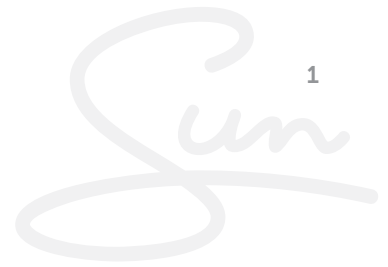




*Sun* International

2019  
ANNUAL STATUTORY REPORT





# LETTER FROM THE CHAIRMAN

Sun International  
6 Sandown Valley Crescent  
Sandton  
2146

26 March 2020

Dear Shareholder

## **SUN INTERNATIONAL LIMITED ["SUN INTERNATIONAL"] ANNUAL GENERAL MEETING: TUESDAY, 12 MAY 2020**

On behalf of the board of directors of Sun International, I take pleasure in presenting to you Sun International's Annual Statutory Report, which incorporates, among others, a notice of annual general meeting and a remuneration report in respect of the 2019 financial year. Sun International's 36<sup>th</sup> annual general meeting will be held at 09:00 on Tuesday, 12 May 2020 at The Maslow Hotel, Corner Grayston Drive and Rivonia Road, Sandton.

Given the Coronavirus pandemic, which is spreading across South Africa, Sun International recognises the importance of maintaining its individual stakeholders' health and safety during these uncertain times. Accordingly, we will, subject to the requirements set out in Sun International's memorandum of incorporation and in the notice of annual general meeting, make provision for our shareholders and/or their proxies to participate in the annual general meeting by way of electronic communication. For further details in this regard, please refer to the Sun International notice of annual general meeting which accompanies this letter. If you do not intend attending the annual general meeting in person, please arrange to vote by proxy in accordance with the instructions on the form of proxy.

As a general principle, the board recognises the importance of its shareholders' participation at the annual general meeting. This is an opportunity for shareholders to engage with the board and management in discussions relating to items included in the notice of annual general meeting. In addition, the chairmen of board-appointed committees, senior members of management, as well as the external auditor and head of internal audit will be present to respond to any questions from shareholders. However, the annual general meeting, which takes place at The Maslow Hotel will take cognisance of the recent Regulations issued in terms of Section 27(2) of the Disaster Management Act, 2002. Furthermore, Sun International continues to implement the necessary measures to stop the spread of Coronavirus. This includes enforcing social distancing and maintaining recommended hygiene practices at its premises.

The notice of annual general meeting and explanatory notes, which accompany this letter, set out the effects of all proposed resolutions included in the notice. In addition to the foregoing Sun International's audited annual financial statements are available on the company's website at [www.suninternational.com/investors](http://www.suninternational.com/investors) or available on request from [andrew.johnston@suninternational.com](mailto:andrew.johnston@suninternational.com)

I look forward to your participation in the meeting.

Yours faithfully

**Mr JA Mabuza**  
*Independent Non-Executive Chairman*

# NOTICE OF ANNUAL GENERAL MEETING

Incorporated in the Republic of South Africa  
 (Registration number 1967/007528/06)  
 (Share code: SUI) ISIN: ZAE000097580  
 LEI: 378900835F180983C60  
 ("Sun International" or "the company")

Notice is hereby given to shareholders recorded in the company's securities register on Friday, 20 March 2020, that the 36th annual general meeting of the shareholders of Sun International will be held at The Maslow Hotel, Corner of Grayston Drive and Rivonia Road, Sandton, Johannesburg, on Tuesday, 12 May 2020 at 09:00 (South African Time), to (i) deal with such business as may lawfully be dealt with at the meeting and (ii) consider and, if deemed fit, pass, with or without modification, the ordinary and special resolutions set out hereunder in the manner required by the Companies Act, No. 71 of 2008, as amended ('the Act'), as read with the Listings Requirements of the JSE Limited ('JSE Listings Requirements') on which exchange the company's ordinary shares are listed, which meeting is to be participated in and voted at by shareholders as at the record date of Thursday, 30 April 2020. The last day to trade in order to be eligible to attend and vote at the annual general meeting is Friday, 24 April 2020.

**Kindly note that in terms of section 63(1) of the Act, meeting participants (including shareholders and proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, driver's licences and passports.**

When reading the resolutions below, please refer to the explanatory notes for the ordinary and special resolutions which accompany this notice convening the annual general meeting.

## 1. Presentation of annual financial statements for the year ended 31 December 2019

The consolidated audited annual financial statements of the company and its subsidiaries (as approved by the board of directors of the company), incorporating the external auditor, audit committee and directors' reports for the year ended 31 December 2019, are presented to shareholders.

The audited summary group financial statements accompanying this notice of annual general meeting are set out in Annexure "A" hereto. The complete audited consolidated annual financial statements for the year ended 31 December 2019 are set out on the company's website at [www.suninternational.com/investors](http://www.suninternational.com/investors).

### ORDINARY RESOLUTIONS

## 2. Ordinary resolutions numbers 1.1 to 1.2: Election of directors

"Resolved that the following directors of the company, who being eligible, have offered themselves for election are elected by separate resolutions and each by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy in terms of articles 25.5 and 25.17 of the company's memorandum of incorporation".

- 1.1 Ms S N Mabaso-Koyana
- 1.2 Mr TR Ngara"

A brief biography in respect of Ms Mabaso-Koyana and Mr Ngara's proposed elections are set out in Annexure "B" hereto.

## 3. Ordinary resolutions numbers 2.1 to 2.5: Re-election of directors

"Resolved that the following directors of the company, who, being eligible, have offered themselves for re-election, are re-elected by separate resolutions, and each by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, in terms of articles 25.6.1 and 25.17 of the company's memorandum of incorporation:

- 2.1 Mr PD Bacon
- 2.2 Mr EAMMG Cibie
- 2.3 Mr GW Dempster
- 2.4 Ms CM Henry
- 2.5 Ms BLM Makgabo-Fiskerstrand"

Brief biographies in respect of each director offering himself/herself for re-election are set out in Annexure "B" hereto.

## 4. Ordinary resolution number 3: Re-Appointment of external auditor

"Resolved that, upon the recommendation of the current Sun International audit committee, PricewaterhouseCoopers Incorporated ("PWC") is re-appointed as the independent registered auditor of the company (to report on the financial year ending 31 December 2020) until the conclusion of the next annual general meeting, with Mr J Potgieter as the designated individual auditor."



## 5. Ordinary resolutions numbers 4.1 to 4.4: Election of audit committee members

"Resolved that the following independent non-executive directors are elected as members of the Sun International audit committee, in terms of section 94(2) of the Act, by separate resolutions and each by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, with effect from the end of this annual general meeting:

- 4.1 Mr PD Bacon\*
- 4.2 Mr EAMMG Cibie\*
- 4.3 Ms CM Henry\*
- 4.4 Ms ZP Zatu"

*\* Subject to their re-election as directors pursuant to ordinary resolutions numbers 2.1, 2.2, and 2.4 respectively.*

Brief biographies in respect of those independent non-executive directors offering themselves for election as members of the Sun International audit committee are set out in Annexure "B" hereto and in the report of the Sun International audit committee contained on the company's website at [www.suninternational.com/investors](http://www.suninternational.com/investors).

## 6. Ordinary resolution number 5: Endorsement of Sun International group remuneration policy

"Resolved, by way of a non-binding advisory vote, that the Sun International group remuneration policy (excluding the remuneration of the non-executive directors and the members of statutory and board committees for their services as directors and members of committees), as set out in Part 2 of the company's remuneration report on pages 44 to 52 of Annexure "C" hereto, is endorsed".

## 7. Ordinary resolution number 6: Endorsement of implementation of Sun International group remuneration policy

"Resolved, by way of a non-binding advisory vote, that the implementation of the Sun International group remuneration policy, details of which are set out in the company's remuneration report for the year ended 31 December 2019 (excluding the remuneration of the non-executive directors and the members of statutory and board committees for their services as directors and members of committees), as set out in Part 3 of the company's remuneration report on pages 53 to 64 of Annexure "C" hereto, is endorsed".

## 8. Ordinary resolution number 7: Ratification relating to personal financial interest arising from multiple offices in the Sun International group

"Resolved that any resolutions or agreements of executive directors and prescribed officers of the company in contravention of Section 75 of the Act are hereby ratified, but only to the extent that the relevant resolutions or agreements fell within the ambit of Section 75 of the Act as a result of the deeming of the relevant executive director and/or prescribed officer as a "related person" to another company in the Sun International group, of which the relevant executive director and/or prescribed officer is also a director or prescribed officer".

### SPECIAL RESOLUTIONS

## 9. Special resolution number 1: General authority to acquire (repurchase) ordinary shares

"Resolved that the company and/or any subsidiary of the company is hereby authorised, by way of a general authority, from time to time, to acquire ordinary shares in the share capital of the company from any person in accordance with the requirements of article 40 of Sun International's memorandum of incorporation, the Act and the JSE Listings Requirements, from time to time, provided that:

- any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system, subject to the approval of the JSE, where necessary, and done without any prior understanding or arrangement with the counterparty (reported trades are prohibited);
- this general authority shall be valid until the earlier of the company's next annual general meeting or the variation or revocation of such general authority by special resolution at any subsequent general meeting of the company, provided that it shall not extend beyond 15 months from the date of passing of this special resolution number 1;
- an announcement containing full details of such acquisitions will be published as soon as the company or any of its subsidiaries shall have acquired ordinary shares constituting, on a cumulative basis, not less than 3% of the number of ordinary shares in issue as at the date of this approval and for each subsequent acquisition constituting, on a cumulative basis, not less than 3% in aggregate of the number of ordinary shares in issue as at the date of this approval, in compliance with paragraph 11.27 of the JSE Listings Requirements;
- acquisitions of ordinary shares in aggregate in any one financial year may not exceed 5% of the company's issued ordinary share capital, as at 31 December 2019;
- ordinary shares may not be acquired at a price greater than 10% above the weighted average of the market value at which such ordinary shares are traded on the JSE as determined over the five business days immediately preceding the date of acquisition of such ordinary shares;
- the company has been given authority by its memorandum of incorporation;



## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

- a resolution is passed by the board of directors that it has authorised the acquisition, that the company and its subsidiaries will pass the solvency and liquidity test immediately after the acquisition and that from the time that the test is done, there are no material changes to the financial position of the company or the group;
- at any point in time, the company and/or its subsidiaries may only appoint one agent to effect any such acquisition;
- the company and/or its subsidiaries may not acquire any ordinary shares during a prohibited period, as defined in the JSE Listings Requirements, unless a repurchase programme is in place, where dates and quantities of the shares to be traded during the prohibited period are fixed and full details of the programme have been submitted to the JSE in writing, prior to the commencement of the prohibited period;
- the company's subsidiaries shall not be entitled to acquire ordinary shares issued by the company if the acquisition of the shares will result in them holding, on a cumulative basis, more than 10% of the number of ordinary shares in issue in the company; and
- no voting rights attached to the ordinary shares acquired by the company's subsidiaries may be exercised while the shares are held by them and they remain subsidiaries of the company."

### 10. Special resolution number 2: Remuneration of non-executive chairman

"Resolved that, in terms of article 28.1 of the company's memorandum of incorporation, the remuneration payable, with effect from 1 July 2020, to Sun International's non-executive chairman for his services as a director and chairman of the company, be set as follows:

<b>Remuneration payable to non-executive chairman*</b>	<b>Proposed annual composite fee R±</b>
Sun International chairman	3 150 000

\* Directors fees are exclusive of value added tax ("VAT"), which will be payable to those non-executive directors who are registered for VAT and who submit a valid VAT invoice to the company in accordance with prevailing legislation.

± The Chairman's remuneration is based on an all inclusive fee. This includes his remuneration for serving on the Board of Sun International, as well as his remuneration for acting as a member of the various board committees. The proposed fee set out in this resolution represents a 5% increase on the non-executive chairman's annual composite fee, which was approved by shareholders at the annual general meeting held on 14 May 2019.

### 11. Special resolution number 3: Remuneration of lead independent director

"Resolved that, in terms of article 28.1 of the company's memorandum of incorporation, the remuneration payable, with effect from 1 July 2020, to Sun International's lead independent director for his services as lead independent director of the company, be set as follows:

<b>Remuneration payable to lead independent director**</b>	<b>Proposed annual fee R</b>
Sun International lead independent director	520 800

1 The remuneration payable to the lead independent director is in substitution for the board fee payable to other non-executive directors.

\* Directors fees are exclusive of value added tax ("VAT"), which will be payable to those non-executive directors who are registered for VAT and who submit a valid VAT invoice to the company in accordance with prevailing legislation. The proposed fee set out in this resolution represents a 5% increase on the lead independent director's fees, which were approved by shareholders at the annual general meeting held on 14 May 2019.

### 12. Special resolution number 4: Remuneration of non-executive directors

"Resolved that, in terms of article 28.1 of the company's memorandum of incorporation, the remuneration payable, with effect from 1 July 2020, to Sun International's non-executive directors for their services as non-executives directors of the company, be set as follows:

<b>Remuneration payable to non-executive directors for their services as directors*</b>	<b>Proposed annual fee R</b>
Sun International non-executive directors	338 100

\* Directors fees are exclusive of value added tax ("VAT"), which will be payable to those non-executive directors who are registered for VAT and who submit a valid VAT invoice to the company in accordance with prevailing legislation. The proposed fee set out in this resolution represents a 5% increase on the director's fees, which were approved by shareholders at the annual general meeting held on 14 May 2019. This increase will align the non-executive directors' fees with the median of the market.



### 13. Special resolutions numbers 5.1 to 5.12: Remuneration payable to non-executive directors participating in statutory and board committees

"Resolved that, in terms of article 28.1 of the company's memorandum of incorporation, the remuneration payable, with effect from 1 July 2020, to the Sun International non-executive directors who participate in the company's statutory and board committees, be set in accordance with the separate special resolutions set out below numbered 5.1 to 5.12 (inclusive):

Special Resolution Numbers	Remuneration payable to non-executive directors for participating in statutory and board committees <sup>†</sup>	Proposed annual fees R
5.1	Sun International audit committee chairman	281 885
5.2	Sun International audit committee member	133 403
5.3	Sun International remuneration committee chairman	160 083
5.4	Sun International remuneration committee member	88 137
5.5	Sun International risk committee chairman	182 243
5.6	Sun International risk committee member	104 144
5.7	Sun International nomination committee chairman	117 747
5.8	Sun International nomination committee member	81 480
5.9	Sun International social and ethics committee chairman	141 671
5.10	Sun International social and ethics committee member	98 700
5.11	Sun International investment committee chairman <sup>‡</sup>	141 671
5.12	Sun International investment committee member <sup>‡</sup>	100 040

\* Committee fees are exclusive of value added tax ("VAT") which will be payable to those non-executive directors who are registered for VAT and who submit a valid VAT invoice to the company in accordance with prevailing legislation. The proposed increases to committee fees from 1 July 2020 represent a 5% increase on the comparator fees which were approved by shareholders at the annual general meeting held on 14 May 2019. Each of these directors and chairmen are remunerated at the median of the market.

<sup>†</sup> Each of the board and statutory committees, other than the investment committee, meet at least three times per annum.

<sup>‡</sup> The Investment Committee meets at least four times per annum and thereafter on an ad-hoc basis and as and when required.

### 14. Special resolution number 6: Financial assistance and/or the issue of securities to employee share scheme participants

"Resolved, to the extent required in terms of sections 41, 44 and/or 45 of the Act, that the board of directors of the company may from time to time, subject to compliance with the requirements (if applicable) of the company's memorandum of incorporation, the Act, and/or the JSE Listings Requirements, be authorised to:

i) provide direct or indirect financial assistance (whether by way of loan, guarantee, the provision of security or otherwise), for the purpose of, or in connection with, the subscription or purchase of securities or options, or

ii) issue securities or options

to any:

i) present or future directors or prescribed officers of the company;

ii) other person or entity who is or may be a participant in any of the Sun International group's current or future employee share plans or other employee incentive schemes; and/or

iii) share scheme trust or other entity (including any person related or inter-related to the company) facilitating any such plan or scheme,

where such issue of securities or options or provision of financial assistance is in terms of or pursuant to any shareholder approved current or future employee share plans or other employee incentive schemes, including any such plan or scheme that does not constitute an employee share scheme that satisfies the requirements of section 97 of the Act. This authority shall expire at the earlier of the second anniversary of the date of the adoption of this special resolution number 6 or the date of the annual general meeting of the company to be held in 2021."

## NOTICE OF ANNUAL GENERAL MEETING CONTINUED

### 15. Special resolution number 7: Financial assistance to related or inter-related companies or corporations

"Resolved that the board of directors of the company may, in terms of sections 44 and 45 of the Act and subject to compliance with the requirements (if applicable) of the:

- i) company's memorandum of incorporation;
- ii) the Act; and
- iii) JSE Listings Requirements,

from time to time, authorise the company to provide direct or indirect financial assistance by way of loan, guarantee, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or entity that is or becomes related or inter-related to the company for any purpose or in connection with, any matter, including, but not limited to, the subscription for any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities in the company or any related or inter-related company.

This authority shall expire at the earlier of the second anniversary of the date of the adoption of this special resolution number 7 or the date of the annual general meeting of the company to be held in 2021".

### VOTING AND PROXIES

In terms of, among others, the Act and the JSE Listings Requirements, no voting rights attaching to the treasury shares held by Sun International or shares held by a share plan, trust or scheme (save for those shares held in favour of employees to whom voting rights have already accrued) and unlisted securities may be exercised.

Ordinary shareholders holding dematerialised shares in their own name, or who hold shares that are not dematerialised, who are entitled to attend, speak and vote at the annual general meeting may appoint one or more proxies to attend, speak and vote in their stead. A proxy does not have to be a shareholder of the company. The appointment of a proxy will not preclude the shareholder who appointed that proxy from attending the annual general meeting and participating and voting in person thereat to the exclusion of any such proxy. Forms of proxy for use by ordinary shareholders at the annual general meeting are enclosed with this annual statutory report.

Shareholders holding dematerialised shares but not in their own name must furnish their Central Securities Depository Participant (CSDP) or broker with their instructions for voting at the annual general meeting should they wish to vote. If your CSDP or broker, as the case may be, does not obtain instructions from you, it will be obliged to act in terms of your mandate furnished to it, or if the mandate is silent in this regard, to complete the relevant form of proxy enclosed. Unless you advise your CSDP or broker, in terms of the agreement between you and your CSDP or broker by the cut-off time stipulated therein, that you wish to attend the annual general meeting or send a proxy to represent you at the annual general meeting, your CSDP or broker will assume you do not wish to attend the annual general meeting or send a proxy. If you wish to attend the annual general meeting or send a proxy, you must request your CSDP or broker to issue the necessary letter of representation to you.

Shareholders holding dematerialised shares in their own name, or who hold shares that are not dematerialised, and who are unable to attend the annual general meeting and wish to be represented thereat, must complete the relevant form of proxy enclosed in accordance with the instructions therein and lodge it with, or mail it to, The Meeting Specialist (Proprietary) Limited ("the meeting specialist") at the address set out hereunder.

It is requested that for administrative purposes only, forms of proxy should be forwarded to reach the meeting specialist at the address given on the following page or by e-mail by not later than 09:00 on Monday, 11 May 2020.

Should your form of proxy not be returned to the meeting specialist by the aforesaid date and time, the form of proxy may be handed to the chairman of the annual general meeting before that meeting is due to commence.

Please note that the company intends to make provision for shareholders of the company, or their proxies, who are entitled to attend thereat, to participate in the annual general meeting by way of a teleconference call, provided that the shareholders or their CSDP or broker (as the case may be) must give written notice to the company, per the Secretariat, c/o Mr AG Johnston, either by e-mail at [andrew.johnston@suninternational.com](mailto:andrew.johnston@suninternational.com) or at the address given below (by way of physical delivery or post) and such notice must be received by the company by not later than 48 hours prior to the date of the annual general meeting. If no notice is received by the company at least 48 hours prior to the date of the annual general meeting, then the company shall not make provision for shareholders to participate in the annual general meeting by way of a teleconference call. However, if the company timeously receives the above notice, then the company will provide a teleconference facility and furnish the shareholders or their CSDP or broker (as the case may be) with the dialling code and pin number.

Shareholders participating in this manner will still need to appoint a proxy to vote on their behalf at the annual general meeting. Access to this means of electronic communication will be at the expense of Sun International. Sun International shareholders and their proxies will not be entitled to vote electronically at the annual general meeting.

The annual general meeting may not begin until at least three shareholders entitled to attend and vote at that meeting are present in person or represented by proxy and sufficient persons are present (in person or by proxy) at the annual general meeting to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the annual general meeting. A matter to be decided at the annual general meeting may not begin to be considered





unless sufficient persons are present at the meeting (in person or by proxy) to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised in respect at the time the matter is called on the agenda.

By order of the board

**Sun International Limited**  
*Secretaries*

per: **Mr AG Johnston**  
6 Sandown Valley Crescent  
Sandton  
2146

[andrew.johnston@suninternational.com](mailto:andrew.johnston@suninternational.com)

26 March 2020

**Meeting Specialist**

The Meeting Specialist (Proprietary) Limited  
JSE Building  
One Exchange Square  
Gwen Lane  
Sandown  
2196  
(PO Box 62043, Marshalltown, 2107)  
[proxy@tmsmeetings.co.za](mailto:proxy@tmsmeetings.co.za)

# AGM EXPLANATORY NOTES

## Ordinary resolutions numbers 1.1 to 1.2 and 2.1 to 2.5 – election and re-election of directors

In accordance with the company's memorandum of incorporation, one-third of the non-executive directors are required to retire at each annual general meeting and being eligible may offer themselves for election or re-election, as the case may be. The directors who are to retire are firstly those who have been appointed to fill a casual vacancy and secondly those who have held their positions the longest period since their last election or re-election. In addition thereto and if at the date of any annual general meeting of the company, any non-executive director will have reached the age of 70 years or older and/or held office for an aggregate period of nine years since his or her first election or appointment, he or she shall retire at such meeting, either as one of the non-executive directors to retire in pursuance of the foregoing or additionally thereto and being eligible, may offer themselves for re-election. Mr PD Bacon, Mr EAMMG Cibie, Mr GW Dempster, Ms CM Henry and Ms BLM Makgabo-Fiskerstrand retire from the board in accordance with articles 25.6.1 and 25.17 of the company's memorandum of incorporation while Ms SN Mabaso-Koyana and Mr TR Ngara retire from the board in accordance with articles 25.5 and 25.17 of the company's memorandum of incorporation.

A brief biography in respect of each director offering himself/herself for election/re-election, as the case may be, is set out in Annexure "B" hereto.

During the first quarter of 2020, the nomination committee conducted a robust assessment of the board composition of the company, including, among others, the skills, expertise and experience and the diversity and demographics on the board. This resulted in the nomination committee compiling a detailed board skills matrix to assess the foregoing in the context of understanding what the future requirements of the company are and the requisite skills set of the board needed in order to allow it to achieve its future strategy and plan for succession planning. The material gaps identified on the board included, among others, the need to bolster hospitality and gaming skills and expertise on the board, particularly in the online gaming space, and the need to appoint further equity members to the board. The nomination committee also considered the size of the Sun International board, plus tenure of board members and while acknowledging that the size of the board was somewhat on the high side, did not believe that this negatively affected the operation or efficiency of the board.

On 20 March 2020, Mr PL Campher and Dr NN Gwagwa indicated that they would not be making themselves available for re-election at the upcoming annual general meeting and instead would be retiring at this meeting. In addition, Ms SN Mabaso-Koyana was appointed as an additional independent non-executive director to the board as detailed in the SENS announcement on 20 March 2020.

In addition, the nomination committee of the company has reviewed the composition of the board against corporate governance and transformation requirements and has recommended the election and/or re-election, as the case may be, of the directors listed above. It is the view of the board that the election or re-election of the candidates referred to above would enable the company to:

- responsibly maintain a mixture of business skills and experience relevant to the company and balance the requirements of transformation, continuity and succession planning; and
- comply with corporate governance requirements in respect of matters such as the balance of executive, non-executive and independent directors on the board.

At a nomination committee and board meeting held during March 2019, the members considered the independence of those members of the board who are currently classified as independent directors. This included, *inter alia*, taking into consideration their length of time served on the board and any contractual or other relationships with Sun International or the group, which could potentially impair their objectivity and independence in board meetings. The board recognised and was satisfied that at all times the board complied with section 75 of the Act, dealing with directors conflicts of interests and that directors continued to exercise an unfettered discretion and act in the best interests of the company when called upon to make decisions at board meetings.

Accordingly, the nomination committee has satisfied itself that none of the independent non-executive directors' independence of character and judgement has in any way been affected or impaired by their length of service on the board.

Neither Mr S Sithole nor Mr TR Ngara are classified as independent non-executive directors due to them being representatives of a material shareholder of Sun International.

Notwithstanding that the Chairman, Mr JA Mabuza previously provided certain key strategic hospitality and gaming services to Sun International South Africa (SISA), for and on behalf of the group and in terms of an eight month consultancy agreement, following his appointment as the chairman of Sun International in May 2019, this consultancy agreement was forthwith terminated. Aside from receiving a composite annual fee for serving as a director of Sun International and having a small personal shareholding in the company (less than 5%), Mr Mabuza has no other direct or indirect interest in Sun International and consequently has been classified as an independent non-executive director and chairman of Sun International.

In addition, the nomination committee of the company has conducted a rigorous assessment of the performance of each of the retiring directors. Having received the results of these assessments, the board is satisfied that each of the directors standing for election and/or re-election, as the case may be, performance continues to be effective and demonstrates commitment to their roles.



Accordingly, the board recommends to shareholders the election and/or re-election of each of the retiring directors referred to in ordinary resolutions numbers 1.1 to 1.2 and 2.1 to 2.5 by way of a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, as required under section 68(2) of the Companies Act No. 71 of 2008, as amended (the Act).

### **Ordinary resolution number 3 – re-appointment of external auditor**

PricewaterhouseCoopers Inc. ("PWC") has indicated its willingness to continue in office and ordinary resolution number 3 proposes the re-appointment of that firm (with the designated individual auditor being Johan Potgieter) as the company's external auditor until the conclusion of the next annual general meeting.

At a Sun International audit committee meeting held on 21 November 2019, the committee considered the independence of the external auditor PWC, in accordance with sections 90 and 94 of the Act. In assessing the independence of the external auditor, the audit committee satisfied itself that PWC:

- does not hold a financial interest (either directly or indirectly) in Sun International;
- does not hold a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of Sun International;
- is not economically dependent on Sun International, having specific regard to the quantum of the audit fees paid by Sun International and its sub-holding companies to PWC during the financial year under review in relation to its total fee base;
- does not provide consulting or non-audit-related services to Sun International or its sub-holding companies which fall outside of the permitted or qualified non-audit-related services as specified in the policy for the use of the external auditor for non-audit-related services and which could compromise or impair the external auditors' independence (see audit committee report as set out on the company's website at [www.suninternational.com/investors](http://www.suninternational.com/investors)); and
- including the individual registered auditor who undertakes the audit, does not have personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with Sun International or its sub-holding companies.

Accordingly, the Sun International audit committee has satisfied itself that PWC is independent as contemplated by the South African independence laws and the applicable rules of the International Federation of Accountants (IFAC) and nominated the re-appointment of PWC as independent registered auditor to Sun International, to report on the financial year ending 31 December 2020 until the conclusion of the 2021 annual general meeting.

In accordance with mandatory audit firm rotation requirements, PWC will not be eligible for re-appointment as Sun International's external auditor at the company's 2021 annual general meeting. The audit committee will be issuing a tender during 2020 to identify a replacement firm of external auditors, which will shadow PWC until the 2021 annual general meeting whereafter the new firm of external auditors will, subject to shareholder approval, take over and assume the responsibilities as the external auditor of Sun International.

Furthermore, the Sun International audit committee has executed its responsibilities in assessing the suitability of the external auditor and designated individual auditor as required by paragraph 3.84(g) (iii) of the JSE Listings Requirements by considering the relevant information pursuant to paragraph 22.15(h) of the JSE Listings Requirements. The Sun International audit committee has satisfied itself that PWC and Johan Potgieter, as the designated individual auditor are appropriate and that PWC, is accredited to appear on the JSE List of Accredited Auditors, in compliance with section 22 of the JSE Listings Requirements.

### **Ordinary resolutions numbers 4.1 to 4.4 – election of audit committee members**

In terms of section 94(2) of the Act, the audit committee is a statutory committee elected by the shareholders at each annual general meeting. Part 5.3 of the King IV Report on Corporate Governance for South Africa 2016 (King IV) likewise requires the shareholders of a public company to elect the members of an audit committee at each annual general meeting. In accordance therewith the nomination committee should present shareholders with suitable candidates for election as audit committee members.

In terms of the Regulations published pursuant to the Act, at least one-third of the members of the company's audit committee at any particular time must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management. As can be seen from the CVs of the proposed members set out in Annexure "B" hereto, they have experience in audit, accounting, economics, commerce and general industry, among others.

At a meeting of the nomination committee held on 11 March 2020, the committee satisfied itself that, among others, the independent non-executive directors offering themselves for election as members of the Sun International audit committee:

- are independent non-executive directors as contemplated in King IV and the JSE Listings Requirements;
- are suitably qualified and experienced for audit committee membership (see the report of the audit committee which is set out on the company's website at: [www.suninternational.com/investors](http://www.suninternational.com/investors));
- have an understanding of integrated annual reporting (including financial reporting), internal financial controls, external and internal audit processes, risk management, sustainability issues and the governance processes (including information technology governance) within the company;
- collectively possess skills which are appropriate to the company's size and circumstances, as well as its industry;

## AGM EXPLANATORY NOTES CONTINUED

- have an understanding of International Financial Reporting Standards, South African Statements of Generally Accepted Accounting Practice and other financial and sustainability reporting standards, regulations and guidelines applicable to the company; and
- adequately keep up to date with key developments affecting their required skills set.

For further details regarding the performance of the audit committee during the period under review, please refer to the report of the audit committee, which is set out on the company's website at [www.suninternational.com/investors](http://www.suninternational.com/investors).

### **Ordinary resolution number 5 – endorsement of sun international group remuneration policy**

Principle 14 (paragraphs 36-39) of King IV, dealing with remuneration governance, read in conjunction with paragraph 3.84(k) of the JSE Listings Requirements, requires companies to every year table their remuneration policy or implementation report, or both, to shareholders for a non-binding advisory vote at the annual general meeting. This vote enables shareholders to express their views on the company's remuneration policies and on their adoption and implementation in respect of the remuneration of, among others, executive directors and prescribed officers ("executive management").

Sun International's remuneration policy is included in Part 2 of the company's remuneration report, which can be found on pages 44 to 52 of Annexure "C" hereto. The remuneration policy deals with, *inter alia*, Sun International's approach towards remuneration governance, reward philosophy and strategy and guidelines on various components making up the remuneration packages of Sun International group employees including the remuneration arrangements in place for the non-executive directors.

Please note that the remuneration to be paid to non-executive directors for their services as directors for the twelve months commencing 1 July 2020, will require the approval of the shareholders by special resolution (special resolutions numbers 2 to 5.12) in terms of the Act, such remuneration having been benchmarked in relation to other similar sized public listed companies in South Africa.

Ordinary resolution number 5 is non-binding and of an advisory nature only and failure to pass this resolution will, therefore, not have any legal consequences relating to existing arrangements.

However, Sun International undertakes to engage with its shareholders should 25% or more of the voting shares vote against this resolution as required in terms of King IV and the JSE Listings Requirements.

### **Ordinary resolution number 6 – endorsement of implementation of Sun International group remuneration policy**

Similar to the explanatory notes provided for ordinary resolution 5 above, Principle 14 (paragraphs 36 - 39) of King IV, dealing with remuneration governance, read in conjunction with paragraph 3.84(k) of the JSE Listings Requirements, requires companies to every year seek an advisory vote from their shareholders on the implementation of the company's remuneration policy during the period under review. This vote allows shareholders to express their views on the extent of implementation of the company's remuneration policy, but will not be binding on the company.

The implementation of Sun International's remuneration policy which is detailed in the company's remuneration report for the period ended 31 December 2019, is set out in Part 3 of the remuneration report, which can be found on pages 53 to 64 of Annexure "C" hereto.

Please note that the remuneration paid to non-executive directors for their services as directors was approved by the shareholders by way of separate special resolutions at the annual general meeting, which took place on 14 May 2019.

Ordinary resolution number 6 is non-binding and of an advisory nature only, and failure to pass this resolution will therefore not have any legal consequences relating to existing arrangements. However, Sun International undertakes to engage with its shareholders should 25% or more of the voting shares vote against this resolution as required in terms of King IV and the JSE Listings Requirements.

### **Ordinary resolution number 7: ratification relating to personal financial interest arising from multiple offices in the Sun International group**

Section 75 of the Act prohibits a director or prescribed officer from participating in or voting on any board resolutions or entering into any agreements if such director or prescribed officer has a "personal financial interest" in the matter. This prohibition also applies if that director is related to another person that has a "personal financial interest" in that matter. Section 75 of the Act extends the definition of "related person" to other companies for which the director or prescribed officer is a director or prescribed officer.

As the executive management of the company may serve more than one company in the Sun International group, ordinary resolution number 7 is intended to ensure that any resolutions or agreements by the board are valid, despite the fact that it may have involved multiple group companies, served by the same individuals as directors or prescribed officers. Ordinary resolution number 7 does not ratify any other actions of directors or prescribed officers that contravened Section 75 of the Act for any other reason. In addition, ordinary resolution 7 does not limit any other statutory or common-law duties that apply to directors or prescribed officers.



### **Special resolution number 1 – general authority to acquire (repurchase) ordinary shares**

The reason for and effect of this special resolution is to grant the company and its subsidiaries a general authority to facilitate the acquisition by the company and/or its subsidiaries of the company's ordinary shares, which general authority shall be valid until the earlier of the next annual general meeting of the company or the variation or revocation of such general authority by special resolution at any subsequent general meeting of the company, provided that this general authority shall not extend beyond 15 months from the date of the passing of this special resolution number 1.

Any decision by the directors, after considering the effect of an acquisition of up to 5% of the company's issued ordinary shares, to use the general authority to acquire shares of the company will be taken with regard to the prevailing market conditions and other factors and provided that, for the period of 12 months after such acquisition, the directors are of the opinion that:

- the company and the group will be able to pay their debts in the ordinary course of business;
- recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements which comply with the Act, the assets of the company and the group will exceed the liabilities of the company and the group;
- the share capital and reserves of the company and the group will be adequate for the purposes of the business of the company and the group; and
- the working capital of the company and the group will be adequate for the purposes of the business of the company and the group.

the JSE Listings Requirements require, in terms of paragraph 11.26, the following disclosures in relation to special resolution number 1, which appear on the company's website at [www.suninternational.com/investors](http://www.suninternational.com/investors):

- major shareholders – refer to the directors report which appears on the company's website at [www.suninternational.com/investors](http://www.suninternational.com/investors);
- directors' interests in securities – refer to the directors report which appears on the company's website at [www.suninternational.com/investors](http://www.suninternational.com/investors); and
- share capital of the company – refer to note 21 of the complete audited annual financial statements, which are set out on the company's website at [www.suninternational.com/investors](http://www.suninternational.com/investors).

### *Directors' responsibility statement*

The directors, whose names appear on Annexure "D" of this annual statutory report collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statements false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that this special resolution contains all information required by law and the JSE Listings Requirements.

### *Material changes*

Other than the facts and developments reported on in terms hereof and the recent Coronavirus global pandemic, the full impact and effects whereof have not been quantified as yet, there have been no material changes in the financial or trading position of the company and its subsidiaries since the date of signature of the audit report and up to the date of the notice of annual general meeting.

### *Statement of the board's intention:*

The directors have no specific intention, at present, for the company or its subsidiaries to acquire any of the company's ordinary shares, but consider that such a general authority in relation to the ordinary shares should be put in place should an opportunity present itself to do so during the year, which is in the best interests of the company and its shareholders.

The directors are of the opinion that it would be in the best interests of the company to extend such general authority and thereby allow the company or any of its subsidiaries to be in a position to acquire the shares issued by the company through the order book of the JSE, should the market conditions, tax dispensation and price justify such an action.

## AGM EXPLANATORY NOTES CONTINUED

### Special resolutions numbers 2 to 5.12 – remuneration of non-executive directors for their services as directors and for participating in statutory and board committees

In terms of sections 66(8) – (9) of the Act, remuneration may only be paid to directors, for their service as directors, in accordance with a special resolution approved by the shareholders and if not prohibited in terms of a company's memorandum of incorporation.

The reason for proposing special resolutions numbers 2, 3, 4, and 5.1 to 5.12, is to increase the remuneration paid to non-executive directors, so as to ensure that such remuneration remains generally market related and accords with the increasing level of responsibility being placed on directors.

Sun International's remuneration committee is satisfied, having engaged external remuneration consultants to review the non-executive directors' remuneration, that overall the proposed remuneration is relative to the median remuneration paid to non-executive directors of other similar sized public listed companies in South Africa for their services as directors.

The proposed revised remuneration to be paid to the non-executive directors with effect from 1 July 2020 includes a 5% increase to the fees approved by shareholders at the 2019 annual general meeting, which are set out in the notes to special resolutions numbers 2 to 5.12 in the notice of annual general meeting.

The proposed remuneration in special resolutions numbers 2 to 5.12 was accepted by the board (with the non-executive directors abstaining from voting) after a recommendation by management. Consequently, special resolutions numbers 2 to 5.12 are recommended by the company's board of directors for shareholder approval.

The remuneration of the non-executive directors for their services as directors, approved by the company's shareholders for the twelve months ending 30 June 2020 is contained below.

<b>Remuneration payable to non-executive directors for participating in statutory and board committees</b>	<b>Annual Fees R</b>
<b>Remuneration as directors</b>	
Sun International non-executive chairman	3 000 000
Sun International lead independent director	496 000
Sun International non-executive directors	322 000
<b>Audit committee fees</b>	
Sun International audit committee chairman	268 462
Sun International audit committee member	127 050
<b>Remuneration committee fees</b>	
Sun International remuneration committee chairman	152 460
Sun International remuneration committee member	83 940
<b>Risk committee fees</b>	
Sun International risk management committee chairman	173 565
Sun International risk management committee member	99 185
<b>Nomination committee fees</b>	
Sun International nomination committee chairman	112 140
Sun International nomination committee member	77 600
<b>Social and ethics committee fees</b>	
Sun International social and ethics committee chairman	134 925
Sun International social and ethics committee member	94 000
<b>Investment committee fees</b>	
Sun International investment committee chairman	134 925
Sun International investment committee member	95 276





### **Special resolution number 6: financial assistance and/or the issue of securities to employee share scheme participants**

The reason for and effect of special resolution number 6 is that the company would like the ability to issue securities or options or provide financial assistance, if necessary, in accordance with sections 41, 44 or 45 of the Act to Sun International executive management and other select employees as participants participating in a Sun International group share incentive scheme or plan as set out below. Under the Act, the company will, however, require the special resolution referred to above to be adopted.

Sections 41, 44 and 45 of the Act contain exemptions in respect of employee share or other employee incentive schemes that satisfy the requirements of section 97 of the Act. To the extent that any Sun International group employee share plans or other employee incentive schemes or trusts (collectively "schemes") do not constitute employee share schemes as defined in the Act, that satisfy such requirements, the issue of securities or options (as contemplated under section 41) and/or the provision of financial assistance (as contemplated in sections 44 and 45) under any such schemes will, among others, also require approval by special resolution. Accordingly, special resolution number 6 authorises the issue of securities or options or the provision of financial assistance to any of the company's officers, or to any other person who is a participant in any scheme or other entity facilitating any such scheme, in order to facilitate their participation in any such schemes that do not satisfy the requirements of section 97 of the Act.

Both sections 44 and 45 of the Act provide, among others, that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the board of directors must be satisfied that:

- (a) immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test as contemplated in the Act; and
- (b) the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

### **Special resolution number 7 - financial assistance to related or inter-related companies and corporations**

Notwithstanding the title of section 45 of the Act, being "Loans or other financial assistance to directors", on an interpretation thereof, the body of the section may also apply to financial assistance provided by a company to related or inter-related companies and corporations, including, among others, its subsidiaries and to a member of such related or inter-related corporation, for any purpose.

Furthermore, section 44 of the Act may also apply to the financial assistance so provided by a company to related or inter-related companies, a member of a related or inter-related company or corporation, or a person related to any such company, corporation or member, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company.

Both sections 44 and 45 of the Act provide, among others, that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the board of directors must be satisfied that:

- (a) immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test as contemplated in the Act; and
- (b) the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

As part of the normal conduct of the business of the Sun International group, the company provides financial assistance to its subsidiaries and other related and inter related companies and entities (as contemplated in the Act) including the provision of guarantees, the subordination of loans and the provision of other forms of security to third parties. In order to ensure that, *inter alia*, the group's present and future subsidiaries and other related and inter related companies and entities have access to financing and/or financial backing from the group and are able to appropriately structure the financing of the group's corporate and working capital requirements, it is necessary that the company obtains the approval of shareholders in terms of special resolution number 7. Furthermore, it may be necessary or desirable for the company to provide financial assistance to related or inter-related companies and corporations to subscribe for options or securities or purchase securities of the company or another company related or inter-related to it. Under the Act, the company will, however, require the special resolution referred to above to be adopted.

## **Passing of resolutions**

All ordinary resolutions will, in terms of the Act, require the support of more than 50% of the voting rights of shareholders exercised thereon, to be approved.

In order for special resolution number 1 to be approved, the support of at least 75% of the votes cast by all equity securities holders present or represented by proxy at the annual general meeting convened to approve such resolution, is required in terms of the JSE Listings Requirements. The remaining special resolutions will, in terms of the Act, require the support of at least 75% of the total voting rights exercised thereon at the meeting, to be approved.

# ANNEXURE "A"

## AUDITED SUMMARY GROUP FINANCIAL STATEMENTS

for the year ended 31 December 2019

### INDEPENDENT AUDIT

The summary group financial statements have been derived from the audited group financial statements. The directors of the company take full responsibility for the preparation of the summary group financial statements and that the financial information has been correctly derived and is consistent in all material respects with the underlying group financial statements. The summary group financial statements for the year ended 31 December 2019 have been audited by our auditor PricewaterhouseCoopers Inc., which has expressed an unmodified opinion thereon. The auditors also expressed an unmodified opinion on the group financial statements from which the summary group financial statements were derived. The individual auditor assigned to perform the audit is Johan Potgieter. The auditor's report does not necessarily cover all the information contained in the summarised financial results. Shareholders are therefore advised that, in order to obtain a full understanding of the nature of the auditor's work, they should obtain a copy of that report, together with the group financial statements from the registered office of the company. These documents will be available from the company's registered office from 16 March 2020. The group financial statements will be available on the company's website, suninternational.com on or about 16 March 2020.

The company's external auditor has not reviewed or reported on the forecasts included in these summary group financial statements.

### ACCOUNTING POLICIES

The summary group financial statements are prepared in accordance with the requirements of the JSE Listings Requirements for preliminary financial statements and the requirements of the South African Companies Act, 71 of 2008, as amended, applicable to summary financial statements. The JSE Listings Requirements include preliminary reports which have been prepared in accordance with the framework concepts, the measurement and recognition requirements of International Financial Reporting Standards (IFRS) and the Financial Pronouncements as issued by the Financial Reporting Standard Council (FRSC), and as a minimum, contain the information required by IAS 34: Interim Financial Reporting. The accounting policies applied in the preparation of the group financial statements from which the summary group financial statements have been derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous group financial statements, unless otherwise stated. The summary group financial statements should be read in conjunction with the group financial statements for the year ended 31 December 2019, which have been prepared in accordance with IFRS.

The operations in eSwatini were disclosed as discontinued operations in the prior year. As we have not yet disposed of our interest in this asset, the Royal Swazi Resort is no longer being accounted for as a discontinued operation and has again been consolidated in our financial results. The prior year comparative financial information was restated as required by IFRS 5: Non-Current Assets and Liabilities Held for Sale from Discontinued Operations.

Except as described below, the accounting policies applied in these audited summary group financial statements are the same as those applied in the last audited group financial statements for the year ended 31 December 2018.

### HYPERINFLATION

IAS 29: Financial Reporting in Hyperinflationary Economies, has been applied by Nuevo Plaza Hotel Mendoza S.A., a subsidiary of Sun International, whose functional currency is the Argentine Peso. The economy of Argentina was assessed to be hyperinflationary, effective 1 July 2018, and hyperinflation accounting has been applied, as if the economy has always been hyperinflationary. The results of this entity have been adjusted in terms of the measuring unit currency at the end of the period. The monetary gains or losses were immaterial for the current period.

Further, the results, financial position and cash flows of the group's subsidiary Nuevo Plaza Hotel Mendoza S.A. have been expressed in terms of the measuring unit currency at the reporting date.



A detailed table of indices is published monthly by the Government Board of the Argentine Federation of Professional Councils of Economic Sciences and the extract below was used in our assessment.

Date	Base year	General Index Price	Inflation rate \\%
31 December 2019	31 December 2018	2 462.05	53.80

## ADJUSTED EBITDAR

Adjusted EBITDAR is defined as earnings before interest (which includes gains and losses on foreign exchange transactions), tax, depreciation, amortization and rental expense, and is also presented before recognising expenses which are of an unusual and infrequent nature as a result of unforeseen and atypical events. Examples of adjusted expenses are set out below:

- Loss on disposal of property, plant and equipment;
- Straight line adjustment for rentals;
- Impairment of non-current assets;
- Pre-opening expenses;
- Foreign exchange cover losses; and
- Other non-recurring expenses which are of an unusual and infrequent in nature as a result of unforeseen and atypical events.

For users of these Summary Group Financial Results for the year 31 December 2019, we may refer to EBITDAR in certain instances for comparable purposes due to the effect of the adoption of IFRS 16: Leases, as EBITDAR excludes leases expenses both in prior and current year.

## ADJUSTMENT TO PROVISIONAL PPA

### MENDOZA

Subsequent to the audited 31 December 2018 financial statements, a new PPA was obtained that was indicative of conditions that were in existence at the acquisition date of Mendoza. As a result of the new PPA being obtained, the 2018 figures were restated as follows:

R42 million relating to goodwill was reallocated to intangibles assets (R33 million), deferred tax assets (R2 million) and current liabilities (R7 million).

## STANDARDS IMPLEMENTED

The group has adopted IFRS 16: Leases, from 1 January 2019.

A number of other new standards are effective from 1 January 2019 but they do not have a material effect on the group's financial statements.

## **ANNEXURE "A" CONTINUED**

### **AUDITED SUMMARY GROUP FINANCIAL STATEMENTS (continued)**

for the year ended 31 December 2019

#### **IFRS 16: LEASES**

##### **Definition of a lease**

Previously, the group determined at contract inception whether an arrangement contained a lease under IFRIC 4: Determining Whether an Arrangement contains a Lease. The group now assesses whether a contract is or contains a lease based on the new definition of a lease.

Under IFRS 16, a contract is, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative standalone prices. However, for leases of properties in which it is a lessee, the group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

##### **As a lessee**

The group leases various assets, including properties, gaming equipment and IT equipment.

As a lessee, the group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the group recognises right-of-use assets and lease liabilities for most leases.

However, the group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets (e.g. IT equipment). The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Post the IFRS 16 implementation, the group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date and discounted using the interest rate implicit in the lease. If the rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payment made. It is re-measured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the group is reasonably certain to exercise such options, impacts the lease term, which affects the amount of lease liabilities and right-of-use assets recognised.



## Transition

Previously, the group classified property leases as operating leases under IAS 17. These include property, building and gaming leases. The leases typically run for a period of between five to 10 years. Some leases include an option to renew the lease after the end of the non-cancellable period. Some leases provide additional rent payments that are based on changes in local price indices.

The group has adopted IFRS 16 Leases and applied the simplified transition approach, the group will not restate comparative amounts for the year prior. At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the rate implicit to the lease or the lessee's incremental borrowing rate (IBR) as at 1 January 2019. An average IBR of 9.5% was noted after the IFRS 16 implementation across the group.

Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 has been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application being 1 January 2019; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

In applying IFRS 16 for the first time, the group has used critical estimates and judgements in determining the following practical expedients permitted by the standard:

- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- to elect not to separate non-lease components from lease components and instead account for each lease component and;
- any associated non-lease components as a single lease component;
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- accounting for leases defined as a low value asset.

## As a lessor

The accounting policies as a lessor are not different from those under IAS 17. However, when the group is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor. The group did apply IFRS 15: Revenue from Contracts with Customers, in the 2018 financial year to allocate consideration in the contract to each lease and non-lease component.

**ANNEXURE "A" CONTINUED**  
**AUDITED SUMMARY GROUP FINANCIAL STATEMENTS** (continued)  
for the year ended 31 December 2019

IMPACT ON TRANSITION AND FOR THE YEAR ENDED 31 DECEMBER 2019

R million	Total Group
<b>INITIAL RECOGNITION</b>	
Lease liability	1 145
Reversal of straight-line	(241)
Lease incentives	(81)
Right-of-use asset	823
<b>YEAR ENDING 31 DECEMBER 19</b>	
Additional right-of-use asset depreciation	(105)
Additional lease liability interest expense	(95)
Operating lease expense not accounted for in profit and loss	162
Foreign exchange	(25)
<b>IMPACT ON PROFIT BEFORE TAX</b>	<b>(63)</b>
Right-of-use asset impairment	(163)
Right-of-use asset additions during the year	2
<b>STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019</b>	
Lease liability	1 078
Right-of-use asset	532
<b>IFRS 16 EFFECT ON EBITDA</b>	<b>162</b>

The future aggregated minimum rental payments (outside the scope of ifrs 16: leases) are as follows:

R million	31 December 2019	31 December 2018
<b>RIGHT-OF-USE ASSET</b>		
No later than 1 year	(61)	(153)
Later than 1 year no later than 5 years	–	(725)
Later than 5 years	–	(519)
	<b>(61)</b>	<b>(1 397)</b>





Amounts recognised in the balance sheet

<b>R million</b>	<b>31 December 2019</b>	<b>1 January 2019</b>
<b>RIGHT-OF-USE ASSET</b>		
Land	47	47
Buildings	459	726
Equipment	20	41
Vehicles	–	2
Other	6	7
	<b>532</b>	<b>823</b>
<b>LEASE LIABILITIES</b>		
Opening balance	1 145	–
Acquisition of leases	–	1 145
Add: Lease interest	95	–
Less: Lease payments	(162)	–
	<b>1 078</b>	<b>1 145</b>

Amounts recognised in the statement of comprehensive income

<b>R million</b>	<b>31 December 2019</b>	<b>31 December 2018</b>
<b>DEPRECIATION CHARGE OF RIGHT-OF-USE ASSET</b>		
Buildings	(80)	–
Equipment	(21)	–
Vehicles	(2)	–
Other	(2)	–
	<b>(105)</b>	<b>–</b>
<b>INTEREST ON LEASE LIABILITY</b>		
Buildings	(87)	–
Land	(3)	–
Equipment	(4)	–
Other	(1)	–
	<b>(95)</b>	<b>–</b>

**ANNEXURE "A" CONTINUED**  
**AUDITED SUMMARY GROUP FINANCIAL STATEMENTS** (continued)  
for the year ended 31 December 2019

**SUMMARY GROUP STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 31 DECEMBER 2019

R million	Audited 12 months ended	
	31 December 2019	Restated 31 December 2018*
<b>CONTINUING OPERATIONS</b>		
Net gaming wins	13 777	13 263
Revenue	3 455	3 351
<b>INCOME</b>	<b>17 232</b>	16 614
Consumables and services	(1 673)	(1 701)
Depreciation and amortization	(1 669)	(1 650)
Employee costs	(3 601)	(3 240)
Impairment of assets	(172)	(306)
Levies and VAT on net gaming wins	(3 537)	(3 396)
LPM site owners commission <sup>^</sup>	(377)	(327)
Promotional and marketing costs	(977)	(1 027)
Property and equipment rentals	(66)	(215)
Property costs	(891)	(835)
Net gains on financial assets*	28	58
Other operational costs	(1 597)	(1 715)
<b>OPERATING PROFIT</b>	<b>2 700</b>	2 260
Foreign exchange (losses)/gains	(19)	22
Net monetary gain (hyperinflation)	14	15
Finance income	17	77
Finance expense	(1 176)	(1 255)
Fair value adjustment to put option liability	44	(27)
Share of profit of investments accounted for using the equity method	3	8
<b>PROFIT BEFORE TAX</b>	<b>1 583</b>	1 100
Tax	(526)	(545)
<b>PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS</b>	<b>1 057</b>	554
<b>LOSS FOR THE YEAR FROM DISCONTINUED OPERATIONS</b>	<b>(3)</b>	(203)
<b>PROFIT FOR THE YEAR</b>	<b>1 054</b>	351

<sup>^</sup> LPM: Limited pay-out machines.

\* The prior year information has been restated to reflect the net gains in financial assets as a separate disclosed item, which was previously included in other operational costs.



## SUMMARY GROUP STATEMENT OF COMPREHENSIVE INCOME (continued)

FOR THE YEAR ENDED 31 DECEMBER 2019

R million	Audited 12 months ended	
	31 December 2019	Restated 31 December 2018*
<b>OTHER COMPREHENSIVE INCOME:</b>		
Items that will not be reclassified to profit or loss		
Remeasurements of post employment benefit obligations	282	(20)
Tax on remeasurements of post-employment benefit obligations	(79)	6
Items that may be reclassified to profit or loss		
Net profit/(loss) on cash flow hedges	(18)	26
Currency translation reserve	(343)	195
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>888</b>	<b>558</b>
<b>PROFIT FOR THE YEAR ATTRIBUTABLE TO:</b>	<b>1 054</b>	<b>351</b>
Minorities	401	358
Ordinary shareholders	653	(7)
<b>TOTAL COMPREHENSIVE PROFIT FOR THE YEAR ATTRIBUTABLE TO:</b>	<b>888</b>	<b>558</b>
Minorities	258	434
Ordinary shareholders	630	124
<b>TOTAL COMPREHENSIVE PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS ARISES FROM:</b>	<b>630</b>	<b>124</b>
Continuing operations	632	255
Discontinued operations	(2)	(131)

\* The prior year comparable financial information was restated to reflect the Swaziland operations as continued operations, the published prior year results included Swaziland as discontinued operations as required by IFRS 5: Non-current Assets and Liabilities Held for Sale from Discontinued Operations.

**ANNEXURE "A" CONTINUED**  
**AUDITED SUMMARY GROUP FINANCIAL STATEMENTS** (continued)  
for the year ended 31 December 2019

**HEADLINE EARNINGS AND ADJUSTED HEADLINE EARNINGS RECONCILIATION**  
FOR THE YEAR ENDED 31 DECEMBER 2019

R million	Audited 12 months ended	
	31 December 2019	Restated 31 December 2018*
<b>PROFIT/(LOSS) ATTRIBUTABLE TO ORDINARY SHAREHOLDERS</b>	<b>653</b>	(7)
Net loss on disposal of property, plant and equipment	21	29
Profit on sale of management contract (Lesotho and Botswana)	(18)	–
Profit on sale of disposal of subsidiaries (Colombia)	(1)	–
Reversal of impairment of assets (Panama)	(34)	–
Impairment of assets	172	337
Tax relief on above items	(43)	(89)
Minorities' interests on the above items	11	(24)
<b>HEADLINE EARNINGS</b>	<b>761</b>	246
Straight-line adjustment for rentals	–	13
Pre-opening expenses	–	3
Insurance claim received – Sun City	(89)	–
Onerous lease provision reversal	–	(31)
Restructure and related costs	55	–
Amortization of Dreams intangibles assets raised as part of PPA	104	102
Foreign exchange losses/(profit) on inter-company loan	4	(44)
Forward exchange contract losses	4	75
Fair value adjustment on put option liabilities	(44)	27
Additional Latam income tax	155	–
Latam withholding tax	22	–
Recognition of Time Square deferred tax	(193)	–
Other	22	46
Tax relief on above items	(12)	(29)
Minorities' interests in the above items	(26)	(43)
<b>ADJUSTED HEADLINE EARNINGS</b>	<b>763</b>	365
	<b>Cents per share</b>	<b>Cents per share</b>
Earnings/(loss) per share		
Basic	518	(6)
Diluted	518	(6)
Diluted adjusted headline earnings per share	605	316

\* The prior year comparable financial information was restated to reflect the Swaziland operations as continued operations, the published prior year results included Swaziland as discontinued operations as required by IFRS 5: Non-current Assets and Liabilities Held for Sale from Discontinued Operations.



## SUMMARY GROUP STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2019

	31 December 2019	Restated 31 December 2018*
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	16 884	17 155
Intangible assets	2 698	3 133
Equity accounted investments	51	27
Derivative financial instruments	4	–
Pension fund asset	303	33
Deferred tax	530	250
Trade and other receivables	289	278
	<b>20 759</b>	<b>20 876</b>
<b>CURRENT ASSETS</b>		
Inventory	166	171
Trade and other receivables	1 113	1 438
Cash and cash equivalents	775	952
	<b>2 054</b>	<b>2 561</b>
<b>NON-CURRENT ASSETS HELD FOR SALE</b>	<b>811</b>	<b>859</b>
<b>TOTAL ASSETS</b>	<b>23 624</b>	<b>24 296</b>
<b>EQUITY AND LIABILITIES</b>		
<b>CAPITAL AND RESERVES</b>		
Ordinary shareholders' equity before put option reserve	3 907	3 764
Put option reserve	(1 286)	(1 286)
Ordinary shareholders' equity	2 621	2 478
Minorities' interests	1 614	1 808
	<b>4 235</b>	<b>4 286</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax	367	445
Borrowings	11 620	10 551
Put option liability	1 288	1 330
Contract liabilities and other liabilities	697	1 049
	<b>13 972</b>	<b>13 375</b>
<b>CURRENT LIABILITIES</b>		
Borrowings	2 786	4 132
Trade payables and accruals	2 437	2 334
Derivative financial instruments	–	8
Contract liabilities and other liabilities	172	120
	<b>5 395</b>	<b>6 594</b>
<b>NON-CURRENT LIABILITIES HELD FOR SALE</b>	<b>22</b>	<b>41</b>
<b>TOTAL LIABILITIES</b>	<b>19 389</b>	<b>20 010</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>23 624</b>	<b>24 296</b>

\* The prior year comparable financial information was restated to reflect the Swaziland operations as continued operations, the published prior year results included Swaziland as discontinued operations as required by IFRS 5: Non-current Assets and Liabilities Held for Sale from Discontinued Operations.

## SUMMARY GROUP STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2019

R million	Share capital and premium	Treasury shares and share options	Foreign currency translation reserve	Share based payment	Reserve for non-controlling interests
<b>AUDITED</b>					
<b>FOR THE YEAR ENDED 31 DECEMBER 2019</b>					
<b>BALANCE AT 31 DECEMBER 2018</b>	<b>1 893</b>	<b>(394)</b>	<b>111</b>	<b>85</b>	<b>(2 503)</b>
Total comprehensive income for the year	–	–	(200)	–	–
Disposal of equity interest	–	–	–	–	(15)
Acquisition of minority interests	–	–	–	–	(489)
Treasury shares purchased	–	(1)	–	–	–
Reclassification of share option reserve	–	43	–	(43)	–
Employee share schemes	–	–	–	18	–
Dividends paid to minorities	–	–	–	–	–
<b>BALANCE AT 31 DECEMBER 2019</b>	<b>1 893</b>	<b>(352)</b>	<b>(89)</b>	<b>60</b>	<b>(3 007)</b>
<b>AUDITED</b>					
<b>FOR THE YEAR ENDED 31 DECEMBER 2018</b>					
<b>BALANCE AT 31 DECEMBER 2017</b>	<b>295</b>	<b>(424)</b>	<b>126</b>	<b>89</b>	<b>(2 386)</b>
IFRS 9 adjustment	–	–	–	–	–
<b>RESTATED BALANCE AT 1 JANUARY 2018</b>	<b>295</b>	<b>(424)</b>	<b>126</b>	<b>89</b>	<b>(2 386)</b>
Total comprehensive income for the year	–	–	119	–	–
Treasury shares purchased	–	(7)	–	–	–
Reclassification of share option reserve	–	37	–	(38)	–
Employee share schemes	–	–	–	34	–
Rights issue	1 598	–	–	–	–
Acquisition of minorities' interests	–	–	(134)	–	(117)
Capitalisation of loan to minorities interest	–	–	–	–	–
Dividends paid to minorities	–	–	–	–	–
<b>BALANCE AT 31 DECEMBER 2018</b>	<b>1 893</b>	<b>(394)</b>	<b>111</b>	<b>85</b>	<b>(2 503)</b>





Hedging and other reserve	Retained earnings	Ordinary share-holders' equity before put option reserve	Put option reserves	Ordinary share-holders' equity	Minorities' interests	Total equity
17	4 555	3 764	(1 286)	2 478	1 808	4 286
177	653	630	–	630	258	888
–	–	(15)	–	(15)	26	11
–	–	(489)	–	(489)	(104)	(593)
–	–	(1)	–	(1)	–	(1)
–	–	–	–	–	–	–
–	–	18	–	18	–	18
–	–	–	–	–	(374)	(374)
194	5 208	3 907	(1 286)	2 621	1 614	4235
5	4 353	2 058	(4 651)	(2 593)	2 899	306
–	25	25	–	25	–	25
5	4 378	2 083	(4 651)	(2 568)	2 899	331
12	(7)	124	–	124	434	558
–	–	(7)	–	(7)	–	(7)
–	1	–	–	–	–	–
–	–	34	–	34	–	34
–	–	1 598	–	1 598	–	1 598
–	183	(68)	3 365	3 297	(575)	2 722
–	–	–	–	–	(533)	(533)
–	–	–	–	–	(417)	(417)
17	4 555	3 764	(1 286)	2 478	1 808	4 286

**ANNEXURE "A" CONTINUED**  
**AUDITED SUMMARY GROUP FINANCIAL STATEMENTS** (continued)  
for the year ended 31 December 2019

**SUMMARY GROUP STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED 31 DECEMBER 2019

R million	Audited 12 months ended	
	31 December 2019	Restated 31 December 2018
<b>CASH GENERATED BY OPERATIONS BEFORE:</b>	<b>4 379</b>	4 278
Vacation Club timeshare sales	112	145
<b>CASH GENERATED BY OPERATIONS</b>	<b>4 491</b>	4 423
Tax paid	(625)	(711)
<b>CASH GENERATED BY OPERATING ACTIVITIES</b>	<b>3 866</b>	3 712
Purchase of property, plant and equipment	(1 105)	(880)
Disposal of property, plant and equipment	15	123
Purchase of intangible assets	(75)	(171)
Disposal of intangibles	–	–
Acquisition of subsidiaries, net of cash acquired	–	(586)
Investment income received	17	77
Disposal of shareholding in subsidiary	12	–
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(1 136)</b>	(1 437)
Cash paid for purchase of treasury shares	(1)	(7)
Increase in loan to non-controlling interest	272	(673)
Purchase of additional non-controlling shareholding in subsidiaries	(592)	(678)
Movement in other non-current liabilities	–	47
Repayment of lease liabilities	(162)	–
Capital raised through a rights issue	–	1 598
Additional borrowings	(593)	2 428
Mendoza PPA contingency payment	(42)	–
Repayment of borrowings	(1 552)	(3 028)
Interest paid	(1 055)	(1 258)
Dividends paid	(373)	(417)
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>(2 913)</b>	(1 988)
Effect of exchange rates upon cash and cash equivalents	(10)	(14)
(Decrease)/Increase in cash and cash equivalents	(193)	273
Cash and cash equivalents at beginning of the year	982	709
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>789</b>	982
Cash held by discontinued operations	(14)	(30)
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR EXCLUDING NON-CURRENT ASSETS HELD FOR SALE</b>	<b>775</b>	952
<b>CASH FLOWS FROM DISCONTINUED OPERATIONS</b>	<b>(11)</b>	(12)



## SUPPLEMENTARY INFORMATION

### FOR THE YEAR ENDED 31 DECEMBER 2019

R million	Audited	
	31 December 2019	Restated 31 December 2018**
<b>ADJUSTED EBITDAR RECONCILIATION</b>		
<b>OPERATING PROFIT</b>	<b>2 700</b>	2 260
Depreciation and amortization	<b>1 669</b>	1 650
Rental expense	<b>66</b>	215
Net loss on disposal of property, plant and equipment	<b>21</b>	29
Impairment of non-current assets	<b>172</b>	306
Pre-opening expenses	–	3
Insurance claim Sun City	<b>(89)</b>	–
Straight-line adjustment for rentals	–	13
Restructure and related costs	<b>55</b>	–
Profit on sale of management contract	<b>(18)</b>	–
Profit on sale on disposal of subsidiaries/associates	<b>(1)</b>	–
Foreign exchange cover losses	<b>4</b>	75
Other*	<b>31</b>	9
<b>ADJUSTED EBITDAR</b>	<b>4 610</b>	4 560
<b>ADJUSTED EBITDAR MARGIN (%)</b>	<b>27</b>	27

\* The consolidation of the Employee Share Trusts are reversed for the adjusted EBITDA reconciliation as the group did not receive the economic benefits of these trusts.

\*\*The prior year comparable financial information was restated to reflect the Swaziland operations as continued operations, the published prior year results included Swaziland as discontinued operations as required by IFRS 5: Non-current Assets and Liabilities Held for Sale from Discontinued Operations.

**ANNEXURE "A" CONTINUED**  
**AUDITED SUMMARY GROUP FINANCIAL STATEMENTS** (continued)  
for the year ended 31 December 2019

**SUPPLEMENTARY INFORMATION** (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2019

R million	Audited	
	31 December 2019	Restated 31 December 2018*
<b>NUMBER OF SHARES ('000)</b>		
– for basic EPS/HEPS/adjusted HEPS	126 145	115 360
– for diluted EPS/HEPS/adjusted HEPS	126 145	115 377
<b>EARNINGS/(LOSS) PER SHARE (CENTS)</b>		
– basic earnings/(loss)	518	(6)
– headline earnings	603	213
– adjusted headline earnings	605	316
– diluted basic earnings/(loss)	518	(6)
– diluted headline earnings	603	213
– diluted adjusted headline earnings	605	316
<b>CONTINUING – EARNINGS PER SHARE (CENTS)</b>		
– basic earnings	520	104
– headline earnings	619	281
– adjusted headline earnings	618	405
– diluted basic earnings	520	104
– diluted headline earnings	619	282
– diluted adjusted headline earnings	618	409
<b>DISCONTINUING – LOSS PER SHARE (CENTS)</b>		
– basic loss	(2)	(110)
– headline loss	(16)	(68)
– adjusted loss	(13)	(89)
– diluted basic loss	(2)	(110)
– diluted headline loss	(16)	(68)
– diluted adjusted headline loss	(13)	(93)

\* The prior year comparable financial information was restated to reflect the Swaziland operations as continued operations, the published prior year results included Swaziland as discontinued operations as required by IFRS 5: Non-current Assets and Liabilities Held for Sale from Discontinued Operations.



**SUPPLEMENTARY INFORMATION** (continued)  
FOR THE YEAR ENDED 31 DECEMBER 2019

R million	Audited	
	31 December 2019	Restated 31 December 2018*
<b>TAX RATE RECONCILIATION (R million)</b>		
Profit before tax	1 580	1 101
Share of associates' losses	3	(1)
<b>ADJUSTED PROFIT BEFORE TAX</b>	<b>1 583</b>	<b>1 100</b>
	%	%
<b>EFFECTIVE TAX RATE</b>	<b>33</b>	<b>61</b>
Preference share funding	(2)	(3)
Depreciation on non-qualifying buildings	(1)	(2)
Other non-deductible expenditure	(1)	(5)
Movement in put options	1	(1)
Exempt income – other (Lessor contribution, Associated income and disposal of income earning structure)	(1)	–
Tax Incentives	–	1
Deductible foreign withholding taxes	–	–
Utilisation of tax losses not previously recognized	15	2
Chilean capital indexed to inflation adjustment	(1)	(8)
Foreign inflation adjustment	(1)	–
Tax losses not meeting recognition criteria	(4)	(16)
Discontinued operations – Tax losses not meeting recognition criteria	(2)	(7)
Withholding and other taxes	(11)	–
Adjustment for current tax of prior years	1	7
Effects of tax rates in various jurisdictions	–	(1)
South African corporate tax rate	28	28
<b>OTHER METRICS</b>		
EBITDA to interest (times)	3.9	3.2
Borrowings to EBITDA (times) excluding lease liabilities	2.8	3.0
Net asset value per share (Rand)	33.6	31.3
Capital expenditure (R million)	1 180	1 050
Capital commitments (R million)	1 289	1 496

Items identified above are included as headline and adjusted headline adjustments impacting operating profit in the segmental analysis.

(i) The consolidation of the Employee Share Trust is reversed in the calculation of adjusted headline earnings as the group does not receive the economic benefits of the trust.

**ANNEXURE "A" CONTINUED**  
**AUDITED SUMMARY GROUP FINANCIAL STATEMENTS** (continued)  
for the year ended 31 December 2019

**SEGMENTAL REVIEW**  
FOR THE YEAR ENDED 31 DECEMBER 2019

South African segment

R million	Income			Adjusted EBITDAR			Depreciation and amortization			Adjusted Operating Profit		
	2019	%	2018	2019	%	2018	2019	%	2018	2019	%	2018
GrandWest	2 144	(3)	2 216	831	(5)	874	(117)	17	(141)	710	(2)	727
Sun City	1 604	(4)	1 671	152	(32)	222	(203)	5	(213)	(57)	<(100)	(8)
Sibaya	1 368	6	1 289	496	14	435	(63)	10	(70)	430	19	360
Time Square	1 432	15	1 247	452	42	318	(219)	7	(236)	227	>100	69
Carnival City	958	–	961	236	1	234	(65)	4	(68)	167	2	163
Boardwalk	527	(1)	532	85	(14)	99	(58)	19	(72)	24	4	23
Wild Coast Sun	474	(5)	498	84	(14)	98	(48)	–	(48)	35	(26)	47
Meropa	310	1	308	102	7	95	(20)	–	(20)	81	9	74
Windmill	250	(8)	273	85	(13)	98	(21)	(5)	(20)	61	(19)	75
Flamingo	154	(7)	165	35	(17)	42	(17)	(21)	(14)	17	(35)	26
Golden Valley	170	–	170	33	–	33	(13)	13	(15)	18	6	17
Carousel	95	(42)	163	(19)	(27)	(15)	(12)	33	(18)	(31)	6	(33)
Table Bay	353	4	341	115	5	110	(17)	11	(19)	63	7	59
The Maslow	133	(6)	142	(9)	<(100)	8	(27)	<(100)	(12)	(36)	23	(47)
Other	20	–	20	(2)	(100)	(1)	(1)	–	(1)	(3)	(25)	(4)
<b>SOUTH AFRICAN OPERATIONS</b>	<b>9 992</b>	<b>(0)</b>	<b>9 996</b>	<b>2 676</b>	<b>1</b>	<b>2 650</b>	<b>(901)</b>	<b>7</b>	<b>(967)</b>	<b>1 706</b>	<b>10</b>	<b>1 548</b>
Sun Slots	1 310	13	1 162	336	14	296	(82)	(26)	(65)	252	14	222
SunBet	140	82	77	44	>100	8	(3)	(50)	(2)	40	>100	6
<b>SOUTH AFRICAN OPERATIONS INCLUDING ALTERNATIVE GAMING</b>	<b>11 442</b>	<b>2</b>	<b>11 235</b>	<b>3 056</b>	<b>3</b>	<b>2 954</b>	<b>(986)</b>	<b>5</b>	<b>(1 034)</b>	<b>1 998</b>	<b>12</b>	<b>1 776</b>
Management companies	578	2	568	247	31	189	(30)	(25)	(24)	224	49	150
Intercompany management fees	(539)	2	(549)	–	–	–	–	–	–	–	–	–
	<b>11 481</b>	<b>2</b>	<b>11 254</b>	<b>3 303</b>	<b>5</b>	<b>3 143</b>	<b>(1 016)</b>	<b>4</b>	<b>(1 058)</b>	<b>2 222</b>	<b>15</b>	<b>1 926</b>





## SEGMENTAL REVIEW (continued) FOR THE YEAR ENDED 31 DECEMBER 2019

**GrandWest's** income and adjusted EBITDAR were down 3% and 5% to R2.1 billion and R831 million respectively. Although slots handle remained in line with the prior year, the win percentage decreased, resulting in slots gross income decreasing by 3%. Tables' performance was impacted by a challenging environment.

**Sun City** experienced difficult trading conditions, with income down 4%. Trading for the year was volatile with a difficult start to the year following the December hail storm which resulted in us being unable to capitalise on the peak season. Occupancy for the year at 63% was down 6% on the prior year, with the average room rate remaining in line with the prior year at R1 825. The Sun City resort is in the early stages of a full operational turnaround plan with a new leadership team.

Gaming income at R505 million was down 1% from the prior year. As a result of the difficult trading conditions and the high fixed cost base, adjusted EBITDAR was down by 32% compared to the prior year.

**Sibaya's** income increased by 6% with adjusted EBITDAR up 14%. The refurbished Prive and food and beverage offering has been well received by guests and a continuous focus on the guest experience as well as tactical marketing interventions, have ensured that Sibaya has maintained its market share following the opening of EBTs in KZN and the Sun Coast expansion, which was completed in August 2018.

**Time Square** continues to show steady improvement with income increasing by 15% to R1.4 billion and adjusted EBITDAR increasing by 42% to R452 million. Its casino market share for the year was 15.7%, up from 14.2% in 2018. The hotel continues to improve occupancy and room rate, with the aim to increase our market share of the transient and group government business into the Menlyn node. As a result of a focus on costs and efficiencies the adjusted EBITDAR margin of 32% improved throughout the year from the 26% achieved in 2018.

**Carnival City's** income was in line with the prior year and adjusted EBITDAR was up 1%. The Prive refurbishment was completed in September 2019 to coincide with Carnival's 20th birthday celebrations. It has been well received by our guests and has shown a marked improvement in income generated since its opening. Refurbishment of the first 15 hotel rooms was completed, with another 40 rooms earmarked to be refurbished during the first half of 2020.

**Boardwalk's** income decreased by 1% with adjusted EBITDAR down by 14%. The operational restructure was finally approved by the gaming board in February 2020 and is in the process of being implemented. The shopping mall development is progressing well with leasing commitments received from major retailers. We anticipate that construction on the mall will commence during the second quarter of 2020.

**Wild Coast's** income decreased by 5% to R474 million, with adjusted EBITDAR down from R98 million to R84 million. The current casino licence, which expired in August 2019, has been extended to 31 March 2020 while the gaming board finalises its adjudication of our bid.

**The Table Bay's** income increased by 4% with adjusted EBITDAR up by 5%. Occupancy at 70% improved from the prior year and the average room rate increased by 2% to R3 247. The property is slowly recovering from the drop in foreign tourists as a result of the drought in the Western Cape in 2018. We have submitted our proposal in response to a RFP issued for the renewal of the Table Bay lease, which expires in May 2022, and remain in ongoing discussions with the lessor. We anticipate a final decision will be made by the end of March 2020.

The **small urban casinos**, which include Meropa (Limpopo), Windmill (Free State), Flamingo (Northern Cape) and Golden Valley (Western Cape) collectively showed a decrease in income of 3% and adjusted EBITDAR of 5% compared to the prior year.

**The Carousel**, which has been severely impacted by the opening of Time Square, was restructured at the end of May 2019 following receipt of gaming board approval. The restructure has resulted in the closure of the hotel and the tables department, a reduction in slots to 400 and a significant reduction in headcount.

**Sun Slots** has delivered consistent double digit EBITDA growth over the last three years and has now reached critical scale as a core contributor to the group's profitability. Our operations in the Western Cape and Mpumalanga posted pleasing results while KZN and Gauteng were adversely impacted by delays in the roll out of sites. Income increased by 13% and EBITDAR by 14%. In the Western Cape, we were granted a further 500 machine licences by the WCGRB during the latter part of 2019.

**SunBet**, our South African online sports betting business, continues to trade extremely well. Having invested in a new platform in August 2018, income increased by 82% from R77 million to R140 million, while adjusted EBITDAR increased from R8 million in the prior year to R44 million at 31 December 2019.

**Management fees and related income** of R578 million increased by 2% and adjusted EBITDAR by 31% to R247 million. The group's management company and head office underwent a substantial restructure which was concluded in November 2019. A simplified head office and group operational structure, was implemented, with a focus on our different customer-end markets in gambling and hospitality.

## ANNEXURE "A" CONTINUED

### AUDITED SUMMARY GROUP FINANCIAL STATEMENTS (continued)

for the year ended 31 December 2019

#### SEGMENTAL REVIEW (continued)

#### FOR THE YEAR ENDED 31 DECEMBER 2019

Latam Segment

R million	Income		Adjusted EBITDAR		Depreciation and amortization		Adjusted Operating profit	
	2019	2018	2019	2018	2019	2018	2019	2018
Monticello	1 976	1 904	539	573	(171)	(168)	368	405
Sun Dreams SCJ licences	1 560	1 581	573	612	(43)	(38)	530	574
Sun Dreams municipal licences	794	823	266	287	(38)	(37)	228	250
Sun Chile office	–	–	(9)	(8)	–	–	(9)	(8)
Central Office	–	–	(257)	(194)	(119)	(154)	(376)	(348)
Chile operations	4 330	4 308	1 112	1 270	(371)	(397)	741	873
Peru excluding Thunderbird Resorts	302	288	74	68	(101)	(39)	(27)	(7)
Comparable operations	4 632	4 596	1 186	1 338	(472)	(436)	714	866
Thunderbird	299	194	31	32	(20)	(11)	11	14
Mendoza	465	228	77	36	(25)	(10)	52	26
<b>CONTINUED OPERATIONS</b>	<b>5 396</b>	<b>5 018</b>	<b>1 294</b>	<b>1 406</b>	<b>(517)</b>	<b>(457)</b>	<b>777</b>	<b>906</b>
PPA adjustment	–	–	–	–	(104)	(102)	–	–
	<b>5 396</b>	<b>5 018</b>	<b>1 294</b>	<b>1 406</b>	<b>(621)</b>	<b>559</b>	<b>777</b>	<b>906</b>
Average Rand:Clp exchange rate	<b>48.84</b>	48.69						

Our **Latam operations** performed below expectation, with comparable income up 1% to R4.6 billion and adjusted EBITDAR decreasing by 8% to R1.3 billion.

On 18 October 2019, civil protest action erupted across Chile, which had a materially negative impact on all of our operations. The demonstrations, which initially started over a rise in the fare of the metro in Santiago, quickly spread across Chile and widened into more general protest action against high levels of inequality, the high cost of health care, poor pensions and education. The Chilean government reacted by implementing a raft of reforms to appease the populace. However, these may ultimately have the effect of increasing the cost of doing business in Chile. The government has also set a date in April 2020 to hold a referendum regarding the adoption of a new Constitution.

**Monticello's** income was up by 4% while adjusted EBITDAR decreased by 6%. The decrease in adjusted EBITDAR was due to the impact of the civil protests and increased marketing and promotional activity.

The income and EBITDAR from the remaining **SCJ licences** declined by 1% and 6% respectively.

Iquique, which is located in a copper mining region, was negatively impacted by a stagnant local economy as well as a flood in February, damaging approximately 200 slot machines that were out of service for a prolonged period.

The **Peruvian operations'** (excluding Thunderbird Resorts) income increased by 5% while adjusted EBITDAR was up from R68 million to R74 million. The adjusted EBITDAR was impacted by the introduction of a new gaming tax equal to approximately 4.8% of revenue. The gaming industry is challenging the imposition of this new tax on the basis that it is unconstitutional and illegal. An additional R14 million was incurred relating to this tax. The adoption of IFRS 16: Leases, has resulted in a R48 million increase in depreciation.

**Thunderbird Resorts**, which was acquired effective April 2018, generated income of R299 million and adjusted EBITDAR of R31 million. The new Peruvian tax has also negatively impacted adjusted EBITDAR by R13 million.

**The Park Hyatt Hotel, Casino & Spa** in Mendoza, Argentina, acquired in July 2018, generated R466 million in income and R77 million in adjusted EBITDAR. Despite the weak Argentinian economy and depreciating currency, the property has benefited from dollar-based income in the hotel operation.

**Panama and Colombian** losses have reduced significantly with a combined EBITDA loss of R5 million. We continue to pursue opportunities to exit Panama. In October 2019, the Colombia operations were merged with a local operator who manages the operations. Sun Dreams holds 60% of the combined operation which are accounted for as an associate.



## BORROWINGS BY SUBSIDIARY

### FOR THE YEAR ENDED 31 DECEMBER 2019

R million	Debt	IFRS 16 Lease Liability	Total debt	Minority share	Attributable to Sun International
<b>SOUTH AFRICA</b>	<b>8 790</b>	779	<b>9 569</b>	1 218	<b>8 351</b>
SunWest	649	9	658	231	427
Afrisun Gauteng	532	6	538	29	509
Sibaya	213	2	215	20	195
Emfuleni	492	3	495	74	421
Wild Coast Sun	185	45	230	115	115
The Maslow	42	474	516	–	516
Meropa	35	1	36	10	26
Teemane	65	7	72	18	54
Windmill	75	1	76	20	56
Golden Valley	(21)	2	(19)	(7)	(12)
Sun Slots	(48)	42	(6)	(2)	(4)
Time square	4 972	5	4 977	710	4 267
Management and corporate	1 599	182	1 781	–	1 781
<b>NIGERIA</b>	<b>617</b>	–	<b>617</b>	313	<b>304</b>
Shareholder loans	951	–	951	482	469
Sun International intercompany debt	(334)	–	(334)	(169)	(165)
<b>ESWATINI</b>	<b>19</b>	–	<b>19</b>	9	<b>10</b>
<b>LATAM</b>	<b>3 901</b>	300	<b>4 201</b>	1 188	<b>3 013</b>
Sun Dreams	3 339	300	3 639	1 188	2 451
Sun Chile	562	–	562	–	562
<b>31 DECEMBER 2019</b>	<b>13 327</b>	1 079	<b>14 406</b>	2 728	<b>11 678</b>
31 December 2018	14 683	–	14 683	3 085	11 598

	South Africa		Chile	
	Covenant	Actual	Covenant	Actual
Debt to EBITDA	3.5x	2.8x	4.5x	2.6x
Interest cover	3.0x	3.9x		

\* The above covenant calculations excludes the impact of IFRS 16, that's in accordance with our facilities agreement.

## Borrowings

Sun International's borrowings (excluding IFRS 16 adjustments relating to the capitalisation of lease hold liabilities) as at 31 December 2019 were R13.3 billion, a decline from R14.7 billion as at 31 December 2018.

South African debt reduced from R9.2 billion as at 31 December 2018 to R8.8 billion due to strong cash generation. The Debt (excluding lease liabilities) to Adjusted EBITDA (after lease payments), reduced to 2.8x as at 31 December 2019 down from 3.0x a year earlier and significantly lower than the current bank covenant threshold of 3.5x.

Net debt in Latam (excluding lease liabilities), reduced to R3.9 billion from R4.9 billion. Sun Dreams' Net Debt to EBITDA (excluding the effect of IFRS16) reduced from 3.0x to 2.6x at 31 December 2019.

**ANNEXURE "A" CONTINUED**  
**AUDITED SUMMARY GROUP FINANCIAL STATEMENTS** (continued)  
for the year ended 31 December 2019

**CAPITAL EXPENDITURE**  
FOR THE YEAR ENDED 31 DECEMBER 2019

R million	December 12 months Actual
<b>SOUTH AFRICAN OPERATIONS</b>	
Refurbishment and ongoing	
Sun City	267
GrandWest	119
SunSlots	93
Sibaya	87
Carnival City	63
Other	184
<b>TOTAL SOUTH AFRICAN CAPITAL EXPENDITURE</b>	<b>813</b>
<b>LATAM OPERATIONS</b>	
Expansionary	65
Refurbishment and ongoing	285
<b>TOTAL LATAM CAPITAL EXPENDITURE</b>	<b>350</b>
<b>NIGERIA AND ESWATINI OPERATIONS</b>	
Refurbishment and ongoing	17
<b>TOTAL GROUP CAPITAL EXPENDITURE</b>	<b>1 180</b>

**ACQUISITION/DISPOSAL OF INTEREST IN SUBSIDIARIES**  
FOR THE YEAR ENDED 31 DECEMBER 2019

**SOUTH AFRICA**

Reference is made to the SENS announcements released on 29 July 2019 and 30 August 2019 respectively when shareholders were informed that Sun International would:

- Increase its shareholding in Sibaya (Afrisun KZN) to 87.2% by effectively acquiring the minorities equity interests in the company as well as in Afrisun KZN Manco Proprietary Limited and National Casino Resort Manco Proprietary Limited, at a 5.6x EBITDA multiple. The acquisition has now been implemented; and
- Increase its equity interest in Sun Slots to 100% by effectively acquiring GPI's 30% interest in the company for an amount of R504 million, at a 5x 2019 EBITDA multiple. While this acquisition has received GPI's shareholders approval, it is still awaiting approval from certain of the gambling boards in South Africa.

These transactions which were concluded at attractive historical multiples have the effect of simplifying Sun International's shareholding in these assets. Furthermore, these transactions will reduce the cash leakage through reducing minority dividends, be cash accretive and will over time assist in further deleveraging Sun International's debt.

**LATAM**

Reference is made to the SENS announcement released by Sun International on 30 April 2019 when shareholders were informed that Nueva Inversiones Pacifico Sur Limitada, which owns 35.06% of the issued share capital of Sun Dreams, had made an offer to acquire 14.94% of Sun International's shareholding in Sun Dreams, which would result in each party holding a 50% equity interest in Sun Dreams. On 1 November 2019, Sun International advised its shareholders that the aforesaid transaction was not concluded. Furthermore, and following certain SENS announcements released by Sun International between May 2019 and August 2019 regarding a proposed merger between Sun Dreams and certain gaming assets of Clairvest Chile and Inversiones San Andres on 1 November 2019, shareholders were advised that the parties had failed to conclude the proposed merger as envisaged in the Memorandum of Understanding (MOU) by close of business on 31 October 2019 and consequently the MOU had lapsed.



## **ANNEXURE "A" CONTINUED**

### **AUDITED SUMMARY GROUP FINANCIAL STATEMENTS (continued)**

for the year ended 31 December 2019

Independent auditor's report on the summary consolidated financial statements

#### **TO THE SHAREHOLDERS OF SUN INTERNATIONAL LIMITED**

#### **OPINION**

The summary consolidated financial statements of Sun International Limited, contained in the accompanying Sun International Limited audited summary group financial statements, which comprise the summary consolidated statement of comprehensive income, the summary consolidated statement of financial position as at 31 December 2019, cash flows and changes in equity for the year then ended, and related notes, are derived from the audited consolidated financial statements of Sun International Limited for the year ended 31 December 2019.

In our opinion, the accompanying summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements, in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, as set out in note 2 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

#### **SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**

The summary consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards and the requirements of the Companies Act of South Africa as applicable to annual financial statements. Reading the summary consolidated financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited consolidated financial statements and the auditor's report thereon.

#### **THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND OUR REPORT THEREON**

We expressed an unmodified audit opinion on the audited consolidated financial statements in our report dated 18 March 2019. That report also includes communication of 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.

#### **DIRECTOR'S RESPONSIBILITY FOR THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS**

The directors are responsible for the preparation of the summary consolidated financial statements in accordance with the requirements of the JSE Limited Listings Requirements for preliminary reports, set out in note 2 to the summary consolidated financial statements, and the requirements of the Companies Act of South Africa as applicable to summary financial statements.

#### **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on whether the summary consolidated financial statements are consistent, in all material respects, with the audited consolidated financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), Engagements to Report on Summary Financial Statements.

#### **OTHER MATTER**

We have not audited future financial performance and expectations expressed by the directors included in the commentary in the accompanying summary consolidated financial statements and accordingly do not express an opinion thereon.

PricewaterhouseCoopers Inc.  
Director: Johan Potgieter  
Registered Auditor  
Johannesburg

16 March 2020

**Please note that these numbers constitute only the audited summary group financial statements of the Sun International group. The complete audited consolidated financial statements of the Sun International group incorporating the external auditor, audit committee and directors' reports for the 12 months ended 31 December 2019 are on the company's website at <http://www.suninternational.com/investors>.**

**The complete audited consolidated financial statements are also available at our registered office for inspection at no charge during office hours. Copies of the complete financial statements may be requested by contacting Andrew Johnston at [andrew.johnston@suninternational.com](mailto:andrew.johnston@suninternational.com).**

**Shareholders are advised that there have been no changes between the audited summary group financial statements for the 12 months ended 31 December 2019 as published on SENS on 16 March 2020 and the complete audited consolidated financial statements which appear on the company's website.**

# ANNEXURE "B"

## DIRECTORS STANDING FOR ELECTION

<b>Name</b>	<b>Ms SN (Sindi) MABASO-KOYANA (50)</b>
Joined Sun International board	2020
Positions	Independent non-executive director
Qualifications and experience	<p><i>B Com, P Grad Dip Accounting, CA (SA)</i></p> <p>Sindi is a qualified chartered accountant by training and an entrepreneur, corporate leader and champion for transformation, who is held in high regard in South Africa and internationally. Sindi is the founder and executive chairman of The African Women Chartered Accountants Investments Holdings, a women owned and led investment company.</p> <p>Her illustrious career has included being managing director of Viamax Logistics, a subsidiary of Transnet, group financial director of Transnet and executive partner at Ernst &amp; Young. Sindi has served as a non-executive director of, among others, Toyota SA, MTN Group, South African Institute of Chartered Accountants, FIFA, the Altron group and Adcorp Holdings.</p> <p>Sindi was previously named one of the Top 20 Most Powerful Women in Business and Public Sector in South Africa and was a finalist for The Business Woman of the Year Awards.</p>

<b>Name</b>	<b>Mr TR (Tapiwa) NGARA (38)</b>
Joined Sun International board	2019
Positions	Alternate non-executive director of Sun International
Qualifications and experience	<p><i>B.Bus Science (Finance) (UCT), CA(SA), MBA (London Business School)</i></p> <p>Tapiwa, who is a qualified chartered accountant (SA), is an experienced corporate finance professional who currently serves as an associate investment director at Value Capital Partners (Pty) Ltd. Previously, he fulfilled the roles as group corporate development manager at Vivo Energy Plc in the UK, where he was responsible for mergers and acquisitions execution, and as an investment banker at Goldman Sachs based in London.</p> <p>In 2014, Tapiwa led a special project for the UK's Development Finance Institution which involved benchmarking 180 private equity funds. He was also a delegate at the inaugural US–Africa White House Leadership Summit in Washington DC.</p>

## DIRECTORS STANDING FOR RE-ELECTION

<b>Name</b>	<b>Mr PDS (Peter) BACON (73)</b>
Joined Sun International board	2013
Positions	<p>Independent non-executive director of Sun International</p> <p>Chairman of the risk committee</p> <p>Member of the audit committee</p>
Qualifications and experience	<p><i>FIH</i></p> <p>Peter is an independent non-executive director of the company. He is a Fellow of the Institute of Hospitality with over 40 years' experience in the hotel, resort and gaming industry.</p> <p>He joined the group in 1973 and occupied a number of executive positions in South Africa and overseas before becoming managing director of Sun International in 1994, and then group chief executive in 2003. He retired in 2006 and re-joined the board in February 2013. Peter was also previously a director of Woolworths Holdings and is chairman of Atlantic Leaf Properties Limited (Mauritius). He was chairman of the National Sea Rescue Institute up until August 2014 and, also served as a director of South African Tourism and as chairman of the Tourism Grading Council of South Africa. Peter is also a non-executive director of PSG Konsult (Mauritius) Limited and a non-executive director of DMH Limited (Mauritius).</p>



<b>Name</b>	<b>Mr EAMMG (Enrique) CIBIE (66)</b>
Joined Sun International board	2014
Positions	Independent non-executive director of Sun International Member of the audit committee Member of the remuneration committee Member of the risk committee
Qualifications and experience	<i>BA, CA (Pontificia Universidad Catolica de Chile), MBA (Stanford University)</i> Enrique was appointed to the board with effect from 22 August 2014. Enrique is a Chilean national and currently serves as a non-executive director on various boards in Chile, having previously served as the chief executive of various multi-national and Chilean companies. Enrique is also a director of the Sun Dreams S.A. board in Chile.

<b>Name</b>	<b>Mr G W (Graham) DEMPSTER (64)</b>
Joined Sun International board	2017
Positions	Independent non-executive director of Sun International Chairman and member of the investment committee Member of the risk committee
Qualifications and experience	<i>BCom, CTA, CA (SA), AMP (Harvard)</i> Graham Dempster is a qualified chartered accountant by profession and previously served as the chief operating officer of the Nedbank Group Limited and Nedbank Limited between 5 August 2009 and 31 December 2014. Prior to that Graham was the managing director of Nedbank Corporate from 2003 up until his appointment as chief operating officer in 2009. Graham served as general manager at Nedbank Group Limited from 1991 and was joint head of the Special Finance Division in 1989. In 1992 he moved to Nedcor Bank, initially in a general management role on strategy and served as head of the International Division from 1998. In 1999, he assumed responsibility for the Corporate Banking Division and served as an executive director of Nedbank Group Limited and Nedbank Limited from 5 August 2009 to 11 May 2015. In addition to the foregoing, Graham serves as the chairman of Long4life Limited, as well as Motus Holdings Limited. He has over 35 years' of experience in the banking industry, both in South Africa and internationally. He first joined the Nedbank Group in 1980 in the Corporate Finance Division of UAL Merchant Bank. Currently, Graham's other non-executive director positions include the following: <ul style="list-style-type: none"> <li>▪ Independent non-executive director of Imperial Holdings Limited (since February 2015). He is also a member of Imperial's audit and investment committees;</li> <li>▪ Independent non-executive director of AECI Limited (since January 2016). He is also a member of AECI's audit, remuneration and nominations committees; and</li> <li>▪ Independent non-executive director of Telkom SA SOC Limited (since December 2012). He is also a member of Telkom's risk, as well as investment and transactions committees.</li> </ul>

## ANNEXURE "B" CONTINUED

<b>Name</b>	<b>Ms CM (Caroline) HENRY (53)</b>
Joined Sun International board	2016
Positions	Independent non-executive director of Sun International Member of the audit committee Member of the risk committee Member of the social and ethics committee
Qualifications and experience	<p>CA (SA)</p> <p>Caroline was appointed as an Independent Non-Executive Director on the Board with effect from 3 October 2016. Caroline has over 20 years of experience in the finance sector. Since 2005, she headed Eskom's treasury function gaining invaluable experience in debt capital markets and treasury.</p> <p>In 2013 she served as acting Chief Financial Officer taking responsibility for financial reporting, treasury, shared services, insurance, and oversight of the Eskom pension and provident fund.</p> <p>Caroline contributed in various capacities (member &amp; executive) to Eskom's Investment and Finance committee, the New Build Oversight Committee, Audit and Risk Committee, the Executive Committee, Nuclear Management Committee and the Eskom Pension and Provident Fund (EPPF) Investment Committee.</p>
<b>Name</b>	<b>Ms BLM (Tumi) MAKGABO-FISKERSTRAND (45)</b>
Joined Sun International board	2010
Positions	Independent non-executive director of Sun International Chairman of the social and ethics committee
Qualifications and experience	<p>BA (<i>International Relations</i>)</p> <p>Tumi was appointed to the board effective 1 March 2010. She is the founder and executive director of Africa Worldwide Media, and founder of Tumi Makgabo Enterprises, which focuses on identifying investment opportunities throughout Africa. Tumi previously worked for CNN International and the FIFA 2010 World Cup Organising Committee South Africa. She serves on the board of The Foschini Group Limited. Tumi is a member of the World Economic Forum's Forum of Young Global Leaders.</p>





#### AUDIT COMMITTEE MEMBERS STANDING FOR ELECTION

1. PDS (Peter) BACON (See biography above)
2. EAMMG (Enrique) CIBIE (See biography above)
3. CM (Caroline) HENRY (See biography above)
4. ZM (Zimkhitha) ZATU (See biography below)

Name	Ms ZP (Zimkhitha) ZATU (36)
Joined Sun International board	2018
Positions	Independent non-executive director of Sun International Member of the audit committee
Qualifications and experience	<p>BCom, HDip Acc, CA(SA)</p> <p>Zimkhitha was appointed as an Independent non-executive director to the board effective 23 November 2018. Zimkhitha is highly entrepreneurial while still committed to solid commercial and business practice and sound governance. She founded ZAAM Investments (Pty) Ltd, a 100% women-owned and managed company focusing on project development, consultancy services and strategic investments within key economic sectors in South Africa.</p> <p>Her current board roles include deputy chairman of National Film and Video Foundation and director of Rail 2 Rail (Pty) Ltd and Sedibeng Iron Ore Mine (Pty) Ltd, respectively. Previously she held directorships at African Women Chartered Accountants, Commuter Transport Engineering, SAICA Thuthuka Education Upliftment Fund and Siyazisiza Trust.</p> <p>Zimkhitha completed the GIBS Executive Leadership Programme and is currently completing her thesis for a Masters degree in Corporate Finance through Liverpool University. Highly analytical, she has excellent strategic insights and strong operational experience as well as in depth understanding of infrastructure projects.</p> <p>In 2015, Zimkhitha was selected as one of the Mail and Guardian's Young 200 South Africans.</p>

# ANNEXURE "C"

## SUN INTERNATIONAL ("SUN INTERNATIONAL" OR "THE COMPANY") FY 2019 REMUNERATION REPORT

### PART ONE: Background Statement with Feedback from the Chairman of the Remuneration Committee

Dear Shareholders

I am pleased, as chairman of the Sun International remuneration committee ("the Committee") to provide Sun International's third background statement to the remuneration report, setting out the Committee's activities during the 2019 financial year. Last year continued to present a difficult strategic and operating environment for corporate South Africa with economic growth constricting further and the optimism associated with "Ramaphoria" waning as a result of the realisation of the task at hand and pace of change. For Sun International, the focus during the year under review remained on implementing the efficiencies identified in FY 2018 and realising the benefits therefrom.

As indicated in my background statement from last year, a core responsibility of the Committee is to ensure that the remuneration philosophy and policy supports the Sun International group's strategic targets to enable it to attract, motivate, reward and retain executive directors and prescribed officers ("senior executives"), as well as the general managers of the various South African business units ("general managers") and other senior managers of the group ("senior managers"), in order to maximise shareholder value, while also complying with relevant legislation and the requirements of the King IV Report on Corporate Governance for South Africa™, 2016 ("King IV™").

As members of the Committee, our focus during 2019 was threefold, namely, to:

1. implement the revised variable pay structures proposed by the Committee as detailed in our Remuneration Policy tabled at the 2019 annual general meeting ("AGM");
2. ensure that the wages payable to Sun International's bargaining unit employees and remuneration packages payable to other non-bargaining unit employees in the form of TCOE is fair and responsible, including addressing Equal Pay for Work of Equal Value; and
3. continue assisting and advising the board on matters relating to remuneration governance and the remuneration of top management.

### Non-binding advisory vote on Remuneration Policy and Implementation Report

For the third consecutive year, this remuneration report is presented in three separate parts, namely this background statement and letter (Part 1), the overview of the main provision of the Remuneration Policy (Part 2) and the Implementation Report for the Remuneration Policy applied in the 2019 financial year (Part 3), in line with best practice and good governance principles for South African remuneration reporting. We trust that this structure continues to provide sufficient clarity and transparency around how the Remuneration Policy is linked to the actual pay received by senior executives, displaying the strong link between pay and performance, which is the backbone of Sun International's remuneration policies and practices.

As was the case in 2018, the Committee again actively engaged with several of its major shareholders during the 2019 financial year in order to understand their concerns regarding Sun International's remuneration structures and policies and areas for improvement. This was notwithstanding that shareholders had voted in favour of both of Sun International's remuneration resolutions at the 2018 AGM by more than 75% of the total number of votes cast at that meeting. This culminated in Sun International tabling a revised Remuneration Policy and Implementation Report incorporating many of these shareholders recommendations at the 2019 AGM, when shareholders voted in favour of both the Remuneration Policy and Implementation Report resolutions by more than 90% of the total number of votes cast at the meeting.

The dissenting votes for the previous Remuneration Policy and Implementation Reports were 1.6% and 8.4% respectively.

Notwithstanding that both remuneration resolutions were passed by in excess of 90% of the total votes cast at the 2019 AGM, the Committee continued to engage with those shareholders which voted against the remuneration resolutions at the 2019 AGM and to this extent has adopted several of their recommendations going forward. A summary of the material feedback received and the responses and action taken by Sun International are set out in the table below. Further details regarding the changes can be found in Part 2 of this remuneration report.

Shareholder feedback	Sun International responses and action taken
Senior executives should not be awarded long-term share-based incentives which do not contain financial performance metrics and conditions for vesting	With effect from the end of 2018, Sun International has not awarded long-term incentives to its senior executives, which did not contain performance metrics. Senior executives are no longer awarded Bonus Matching Shares, as had been the case previously. In future the senior executives would only be awarded shares in terms of the proposed new LTI share plan known as the Sun International 2020 conditional share plan ("new LTI plan") to be approved by shareholders and as explained further in Part 2 of this report



Shareholder feedback	Sun International responses and action taken
There is no incentive for good cash generation at a senior executive level and return on capital was not included as a performance measurement criterion	Return on invested capital (ROIC) has been included as part of the senior executives' variable pay and the focus on cash generation and balance sheet management will be indirectly captured through the calculation of ROIC
Concerns were raised that there is no clear minimum shareholding requirement on the part of the senior executives and senior managers to ensure that their interest are aligned with the shareholders	A minimum shareholding requirement has been introduced in the proposed new LTI plan to be adopted by shareholders for both senior executives and senior managers. Restricted matching shares will be awarded to those senior executives and senior managers who acquire open market shares up to a maximum of 25% of their annual long-term share-based incentive allocation
The Committee should consider introducing malus and clawback to the long-term share-based incentive schemes as well as limitations on the number of shares to be issued to senior executives and senior managers in terms of the long-term share-based incentives	The Committee has proposed the introduction of both malus and clawback in the rules of the proposed new LTI plan
The number of shares reserved for the share plans and the total number of shares, which can be awarded to any one individual, expressed as a percentage of the issued share capital, should be reduced to align with generally accepted market norms	In terms of the proposed new LTI plan a limitation of 5% of the issued share capital of Sun International will be placed on the number of shares available for the new LTI plan and a limitation of 0.5% in terms of the number of shares which can be issued to an individual in terms of this plan

Further to the above queries and after thorough engagement with shareholders, we have decided to address concerns regarding the grant of Equity Growth Plan (EGP) rights to the Sun International CE and CFO in 2018. Due to both the CE and CFO being promoted in 2017, sufficient allocations for the 2017 year were not provided and the allocations made in 2018 therefore represented allocations for both 2017 and 2018. Furthermore, these grants will only vest to the extent that the performance conditions have been met at the end of the vesting period.

## Remuneration consultants

During the course of the 2019 financial year, the Committee engaged remuneration consultants namely 21st Century, PwC, Investec and Korn Ferry to, among others and purely from an advisory perspective, benchmark the senior executives and senior managers TCOE and total reward packages during the year, as well as comment on recent market trends regarding long-term share-based incentives. Notwithstanding the aforesaid, the Committee and board remained at all times responsible for devising and implementing the policies and remuneration structures adopted or recommended to shareholders for approval. The Committee is satisfied that these remuneration consultants acted independently and were objective in their advices and recommendations provided during the year under review.

Based on the input provided by the aforesaid consultants, as well as management, and taking into consideration the views expressed by shareholders, the Committee recommended to the Sun International board certain changes to both the STI and the long-term share-based incentives ("LTI") which, excepting for those changes to the LTIs which still require shareholder approval, were approved by the board during 2019 or prior to the date of this remuneration report.

### *Key focus areas and decisions taken during the reporting period*

Building on the changes introduced to both the short-term incentive (STI) and LTIs after the feedback on the 2018 remuneration report, aspects of remuneration focused on by the Committee during the year under review included:

- continuous engagement with shareholders regarding concerns expressed pertaining to the STI and LTI plans, including the proposed new LTI plan which will be the primary plan for LTI awards going forward for the senior executives, general managers and select senior managers, provided that it is approved by shareholders at a special general meeting to be held in 2020;
- until such point as approval for the proposed new LTI plan is obtained, the existing LTIs will be used for awards to the senior executives, general managers and senior managers. Once approval is obtained, no further Equity Growth Plan rights will be granted to senior executives, general managers and senior managers. In addition, as previously indicated, senior executives are no longer eligible for the award of Bonus Matching Shares. The details of these proposed changes are highlighted in Part 2 of this remuneration report;
- continued focus on fair and responsible pay across its South African businesses which included, *inter alia*, ensuring that Equal Pay for Work of Equal Value continues to be applied across the local units (pursuant to the publication of the Department of Labour's Employment Equity Regulations) and satisfied itself that Sun International pays a living wage to its employees, taking into account the current minimum wage in South Africa and the additional benefits which the group provides to its wage employees;

## ANNEXURE "C" CONTINUED

- finalised the rules of the proposed new LTI plan and associated circular which will be tabled to shareholders in 2020 for approval and which takes into consideration the majority of the suggestions proffered by shareholders regarding the LTIs;
- determined that in future the total number of employees participating in the LTIs would be reduced to approximately 128 participants, of whom only around 50 would be eligible to be awarded shares in terms of the new LTI plan;
- amended the STI financial performance metrics for the senior executives in respect of the 2020 financial year and changed their financial targets from 70% to 80% of the STI and their KPI percentage from 30% to 20% of the STI;
- clearly defined and set detailed KPIs for each of the senior executives, general managers and senior managers to ensure that their remuneration is closely aligned with their individual performance and the financial performance of Sun International;
- further analysed employee well-being which is discussed in more detail below; and
- continued to implement the concept of "single figure remuneration" in respect of the remuneration disclosures of its senior executives.

The Committee also decided that due to having previously advised shareholders that in future the senior executives would only be entitled to be awarded LTIs in terms of the proposed new LTI plan, no LTIs were awarded to the senior executives in the year under review.

The Committee is satisfied that it achieved its stated objectives for the 2019 financial year.

### Focus areas for 2020

- We are looking forward to implementing the proposed new LTI plan that is aligned to market practice and our comparator peer companies. The proposed new LTI plan will be tabled for shareholder approval during the second quarter of 2020 and is intended to encourage senior executives, general managers and select senior managers to build up a shareholding in Sun International, thereby further aligning their interests with shareholders.
- We intend to continue our work and vision to ensure Sun International's remuneration practices are aligned with the principles of fairness and responsibility. The Committee intends to prepare a fair and ethical pay policy which will record the underlying principles, annual targets, supporting procedures as well as the tools which will be adopted to measure and monitor adherence to this policy. Our views on fair and responsible remuneration are expanded upon below.

### Fair and responsible remuneration

King IV™ requires executive management remuneration to be fair and responsible in the context of overall employee remuneration.

By linking performance to the values of the organisation, we believe that Sun International can reflect its culture internally to its employees and externally to its shareholders. As a Committee, we believe that the defining features of a culture, which demonstrates remuneration fairness, include:

- ensuring that our remuneration policies, respect gender and race whilst keeping in mind the ratio of the highest paid employee to the lowest paid employee;
- focused talent management initiatives targeted at identified high potential management, to ensure continuous growth and development, in line with our business model;
- keeping abreast of best practice remuneration policies to motivate and retain identified high potential employees;
- identifying internal career paths and structured performance incentives to align with the business model and shareholders' interests; and
- analysing best practice remuneration policies, which may uncover ideas that can be modelled.

During the last few years, Sun International has conducted annual Equal Pay for Work of Equal Value analyses, which have been conducted across all of the South African business units in order to identify disparity in the remuneration packages for employees in same or similar positions.

Sun International continues to address pay practices across its South African operations to ensure compliance with the Employment Equity Act, 1988 (Act 55 of 1998 as amended). In light of this, the review of our pay practices formally commenced three years ago when we first embarked on a project to investigate the pay differentials that exist as a result of historical pay practises. Following an extensive investigation, we have made a concerted effort to address unjustifiable horizontal income disparities in order to close the gap, specifically for employees doing the same or similar job, in the following manner:

- embedded an organisational design policy and process which is intended to provide a framework and principle for structuring the business to achieve its strategic priorities and objectives;
- paid closer attention to our appointment and transfer process to ensure employees enjoy fair pay for work done;
- ongoing monitoring of remuneration and benefits paid to our various categories of employees;
- enhanced our analysis process by recently introducing an equal pay analysis tool to enable our operations to easily monitor, report and where necessary address unjustifiable horizontal income disparities; and
- continued with the practice (that first commenced three years ago) of addressing unjustifiable horizontal income disparities as part of our annual increment processes as well as at the time of internal promotions and external appointments.



The current three year wage agreement (expiring on 28 February 2021) with the representative union dictates across the board increases – irrespective of performance, seniority and length of service. In the interim we will continue to engage with the representative union as to how best to address unjustifiable horizontal pay practices within the bargaining unit.

Equal Pay for Work of Equal Value is not a legislative concern in Latam. However, we are pleased to note that the top management of Sun Dreams has focussed on pay disparity between genders during the past year and made positive progress in terms of ensuring that there are no material issues in this regard.

We recognise that Equal Pay for Work of Equal Value is an ongoing exercise intended to reinforce the fact that pay related decisions need to be justified and where it is not justified, corrective plans and measures are put in place. We further acknowledge that there is still more work required to close the horizontal pay gap. Sun International remains committed to fully addressing and achieving Equal Pay for Work of Equal Value in 2021 and beyond.

As indicated previously, a key focus area for the Committee remains satisfying itself that all Sun International employees are remunerated above the prevailing national minimum wage and that the cash portion of all wages earned by the Sun International employees exceeded the minimum wage determined by law in South Africa. When adding the cash portion of all wage employees to the additional benefits offered by the group such as, *inter alia*, the housing subsidy, free meals whilst on duty, maternity leave benefits, retirement funding plus the medical aid subsidy for bargaining unit employees on the company appointed medical aid or primary health care plan for all bargaining unit employees which is paid for by Sun International, the Committee is comfortable that the wage employees are paid a living wage. The aspects around the payment of the national minimum wage to employees was also considered and endorsed by Sun International's social and ethics committee and board.

Notwithstanding the foregoing, Sun International recognises the sensitivity surrounding income disparities and understands that managing and minimising such disparities in South Africa is of extreme socio-economic importance. We acknowledge that taking active steps to address wage inequality is an important aspect of corporate social responsibility and we remain committed to working towards a solution, which is both ethically and economically sustainable for all stakeholders. As we communicated to shareholders in the past, while we remain committed to ensuring that our employees receive a living wage, we also acknowledge the need to manage remuneration levels at the top. In this regard, although Sun International benchmarks all staff against the 50th percentile of the market, annual increases are not solely inflationary based and individual performance and each individual's value to the organisation is considered, allowing for flexibility within a band of between 10% to 15% either way.

Aside from the retirement of Mr MV Moosa during the year under review, there were no changes to the composition of the Committee. Each of the members of the Committee are classified as non-executive directors of Sun International with the majority of the Committee members being independent directors. Mr Cibie, a further independent director of Sun International and a member of the Committee also chairs the Sun Dreams remuneration and nomination committee.

In addition to the foregoing, Mr Johnston, the Sun International Director: Corporate Services and a Director of the Tourist Company of Nigeria Plc. ("TCN") chaired TCN's nomination and governance committee during the year under review, which oversees remuneration governance at the Federal Palace Hotel in Lagos, Nigeria. Mr Johnston also acts as the Secretary of the Sun Dreams remuneration and nomination committee in Chile.

As required by the Companies Act, the JSE Listings Requirements and King IV™, the following resolutions will be tabled for non-binding advisory votes by shareholders at the AGM, which is taking place on Tuesday, 12 May 2020, further details of which can be found in the notice of AGM:

1. binding vote on non-executive directors' fees;
2. advisory vote on the Remuneration Policy; and
3. advisory vote on the implementation of the Remuneration Policy in the previous financial year ("Implementation Report").

We have included provisions in our Remuneration Policy to ensure that, in instances where either the Remuneration Policy or the Implementation Report are voted against by 25% or more of the voting rights exercised, the Committee will take proactive steps to constructively engage with dissenting shareholders in order to address legitimate and reasonable concerns pertaining to our remuneration practices, procedures and governance and provide detailed feedback on the nature and outcomes of the engagements in the following year's Implementation Report.

Included at the back of the 2019 annual statutory report is a perforated and detachable form, which has been included for the benefit of shareholders to allow them to proffer any recommended changes or suggestions in respect of Sun International's Remuneration Policy, Implementation Report and/or remuneration practices. I encourage those shareholders who wish to avail themselves thereof to complete the form and return it to myself, care of the Sun International Company Secretary.

Finally and as I will be retiring from the board at the upcoming AGM, I would like to take this opportunity of thanking my colleagues for their unwavering support towards myself as chairman of the Committee and wish them all of the very best for the exciting challenges which lie ahead.

**Mr PL Campher**

Chairman: Remuneration Committee

## ANNEXURE "C" CONTINUED

### PART TWO: OVERVIEW OF THE MAIN PROVISIONS OF THE REMUNERATION POLICY

Below we set out an overview of the main provisions of the Remuneration Policy, as applicable to the senior executives (as defined above), the general managers and senior managers and on a high level, other employees. The Remuneration Policy, as it appears in this Part 2 of the remuneration report and which is referenced in the notice of AGM will be put forward for the non-binding vote.

#### Remuneration Governance and the Remuneration Committee

Remuneration Policy within the Sun International group is reviewed annually by the Committee, which is constituted as explained in the governance report posted on the company's website, which is available at [www.suninternational.com/investors](http://www.suninternational.com/investors). The responsibilities and the composition of the Committee, as well as attendances at committee meetings are set out in that report. The mandate of the Committee covers, among others, the formulation of remuneration policy as it affects employees at all levels throughout the Sun International group. The Committee's terms of reference and this remuneration report, incorporating the Remuneration Policy, are both available on Sun International's website and can be accessed from the following link [www.suninternational.com/investors](http://www.suninternational.com/investors).

The Committee oversees compliance in this respect by the company and its major subsidiary companies with the requirements set out in the JSE Listings Requirements, the principles set out in King IV™ and with the terms of the Companies Act (2008) in relation to the remuneration of senior executives and non-executive directors. Following the publication of King IV™ on 1 November 2016 and its implementation with effect from 1 October 2017, the Committee has afforded much attention to the implications and application of the same for Sun International. The Committee is satisfied that the Remuneration Policy of the Sun International group has achieved its stated objectives and except for those changes documented in this report, there have been no material deviations to the said Remuneration Policy during the year under review. As indicated in Part 1 of this report, Sun International, acting through its major subsidiary, Sun Dreams S. A. in Chile has established a remuneration and nomination committee for its Latam operations. Sun International is also adequately represented on the TCN nomination and governance committee, which oversees remuneration governance and the remuneration of the group's employees in Nigeria.

The members of the Sun Dreams remuneration and nomination committee include, among others, the Sun International chief executive, chief financial officer and Mr Cibie, all of whom attend meetings of the Committee. Each of Messrs, Basthdaw, Leeming and Cibie are directors of Sun International. Mr Cibie is also the Chairman of the Sun Dreams remuneration and nomination committee. In addition, the Sun International Company Secretary also attends meetings of the Sun Dreams remuneration and nomination committee by invitation and is responsible for ensuring that similar principles of remuneration and an equivalent standard of remuneration governance to that adopted in South Africa, is applied in Latam. To avoid conflicts of interest, neither the chief executive of Sun International, nor the chief executive officer of Sun Dreams are members of their respective remuneration committees and both excuse themselves from meetings when their remuneration is discussed.

The company is also guided by international best practice and, to this end, is an active participating member of the International Corporate Governance Network ("ICGN") and has substantially aligned its Remuneration Policy with the best practice standards expounded by the ICGN.

#### Activities undertaken by the Committee during the year

During the year under review, the Committee performed those activities, which have been elaborated on by the Committee chairman in Part 1 of this remuneration report.

In addition, the Committee:

1. oversaw and ensured that the membership of the Sun International Provident Fund members was successfully transferred over to the Sanlam Umbrella Fund with effect from 1 July 2019;
2. applied certain changes agreed by the Committee and the board to the annual STI (particularly around the financial performance metrics to be applied to annual short-term incentives, the methodology and basis for paying enhanced annual short-term incentives where there has been out-performance and implemented amendments to the various long-term share-based incentives, which were approved by shareholders in 2018 and 2019 and which included the introduction of malus in the existing share incentive plans, the non-award of Bonus Matching Shares to the senior executives and the discontinuation of the grant of Equity Growth Plan (EGP) rights to all employees (subject to shareholders approving the proposed new LTI plan);
3. finalised the rules of the proposed new LTI plan, which will include both malus and clawback provisions in its rules; and
4. continued to adopt the single figure remuneration concept for the senior executives as disclosed in Part 3 of this remuneration report and as advocated in King IV™.

#### Remuneration Policy in overview

The Remuneration Policy places an emphasis on rewarding consistent and sustainable individual and corporate performance in the short, medium and long term. It also seeks to ensure that the remuneration of the senior executives is fair and responsible in the context of overall employee remuneration throughout the organisation. Some of the methods in which the Remuneration Policy seeks to align remuneration practices with the strategic objectives of the business are summarised below.



Strategic objective	Policy highlights
Improving relationships with all external stakeholders.	<ul style="list-style-type: none"> <li>■ The interests of senior executives are aligned with the interests of shareholders and with the business strategy as formulated by the board, through the linking of remuneration to sustainable individual performance through the utilisation of performance-based rewards to drive corporate performance.</li> <li>■ The company is committed to communication and ensuring that all stakeholders are aware of the Remuneration Policy.</li> </ul>
Emphasising financial sustainability, focusing on profitable growth and capital and cost management.	<ul style="list-style-type: none"> <li>■ Remuneration practices seek to reinforce, encourage and promote superior performance through short and long-term incentives.</li> <li>■ The company adopts remuneration practices, which reward consistent and sustainable individual and corporate performance.</li> <li>■ High-performing employees are rewarded for the contribution they make to the company and/or Sun International group.</li> <li>■ To achieve effective cost management, the company manages guaranteed pay levels using TCOE. Performance management is directly linked to both TCOE and annual STI bonuses.</li> <li>■ There is no contractual right to the payment of any STI bonus in any circumstances.</li> </ul>
Establishing a unified, group-wide culture.	<ul style="list-style-type: none"> <li>■ Remuneration practices are designed to ensure that Sun International and each subsidiary company have a top management team at their helm and top-level expertise available to management at all times.</li> <li>■ Sun International group standards are adopted and uniformly applied, while recognising that the different nature of the major underlying units and operating subsidiaries may require a differential approach between them.</li> </ul>
Develop, retain and attract core skills.	<ul style="list-style-type: none"> <li>■ The Remuneration Policy guidelines have been developed to attract, motivate, reward and retain senior executives and other key personnel by providing attractive, appropriate and market related remuneration packages.</li> <li>■ Our total reward levels are appropriately set to encourage and reward superior performance, whilst ensuring that market competitive levels are maintained where target performance is met. The company identifies and positions itself against the organisations or companies from which skills are acquired, or to which skills are lost. It also considers and benchmarks itself against similar sized companies in other sectors and in the case of the chief executive ("CE"), considers international benchmarks of chief executive officers' TCOE in the gaming and hospitality sectors.</li> </ul>
Drive sustainable growth and financial sustainability.	<ul style="list-style-type: none"> <li>■ Ensure that 'pay mix' is designed to focus on achievable organisational goals and personal objectives.</li> <li>■ Total remuneration for senior executives, senior managers, key talent and scarce skills, includes a guaranteed package, a STI and a LTI.</li> <li>■ The performance conditions of the STI bonus include both financial performance indicators as well as key performance indicators relevant to each participant, which ensure that pay out is dependent on performance resulting in sustainable growth and financial sustainability.</li> <li>■ Similarly, the vesting of grants and awards in terms of the EGP rights plan and the proposed new LTI plan respectively, are based on performance conditions, which drive sustainable growth and financial sustainability.</li> </ul>

## Elements of pay

We have set out below the various elements of pay applicable to senior executives, general managers, senior managers, as well as other staff (as may be applicable). The following table displays the elements of pay as applicable to senior executives, general managers, senior managers, as well as other staff (as may be applicable).

### Guaranteed pay

Remuneration is defined in terms of a TCOE package approach; the guaranteed package including base salary, travel allowance (as may be applicable), retirement savings, death, disability and healthcare contributions.

The company positions senior executives, general managers and senior managers' guaranteed pay and total reward to the 50th percentile, whilst allowing total reward to reach the 75th percentile, where stretch performance is achieved. This allows STI and LTI to be utilised to reward superior performance, whilst ensuring that the reward offering remains competitive in the market, allowing us to retain our senior executives, general managers and key talent. Apart from Clover Industries being replaced by Dischem in the peer group due to Clover Industries delisting, there are no other anticipated changes to the comparator peer group as set out in Part 3 of this remuneration report.



## ANNEXURE "C" CONTINUED

The Sun International group's annual TCOE increase review process is performed between October and February each year. Increases are determined by the Committee in conjunction with Sun International's executive committee. Consideration for increases takes into account, among others, the following factors; market-related TCOE increases, changes in individual responsibility, individual performance, the performance of the Sun International group as a whole and other relevant economic indicators such as, *inter alia*, affordability and inflation. More recently, the review process also gave consideration to Equal Pay for Work of Equal Value principles. Overall increases will typically reflect the market benchmark increases, with individual increases varying according to an assessment of individual performance/worth. A job-sizing audit is conducted periodically in order to ensure that the guaranteed pay base remains competitive and relevant to the remainder of the market.

### Short-term Incentive

The STIs which can be earned by senior executives, general managers and senior managers are calculated with reference to a specific percentage in relation to their annual TCOE packages and having reference to their relevant job grades (see table below). The amount of an employee's STI payable each year, if any, is informed by:

1. financial performance based on group and/or company financial measures, agreed annually in advance by the Committee; and
2. a score derived from their personal performance rating, which is based on their achievement of pre-determined and agreed personal KPIs.

The KPIs are stringently set and, in the case of the senior executives, approved by the Committee. Fulfilment of all the individual KPIs is required in order to unlock 100% for this component. This can be enhanced beyond 100% (up to a maximum of 200%) in the event that above on-target performance was achieved for the financial measures component. This ensures that the maximum STI can only be unlocked where truly exceptional performance has been achieved on both a personal and organisational (financial) level.

The financial component of the STI can also be enhanced up to a maximum of 200% provided that the stretch targets referred to below are achieved, meaning that the maximum any employee is eligible to receive is 200% of their annual STI.





The diagram below sets out how individual STIs are calculated:

TCOE	x	On-target (OT)	x	Modifier (0–200%)																											
		<table border="1"> <thead> <tr> <th>Job grade</th> <th>OT%</th> </tr> </thead> <tbody> <tr> <td>CE</td> <td>85</td> </tr> <tr> <td>CFO, COO, CSOO</td> <td>60</td> </tr> <tr> <td>Other senior executives including large unit general managers</td> <td>50</td> </tr> <tr> <td>Remaining unit general managers/group senior managers</td> <td>40</td> </tr> <tr> <td>Group managers</td> <td>30</td> </tr> </tbody> </table>	Job grade	OT%	CE	85	CFO, COO, CSOO	60	Other senior executives including large unit general managers	50	Remaining unit general managers/group senior managers	40	Group managers	30		<table border="1"> <thead> <tr> <th></th> <th>Financial measures</th> <th>Personal measures</th> </tr> </thead> <tbody> <tr> <td></td> <td> <b>80% (senior executives)</b>  <b>70% (general managers and senior managers)</b> </td> <td> <b>20% (senior executives)</b>  <b>30% (general managers and senior managers)</b> </td> </tr> <tr> <td>CE CFO Director of corporate services</td> <td>           Group EBITDA – (40% weighting)            Group HEPS 40% weighting)         </td> <td rowspan="4">           Measured against individual KPIs and awarded a performance rating out of 4 (for the senior executives)            In circumstances where financial performance has exceeded on target levels, senior executives, general managers and other senior managers will be entitled to an enhancement of the KPI portion of their STI, calculated as follows:           <ul style="list-style-type: none"> <li>▪ On target achievement of financial measures = no enhancement factor of KPI portion of STI</li> <li>▪ Achievement of 105% of on target achievement of financial measures = 50% enhancement factor</li> <li>▪ Achievement of stretch target (110% of on target) achievement of financial measures = 100% enhancement factor</li> </ul> </td> </tr> <tr> <td>Other senior executives</td> <td>           SA EBITDA – (40% weighting)            Group HEPS – (40% weighting)         </td> </tr> <tr> <td>Senior managers, general managers and other qualifying managers</td> <td>           SA EBITDA – (20% weighting)            Group HEPS – (10% weighting)            Unit's EBITDA – (40% weighting)         </td> </tr> <tr> <td></td> <td></td> </tr> </tbody> </table>		Financial measures	Personal measures		<b>80% (senior executives)</b> <b>70% (general managers and senior managers)</b>	<b>20% (senior executives)</b> <b>30% (general managers and senior managers)</b>	CE CFO Director of corporate services	Group EBITDA – (40% weighting) Group HEPS 40% weighting)	Measured against individual KPIs and awarded a performance rating out of 4 (for the senior executives) In circumstances where financial performance has exceeded on target levels, senior executives, general managers and other senior managers will be entitled to an enhancement of the KPI portion of their STI, calculated as follows: <ul style="list-style-type: none"> <li>▪ On target achievement of financial measures = no enhancement factor of KPI portion of STI</li> <li>▪ Achievement of 105% of on target achievement of financial measures = 50% enhancement factor</li> <li>▪ Achievement of stretch target (110% of on target) achievement of financial measures = 100% enhancement factor</li> </ul>	Other senior executives	SA EBITDA – (40% weighting) Group HEPS – (40% weighting)	Senior managers, general managers and other qualifying managers	SA EBITDA – (20% weighting) Group HEPS – (10% weighting) Unit's EBITDA – (40% weighting)		
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EBITDA means for purposes of the financial measures above, earnings before interest, taxes, depreciation and amortization, adjusted to take into account any constant currency adjustments and/or accounting standard changes, and any other adjustments for exceptional items as approved by the Committee and confirmed by the Sun International audit committee.

HEPS means for purposes of the financial measures above, headline earnings per share of Sun International adjusted for exceptional items as approved by the Committee and confirmed by the Sun International audit committee.

Targets for the financial measures:

- Financial performance indicators making up either 80 % (senior executives) or 70% (general managers and senior managers) STIs (incorporating a minimum, on target and stretch targets) are based on actual targets set by the Committee. Whereas previously on target performance was measured against budgeted adjusted EBITDA and adjusted diluted HEPS, in future, the on target performance will be based on the actual financial performance achieved by the employees in the prior financial year (i.e. EBITDA and HEPS as per above) plus CPI, as approved by the board.
- For the financial performance component to be unlocked (i.e. any value to accrue) a minimum threshold performance level of 90% of the on target needs to be achieved. Threshold performance for any financial measure will thus unlock 0% score for that measure. On target performance is based on achieving the actual prior year's financial performance (EBITDA and HEPS as per above) plus CPI which will unlock 100% score for that financial measure and stretch performance is set at 110% of on target performance and will unlock 200% score for that financial measure.
- Linear vesting takes place between the minimum (threshold) and on target, as well as between the on target and stretch targets.
- At the discretion of the Committee, the weightings of the various STI components for only general managers, senior managers and below, may be varied as may be appropriate in the circumstances.

## THE LONG-TERM SHARE-BASED INCENTIVE PLANS

The existing LTI plans for senior managers and above are described below. However, we intend implementing the new LTI plan during 2020 which will be voted on at a special general meeting of shareholders which, if approved, will form the main share plan to be used for senior executives, general managers and certain senior managers (Hay level 21 and above) going forward. Until the new LTI plan is approved, the existing plans will continue to be used, as appropriate.

## ANNEXURE "C" CONTINUED

Subject to shareholder approval of the new LTI plan, existing awards in terms of the EGP will run their course until there are no further EGP rights to be exercised and no further grants of EGP rights will be made. Notwithstanding the aforesaid, zero EGP rights were granted during 2019 with only Bonus Matching Shares being awarded to certain general managers and senior managers. Bonus Matching Shares are no longer awarded to the senior executives.

The current plans include:

- an Equity Growth Plan Rights (EGP) element; and
- a Bonus Share Matching Plan (BSMP) element (which includes Bonus Matching Shares (BMS) and Restricted Shares).

	EGP	BSMP	
	EGP rights	BMS	Restricted Shares
<b>Nature of instrument</b>	EGP rights operate on a similar principle to share appreciation rights. EGP rights are conditional rights that provide participants with the right to receive shares to the value of the appreciation of the share price from the grant date to the vesting date subject to certain performance conditions being met.	BMS are forfeitable shares, which are awarded based on performance during the previous financial year, quantified as a specified percentage of the preceding financial year's pre-tax STI bonus.	Restricted shares are forfeitable shares made to key employees or prospective employees for a retention award or in exceptional circumstances for buy-out/sign-on awards for senior executives.
<b>On-target award levels</b>	The number of annual EGP rights are determined based on the seniority of the employee concerned. <ul style="list-style-type: none"> <li>▪ CE: 257% of TCOE</li> <li>▪ CFO and COO: 168% of TCOE</li> <li>▪ Prescribed Officers (excluding the above, but including large unit general managers): 158%</li> <li>▪ Operational smaller unit general managers/senior group managers: 64%</li> <li>▪ Group managers: 24%</li> </ul> These percentages represent the face value of the EGPs and not the value of the EGP.	The number of annual BMS awarded is determined based on the seniority of the employee concerned. <b>BMS %</b> The following percentages are applied to the pre-tax STI to determine the number of BMS awarded: <ul style="list-style-type: none"> <li>▪ Operational unit general managers/senior group managers: 25% to 35%</li> <li>▪ Group managers: 50% to 75%</li> </ul>	
<b>Frequency of awards and vesting period</b>	<ul style="list-style-type: none"> <li>▪ Annual awards</li> <li>▪ three-year vesting period (performance condition tested after three years)</li> <li>▪ Exercise period of four years after vesting date after which the right lapses</li> </ul>	<ul style="list-style-type: none"> <li>▪ Annual awards – no award of BMSs were made to senior executives during FY2019</li> <li>▪ three-year vesting period</li> </ul>	<ul style="list-style-type: none"> <li>▪ No annual awards of restricted shares</li> <li>▪ From time to time and on an ad-hoc basis</li> <li>▪ three to five-year vesting period</li> </ul>
<b>Applicable conditions</b>	<ul style="list-style-type: none"> <li>▪ As mentioned, if the new LTI plan is adopted during the FY2020 year, no future grants of EGP rights will be made.</li> <li>▪ No grants of EGP rights were made during FY 2019.</li> </ul>	The Shares are forfeited if the participant terminates employment during the vesting period, with the exception of certain 'no fault' terminations as provided for by the rules of the BSMP.	
<b>Malus and Clawback</b>	Malus applies to unvested EGP rights in the event of certain 'trigger events' occurring.	Malus applies to unvested awards in the event of certain 'trigger events' occurring. In the event of fault terminations prior to the vesting date, participants are required to repay dividends received in terms of these awards.	



	EGP	BSMP
	EGP rights	BMS Restricted Shares
<b>Limits</b>	<p>The maximum aggregate number of Sun International ordinary shares which have been reserved for the LTI plans (but excluding the proposed new LTI plan) and which were previously approved by shareholders is limited to 10 780 000 shares, equating to approximately 7.88% of the total issued ordinary shares of Sun International.</p> <p>The maximum aggregate number of Sun International ordinary shares which may be held by an individual participant under the LTI plans (but excluding the proposed new LTI plan) is limited to 1 078 026 shares, equating to approximately 0.79% of the total issued ordinary shares of Sun International.</p> <p>Historically, as and when Sun International has awarded and/or delivered shares to participants under the LTI plans (but excluding the proposed new LTI plan), it has purchased these shares in the open market at the ruling share price to avoid having to issue new shares and thereby dilute shareholders' interests.</p> <p>In line with comments raised by shareholders during 2019, Sun International has agreed to limit the total number of shares available for the proposed new LTI plan to 5% of the issued shares, as well as the maximum number of shares, which may be issued to individual participants to 0.5% of the issued shares.</p>	

### Proposed New LTI Share Plan (new LTI plan)

As indicated in the Remuneration Policy tabled to shareholders at the 2019 AGM, Sun International intends adopting a new LTI plan (once approved by shareholders) known as the Sun International 2020 Conditional Share Plan, for its senior executives, general managers and certain and select senior managers who are graded at Hay level 21 and above.

Following a consultative process held with several major shareholders, a special general meeting of shareholders has been convened for Monday, 4 May 2020, in terms of which shareholders will be asked to vote on the proposed new LTI plan, which is detailed in the circular delivered to shareholders on 30 March 2020.

We have set out a brief summary of the new LTI plan below. The salient features of the proposed new LTI plan are included in the circular delivered to shareholders, which can be accessed via the following link: [www.suninternational.com/investors](http://www.suninternational.com/investors)

### Participants

Only senior executives, general managers and senior managers who are graded at Hay Level 21 and above will be eligible to participate in the new LTI plan.

### Awards

Two types of awards may be made under the proposed new LTI plan: STI matching shares and performance shares:

#### 1. STI matching shares

An award of STI matching shares by Sun International may be made to eligible employees who have acquired open market shares (using the post-tax proceeds of their STI) up to a maximum 25% of their annual LTI allocation and who are required to remain employed by the group for not less than three years. No financial performance conditions will be attached to open market shares or STI matching shares; although in order to receive an STI in respect of the previous financial year, eligible employees will have to achieve certain financial targets making up the annual STI; and

#### 2. Performance shares

An award of performance shares equal in value to the annual LTI allocation of the eligible employee less the value of the award of STI matching shares that the eligible employee is entitled to for that year may be made. Vesting will take place on the third anniversary of the award of the performance shares and provided the employee is still employed by the Sun International group.

## ANNEXURE "C" CONTINUED

### Performance conditions

Vesting of the performance shares will initially be subject to the following performance conditions:

Performance conditions	Achievement of performance	Vesting level
Cash return on invested capital (50% weighting)	The achievement of this performance condition will be based on the equity capital plus interest bearing debt invested in the group and the group's weighted average cost of capital.	If target is achieved, 50% of the allocated performance shares will vest. If target +2% or more is achieved, 100% of the allocated performance shares will vest. Linear interpolation will occur between the target and target plus 2%.
HEPS, as may be adjusted for exceptional items, as approved by the Committee and confirmed by the Sun International audit committee (50% weighting)	The achievement of this performance condition will be based on inflation plus 6% real growth over a three-year period calculated from the date of award of the performance shares.	

### Allocation Levels

The annual LTI allocation of shares to be initially awarded to eligible employees in terms of the new LTI plan will be as follows:

Eligible employee	Annual LTI Allocation (expressed as a % of TCOE)
Sun International CE (Hay Level 28)	90
Sun International CFO and COO (Hay Level 26)	70
Other Sun International senior executives (including large unit general managers) (Hay Levels 23–25)	65
Remaining unit general managers/senior group managers (Hay Levels 21 and 22)	40

### New LTI Plan Limit

The total number of shares reserved for the new LTI plan will equal 5% of Sun International's issued share capital and the total number of shares, which may be allocated to any one participant shall not exceed 0.5% of Sun International's issued share capital. No unutilised shares in terms of the EGP rights or BSMP will be utilised for this new LTI plan.

### Malus and Clawback

In line with global market practice, malus and clawback provisions have been included in the rules of the new LTI plan.

### The remuneration of senior executives

#### Contractual provisions of senior executives

No special contractual arrangements apply to the appointments of and termination of employment of the senior executives and no fixed-term contracts of employment remain to be fulfilled.

For senior executives, notices of termination vary between one month and a maximum of six months. For other group employees, notices of termination range from one to three months. Severance packages are not less than the minimum prescribed by law at the relevant time, but may in special circumstances be negotiated on more preferential terms.

Although, in line with prevailing practice in South Africa, the Committee has the discretion to negotiate separation payments with executives, none of the senior executives of Sun International have special termination benefits or balloon payment provisions in their employment contracts.

The Sun International CE is subject to a restraint of trade condition prohibiting him from taking up employment with competing organisations for a period of 12 months after the termination of his employment. No additional consideration is paid to the CE in terms of his restraint.

#### External appointments and board meeting attendance of executive directors

Executive directors do not draw any additional remuneration for attending the main board or the subsidiary company board meetings. Sun International executive directors who sit on internal boards of companies forming part of the Sun International group do not personally receive fees for serving on the boards of those companies.



## Policies affecting non-executive directors

### The remuneration of the Sun international non-executive directors

Non-executive directors conclude service contracts with the company upon appointment, which are distinct from employment contracts. Whilst the appointment of non-executive directors is considered and resolved based on proposals received from the Sun International nomination committee, the remuneration of non-executive directors is based on proposals submitted by executive management (in conjunction with independent remuneration consultants) to shareholders for approval.

The percentage increases, if any, to the non-executive directors' fees, which are tabled annually by Sun International at its AGM for shareholder approval, are disclosed in the notes to each of the special resolutions pertaining to the non-executive directors' remuneration, in the notice of AGM.

As reported in the 2018 financial year remuneration report, the Committee has reviewed and agreed a peer group of similar-sized companies to Sun International against which executive remuneration and non-executive directors fees is benchmarked. During the review period this peer group included the following companies:

- City Lodge Hotels Limited.
- The Foschini Group.
- Truworths International.
- Tsogo Sun Holdings Limited.
- RCL Foods Limited.
- AVI Limited.
- Famous Brands Limited.
- Phumelela Limited.
- Astral Foods Limited.
- Lewis Group Limited.
- Clover Industries Limited.
- Distell Group Limited.

The Committee is satisfied that the above peer group of 12 companies was appropriate for purposes of benchmarking the company's remuneration during the 2019 financial year. That said, the Company does, on an annual basis, review the peer group to establish any material changes thereto, as well as to ensure that a statistically accurate quartile analysis is derived for benchmarking purposes. Given the recent delisting of Clover Industries, for the 2020 financial year, Dischem will replace Clover Industries in the peer group of companies.

This peer group of companies has been identified and chosen based on a closeness metric, which considers turnover, number of employees, total assets and EBITDA. Seven of the companies listed above have been included in Sun International's comparator group used since 2014.

Non-executive director remuneration is determined and paid in the form of an annual fee (or 'retainer'). This annual retainer is paid by way of four equal instalments, quarterly in arrears. Non-executive directors do not receive STIs, and do not participate in Sun International's LTI plans.

The remuneration of non-executive directors is reviewed annually by the Committee and is compared to the median of the selected peer companies. The term of office of non-executive directors is governed by the Sun International memorandum of incorporation, which provides that:

- non-executive directors who have served for three years will retire by rotation, but may, if eligible, offer themselves for re-election for a further three-year term;
- non-executive directors who have served for more than nine years will retire at the end of each year thereafter, but may, if eligible, be re-elected annually for further periods of one year at a time; and
- non-executive directors' who have attained the age of 70 years will likewise retire at the end of each year thereafter, but may, if eligible, be re-elected annually for further periods of one year at a time.

### Non-executive directors' expenses

The travel and accommodation expenses of non-executive directors and premiums for directors' and officers' insurance cover are paid by Sun International in terms of a formal approved policy.

## **ANNEXURE "C" CONTINUED**

### **Non-executive directors' duties and responsibilities**

#### **Non-executive directors' fees resolutions and non-binding advisory vote**

The resolutions relating to Sun International non-executive director fees for the 12-month period commencing on 1 July 2020 can be found in Sun International's notice of AGM at [www.suninternational.com/investors](http://www.suninternational.com/investors)

Shareholders are requested to cast a non-binding advisory vote on Part 2 of this report at the company's AGM to be held on Tuesday, 12 May 2020.



## PART THREE: IMPLEMENTATION REPORT FOR THE 2019 FINANCIAL YEAR

### Guaranteed package increases

The overall TCOE increase for the Sun International group (non-bargaining unit employees) during 2019 was approved at 4.88% (compared to 5.0% in 2018). In terms of the wage agreement concluded with SACCAWU, the lift in wages was 6.81% (compared to 6.87% in 2018).

The Committee conducts an annual benchmark of the guaranteed pay of the Sun International senior executives, which is considered when TCOE increases are awarded. From time to time, the Committee uses the services of, PwC, 21st Century and Korn Ferry to benchmark the remuneration of its senior executives, general managers and senior managers as follows:

- Senior executives and senior managers against the 50th percentile of those peer companies agreed by the Committee, which are listed on the JSE Limited.
- Employees with scarce or technical skills against the 50th - 75th percentile of the relevant benchmarks prepared by PwC, 21st Century and Korn Ferry from time to time (which includes appropriate comparator companies within the gaming and hospitality sectors).
- Other employees against the 50th percentile of the hospitality survey prepared by 21st Century and the gaming survey prepared by Korn Ferry.
- Due to the Sun International group operating in a globally attractive sector, it recognises that its employees are highly mobile. Accordingly, the Committee deems it appropriate to obtain benchmarks for the remuneration of the senior executives using both JSE listed company data and other relevant international benchmarks, as appropriate. Benchmarks against comparative sized JSE listed companies take into account financial data including revenue, profit before tax, profit after tax, assets, employee costs and market capitalisation. When benchmarking against the various other surveys, the Committee takes into consideration revenue, profit before tax, assets and payroll or the number of employees.

The guaranteed packages of the Sun International executive directors and prescribed officers ie senior executives were increased at an average level of 4.52% in 2019 (4.31% in 2018) whilst Mr J Wilhelm, the chief executive officer in Chile, received an inflationary increase of 2.6% which was payable in Chilean Pesos.

### Achievement of variable pay targets for annual short-term incentive bonus

The table below reflects the performance-based financial achievements of Sun International for the 2019 financial year. The STI bonuses earned by each South African senior executive is calculated in accordance with the achievements of group and/or SA financial performance.

As detailed in Part 2, for senior executives, the financial performance component of the STI has a weighting of 70%, with the personal key performance indicator component weighted at 30%. The resulting financial performance and personal key performance indicator percentages are added to achieve the final STI bonus, which is earned.

The financial component (70% weighting) for the senior executives was measured against the following indicators:

Company	Group EBITDA (Adjusted)* Weighting: 50%		Group Adjusted Diluted HEPS Weighting: 20%	
	Target	Actual	Target	Actual
(Sun International Limited)				
Sun International CE, CFO, director of corporate services	4 676	4 389	458	605

\* Adjusted to take into account constant currency adjustments during FY 2019 and IFRS 16 Lease Payments. The Committee has previously always applied adjusted EBITDA when determining this portion of the STI.

Company	SA EBITDA (Adjusted)* Weighting: 50%		Group Adjusted Diluted HEPS Weighting: 20%	
	Target	Actual	Target	Actual
(Sun International Limited)				
Other Sun International senior executives	3 213	3 119	458	605

\* Adjusted to take into account the effects of IFRS 16 Lease Payments

The prior year's results were affected by the significant impact of unexpected and widespread social unrest which erupted in Chile during the last quarter of the year. While the South African operations delivered pleasing results, these were partially offset by weaker performances at GrandWest and Sun City.

The remaining 30% of the senior executives' STI bonus was based on the achievement of personal KPIs. The personal KPIs for the senior executives take into account the strategic direction of the Sun International group at the time.

## ANNEXURE "C" CONTINUED

For the 2019 financial year, the following were of strategic importance, and informed the senior executives' KPIs:

- the bedding down of the multiple acquisitions made in recent years and the extraction of value therefrom.
- improving our guests experience and creating efficiency and optimisation around our processes.
- cost reductions and efficiencies starting from the head office and units.
- the progression of certain land development opportunities within South Africa.
- the conclusion of certain key acquisitions in South Africa and Latam.
- BEE and in particular employment equity – all senior executives have employment equity targets as part of their KPIs.
- monitoring and where appropriate ensuring that we implement and comply with King IV™.

The below tables set out more detail relating to the CE and CFO STI outcomes, including detail surrounding their personal performance during the year.

### CE STI Outcomes

	Weighting	Achievement
Financial performance	70%	<b>Group Adjusted EBITDA</b> – Target was almost met resulting in a 38.73% score for this component of 50%, translating to a weighted score of 19.37%. <b>Group Adjusted Diluted HEPS</b> – Target was exceeded resulting in a 200% score for this component of 20%, translating to a weighted score of 40%
Personal performance	30%	Anthony's personal performance rating translated to a weighted score of 23.70%
Total modifying percentage		59.37% + 23.70% = <b>83.07%</b>

Highlights of the CE's performance during the year included key progress on the growth strategy, improvement of cost efficiencies at a group level and the simplification of the group structure.

In addition to these highlights, other aspects regarding Anthony's performance included:

- good progress was made on a number of the elements of the growth strategy, including potential acquisitions and mergers;
- cost reduction targets for improvement of group margins were exceeded;
- profitability at Sun City was initially slow but significant progress has been made following the restructuring and appointment of Graham Wood;
- simplification of group structures to reduce cash leakages and implement balance sheet restructuring;
- progress has been made in respect of key appointments and in respect of performance management and talent management systems and it remains a key area for future years; and
- approval for the Boardwalk restructure was obtained despite delays, with implementation in March 2020.

### CFO STI Outcomes

	Weighting	Achievement
Financial performance	70%	<b>Group Adjusted EBITDA</b> – Target was almost met resulting in a 38.73% score for this component of 50%, translating to a weighted score of 19.37%. <b>Group Adjusted Diluted HEPS</b> – Target was exceeded resulting in a 200% score for this component of 20%, translating to a weighted score of 40%
Personal performance	30%	Norman's personal performance rating translated to a weighted score of 28.20%
Total modifying percentage		59.37% + 28.20% = <b>87.56%</b>

Highlights of the CFO's performance during the year included the reduction of gearing through a target of net debt to EBITDA and successful completion of Project Phambele.

In addition to these highlights, other aspects regarding Norman's performance included:

- cost reduction targets for improvement of group margins were exceeded;
- project Phambele was successfully completed and the restructure implemented;
- progress in the reduction of cost of funding through bank facilities negotiation;
- restructuring of the Sun International's balance sheet and reduction of cash flow leakages; and
- significant improvement in governance and compliance with policies.





The below table represents all senior executives' STIs represented as both a ZAR value and as a % of TCOE.

<b>Name of executive director/prescribed officer</b>	<b>STI (R)</b>	<b>% of TCOE</b>
Anthony Leeming	5 849 292	68.29
Norman Basthdaw	2 264 011	48.72
Thabo Mosololi	2 553 217	58.27
Zaine Miller	1 722 217	41.12
Khathi Mokhobo	1 560 350	46.31
Verna Robson	1 641 298	50.64
Catherine Nyathi	1 554 909	43.53
Andrew Johnston	1 376 304	41.88
Jaime Wilhelm <sup>1</sup>	4 393 480	68.59*
Rob Collins <sup>2</sup>	–	–

<sup>1</sup> Jaime Wilhelm received a STI in Pesos, which has been converted to ZAR.

\* Jaime Wilhelm's STI has been expressed as a percentage of his base pay.

<sup>2</sup> Rob Collins did not receive a STI in respect of both the FY 2018 and FY 2019 years and retired from the group on 31 July 2019.

### General Managers, Senior Managers and Other managers

The financial component (70% weighting) for the general managers, senior managers and other managers was measured against the following indicators:

<b>Company (Sun International South Africa Limited)</b>	<b>SA EBITDA (Rm) (Adjusted) Weighting: 14%</b>		<b>Group Adjusted Diluted HEPS Weighting: 6%</b>		<b>Unit EBITDA (Adjusted) Weighting: 45%</b>		<b>Unit Operating Free Cash Flow Weighting: 5%</b>	
	<b>Target</b>	<b>Actual</b>	<b>Target</b>	<b>Actual</b>	<b>Target</b>	<b>Actual</b>	<b>Target</b>	<b>Actual</b>
Sun International general managers, senior managers and other qualifying managers	3 213	3 119	458	605	3 213	3 119	1 877	2 102

\* SA and Unit EBITDA was adjusted to take into account the effects of IFRS 16 Lease Payments.

The remaining 30% of the general managers, senior managers and other qualifying managers' STI bonus was based on the achievement of personal KPIs.

### The Long-Term Incentive Share-Based Incentive Plans

#### Long-Term Incentives Granted and Awarded

During June 2019, Sun International awarded BMSs to certain of its senior managers, while zero EGP rights were granted during the 2019 financial year. These awards took place in accordance with the rules of the LTI plans.

As discussed in more detail in the background statement on pages 40 to 43, no LTI awards were made to the senior executives (directors and prescribed officers) during the 2019 financial year.

Subject to these senior managers remaining in the employ of the Sun International group three years from the date of award of these BMS, the BMS, will vest in June 2022.

## ANNEXURE "C" CONTINUED

### LONG-TERM INCENTIVE VESTING OUTCOMES

#### Equity Growth Plan Rights

The vesting of EGP rights granted is based on the achievement of performance conditions measured over a three-year period. The 2016 grants, did not vest as the HEPS target was not met by the vesting date in 2019.

#### Bonus Matching Shares and Restricted Shares

Certain BMS and Restricted Shares awarded to participants in 2016, vested during 2019 in respect of those participants who remained employed by the Sun International group at the vesting date.

#### Details of remuneration paid

As per the recommendations set out in Principle 14 of King IV™ and as was the case in respect of the disclosure of the senior executives' emoluments in the 2018 Implementation Report, Sun International has again reported on the executive directors' and other prescribed officers' emoluments in a single figure format in respect of the 2019 financial year.

During the 2019 financial year, Sun International effected a major restructure which, among others, has resulted in a number of individuals no longer being classified as prescribed officers in terms of the Companies Act, 71 of 2008. Regardless of this, we have elected to disclose their remuneration for the 2019 financial year in the Implementation Report but advise that in future years, that they will not be included in future remuneration reports. The prescribed officers for Sun International for the 2020 financial year, including the executive directors, are Messrs Leeming, Basthdaw, Mosololi, Johnston and Wilhelm. In addition, M Wood will be added to this group from 1 February 2020.

Accordingly, the remuneration of the senior executives of Sun International for the past two financial years, in a single figure format, is shown in the table below.



## Total single figure remuneration (Income statement)

Executive directors and prescribed officers	Financial year	Base salary <sup>1</sup> R	Retirement <sup>2</sup> R	Bonus Performance related payment <sup>3</sup> R	Other <sup>4,8</sup> R	LTI Reflected <sup>5,6</sup>	Total single figure of remuneration R
<b>Executive directors</b>							
AM Leeming	2018	6 676 750	914 062	4 507 237	221 688	1 126 809	13 446 546
	<b>2019</b>	<b>7 020 769</b>	<b>961 301</b>	<b>5 849 292</b>	<b>234 180</b>	–	<b>14 065 542</b>
N Basthdaw	2018	3 365 089	570 000	1 719 730	23 244	429 933	6 107 996
	<b>2019</b>	<b>3 617 600</b>	<b>612 864</b>	<b>2 264 011</b>	<b>25 536</b>	–	<b>6 520 011</b>
<b>Prescribed officers</b>							
R Collins <sup>8</sup>	2018	3 587 351	818 257	–	140 264	–	4 545 872
	<b>2019</b>	<b>1 422 013</b>	<b>336 000</b>	–	<b>108 654</b>	–	<b>1 866 667</b>
AG Johnston	2018	2 533 127	365 625	1 131 401	226 248	282 850	4 539 251
	<b>2019</b>	<b>2 694 451</b>	<b>384 520</b>	<b>1 376 304</b>	<b>207 529</b>	–	<b>4 662 804</b>
MZ Miller	2018	2 584 463	607 076	1 042 580	181 104	260 645	4 675 868
	<b>2019</b>	<b>2 709 388</b>	<b>638 449</b>	<b>1 722 217</b>	<b>199 104</b>	–	<b>5 269 158</b>
TF Mosololi	2018	3 631 239	487 500	1 545 642	47 928	386 411	6 098 720
	<b>2019</b>	<b>3 817 106</b>	<b>512 694</b>	<b>2 553 217</b>	<b>52 200</b>	–	<b>6 935 217</b>
DR Mokhobo	2018	2 423 758	549 688	945 105	241 104	236 276	4 395 931
	<b>2019</b>	<b>2 487 077</b>	<b>554 085</b>	<b>1 560 350</b>	<b>199 104</b>	–	<b>4 800 616</b>
C Nyathi	2018	2 688 735	356 265	1 102 437	–	275 609	4 423 046
	<b>2019</b>	<b>2 827 689</b>	<b>374 677</b>	<b>1 554 909</b>	–	–	<b>4 757 274</b>
VL Robson	2018	2 498 054	430 647	924 481	61 903	231 120	4 146 205
	<b>2019</b>	<b>2 630 353</b>	<b>452 903</b>	<b>1 641 298</b>	<b>61 903</b>	–	<b>4 786 457</b>
J Wilhelm	2018	5 876 194	–	4 371 597	1 689 840	–	11 937 631
	<b>2019</b>	<b>6 015 887</b>	–	<b>4 393 480</b>	<b>422 512</b>	–	<b>10 831 879</b>

<sup>1</sup> Base rate salary reporting on the 2018 and 2019 financial year.

<sup>2</sup> Benefits are reported as the sum of retirement contributions for the 2018 and 2019 financial years.

<sup>3</sup> The short-term incentive bonus known as the executive bonus scheme ("EBS") is payable on the basis of achieving the budgeted results at the Sun International group and operational level, as well as KPI or personal performance objectives for the 2018 and 2019 financial years.

<sup>4</sup> Other benefits include the medical aid contributions and car allowance for the 2018 and 2019 financial years.

<sup>5</sup> The 2016 and 2015 EGP grants are underwater and are therefore included at a zero estimated fair value.

<sup>6</sup> No awards of LTIs were granted to the senior executives in 2019.

<sup>7</sup> Mr R Collins resigned on 31 July 2019.

<sup>8</sup> Mr J Wilhelm's other benefits include housing allowance, transport allowance, independence day bonus, Christmas bonus and legal bonus.

## ANNEXURE "C" CONTINUED

The following table reflects the status of unexercised Equity Growth Plan Rights, Bonus Matching Shares and Restricted Shares held by executive directors and prescribed officers and the gains made by them as a result of past awards during the year.

### Remuneration of key management

#### Unvested long-term incentives awards and cash value of settled award

Incentives scheme	Award date	Award price	Vesting date	Opening number on 1 Jan 2018	Awarded during 2018	Shares Forfeited/ Lapsed 2018	Share settled/ vested 2018	Closing number as at 31 Dec 2018	6	1,2,3,4,5
									Value of receipts 2018	Estimated closing fair value as at 31 Dec 2018
									R	R
<b>AM Leeming Executive Director</b>										
EGP	26/06/2015	111.21	26/06/2018	44 673	-	(44 673)	-	-	-	-
EGP	27/06/2016	87.52	30/06/2019	59 033	-	-	-	59 033	-	-
EGP	20/06/2017	59.66	20/06/2020	108 109	-	-	-	108 109	-	-
EGP	15/06/2018	60.08	15/06/2021	-	686 919	-	-	686 919	-	12 178 647
BSMP	14/09/2015	104.82	14/09/2018	16 754	-	-	(16 754)	-	989 117	-
BSMP	09/09/2016	90.86	09/09/2019	18 139	-	-	-	18 139	23 922	1 137 800
BSMP	20/06/2017	54.85	20/06/2020	6 983	-	-	-	6 983	9 209	438 020
BSMP	15/06/2018	60.07	15/06/2021	-	11 788	-	-	11 788	15 546	739 422
<b>Total</b>									<b>1 037 796</b>	<b>14 493 890</b>
<b>N Basthdaw Executive Director</b>										
EGP	26/06/2015	111.21	26/06/2018	20 685	-	(20 685)	-	-	-	-
EGP	27/06/2016	87.52	30/06/2019	27 335	-	-	-	27 335	-	-
EGP	20/06/2017	59.66	20/06/2020	34 394	-	-	-	34 394	-	-
EGP	15/06/2018	60.08	15/06/2021	-	311 590	-	-	311 590	-	5 524 297
BSMP	14/09/2015	104.82	14/09/2018	6 539	-	-	(6 539)	-	386 841	-
BSMP	09/09/2016	90.86	09/09/2019	5 999	-	-	-	5 999	8 640	376 298
BSMP	20/06/2017	54.85	20/06/2020	2 463	-	-	-	2 463	3 547	154 496
BSMP	15/06/2018	60.07	15/06/2021	-	5 219	-	-	5 219	7 516	327 370
RSP	08/04/2016	70.63	08/04/2019	15 079	-	-	-	15 079	21 717	945 856
<b>Total</b>									<b>428 261</b>	<b>7 328 317</b>
<b>DR Mokhobo Prescribed officer</b>										
EGP	26/06/2015	111.21	26/06/2018	27 602	-	(27 602)	-	-	-	-
EGP	27/06/2016	87.52	30/06/2019	36 475	-	-	-	36 475	-	-
EGP	20/06/2017	59.66	20/06/2020	27 931	-	-	-	27 931	-	-
EGP	15/06/2018	60.08	15/06/2021	-	85 228	-	-	85 228	-	1 511 040
BSMP	14/09/2015	104.82	14/09/2018	8 196	-	-	(8 196)	-	492 349	-
BSMP	09/09/2016	90.86	09/09/2019	6 702	-	-	-	6 702	15 770	420 394
BSMP	20/06/2017	54.85	20/06/2020	3 286	-	-	-	3 286	7 732	206 120
BSMP	15/06/2018	60.07	15/06/2021	-	2 853	-	-	2 853	6 713	178 959
<b>Total</b>									<b>522 564</b>	<b>2 316 513</b>



				12	7,8,9,10,11,13	
	Awarded during 2019	Shares forfeited/lapsed 2019	Share settled/vested 2019	Closing number as at 31 Dec 2019	Value of receipts 2019	Estimated closing fair value as at 31 Dec 2019
					R	R
	-	-	-	-	-	-
	-	(59 033)	-	-	-	-
	-	-	-	108 109	-	-
	-	-	-	686 919	-	-
	-	-	-	-	-	-
	-	-	(18 139)	-	776 461	-
	-	-	-	6 983	-	280 272
	-	-	-	11 788	-	473 126
					<b>776 461</b>	<b>753 398</b>
	-	-	-	-	-	-
	-	(27 335)	-	-	-	-
	-	-	-	34 394	-	-
	-	-	-	311 590	-	-
	-	-	-	-	-	-
	-	-	(5 999)	-	256 660	-
	-	-	-	2 463	-	98 856
	-	-	-	5 219	-	209 471
	-	-	(15 079)	-	612 358	-
					<b>869 018</b>	<b>308 327</b>
	-	-	-	-	-	-
	-	(36 475)	-	-	-	-
	-	-	-	27 931	-	-
	-	-	-	85 228	-	-
	-	-	-	-	-	-
	-	-	(6 702)	-	286 887	-
	-	-	-	3 286	-	131 888
	-	-	-	2 853	-	114 509
					<b>286 887</b>	<b>246 397</b>

## ANNEXURE "C" CONTINUED

Incentives scheme	Award date	Award price	Vesting date	Opening number on 1 Jan 2018	Awarded during 2018	Shares Forfeited/ Lapsed 2018	Share settled/ vested 2018	Closing number as at 31 Dec 2018	6	1,2,3,4,5
									Value of receipts 2018	Estimated closing fair value as at 31 Dec 2018
									R	R
<b>R Collins</b>	<b>Prescribed officer</b>									
EGP	26/06/2015	111.21	26/06/2018	44 673	-	(44 673)	-	-	-	-
EGP	27/06/2016	87.52	30/06/2019	59 033	-	-	-	59 033	-	-
EGP	20/06/2017	59.66	20/06/2020	45 205	-	-	-	45 205	-	-
EGP	15/06/2018	60.08	15/06/2021	-	139 683	-	-	139 683	-	2 476 493
BSMP	14/09/2015	104.82	14/09/2018	14 752	-	-	(14 752)	-	894 195	-
BSMP	09/09/2016	90.86	09/09/2019	15 186	-	-	-	15 186	43 984	952 568
BSMP	20/06/2017	54.85	20/06/2020	7 446	-	-	-	7 446	21 566	467 063
BSMP	15/06/2018	60.07	15/06/2021	-	5205	-	-	5 205	15 076	326 493
RSP	24/08/2015	100.01	24/05/2018	45 994	-	-	(24 925)	21 069	2 787 936	1 321 589
<b>Total</b>									<b>3 762 757</b>	<b>5 544 206</b>
<b>AG Johnston</b>	<b>Prescribed officer</b>									
EGP	20/06/2017	59.66	20/06/2020	27 153	-	-	-	27 153	-	-
EGP	15/06/2018	60.08	15/06/2021	-	96 092	-	-	96 092	-	1 703 651
BSMP	20/06/2017	54.85	20/06/2020	3 280	-	-	-	3 280	7 795	205 744
BSMP	15/06/2018	60.07	15/06/2021	-	3 194	-	-	3 194	7 590	200 349
RSP	16/11/2016	79.06	16/11/2019	18 656	-	-	-	18 656	44 334	1 170 230
<b>Total</b>									<b>59 719</b>	<b>3 279 974</b>
<b>MZ Miller</b>	<b>Prescribed officer</b>									
EGP	26/06/2015	111.21	26/06/2018	28 960	-	(28 960)	-	-	-	-
EGP	27/06/2016	87.52	30/06/2019	38 269	-	-	-	38 269	-	-
EGP	20/06/2017	59.66	20/06/2020	29 305	-	-	-	29 305	-	-
EGP	15/06/2018	60.08	15/06/2021	-	104 779	-	-	104 779	-	1 857 667
BSMP	14/09/2015	104.82	14/09/2018	8 599	-	-	(8 599)	-	520 386	-
BSMP	09/09/2016	90.86	09/09/2019	7 032	-	-	-	7 032	19 677	441 094
BSMP	20/06/2017	54.85	20/06/2020	3 448	-	-	-	3 448	9 648	216 282
BSMP	15/06/2018	60.07	15/06/2021	-	3175	-	-	3 175	8 884	199 157
RSP	08/04/2016	70.63	08/04/2019	21 110	-	-	-	21 110	59 069	1 324 161
<b>Total</b>									<b>617 664</b>	<b>4 038 361</b>
<b>TF Mosololi</b>	<b>Prescribed officer</b>									
EGP	27/06/2016	87.52	30/06/2019	46 200	-	-	-	46 200	-	-
EGP	20/06/2017	59.66	20/06/2020	36 204	-	-	-	36 204	-	-
EGP	15/06/2018	60.08	15/06/2021	-	217 463	-	-	217 463	-	3 855 484
BSMP	14/09/2015	104.82	14/09/2018	-	-	-	-	-	-	-
BSMP	09/09/2016	87.52	09/09/2019	3 220	-	-	-	3 220	8 675	201 980
BSMP	20/06/2017	59.66	20/06/2020	4 078	-	-	-	4 078	10 986	255 800
BSMP	15/06/2018	60.08	15/06/2021	-	5 494	-	-	5 494	14 801	344 621
RSP	22/02/2016	70.09	22/02/2019	76 164	-	-	-	76 164	205 190	4 777 519
<b>Total</b>									<b>239 652</b>	<b>9 435 404</b>



				12	7,8,9,10,11,13	
	Awarded during 2019	Shares forfeited/lapsed 2019	Share settled/vested 2019	Closing number as at 31 Dec 2019	Value of receipts 2019	Estimated closing fair value as at 31 Dec 2019
					R	R
	-	-	-	-	-	-
	-	(59 033)	-	-	-	-
	-	-	-	45 205	-	-
	-	-	-	139 683	-	-
	-	-	-	-	-	-
	-	-	-	15 186	-	952 568
	-	-	-	7 446	-	298 855
	-	-	-	5 205	-	208 909
	-	-	-	21 069	-	-
					-	<b>1 460 332</b>
	-	-	-	27 153	-	-
	-	-	-	96 092	-	-
	-	-	-	3 280	-	131 647
	-	-	-	3 194	-	128 195
	-	-	(18 656)	-	686 405	-
					<b>686 405</b>	<b>259 842</b>
	-	-	-	-	-	-
	-	(38 269)	-	-	-	-
	-	-	-	29 305	-	-
	-	-	-	104 779	-	-
	-	-	-	-	-	-
	-	-	(7 032)	-	301 013	-
	-	-	-	3 448	-	138 390
	-	-	-	3 175	-	127 433
	-	-	(21 110)	-	1 123 352	-
					<b>1 424 365</b>	<b>265 823</b>
	-	(46 200)	-	-	-	-
	-	-	-	36 204	-	-
	-	-	-	217 463	-	-
	-	-	-	-	-	-
	-	-	-	3 220	-	201 980
	-	-	-	4 078	-	163 676
	-	-	-	5 494	-	220 509
	-	-	-	76 164	-	4 777 519
					-	<b>5 363 684</b>

## ANNEXURE "C" CONTINUED

Incentives scheme	Award date	Award price	Vesting date	Opening number on 1 Jan 2018	Awarded during 2018	Shares Forfeited/ Lapsed 2018	Share settled/ vested 2018	Closing number as at 31 Dec 2018	6	1,2,3,4,5
									Value of receipts 2018	Estimated closing fair value as at 31 Dec 2018
									R	R
<b>C Nyathi</b>	<b>Prescribed officer</b>									
EGP	27/06/2016	87.52	30/06/2019	34 551	-	-	-	34 551	-	-
EGP	20/06/2017	59.66	20/06/2020	26 458	-	-	-	26 458	-	-
EGP	15/06/2018	60.08	15/06/2021	-	80 732	-	-	80 732	-	1 431 328
BSMP	20/06/2017	59.66	20/06/2020	3 113	-	-	-	3 113	7 422	195 268
BSMP	15/06/2018	60.08	15/06/2021	-	2 703	-	-	2 703	6 445	169 550
RSP	01/06/2016	74.71	01/06/2019	20 224	-	-	-	20 224	48 212	1 268 585
<b>Total</b>									<b>62 089</b>	<b>3 064 731</b>
<b>VL Robson</b>	<b>Prescribed officer</b>									
EGP	26/06/2015	111.21	26/06/2018	22 754	-	(22 754)	-	-	-	-
EGP	27/06/2016	87.52	30/06/2019	33 934	-	-	-	33 934	-	-
EGP	20/06/2017	59.66	20/06/2020	25 985	-	-	-	25 985	-	-
EGP	15/06/2018	60.08	15/06/2021	-	91 960	-	-	91 960	-	1 630 394
BSMP	14/09/2015	104.82	14/09/2018	6 496	-	-	(6 496)	-	295 666	-
BSMP	09/09/2016	90.86	09/09/2019	4 988	-	-	-	4 988	16 491	312 881
BSMP	20/06/2017	54.85	20/06/2020	3 057	-	-	-	3 057	10 107	191 756
BSMP	15/06/2018	60.07	15/06/2021	-	3 057	-	-	3 057	10 107	191 756
RSP	01/02/2015	115.46	01/02/2018	6 496	-	-	(6 496)	-	376 250	-
RSP	24/08/2015	100.01	24/08/2018	23 427	-	-	(23 427)	-	1 429 632	-
<b>Total</b>									<b>2 138 253</b>	<b>2 326 787</b>

<sup>1</sup> The 2016 EGP awards are included at the intrinsic value of R0 in the 2018 financial year due to the awards being underwater.

<sup>2</sup> The 2017 EGP awards are included at an estimated fair value based on an indicative valuation of R28.50 and an estimate of 0% of the performance conditions being met.

<sup>3</sup> The 2018 EGP awards are included at an estimated fair value based on an indicative valuation of R30.99 and an estimate of 57.21% of performance conditions being met.

<sup>4</sup> The 2016, 2017 and 2018 BSMP awards are included at the five-day VWAP of R62.72.

<sup>5</sup> The 2016 RSP awards are included at the five-day VWAP of R62.72.

<sup>6</sup> Includes the proceeds from the rights sold by participants, the estimated proceeds from rights followed in at a theoretical ex-rights price of R64.49 less the rights offer price of R57.82 as well as the taxable gain amount from the settlement of the 2015 BSMP and 2015 RSP awards that vested in the 2018 financial year.

<sup>7</sup> The 2018 EGP awards are included at an estimate fair value based on an indicative valuation of R32.17 and an estimate of 0% of performance conditions being met.

<sup>8</sup> No EGP awards were awarded to executive directors and prescribed officers during FY2019.

<sup>9</sup> The 2017 and 2018 BSMP awards are included at the five-day VWAP of R41.14

<sup>10</sup> No BSMP awards were awarded to senior executives during FY2019.

<sup>11</sup> The 2016 BSMP awards are included at the five-day VWAP of R41.14.

<sup>12</sup> Includes taxable gain amount from the settlement of 2016 BSMP and 2016 RSP that vested in 2019 financial year.

<sup>13</sup> Mr R Collins retired on 30 July 2019 therefore all his awards will remain until vesting in accordance with the rules takes place.





				12	7,8,9,10,11,13
	Awarded during 2019	Shares forfeited/lapsed 2019	Share settled/vested 2019	Closing number as at 31 Dec 2019	Estimated closing fair value as at 31 Dec 2019
				Value of receipts 2019	
				R	R
	-	(34 551)	-	-	-
	-	-	-	26 458	-
	-	-	-	80 732	-
	-	-	-	3 113	124 944
	-	-	-	2 703	108 488
	-	-	(20 224)	-	821 297
				<b>821 297</b>	<b>233 432</b>
	-	-	-	-	-
	-	(33 934)	-	-	-
	-	-	-	25 985	-
	-	-	-	91 960	-
	-	-	-	-	-
	-	-	(4 988)	-	213 517
	-	-	-	3 057	122 697
	-	-	-	3 057	122 697
	-	-	-	-	-
	-	-	-	-	-
				<b>213 517</b>	<b>245 394</b>

## ANNEXURE "C" CONTINUED

### Non-executive directors' expenses

The total of the non-executive directors' expenses for travel and accommodation for the past financial year was R457 582 (2018 – R637 951).

### Fees paid to non-executive directors by the company and its subsidiaries during the 2019 financial year

Fees for services as directors and consulting fees	2019			2018		
	Subsidiaries	Sun International	Total	Subsidiaries	Sun International	Total
MV Moosa*	–	540 190	540 190	–	1 384 588	1 384 588
PD Bacon	–	631 540	631 540	–	554 833	554 833
ZBM Bassa**	–	–	–	–	44 229	44 229
PL Campher	–	1 094 633	1 094 633	–	1 001 990	1 001 990
EAMMG Cibie***	719 000	631 333	1 350 333	653 293	545 745	1 199 038
GW Dempster	–	605 076	605 076	–	416 738	416 738
NN Gwagwa	–	490 980	490 980	–	420 438	420 438
CM Henry	–	782 383	782 383	–	554 340	554 340
VP Khanyile	–	411 735	411 735	–	127 275	127 275
JA Mabuza <sup>^</sup>	864 697	1 500 000	2 364 697	1 858 288	141 712	2 000 000
BLM Makgabo-Fiskerstrand	–	465 850	465 850	–	412 638	412 638
GR Rosenthal <sup>#</sup>	–	–	–	–	204 808	204 808
S Sithole	–	492 616	492 616	–	221 822	221 822
ZP Zatu	–	441 314	441 314	–	29 674	29 674

\* Retired on 14 May 2019.

\*\* Retired on 12 February 2018

\*\*\* Mr Cibie's fee for serving on the Sun Dreams board is paid in Chilean Pesos, which we have converted to ZAR for comparative purposes using the average CLP exchange rate in FY 2019.

# Retired on 15 May 2018.

<sup>^</sup> In terms of an advisory agreement between Sun International Management Limited and Mr JA Mabuza, Mr Mabuza was paid a consultancy fee by Sun International Management Limited in respect of strategic and regulatory advisory services, which he provided to the group until 14 May 2019, whereafter the consultancy agreement was terminated forthwith.

### Compliance with Remuneration Policy

During the period under review, the Committee satisfied itself that Sun International substantially complied with the Remuneration Policy approved by shareholders and that there were no material deviations therefrom.

### Non-binding advisory vote

Shareholders are requested to cast a non-binding advisory vote on Part 3 of this report at the company's AGM to be held on Tuesday, 12 May 2020.



## ANNEXURE "D"

### SUN INTERNATIONAL BOARD OF DIRECTORS

<b>Mr JA Mabuza</b>	<i>Independent non-executive chairman</i>
<b>Mr AM Leeming</b>	<i>Chief executive</i>
<b>Mr PDS Bacon</b>	<i>Independent non-executive director</i>
<b>Mr N Basthdaw</b>	<i>Chief financial officer</i>
<b>Mr PL Campher (retiring 12 May 2020)</b>	<i>Independent non-executive director</i>
<b>Mr EAMMG Cibie</b>	<i>Independent non-executive director</i>
<b>Mr GW Dempster</b>	<i>Independent non-executive director</i>
<b>Dr NN Gwagwa (retiring 12 May 2020)</b>	<i>Independent non-executive director</i>
<b>Ms CM Henry</b>	<i>Independent non-executive director</i>
<b>Ms SN Mabaso-Koyana</b>	<i>Independent non-executive director</i>
<b>Mr VP Khanyile</b>	<i>Independent non-executive director</i>
<b>Ms BLM Makgabo-Fiskerstrand</b>	<i>Independent non-executive director</i>
<b>Mr TR Ngara</b>	<i>Alternate non-executive director</i>
<b>Mr S Sithole</b>	<i>Non-executive director</i>
<b>Ms ZP Zatu</b>	<i>Independent non-executive director</i>

### SUN INTERNATIONAL PRESCRIBED OFFICERS

<b>Mr AG Johnston</b>	<i>Director: corporate services and group company secretary</i>
<b>Mr ZM Miller</b>	<i>Chief information officer</i>
<b>Mr DR Mokhobo</b>	<i>Director: special projects</i>
<b>Mr TF Mosololi</b>	<i>Chief operating officer (SA)</i>
<b>Ms C Nyathi</b>	<i>Director: group internal audit</i>
<b>Ms VL Robson</b>	<i>Director: group human resources</i>
<b>Mr J Wilhelm</b>	<i>Chief executive officer (LATAM)</i>

# CORPORATE DATA AND ADMINISTRATION

## SHAREHOLDERS' DIARY

Financial year-end  
Annual general meeting

Thursday, 31 December 2020  
Tuesday, 12 May 2020

## REPORTS AND FINANCIAL STATEMENTS

Audited summary group financial statements (published on website)  
Short form announcement (published on SENS)  
Short form announcement (published in business press)  
Audited summary group financial statements delivered to shareholders  
Complete annual financial statements (posted on website only)  
Interim results announcement

Monday, 16 March 2020  
Monday, 16 March 2020  
Tuesday, 17 March 2020  
Thursday, 26 March 2020  
Thursday, 26 March 2020  
Monday, 31 August 2020

## ADMINISTRATION

### Business, secretaries and registered address

6 Sandown Valley Crescent  
Sandton  
2196  
(P O Box 782121, Sandton, 2146)  
South Africa

Telephone: (+27) 11 780 7762  
Telefax: (+27) 11 780 7716

### Transfer Secretaries

Link Market Services (Pty) Ltd  
13th Floor  
19 Ameshoff Street  
Braamfontein  
2001

Telephone: (+27) 11 713 0800

### Meeting Specialist

The Meeting Specialist (Proprietary) Limited  
JSE Building  
One Exchange Square  
Gwen Lane  
Sandown  
2196

Telephone: (+27) 11 520 7951  
e-mail: [proxy@tmsmeetings.co.za](mailto:proxy@tmsmeetings.co.za)

### Auditors

PricewaterhouseCoopers Inc.

### Bankers

ABSA Bank Limited  
First National Bank Limited  
Investec Bank Limited  
Nedbank Limited  
Rand Merchant Bank (a division of FirstRand Bank Limited)  
The Standard Bank of South Africa Limited

### Sponsor

Investec Bank Limited

### Reservations and National Sales

Telephone (+27) 11 780 7810

# FORM OF PROXY

## Sun International Limited

(Incorporated in the Republic of South Africa)  
 (Registration number 1967/007528/06) (Share code: SUI: ZAE000097580)  
 LEI: 378900835F180983C60  
 ('Sun International' or 'the company')

### FORM OF PROXY FOR THE 36th ANNUAL GENERAL MEETING TO BE HELD AT THE MASLOW HOTEL, CORNER OF GRAYSTON DRIVE AND RIVONIA ROAD, SANDTON, JOHANNESBURG ON TUESDAY, 12 MAY 2020 AT 09:00 – FOR USE BY CERTIFICATED ORDINARY SHAREHOLDERS AND DEMATERIALIZED ORDINARY SHAREHOLDERS WITH 'OWN NAME' REGISTRATION ONLY

Holders of dematerialised ordinary shares other than 'own name' registration must inform their CSDP or broker of their intention to attend the annual general meeting and request their CSDP or broker to issue them with the necessary authorisation to attend the annual general meeting in person or provide their CSDP or broker with their voting instructions should they not wish to attend the annual general meeting in person but wish to be represented thereat.

I/We \_\_\_\_\_ (Please print)

of (address) \_\_\_\_\_

Telephone number Cell Phone number E-mail address \_\_\_\_\_

1. \_\_\_\_\_ or failing him/her,  
 2. \_\_\_\_\_ or failing him/her,

the chairman of the annual general meeting as my/our proxy to act for me/us and on my/our behalf at the 36th annual general meeting of the company which will be held on Tuesday, 12 May 2020 at 09:00 and at any adjournment thereof for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name/s, in accordance with the following instructions:

	Number of ordinary shares		
	For	Against	Abstain
2. Ordinary resolutions numbers 1.1 to 1.2: Election of directors			
1.1 Ms SN Mabaso-Koyana			
1.2 Mr TR Ngara			
3. Ordinary resolutions numbers 2.1 to 2.5: Re-election of directors			
2.1 Mr PD Bacon			
2.2 Mr EAMMG Cibie			
2.3 Mr GW Dempster			
2.4 Ms CM Henry			
2.5 Ms BLM Makgabo-Fiskerstrand			
4. Ordinary resolution number 3: Re-appointment of external auditor			
5. Ordinary resolutions numbers 4.1 to 4.4: Election of audit committee members			
4.1 Mr PD Bacon			
4.2 Mr EAMMG Cibie			
4.3 Ms CM Henry			
4.4 Ms ZP Zatu			
6. Ordinary resolution number 5: Endorsement of Sun International remuneration policy			
7. Ordinary resolution number 6: Endorsement of implementation of Sun International remuneration policy			
8. Ordinary resolution number 7: Ratification relating to personal financial interest arising from multiple offices in the Sun International group			
9. Special resolution number 1: General authority to re-purchase shares			
10. Special resolution number 2: Remuneration of non-executive chairman			
11. Special resolution number 3: Remuneration of lead independent director			
12. Special resolution number 4: Remuneration of non-executive directors			
13. Special resolution number 5.1: Remuneration of audit committee chairman			
14. Special resolution number 5.2: Remuneration of audit committee members			
15. Special resolution number 5.3: Remuneration of remuneration committee chairman			
16. Special resolution number 5.4: Remuneration of remuneration committee members			
17. Special resolution number 5.5: Remuneration of risk committee chairman			
18. Special resolution number 5.6: Remuneration of risk committee members			
19. Special resolution number 5.7: Remuneration of nomination committee chairman			
20. Special resolution number 5.8: Remuneration of nomination committee member			
21. Special resolution number 5.9: Remuneration of social and ethics committee chairman			
22. Special resolution number 5.10: Remuneration of social and ethics committee members			
23. Special resolution number 5.11: Remuneration of investment committee chairman			
24. Special resolution number 5.12: Remuneration of investment committee members			
25. Special resolution number 6: Financial assistance and/or the issue of securities to employee share scheme participant			

26. Special resolution number 7: Financial assistance to related or inter-related companies and corporations			
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**Please indicate with an 'X' in the appropriate spaces provided above how you wish your vote to be cast. If no indication is given, the proxy will be entitled to vote or abstain as he/she deems fit.**

Signed at on \_\_\_\_\_

2020.

Signature \_\_\_\_\_

Assisted by me (where applicable) \_\_\_\_\_

**Notes to form of proxy and summary of applicable rights established by section 58 of the Companies Act, 2008 ("Companies Act")**

1. An ordinary shareholder holding dematerialised shares by 'own name' registration, or who holds shares that are not dematerialised, is entitled to appoint any individual (including an individual who is not a shareholder) as a proxy to participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder. Such ordinary shareholder may insert the name of a proxy or the names of two alternative proxies of the ordinary shareholder's choice in the space provided, with or without deleting "the chairman of the annual general meeting", provided that any such deletion must be signed in full by the shareholder. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. Should a proxy not be specified, this will be exercised by the chairman of the annual general meeting. A proxy need not be a shareholder of the company.
2. All resolutions put to the vote shall be decided by way of a poll. An ordinary shareholder is entitled on a poll, to 1 (one) vote per ordinary share held. An ordinary shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the ordinary shareholder in the appropriate box(es). An 'X' in the appropriate box indicates the maximum number of votes exercisable by that shareholder. Failure to comply with the above will result in the proxy not being authorised to vote or to abstain from voting at the annual general meeting in respect of the shareholder's votes, except in the case where the chairman of the annual general meeting is the proxy. An ordinary shareholder or his/her proxy is not obliged to use all the votes exercisable by the ordinary shareholder, or to cast all those votes exercised in the same way, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the ordinary shareholder.
3. A proxy appointment must be in writing, dated and signed by the relevant shareholder.
4. Any alteration or correction made to this form of proxy must be signed in full and not initialled by the signatory.
5. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form, unless previously recorded by the company or waived by the chairman of the annual general meeting.
6. A minor must be assisted by his/her parent/guardian and the relevant documentary evidence establishing his/her legal capacity must be attached to this form of proxy unless previously recorded by the company or waived by the chairman of the annual general meeting.
7. When there are joint holders of shares, any one holder may sign the form of proxy.
8. The chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
9. A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person other than the chairman of the annual general meeting.
10. The appointment of a proxy or proxies:
  - a. is suspended at any time to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
  - b. is revocable in which case the shareholder may revoke the proxy appointment by:
    - i. cancelling it in writing or making a later inconsistent appointment of a proxy; and
    - ii. delivering a copy of the revocation instrument to the proxy and to the company.
11. Should the instrument appointing a proxy or proxies have been delivered to the company, as long as the appointment remains in effect, any notice that is required by the Companies Act or the company's memorandum of incorporation to be delivered by such company to the shareholder, must be delivered by such company to:
  - a. the shareholder; or
  - b. the proxy or proxies, if the shareholder has directed the company to do so in writing and has paid any reasonable fee charged by the company for doing so.
12. The proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.
13. It is requested for administrative purposes only that this form of proxy should be completed and returned to The Meeting Specialist (Proprietary) Limited ("the meeting specialist"), JSE Building, One Exchange Square, Gwen Lane, Sandown, 2196 (PO Box 62043, Marshalltown, 2107), so as to reach them by not later than Monday, 11 May 2020 at 09:00. Should this form of proxy not be returned to the meeting specialist by the aforesaid date and time, it may be handed to the chairman of the annual general meeting before that meeting is due to commence.

ADDITIONAL FORMS OF PROXY ARE AVAILABLE FROM THE MEETING SPECIALIST ON REQUEST.

# SUGGESTED CHANGES REGARDING THE COMPANY'S REMUNERATION POLICY AND IMPLEMENTATION REPORT

To: The chairman of the remuneration committee - Sun International Limited (the company)

c/o: The group company secretary – [andrew.johnston@suninternational.com](mailto:andrew.johnston@suninternational.com)

**Suggested changes/concerns regarding the company's remuneration policy and/or implementation report for the financial year ended 31 December 2019**

Dear Sirs

Please be advised that we \_\_\_\_\_ being the registered ordinary shareholder of the company and holding \_\_\_\_\_ (number of shares) (\_\_\_\_%) of the company's shares, either for our own account or as a manager for and on behalf of the following underlying beneficial shareholders (disclose if permitted):

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and being duly authorised hereto do hereby record the following suggested changes and/or concerns relating to the company's remuneration policy and/or implementation report as tabled at the company's annual general meeting held on Tuesday, 12 May 2020.

## Remuneration Policy

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## Implementation Report

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We are willing/unwilling (delete whichever is not applicable) to further engage with yourselves regarding the aforementioned and in this respect please contact \_\_\_\_\_ on +27 \_\_\_\_\_ to meet and/or discuss the same.

Yours faithfully

**Asset Owner/Asset Manager**







# NOTES

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NOTES



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*Sun* International

[www.suninternational.com](http://www.suninternational.com)