

## ANNEXURE 2

### REVIEWED SPECIAL PURPOSE CONSOLIDATED FINANCIAL STATEMENTS OF CITY LODGE HOTELS LIMITED AND ITS SUBSIDIARIES FOR THE TEN MONTHS ENDED 30 APRIL 2020 AND THE YEAR ENDED 30 JUNE 2020

#### **Purpose of the Reviewed Special Purpose Consolidated Financial Statements of City Lodge Hotels Limited (“City Lodge”) and its subsidiaries (“the Group”) for the ten months ended 30 April 2020 and the year ended 30 June 2020**

These Special Purpose Consolidated Financial Statements comprise of the consolidated revenue, total salaries, interest expense (including BEE interest and BEE preference dividends), interest expense – leases, depreciation, depreciation – leases and impairments to property, plant and equipment and right-of-use assets (collectively “**Financial Statement Captions**”) of the Group for the ten months ended 30 April 2020 and twelve months ended 30 June 2020 (“**Special Purpose Consolidated Financial Statements**”) and have been prepared to afford shareholders with additional information relating to the financial performance of the Group during the recent Covid-19 shutdown period.

The Financial Statement Captions are set out in Columns A and B, and prior year audited comparatives have been provided in Column C of Table 1 below.

#### **Basis of Preparation of the Special Purpose Consolidated Financial Statements**

##### *Directors’ responsibility*

The directors are responsible for the Special Purpose Consolidated Financial Statements comprising of the Financial Statement Captions which constitute Lines 1, 2, 3, 4, 5, 6 and 7 of Columns A, B and C of Table 1 below.

##### *Basis of preparation*

The Special Purpose Consolidated Financial Statements have been prepared in accordance with a special purpose framework.

The Financial Statement Captions have been extracted from the unaudited consolidated management accounts of City Lodge for the ten months ended 30 April 2020 and the year ended 30 June 2020, respectively.

The accounting policies used in the preparation of the Special Purpose Consolidated Financial Statements are the same as those used for the preparation of the audited consolidated financial statements of the Group for the year ended and as at 30 June 2019 and are consistent with the recognition and measurement criteria of International Financial Reporting Standards, except for the adoption of IFRS 16 *Leases*.

The Special Purpose Consolidated Financial Statements have been prepared for the purposes of providing financial information to meet the requirements of Section 8.45(b) of the JSE Listings Requirements, which state, *inter alia*, that a reporting accountant’s report is required when historical financial information is prepared and presented on a voluntary basis.

##### *Reporting accountant’s responsibility*

KPMG Inc. is the auditor and reporting accountant to City Lodge and conducted the review of the Special Purpose Consolidated Financial Statements in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information performed by the Independent Auditor of the Entity* read together with ISA 805 (Revised), *Special Considerations – Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*, and issued an unmodified review conclusion on the Special Purpose Consolidated Financial Statements. The reporting accountants report in respect of the Special Purpose Consolidated Financial Statements is attached to these Special Purpose Consolidated Financial Statements.

##### *Table 1: Financial Statement Captions*

Table 1 below sets out the following financial information:



- Column A sets out the reviewed revenue, total salaries, interest expense (including BEE interest and BEE preference dividend), interest expense – leases, depreciation, depreciation – leases and impairments to property, plant and equipment and right-of-use assets of the Group for the ten months ended 30 April 2020, as extracted from the unaudited consolidated management accounts of the Group for the ten months ended 30 April 2020
- Column B sets out the reviewed revenue, total salaries, interest expense (including BEE interest and BEE preference dividend), interest expense – leases, depreciation, depreciation – leases and impairments to property, plant and equipment and right-of-use assets of the Group for the year ended 30 June 2020, as extracted from the unaudited consolidated management accounts of the Group for the year ended 30 June 2020
- Column C sets out the audited revenue, total salaries, interest expense (including BEE interest and BEE preference dividend), interest expense – leases, depreciation, depreciation – leases and impairments to property, plant and equipment and right-of-use assets of the Group for the year ended 30 June 2019, as extracted from the audited consolidated financial statements of the Group for the year ended 30 June 2019

	<b>Column A</b>	<b>Column B</b>	<b>Column C</b>
	For the ten months ended 30 April 2020	For the twelve months ended 30 June 2020	For the twelve months ended 30 June 2019
	(Reviewed)	(Reviewed)	(Audited)
	<b>(R thousand)</b>		
Revenue.....	1,144,931	1,159,283	1,547,984
Total salaries.....	(347,654)	(385,251)	(404,054)
Interest expense.....	(72,809)	(86,998)	(59,842)
Interest expense - leases.....	(96,056)	(117,214)	-
Depreciation .....	(110,836)	(131,156)	(117,471)
Depreciation – leases.....	(79,536)	(92,302)	-
Impairments to property, plant and equipment and right-of-use assets	(488,353)	(488,353)	-

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