COMMENTARY

The group delivered a strong performance in the 2026 financial year, with income increasing by 9% to R7.2 billion (2025: R6.6 billion). This was driven mainly by robust domestic trading, with South African operations up 10% to R6.8 billion (2025: R6.2 billion). The strong local performance was partly offset by a 4% decline in offshore income to R377 million (2025: R393 million), reflecting the temporary closure of Paradise Sun for refurbishment in the first half of the year as well as challenging trading conditions in Mozambique and Tanzania.

South African hotels achieved occupancy of 64.3% (2025: 61.9%) and a 5% increase in average room rates (ARR) to R1 505 (2025: R1 429), lifting rooms revenue to R4.6 billion (2025: R4.2 billion). Demand was supported by Meetings, Conventions, Incentives and Events (MICE), as well as corporate and leisure foreign inbound travel, particularly in Gauteng and the Western Cape.

Trading strengthened materially in the second half, underpinned by strong demand across all segments and regions, including the G20 Summit in Gauteng and improved transient demand in SA. Government and corporate conferencing demand increased in KwaZulu-Natal, which delivered the group's largest income growth outside the Sandton Consortium properties (which were assisted by the reopening of the Sandton Towers and the G20 conference). This performance is largely attributable to the local government's focus on safety and security, together with active destination marketing that positions the region as an attractive year-round destination.

Offshore occupancy was 39.5% (2025: 40.5%), including Paradise Sun at 0% for the closed period. ARRs remained under pressure due to the Rand strengthening, declining by 15% to R2 066 (2025: R2 434). Offshore rooms revenue therefore decreased by 8% to R233 million (2025: R253 million). A marginal improvement in trading levels in Mozambique together with the successful relaunch of Paradise Sun drove offshore performance in the second half of the year.

Positive momentum has since been interrupted by the Middle East war. A meaningful portion of airlift into the Seychelles originates from the Middle East and has reduced materially since the conflict began on 28 February 2026. In Mozambique, fuel and US dollar (USD) shortages have stifled demand. To date, the group has not experienced a material adverse impact on its South African operations, but the impact of increased fuel costs on the SA economy going forward is uncertain.

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

For the year ended 31 March	**2026**	2025	Change
Occupancy (%)	**62.9**	60.8	2.1pp
Average room rate (R)	**1 525**	1 463	4%
RevPar (R)*	**959**	890	8%
Rooms available ('000)	**5 078**	5 050	
Rooms sold ('000)	**3 194**	3 071	
Rooms revenue (Rm)	**4 870**	4 493	8%
frequentGuest loyalty expense (Rm)	**(94)**	(79)	
Rooms revenue per the income statement (Rm)	**4 776**	4 414	8%

** RevPar – revenue per available room.*

Trading momentum increased in the second half of the year, with broad-based improvements across all regions underpinned by major international conferences and events including the G20 in Gauteng and improved transient demand in South Africa. Offshore hotels benefited in the second half of the year with the successful reopening of Paradise Sun, which experienced strong demand until the impact of the Middle East war in March 2026 and marginal improvements in trading in Mozambique.

Food and beverage income increased by 9% to R1.7 billion (2025: R1.6 billion), slightly ahead of RevPar growth as breakfast allocations were increased. Property rental income grew by 8% to R294 million (2025: R272 million), while other income rose by 14% to R377 million (2025: R330 million), reflecting improved trading across ancillary services.

Employee costs remained well controlled, increasing by 4% to R1.7 billion (2025: R1.6 billion) which mainly comprises an above-inflation increase in salaries offset by a reduced short-term incentive charge for FY26 compared to FY25. The group nevertheless faced operating cost pressures, primarily in information technology, property and channel costs. As a result, total operating expenses increased by 8% to R3.1 billion (2025: R2.8 billion). This included a 22% (R20 million) increase in information technology costs linked to SAP S/4 HANA upgrade licensing fees, a 9% (R56 million) increase in property costs driven by electricity tariff hikes, water outages and higher municipal rates and taxes, and a 27% (R33 million) rise in channel costs, mainly online travel agent (OTA) commissions.

Despite these headwinds, South African Ebitdar increased by 13% to R2.4 billion (2025: R2.1 billion), underscoring the resilience of the domestic portfolio. By contrast, offshore operations generated Ebitdar of R46 million (2025: R51 million). Consequently, group Ebitdar increased by 12% to R2.4 billion (2025: R2.2 billion), with the margin improving to 34% (2025: 33%).

Property and equipment rental expenses amounted to R175 million (2025: R142 million), representing the variable portion of lease payments. Excluding the impact of IFRS 16, cash rent for the year rose to R421 million from R349 million in the prior year. This increase reflects the strong performance of the Sandton Consortium properties, which hosted the B20 conference in November 2025, as well as the impact of Sandton Towers having been closed in the prior year for refurbishment. The R42 million increase in the IFRS 16 rental adjustment mainly reflects the remeasurement of Sandton Consortium leases as at 31 March 2025 (refer to note 5.2 for details).

Amortisation and depreciation increased to R466 million (2025: R423 million), including R181 million (2025: R139 million) relating to capitalised leases. Excluding this component, amortisation and depreciation was in line with the prior year at R285 million (2025: R284 million), largely due to an increase in the residual value of the group's hotel buildings. The higher IFRS 16 depreciation charge largely relates to remeasurement of the Sandton Consortium right-of-use asset, which is depreciated over the period to which it relates, i.e. annually.

Net exceptional gains for the year amounted to R33 million (2025 loss: R36 million). These relate to a net impairment of property, plant and equipment of R37 million (2025: R129 million), net of fair value gains on investment properties of R75 million (2025: R105 million) and losses on disposal of property, plant and equipment of R5 million (2025: profit of R1 million). Impairments recognised against property, plant and equipment include the write-down of refurbishment capital expenditure at the Radisson Blu Gautrain Hotel, undertaken to refresh the product and support average room rate growth; an impairment at Southern Sun Pretoria due to a decline in corporate and government conferencing demand in the central Tswane node; and a further impairment at The Edward hotel in Durban for similar reasons.

Net finance costs declined to R175 million (2025: R219 million), reflecting lower debt levels and improved cash management. Excluding the IFRS 16 component, net finance costs declined by 61% to R33 million (2025: R85 million).

The share of profit from associates amounted to R37 million (2025: R99 million) and includes the group's share of exceptional gains of R4 million (2025: R29 million), largely arising from fair value adjustments on investment properties and interest rate derivatives at associate level. Excluding these exceptional items, the contribution from the group's UK investments decreased from R38 million to R33 million for the year ended 31 March 2026. This decrease reflects the smaller IHL portfolio following the recent property disposals, offset by improved trading and profitability in the RBH Hospitality Management portfolio due to the cost restructure undertaken during the year. Dividends received from associates totalled R91 million (2025: R32 million), of which R76 million related to the group's share of proceeds from the disposal of three Travelodge hotels owned by IHL.

The strong performance of the South African portfolio, together with the successful relaunch of Paradise Sun and disciplined cost control, cash management and debt reduction, resulted in a 19% increase in adjusted headline earnings to R1.2 billion (2025: R1.0 billion). Share buybacks of 9 million shares during the first six months of the year offset shares issued to employees under the Southern Sun Share Appreciation Rights Plan, leaving weighted average shares unchanged and resulting in a 19% increase in adjusted headline earnings per share (AHEPS) to 90.1 cents (2025: 75.6 cents).

The group acquired 28 million shares during March 2026 which had limited impact on the weighted average number of shares in issue in FY26 but the benefit will reflect in future periods. A total of 37 million shares were acquired during the 2026 financial year at a cost of R359 million, representing an average purchase price of R9.60 per share. A further 4.0 million shares were acquired subsequent to year end.

Review of operations

Sandton Consortium

This segment comprises Sandton Sun and Towers, Garden Court Sandton City, and management fees from the Sandton Convention Centre. Income increased by 21% to R801 million (2025: R663 million), while Ebitdar grew to R276 million (2025: R211 million), underpinned by strong conferencing demand, including the G20 and B20 conferences, and the reopening of Sandton Towers following its refurbishment.

Western Cape

Income increased by 7% to R2.5 billion (2025: R2.3 billion), while Ebitdar rose by 9% to R1.1 billion (2025: R1.0 billion), contributing 47% to group Ebitdar. Cape Town hotels benefited from strong foreign inbound travel and largescale events, including the G20 and international conferences hosted at the Cape Town International Convention Centre. The group's channel strategy and effective use of OTAs have been particularly successful in this region, supporting higher volumes and improved ARRs during off-peak periods.

Gauteng

Despite a challenging first half of the financial year, characterised by cost overruns from water outages and subdued trading at Birchwood Hotel & OR Tambo Conference Centre (Birchwood) in September due to weaker conferencing demand and public holiday disruptions, trading rebounded in the second half. Income from Gauteng increased by 7% to R1.7 billion (2025: R1.6 billion), while Ebitdar rose by 9% to R534 million (2025: R491 million). Strong MICE demand, spearheaded by the G20 Summit across the region, including the Sandton, Rosebank and Airport nodes, underpinned this performance. In addition, the refurbishments of Southern Sun Rosebank and Southern Sun Sandton contributed positively, with the enhanced product driving volume and rate upside.

KwaZulu-Natal

Income increased by 13% to R1.1 billion (2025: R997 million), while Ebitdar rose by 15% to R284 million (2025: R247 million), driven by stronger corporate and government conferencing demand alongside robust domestic leisure travel. Trading improved progressively over the year, supported by increased event activity and better demand across both midweek and peak leisure periods. Durban beachfront hotels continue to be highly reliant on consistent MICE demand, and the group is actively collaborating with Durban Tourism and the Convention Bureau to unlock further opportunities.

Following its selection as the successful bidder, the group signed a 50-year lease for Southern Sun Elangeni & Maharani with the eThekwini Municipality on 29 October 2025. The lease became effective on 1 January 2026, with no rental payable for the first three years. The group's total capital commitment in relation to the lease is R510 million with R255 million to be spent during the rent-free period of three years. The group has recognised a right-of-use asset and corresponding lease liability of R226 million in relation to this lease.

Other

This segment comprises Mpumalanga, the Eastern Cape, Kimberley, Bloemfontein and Polokwane. Income increased by 9% to R755 million (2025: R695 million), while Ebitdar rose by 12% to R209 million (2025: R186 million). Trading performance improved notably in the second half of the year, supported by increased demand from G20-related conferences and sporting events. This uplift drove stronger occupancy and improved operating leverage across the regional portfolio, particularly during peak event periods.

Offshore

Offshore operations weighed on group performance, with income declining by 4% to R377 million (2025: R393 million) and Ebitdar decreasing by 10% to R46 million (2025: R51 million). Trading improved in the second half of the year. The refurbishment at Paradise Sun was well received by the market, with the hotel achieving occupancy of 64.7%, compared to 59.9% in the comparable pre-refurbishment period.

In Mozambique, both Maputo hotels delivered a solid fourth quarter, underpinned by improved occupancies, particularly at Southern Sun Maputo. Demand benefited from SANDF and Portuguese military deployments supporting flood relief efforts in northern Mozambique.

Business sentiment in Zambia, particularly in Lusaka, is increasingly optimistic, driven by stronger consumer demand and a recovering corporate sector which has led to an increase in transient travel demand. As a result, Southern Sun Ridgeway delivered a strong performance, with Ebitdar increasing by 15% year-on-year.

Trading at Southern Sun Dar es Salaam in Tanzania has been subdued since reopening in October 2024, and this trend has continued into the current financial year. Performance was adversely affected by political unrest surrounding the country's October 2025 presidential elections, which significantly disrupted the city's role as Tanzania's economic hub.

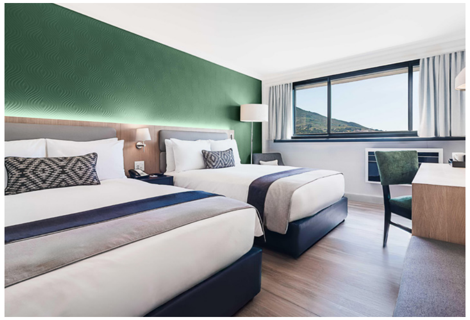
Manco

The Manco segment is an unallocated cost centre, and income for this segment reflects the net impact of the frequentGuest loyalty rewards programme.

Funding capacity and capital allocation

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.

Paradise Sun



Southern Sun Newlands

Southern Sun Mbombela

Mount Grace Hotel & Spa

Radisson Blu Gautrain Hotel

Dividend payments to shareholders and minorities of R344 million (2025: R168 million) and share buybacks of R359 million (2025: Rnil) were made, partially offset by dividend inflows from UK associates of R91 million (2025: R32 million) and proceeds of R65 million from the sale of a 10% minority stake in Birchwood. Consequently, the group ended the 2026 financial year in a net cash position of R86 million, compared to a net debt position of R266 million at the end of the 2025 financial year.

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.

Going concern

The reviewed condensed 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. Refer to note 10 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.

Prospects

The group continues to prioritise targeted refurbishments and disciplined expansion to capture demand in structurally attractive, high-growth markets. During the year, capital investment focused on key projects including Paradise Sun, Southern Sun Newlands, Southern Sun The Cullinan, Southern Sun Mbombela, Mount Grace, and Birchwood, resulting in a cumulative 652 upgraded bedrooms for the year. While selected projects may be deferred in response to trading conditions or regional market dynamics to preserve cash, the group remains committed to advancing initiatives in markets demonstrating sustained demand and favourable long-term growth prospects.

COMMENTARY *continued*

In parallel, the group is actively pursuing expansion opportunities in the Western Cape and KwaZulu-Natal. In Cape Town, progress continues on a proposed joint venture to develop two landmark mixed-use properties in the Foreshore precinct. In KwaZulu-Natal, the group is participating in the Southern Sun Hotels & Residences Oceans uMhlanga development through a management contract and equity investment, while planning and design work for the redevelopment and expansion of the Beverly Hills hotel is progressing.

A medium-term recovery in group occupancies towards long-term averages presents meaningful upside potential along with rate growth, supported by policy initiatives aimed at stimulating economic growth. However, the Middle East war poses risks to South Africa's fragile economic recovery, with rising oil prices placing upward pressure on food and travel costs, driving inflation and constraining disposable income and broader macroeconomic growth. These factors increase the likelihood that interest rates remain higher for longer, with associated risks to consumer and investor confidence.

Against this backdrop, the group remains well positioned to withstand a potential downturn. A strong balance sheet supports the funding of development initiatives through existing facilities and operational cash flows. This financial flexibility preserves optionality for shareholder returns, including opportunistic share buybacks or special dividends, while maintaining resilience through the cycle.

Dividend

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 paragraph 7.23 of the JSE Listings Requirements the following additional information is disclosed:

- The dividend has been declared out of distributable reserves;
- The local dividend tax rate is 20% (twenty per centum);
- The gross local dividend amount is 30.00000 cents per ordinary share for shareholders exempt from the dividend tax;
- The net local dividend amount is 24.00000 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; and
- The company's income tax reference number is 9878091140.

Important dates relating to the dividend payment are set out below:

Last date to trade cum dividend	Tuesday, 9 June 2026
Shares commence trading ex-dividend	Wednesday, 10 June 2026
Record date	Friday, 12 June 2026
Payment of dividend	Monday, 15 June 2026

Presentation

Shareholders are advised that a presentation on the financial results for the year ended 31 March 2026 will be held on Wednesday, 20 May 2026 at 10:00 via Microsoft Teams, and those wishing to join can find the link to the presentation on the company's website at **www.southernsun.com/investors**.

Marcel von Aulock
Chief Executive Officer

Laurelle McDonald
Chief Financial Officer

20 May 2026

SOUTHERN SUN LIMITED
INDEPENDENT AUDITOR'S REVIEW REPORT ON CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Southern Sun Limited

We have reviewed the condensed consolidated financial statements of Southern Sun Limited included on pages 8 to 27, which comprise the condensed consolidated balance sheet as at 31 March 2026 and the condensed consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and selected explanatory notes.

Directors' Responsibility for the Condensed Consolidated Financial Statements

The directors are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for condensed consolidated financial statements, as set out in note 1 to the condensed financial statements, 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 condensed financial statements that are free from material misstatement, whether due to fraud or error.

The Listings Requirements require condensed consolidated financial statements to be prepared in accordance with the framework concepts and the measurement and recognition requirements of IFRS Accounting Standards as issued by the International Accounting Standards Board, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, and Financial Pronouncements as issued by Financial Reporting Standards Council and also contain the information required by International Accounting Standard (IAS) 34, Interim Financial Reporting.

Auditor's Responsibility

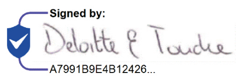
Our responsibility is to express a conclusion on these condensed consolidated financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical information performed by the independent auditor of the entity. ISRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. This standard also requires us to comply with relevant ethical requirements.

A review of condensed consolidated financial statements in accordance with ISRE 2410 is a limited assurance engagement. We perform procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluate the evidence obtained.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on these condensed financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements of Southern Sun Limited for the year ended 31 March 2026 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for condensed financial statements, as set out in note 1 to the condensed consolidated financial statements, and the requirements of the Companies Act of South Africa.



Deloitte & Touche
Registered Auditor
Per: Dr Dirk Steyn
Partner
20 May 2026

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