Commentary

The results for the 2021 financial year, clearly reflect the devastating impact that Covid-19 and the accompanying lockdown regulations have had and continue to have on the hospitality industry in general and our group in particular. Since the group last reported in November 2020, there had been encouraging signs of a slow recovery in trading following the move to level 1 of the national lockdown and the group currently having 86% of its hotel portfolio open. The lifting of the international travel ban, subject to strict health and safety protocols, as announced by President Ramaphosa on 11 November 2020 was a positive step towards reviving the South African tourism sector.

However, thereafter on 29 December 2020, government announced the move to adjusted level 3 of the national lockdown in response to the country’s second wave of Covid-19 infections. The closure of beaches and the alcohol ban that accompanied the lockdown are particularly detrimental to the hospitality industry as they negatively impact guests’ willingness to travel, which is reflected by the decline in the number of rooms sold in January 2021 (refer to the table below). To exacerbate matters, the negative publicity around the South African variant of the Covid-19 virus resulted in South Africa being added to the travel ban “red” list of many of the group’s key source markets including Germany, the United Kingdom, France and the United States of America. This has meant that recovery in the international and corporate travel markets is likely to take longer than originally anticipated, particularly if there is a third wave of infections or further delays in the vaccine rollout locally. As a result, the group’s Sandton and Cape regions are expected to experience muted trading for the short to medium term with corporates only expected to lift travel restrictions and return to their offices in July 2021 depending on the timing and severity of a possible third wave and the success of the vaccine rollout, while for the Western Cape we see a potential recovery in international business in the summer of 2021/2022. The balance of the regions in which the group operates are expected to continue to be supported by the domestic leisure, government and sports segments.

### South African system-wide portfolio – trend in sale of rooms

<table>
<thead>
<tr>
<th>Lockdown</th>
<th>June Level 3</th>
<th>July Level 3</th>
<th>August Level 3/2</th>
<th>September Level 2/1</th>
<th>October Level 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total rooms – system-wide FY21</td>
<td>9 687</td>
<td>20 117</td>
<td>33 710</td>
<td>66 268</td>
<td>88 370</td>
</tr>
<tr>
<td>Total rooms – system-wide FY20</td>
<td>251 186</td>
<td>262 886</td>
<td>263 352</td>
<td>288 360</td>
<td>286 017</td>
</tr>
<tr>
<td>% of prior year</td>
<td>4%</td>
<td>8%</td>
<td>13%</td>
<td>23%</td>
<td>31%</td>
</tr>
</tbody>
</table>
Management’s phased reopening of its portfolio as lockdown levels eased over the year saw leisure hotels opening earlier to cater for demand for both intra- and inter-provincial travel. In addition, outlying hotels that traditionally cater to government and corporate groups traded better in the second half of the year. The table below reflects the number of rooms sold system-wide (owned and managed hotels) in the South African portfolio on a monthly basis. This data excludes Covid-19-related contractual business relating to quarantine or isolation hotels during April and May 2020.

The limitations on international travel and conferencing, along with the potential third wave of infection mean that the group will largely be reliant on the domestic leisure and sport segments over the coming months. The announcement that the British and Irish Lions rugby tour would proceed in South Africa during July 2021 came as welcome good news. While it is unclear whether spectators will be able to travel without onerous quarantine requirements or whether they will be allowed into stadiums, the group should benefit from being an accommodation provider to the event with each hotel acting as a designated bio-bubble for teams, support staff and the media. A successful tour should assist in alleviating some of the reputational damage caused by the negative publicity around the South African strain of Covid-19 and re-establish the country as an attractive tourist destination.

### Covid-19 status and action plan

The success of the group’s Covid-19 response during the initial level 5 lockdown period meant that it was well placed to respond quickly to the second wave of infections and the more stringent restrictions. Drawing on its ability to deactivate and reactivate hotels in a short space of time, the group was able to capitalise on any potential business while keeping costs to a minimum. Throughout the year in the midst of the changing circumstances, the group has remained in close communication with its lenders, employees, trading partners, suppliers, tenants and landlords in order to arrive at mutually sustainable operating solutions in these extraordinarily difficult times.

The group’s Covid-19 action plan to reduce costs and preserve cash is set out below:

- **Reduction of payroll burden:** The group understands that this is an extremely stressful time for employees and is committed to engaging with them openly and honestly. The group continually communicated with all management and staff, sharing the severe impact that Covid-19 and the national state of disaster had, and continues to have, on the business. The UIF TERS (“Temporary Employer/...
Employee Relief Scheme”) has been of great assistance in alleviating the cash flow burden on both the company and its employees while hotels have been closed or operating at low occupancy levels. The group has processed R127 million in grants over the year, however with this assistance coming to an end and given the expected extended period of depressed trading, especially in the face of a potential third wave of infections, the temporary layoff structure originally implemented in March 2020 remains in place today with further distinction made between employees at operating and closed hotels since then. As a consequence of the financial strain experienced by both the company and its employees, the group’s headcount has permanently reduced by 1 361 positions either through retrenchment, resignation, dismissal or retirement.

- Rent relief: The group has received rental concessions from its various landlords and while terms varied, these mainly involved discounts in rent due for FY21. With effect from 1 April 2021, many of these affected leases have reverted to their agreed payment terms. Refer to note 9 for further information.

- Suppliers: During level 5 lockdown, the group negotiated reduced or extended payment terms with major suppliers, particularly those providing fixed-cost services such as security and lift maintenance. As hotels have begun operating and trading restrictions have eased many of these arrangements have now ceased, however, management continues to negotiate early settlement discounts or delaying spend where possible.

- Health and safety protocols: With our culture of prioritising customer health and safety, the group was well placed to comply with these regulations and worked closely with government and the Tourism Business Council of South Africa to develop the health and safety protocols for the tourism industry as a whole. Since the group is already highly compliant in this area, the implementation of these protocols has not required material capex spend. The group also has a number of health protocols and control measures to safeguard our employees. Tsogo Sun Hotels’ digital learning platform provides Covid-19 modules that employees can access remotely to stay informed.

Review of operations
Total income for the year ended 31 March 2021 of R1.2 billion (2020: R4.5 billion) ended 74% below the prior year with a 79% and 75% decline in hotel rooms’ revenue and food and beverage revenue respectively. The R279 million reduction in property rental income to R52 million for the year (2020: R331 million) partially reflects the impact of rental concessions granted by Hospitality Property Fund Limited (“Hospitality” or “HPF”) to third-party tenants during April and May 2020, together with variable rental credits as a result of the losses incurred by these third-party tenants. In addition, seven Hospitality hotel properties previously recognised as investment
properties generating rental income were transferred to owner-occupied property, plant and equipment either as a consequence of hotel management being assumed by Tsogo Sun Hotels, or the acquisition of the operating companies by Hospitality. In both instances, refer to the “Corporate actions” section for further details. Hospitality’s income statement now includes R38 million in hotel income and an Ebitdar (earnings before interest, taxation, depreciation, amortisation and rent) loss of R24 million relating to trading at the Radisson Blu Gautrain and the Westin. Trading relating to the Arabella Hotel, Golf and Spa, the Mount Grace Hotel and Spa, the Hazyview Sun, The Edward and Southern Sun The Marine are included in the internally managed segment disclosed in the segmental analysis on page 31.

Other income declined by R41 million to end the year on R249 million (2020: R290 million) and comprised a R50 million decline in external management fee income offset by contracted Covid-19-related income of R125 million relating to hotels used as quarantine and isolation facilities as well as the Premier Soccer League bio-bubble.

Trading for the group’s South African hotels for the year recorded system-wide (including owned and managed hotels but excluding externally managed hotels) revenue per available room (“RevPar”) 81% down on the prior year at R132 (2020: R690) due to a 9% decrease in average room rates to R1 006 (2020: R1 105) and a 49.2 percentage points (‘pp”) decline in occupancies from the prior period to 13.2% (2020: 62.4%). Occupancy for the year is expressed as a percentage of total rooms available irrespective of whether the hotel traded or not.

The management activities of the South African hotels, net of group corporate office costs (including Hospitality’s central costs), incurred Ebitdar losses of R27 million (2020 profit: R154 million) for the year. This performance results from a R199 million decrease in internal and external management fee income due to the impact of Covid-19 and the release of loyalty programme forfeitures in the prior period of R36 million offset by central office cost savings largely related to payroll.

Rental income (net of costs) from investment properties of R27 million (2020: R310 million) declined by R283 million from the prior year. Excluding the performance of the seven hotels which transferred to owner-occupied property, plant and equipment during the year, rental income for the remaining six investment properties declined by R135 million to R3 million (2020: R138 million). This is largely due to the portfolio’s weighting towards the Cape Town and Gauteng markets and reliance on the international, corporate and government segments as well as conferencing, all of which suffered under the Covid-19 restrictions during the first half of the year and continue to experience muted trading following the second wave of infections.
Following Hospitality’s acquisition of controlling interests in associates (refer to “Corporate actions”) which operate the Westin and Radisson Blu Gautrain hotels, a new segment has been introduced (“Trading income – HPF”) which reflects the trading performance of these hotels. Post acquisition, this segment generated revenue of R38 million (2020: Rnil) and Ebitdar losses of R24 million (2020: Rnil).

Overall, revenue for the internally managed South African hotel portfolio owned and leased by the group closed the year at R904 million (2020: R3.5 billion). All regions were severely affected by the impact of Covid-19 with the inland region recording the largest decline at R1.0 billion (excluding the performance of the Sandton Consortium hotels, revenue for the inland region declined by R879 million), followed by the Western Cape region at R882 million and finally, the KwaZulu-Natal region declining by R574 million on the prior year. The Other segment fared slightly better with revenue declining by R131 million from the prior year and posting an Ebitdar profit of R17 million. The Sun1 portfolio achieved some success in securing Covid-19 isolation business due to their smaller size and affordable price point which allowed corporates to secure entire hotels for isolation and screening purposes. Resort hotels also traded relatively better due to their more leisure-focused offering, benefiting from domestic clientele unable to travel overseas. The internally managed segment recorded Ebitdar losses of R131 million (2020 profit: R787 million) for the year ended 31 March 2021. This performance includes Ebitdar relating to the Sandton Consortium hotels (included in group trading since 1 November 2019) of Rnil (2020: R45 million) following the concessions applicable to these leases until trading normalises as well as total Ebitdar losses of R23 million (2020: Rnil) relating to the Arabella Hotel, Golf and Spa, the Mount Grace Hotel and Spa, the Hazyview Sun, The Edward and Southern Sun The Marine.

Total income for the offshore division of hotels of R135 million (2020: R569 million) for the year largely relates to the Southern Sun Maputo, Mozambique which was the only owned hotel in the offshore portfolio that traded throughout the lockdown period. Southern Sun Ikoyi, Nigeria and Southern Sun Ridgeway, Zambia commenced trading in September 2020, however, trading has been stifled in both regions. In Nigeria, the violent protests in Lagos negatively impacted trading, post the initial opening but the hotel does benefit from a loyal domestic market and Nigerian's unable to holiday internationally chose Southern Sun Ikoyi as their leisure destination. Zambia is reliant on corporate travel from South Africa and given the restrictions on international travel over the year, trading at the Southern Sun Ridgeway remained muted. In response, expenses have been tightly controlled and the hotel's breakeven occupancy has reduced to 20%. The balance of the owned offshore portfolio including StayEasy Maputo, Southern Sun Dar es Salaam, Tanzania and Paradise Sun, Seychelles remain closed and management continues to monitor demand levels for signs of reactivation. The offshore division incurred Ebitdar losses of R22 million (2020 profit: R101 million).
Combined South African and offshore hotel trading statistics, excluding hotels managed on behalf of third-party owners and those leased by third parties in Hospitality, are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Occupancy (%)*</td>
<td>12.2</td>
<td>59.3</td>
</tr>
<tr>
<td>Average room rate (R)</td>
<td>1 019</td>
<td>1 090</td>
</tr>
<tr>
<td>RevPar (R)</td>
<td>124</td>
<td>647</td>
</tr>
<tr>
<td>Rooms available ('000)^</td>
<td>4 769</td>
<td>4 314</td>
</tr>
<tr>
<td>Rooms sold ('000)</td>
<td>582</td>
<td>2 560</td>
</tr>
<tr>
<td>Rooms revenue (Rm)</td>
<td>593</td>
<td>2 791</td>
</tr>
</tbody>
</table>

* Occupancy for the year is expressed as a percentage of total rooms available irrespective of whether the hotel traded or not.

^ The increase in rooms available relates to the transfer of five HPF properties to internally managed, inclusion of the Westin and Radisson Blu Gautrain as part of the group’s owned portfolio as well as the inclusion of the Sandton Consortium hotels for a full year compared to five months in FY20.

Property and equipment rental income of R9 million (2020 expense: R97 million) include IFRS 16 rent concessions of R39 million whereby the group elected to apply the practical expedient as allowed by IFRS 16 (2020: nil). Excluding the IFRS 16 adjustments, the group incurred cash rent of R106 million in the current year compared to R210 million in the prior year.

Amortisation and depreciation at R407 million (2020: R348 million) increased by R59 million from the prior year which includes IFRS 16 adjustments of R78 million (2020: R59 million) as well as depreciation of R27 million (2020: nil) on the seven investment properties in Hospitality that were transferred to owner-occupied property, plant and equipment during the year.

The long-term incentive expense in the income statement on the equity-settled share incentive scheme of R14 million declined by R3 million compared to R17 million in 2020. The variance on the prior year is as a result of forfeitures relating to participants who have left the group’s employ during the year. On 13 January 2021, the group awarded 27 million share appreciation rights to 99 employees in terms of the equity-settled share appreciation scheme.

Exceptional losses for the period of R80 million (2020 loss: R1.7 billion) relate mainly to the profit on sale of the group’s 50% investment in United Resorts and Hotel Limited which owns the Maia Luxury Resort and Spa (“Maia”) of R355 million (2020: Rnil), offset by fair value losses on the revaluation of externally managed investment properties in Hospitality of R99 million (2020: R888 million), property, plant and equipment impairments of hotels in South Africa and offshore totalling R237 million (2020: R716 million), restructuring costs of R36 million (2020: R40 million) which includes retrenchment costs relating to the operational restructuring of the group in response to the impact of Covid-19, goodwill impairment on the acquisition of associates by Hospitality of R30 million (2020: Rnil) (refer to “Corporate actions”), as well as the impairment of the group’s investments in UK-based associates RBH Hotels UK Limited (“RBH”) and International Hotel Properties Limited (“IHL”) of R15 million in aggregate (2020: R17 million impairment of RBH).
The second wave of Covid-19 infections and the delay in vaccination rollouts both locally and globally are clear indications that recovery in the group’s trading to pre-Covid-levels will extend beyond FY22 and into FY23. The majority of the quantum of the current year impairments are due to management’s downward revision of cash flow forecasts in FY23 to reflect the sustained negative impact of Covid-19 and increased in-country risk assessments that have had a material impact on discount rates applied to the group’s hotels in African territories. For further analysis, refer to notes 3 and 4.

Net finance costs of R346 million (2020: R360 million) include IFRS 16 adjustments of R128 million (2020: R101 million) and excluding this impact, have declined by R41 million due to reduced offshore debt balances following the sale of Maia as well as the reduction in interest rates.

The share of loss of associates and joint ventures of R128 million (2020 loss: R3 million) increased by R125 million mainly due to the group’s share of fair value losses on investment properties owned by IHL of R100 million (2020: fair value loss of R41 million). In addition, the group’s share of trading losses (excluding exceptional items) of R25 million declined by R64 million from the prior year profit of R39 million. This performance is directly related to the impact of Covid-19 and the lockdowns instituted in the UK, the most recent of which is in response to the second wave of infections.

The income tax credit for the year of R148 million (2020 expense: R96 million) includes a net deferred tax expense of R89 million recognised due to Hospitality ceasing to be a REIT and resuming wear and tear claims on its assets. Deferred tax assets amounting to R297 million have been recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Losses attributable to non-controlling interests of R86 million (2020 loss: R329 million) relate mainly to losses incurred by Hospitality prior to Tsogo Sun Hotels’ successful acquisition of all the Hospitality shares reducing non-controlling interests from 40.8% to nil as at 31 March 2021. This transaction is addressed in further detail under “Corporate actions”. Non-controlling interests absorbed none of the fair value adjustments or impairments recognised in the current year while R362 million of the R888 million fair value adjustment in the prior year was attributed to non-controlling interests.

Group adjusted headline losses for the period at R633 million (2020 profit: R278 million) increased by R911 million. The adjustments include the reversal of the post-tax and non-controlling interest impacts of the exceptional losses noted above. The weighted average number of shares in issue increased as a result of the acquisition of all Hospitality shares in issue in exchange for 417 million shares in Tsogo Sun Hotels and the resultant adjusted headline loss per share recorded is 51.4 cents (2020 earnings: 26.2 cents).
Cash utilised in operations for the year of R394 million (2020 generated from operations: R623 million) comprises trading income and debtors’ receipts offset by employee costs (including termination benefits) of R556 million, utilities and property rates of R299 million, other operating costs of R485 million, net finance costs (cash excluding IFRS 16) of R218 million, tax paid of R42 million and property rent of R106 million. Cash flows generated from investment activities of R422 million (2020 utilised in: R537 million) consisted mainly of the proceeds on the disposal of Maia net of capital expenditure of R63 million group-wide.

Interest-bearing debt net of cash at 31 March 2021 totalled R3.1 billion, which is R183 million below the 31 March 2020 balance of R3.3 billion. It comprises free cash outflow of R446 million to fund operations, finance costs, taxation and maintenance capex during the Covid-19 lockdown period, offset by the proceeds from the sale of Maia of R467 million and a currency translation gain of R175 million which was recognised on the US Dollar-denominated loans.

**Funding capacity and covenants**

The group’s liquidity and access to facilities are of paramount importance and as previously reported, the group has received covenant waivers from all its lenders for the minimum covenant requirements (leverage and interest cover ratios) as at 30 September 2020 and 31 March 2021 respectively. Revised covenants were introduced at Tsogo Sun Hotels level which establishes a maximum rolling 12-month negative Ebitda (Earnings before interest, income tax, depreciation, amortisation, IFRS 16 rent adjustments, long-term incentives and exceptional items) level. This Ebitda threshold excludes the Covid-19 interventions undertaken by the group as discussed earlier. In addition, a minimum liquidity level of R500 million is required which includes available facilities and cash on hand. An event of default will occur if both the Ebitda and liquidity covenants are breached in one of the measurement periods or the Ebitda covenant is breached for two consecutive measurement periods. These covenants were introduced and measured quarterly at December 2020 and March 2021 and the group comfortably met the minimum Ebitda and liquidity thresholds on both occasions. At Hospitality level, lenders have introduced a minimum liquidity covenant of R125 million including available facilities and cash on hand. Similarly, Hospitality has met these minimum liquidity requirements.

The lenders to both Tsogo Sun Hotels and Hospitality have been very supportive of the group during this challenging period and have approved the covenant waivers for September 2021 on the basis that the rolling negative Ebitdar threshold be reduced to between R533 million (June 2021 measurement period), R453 million (September 2021 measurement period) and R412 million (December 2021 measurement period) and that revised covenants continue to be measured on a quarterly basis. The terms of the revised waiver relating to an event of default remain the same as described above.
In order to assess asset fair values, impairments and the group’s ability to continue as a going concern, management prepared detailed five-year cash flow forecasts (for further detail refer to note 3 “Basis of preparation of cash flow forecasts” as well as the “Going concern” section). Based on the Covid-19 interventions (refer to “Covid-19 status and action plan”) already implemented and the forecasts which indicate some recovery in the corporate, conferencing and international segments in the summer of 2021/2022 once the vaccine rollout has stabilised and any potential third wave of Covid-19 infections has passed, management believes that the company should meet these revised covenant levels.

The group extended its R600 million facility, of which R100 million was utilised at 31 March 2021, to 30 June 2022. Terms have also been agreed with lenders to refinance the US$25 million Mozambican facilities (R385 million) expiring within the next 12 months for a further five years. The approval from the Mozambican Central Bank is still outstanding and expected to be received within the next three months. The loan has been disclosed as a current liability in the balance sheet.

Global Credit Ratings downgraded Hospitality’s long and short-term credit rating to BBB:\textsuperscript{−}(ZA)/A3:\textsuperscript{−}(ZA) respectively. Concurrently, the ratings assigned to the Senior Secured Notes issued by Hospitality have been downgraded to A:\textsuperscript{−}(ZA/EL) from A:\textsuperscript{+}(ZA/EL). The outlook on all the ratings has been maintained on Rating Watch Negative. The downgrade to Hospitality reflects the uncertain operating environment in which it operates, with its income severely reduced due to the economic impact of the Covid-19 pandemic.

**Corporate actions**

**Maia**

On 13 July 2020, the group announced the sale of its 50% interest in the Maia Luxury Resort and Spa for aggregate proceeds of US$27.8 million or R467 million. The group’s intention since the listing has been to reduce the US Dollar-denominated interest-bearing debt. Covid-19 has limited the group’s ability to apply cash resources towards the settlement of this debt. The proceeds from the sale of this hotel assists in achieving this objective.

**Investment property in Hospitality**

Five of Hospitality’s properties were vacated by Marriott during the year, being the Arabella Hotel, Golf & Spa, Hazyview Sun, The Edward, Mount Grace Hotel & Spa and Southern Sun The Marine. The Mount Grace Hotel & Spa successfully reopened its doors on 9 September 2020 under a management agreement with Tsogo Sun Hotels, and similarly, Hazyview Sun, together with the iconic The Edward hotel in Durban, reopened their doors under Tsogo Sun Hotels’ management during December 2020. On 31 January 2021, the lease agreement over the Marine hotel expired and the hotel was re-branded as a Southern Sun and is now internally managed.
On 1 October 2020, Hospitality entered into a sale-of-shares agreement with the previous controlling shareholders of Vexicure Proprietary Limited (“Vexicure”) for no consideration. Hospitality previously held 5% of the issued shares of Vexicure and has increased its shareholding to 85%. Vexicure is the tenant company for the Westin hotel in Cape Town.

On 1 November 2020, Hospitality also entered into a sale-of-shares agreement with the previous controlling shareholders of Ash Brook Investments 72 Proprietary Limited (“Ash Brook”) for no consideration. Hospitality previously held 15% of the issued shares of Ash Brook and has increased its shareholding to 100%. Ash Brook is the tenant company for the Radisson Blu Gautrain hotel in Sandton.

**Hospitality**

As announced on SENS on 11 March 2021, the group successfully acquired 100% of Hospitality’s (“HPB”) ordinary shares in issue in exchange for the issue of 417 million Tsogo Sun Hotels’ (“TGO”) shares at an exchange ratio of 1.77 TGO shares for every 1 HPB share held. Hospitality has subsequently ceased trading on the JSE, no longer operates as a Real Estate Investment Trust (“REIT”) and has adopted Tsogo Sun Hotels’ governance framework.

This transaction was structured as a share-for-share transaction to preserve cash resources in order to withstand the impact of Covid-19 and similarly, its completion has eliminated the pressure for Hospitality to declare pre-tax cash distributions in order to retain its REIT status and will allow the group to focus on rebuilding the balance sheet by reducing debt in the short to medium term.

**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 the other measures the group has taken or plans to take as detailed above, 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 2021, the group has net cash and cash equivalents of R407 million (March 2020: R722 million). The group has R3.5 billion (March 2020: R4.0 billion) of interest-bearing debt (excluding capitalised lease liabilities) and access to R1.5 billion in undrawn facilities to meet its obligations as they become due.

In preparing the cash flow forecasts utilised to assess going concern, the impact of the Covid-19 pandemic on the group’s operations and liquidity was considered. Refer to the “Basis of preparation of cash flow forecasts” section in note 3 for further details.
Given the uncertainty around trading levels, management incorporated a 10% revenue contingency into the forecasts. This contingency cannot be attributed to any division but has been incorporated at group level in order to stress test the group’s going concern assumption. Even after incorporating this contingency, the group is able to meet its debt obligations.

The board of directors of the company (“directors”) has assessed the cash flow forecasts together with the other actions taken or proposed by management and is of the view that the group has sufficient liquidity to meet its obligations and to counteract the expected losses that may result from the Covid-19 impact on the group’s operations in the next financial year.

Prospects
Given the pace of the vaccine rollout and the resurgence of new waves of infections globally it is clear that the recovery of the hospitality industry will be long and slow. Substantial permanent cost savings have been achieved through the restructure of operations at head office and unit level. This process began before Covid-19 but was accelerated by the pandemic. The group continues to focus on cash preservation and liquidity to continue trading through the pandemic and to protect the livelihoods of the many stakeholders who depend on Tsogo Sun Hotels – from our employees and suppliers to our communities and investors.

Dividend
Given the anticipated extended period of reduced revenue, the directors considered it prudent to retain cash resources in order to ensure that the group is able to navigate this difficult period until trading normalises. Accordingly, the directors have not declared a final cash dividend for the year ended 31 March 2021.

Events occurring after balance sheet date
Refer to note 13 for details of events occurring after balance sheet date. None of the matters noted are adjusting events.

Presentation
Shareholders are advised that a presentation to analysts and investors which provides additional analysis will be available on the group’s website at www.tsogosun.com/investors/results-presentations in due course. Any questions on the presentation can be e-mailed to companysecretaryTGO@tsogosun.com.

M von Aulock  
Chief Executive Officer  
27 May 2021

L McDonald  
Chief Financial Officer
To the Shareholders of Tsogo Sun Hotels Limited

We have reviewed the condensed consolidated financial statements of Tsogo Sun Hotels Limited, set out on pages 12 to 32 of the provisional report, which comprise the condensed consolidated balance sheet as at 31 March 2021 and the related condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated 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 provisional reports, as set out in note 1 to the 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express a conclusion on these financial statements. We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, which applies to a review of historical financial 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 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 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 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 Tsogo Sun Hotels Limited for the year ended 31 March 2021 are not prepared, in all material respects, in accordance with the requirements of the JSE Limited Listings Requirements for provisional reports, as set out in note 1 to the financial statements, and the requirements of the Companies Act of South Africa.

PricewaterhouseCoopers Inc.
Director: Pietro Calicchio
Registered Auditor
Johannesburg
27 May 2021