

## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

The definitions and interpretations commencing on page 6 apply to this Circular in its entirety.

### **Action required**

- This Circular is important and should be read in its entirety, with particular attention to the sections entitled “Action required by City Lodge Shareholders at the Annual General Meeting” and “Action required by Odd-lot Holders following the Annual General Meeting”, which commence on pages 3 and 4, respectively.
- If you are in any doubt as to what action you should take, please consult your accountant, broker, banker, attorney, CSDP or other professional adviser immediately.
- If you have disposed of all your Shares, this Circular should be handed to the purchaser of such Shares or to the broker, CSDP, banker or other agent through whom the disposal was effected.

**City Lodge does not accept responsibility, and will not be held liable, for any action of, or omission by, any CSDP or broker including, without limitation, any failure on the part of the CSDP or broker of any beneficial owner of Shares to notify such beneficial owner of the details set out in this Circular.**

---

**CITY LODGE HOTELS LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number 1986/002864/06)  
ISIN: ZAE000117792  
Share code: CLH  
 (“City Lodge” or the “Company”)

---

### **CIRCULAR TO SHAREHOLDERS**

---

#### **regarding the approval of:**

- the proposed Odd-lot Offer by City Lodge, to repurchase from City Lodge Shareholders holding less than 100 City Lodge Shares by way of the Specific Authority, all such Shares at the Odd-lot Offer Price; and
- the related amendments to City Lodge’s Memorandum of Incorporation to authorise City Lodge to implement the Odd-lot Offer,

#### **and incorporating:**

- a form of election and surrender (*blue*) (for use by Certificated Shareholders only).

### **Investment Bank, Corporate Advisor and Sponsor**



Nedbank Corporate and Investment Banking, a division of Nedbank Limited

Date of issue: Thursday, 26 October 2023

*This Circular is available in English only and can be accessed on the Company’s website ([www.citylodgehotels.com](http://www.citylodgehotels.com)). Copies of the Circular can be obtained from the Registered Address of the Company during normal business hours (09:00 to 17:00) from 26 October 2023 until the Annual General Meeting (both days inclusive).*

---

## CORPORATE INFORMATION AND ADVISORS

---

### **Company Secretary and Registered Address**

Melanie van Heerden  
City Lodge Hotels Limited  
The Lodge, Bryanston Gate Office Park  
Corner Homestead Avenue and Main Road  
Bryanston  
Johannesburg, 2191  
(PO Box 97, Cramerview, 2060)

Date of incorporation: 1 August 1985

Place of incorporation: South Africa

### **Investment Bank, Corporate Advisor and Sponsor**

Nedbank Corporate and Investment Banking, a  
division of Nedbank Limited  
(Registration number 1951/000009/06)  
135 Rivonia Road  
Sandton, 2196  
(PO Box 1144, Johannesburg, 2000)

### **Transfer Secretaries**

Computershare Investor Services Proprietary  
Limited  
(Registration number 2004/003647/07)  
Rosebank Towers  
15 Biermann Avenue  
Rosebank, 2196  
(Private Bag X9000, Saxonwold, 2132)

---

## **ACTION REQUIRED BY CITY LODGE SHAREHOLDERS AT THE ANNUAL GENERAL MEETING**

---

The definitions and interpretations commencing on page 6 of this Circular apply, mutatis mutandis, to this “*Action Required by City Lodge Shareholders at the Annual General Meeting*” section.

This Circular is important and requires your immediate attention. The action you need to take is set out below.

If you are in any doubt as to what action to take, consult your accountant, broker, banker, attorney, CSDP or other professional advisor immediately.

If you have disposed of all your Shares, please forward this Circular to the purchaser of such Shares or to the broker, CSDP, banker or other agent through whom the disposal was effected.

1. **Annual General Meeting**

An Annual General Meeting will be convened on the terms set out in the Notice of Annual General Meeting distributed to Shareholders with this Circular. The Annual General Meeting will be held as a hybrid meeting at 14:00 on Thursday, 23 November 2023. At the Annual General Meeting, Shareholders will be requested to consider and, if deemed fit, to pass, with or without modification, the Resolutions required to approve the implementation of the Odd-lot Offer and the matters related thereto in the manner required by the Companies Act, the JSE Listings Requirements and the MOI, as applicable. This Circular is attached to, and incorporated in, the Notice of Annual General Meeting which contains the Resolutions to be considered at the Annual General Meeting.

2. **Voting and attendance at the Annual General Meeting**

Shareholders are referred to the Notice of Annual General Meeting distributed together with this Circular for information on attending, voting, proxies and participating at the Annual General Meeting.

---

## **ACTION REQUIRED BY ODD-LOT HOLDERS FOLLOWING THE ANNUAL GENERAL MEETING**

---

The definitions and interpretations commencing on page 6 of this Circular apply, mutatis mutandis, to this “*Action Required by Odd-lot Holders following the Annual General Meeting*” section.

Following the approval of the Resolutions to be considered at the Annual General Meeting, the Odd-lot Offer will open and if you are an Odd-lot Holder you must decide to either:

- sell your Odd-lot Holding to City Lodge at the Odd-lot Offer Price; or
- retain your Odd-lot Holding.

**If you wish to retain your Odd-lot Holdings you must specifically make an election to do so. Those Odd-lot Holders who do not make an election will automatically be deemed to have accepted the Odd-lot Offer and shall be deemed to have agreed to dispose of their Odd-lot Holdings to City Lodge at the Odd-lot Offer Price and to receive the Odd-lot Consideration.**

### **1. Certificated Shareholders**

You must complete the Form of Election and Surrender (*blue*) and select to either sell or retain your Odd-lot Holding.

If you decide to retain your Odd-lot Holding, you must ensure that you complete the Form of Election and Surrender (*blue*) and return it to the Transfer Secretaries at the address set out in that form, to be received by no later than 12:00 on Friday, 15 December 2023. If the Transfer Secretaries do not receive your completed form in time, you will automatically be regarded as having accepted the Odd-lot Offer and you will be deemed to have agreed to dispose of your City Lodge Shares to City Lodge and receive the Odd-lot Consideration.

If any Documents of Title of Certificated Odd-lot Holders have been lost or destroyed and the Odd-lot Holder concerned produces evidence to this effect to the satisfaction of the Transfer Secretaries and City Lodge, then the Transfer Secretaries, subject to obtaining City Lodge’s consent, may, in its sole discretion, dispense with the surrender of such existing Documents of Title against provision of an acceptable indemnity.

### **2. Dematerialised Shareholders**

Your CSDP or broker is obliged to contact you in the manner stipulated in the agreement concluded between you and your CSDP or broker to ascertain what choice you wish to make in terms of the Odd-lot Offer and thereafter to advise the Transfer Secretaries of such choice.

If you have not been contacted, you should contact your CSDP or broker and furnish your CSDP or broker with your instructions relating to your choice.

If your CSDP or broker does not obtain instructions from you regarding your choice, it will be obliged to act in accordance with the provisions contained in the agreement concluded between you and your CSDP or broker.

**You must NOT complete the Form of Election and Surrender (*blue*).**

---

**TABLE OF CONTENTS**

---

CIRCULAR TO SHAREHOLDERS .....	Cover
CORPORATE INFORMATION AND ADVISORS .....	IFC
ACTION REQUIRED BY CITY LODGE SHAREHOLDERS AT THE ANNUAL GENERAL MEETING .....	1
ACTION REQUIRED BY ODD-LOT HOLDERS FOLLOWING THE ANNUAL GENERAL MEETING .....	2
TABLE OF CONTENTS .....	3
SALIENT DATES AND TIMES .....	4
DEFINITIONS AND INTERPRETATIONS .....	6
CIRCULAR TO CITY LODGE SHAREHOLDERS .....	9
1. INTRODUCTION AND PURPOSE OF THE CIRCULAR .....	9
2. DETAILS OF THE ODD-LOT OFFER .....	10
3. ADDITIONAL INFORMATION .....	
ANNEXURE 1: TAX CONSEQUENCES OF THE ODD-LOT OFFER .....	21
FORM OF ELECTION AND SURRENDER (BLUE) FOR USE BY ODD-LOT HOLDERS .....	23

---

## SALIENT DATES AND TIMES

---

The definitions and interpretations commencing on page 6 of this Circular apply *mutatis mutandis* to this “Salient dates and times” section.

	<b>2023</b>
Record date to be entitled to receive the Circular and Notice of Annual General Meeting	Friday, 20 October
Circular distributed to Shareholders and Odd-lot Offer announced on SENS on	Thursday, 26 October
Last day to trade to be entitled to vote and participate at the Annual General Meeting	Tuesday, 14 November
Record date to be entitled to vote and participate at the Annual General Meeting	Friday, 17 November
For administrative reasons, last day to lodge forms of proxy for the Annual General Meeting by no later than 14:00	Tuesday, 21 November
Annual General Meeting to be held at 14:00	Thursday, 23 November
Results of the Annual General Meeting published on SENS	Friday, 24 November
If the Resolutions relating to the Odd-lot Offer is passed, Odd-lot Offer opens at 09:00	Monday, 27 November
Finalisation announcement (including the Odd-lot Offer Price) in respect of Odd-lot Offer released on SENS by 11:00	Tuesday, 5 December
Last day to trade to participate in the Odd-lot Offer	Tuesday, 12 December
Shares commence trading ex Odd-lot Offer	Wednesday, 13 December
Forms of Election and Surrender ( <i>blue</i> ) to be received by the Transfer Secretaries by 12:00	Friday, 15 December
Odd-lot Offer closes at 12:00	Friday, 15 December
Odd-lot Offer Record Date	Friday, 15 December
Payment of Odd-lot Offer Consideration to Certificated Odd-lot Holders who have accepted the Odd-lot Offer or who have made no election	Monday, 18 December
Dematerialised Odd-lot Holders who have accepted the Odd-lot Offer or who have made no election will have their accounts at their CSDP or broker credited with the Odd-lot Consideration	Monday, 18 December
Results of Odd-lot Offer released on SENS	Monday, 18 December
Cancellation and termination of City Lodge Shares repurchased in terms of the Odd-lot Offer	Tuesday, 19 December

**Notes:**

1. All dates and times indicated above are South African Standard Time.
2. The above dates and times are subject to amendment at the discretion of the Company. Any such amendment will be released on SENS.
3. If the Annual General Meeting is adjourned or postponed, Forms of Proxy submitted for the initial Annual General Meeting will remain valid in respect of any adjournment or postponement of the Annual General Meeting, unless the contrary is stated on such Form of Proxy.
4. The Directors, in their discretion, reserve the right to withdraw the Odd-lot Offer in respect of any Shareholder at any time prior to the publication of the finalisation announcement on SENS in respect of the Odd-lot Offer, anticipated to be on Tuesday, 5 December 2023.
5. Shareholders are reminded that Shares can only be traded in Dematerialised form.
6. The Register will be closed between the last day to trade to be entitled to vote and participate at the Annual General Meeting and the Annual General Meeting record date.
7. Shareholders are requested to deposit Forms of Proxy at the office of the Transfer Secretaries, Computershare, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or by post to Private Bag X9000, Saxonwold, 2132, South Africa (at own risk), or via email to proxy@computershare.co.za, by no later than 14:00 on Tuesday, 21 November 2023, for administrative purposes. Any Forms of Proxy not delivered by this time may be forwarded to the Transfer Secretaries at any time prior to the commencement of voting on any Resolutions proposed at the Annual General Meeting.

**8. Odd-lot Offer:**

- 8.1 Dematerialised Odd-lot Holders are requested to notify their duly appointed CSDP or broker of their election by the cut off time stipulated by their CSDP or broker. This will be before the closing date of the Odd-lot Offer.
- 8.2 In the case of Certificated Odd-lot Holders who elect to sell their Odd-lot Holdings for the Odd-lot Consideration, payment will be made on Monday, 18 December 2023 by electronic funds transfer into the bank accounts of the Odd-lot Holders, which must be provided by the Odd-lot Holders on the Form of Election and Surrender (*blue*).
- 8.3 Odd-lot Holders who are non-residents of the Common Monetary Area and who have never resided in the Common Monetary Area, whose registered address is outside the Common Monetary Area and whose Documents of Title have been restrictively endorsed under the Exchange Control Regulations, and who elect to sell their Odd-lot Holdings for the Odd-lot Consideration, are referred to paragraph 2.10 of this Circular regarding processing and payment of the Odd-lot Consideration.
- 8.4 **Those Odd-lot Holders who do not make an election or do not return their Form of Election and Surrender (*blue*) timeously to the Transfer Secretaries will automatically be deemed to have accepted the Odd-lot Offer and shall be deemed to have agreed to dispose of their Odd-lot Holdings to City Lodge at the Odd-lot Offer Price and to receive the Odd-lot Consideration.**
- 8.5 Shareholders may not dematerialise or rematerialise their Shares between the last day to trade to participate in the Odd-lot Offer and the Odd-lot Offer Record Date.

## DEFINITIONS AND INTERPRETATIONS

In this Circular, unless the context indicates a contrary intention, a word or an expression which denotes any gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa* and the following words and expressions bear the meanings assigned to them below:

<b>“Annual General Meeting” or “AGM”</b>	the annual general meeting of the Company, to be held at 14:00 on Thursday, 23 November 2023 entirely by electronic communication;
<b>“Authorised Dealer”</b>	certain registered banks in South Africa appointed by the Minister of Finance to act as authorised dealers in foreign exchange, giving such banks the right to buy and sell foreign exchange, subject to the conditions and within limits prescribed by the Financial Surveillance Department of the South African Reserve Bank;
<b>“Board” or “Directors”</b>	the board of directors of City Lodge as at the date of this Circular;
<b>“Business Day”</b>	means any day other than a Saturday, Sunday or official public holiday in South Africa;
<b>“Certificated Odd-lot Holder/s”</b>	Odd-lot Holders who hold Certificated Shares;
<b>“Certificated Shareholder”</b>	Shareholders who hold Certificated Shares;
<b>“Certificated Share”</b>	City Lodge Shares represented by share certificates or other physical Documents of Title, which have not been surrendered for dematerialisation in terms of Strate requirements;
<b>“City Lodge” or the “Company”</b>	City Lodge Hotels Limited, registration number 1986/002864/06, a public company duly incorporated and registered in accordance with the laws of South Africa and whose Shares are listed on the JSE;
<b>“Circular”</b>	this document, dated Thursday, 26 October 2023, including the Form of Election and Surrender ( <i>blue</i> );
<b>“Common Monetary Area”</b>	South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Eswatini;
<b>“Companies Act”</b>	the Companies Act (Act 71 of 2008), as amended;
<b>“CSDP”</b>	a Central Securities Depository Participant, accepted as a participant in terms of the Financial Markets Act;
<b>“Dematerialised”</b>	the process by which Shares held by a Certificated Shareholder are converted to and held in electronic form as Dematerialised Shares recorded in the sub-Register of Shareholders maintained by a CSDP;
<b>“Dematerialised Shareholder”</b>	Shareholders who hold Dematerialised Shares;
<b>“Dematerialised Share”</b>	Shares which have been Dematerialised through a CSDP or broker and are held on the sub-Register of City Lodge Shareholders administered by CSDPs in electronic form;
<b>“Document/s of Title”</b>	share certificates, transfer deeds or form(s), balance receipts or any other documents of title acceptable to City Lodge and the Transfer Secretaries in respect of Certificated Shareholders;
<b>“Exchange Control Regulations”</b>	the South African Exchange Control Regulations, 1961, as amended;
<b>“Financial Markets Act”</b>	the Financial Markets Act, 2012 (Act 19 of 2012), as amended;
<b>“Form of Election and Surrender (<i>blue</i>)”</b>	the form for use by Certificated Odd-lot Holders to retain or sell their Odd-lot Holdings;
<b>“Form of Proxy”</b>	the form of proxy incorporated into this Circular for use respectively by Certificated Odd-lot Holders and Dematerialised Shareholders with ‘own name’ registration only, for purposes of appointing a proxy to represent such Shareholders at the Annual General Meeting;
<b>“ID”</b>	identification document;
<b>“Income Tax Act”</b>	the Income Tax Act, (Act 58 of 1962), as amended;



<b>“Integrated Annual Report”</b>	the integrated annual report for the year ended 30 June 2023, incorporating the Notice of Annual General Meeting, distributed to Shareholders with this Circular;
<b>“Investment Bank, Corporate Advisor and Sponsor” or “NCIB”</b>	Nedbank Limited, registration number 1951/000009/06, a public company duly incorporated and registered in accordance with the laws of South Africa, acting through its Corporate and Investment Banking division;
<b>“JSE”</b>	JSE Limited, registration number 2005/022939/06, a limited liability public company duly incorporated and registered in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act;
<b>“JSE Listings Requirements”</b>	the Listings Requirements of the JSE, as amended from time to time;
<b>“Last Practicable Date”</b>	the last practicable date prior to the finalisation of this Circular, being Monday, 16 October 2023;
<b>“MOI” or “Memorandum of Incorporation”</b>	the memorandum of incorporation of City Lodge;
<b>“MOI Amendments”</b>	the amendments required to be made to the MOI for City Lodge to implement the Odd-lot Offer;
<b>“Notice of Annual General Meeting”</b>	the notice of Annual General Meeting of Shareholders forming part of the Integrated Annual Report;
<b>“Odd-lot Consideration”</b>	the cash payment that will be received by Odd-lot Holders who elect to sell their Shares or who do not make an election to sell or retain their Shares;
<b>“Odd-lot Holder”</b>	Shareholders holding Odd-lot Holdings;
<b>“Odd-lot Holding”</b>	a shareholding of less than 100 Shares;
<b>“Odd-lot Offer”</b>	the proposed offer by City Lodge, to repurchase the Odd-lot Holdings of Odd-lot Holders at the Odd-lot Offer Price;
<b>“Odd-lot Offer Price”</b>	the offer price as set out in paragraph 2.2 of this Circular, being a 5% premium to the 30-day VWAP of a City Lodge Share at the close of business on Monday, 4 December 2023;
<b>“Odd-lot Offer Record Date”</b>	the date for Shareholders to be recorded in the Register in order to be eligible to participate in the Odd-lot Offer, being Friday, 15 December 2023;
<b>“R” or “Rand”</b>	South African Rand, the currency of South Africa;
<b>“Register”</b>	the register of Certificated Shareholders maintained by City Lodge’s Transfer Secretaries and the sub-registers of Dematerialised Shareholders maintained by the relevant CSDPs;
<b>“Registered Address”</b>	City Lodge’s registered office, situated at The Lodge, Bryanston Gate Office Park, Corner Homestead Avenue and Main Road, Bryanston, Johannesburg, 2191;
<b>“Resolutions”</b>	ordinary resolutions numbers 6 and 7 and special resolutions numbers 3 and 5 as contained in the Notice of Annual General Meeting;
<b>“Restricted Jurisdictions”</b>	any jurisdiction in which it is illegal or otherwise unlawful for the Odd-lot Offer to be made or accepted, including (without limitation) Australia, Canada, Japan and the United States;
<b>“SENS”</b>	the Stock Exchange News Service of the JSE;
<b>“Shareholder” or “City Lodge Shareholder”</b>	the holder of Shares issued by the Company and who is entered as such in the Register;
<b>“Shares” or “City Lodge Shares”</b>	ordinary shares of City Lodge with no par value in the share capital of the Company;
<b>“South Africa”</b>	the Republic of South Africa;
<b>“Specific Authority”</b>	approval by the requisite majority of Shareholders of the specific repurchase of the Odd-lot Holdings from the Odd-lot Holders in terms of the JSE Listings Requirements;

<b>“Strate”</b>	Strate Proprietary Limited, registration number 1998/022242/07, a private company duly incorporated and registered in accordance with the laws of South Africa, a central securities depository licensed in terms of the Financial Markets Act and responsible for the electronic clearing and settlement system provided to the JSE;
<b>“Transfer Secretaries” or “Computershare”</b>	Computershare Investor Services Proprietary Limited, registration number 2004/003647/07, a limited liability private company duly incorporated and registered in accordance with the laws of South Africa;
<b>“Treasury Shares”</b>	38 215 383 City Lodge Shares held in treasury as at the Last Practicable Date; and
<b>“VWAP”</b>	the volume weighted average price.

**CITY LODGE HOTELS LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number 1986/002864/06)  
ISIN: ZAE000117792  
Share code: CLH  
("City Lodge" or the "Company")

---

## City Lodge Directors

### Executive

Andrew Widegger (Chief Executive Officer)  
Dhanisha Nathoo (Chief Financial Officer)  
Lindiwe Siddo (Chief Operating Officer)

### Non-Executive

Stephen Enderle

### Independent Non-Executive

Bulelani Ngcuka (Chairman)  
Frank Kilbourn  
Deon Huysamer  
Andrew Lapping  
Dr Sizakele Marutlulle  
Ndumi Medupe  
Mathukana Mokoka  
Stuart Morris

---

## CIRCULAR TO CITY LODGE SHAREHOLDERS

---

### 1. INTRODUCTION AND PURPOSE OF THE CIRCULAR

---

- 1.1 As at the Last Practicable Date, there are a total of 20 947 Odd-lot Holders on the Register, comprising 58.22% of the total number of Shareholders in the Company. Conversely, the total number of City Lodge Shares held by the Odd-lot Holders comprise 336 044 Shares representing only 0.06% of the total issued Shares. The Board has thus proposed the implementation of the Odd-lot Offer to facilitate the reduction in the number of City Lodge Shareholders in an equitable manner, subject to the conditions precedent set out in paragraph 2.3 below.
- 1.2 Pursuant to the Odd-lot Offer, Odd-lot Holders will be able to elect to:
- 1.2.1 sell their Odd-lot Holdings to the Company and receive the Odd-lot Consideration in respect thereof; or
- 1.2.2 retain their Odd-lot Holdings if they so choose and validly submit such election in accordance with the instructions in this Circular.
- 1.3 **Failure by an Odd-lot Holder to submit a valid election to sell or to retain their Odd-lot Holdings in accordance with the instructions in this Circular will however automatically be regarded as such Odd-lot Holder having accepted the Odd-lot Offer.**
- 1.4 The purpose of the Circular is to provide Shareholders with all the relevant information relating to the Odd-lot Offer so as to enable them to consider and, if deemed fit, pass, with or without modification, the Resolutions to be proposed at the Annual General Meeting to be held at 14:00 on 23 November 2023, to approve and implement the Odd-lot Offer.
- 1.5 The Notice of Annual General Meeting, as announced on SENS on Thursday, 26 October 2023, contains the Resolutions to be voted on and is available on the Company's website at [www.citylodgehotels.com](http://www.citylodgehotels.com).

---

## 2. DETAILS OF THE ODD-LOT OFFER

---

### 2.1 Rationale

The rationale for the Odd-lot Offer, from an Odd-lot Holder's perspective is that it provides Odd-lot Holders with an opportunity to realise the value of their investment without incurring dealing charges which might otherwise make it impractical to sell their holding, and to provide liquidity for those Odd-lot Holders who elect not to retain their Odd-lot Holdings or who make no election. From the Company's perspective, implementation of the Odd-lot Offer will enable the Company to reduce the costs and complexity of managing a large Shareholder base and Register.

City Lodge has decided to proceed with the implementation of the Odd-lot Offer to repurchase the City Lodge Shares from the Odd-lot Holders at a 5% premium to the 30-day VWAP of a City Lodge Share at the close of business on Monday, 4 December 2023.

An Odd-lot offer is a corporate action undertaken by JSE-listed companies and will be permitted by the Company's MOI should Shareholders approve the MOI Amendments at the Annual General Meeting.

### 2.2 Odd-lot Offer Price

The Odd-lot Offer Price will be at a premium of 5% to the 30-day VWAP of a City Lodge Share at the close of business on Monday, 4 December 2023.

The Odd-lot Offer will be distributed as a return of capital and will result in a reduction of 'contributed tax capital' as defined in section 1 of the Income Tax Act. The Odd-lot Consideration will therefore not be regarded as a dividend for South African income tax purposes. City Lodge Shareholders are advised to consult their own tax and/or other professional advisors regarding the taxation implications arising out of the acceptance of the Odd-lot Offer. See **Annexure 1** to this Circular in this regard.

### 2.3 Conditions precedent to the Odd-lot Offer

The implementation of the Odd-lot Offer is subject to the fulfilment of the conditions precedent that:

- 2.3.1 the Resolutions relating to the Odd-lot Offer contained in the Notice of Annual General Meeting are duly passed; and
- 2.3.2 the MOI Amendments are filed with the Companies and Intellectual Property Commission.

### 2.4 Terms of the Odd-lot Offer

- 2.4.1 Odd-lot Holders as at the Odd-lot Offer Record Date, will be eligible to participate in the Odd-lot Offer.
- 2.4.2 The Odd-lot Offer is not being made, directly or indirectly, in or into, or by use of the mails of, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce of, or any facility of the national securities exchanges of a Restricted Jurisdiction and the Odd-lot Offer cannot be accepted by any such use, means, instrumentality or facility or from within a Restricted Jurisdiction. Accordingly, neither copies of this Circular nor any related documentation are being or may be mailed or otherwise distributed or sent in or into or from a Restricted Jurisdiction, and if received in any Restricted Jurisdiction, this Circular should be treated as being received for information purposes only.

- 2.4.3 The information contained herein does not constitute a distribution, an offer to sell or the solicitation of an offer to buy any City Lodge Shares in any jurisdiction in which such distribution or offer is not authorised. In particular, the information herein is not for distribution and does not constitute an offer to sell or the solicitation of any offer to buy any City Lodge Shares in the United States of America or to or for the benefit of any person as such term is defined under the United States Securities Act of 1933, as amended, and the regulations promulgated thereunder.
- 2.4.4 The Odd-lot Consideration will be paid to those Odd-lot Holders, at the Odd-lot Offer Price, who have elected to sell their Odd-lot Holdings, and to those who have failed to submit a valid election to sell or to retain their Odd-lot Holdings in accordance with the instructions in this Circular.
- 2.4.5 The Shares repurchased in terms of the Odd-lot Offer will be cancelled, delisted and reinstated as authorised but unissued Shares.

## 2.5 Mechanism of the Odd-lot Offer

- 2.5.1 Following the Annual General Meeting, and provided the Shareholders approve the Resolutions required to implement the Odd-lot Offer, City Lodge will proceed with implementing the Odd-lot Offer in terms of which Odd-lot Holders will be able to:
- have their Odd-lot Holdings repurchased by City Lodge at the Odd-lot Offer Price if they elect to sell their Odd-lot Holdings; or
  - retain their Odd-lot Holdings if they elect to retain their Odd-lot Holdings.

**Odd-lot Holders who wish to retain their City Lodge Shares MUST specifically elect to do so. Odd-lot Holders who do not submit a valid election to sell or to retain Odd-lot Holdings in accordance with the instructions in this Circular or who do not return their Form of Election and Surrender (*blue*) timeously to the Transfer Secretaries will automatically be deemed to have accepted the Odd-lot Offer and shall be deemed to have agreed to dispose of their Odd-lot Holding to City Lodge at the Odd-lot Offer Price and to receive the Odd-lot Consideration in respect thereof.**

- 2.5.2 The Odd-lot Offer is expected to be open for acceptance from 09:00 on Monday, 27 November 2023 and will close at 12:00 on Friday, 15 December 2023. All Shareholders who hold a total of less than 100 Shares at the Odd-lot Offer Record Date will be entitled to participate in the Odd-lot Offer. The procedure on how such Odd-lot Holders must make their choice (election and surrender procedure) is set out in paragraph 2.6 below.
- 2.5.3 The Shares of those Odd-lot Holders who do not validly make an election or who do not return their Form of Election and Surrender (*blue*) timeously to the Transfer Secretaries or who decide to sell their Odd-lot Holdings for the Odd-lot Consideration will automatically be repurchased by City Lodge at the Odd-lot Offer Price without any further action on their part and without any further notice to Odd-lot Holders. Any such repurchase will be regarded as an acquisition of Shares in terms of the Companies Act and a specific repurchase of Shares in terms of the Companies Act and the JSE Listings Requirements.
- 2.5.4 The Odd-lot Offer repurchase as set out above will not be from a 'related party' as defined in the JSE Listings Requirements.

## 2.6 Election and surrender procedure for Odd-lot Holders following the Annual General Meeting

2.6.1 Following approval of the Resolutions being considered at the Annual General Meeting, the Odd-lot Offer will open and Odd-lot Holders may decide to either:

- sell their Odd-lot Holdings to City Lodge at the Odd-lot Offer Price; or
- retain their Odd-lot Holdings. If Shareholders wish to retain their Odd-lot Holding, they have to make this election.

**Those Odd-lot Holders who do not make an election or who do not return their Form of Election and Surrender (*blue*) timeously to the Transfer Secretaries will automatically be deemed to have accepted the Odd-lot Offer and shall be deemed to have agreed to dispose of their Odd-lot Holdings to City Lodge and receive the Odd-lot Consideration in respect thereof.**

2.6.2 The election made by Odd-lot Holders is final and irrevocable and may not be withdrawn once made.

2.6.3 Certificated Odd-lot Holders must complete the enclosed Form of Election and Surrender (*blue*) and return it to the Transfer Secretaries, together with the share certificate, to be received by no later than 12:00 on Friday, 15 December 2023.

2.6.4 Dematerialised Odd-lot Holders should instruct their CSDP or broker as to what action they wish to take in the time and manner stipulated in the agreement entered into between them and their CSDP or broker. Dematerialised Odd-lot Holders must **NOT** return the form Form of Election and Surrender (*blue*) to the Transfer Secretaries.

2.6.5 If any Documents of Title of Certificated Odd-lot Holders have been lost or destroyed and the Odd-lot Holder concerned produces evidence to this effect to the satisfaction of the Transfer Secretaries and City Lodge, then the Transfer Secretaries, subject to obtaining City Lodge's consent, may dispense with the surrender of such existing Documents of Title against provision of an acceptable indemnity.

2.6.6 Receipts for the surrender of Documents of Title of Certificated Odd-lot Holders will be issued only on request. In compliance with the JSE Listings Requirements, lodging agents are requested to prepare special transaction receipts, if required.

2.6.7 If an Odd-lot Holder does not make an election to retain his Odd-lot Holding it must be drawn to their attention that their share certificates will no longer be good for delivery after the last day to trade in respect of the Odd-lot Offer, other than to receive the proceeds of the sale of such Shares (being the Odd-lot Consideration), upon surrender.

2.6.8 Subject to the implementation of the Odd-lot Offer, it will be necessary for Certificated Odd-lot Holders who have elected to sell their Odd-lot Holdings, either by completing the relevant option set out in the Form of Election and Surrender (*blue*), or by not responding, to submit all existing Documents of Title under cover of the enclosed Form of Election and Surrender (*blue*) to the Transfer Secretaries.

- 2.6.9 Nominee companies will be treated as a single Shareholder, but should a nominee company decide to dispose of Odd-lot Holdings on behalf of principals whose shareholdings constitute Odd-lot Holdings, it may do so by applying in writing to the Transfer Secretaries, giving details of the number of Shares involved, such application to be received by no later than 12:00 on Friday, 15 December 2023.
- 2.6.10 For those Odd-lot Holders who decide to sell their Odd-lot Holdings for the Odd-lot Consideration, all Forms of Election and Surrender (*blue*), received by the Transfer Secretaries by no later than 12:00 on Friday, 15 December 2023 will be processed and payment will be made by electronic funds transfers into the Shareholder's bank account on Monday, 18 December 2023, as provided on the Form of Election and Surrender (*blue*).
- 2.6.11 Odd-lot Holders who are non-residents of South Africa and who have never resided in the Common Monetary Area, whose registered address is outside the Common Monetary Area and whose Documents of Title have been restrictively endorsed under the Exchange Control Regulations, and who decide to sell their Odd-lot Holdings for the Odd-lot Consideration, by submitting their Forms of Election and Surrender (*blue*) to be duly received by the Transfer Secretaries by no later than 12:00 on Friday, 15 December 2023 are referred to paragraph 2.10 of this Circular regarding processing and payment of the Odd-lot Consideration.
- 2.6.12 In respect of Dematerialised Odd-lot Holders who elect to participate in the Odd-lot Offer, or in the case of Odd-lot Holders who fail to make an election, their accounts held at their CSDP or broker will be credited with the Odd-lot Consideration on Monday, 18 December 2023.

## 2.7 Transaction costs for Odd-lot Holders

- 2.7.1 Shareholders eligible to participate in the Odd-lot Offer will not bear any transaction costs in respect of the Odd-lot Offer.
- 2.7.2 Securities transfer tax, if any, will be paid by City Lodge at a rate of 0.25% calculated on the taxable amount as determined in section 5(1)(a) of the Securities Transfer Tax Act, No. 25 of 2007.
- 2.7.3 The Odd-lot Offer may be subject to tax in the relevant jurisdiction of the Odd-lot Holder arising from the disposal of the Odd-lot Holdings by the Odd-lot Holders who make an election to sell their Odd-lot Holdings to City Lodge or who do not make an election or who do not return their Form of Election and Surrender (*blue*) timeously to the Transfer Secretaries. **Annexure 1** to this Circular contains a general summary of the tax consequences for Odd-lot Holders who make an election to sell their Odd-lot Holdings to City Lodge or who do not make an election. **Shareholders should, however, seek their own tax and/or other professional advice regarding the taxation implications of the Odd-lot Offer.**

## 2.8 Additional provisions in respect of the Odd-lot Offer

- 2.8.1 City Lodge will be entitled to refuse to implement the repurchase of Shares pursuant to the Odd-lot Offer in respect of any Odd-lot Holder whom City Lodge reasonably believes has only become an Odd-lot Holder to take advantage of the Odd-lot Offer, and such Odd-lot Holder will have no claim against City Lodge arising out of or in connection with such refusal.

- 2.8.2 The Directors, in their discretion, reserve the right to withdraw the Odd-lot Offer in respect of any Shareholder at any time prior to the publication of a finalisation announcement on SENS in respect of the Odd-lot Offer, which is anticipated to be on Tuesday, 5 December 2023.
- 2.8.3 City Lodge will not undertake the Odd-lot Offer during a prohibited period as defined in the JSE Listings Requirements.
- 2.8.4 Following approval of the MOI Amendments by Shareholders, the MOI will permit the Directors to make and implement the Odd-lot Offer.

## **2.9 Jurisdiction**

- 2.9.1 The Odd-lot Offer shall be governed by and be subject to the laws of South Africa. The Odd-lot Offer may be affected by the laws of the relevant jurisdictions of foreign Shareholders. Such foreign Shareholders should inform themselves about and observe any applicable legal requirements of such jurisdictions in relation to all aspects of this Circular that may affect them.
- 2.9.2 The release, publication or distribution of this Circular in jurisdictions other than South Africa may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than South Africa should inform themselves about, and observe, any applicable requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction.
- 2.9.3 The Odd-lot Offer does not constitute an offer in any Restricted Jurisdiction.
- 2.9.4 The Odd-lot Offer has not been and will not be registered under the United States Securities Act of 1933, as amended. Accordingly, the Odd-lot Offer may not be made, directly or indirectly, in the United States or to or for the account or benefit of United States persons, except pursuant to exemptions from the United States Securities Act of 1933, as amended. This Circular and its accompanying documents are not being, and must not be distributed or sent in, into or from the United States.
- 2.9.5 It is the responsibility of any person wishing to accept the Odd-lot Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including obtaining any governmental or other consent that may be required or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdictions.
- 2.9.6 Any such Shareholder will be responsible for any issue, transfer or other taxes payable outside South Africa.
- 2.9.7 A foreign Shareholder who is in any doubt about his position, should consult an appropriate professional advisor in the relevant jurisdiction.

## **2.10 Exchange Control Regulations**

The following summary is intended only as a guide and is, therefore, not comprehensive. If Shareholders are in any doubt as to the appropriate course of action, they are advised to consult their professional advisors.



### **Former residents of the Common Monetary Area**

The Odd-lot Consideration will not be freely transferable from South Africa and will have to be dealt with in terms of the Exchange Control Regulations.

- The Odd-lot Consideration due to an Odd-lot Holder who is a former resident of South Africa, whose registered address is outside the Common Monetary Area and whose Documents of Title have been restrictively endorsed under the Exchange Control Regulations, will be deposited in a capital account with the Odd-lot Holder's Authorised Dealer in foreign exchange in South Africa (controlling the Odd-lot Holder's blocked assets in accordance with his instructions), against delivery of the relevant Documents of Title.
- At the time of the Odd-lot Offer, the Authorised Dealer releasing the relevant Documents of Title in terms of the Odd-lot Offer must countersign the Form of Election and Surrender (*blue*) thereby indicating that the Odd-lot Consideration will be placed directly in its control.
- The Form of Election and Surrender (*blue*) will make provision for the details of the Authorised Dealer concerned to be provided.

### **All other non-residents of the Common Monetary Area**

- Odd-lot Holders who have any queries or require assistance with respect to any aspect of the Odd-lot Offer, including the instructions required to be given to an Odd-lot Holder's nominated Authorised Dealer with regard to the receipt of the Odd-lot Consideration against delivery of the relevant Documents of Title should contact the Company Secretary of City Lodge by emailing Melanie van Heerden on [mvanheerden@citylodgehotels.com](mailto:mvanheerden@citylodgehotels.com) or calling +27 (0)11 557 2600.
- The Odd-lot Consideration due to an "own name" Odd-lot Holder who is a non-resident of South Africa and who has never resided in the Common Monetary Area, whose registered address is outside the Common Monetary Area and whose Documents of Title have been restrictively endorsed under the Exchange Control Regulations, will be deposited with the Odd-lot Holder's Authorised Dealer in foreign exchange in South Africa nominated by such Odd-lot Holder. It will be incumbent on the Odd-lot Holder concerned to instruct the Odd-lot Holder's nominated Authorised Dealer as to the disposal of the Odd-lot Consideration against delivery of the relevant Documents of Title.
- The Form of Election and Surrender (*blue*) will make provision for the nomination required. If the information regarding the Authorised Dealer is incomplete, the Odd-lot Consideration will be held in trust by City Lodge for the Odd-lot Holders concerned pending receipt of the necessary information or instruction.
- All CSDPs and brokers through which Shares have been Dematerialised should note that they are required to comply with the Exchange Control Regulations set out above.

---

## **3. ADDITIONAL INFORMATION**

---

### **3.1 Source of funds**

The Odd-lot Offer will be funded from City Lodge's existing cash resources.

### **3.2 Financial impact**

The impact of the Odd-lot Offer on the financial information of City Lodge is as follows:

3.2.1 The Odd-lot Offer is for cash only and will therefore reduce City Lodge's cash resources by:

- for illustrative purposes, R1 585 559 for the Odd-lot Offer based on (i) the 30-day VWAP of a City Lodge Share to the close of business on the Last Practicable Date of 449.36252 cents (source: Iress Expert) plus a premium of 5% i.e.471.83065 cents per City Lodge Share and (ii) the maximum number of Shares being repurchased in terms of the Odd-lot Offer as at the Last Practicable Date.

3.2.2 The Odd-lot Offer will result in a decrease of City Lodge's Shares in issue by 336 044 Shares (for illustrative purposes based on the maximum number of Shares held by Odd-lot Holders as at the Last Practicable Date) respectively.

3.2.3 The Odd-lot Offer is not expected to have any other significant financial impact on City Lodge.

### 3.3 Share capital

The table below shows the authorised and issued share capital of City Lodge before and after the Odd-lot Offer:

#### Ordinary share capital

Before the Odd-lot Offer	R'000
<b>Authorised ordinary share capital:</b>	
10 000 000 000 shares of no par value	–
<b>Issued ordinary share capital:</b>	
609 859 502 shares of no par value	1 324 717
38 215 383 Treasury Shares	(504 729)
<b>Total value of share capital</b>	<b>819 988</b>

After the Odd-lot Offer	R'000
<b>Authorised ordinary share capital:</b>	
10 000 000 000 shares of no par value	–
<b>Issued ordinary share capital:</b>	
609 523 458* shares of no par value	1 323 659
38 215 383 Treasury Shares	(504 729)
<b>Total value of share capital</b>	<b>818 930</b>

\* Based on 336 044 Shares being repurchased in terms of the Odd-lot Offer (being the maximum number of Shares held by Odd-lot Holders as at the Last Practicable Date).

### 3.4 Major Shareholders

At the Last Practicable Date, insofar as is known to the Directors, the following Shareholders beneficially held in excess of 5% of the issued Shares of the Company:

Shareholder	Number of Shares	Shares in issue (%)*
Enderle SA	54 358 553	8.9
Entertainment Holdings	50 001 729	8.2
Allan Gray	48 575 098	8.0
<b>Total</b>	<b>152 935 380</b>	<b>25.1</b>

\* Based on 609 859 502 Shares in issue as at the Last Practicable Date.

### 3.5 Directors

The full names, ages, capacities and business addresses of the Directors are set out below:

Name	Age	Capacity	Business address
<b>Directors</b>			
A Widegger	57	Chief Executive Officer	Registered Address
D Nathoo	45	Chief Financial Officer	Registered Address
L Siddo	57	Chief Operating Officer	Registered Address
S Enderle	48	Non-Executive director	Registered Address
B Ngcuka	69	Chairman (independent)	Registered Address
A Lapping	46	Independent non-executive Director	Registered Address
D Huysamer	60	Independent non-executive Director	Registered Address
F Kilbourn	62	Independent non-executive Director	Registered Address
M Mokoka	49	Independent non-executive Director	Registered Address
N Medupe	53	Independent non-executive Director	Registered Address
S Marutlulle	55	Independent non-executive Director	Registered Address
S Morris	77	Independent non-executive Director	Registered Address

### 3.6 Directors' interests in City Lodge Shares

The direct and indirect beneficial interests of the Directors, including Directors who have resigned during the last 18 months, in City Lodge Shares as at the Last Practicable Date, before and after the Odd-lot Offer, are as follows:

Director	Direct beneficial	Indirect beneficial	Total	% Shareholding	
				Before <sup>1</sup>	After <sup>2</sup>
S Enderle <sup>3</sup>	-	56 537 996	56 537 996	9.27%	9,28%
D Huysamer	-	-	-	-	-
F Kilbourn <sup>4</sup>	238 000	218 162	456 162	0.07%	0,07%
A Lapping	-	-	-	-	-
S Marutlulle	-	-	-	-	-
N Medupe	-	-	-	-	-
M Mokoko	33 480	-	33 480	0.01%	0,01%
S Morris	-	-	-	-	-
D Nathoo	130 114	-	130 114	0.02%	0,02%
B Ngcuka <sup>5</sup>	-	246	246	0.00%	0,00%
L Siddo	136 346	-	136 346	0.02%	0,02%
A Widegger	3 190 682	-	3 190 682	0.52%	0,52%
<b>Total</b>	<b>3 728 622</b>	<b>56 756 404</b>	<b>60 485 026</b>	<b>9.92%</b>	<b>9.93%</b>

<sup>1</sup> Based on 609 859 502 Shares in issue at the Last Practicable Date.

<sup>2</sup> Based on 609 859 502 Shares in issue at the Last Practicable Date, less 336 044 Shares being repurchased in terms of the Odd-lot Offer (being the maximum number of Shares held by Odd-lot Holders as at the Last Practicable Date).

<sup>3</sup> Stephen Enderle indirectly holds shares through Enderle SA (Proprietary) Limited and associates.

<sup>4</sup> Frank Kilbourn's direct holding and 75 362 of his indirect holding is pledged as security in his personal capacity. The balance of the indirect holding is unencumbered.

<sup>5</sup> Bulelani Ngcuka's indirect shareholding reflects his proportionate share of the 14 157 779 Shares owned by Vuwa Investments Proprietary Limited.

### 3.7 Working capital

3.7.1 The Directors of the Company are of the opinion that, after considering the effect of the Odd-lot Offer:

3.7.1.1 the Company and the group are in a position to repay their debts in the ordinary course of business for a period of 12 months after the date of approval of the Circular;

3.7.1.2 the assets of the Company and the group, being fairly valued in accordance with International Financial Reporting Standards, are in excess of the liabilities of the Company and the group for a period of 12 months after the date of approval of the Circular. For this purpose, the assets and liabilities have been recognised and measured in accordance with the accounting policies used in the latest audited consolidated annual financial statements for the year ended 30 June 2023;

3.7.1.3 the share capital and reserves of the Company and the group are adequate for ordinary business purposes for a period of 12 months after the date of approval of the Circular; and

3.7.1.4 the working capital of the Company and the group is adequate for ordinary business purposes for a period of 12 months after the date of approval of the Circular.

3.7.2 The Board has, in terms of section 48(2)(a) and section 46 of the Companies Act, adopted the following resolutions on Monday, 14 August 2023:

3.7.2.1 approving and authorising the Odd-lot Offer as well as the payment of the Odd-lot Consideration; and

3.7.2.2 acknowledging that it has passed the solvency and liquidity test, as set in out in section 4 of the Companies Act, and reasonably concluded that City Lodge will satisfy the solvency and liquidity test immediately after completing the payment of the Odd-lot Consideration and since the test was performed, there have been no material changes to the financial position of City Lodge.

3.7.3 The Board proposes the Resolutions in respect of the Odd-lot Offer that are recorded in the Notice of Annual General Meeting.

### 3.8 Material risks

The material risks of the Company have been incorporated by reference and can be accessed commencing on page 28 of the Company's Integrated Annual Report, at the following link: [www.citylodgethotels.com/investors](http://www.citylodgethotels.com/investors).

### 3.9 Material changes

There have been no material changes in the financial or trading position of the Company and its subsidiaries that have occurred since 30 June 2023, being the last financial period for which the audited consolidated annual financial statements of the Company have been published, and the Last Practicable Date.

### 3.10 **Directors' responsibility statement**

The Directors collectively and individually accept full responsibility for the accuracy of the information given and certify that, to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and this Circular contains all information required by law and the JSE Listings Requirements.

### 3.11 **Litigation statement**

The Company is not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous twelve months, a material effect on City Lodge's financial position.

### 3.12 **Opinions, recommendations and undertakings**

- 3.12.1 Based on the rationale set out in paragraph 2.1 above, the Board is of the opinion that the Odd-lot Offer is in the best interests of City Lodge and recommend that City Lodge Shareholders vote in favour of the Resolutions to be proposed at the Annual General Meeting.
- 3.12.2 The Board is also of the opinion that the liquidity being afforded to Odd-lot Holders, through an election to dispose of their City Lodge Shares to City Lodge at a 5% premium to the 30-day VWAP of a City Lodge Share at the close of business on Monday, 4 December 2023, is a viable and attractive option for Odd-lot Holders. Should Odd-lot Holders wish to retain their City Lodge Shares, they are able to do so, provided they make a specific election in accordance with the mechanics set out in this Circular.
- 3.12.3 The Directors who hold City Lodge Shares as set out in paragraph 3.6 above intend to vote in favour of the Resolutions to be proposed at the Annual General Meeting in respect of their personal holdings in the issued share capital of City Lodge.

### 3.13 **Consents and conflicts of interest**

The advisors, whose details are set out in the "Corporate Information and Advisors" section of this Circular, have provided their written consents to act in the capacities stated and to their name being used in the Circular in the form and context in which it appears and have not withdrawn their consent prior to the publication of the Circular.

In terms of paragraph IV of the Appendix to Schedule 16 contained in the JSE Listings Requirements, NCIB, in its capacity as Sponsor, is required to disclose details of all matters that might reasonably be expected to impair its independence and objectivity in its professional dealings with City Lodge in relation to the Odd-lot Offer:

- 3.13.1 NCIB has been appointed as City Lodge's Investment Bank, Corporate Advisor and Sponsor in relation to the Odd-lot Offer. However, NCIB will primarily be acting in its capacity as Sponsor ("**NCIB Sponsor**"), as it will be dispensing with limited advice in its capacity as Investment Bank and Corporate Advisor, as an odd-lot offer by its very nature is a corporate action for which the JSE Listings Requirements prescribes set procedures and information for inclusion in a circular. NCIB Sponsor's key responsibilities include the drafting of the Circular, obtaining the JSE's approval for the Circular and the release of related announcements.
- 3.13.2 NCIB Sponsor confirms that acting in its capacity as Sponsor to City Lodge in respect of the Odd-lot Offer does not affect NCIB Sponsor's independence to City Lodge. NCIB Sponsor does not have a vested interest in the successful implementation of the Odd-lot Offer, other than the agreed fee charged for the preparation of the Circular and ancillary documentation. This fee is not impacted by the success or otherwise of the Odd-lot Offer.

### 3.14 Expenses relating to the Odd-lot Offer

The expenses incurred by City Lodge relating to the Odd-lot Offer are estimated at approximately R447 000 (excluding VAT) and comprise:

<b>Nature of expense</b>	<b>Payable to</b>	<b>R'000</b>
Investment Bank, Corporate Advisor and Sponsor	Nedbank	350
JSE documentation fee	JSE Limited	13
Securities transfer tax*	South African Revenue Service	4
Transfer Secretaries	Computershare	80
<b>Total</b>		<b>447</b>

\* Based on 336 044 Shares being repurchased in terms of the Odd-lot Offer (being the maximum number of Shares held by Odd-lot Holders as at the Last Practicable Date).

### 3.15 Documents available for inspection

Copies of the following documents will be available for inspection at the Registered Office of City Lodge or may be requested from City Lodge's Company Secretary by emailing [mvanheerden@citylodgehotels.com](mailto:mvanheerden@citylodgehotels.com) from the date of issue of this Circular up to and including the date of the Annual General Meeting, during normal business hours:

- 3.15.1 the MOI of City Lodge and its major subsidiaries;
- 3.15.2 a signed copy of this Circular;
- 3.15.3 the consent letters referred to in paragraph 3.12 above; and
- 3.15.4 the audited consolidated annual financial statements of City Lodge for the years ended 30 June 2023, 30 June 2022 and 30 June 2021.

#### **For and on behalf of City Lodge**

This Circular was signed in Johannesburg on behalf of all the Directors in terms of a written resolution of the Board signed on Tuesday, 17 October 2023.

#### **Signed on behalf of the Board**

**Andrew Widegger**  
**Executive Director**

Tuesday, 17 October 2023

---

## ANNEXURE 1: TAX CONSEQUENCES OF THE ODD-LOT OFFER

---

The definitions and interpretations commencing on page 6 of this Circular apply, *mutatis mutandis*, to this Annexure 1.

The following summary describes the potential tax consequences arising for Shareholders who are Odd-lot Holders in respect of the disposal of City Lodge Shares by way of a specific share repurchase in terms of the Odd-lot Offer in South Africa. The tax consequences outlined in this note apply to Shareholders who have acquired their Shares on the JSE in the ordinary course.

The summary of the tax implications serves as a general guide and is not intended to constitute a complete analysis of the tax consequences. It is not intended to be, nor should it be considered to be, legal or tax advice. As each such Shareholder's personal circumstances may lead to a different tax analysis, Shareholders should seek appropriate advice in respect of their personal circumstances from their tax advisors.

### South African taxation

This section summarises the South African income tax consequences for a Shareholder that is a South African company, a non-South African resident company with a permanent establishment in South Africa or a South African resident Shareholder that holds City Lodge Shares as capital assets or as trading stock.

In general, the Odd-lot Consideration will be distributed as a return of capital by City Lodge, and is paid out of 'contributed tax capital' ('CTC') as defined in section 1 of the Income Tax Act. The Odd-lot Consideration will therefore not be regarded as a dividend for South African tax purposes but as proceeds (either on revenue account or on capital account, depending on the intention with which the Shareholder acquired, held and disposed of the Shares) on the disposal of City Lodge Shares. In terms of section 9C of the Income Tax Act, if the Shareholder held the Shares for at least 3 years, the proceeds on disposal will automatically be deemed to be of a capital nature.

The Odd-lot Consideration received will therefore either constitute income or proceeds on the disposal of the City Lodge Shares and the difference between such amount and the apportioned expenditure attributable to the City Lodge Shares, as contemplated above, will either be subject to normal tax or capital gains tax depending on the personal circumstances of the Shareholder.

The tax base cost for capital gains tax purposes for Shareholders who acquired their Shares on the JSE will be equal to the expenditure incurred on acquiring such Shares. If the Shareholders acquired their Shares on revenue account, the deductibility of the expenditure incurred to acquire the Shares as the Shareholder/s' stock in trade will depend on the Shareholder meeting the requirements in terms of the relevant provisions of the general deduction formula in the Income Tax Act.

### General

Shareholders are recommended to consult with their own professional advisors to consider the implications for them in light of their own circumstances.





**CITY LODGE HOTELS LIMITED**  
(Incorporated in the Republic of South Africa)  
(Registration number 1986/002864/06)  
ISIN: ZAE000117792  
Share code: CLH  
("City Lodge" or the "Company")

---

**FORM OF ELECTION AND SURRENDER (*BLUE*) FOR USE BY ODD-LOT HOLDERS**

---

The definitions and interpretations commencing on page 6 of this Circular apply, *mutatis mutandis*, to this Form of Election and Surrender (*blue*).

**Odd-lot Holders who are non-residents of the Common Monetary Area and who have any queries or require assistance with respect to any aspect of the Odd-lot Offer, including the completion of this Form of Election and Surrender (*blue*) should contact the Company Secretary of City Lodge by emailing Melanie van Heerden on [mvanheerden@citylodgehotels.com](mailto:mvanheerden@citylodgehotels.com) or calling +27 (0)11 557 2600.**

**For completion by Certificated Shareholders who hold less than 100 Shares at the close of business on Friday, 15 December 2023. This Form of Election and Surrender (*blue*), together with your share certificate or other Document of Title, must be submitted by 12:00 on Friday, 15 December 2023 if you wish to sell your Odd-lot Holding.**

**Note:** A separate form is required for each Shareholder.

#### **Instructions**

1. Part 1 must be completed by **all** Odd-lot Holders who hold a share certificate in respect of their Shares and who return this form.
2. Part 2 must be completed only by Odd-lot Holders who hold a share certificate, are resident in the Common Monetary Area and **who wish to sell their Odd-lot holdings**. Odd-lot holders who are non-residents of the Common Monetary Area, who hold a share certificate and **who wish to sell their Odd-lot holdings** do not need to complete Part 2, as the payment of the Odd-lot Consideration will be processed in terms of paragraph 2.10 of the Circular to which this Form of Election and Surrender (*blue*) is attached.
3. Part 3 must be completed **only** by Odd-lot Holders who hold a share certificate in respect of their Shares and **who are former residents, or non-residents, of the Common Monetary Area**, and who wish to sell their Odd-lot Holdings.
4. Additional Forms of Election and Surrender (*blue*) may be obtained from the Transfer Secretaries at the applicable address set out in paragraph 7 below.
5. **All Odd-lot Holders who complete this Form of Election and Surrender (*blue*) and who wish to sell their Odd-lot Holdings must attach a copy of their identity document (or passport) which has been certified as a true copy of the original.**
6. If this Form of Election and Surrender (*blue*) is returned with the relevant Documents of Title before the Odd-lot Offer is implemented, it will be treated as a conditional surrender that is made subject to the Odd-lot Offer being implemented. If the Odd-lot Offer is not being implemented, the Transfer Secretaries will, within five business days of the date upon which it becomes known that the Odd-lot Offer will not be implemented, return the Documents of Title to the Odd-lot Holders concerned, by registered post, at the risk of such Odd-lot Holders.

7. **All Forms of Election and Surrender (*blue*) must be lodged with the Transfer Secretaries at the address set out below, so as to be received by no later than 12:00 (SA time) on Friday, 15 December 2023.**

Hand deliveries to:	Postal or email deliveries to:
Computershare Rosebank Towers 15 Biermann Avenue Rosebank, 2196	Private Bag X3000 Saxonwold 2132 South Africa Email: Corporate.events@computershare.co.za

8. Odd-lot Holders who are residents of the Common Monetary Area and who have Dematerialised their Shares must advise their CSDP or broker as to the action they wish to take in terms of the agreement entered into between them and their CSDP or broker. Such Shareholders must not return this Form of Election and Surrender (*blue*) to the Transfer Secretaries.

**All Certificated Odd-lot Holders must complete this contact details section**

Name	
Surname	
Share certificate number	
Identity number/ Passport number/ Company registration number	
Assisted by (if applicable)	
(State full name and capacity)	
Date	
Telephone number (Home), if available	( )
Telephone number (Work), if available/applicable	( )
Cell number, if available	( )
Postal address	

**All Certificated Odd-lot Holders must complete and sign this page**

PART 1 – To be completed by ALL Odd-lot Holders who return this form.

Odd-lot Holders who hold a share certificate in respect of their Shares and who do not complete and return this Form of Election and Surrender (*blue*) so as to be received by no later than 12:00 on Friday, 15 December 2023 should note that their Shares will be repurchased without any further action on their part and without any further notice to them.

Indicate your choice by means of an “X”.

- Option A – I would like to sell all my Shares at the Odd-lot Offer Price.  
 Option B – I would like to retain all my Shares.

**You only need to return this Form of Election and Surrender (*blue*) if Option B is chosen.**

If **Option A is chosen**, please note the following:

- Return your original share certificate: If you hold a share certificate, you are required to return your original share certificate together with this Form of Election and Surrender (*blue*).
- Complete Part 2 below. If you do not provide bank account details and we do not have your existing bank account details on record, the proceeds from the sale of your Shares will be withheld until such time that your details are provided.

**PART 2 – To be completed by ODD-LOT HOLDERS WHO ARE RESIDENTS OF THE COMMON MONETARY AREA WHO WISH TO SELL THEIR SHARES**

I have a bank account and would like to sell my Shares. Please pay the cash owing to me for purchasing my Shares into the following bank account:

Banking details	
Account holder name	
Bank name	
Bank account number	
Bank branch	
Branch code	

NB: To comply with FICA requirements in South Africa, the Transfer Secretaries will not record any changes of address or payment mandates unless a certified true copy of the following is received from the relevant Shareholder: (i) a copy of an identification card or document (in respect of change of address and payment mandate) and (ii) a copy of a bank statement (in respect of bank mandate).

**PART 3 – To be completed by ODD-LOT HOLDERS WHO ARE FORMER RESIDENTS, OR NON-RESIDENTS, OF THE COMMON MONETARY AREA WHO WISH TO SELL THEIR SHARES**

Name of Authorised Dealer	
Address	
Account number	
Stamp and address of agent lodging this form (if any)	

Signature of Shareholder	
--------------------------	--

## Notes

1. This form is to be used by Odd-lot Holders who have not Dematerialised their Shares and who wish to sell or retain their Shares in terms of the Odd-lot Offer and who are registered as such as at the close of business on Friday, 15 December 2023.
2. Odd-lot Holders who have elected to sell their Shares will have payments for the proceeds of the sale of their Shares processed in the manner set out in paragraph 2.6 of the Circular, on Monday, 18 December 2023. Non-residents of the Common Monetary Area will have payments for the proceeds of the sale of their Shares processed in the manner set out in paragraph 2.10 of the Circular.
3. If this Form of Election and Surrender (*blue*) is signed under a power of attorney, then such power of attorney, or a certified copy of the original, must be sent with this Form of Election and Surrender (*blue*) for noting (unless it has already been noted by City Lodge or the Transfer Secretaries).
4. Where the Odd-lot Holder is a company or a close corporation, unless it has already been registered with City Lodge or the Transfer Secretaries, a certified copy of the directors' or members' resolution authorising the signing of this Form of Election and Surrender (*blue*) must be submitted if so requested by City Lodge.
5. Note 4 above does not apply if this Form of Election and Surrender (*blue*) bears the stamp of a broking member of the JSE.
6. Where there are joint holders of any Shares, only that holder whose name appears first in the register in respect of such Shares need sign this Form of Election and Surrender (*blue*).
7. No receipts will be issued for documents lodged, unless specifically requested by the Odd-lot Holder. In compliance with the requirements of the JSE, lodging agents are required to prepare special transaction receipts.
8. Should you require any further information or assistance, please contact City Lodge or the Transfer Secretaries on the following numbers:  
  
Melanie van Heerden                      +27 (0)11 557 2600  
Computershare                              +27 (0)11 370 5000  
  
Lines are open Mondays to Fridays from 08:00 to 16:30 (SA time), except on public holidays. Please note that, for legal reasons, the helpline cannot give any legal, tax or financial advice.
9. The Directors of City Lodge reserve the right to accept or reject any Form of Election and Surrender (*blue*) where the Odd-lot Holder has not completed all the required information or has not delivered all the required documents to the Transfer Secretaries.





