	–
Finance costs paid	(17)	(36)	–	–
Dividends paid	–	–	(83)	–
Income tax paid	–	–	(29)	–
Net cash generated from operations	16	30	(4)	–
Net cash utilised in investment activities	–	–	(45)	–
Net cash (utilised)/generated in financing activities	(1)	(30)	50	–
Net increase in cash and cash equivalents	15	–	1	–
Foreign currency translation	–	(1)	–	–
Cash and cash equivalents at beginning of the year	8	9	–	–
Cash and cash equivalents at end of the year	23	8	1	–

46. Subsidiary companies

The following information relates to the company's financial interest in its principal subsidiaries:

Subsidiary	Issued share capital		Effective holding		Shares at cost net of impairment	
	2026 Rm	2025 Rm	2026 %	2025 %	2026 Rm	2025 Rm
Direct shareholding						
Southern Sun Investments Proprietary Limited	*	*	100	100	5 614	5 614
Southern Sun Hotel Interests Proprietary Limited	1 061	1 061	100	100	2 886	2 860
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	5 614	5 614
Southern Sun Africa	*	*	100	100	831	431
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	*	*
Birchwood Propco Proprietary Limited [#]	*	–	90	–	884	–
					17 861	16 551

* Amounts less than R1 million.

[#] The group sold a 10% stake in Birchwood Hotel & OR Tambo Conference Centre during the period for a consideration of R85 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 of 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.

47. 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 2026, the group had cash and cash equivalents of R635 million (2025: R396 million). The group has R549 million (2025: R663 million) of gross interest-bearing debt (excluding capitalised lease liabilities) and access to R1.5 billion (2025: R1.8 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 2026

Shareholder spread	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
1 – 1 000	18 067	87.68	1 309 272	0.10
1 001 – 10 000	1 540	7.47	5 688 083	0.42
10 001 – 100 000	622	3.02	20 763 699	1.55
100 001 – 1 000 000	274	1.33	88 457 750	6.58
Over 1 000 000	102	0.50	1 227 198 443	91.35
Total	20 605	100.00	1 343 417 247	100.00

Distribution of shareholders	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Assurance companies	19	0.09	13 376 220	1.00
Close corporations	21	0.10	616 809	0.05
Collective investment schemes	183	0.89	307 658 779	22.90
Control accounts	1	0.01	3	–
Custodians	20	0.10	1 527 768	0.11
Foundations and charitable funds	24	0.12	51 790 399	3.86
Hedge funds	27	0.13	61 158 091	4.55
Insurance companies	1	–	4 489 891	0.33
Investment partnerships	17	0.08	428 922	0.04
Managed funds	13	0.06	835 714	0.06
Medical aid funds	7	0.03	4 058 728	0.30
Organs of state	9	0.04	118 786 797	8.84
Private companies	151	0.73	621 910 355	46.29
Public companies	6	0.03	5 570 091	0.42
Retail shareholders	19 139	92.89	40 846 831	3.04
Retirement benefit funds	744	3.61	50 007 783	3.72
Scrip lending	6	0.03	14 902 385	1.11
Stockbrokers and nominees	26	0.13	29 855 488	2.22
Trusts	187	0.91	15 595 601	1.16
Unclaimed scrip	4	0.02	592	–
Total	20 605	100.00	1 343 417 247	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	15	0.07	633 082 278	47.12
>35% TIH Prefco Proprietary Limited and subsidiaries	3	0.01	604 508 966	45.00
Directors, associates and related parties*	12	0.06	28 573 312	2.12
Public shareholders	20 590	99.93	710 334 969	52.88
Total	20 605	100.00	1 343 417 247	100.00

* The holding of related parties amount to 4 032 SSU (0.00%).

Fund managers with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
Allan Gray	148 133 971	11.03
Public Investment Corporation	99 059 519	7.37
Steyn Capital Management	94 925 178	7.07
PSG Asset Management	56 207 765	4.18
Aylett & Co	45 082 312	3.36
Total	443 408 745	33.01

Beneficial shareholders with a holding greater than 3% of the issued shares	Number of shares	% of issued capital
TIH Prefco Proprietary Limited	554 037 186	41.24
Allan Gray	113 076 352	8.42
Government Employees Pension Fund	107 215 738	7.98
Steyn Capital	59 517 617	4.43
PSG Asset Management	56 182 878	4.18
HCI Foundation	48 618 289	3.62
Total	938 648 060	69.87

	Number of shareholdings
Total number of shareholdings	20 605
Total number of shares in issue	1 343 417 247

Share price performance

Opening price 1 April 2025	R8.31
Closing price 27 March 2026	R10.05
Closing high for period	R11.29
Closing low for period	R7.15
Number of shares in issue	1 343 417 247
Volume traded during period	247 514 139
Ratio of volume traded to shares issued (%)	18.42
Rand value traded during the period	R2 320 408 795
Market capitalisation at 27 March 2026	R13 501 343 332

	31 March 2026				31 March 2025			
	Direct beneficial	Indirect beneficial*	Associates	Total	Direct beneficial	Indirect beneficial*	Associates	Total
Executive directors								
MN von Aulock	1 317 498	10 409 831	-	11 727 329	-	9 860 933	-	9 860 933
L McDonald	1 684 446	260 187	-	1 944 633	476 799	260 188	-	736 987
Non-executive directors								
JA Copelyn	-	14 855 338	-	14 855 338	-	14 855 338	-	14 855 338
TG Govender^	41 980	-	-	41 980	-	-	-	-
JR Nicoletta^	-	-	-	-	-	-	59 479	59 479
Total	3 043 924	25 525 356	-	28 569 280	476 799	24 976 459	59 479	25 512 737

* Certain directors are nominees of HCI and they (or their associates) may have an indirect interest in Southern Sun as a result of those interests held in HCI.

^ JR Nicoletta resigned and TG Govender was appointed to the board effective 9 February 2026. JR Nicoletta's holding was excluded from directors' holdings at year end.

GLOSSARY AND KEY TERMS

TERM	DEFINITION
adjusted headline earnings	Headline earnings attributable to ordinary shareholders adjusted for exceptional items, being a non-IFRS performance measure used by the group to assess underlying financial performance
adjusted headline profit	Headline profit adjusted for exceptional items, being a non-IFRS performance measure used by the group to assess underlying financial performance
AFS	The audited consolidated annual financial statements of Southern Sun Limited for the year ended 31 March 2026
AGM	Annual general meeting
ARR	Average room rate
B-BBEE	Broad-Based Black Economic Empowerment
board	The board of directors of the company
capex	Capital expenditure
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CODM	Chief Operating Decision Maker
Companies Act	The Companies Act, 71 of 2008, as amended from time to time
company or Southern Sun	Southern Sun Limited (registration number 2002/006356/06), a public company incorporated and registered in accordance with the laws of South Africa and listed on the JSE
Company Secretary	The Company Secretary of Southern Sun Limited, namely Southern Sun Secretarial Services Proprietary Limited (registration number 1969/001208/07), represented by LR van Onselen
CPI	Consumer Price Index
CSI	Corporate social investment
directors	The directors of the company from time to time
Ebitdar	Earnings before interest, income tax, depreciation, amortisation, rent, share-based payment expense and exceptional items
group	Southern Sun Limited and its subsidiaries
HEPS	Headline earnings per share
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFRS Accounting Standards	IFRS Accounting Standards issued by the International Accounting Standards Board
JSE Listings Requirements	The Listings Requirements of the JSE, as amended from time to time
King V	The King Report on Corporate Governance™ for South Africa, 2025
LTI	Long-term incentive
Manco	The group's hotel management company operations
MOI	Memorandum of Incorporation of the company
NED	Non-executive director
ORMS	Organisational Resilience Management Standards
PPE	Property, plant and equipment
Rand or R	South African Rand, the lawful currency of the Republic of South Africa
RevPar	Revenue per available room
SAICA	South African Institute of Chartered Accountants
SAR	Share appreciation right
SENS	Stock Exchange News Service of the JSE
Shareholders	Holders of the company's ordinary shares from time to time
SSU	The company's JSE share code
SSU shares	Ordinary shares in the issued share capital of the company
STI	Short-term incentive
Subsidiary	A subsidiary as defined in the Companies Act
Transfer secretaries	JSE Investor Services Proprietary Limited
Treasury shares	Ordinary shares repurchased by the company and held by it or one of its subsidiaries in accordance with the Companies Act
USD	United States Dollar
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*# TG Govender* LM Molefi*#
JG Ngcobo*# CC September*#

* Non-executive

Independent

COMPANY SECRETARY

Southern Sun Secretarial Services Proprietary Limited
represented by LR van Onselen

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, Waterfall, 2090

Forward-looking statement(s)

The consolidated annual financial statements 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

LUXURY

54
ON BATH

BEVERLY HILLS

SANDTON
SUN & TOWERS

MOUNT GRACE
HOTEL & SPA

Arabella
HOTEL, GOLF & SPA

INTERCONTINENTAL
JOHANNESBURG O.R.TAMBO AIRPORT

Paradise Sun
prasilin seychelles

FULL SERVICE

Garden
Court

SUN
SQUARE

Southern Sun
RESORTS

Southern Sun
HOTELS

ECONOMY

stayeasy

SUN1

CONVENTION CENTRE

SANDTON
CONVENTION CENTRE



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)

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