

# A boss at Burger King SA's owner got a R6m payout – for changing positions

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On Friday, Grand Parade Investments [\[JSE: GPL\]](#) – which owns the SA franchise of Burger King, as well as gaming assets like GrandWest Casino – posted an encouraging set of results. After past losses, it returned to profit thanks to a solid performance by Burger King, and its decision to shut its loss-making Dunkin' Donuts and Baskin Robbins stores, which lost almost R90m in the previous year.

But one number raised a few eyebrows: its former chair Hassan Adams received severance pay of R5.95m for moving from being executive to non-executive chairperson.

"A payoff to change designation – must be a South African first," tweeted Anthony Clark, an independent analyst from Small Talk Daily.

"I've never seen anything like it," Paul Whitburn, portfolio manager at Rozendal Partners, told Fin24.

For the past two years, small shareholders – including Rozendal and Denker Capital - have been in open revolt against Adams after GPI's share price lost the bulk of its value. They blamed Adams for the exodus of a number of execs in the past two years, including two CEOs, a chief financial officer and the chief executive officer of Burger King.



Hassan Adams (Supplied)

The shareholders also objected to some of the company's capital allocation decisions (including the takeover of catering equipment company Mac Brothers, and some property deals) and to bonuses of R26 million paid to directors over the past two years while the group was suffering losses.

Finally, after pressure, Adams sold R60m in Grand Parade shares and in June gave up his executive chairmanship to become non-executive chairman. Earlier this month he was appointed to the board's remuneration committee.

"The decision to pay Dr Adams this sum of money was taken when he was still the Executive Chairman, and it was approved by the remuneration committee," GPI CEO Mohsin Tajbhai said in response to Fin24's questions. The figure includes leave pay due to him plus bonuses.

Whitburn says Rozendal will vote against keeping Adams on the group's board at the company's annual general meeting later this year, and will also vote against a planned deal to sell GPI's 30% stake in Sun Slots to Sun International for R504 million.

Sun Slots operates pay-out machine gaming licences in provinces across South Africa

GPI reduced its 100% shareholding in Sun Slots in two deals with Sun International over recent years. Since 2017, it has held only 30% - with Sun International holding the rest. "GPI would have been in a much better position had it retained GrandSlots and not sold it to start Burger King in SA," says Whitburn.

Whitburn believes that Sun Slots - which grew its earnings contribution by 50% to R55.2m over the past year - is GPI's best and only growth asset at the moment. At six times Ebitda (earnings before interest, tax, depreciation and amortisation), the price offered by Sun International for the 30% is lower than it paid previously for GPI's Sun Slots stakes (7 to 7.5 times Ebitda).

But Value Capital Partners, which now holds 21% of GPI, is expected to vote for the deal. VCP also owns a stake in Sun International, and despite sitting on both side of the deal, is allowed to vote on the transaction, says Whitburn.

*The article has been updated with comment from GPI.*

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