



CITY LODGE  
HOTELS

Integrated  
Annual Report

2024

check into easy.

[citylodgehotels.com](https://citylodgehotels.com)



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At City Lodge Hotels (the group or the company), we strive to present our stakeholders with an engaging and concise integrated report. This report elaborates on how our identity, strategy, performance, governance, and prospects continue to generate value for our stakeholders over the short (two years), medium (two to five years), and long term (five years and beyond). We have endeavoured to convey information about our financial position, sources of capital, Board of directors (Board), committees, and sustainability aims and accomplishments in a transparent, comprehensive, and integrated manner. This approach assists our stakeholders in making well-informed decisions regarding their respective shareholdings.

## REPORTING BOUNDARY

### Integrated annual report

Our reporting covers the group's 59 hotels across southern Africa, including South Africa, Botswana, Mozambique and Namibia and features four hotel brands: Courtyard Hotel, City Lodge Hotel, Town Lodge, and Road Lodge.

**Operating context**  
(material matters) page 24



**Key relationships** page 26



**Key risks and opportunities** page 28



**Our strategy at a glance** page 36



**Our capital performance** page 40



### Financial reporting

The City Lodge Hotels' annual financial statements (AFS) for the year ended 30 June 2024 can be obtained from our registered office or our website, [www.citylodgehotels.com](http://www.citylodgehotels.com)



**CITY LODGE  
HOTELS**



# About this report

## Reporting process

### Materiality

Our integrated report discloses information about matters that affect value creation, preservation and erosion in the short, medium and long term. Refer to page 25 for more details on determining our material matters and themes. We use these themes to guide the content included in the report.

Adapting to evolving guest expectations

Enhancing operations through digital innovation

Operational resilience, climate crisis, and sustainable operations

### Reporting frameworks

This report is guided by, among other things, the following legislation and best practice protocols:

- The Listings Requirements of the Johannesburg Stock Exchange (JSE)(the JSE Listings Requirements)
- The JSE Sustainability Disclosure Guidelines
- The Companies Act, 71 of 2008 (as amended) (the Companies Act)
- The King IV Report on Corporate Governance, 2016 (King IV™)
- The IFRS® Accounting Standards (IFRS)
- The IFRS Integrated Reporting Framework (Integrated Reporting Framework)

### Preparing the report content

We develop the content for this report in consultation with our stakeholders and receive support from reporting specialists. Group executive and Board members contribute to the content, and the Integrated Reporting Framework and other reporting frameworks/codes guide us.

### Ensuring the integrity of the report

We safeguard the validity of the content in our report by following a coordinated or combined assurance process. Governing oversight at both Board and executive levels ensures the reporting content is credible and authentic.

### Approval of the report

The Board is kept abreast of the reporting progress through various Board committees' feedback, and the Audit committee recommends the report to the Board for approval. The Board believes the group's rigorous integrated reporting process, which includes relevant executive oversight of the report's content, engenders accuracy, relevance, and transparency. The basis for approval includes sign-off from the executive and final approval from the Board.

Our integrated report is continually improving, and we would appreciate any feedback or suggestions from readers.

Please reach out to our CFO, Dhanisha Nathoo, with any comments or suggestions at [DNathoo@citylodgethotels.com](mailto:DNathoo@citylodgethotels.com).

### REPORT NAVIGATION



More information in this report



More information online

### Forward-looking statements

This report may include forward-looking statements that are not statements of historical fact and cannot be considered as reported financial results. Investors should not place undue reliance on these statements as the group's external auditors have not reviewed them. Such statements forecast or indicate future events or trends based on current expectations. However, unexpected events could cause uncertainty and change, which have not been accounted for. Although the group has endeavoured to ensure accuracy and completeness within this report, any forward-looking statements are valid only as of the date made. Actual results may vary widely, and the group neither intends to nor undertakes any obligation to update or revise these after the publication date.

### Statement by the Board of directors

The Board ensures the accuracy and completeness of the information in this report and that it is prepared in accordance with the Integrated Reporting Framework. The Board affirms that the integrated report reflects all material matters impacting the group's ability to generate and retain value and those that may cause value depletion over the short, medium, and long term. The group's use of and effect on the six capitals is presented, considering how the availability of these capitals influenced its business model and strategic direction. We believe this report presents a fair and balanced view of the group's performance and outlook. The report was approved by the Board on 25 October 2024 and is signed on its behalf by:

**Bulelani Ngcuka**  
Chairman and independent non-executive director

**Frank Kilbourn**  
Deputy chairman and independent non-executive director

**Stephen Enderle**  
Non-executive director

**Deon Huysamer**  
Independent non-executive director

**Andrew Lapping**  
Independent non-executive director

**Dr Sizakele Marutlulle**  
Independent non-executive director

**Andrew Wiedegger**  
Chief executive officer (CEO) and executive director

**Ndumi Medupe**  
Independent non-executive director

**Mathukana Mokoka**  
Independent non-executive director

**Dhanisha Nathoo**  
Chief financial officer (CFO) and executive director

**Lindiwe Siddo**  
Chief operating officer (COO) and executive director

### STRATEGY ICONS



Brand identity



Transformation



Environmental responsibility



Information technology



Financial sustainability

### CAPITAL ICONS



Financial capital



Manufactured capital



Intellectual capital



Human capital



Natural capital



Social and relationship capital

# Because life is hard, we are investing in easy

## SUSTAINABLE DEVELOPMENT GOALS

### United Nations Sustainable Development Goals (UN SDGs)

We have chosen to focus on 11 priority SDGs.

Throughout this report, we use corresponding icons to indicate where our activities contribute directly to these and other targets.

Our dedication to these goals reflects our holistic value creation and preservation approach. By integrating environmental, social and governance (ESG) considerations into every business aspect, we aim to safeguard the interests of the societies we serve from potential value erosion. In doing so, we deepen our commitment to and augment our influence on our identified UN SDGs.



We're all about turning the simple into the extraordinary. As a key player in the business travel sector, and a growing contender in the leisure market, we're continuously investing in refurbishing our hotels to **create modern, business and leisure-friendly spaces** that cater to every kind of guest. From reliable WiFi, meeting facilities and comfortable workspaces to amenities that help you unwind, we ensure that our hotels offer an ideal balance of productivity and relaxation.

But let's not forget that our people make the magic happen.

By investing in **skills development and training**, we empower them to deliver seamless experiences. Every interaction, from check-ins to meetings, is handled with care and expertise, driving exceptional service.

We are committed to supporting **inclusive employment** as **diversity underpins sustainable growth**.

Through our **WOW programme**, we recognise and reward excellence, ensuring our teams are always ready to create effortless guest experiences.



Our spaces are designed to promote comfort and wellbeing to cater for guests with varying needs and budgets, whether at Courtyard Hotel, City Lodge Hotel, Town Lodge or Road Lodge.

We focus on the details so our guests don't have to – from thoughtfully curated rooms to amenities that support **their wellness journeys**.

To alleviate the stress of business travel, we've introduced **Bedtime Stories for Business People**, offering humorous, calming tales to help professionals unwind and sleep better.

Wellbeing also starts with our people.

Our **employee wellness programmes** ensure that our staff are supported, creating an environment where everyone thrives – from our team to our guests.



We're also taking on the world's big challenges, with sustainability efforts leading the charge.

**Solar energy?** Check. 41 hotels are powered by solar, generating enough energy to cover up to 16.3% of our total use – and we're just getting started.

**Water-saving initiatives?** Absolutely. 20 of our hotels now have borehole systems to keep the water flowing, even when local infrastructure isn't.



Please see our employee case studies on pages 70 and 71 for real-life examples of how our training and development programmes have empowered our people's careers and fostered inclusive employment opportunities

Life's tough out there – rising costs, load-shedding, and infrastructure challenges are part of the daily struggle. That's why we believe that investing in ourselves is ultimately about investing in others – whether it's enhancing guest experiences or empowering our staff to grow and thrive.

These strategic reinvestments ensure that, whether you're a guest, staff member, or part of the broader community, life with City Lodge Hotels is easier, more comfortable, and more sustainable.



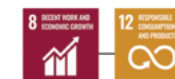
**Single-use plastics?** Not when we can help it. We have eliminated single use plastics from our bathroom amenities.

**Food waste?** We're composting over 30 tonnes per quarter!

**Our hydration stations and food waste separation** efforts are all about keeping the planet happy while we keep our guests comfortable.

We're committed to **100% cage-free eggs** – currently, 92% of the eggs used at our South African hotels are cage-free, with 86% cage-free across our portfolio.

Ethics matter, and we're proud of it.



We're committed to giving back through **socioeconomic development (SED) initiatives, supporting local suppliers, and promoting youth employment** via initiatives like the Youth Employment Service (YES) programme.

Our focus is on responsible consumption, sustainable production, and creating opportunities for small businesses to thrive.



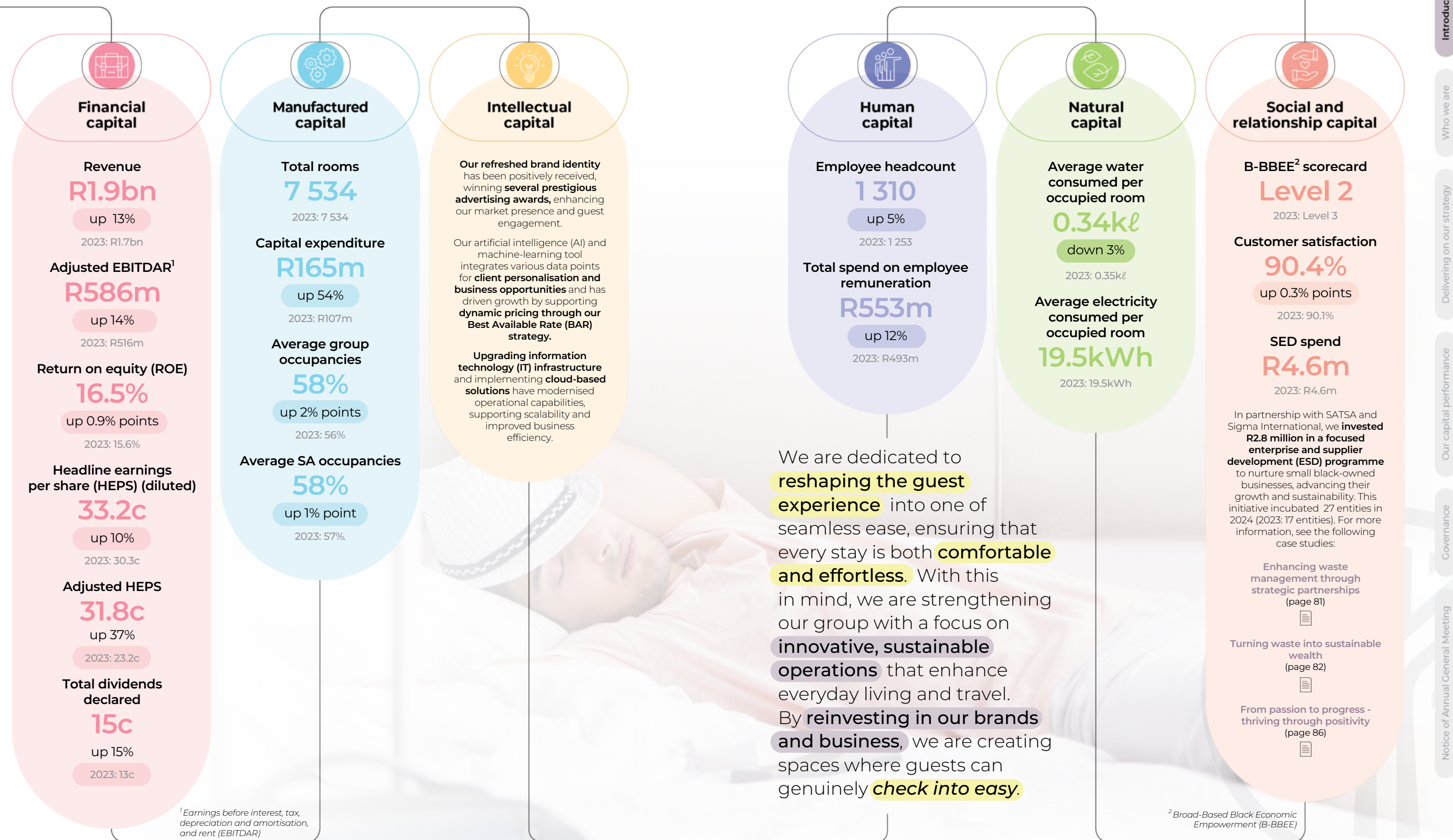
And when it comes to partnerships, we're building solid ones that count. With organisations like Sigma International and Southern Africa Tourism Services Association (SATSA) Incubator, we're working towards a **more inclusive and sustainable hospitality landscape**.

At City Lodge Hotels, creating effortless experiences is more than just a priority – it's who we are.

We strive to make a real difference, from supporting our guests' comfort to contributing to the wellbeing of our employees and the communities we serve.



## Value creation in action





## Chairman's review

Reflecting on the past year, I am filled with pride at how City Lodge Hotels has not only **adapted** to our **operating environment** but also **excelled** in delivering a seamless and **enjoyable experience** for our guests.

Our focus on simplicity and ease is central to driving our success, leading to remarkable growth across various key areas. Today, I am pleased to report that the group has performed exceptionally well, highlighting our resilience, strategic agility, and unwavering commitment to excellence.

### Operating context

The past year was marked by significant political and economic developments in South Africa, which have profoundly influenced the business landscape. The formation of a Government of National Unity following the 2024 general elections introduced a new era of political collaboration. This broad coalition was established to foster stability and address the country's most pressing challenges, including economic recovery and social cohesion. These changes have painted a cautiously optimistic backdrop for businesses, signalling a gradual improvement in business confidence and a more supportive environment for growth.

The ongoing energy crisis has been one of the most critical challenges businesses have faced in recent years. While load-shedding remains a reality, the frequency and severity of power cuts have decreased, thanks to concerted efforts by government, and additional solar supply generated by private households and businesses. The relative stability in energy supply has been a welcome development. Moreover, the ongoing collaboration between government and business is poised to yield positive outcomes in other critical areas. For instance, the government has acknowledged the need to overhaul the visa regime to attract essential skills, boost tourism, and encourage investment. Efforts to accelerate these reforms are underway, which is particularly important for our industry.

The favourable exchange rate and increased frequency of flights for international tourists has bolstered international tourism, contributing to higher occupancy rates for the sector. Coupled with a steady rise in domestic travel, this trend underscores the resilience of our business model, which has adeptly adapted to evolving market demands. By expanding our offerings to cater to business and leisure travellers, we have positioned ourselves to capitalise on these positive trends and sustain our growth trajectory.

Amid these broader macroeconomic developments, our internal strategies have also played a crucial role in our success. Our *check into easy* ethos has effectively reinforced our brand's positioning and connected with our audience. The campaign's success, strategic refurbishments, and expanded service offerings have driven increased occupancy rates and overall revenue, even amid challenging conditions, including prolonged high inflation and interest rates placing strain on individuals and businesses alike.

### Governance and strategic oversight

The Board has maintained vigilant oversight of prioritised strategic areas throughout the year to ensure alignment with our long-term goals. Our capital allocation strategy, in particular, underwent rigorous evaluation as we sought to strike the right balance between reinvesting in the business – through our extensive refurbishment programme, solar installations, and other operational enhancements to elevate the guest

experience and enhance long-term operational resilience – and returning value to our shareholders. This commitment to delivering shareholder value was exemplified by our decision to acquire 11.7 million shares for a total consideration of R51.6 million – marking the first time in our history that we executed a share buy-back. Collectively, these initiatives reflect a disciplined approach, backed by prudent financial management, that has bolstered City Lodge Hotels' financial sustainability and created a strong foundation for continued growth.

Our commitment to growth remains unwavering. The Board and executive management have concentrated on value-accretive growth, particularly within our hotel portfolio. The group is actively pursuing selected opportunities for new hotels in high-growth areas within South Africa, reflecting our strategic focus on expanding the portfolio where demand is strongest. Our food and beverage offerings' continued positive economic contribution also exemplifies this strategy. Although several inorganic growth opportunities were assessed during the year, none met the stringent investment guardrails set by the Board, underscoring our disciplined approach. The Board also continues to assess opportunities to dispose of hotels which are considered to be no longer commercially attractive.

In line with King IV™'s stakeholder-inclusive approach, which recognises that the legitimate needs, interests, and expectations of all stakeholders should be considered in governance decisions, I prioritise engaging with leaders from across the organisation at each leadership conference. These discussions provide critical insights into our teams' realities and ensure that the Board remains connected to the perspectives of both our people and our guests. As a Board, we seek to embody this type of active engagement, ensuring that our governance processes serve our shareholders and foster a holistic approach to value creation that benefits all stakeholders, including employees and guests, over time.

Ongoing governance initiatives have also been a priority. Over the past year, we revised the terms of reference for the Board and its committees to ensure they remain fit for purpose. Additionally, we diligently monitored regulatory developments, including compliance with the Protection of Personal Information Act (POPIA) and keeping abreast of changes introduced by the Companies Amendment Bill and the General Laws Amendment Act.

These efforts reflect our commitment to sound governance, strategic discipline, and creating long-term value for our stakeholders. As we continue to navigate a complex and evolving business environment, the Board's proactive approach to governance will remain integral to our success.

**Bulelani Ngcuka**  
Chairman, City Lodge Hotels



### Dividend declaration

In light of our strengthened liquidity, positive cash flow forecasts, and the continued recovery of the hospitality sector, the Board declared an interim dividend of 6 cents per ordinary share (2023: 5 cents). At year end, a final dividend of 9 cents was declared (2023: 8 cents), with the total dividend of 15 cents representing a 15% increase on the prior year, reflecting our commitment to rewarding shareholders and underscoring our ongoing recovery and dedication to delivering value.

### Appreciation

I am deeply grateful to my fellow Board members for their astute insight and purpose-driven leadership. I would also like to take a moment to express my deep appreciation for the dedicated service of our outgoing Board members. Stuart Morris, as chairperson of the Audit committee and a member of the Risk and remuneration and nomination committees, has provided invaluable leadership during his tenure. Ndumi Medupe, who served as chairperson of the Risk committee and an Audit committee member, has also made significant contributions.

I warmly welcome Mathukana Mokoka as the chairperson of the Audit committee and a member of the Risk committee, Deon Huysamer as the chairperson of the Risk committee, and Dr Sizakele Marutlulle as a member of the Risk committee. I am confident that their expertise will guide us toward continued success.

I want to express my gratitude to the management team and all our employees for their remarkable dedication and commitment. In a year marked by progress and opportunity, their resilience and adaptability have been vital to our success. I also extend my sincere thanks to our shareholders for their continued trust and support.

As we navigate our ever-evolving landscape, I am optimistic that our collaborative efforts will continue to drive growth and position us for sustained success.

**BULELANI NGCUKA**  
Chairman, City Lodge Hotels





## Our milestones

**Founded in 1985** by Swiss-born Hans Enderle, City Lodge Hotels is a JSE-listed South African hotel group with **59 hotel properties** spanning Botswana, Mozambique, Namibia, and South Africa.



Hans Enderle opened the first City Lodge Hotel in Randburg, Johannesburg (now Bryanston)

**Ranked among the top 250 hotel groups globally**, the group operates four distinct brands: **Courtyard Hotel, City Lodge Hotel, Town Lodge, and Road Lodge**



**1990**

Town Lodge brand is added to the portfolio



City Lodge Hotels Limited lists on the JSE

**1992**



As a key player in the southern African hospitality industry, the group is committed to offering quality accommodation, a welcoming atmosphere, friendly service, and a stay experience that caters to all.



**1995**



The City Lodge 10th Anniversary Employees' Share Trust is established, enabling employees to become shareholders  
Road Lodge and Courtyard Hotel brands are added to the portfolio



**2012**

The group acquires 50% of Fairview Hotel Limited in Nairobi, Kenya

**2013**

Town Lodge Gaborone opens in Botswana as the first hotel in the group to be established outside of South Africa



Town Lodge Windhoek opens in Namibia

**2017**



Southern Africa



Windhoek, Namibia  
Gaborone, Botswana  
Maputo, Mozambique  
All nine provinces, South Africa

**2024**

Investment in refurbishment projects to modernise and enhance several hotels in the portfolio of R165 million  
Installation of renewable solar energy solutions at 16 additional hotels  
11.7 million shares repurchased for the total consideration of R51.6 million

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**2023**

Renewed reinvestment in the hotel portfolio after three years of only emergency capital expenditure  
Launch new visual identity and brand positioning for the group and our brands



**2022**

Sale of four hotels in Kenya and Tanzania, together with the Fairview Hotel brand  
Rollout of Eat-in lunch and dinner offering at Town Lodge and Road Lodge



**2021**

Courtyard Hotel Waterfall City opens in Midrand, Johannesburg, as our flagship hotel

Overwhelming support from our shareholders during our R1.2 billion rights offer.



City Lodge Hotel Dar es Salaam opens in Tanzania

**2018**



City Lodge Hotel Maputo opens in Mozambique

**2020**

World Health Organization declares Covid-19 a pandemic, and extensive lockdown measures are implemented globally





## Our purpose

At City Lodge Hotels, we embody a legacy built on dedication, care, and an unwavering commitment to the highest standards of hospitality.

Our purpose is to make optimal returns for our stakeholders sustainably and ethically by providing our external customers with uniquely superior products and services and our internal customers with the support they need to achieve the group's objectives.

## Our values

Central to this are the **core values** that shape our day-to-day operations and long-term vision:

### Accountability

We uphold our promises and commitments. Every measure we take aligns with our purpose, from minor gestures to monumental endeavours. We embrace responsibility for our actions, always striving to provide the utmost for our guests and stakeholders.

### Respect

Respect is the cornerstone of our interactions, and everyone who crosses our path is accorded dignity and consideration. This respect resonates beyond our hotels to our interactions with the communities in which we operate and the environment we hold dear.

### Integrity

Honesty and transparency are essential. We are committed to upholding the highest ethical standards in all our interactions, and our stakeholders depend on our reliability and trustworthiness.

### Confidence

We equip our people with the tools and training to excel. Through continuous support and education, our team operates confidently. Our guests discern this assurance in every interaction, entrusting us with making their stays unforgettable.

## What sets us apart

### People-centric leadership and governance

With an average employee tenure exceeding nine years, well above the national average of 3.1 years, we demonstrate our commitment to staff loyalty and recognition. Our dedication to diversity is reflected in the composition of our Board and executive committee, setting a strong example from the top. A robust employment equity plan further ensures that our workforce mirrors the diverse fabric of South Africa.

Additionally, we have launched a one-year learnership programme for unemployed individuals with disabilities, focused on food and beverage service which culminates in formal certification. Through skills development, we aim to offer permanent employment, fostering inclusivity and supporting long-term economic empowerment. Aligned with King IV™ principles, we also prioritise environmental and social responsibility, resonating with our eco-conscious guests.

### Strategic locations, asset management, and financial resilience

Owning 81% of our hotel properties, we maintain a resilient and well-equipped portfolio through a robust maintenance and refurbishment programme. Strategically positioned near airports, beaches, and key tourism and business districts, our hotels cater to a wide range of traveller needs, enhancing occupancy rates and delivering value across our portfolio.

With cash generated from operations totalling R576.7 million (2023: R539.5 million), we strengthened our balance sheet, repaid all debt, and retained access to R600 million in debt facilities. We invested R164.6 million in upgrades focused on modernisation, delivering innovation and easy guest experiences through technology investments. Looking ahead, we have authorised an additional R459.4 million investment for the 2025 financial year to continue advancing these priorities.

Own  
**81%**  
of our hotel properties

### Expanding our southern African footprint with internally managed brands

Aligned with our strategic vision, we are expanding our footprint across southern Africa with a scalable network of hotels designed to meet the needs of both business and leisure travellers from South Africa and abroad. Our diverse, multi-brand portfolio – spanning economy, mid-scale, and upscale offerings – ensures that we cater to a wide range of guest preferences, budgets, and lifestyle requirements.

Our properties are managed internally under our home-grown brands. In this way, we deliver significant value to shareholders by eliminating additional management and franchise fees and ensuring consistent service quality across our portfolio.

  
**COURTYARD  
HOTEL**

  
**CITY LODGE  
HOTEL**

  
**TOWN LODGE**  
BY CITY LODGE HOTELS

  
**ROAD LODGE**  
BY CITY LODGE HOTELS



## Operating footprint

Focusing on **strategic location nodes**

has proven to be **key to our success.**

We further strengthen these nodes through placement of the correct hotel brand in the most economically conducive location within a city.

### Gauteng's totals:

4 Courtyard Hotels



11 City Lodge Hotels



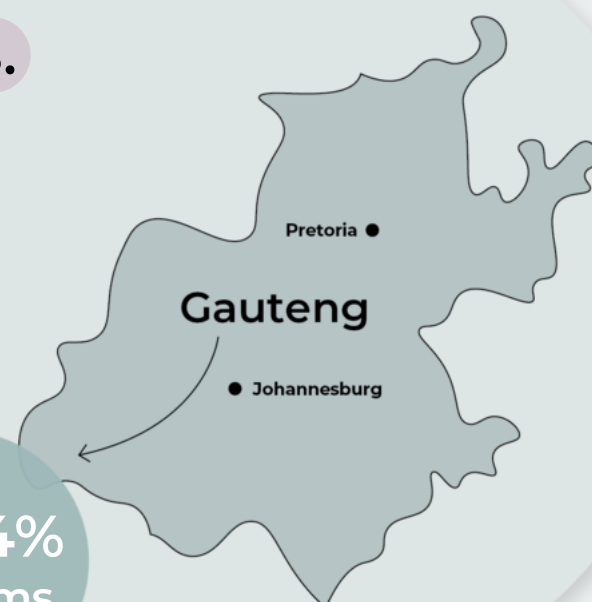
4 Town Lodges



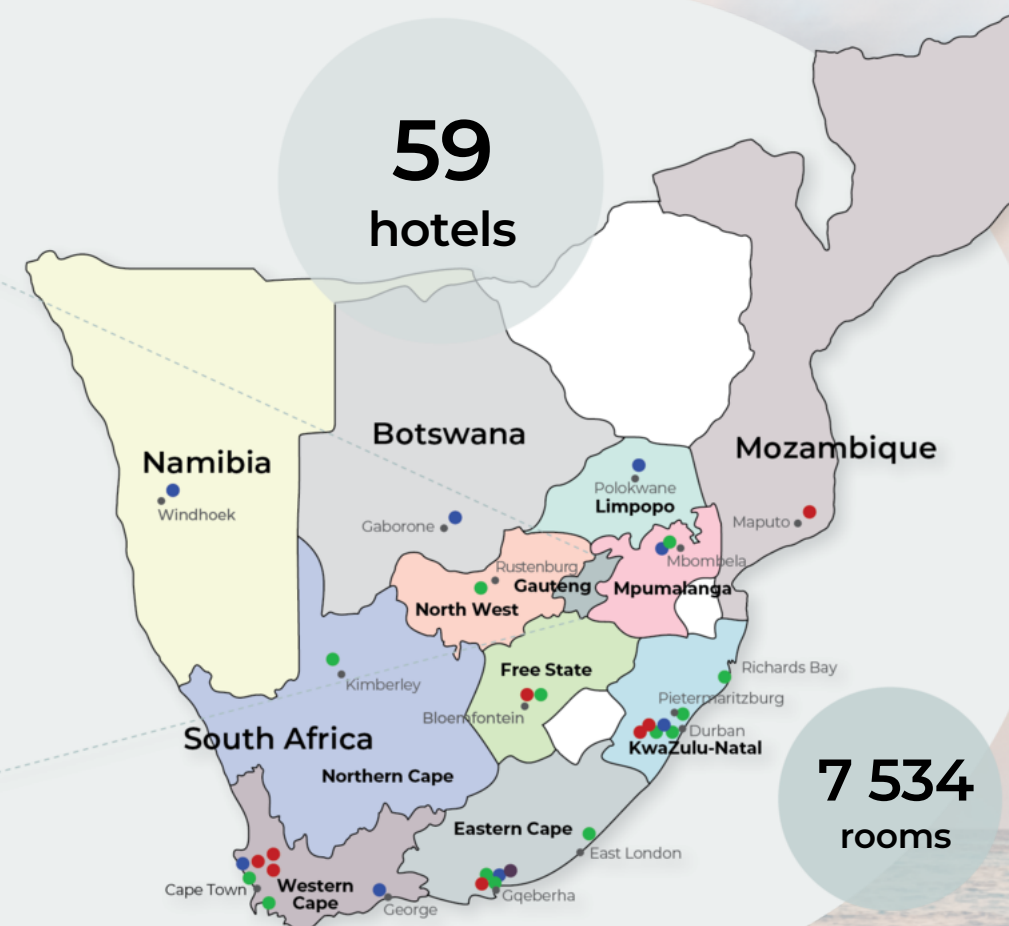
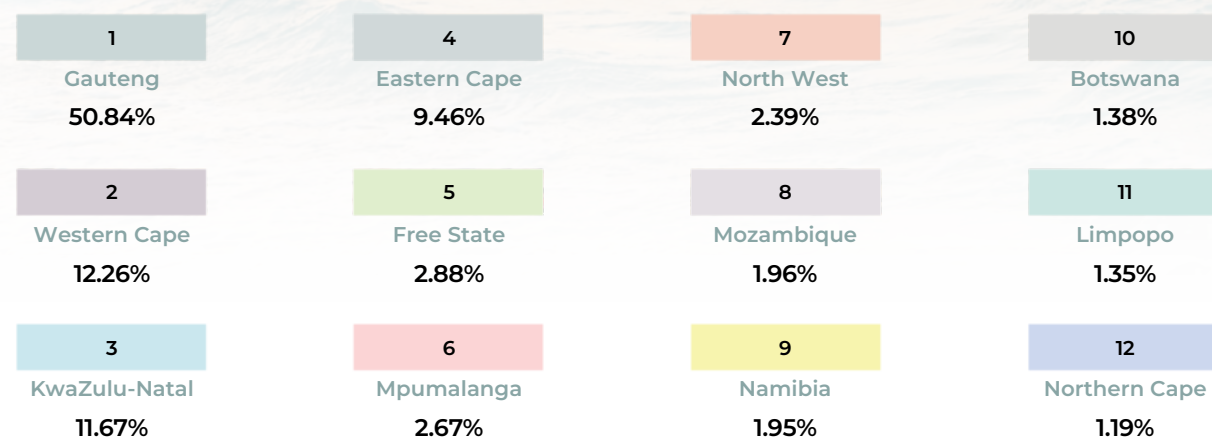
9 Road Lodges



**50.84%**  
of rooms

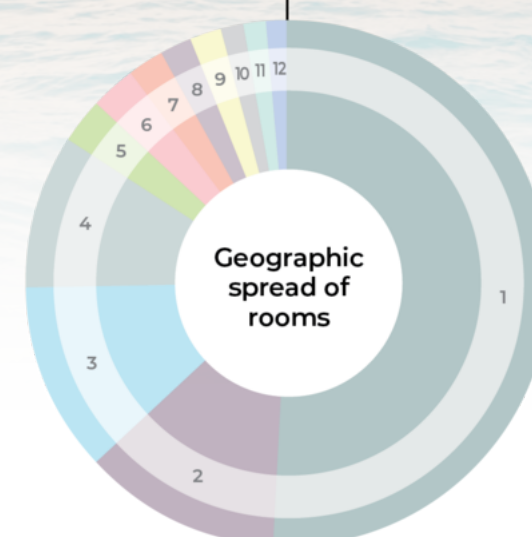


## Geographic spread of rooms



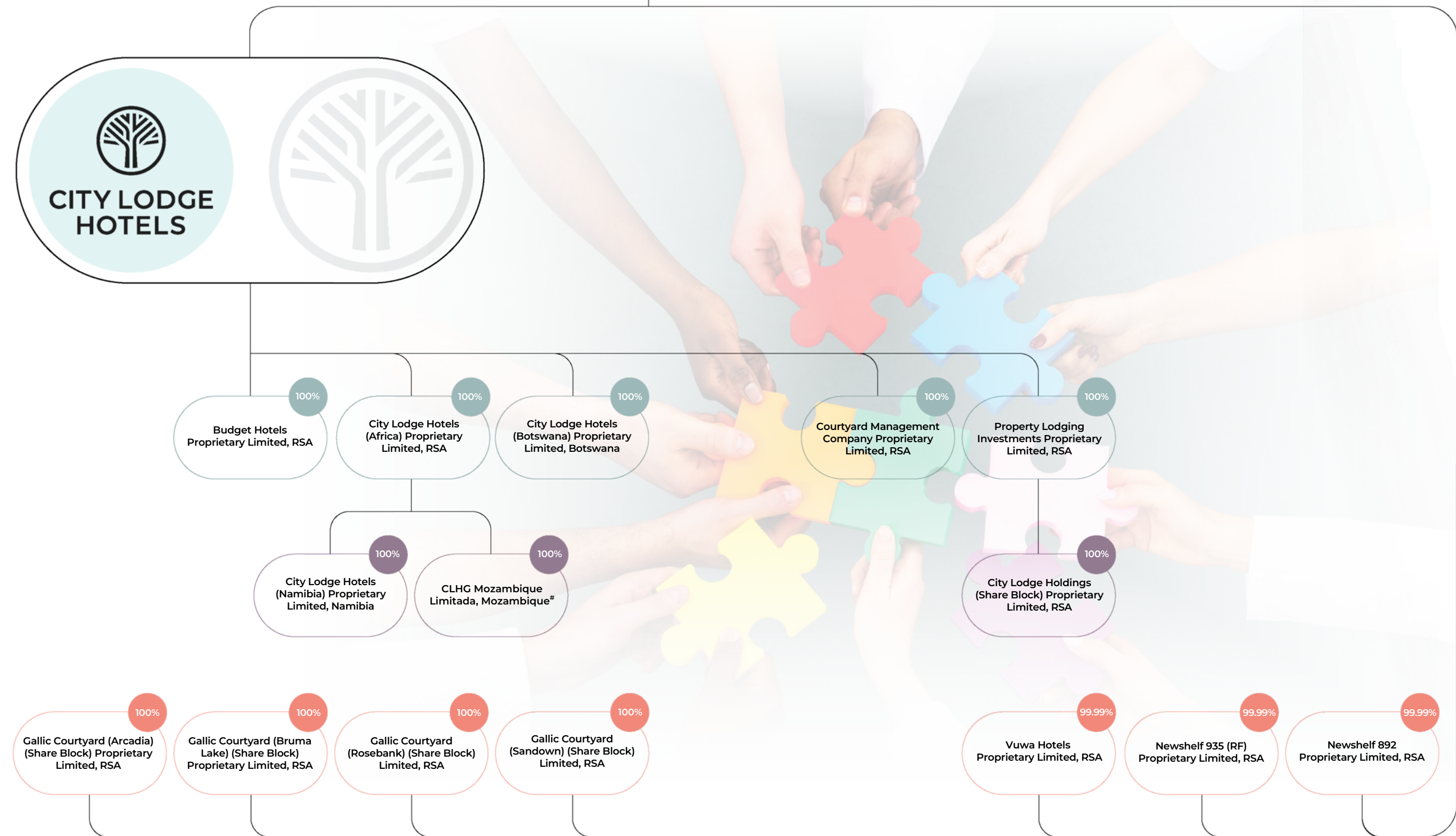
**59**  
hotels

**7 534**  
rooms



**TOTAL**  
**59**  
hotels, of which:  
**48**  
are owned, and:  
**11**  
are leased

Group structure



<sup>#</sup> City Lodge Hotels Limited owns 1%.



# Business model

## Inputs

**Financial capital**

Our use of a combination of cash generated by operating activities, debt and equity funding for business operations, including running costs, property refurbishments, maintenance, new developments and strategic acquisitions:

- **R300m** in operating cash flow
- **R715m** in total debt funding facilities available
- **R1 174m** in equity
- **R459m** capital commitments for FY25

**Manufactured capital**

Our brick-and-mortar properties. We invested **R165m** in capital expenditure to ensure our business thrives and guests have unforgettable experiences. Our establishments feature:

- **59** hotels
- **7 534** rooms
- Furnishings, décor, hospitality and catering equipment
- Technology

**Intellectual capital**

Our intellectual capital includes our brands, supported by a wealth of in-house industry knowledge and hotel management expertise:

- Strong brand reputation
- Operating systems
- Policies and procedures
- Trademarks

**Human capital**

Our people are the primary interface with our guests and are custodians of the City Lodge Hotels' guest experience:

- **1 310 total employees**
- Formal and on-the-job training
- WOW service excellence programme
- YES programme

**Natural capital**

Our business activities depend on natural resources, particularly:

- Water consumption
- Energy consumption
- Land
- Building materials

**Social and relationship capital**

Our relationships with guests, stakeholders, employees, communities, governments, and regulators:

- Proactive relationship with stakeholders to promote a shared value proposition built on our brands
- Prioritising stakeholder groups for targeted interactions
- SED initiatives

## AVAILABILITY, QUALITY AND AFFORDABILITY OF CAPITALS

In a landscape with limited capital and high costs, City Lodge Hotels must carefully navigate investment decisions, weighing the need to maintain and grow high-quality assets against the demand for competitive pricing. With rising costs and unemployment, the broader economy signals imminent cost-of-living challenges and risks of stagflation and reduced disposable income, emphasising the need for agility and strategic planning.

To stay competitive and relevant in the market, we continually adapt our hotels' designs and amenities to align with changing consumer preferences, meeting our guests' ever-evolving needs. This adaptation underscores the vital connection between our manufactured and financial capital.

In a competitive landscape, our in-house technological expertise and externally strong brand identity differentiate us. By leveraging technology and our understanding of hotel management, we encourage innovation that sets us apart. This requires a focus on change management and agility throughout our operations, adapting to the ever-shifting market demands.

In the hospitality sector, noticeable skills shortages present significant challenges that may impede growth. Our commitment to recognising and valuing employees has fostered low employee turnover. We also address skills shortages through targeted training and development, thereby strengthening our business and differentiating us in a demanding industry environment.

Natural capital is fundamental to our long-term sustainability. Acknowledging the finite nature of these resources, we are committed to responsible stewardship and environmental practices that minimise our negative impact, ensuring that we contribute positively to the environment and safeguard the resources essential to our business and the broader community.

Social and relationship capital is crucial to our success, forging stakeholder trust and collaboration. The erosion of this trust, whether through miscommunication or failing to uphold commitments, could impair our brand reputation and business relationships, impacting overall performance and growth. Therefore, we prioritise maintaining integrity and transparency in all interactions to safeguard these invaluable assets and support sustainable growth.

## Our process of delivering value

### Our business practices

**Develop or refurbish hotels**  
Build new hotels or refurbish and maintain existing hotels

**Seek hotel opportunities**  
Identifying new locations for hotels or finding existing properties needing fresh vision and management

**Operate hotels**  
Own/lease and manage hotels as per brand strategies

**Perform hotelier operations and functions**  
Facilities management, Corporate governance, Customer relations, Food and beverage, Information technology (IT), Human resources (HR), Marketing and sales

**Our purpose and values guide our business activities in achieving our strategy**  
Please refer to our **Strategy at a glance** on pages 36 to 39.

**Sound corporate governance practices underpin our business activities**  
Please refer to our **Corporate governance report** on pages 91 to 111.

### We deliver value through our strategic focus areas:

1. Financial sustainability
2. Environmental responsibility
3. Transformation
4. Information technology
5. Brand identity



## Outputs

**Our multi-brand hotel accommodation offering meets different needs, ensuring our guests can check into easy. Our four distinct brands provide guests with a broad range of options, catering to various budgets.**



Courtyard Hotel



City Lodge Hotel



Town Lodge



Road Lodge

## Outcomes

**Financial capital**

- Revenue: R1.9bn (2023: R1.7bn)
- Food and beverage revenue: R363m (2023: R299m)
- Adjusted EBITDAR: R586m (2023: R516m)
- Adjusted headline earnings: R180m (2023: R133m)
- Interest-bearing borrowings: Rnil (2023: R300m)
- Cash generated by operations: R577m (2023: R539m)
- ROE: 16.5% (2023: 15.6%)

**Manufactured capital**

- Robust investment in the refurbishment and modernisation plans for the portfolio, with the completion of room refurbishments at City Lodge Hotel V&A Waterfront and City Lodge Hotel at OR Tambo International Airport, and a further seven projects in progress at year end
- Average group occupancies: 58% (2023: 56%)
- Average SA occupancies: 58% (2023: 57%)

**Intellectual capital**

- Brand identity and innovation
- In-house innovation, including the use of artificial intelligence (AI) to predict demand and to facilitate the BAR pricing methodology, which resulted in improved rate yields
- Ability to create competitive offerings in response to changing industry demands
- Technology and process upgrades to improve guest and employee experiences
- Strong brands and solid reputation

**Human capital**

- R553m in salaries and wages (2023: R493m)
- Ratio of City Lodge Hotels minimum wage to the industry average minimum wage: 2.3 :1
- Level 2 B-BBEE (2023: Level 3) to be reviewed in February 2025
- A qualified, experienced, and motivated workforce
- 41 learners enrolled in the YES programme.

**Natural capital**

- 2.4m kWh of renewable energy generated (2023: 2.2m kWh)
- Average energy consumed per occupied room remained constant at 19.5kWh
- Average water consumed per occupied room has reduced to 0.34kl (2023: 0.35kl)
- Scope 1 and 2 emissions: 26 492 tCO<sub>2</sub>e (2023: 26 671 tCO<sub>2</sub>e)
- Single-use plastic-free amenities
- Hydration stations at all hotels
- Self-generated renewable energy is 8% of total energy consumed (2023: 7.6%)

**Social and relationship capital**

- Average customer satisfaction score of 90.4% (2023: 90.1%)
- SED spend of R4.6m (2023: R4.6m)
- Invested R2.8m for the incubation of 27 entities (2023: R1.8m invested in 17 incubatees), contributing to broader socioeconomic development
- Economic benefits to communities and organisations, vendors and suppliers
- Interest-free ESD loans of R5.8m provided to support the growth of small black-owned suppliers (2023: R4.3m)



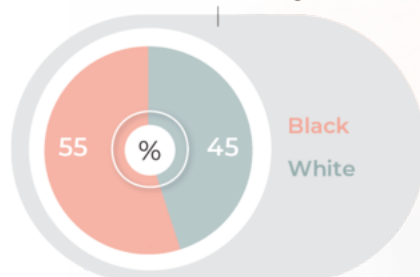
# Who governs us

## Our custodians of governance

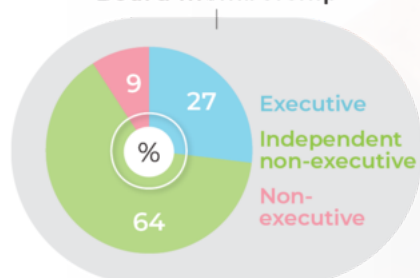
Our Board acknowledges its role as the custodian of corporate governance within the group.

Constituted in accordance with the company's Memorandum of Incorporation (Moi) and aligned with King IV™ guidelines, the majority of the Board comprises independent non-executive directors. Their diverse perspectives and independent stances constructively challenge management, fostering robust deliberation and contributing to the creation of sustained value.

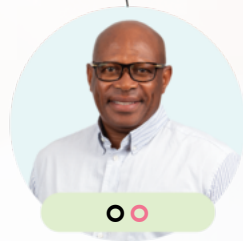
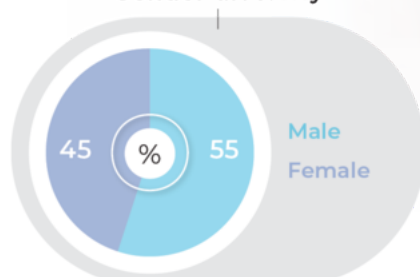
### Race diversity



### Board membership



### Gender diversity



**Bulelani Ngcuka** (70)  
**Chairman and independent non-executive director**  
 BProc, LLB, MA (Webster University, Geneva, Switzerland)  
 Appointed to the Board in 2008  
*Serves on the boards of the following entities:*  
 Vuwa Investments Proprietary Limited, Menzies Aviation (South Africa) Proprietary Limited, Amadlelo Agri Proprietary Limited, BetterGroup Limited, Leapfrog Property Group Proprietary Limited



**Frank Kilbourn** (63)  
**Deputy chairman and independent non-executive director**  
 BCom, LLB, BA Honours (Philosophy, cum laude), HDip (Tax), LLM  
 Appointed to the Board in 1996  
*Serves on the boards of the following entities:*  
 Bright Resources Investments Proprietary Limited, Manganese Metal Company Proprietary Limited, Fast Communication Systems Proprietary Ltd (chairman), Genii Analytics Proprietary Ltd (chairman), Strauss & Co (executive chairman)



**Andrew Widegger** (58)  
**CEO and executive director**  
 Chartered Accountant (SA)  
 Appointed to the Board in 1994



**Stephen Enderle** (49)  
**Non-executive director**  
 BCom, MBA (INSEAD)  
 Appointed to the Board in 2021  
*Serves on the boards of the following entities:*  
 Enderle International Limited (British Virgin Islands), RBH Hotel Group Limited (United Kingdom), Redefine Hotel Holdings (British Virgin Islands)



**Deon Huysamer** (61)  
**Independent non-executive director**  
 BA, LLB  
 Appointed to the Board in 2015  
*Serves on the boards of the following entities:*  
 Eco Children NPC (chairman), Klaserie Private Nature Reserve (chairman), Associated Private Nature Reserves (chairman), Eastgate Airport (director)



**Andrew Lapping** (47)  
**Independent non-executive director**  
 BSc Engineering, BCom  
 Appointed to the Board in 2021

**Dr Sizakele Marutlulle** (56)  
**Independent non-executive director**  
 PhD (Critical Diversity Studies), MA (Sociology)  
 Appointed to the Board in 2016



**Ndumi Medupe** (54)  
**Independent non-executive director**  
 Chartered Accountant (SA)  
 Appointed to the Board in 2006  
*Serves on the board of the following entity:*  
 Alexander Forbes



**Mathukana Mokoka** (50)  
**Independent non-executive director**  
 Chartered Accountant (SA)  
 Appointed to the Board in 2022  
*Serves on the boards of the following entities:*  
 Sanlam Limited, CSG Holdings Limited and Stadio Holdings Limited



**Dhanisha Nathoo** (46)  
**CFO and executive director**  
 Chartered Accountant (SA)  
 Appointed to the Board in 2020



**Lindiwe Siddo** (58)  
**COO and executive director**  
 Dip (Hotel Management), BSc (Penn State University)  
 Appointed to the Board in 2018



## Board skills

Diversity of skills, knowledge, and experience within a board drives strategic direction and provides comprehensive oversight. Recognising this, City Lodge Hotels has, over recent years, channelled efforts into enhancing the breadth and depth of our Board's expertise, especially in the areas of finance, audit and accounting in response to the increased demands on Audit committees.

- Financial capital**
  - 7 Allocation of capital, investment, and asset management
  - 6 Financial accounting, reporting, and tax
  - 8 Financial markets, funding, and sustainability finance
  - 7 Risk management
- Manufactured capital**
  - 3 Property management
- Intellectual capital**
  - 4 Marketing and brand strategy
  - 1 Technology and cybersecurity
  - 7 Tourism and hospitality experience
- Human capital**
  - 6 SED and transformation
  - 2 Health and safety
  - 8 People management
  - 5 Remuneration and awards
- Social and relationship capital**
  - 9 Corporate governance
  - 4 Regulatory, legal, and compliance
  - 10 Stakeholder management and engagement
- Natural capital**
  - 4 Environmental sustainability and climate change

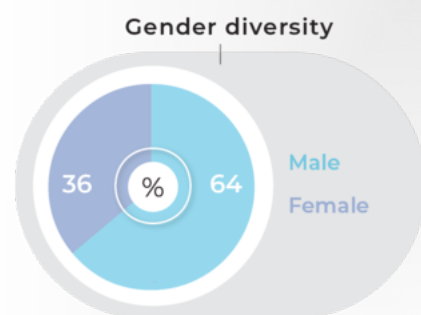
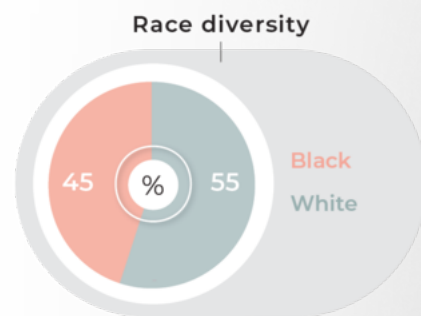
### Key:

- Independent non-executive
- Non-executive director
- Executive director
- Member of Audit committee
- Member of Remuneration and nominations committee (Remcom)
- Member of Social and ethics committee (SEC)
- Member of the Risk committee
- By invitation – Audit committee
- By invitation – Remcom



## Who leads us

Our leaders have a wealth of industry knowledge, hotel management and operational expertise, ensuring we stay competitive and relevant in the marketplace, meeting and exceeding our guests' changing accommodation needs.



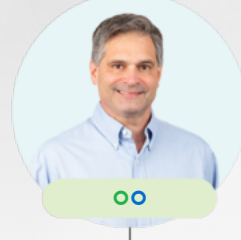
**Andrew Widegger** (58)  
**Chief executive officer**  
 Chartered Accountant (SA)  
 31 years with the company



**Tony Balabanoff** (64)  
**Divisional director operations**  
 BTech (Hospitality Management)  
 Advanced Management Programme (Cornell)  
 38 years with the company



**Zuki Jantjies** (54)  
**Divisional director sales and marketing**  
 HNDip (Business and Finance)  
 BA Honours (Business Studies)  
 Seven years with the company



**Marcel Kobilski** (60)  
**Divisional director human resources**  
 Dip (Hospitality Management)  
 BBA  
 28 years with the company



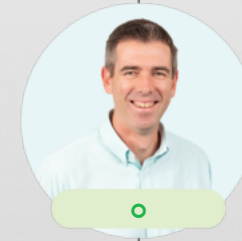
**Dhanisha Nathoo** (46)  
**Chief financial officer**  
 Chartered Accountant (SA)  
 Four years with the company



**Nkosenhle Ngongoma** (45)  
**Divisional director information technology**  
 Post Grad Dip (Management in the Field of Digital Business)  
 B-Tech (IT)  
 11 months with the company



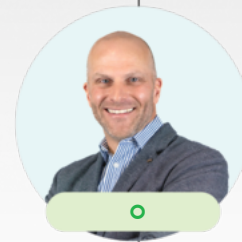
**Naynesh Parbhoo** (51)  
**Divisional director finance**  
 Chartered Accountant (SA)  
 26 years with the company



**Ross Phinn** (53)  
**Divisional director operations**  
 Dip (Hotel Management)  
 CHA  
 27 years with the company



**Lindiwe Siddo** (58)  
**Chief operating officer**  
 Dip (Hotel Management)  
 BSc (Penn State University)  
 Nine years with the company



**Emile van der Merwe** (42)  
**Divisional director property and development**  
 Dip (Project Management)  
 16 years with the company



**Melanie van Heerden** (49)  
**Group company secretary**  
 BCom (Law)  
 LLB  
 19 years with the company

**Key:**

- Member of executive committee
- Executive director
- Member of SEC
- Member of Risk committee
- By invitation – Audit committee
- By invitation – Remcom

Q&A with our CEO

Our aim is to **simplify every aspect** of the **guest experience**, from the **moment of booking to the time of check-out**.

We've worked diligently with teams across the business to align our culture with a new operational ethos – one centred on the agility and flexibility we aim to offer our clients. This cultural recalibration has become indispensable in underpinning other strategic shifts we initiated.

Andrew Widegger  
Chief executive officer, City Lodge Hotels



Q

What stands out when reflecting on the 2024 financial year?

A

What truly stood out this year was how our deliberate focus on reinvestment translated into tangible benefits for our guests, employees, and the broader business. In a challenging macroeconomic environment, characterised by high inflation and subdued corporate travel, we demonstrated resilience by growing revenue by 13% and increasing occupancy by two percentage points to 58%. Our food and beverage revenue also saw a notable 22% increase. Additionally, our BAR pricing strategy continues to optimise rates effectively, delivering value to our guests. Beyond these encouraging numbers, what sets this year apart is the way we invested in both our people and properties, strengthening our foundation. These efforts have not only made life easier for our guests and teams but have also reinforced the long-term sustainability of the business.

Q

Can you talk us through some of the strategic highlights from the year?

A

One of the key highlights has been our strategic reinvestment across several fronts. From completing phase 2 of our solar installations, where 41 hotels now benefit from renewable energy to enhancing our food and beverage offerings, these initiatives reflect our commitment to sustainability and guest satisfaction. We also completed significant refurbishments, ensuring that our properties not only meet but exceed guest expectations. This ties back to our philosophy of investing in ourselves so our guests, staff, and organisation can experience a smoother, more comfortable journey.

Q

What were your main challenges, and how did the business adapt?

A

We began the year with strong demand, with occupancy rates approximately eight percentage points ahead of the prior year in the first quarter. However, prolonged high inflation, rising interest rates, and continuous load-shedding, combined with political uncertainty ahead of the South African national elections, started to weigh heavily on corporate demand and consumer purchasing power. Government austerity measures imposed by the National Treasury in October further dampened demand. While the Western Cape saw the fastest recovery in occupancy and rates, areas like KwaZulu-Natal faced challenges, including the sporadic closure of beaches, the departure of many Durban beachfront businesses, and safety and security concerns.

Despite these headwinds, we adapted by focusing on operational efficiencies, particularly in energy management, through expanded solar power initiatives and continued investment in our properties. These actions helped us maintain competitive occupancy levels and grow our food and beverage revenue.

Q

How has the *check into easy* ethos contributed to the group's success this year?

A

The *check into easy* positioning has helped us strengthen our brand in a fresh and engaging way. The updated visual identity and the fun, quirky personality we've embraced have resonated well with guests and staff. It's allowed us to stay competitive and create a more memorable and enjoyable experience for our guests.

One of the highlights has been our "Bedtime Stories for Business People" initiative. It's a simple yet innovative way to help our guests relax, and the feedback has been fantastic. Receiving recognition through several awards has reinforced that we're on the right track with our marketing efforts.

These initiatives have enhanced our brand's presence, helped us connect more deeply with our audience, and contributed to improved occupancy rates. They show that when you focus on delivering a great guest experience, the results naturally follow.

Q

How are you positioning the business for the future?

A

We're positioning ourselves for future growth by continuing to invest in technology and sustainability. We're exploring new energy storage solutions, to complement our solar installations, building water resilience through borehole, filtration and water storage installations, and have authorised capital commitments of R459.4 million for the 2025 financial year, focused on hotel modernisation and technology investments, including a reengineered loyalty programme. We're also pursuing expansion opportunities in high-growth areas in South Africa, further strengthening our footprint and delivering long-term value to our shareholders.

Q

Would you like to acknowledge any contributions to this year's journey?

A

Absolutely. Our shareholders have once again shown tremendous faith in our strategy, and I am deeply grateful for their continued support. I also want to acknowledge our staff, who have delivered exceptional service no matter what challenges they may face. Their commitment to our *check into easy* ethos has been vital in maintaining our high guest satisfaction levels, even as we've navigated difficult operating conditions. Lastly, I want to thank our guests for their loyalty and trust in choosing us as their home away from home.

ANDREW WIDEGGER  
CEO, City Lodge Hotels



## Our operating context

Our business operates in a **rapidly changing environment** where **guest expectations are shifting, technology is evolving, and sustainability has become a critical focus.** Successfully addressing these three key areas is essential to our **future growth and resilience.** We believe our **overall drive for simplicity** feeds into these three material themes. Amid mounting complexity, people want to **check into easy,** and we are here to assist.

### How we identify material issues and themes



The executive management team analyses the group's operating environment



Changes that have resulted in new trends in stakeholder expectations are identified and assessed



The group's existing material issues are reassessed to determine if these issues have increased or decreased in materiality and assessed in relation to our risk register



The material issues are ranked according to their materiality and then grouped into key themes



A response plan is drafted, considered, and approved by the Board

#### STRATEGY ICONS KEY



Financial sustainability



Environmental responsibility



Transformation



Information technology



Brand identity



The southern African hospitality industry is at a critical juncture where it must adapt to evolving guest expectations, enhancing operations through digital innovation, and responding to the need for improved operational resilience, and sustainability focused responses as we tackle the climate crisis and local infrastructure challenges. Achieving this trifecta will be instrumental in sustaining growth and navigating the complexities of the economic and climate crisis.

We believe our commitment to simplicity aligns with these three material themes. In an increasingly complex world, people seek ease, and we are here to provide it.

### Adapting to evolving guest expectations

Guest preferences are constantly shifting, with an increase in "bleisure" travel, wellness-focused experiences, and a growing demand for seamless digital interactions. Economic factors such as inflation and fluctuating exchange rates also continue to influence both domestic and international travel patterns.

At City Lodge Hotels, we understand that adapting to these changing demands is essential for remaining competitive and fostering growth.

#### OUR RESPONSE

Our multi-brand strategy – which spans Courtyard Hotel, City Lodge Hotel, Town Lodge, and Road Lodge – allows us to cater to a wide range of guests, from budget-conscious travellers to premium visitors. We have enhanced our offerings by introducing work-friendly spaces and wellness amenities and integrating digital services, such as mobile check-ins and contactless payments to create a seamless guest experience.

We are also continually evolving our food and beverage offerings to meet guest demands for convenience and variety. By leveraging AI tools to optimise pricing and utilising a comprehensive marketing approach, we ensure that we stay ahead of competitors and maintain strong brand equity.

#### RELATED RISKS

- Operational resilience
- Slow adoption of digital innovation and technologies
- Market relevance and brand equity
- Inability to grow revenue, profitability and return on equity
- Ineffective human capital management
- Funding and liquidity constraints

#### RELATED STRATEGIC OBJECTIVES



### Enhancing operations through digital innovation

In an increasingly digital world, staying ahead of technology trends is vital. We recognise the opportunities that AI-driven solutions, integrated digital tools, and advanced IT systems offer to enhance customer experience, optimise operations, and drive revenue growth. However, we are also aware of the risks associated with the slow adoption of technology or cybersecurity vulnerabilities, which could leave us lagging behind our competitors.

#### OUR RESPONSE

We have invested in an AI-driven, demand forecasting tool and utilised our BAR pricing methodology to optimise pricing strategies and improve decision-making. Our investments in cloud-based infrastructure have enhanced our operational scalability, improving efficiency and continuity. Furthermore, our digital marketing strategy – which includes a strong presence on social media, third-party monitoring, and participation with Online Travel Agencies (OTA) – allows us to expand our market reach and strengthen customer loyalty.

To address cybersecurity risks, we implemented a robust cybersecurity framework with regular updates, system resilience testing, and staff training to mitigate human vulnerabilities. These initiatives ensure we can capitalise on emerging technologies while protecting our systems and data.

#### RELATED RISKS

- Operational resilience
- Slow adoption of digital innovation and technologies
- Market relevance and brand equity
- Cyber and information security
- Governance and compliance, including workplace/property safety and security

#### RELATED STRATEGIC OBJECTIVES



### Operational resilience, climate crisis, and sustainable operations

Across Africa, the impacts of climate change, particularly water scarcity, pose ongoing challenges. Erratic rainfall patterns and prolonged droughts are affecting water supply, which is critical not only for daily operations but also for the broader economy. In South Africa, we face additional hurdles, including persistent energy shortages and ageing infrastructure. Moreover, there is a growing demand from guests for eco-conscious travel options, as sustainability becomes a key factor influencing their choices.

#### OUR RESPONSE

We have proactively implemented sustainability initiatives, such as solar power installations, water conservation projects, and waste management programmes across our properties. Our environmental sustainability committee oversees these efforts, ensuring they align with our business continuity and disaster recovery plans, mitigating risks from energy disruptions or water shortages.

Additionally, we are attuned to the growing demand for eco-conscious travel options and are committed to enhancing our sustainable practices to meet the expectations of guests seeking responsible and environmentally friendly travel experiences.

#### RELATED RISKS















- Operational resilience
- Market relevance and brand equity
- Ineffective human capital management
- Transformation, diversity and inclusion

#### RELATED STRATEGIC OBJECTIVES




















# Key relationships

STAKEHOLDER	Guests	Our people	Government	Shareholders	Suppliers	Communities	Media
							
How we engage	<ul style="list-style-type: none"> <li>Direct guest engagement by hotel management and employees</li> <li>Client liaison with corporate and travel industry partners</li> <li>Market trends and pricing research</li> <li>Guest satisfaction questionnaires</li> <li>Online reviews</li> </ul>	<ul style="list-style-type: none"> <li>Remain informed regarding labour trends and the latest salary research</li> <li>Regular employee meetings</li> <li>Employment equity forums</li> <li>Labour union meetings</li> </ul>	<ul style="list-style-type: none"> <li>Industry forums</li> <li>Commenting on proposed legislation</li> <li>Input to national legislative consultation processes</li> <li>Member of various industry bodies, such as Tourism Business Council of South Africa, the Federated Hospitality Association of Southern Africa (FEDHASA), SATSA, and the Association of Southern African Travel Agents (ASATA)</li> </ul>	<ul style="list-style-type: none"> <li>Stock Exchange News Service (SENS) announcements</li> <li>Engagement through investor roadshows, one-on-one meetings, and the annual general meeting (AGM)</li> </ul>	<ul style="list-style-type: none"> <li>Building lasting relationships</li> <li>Engaging openly</li> <li>Supplier requirements tied to ESG</li> </ul>	<ul style="list-style-type: none"> <li>Active citizenship</li> <li>Participation in community forums</li> </ul>	<ul style="list-style-type: none"> <li>Regular press releases and industry commentary</li> <li>Providing access to organisational leadership</li> <li>Public relations to facilitate and monitor media activities</li> </ul>
What is important to them?	<ul style="list-style-type: none"> <li>Health and safety</li> <li>Quality product offering</li> <li>Loyalty programmes</li> <li>Efficiency and convenience</li> <li>Consistent service delivery</li> <li>Value for money</li> <li>Listening to their needs</li> <li>Convenience of room and food in one location</li> <li>Bookability, accessibility and responsiveness</li> </ul>	<ul style="list-style-type: none"> <li>Health and safety at the workplace</li> <li>Job security</li> <li>Fair remuneration</li> <li>Constructive performance management</li> <li>Engagement</li> <li>Opportunities for career development</li> <li>On-the-job coaching and training</li> </ul>	<ul style="list-style-type: none"> <li>Tax revenues</li> <li>Compliance with legislation</li> <li>Advancing transformation</li> <li>Job creation</li> <li>Investment in the country</li> <li>Supporting communities</li> <li>Reducing consumption of natural resources</li> </ul>	<ul style="list-style-type: none"> <li>Corporate governance and ethical leadership</li> <li>Growth and expansion opportunities</li> <li>Level of gearing</li> <li>Return on investment</li> <li>Dividends</li> <li>Capital allocation</li> <li>Sustainable impact on the environment and communities</li> </ul>	<ul style="list-style-type: none"> <li>Consistent demand and timely payment</li> <li>Fair treatment</li> </ul>	<ul style="list-style-type: none"> <li>Sponsorships</li> <li>Bursaries</li> <li>Investment in disadvantaged communities</li> <li>Volunteer days</li> <li>Responsible consumption</li> <li>Employment opportunities</li> </ul>	<ul style="list-style-type: none"> <li>Honest, transparent communication</li> <li>Relevant information</li> <li>Accessibility to company and brand information</li> <li>Industry thought leadership</li> </ul>
How we respond	<ul style="list-style-type: none"> <li>Direct messaging platform available to guests on their own devices before and during their stay</li> <li>Online check-in, contactless ordering and information sharing available to guests</li> <li>Loyalty rewards programme</li> <li>Individual preferences noted for regular guests</li> <li>Complete accommodation and food and beverage offerings at all brands</li> <li>BAR philosophy</li> </ul>	<ul style="list-style-type: none"> <li>Formal and informal training programmes, including on-the-job practical skills development</li> <li>Regular assessment and maintenance of Occupational Health and Safety Standards</li> <li>Performance appraisals and feedback sessions</li> <li>WOW – employee recognition programme</li> <li>Communication through multiple platforms, including Sharepoint, City Lodge Hotels' Facebook group and the quarterly newsletter</li> </ul>	<ul style="list-style-type: none"> <li>Honouring annual tax obligations and full disclosure in AFS</li> <li>Monitoring and reduction of natural resource consumption</li> <li>Maintaining effective compliance controls throughout the group</li> <li>B-BBEE employment initiatives forming a key strategic outcome</li> <li>YES programme with 41 participants</li> </ul>	<ul style="list-style-type: none"> <li>Operating and reporting according to the highest corporate governance standards</li> <li>Capital efficiency</li> <li>Consistently generating sustainable profits</li> <li>Establishing a long-term ESG strategy with targets and milestones</li> <li>Excess capital is returned</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining regular payments within agreed terms</li> <li>Keeping open lines of communication regarding changes in requirements</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining policies for responsible consumption and ethical practices</li> <li>Supporting community projects and sponsorship</li> </ul>	<ul style="list-style-type: none"> <li>SENS announcements containing trading statements released every six months</li> <li>Our CEO, CFO and COO continually make themselves available to the media</li> </ul>
							

## Key risks and opportunities

In evaluating the risks and opportunities that confront our organisation, we consider the combined influences of the economic, societal, and environmental contexts within which we operate.

This comprehensive framework, known as the triple context, informs City Lodge Hotels' integrated risk assurance process and serves as a pathway to integrated thinking that steers our strategic pursuits.

VALUE DRIVER	Strategy	Growth	People	Profitability/liquidity	Operational excellence	Technology	Reputation and ethics	Legal and compliance	Health, safety and environment
Description	Achieve business goals and objective	Partnerships, new services, brand identity, enhancement of existing product offering, expanding geographic footprint to grow revenues and market share	Fair compensation, conducive work environment, adequate skills development, retention, diverse and inclusive workforce, and overall wellbeing	Derive tangible financial returns that are sustainable and meet shareholder expectations	Continuously improve operations, innovate and stay ahead of competition	Infrastructure to manage, protect and maintain operations to gain a competitive advantage and provide optimal guest experience	Sound reputation and ethical practices to secure capital, attract and retain talent and engage with similar ethical stakeholders	Comply with requirements to legally operate in an industry/ country and management of contracts	Ensure the health and safety of people (employees, guests, third-party service providers) and minimise the corporate impact on the environment
Related risks	All	Market relevance and brand equity	Ineffective human capital management Transformation, diversity and inclusion	Inability to grow revenue, profitability and return on equity Funding and liquidity constraints	Operational resilience Slow adoption of digital innovation and technologies	Cyber and information security Slow adoption of digital innovation and technologies	Governance and compliance, including workplace/ property safety and security	Governance and compliance, including workplace/ property safety and security	Human capital management
Linked capital		 		 	 	 	 		 







### Robust risk management

A robust risk management approach enables us to anticipate changes in our operating context and to make well-informed decisions during uncertain periods. Consequently, a nuanced understanding of the triple context, the six capitals and our nine value drivers is integral to shaping our risk assurance processes and overall strategic direction.

#### STRATEGY ICONS KEY

-  Brand identity
-  Transformation
-  Environmental responsibility
-  Information technology
-  Financial sustainability

#### CAPITAL ICONS KEY

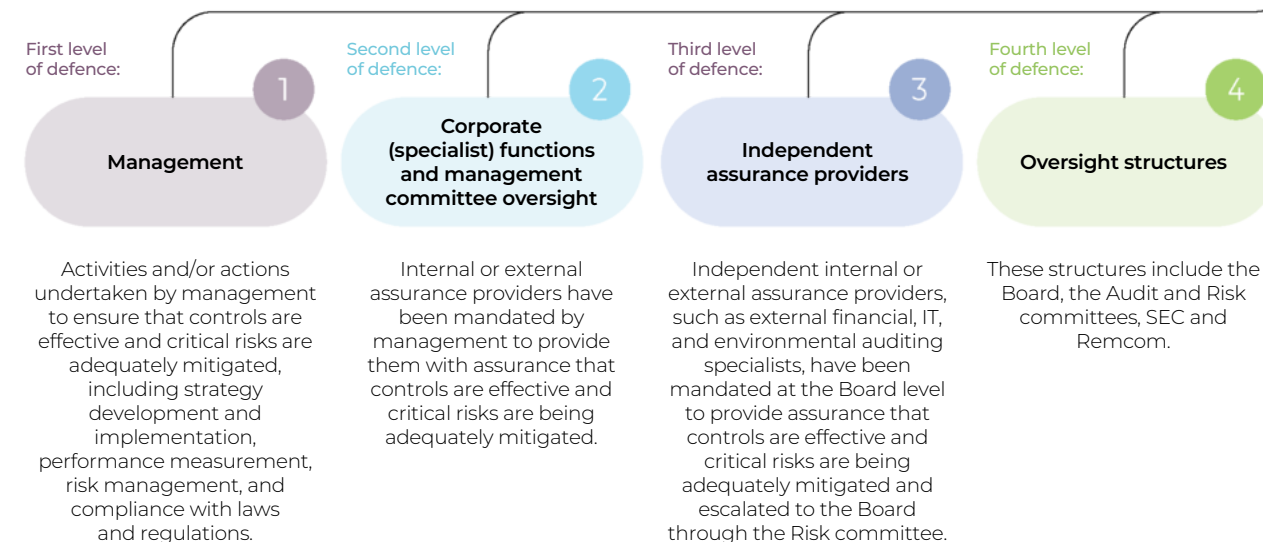
-  Financial capital
-  Manufactured capital
-  Intellectual capital
-  Human capital
-  Natural capital
-  Social and relationship capital

The Board is responsible for comprehensively assessing the group's significant risks. To determine the group's risk appetite and tolerance, the Board establishes an effective control framework that allows for the assessment and management of risks. The Executive and Risk committees support the Board in this endeavour.

The enterprise risk management process (ERMP) involves reviewing, identifying, quantifying, prioritising, responding to, and monitoring the group's significant risks and their consequences. The ERMP is a dynamic process that considers the group's evolving risks and helps develop and improve risk control measures.

### Combined assurance model

The combined assurance model aims to augment the assurance coverage achieved regarding critical risks affecting the company





# Integrated risk assurance process

The risk assessment and assurance process involves 16 steps that contribute to the output of an integrated risk assurance register, reporting dashboards and assurance plan, and compliance monitoring.



STEPS

- 1

Establish business and regulatory context; define value drivers
- 2

Set quantitative appetite per value driver
- 3

Identify and analyse key risks, applicable legislation and obligations
- 4

Inherent risk assessment
- 5

Identify key controls/processes/mitigation/risk management plans
- 6

Assess control effectiveness
- 7

Set tolerable residual exposure
- 8

Set risk response in relation to risk tolerance
- 9

Define action plans
- 10

Identify key indicators and set thresholds
- 11

Monitor, measure and escalate status
- 12

Prioritise risks from highest exposure
- 13

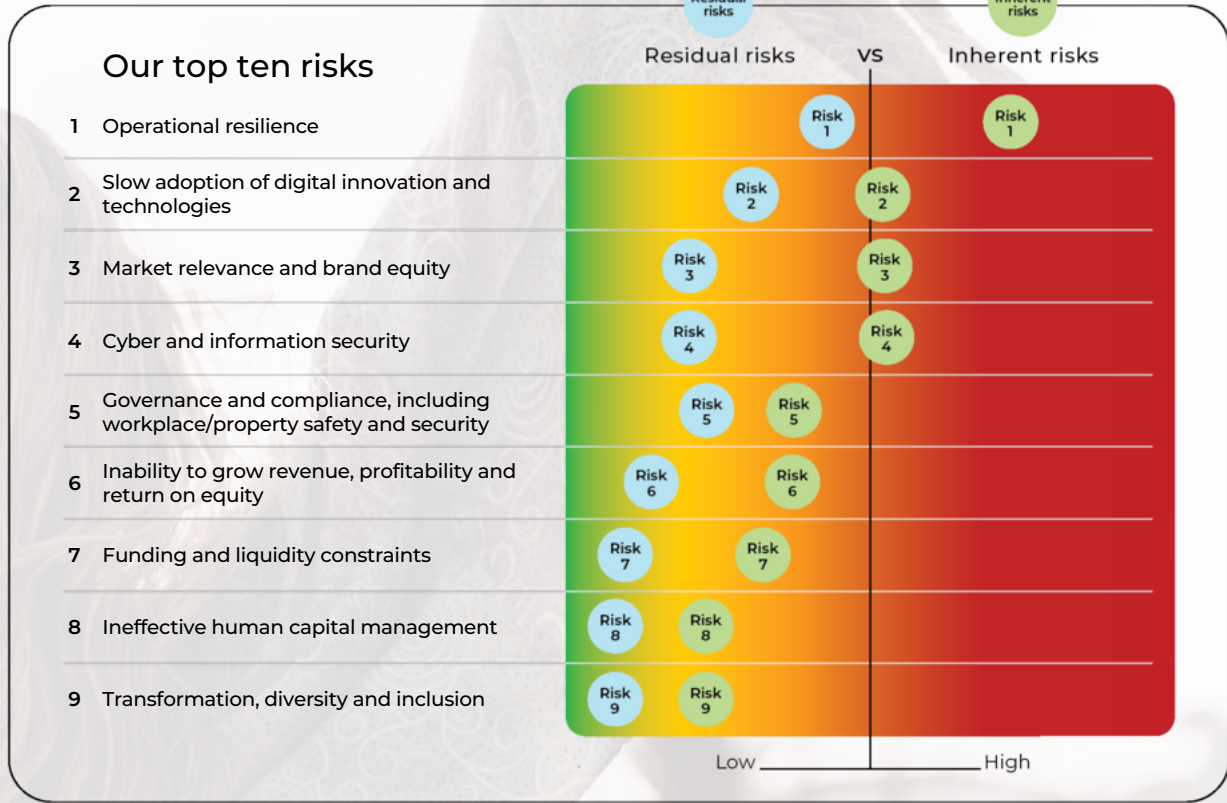
Review/map risk and control universe
- 14

Define assurance scope
- 15

Define assurance responses per line of defence
- 16

Conclude on assurance responses

## Our risks at a glance



MOVEMENT KEY Up Down No movement

### 1 Operational resilience

Risk appetite	Risk tolerance	Movement
Medium to high	Within tolerance but exceeding appetite	No movement

**Impact on value creation/preservation and potential for value erosion**  
Infrastructure failures, rising costs and cybersecurity risks threaten profitability, undermining long-term value creation. Likewise, social unrest, environmental degradation, and skills shortages further challenge operational resilience, potentially impacting sustainability and stakeholder value.

- Creating and preserving value (opportunities and mitigating actions)**
- Sustainable infrastructure and continuity measures:** Monitoring by the environmental sustainability committee, with oversight from the SEC, aligns renewable energy, water conservation, and waste management with broader infrastructure strategies. This includes business continuity plans, disaster recovery plans, and risk mitigation measures like generators, UPS, and insurance, enhancing resilience, sustainability, and competitiveness
  - Human resources and organisational resilience:** Strategic human resource initiatives mitigate risk, including succession planning, fair remuneration and security awareness training, while targeted employee training in response to skills shortages can bolster workforce competence, turning potential vulnerabilities into strengths
  - Corporate social responsibility and community engagement:** Addressing social instability and environmental concerns through corporate social responsibility initiatives can strengthen community relations, improve operational resilience, and contribute to long-term value creation
  - Stakeholder and industry engagement:** Active participation in industry bodies and associations to influence policy, engage in government lobbying efforts, and stay abreast of emerging technologies, such as AI, enhances operational efficiency and innovation

**Board committees overseeing the risk**  
SEC and Risk committee

**Affected strategic priorities and capitals**



## Integrated risk assurance process continued

	Risk appetite	Risk tolerance	Movement
<b>2</b> Slow adoption of digital innovation and technologies	Low to medium	Within tolerance but exceeding appetite	↑

### Impact on value creation/preservation and potential for value erosion

Limited resources may slow our ability to keep pace with technological advancements, leaving us behind more agile competitors. Internal resistance to change and outdated legacy systems could delay beneficial technologies, impacting efficiency and customer engagement. A weak digital presence might limit market reach and brand recognition. These challenges threaten competitiveness and require agile management to sustain and create value.

### Creating and preserving value (opportunities and mitigating actions)

- **AI and integrated digital tools:** Utilisation of AI forecasting and the BAR tool to enhance decision-making, pricing, and customer experience
- **Digital and social media strategy:** Comprehensive digital marketing supported by third-party monitoring and a robust social media strategy. This approach expands market reach and drives customer loyalty, opening new growth avenues
- **IT infrastructure and cloud integration:** Enhance operational efficiency and scalability through continuous IT resource review, cloud integration, and adoption of collaboration tools. This investment in IT infrastructure supports business continuity and positions the company to capitalise on emerging technologies
- **Process digitalisation and system upgrades:** Digitalisation of paper-based processes, system upgrades and adoption of automated financial reporting. These advancements reduce operational costs and improve decision-making and compliance, providing a competitive edge

### Board committees overseeing the risk

Audit committee and Risk committee

### Affected strategic priorities and capitals



	Risk appetite	Risk tolerance	Movement
<b>3</b> Market relevance and brand equity	Low to medium	Within tolerance but exceeding appetite	↓

### Impact on value creation/preservation and potential for value erosion

Insufficient investment in product innovation and maintenance and ineffective marketing and digital strategies could diminish market attractiveness. Decreasing consumer income, new, digitally driven competitors and inadequate service levels further threaten our brand and competitive position. These Risks, along with aggressive competitor discounting, highlight the need for strategic action to preserve and enhance value.

### Creating and preserving value (opportunities and mitigating actions)

- **Integrated marketing and digital strategy:** A comprehensive approach combining social media initiatives, supported by a digital and social media coordinator and marketing strategies. This strategy leverages third-party experts, includes annual and ad hoc campaigns, maintains OTA participation, and strengthens strategic partnerships
- **Product and service enhancement:** Ongoing evolution and enhancement of the product offering, including an extended food and beverage range across all brands. This commitment to innovation not only meets customer demands but also positions the brand as a market leader, opening avenues for growth
- **Yield management and AI integration:** Implementation of the BAR methodology, supported by the Predictive Insights Tool, maximises profitability and captures new revenue opportunities
- **Brand investment and capex management:** Continued investment in the brand through Board-approved capex and furniture, fixtures and equipment programmes to maintain and enhance hotel properties

### Board committees overseeing the risk

SEC, Audit committee and Risk committee

### Affected strategic priorities and capitals



4

## Cyber and information security

Risk appetite

Low to medium

Risk tolerance

Within tolerance  
but exceeding  
appetite

Movement



### Impact on value creation/preservation and potential for value erosion

The increasing sophistication of cyber threats, combined with human vulnerabilities and possible gaps in IT governance, could pose significant risks. The potential for inadequate adherence to security training and evolving legislative requirements may further expose us to breaches. Additionally, third-party access to our network could heighten these risks. Proactively strengthening security measures and comprehensive training is essential to safeguard our assets and sustain long-term value.

### Creating and preserving value (opportunities and mitigating actions)

- **Robust cybersecurity framework:** Continuous enhancement of security measures, including regular updates, system resilience testing, and comprehensive risk assessments
- **Network and data protection:** Strong safeguards for network integrity and data security, supported by ongoing monitoring and advanced protection strategies
- **Disaster recovery and risk management:** Comprehensive disaster recovery planning, physical security protocols, and risk transfer strategies to ensure business continuity
- **Employee awareness and training:** Ongoing security training and awareness programmes to mitigate human vulnerabilities and enhance organisational resilience

### Board committees overseeing the risk

Audit committee and Risk committee

### Affected strategic priorities and capitals



5

## Governance and compliance, including workplace/property safety and security

Risk appetite

Low to medium

Risk tolerance

Within appetite

Movement



### Impact on value creation/preservation and potential for value erosion

The evolving landscape of industry-specific legislation, regulations, and accounting standards presents a dynamic compliance challenge. Balancing governance, risk, and compliance functions with resource capacity and skills is critical. Streamlining document and waste management processes, along with fostering a compliance-focused and ESG-conscious culture, are essential considerations. Additionally, the costs of compliance measures and the potential for public liability claims underscore the importance of proactive management.

### Creating and preserving value (opportunities and mitigating actions)

- **Governance and compliance:** A robust framework and governance policies, monitored by the SEC and risk committee, supported by the company secretary, legal officer, membership to industry bodies and external consultants, ensure adherence to evolving regulations, including POPIA compliance
- **Service and contract management:** Engaging reputable service providers with thorough due diligence and robust contract management, including agreements with security providers. This strategic approach to partnerships, including with security providers, opens opportunities for innovation and improved service delivery
- **Health, safety, and environment:** Audited health and safety protocols with accredited representatives, combined with waste management, recycling, and energy-saving initiatives like solar panels. These initiatives enhance brand reputation and attract eco-conscious customers
- **Risk and staff management:** Comprehensive insurance coverage and continuous staff training to maintain best practices. This focus ensures operational stability and prepares the workforce to meet future challenges, driving sustained growth

### Board committees overseeing the risk


SEC and Risk committee

### Affected strategic priorities and capitals





## Integrated risk assurance process continued

	Risk appetite	Risk tolerance	Movement
<b>6</b> Inability to grow revenue, profitability and return on equity	Low to medium	Within appetite	

### Impact on value creation/preservation and potential for value erosion

Potential threats to our ability to grow revenue, profitability, and return on equity include both internal and external challenges. Concerns around affordability, brand relevance, inefficient pricing strategies and emerging competition from disruptive models like Airbnb could undermine our brand value. External risks, such as macroeconomic instability, high unemployment, and declining consumer confidence in South Africa, further complicate these challenges. Additionally, seasonal demand fluctuations and the shift towards remote and hybrid working models and technological platforms lead to reduced business travel. These interconnected risks could negatively impact our financial performance and returns to shareholders.

### Creating and preserving value (opportunities and mitigating actions)

- **Revenue and cost optimisation:** Leveraging AI-driven forecasting and yield management to identify growth opportunities while controlling costs. Efficient working capital strategies enable flexibility to invest in high-potential areas and respond to market changes
- **Sales, marketing, and digital engagement:** Expanding market reach and driving revenue growth through integrated campaigns, digital strategies, and participation in OTA platforms. Continually evolving product offerings present opportunities to capture new market segments and enhance brand value
- **Performance and asset management:** Robust performance management and continuous asset investment to maintain quality and competitiveness
- **Customer focus and strategic oversight:** Strengthen customer loyalty and retention through revamped programmes and guest-focused training. Vigilant monitoring of market trends and asset management opens opportunities for strategic acquisitions and business expansion

### Board committees overseeing the risk

Audit committee, SEC and Risk committee

### Affected strategic priorities and capitals



	Risk appetite	Risk tolerance	Movement
<b>7</b> Funding and liquidity constraints	Low to medium	Within appetite	

### Impact on value creation/preservation and potential for value erosion

The risk of funding and liquidity constraints presents a challenge that could significantly impact the organisation's financial stability. For example, a breach of covenants or a constrained balance sheet could severely limit the ability to refinance or secure additional funding. Changes in credit ratings, currency fluctuations, and inflation could affect credit requirements. Moreover, an unexpected shock event could reduce operational activity and profitability, affecting the organisation's debt capacity.

### Creating and preserving value (opportunities and mitigating actions)

- **Debt and capital optimisation:** Proactively managing debt maturities and renegotiating loan terms while exploring alternative capital sources enhances financial flexibility and positions the company for future investment opportunities
- **Financial oversight and efficiency:** Regular monitoring of bank covenants and cash flow forecasts, reviewed quarterly by the Board, ensures financial stability. Restructuring capital and operating expenditures, along with prudent cost and working capital management, drives operational efficiencies
- **Asset and revenue optimisation:** Focused efforts on driving occupancy, optimising asset utilisation, and considering asset sales strengthen the balance sheet and improve revenue growth potential
- **Banking and funding relationships:** Engaging with bankers and alternative funders fosters a deeper understanding of the company's operations and resilience, enabling improved financial terms and securing necessary funding

### Board committees overseeing the risk

Audit committee and Risk committee

### Affected strategic priorities and capitals



	Risk appetite	Risk tolerance	Movement
8 Ineffective human capital management	Low to medium	Within appetite	→

#### Impact on value creation/preservation and potential for value erosion

Human capital management presents risks that could significantly affect value creation and preservation. The potential loss of critical skills among senior staff, particularly in a market with scarce essential skills, threatens to erode organisational expertise and leadership. Resistance to change and low employee engagement may undermine productivity and innovation. Additionally, increased labour demands, evolving labour legislation, and growing union influence in a volatile political landscape could destabilise operations and erode long-term sustainability, negatively impacting service levels and the organisation's overall value.

#### Creating and preserving value (opportunities and mitigating actions)

- **Talent and leadership development:** Through career paths, succession planning, and programmes like the accelerated development and deployment programme (ADDP), graduate internship programme (GIP) and YES programme, we nurture leadership potential and specialist skills, ensuring a robust leadership pipeline and opening avenues for growth
- **Employee wellbeing and engagement:** Comprehensive wellness initiatives, coupled with regular engagement surveys and recognition programmes, foster a positive corporate culture, enhancing retention and productivity
- **Training, performance, and ethics management:** Integrated training and development, supported by an e-learning platform and performance management process, ensure continuous skill enhancement. Strong ethics and proactive labour management promote a stable, compliant, and productive work environment
- **Competitive remuneration and incentives:** Our competitive, benchmarked remuneration and incentive structures are designed to attract and retain top talent, aligning with strategic goals and driving long-term value creation

#### Board committees overseeing the risk

SEC and Risk committee

#### Affected strategic priorities and capitals



	Risk appetite	Risk tolerance	Movement
9 Transformation, diversity and inclusion	Low to medium	Within appetite	→

#### Impact on value creation/preservation and potential for value erosion

Failure to effectively address transformation, diversity, and inclusion could undermine our social and regulatory standing, eroding stakeholder trust. Inadequate focus on employment equity and B-BBEE targets may slow transformation efforts, risking penalties, reputational damage, and lost business due to an unfavourable B-BBEE rating. Economic fluctuations and legislative changes could affect supplier B-BBEE status, introducing new compliance challenges. Additionally, difficulties in attracting and retaining diverse talent could impede progress, further impacting our long-term sustainability.

#### Creating and preserving value (opportunities and mitigating actions)

- **Diversity and culture enhancement:** Implementing culture change workshops and diversity and inclusion training fosters an inclusive workplace, enhances team performance, and attracts top talent. These initiatives drive innovation and support transformation goals
- **Skills development and talent pipeline:** Programmes like the ESD and SED incubator, GIP, and YES programme build essential skills and create a diverse talent pipeline, ensuring long-term growth and operational excellence
- **Monitoring and compliance:** Active monitoring by the transformation and employment equity committees with SEC oversight ensures that B-BBEE and EE targets are met. This proactive approach maintains compliance, strengthens social standing, and opens growth opportunities in diverse markets
- **Talent management and succession planning:** Effective monitoring of retention, recruitment, and advancement through the management development and succession committee (Mandasco) ensures leadership continuity and organisational resilience, positioning the company for sustained success
- **Strategic procurement for B-BBEE compliance:** Encouraging suppliers to maintain or improve their B-BBEE ratings through a strategic procurement process strengthens supply chain relationships, supports compliance, and enhances the company's reputation in the market

#### Board committees overseeing the risk

SEC and Risk committee

#### Affected strategic priorities and capitals





## Our strategy at a glance



### Brand identity

To continue establishing our refreshed brands through innovative marketing initiatives

KPI	Why this KPI is important	Link to executive remuneration												
RateUs (Customer satisfaction)	<p>Customer satisfaction is a vital KPI, reflecting the quality of service and guest experience. It drives repeat business and positive referrals, making it essential for growth and success in a competitive market.</p> <div><p>Customer satisfaction (%)</p><table><thead><tr><th>Year</th><th>Customer satisfaction (%)</th></tr></thead><tbody><tr><td>2020</td><td>89</td></tr><tr><td>2021</td><td>93</td></tr><tr><td>2022</td><td>91</td></tr><tr><td>2023</td><td>90</td></tr><tr><td>2024</td><td>90</td></tr></tbody></table></div>	Year	Customer satisfaction (%)	2020	89	2021	93	2022	91	2023	90	2024	90	✓
Year	Customer satisfaction (%)													
2020	89													
2021	93													
2022	91													
2023	90													
2024	90													
Total revenue per available room (TRevPAR)	<p>TRevPAR measures each hotel's collective revenue performance and is an essential KPI to monitor financial and brand performance.</p> <p>The expansion of food and beverage offerings across all four brands has had a complementary benefit on occupancy and rooms revenue.</p>	✓												
Performance overview for 2024														
<ul style="list-style-type: none"><li>• Average group occupancy at 58% compared to 56% in 2023</li><li>• Average room rates up by 8%</li><li>• TRevPAR increased by 13% compared to 2023</li><li>• All the revenue management initiatives continue to bear fruit. These initiatives include the BAR philosophy and the use of AI for forecasting future demand</li><li>• Innovative new food and beverage offerings with the launch of our new EASY house wines, produced in partnership with 51% black women-owned Diemersfontein Wine Estate and Thokozani Staff Holdings</li><li>• Food and beverage revenue is up 22% to R363.3 million (2023: R298.9 million) and contributes 19% of total revenue (2023: 17%)</li><li>• RateUs score increased to 90.4% compared to 90.1% in 2023</li></ul>														
Looking ahead														
<ul style="list-style-type: none"><li>• Continue building the City Lodge Hotels' brand, bolstered by the success of the award-winning <i>check into easy</i> campaign and related advertisements</li><li>• Actively pursuing opportunities to establish new hotels in high-growth areas within South Africa</li></ul>														



## Financial sustainability

To ensure financial strength and sustainability

KPI	Why this KPI is important	Link to executive remuneration
<b>EBITDAR</b>	Monitoring EBITDAR offers a clear snapshot of our operational profitability and efficiency, isolated from tax, financing, and capital investment effects. This KPI aids us in understanding our core business performance in maximising revenue and effective cost containment, steering strategic decisions for sustainable growth and investment planning.	✓
<b>Cash flows after interest, rental and tax paid, before dividends and investment capex</b>	Continuous management of cash flows to ensure sufficient liquidity to execute strategic decisions and provide value to all stakeholders.	✓
<b>Performance overview for 2024</b>		
<ul style="list-style-type: none"> <li>Generated EBITDAR of R574.4 million (2023: R556.3 million) for the year and an EBITDAR margin of 29.8% (2023: 32.4%)</li> <li>Adjusted EBITDAR (EBITDAR excluding unrealised gains or losses on foreign exchange and exceptional items) margin is 30.4% (2023: 30.1%)</li> <li>Headline earnings per share (diluted) increased by 10% to 33.2 cents</li> <li>Adjusted headline earnings per share (diluted) increased by 37% to 31.8 cents</li> <li>Cash generated by operations was R576.7 million (2023: R539.5 million)</li> <li>Full settlement of interest-bearing borrowings of R300 million. No outstanding debt as at 30 June 2024</li> <li>Total of 11.7 million shares were repurchased and cancelled during the year for a total consideration of R51.6 million</li> <li>Capital investment spending of R164.6 million (2023: R107.0 million)</li> <li>Dividends: Final 9c (2023: 8c) per share and interim 6c (2023: 5c). Total dividend up 15%</li> </ul>		
<b>Looking ahead</b>		
<ul style="list-style-type: none"> <li>Maintaining a strong focus on responsible financial management and thoughtful investment choices</li> <li>Striking a balance between preserving our top-tier assets and meeting market expectations for competitive pricing</li> <li>Actively addressing underperforming hotels, considering options like sales or ending leases where necessary</li> <li>Allocating planned capital commitments for FY25 totalling R459.4 million, aimed at continuing hotel modernisation and refurbishment, investing in innovative technologies, and emphasising resilience initiatives</li> <li>Adapting to improving economic conditions, with rising business and consumer confidence likely to boost disposable income as interest rates decline</li> </ul>		



## Our strategy at a glance continued



### Transformation

To foster an equitable and inclusive environment in the communities in which we operate

KPI	Why this KPI is important	Link to executive remuneration
<b>Improved B-BBEE score</b> <b>Improved B-BBEE rating of Level 2 from Level 3 in the previous year</b>	Tracking our B-BBEE score is crucial as it underscores our commitment to inclusivity within South Africa's economy. This not only assists us in meeting regulatory requirements but also drives our strategic decisions to promote equity, diversity, and growth within our business and the larger community.	X
<b>Performance overview for 2024</b> <ul style="list-style-type: none"> <li>Enhanced investment and efforts in transformation and diversity have delivered an improved B-BBEE rating</li> <li>We partnered with SATSA on an ESD programme, investing R2.8 million to incubate 27 entities (2023: R1.8 million for 17 entities), supporting socioeconomic development. Eight black-owned businesses from the 2023 cohort joined our supply chain, with the rest supported in 2024</li> <li>41 learners enrolled in the 2024 YES programme (2023: 41 learners)</li> <li>Average training and development spend per employee of R3 740 (2023: R4 840)</li> <li>R4.6 million contributed to SED initiatives (2023: R4.6 million)</li> <li>R5.8 million ESD interest-free loans issued to assist in the growth and development of small black-owned businesses (2023: R4.3 million)</li> </ul>		
<b>Looking ahead</b> <ul style="list-style-type: none"> <li>Focusing on continuously enhancing our B-BBEE initiatives to maintain leadership in transformation</li> <li>Expanding transformation efforts across all levels of the group to drive inclusivity and equity</li> <li>Strengthening collaboration to support and develop small black-owned businesses, ensuring long-term impact and integration into our supply chain</li> </ul>		



## Environmental responsibility

To be a leader within the hospitality sector in environmentally sustainable business practices

KPI	Why this KPI is important	Link to executive remuneration
<b>Expenditure on hotel operational resilience</b>	Monitoring expenditure on building resilience is fundamental as it aligns with our dedication to sustainable investments. These investments not only boost profitability but also play a crucial role in the preservation of natural capital.	X
<b>Performance overview for 2024</b>		
<ul style="list-style-type: none"> <li>Completed solar installations at 16 hotels, bringing the total number of hotels with access to renewable solar energy to 41 (2023: 25 hotels), which has the capacity to provide up to 16% of the total energy requirements of the group.</li> <li>11 hotels utilise boreholes filtration plants (2023: six hotels)</li> <li>86% of eggs served across the group now align with our cage-free commitment (2023: 65%)</li> <li>No environmental accidents occurred during the year, nor were any environmental fines imposed on the group</li> </ul>		
<b>Looking ahead</b>		
<ul style="list-style-type: none"> <li>Reducing energy consumption on a per-room-sold basis to reinforce our sustainability commitment</li> <li>Upskilling personnel and leveraging technology for data-driven, sustainable decision-making</li> <li>Continuously enhancing waste management</li> <li>Launching campaigns to encourage guest participation in sustainability practices</li> <li>Continuing to contribute to responsible environmental practices guided by our sustainability committee</li> </ul>		



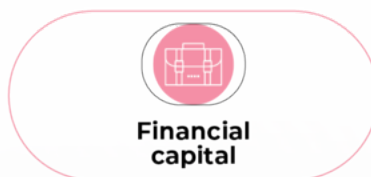
## Information technology

To develop and maintain an innovative technology platform

KPI	Why this KPI is important	Link to executive remuneration
<b>Value added to City Lodge Hotels</b> , for example, BAR continues to reap rewards in delivering revenue growth, allowing our hotels to optimise rates during periods of high demand and, in turn, offering competitive, best-value promotional pricing during low demand periods	In the hospitality industry, the value added to the business by technological innovations is a vital KPI because it directly influences efficiency, guest experience, and competitiveness. Technology can streamline operations, enhance the personalisation of guest services, and allow for a more agile response to market trends, thereby contributing to guest satisfaction and the business's overall success.	X
<b>Performance overview for 2024</b>		
<ul style="list-style-type: none"> <li>Modernised productivity tools for better collaboration and efficiency</li> <li>Upgraded physical infrastructure and progressed with cloud solutions</li> <li>AI and machine-learning tool driving client analysis and personalised offerings</li> <li>BAR pricing strategy maximised revenue with dynamic rate adjustments</li> <li>New integration tool expanded online presence and optimised real-time pricing</li> <li>Intranet-improved communication served to foster a unified culture</li> <li>Internal IT satisfaction survey system introduced</li> </ul>		
<b>Looking ahead</b>		
<ul style="list-style-type: none"> <li>Enhancing our technology platform to boost operational efficiency and guest experience</li> <li>Continue developing our AI and machine-learning tool</li> <li>Optimising the BAR pricing strategy for better responsiveness to demand</li> <li>Strengthening internal communication and collaboration through digital tools</li> </ul>		



## Our capital performance



### What financial capital means to us

Our financial capital consists of the funds we have on hand for deployment. These funds come from various sources, including cash generated by our operating activities and debt and equity financing. We utilise this capital for business operations such as meeting running costs, maintaining and refurbishing properties, supporting new developments, and strategic acquisitions.

#### Check into easy

Disciplined financial management is not just about securing cost-effective funding through equity or debt; it is about ensuring every rand is utilised to support our *check into easy* promise. By maintaining robust credit metrics and optimising our cost of capital, we create a sustainable financial structure that enables strategic reinvestment in our operations, including extensive refurbishments, sustainability initiatives like solar installations and water security enhancements, and significant IT system upgrades. These investments are critical to modernising our facilities and turning our commitment to effortless experiences into a reality.

#### KEY OUTCOMES

##### Revenue

**R1.9bn**

2023: R1.7bn

##### Adjusted EBITDAR

**R586m**

2023: R516m

##### HEPS

**33.2c**

2023: 30.3c

##### Adjusted HEPS

**31.8c**

2023: 23.2c

##### Cash generated by operating activities

**R577m**

2023: R539m

##### Total dividends declared

**15c**

2023: 13c

## Chief financial officer's review

City Lodge Hotels continues to demonstrate strong operational and financial resilience, navigating the economic landscape through strategic initiatives aimed at growth and efficiency.

**Dhanisha Nathoo**  
Chief financial officer, City Lodge Hotels



This year marks a **significant pivot** from preserving value to **creating it** as we invest in our growth and **resilience**.

### Overview of the year

For the year ended 30 June 2024, City Lodge Hotels delivered total revenue of R1.9 billion, up from R1.7 billion in 2023. Rooms revenue grew by 11%, primarily driven by an 8% increase in average room rates and improving demand across the group's portfolio. In particular, the enhanced food and beverage offering resulted in a 22% increase in food and beverage revenue, contributing R363.3 million, or 19% of total revenue (2023: R298.9 million, or 17%).

Operating costs grew by 10%, influenced by higher occupancy rates, rising inflation, and a focus on maintaining consistent service delivery. Despite these cost pressures, the group remained competitive through strategic pricing and efficient cost-control measures. Salaries and wages increased by 12% to R553.3 million, reflecting the upskilling and right-sizing of our food and beverage staff to support growth in this segment.

Rooms-related costs and food and beverage costs are largely variable in nature, increasing as a result of higher demand, with rooms-related expenses up 19% to R226.2 million (2023: R189.6 million) and food and beverage costs increasing by 17% to R146.2 million (2023: R124.8 million). Despite these cost increases, food and beverage gross profit margins improved to 60% (2023: 58%), further underscoring the group's ability to extract value from its enhanced service offerings.

EBITDAR for the year amounted to R574.4 million, a 3% increase from R556.3 million in 2023, while the EBITDAR margin stood at 29.8% (2023: 32.4%). Adjusted EBITDAR (EBITDAR excluding unrealised gains or losses on foreign exchange and exceptional items) was R586.2 million, reflecting an adjusted margin of 30.4% (2023: 30.1%). Depreciation costs increased by 7% to R171.3 million (2023: R166.0 million), driven by refurbishment investments to improve the guest experience.

Despite the ongoing challenges of high inflation, interest rate increases, and rising operational costs, the group remained committed to creating value for its stakeholders by focusing on guest experience, service excellence, and disciplined financial management.

Group revenue increased by 13%, with occupancy rates rising to 58% – two percentage points ahead of 2023.

Our enhanced food and beverage offering and competitive pricing strategies have allowed us to maintain robust performance in a volatile market. These results, supported by targeted investments and strategic cost management, have enabled us to remain agile and focused on long-term growth.



## Our capital performance continued

### Chief financial officer's review continued

The group's **financial position**, as reflected in the debt-free balance sheet, has **significantly strengthened**.

Taxation increased by 19% to R65.8 million (2023: R53.3 million) reflecting higher profitability, and partially offset by a R20 million credit for the recognition of a deferred tax asset in Namibia. Net profit after tax rose to R188.7 million, a 15% increase over the R163.7 million reported in 2023. This resulted in diluted earnings per share growing by 16% to 33.2 cents (2023: 28.6 cents) and adjusted headline earnings per share growing by 37% to 31.8 cents (2023: 23.2 cents).

The group's strong cash flow generation of R576.7 million (2023: 539.5 million) has allowed it to continue investing in its strategic initiatives while maintaining a debt-free position. Capital expenditure was focused on critical projects, including refurbishing hotel rooms at City Lodge Hotel at OR Tambo International Airport and City Lodge Hotel V&A Waterfront. The group also completed phase 2 of its solar power rollout, increasing renewable energy capacity to 41 hotels, which will provide up to 16.3% capacity of the group's energy requirements. In addition, water resilience initiatives were expanded. Three new boreholes and filtration plants were added, along with five new filtration plants to existing boreholes and three additional water storage tanks to further reduce dependency on municipal water supplies.

#### Outlook and appreciation

As we look ahead to the 2025 financial year, the group is cautiously optimistic about economic recovery and the broader macroeconomic environment. While inflationary pressures and loadshedding remain challenges, we anticipate these headwinds will begin to ease in the latter part of the year. The newly formed Government of National Unity is expected to introduce fiscal policies aimed at stabilising the economy, which, along with further potential interest rate cuts, should provide some relief to both consumers and businesses.

While occupancy trends have been softer in the early part of the new year, we remain confident that demand will recover as consumer and business confidence improves. In particular, we anticipate growth in the Western Cape and Johannesburg markets as business travel demand picks up.

City Lodge Hotels is well-positioned to capitalise on this recovery, with R459.4 million in capital commitments authorised for the year ahead. These funds will be used to continue our modernisation programme, invest in new technologies, and expand our sustainability initiatives. Our focus on energy efficiency, water resilience, and service innovation will ensure we remain a leader in the South African hospitality industry, delivering value for guests, shareholders, and staff.

I would like to express my sincere gratitude to our employees, partners, and guests for their unwavering support and commitment. The past year has proven the strength and resilience of City Lodge Hotels, and I have every confidence that we will continue to thrive as we navigate the challenges and opportunities ahead.



**DHANISHA NATHOO**  
Chief financial officer, City Lodge Hotels

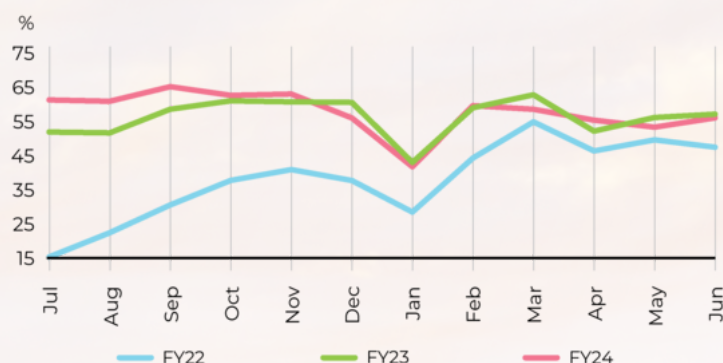
## Our financial capital performance in focus

### Occupancy performance

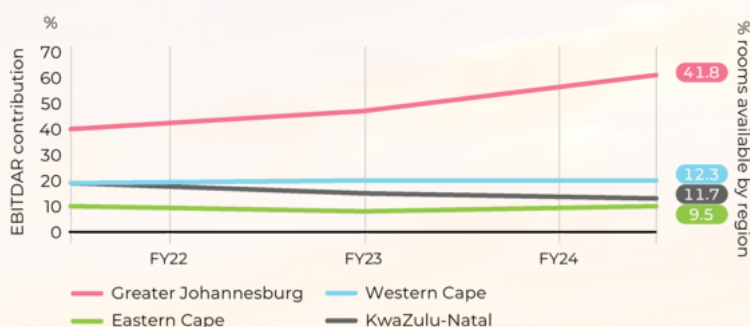
We were pleased to note the sustained growth in occupancies throughout the year.

	30 June 2024	30 June 2023	30 June 2022
Average group occupancies	58%	56%	38%
Average South African occupancies	58%	57%	40%

Group occupancy – three year comparison (%)



Regional EBITDAR contribution (% of total) compared to % of rooms available



The financial year (FY) kicked off with optimism and strong occupancy demand in the first quarter of FY24 of eight percentage points ahead of FY23. However, the impact of prolonged high inflation and interest rate pressures, combined with government austerity measures from October 2024, and poor investor and consumer confidence caused by the political uncertainty in the run up to the South African national elections, all contributed to subdued demand between Q2 through to Q4 2024. Notwithstanding these adverse factors, occupancy improved by two percentage points for the year.

Regionally, Western Cape has delivered the most consistent recovery, with Greater Johannesburg also showing improvement from a low base during the Covid-19 pandemic. In contrast, demand in KwaZulu Natal has struggled due to socio-economic and environmental challenges.



## Our capital performance continued

### Seven-year financial review

We are pleased to present our seven-year financial review. This comprehensive look back is a testament to our commitment to sustainable growth and value creation for our shareholders. We are proud of our accomplishments and are fully invested in delivering a resilient financial performance in the years to come.

The 2018 to 2020 historical normalised financial information provided in this seven-year financial review is considered to include pro forma financial information under the JSE Listings Requirements. It is prepared to present the group's sustainable earnings history and is for illustrative purposes only. This information is the responsibility of the company's directors. Owing to its nature, the information provided may not fairly present the financial position, changes in equity or results of operations or cash flows. The reporting accountant provided assurance on the pro forma information for prior years, and these reports are available for inspection at the issuer's registered office.

2021 to 2024 financial information is presented on the IFRS reporting basis. Historically, the 99.99% share purchase by the group in the B-BBEE SPV entities in December 2020, and the reversal of B-BBEE financial information have been the most significant normalisation adjustments. Financial information for 2021 to 2024 includes the application of IFRS 16 Leases, which was adopted for all periods commencing from 1 July 2019. 2018 to 2020 do not reflect the adoption of IFRS 16 Leases. Therefore, normalised information may not be comparable.

R'm	Reported				Normalised		
	2024	2023	2022	2021	2020	2019	2018
<b>Consolidated statements of profit and loss</b>							
Revenue	1 930.5	1 714.7	1 103.9	507.8	1 159.3	1 548.0	1 498.4
EBITDA <sup>#</sup>	558.9	542.3	297.8	(138.4)	228.6	489.7	588.0
Depreciation and amortisation	(76.3)	(65.5)	(90.5)	(120.0)	(131.1)	(117.5)	(105.2)
Depreciation – right-of-use assets	(95.0)	(95.1)	(90.2)	(85.9)	–	–	–
Net impairment (losses)/reversals	–	(26.4)	57.2	(387.6)	(488.4)	–	–
Operating profit/(loss)	387.6	355.3	174.3	(731.9)	(390.9)	372.2	482.8
Net interest expense	(133.2)	(136.2)	(178.7)	(169.7)	(31.7)	(2.4)	(1.9)
Profit on disposal of East Africa	–	–	88.3	–	–	–	–
Profit/(loss) before taxation	254.4	219.1	83.9	(901.6)	(422.6)	369.8	480.9
Taxation	(65.8)	(55.3)	(2.2)	97.0	66.7	(102.5)	(132.8)
Profit/(loss) for the year	188.7	163.7	81.7	(804.6)	(355.9)	267.3	348.1
<b>Determination of headline earnings</b>							
Profit/(loss) for the year	188.7	163.7	81.7	(804.6)	(355.9)	267.3	348.1
Profit on disposal of East Africa	–	–	(88.3)	–	–	–	–
(Profit)/loss on sale of equipment	(0.1)	(0.2)	–	–	–	(0.2)	(21.9)
Net impairment losses/(reversals)	–	17.5	(57.2)	341.5	488.4	–	–
Impairment of goodwill	–	9.0	–	10.6	–	–	–
Change in corporation tax rate	–	–	2.0	–	–	–	–
Taxation effect	–	(16.7)	12.2	(2.7)	(143.9)	–	4.9
Headline earnings/(loss)	188.6	173.3	(49.6)	(455.2)	(11.4)	267.1	331.1
<b>Number of shares for EPS calculations* (000)</b>							
Undiluted weighted average	567 391	571 645	571 644	501 001	36 606	36 556	36 543
Normalised share adjustments	–	–	–	–	6 897	6 896	6 899
B-BBEE shares treated as treasury shares	–	–	–	–	6 390	6 390	6 390
10th-anniversary employees' share trust treated as treasury shares	–	–	–	–	507	506	509
Undiluted weighted average	567 391	571 645	571 644	501 001	43 503	43 452	43 442
Dilutive share awards	389	1 231	1 210	–	–	86	86
<b>Diluted weighted average</b>	<b>567 780</b>	<b>572 876</b>	<b>572 854</b>	<b>501 001</b>	<b>43 503</b>	<b>43 538</b>	<b>43 528</b>

\* 2020 weighted average shares have not been restated for IAS 33.28.

<sup>#</sup> EBITDA is calculated as EBITDAR less variable lease payments.

R'm	Reported				Normalised		
	2024	2023	2022	2021	2020	2019	2018
<b>Consolidated statements of financial position</b>							
<b>ASSETS</b>							
<b>Non-current assets</b>	<b>2 732.1</b>	2 732.4	2 662.2	2 740.0	3 637.8	2 751.4	2 385.0
Property, plant and equipment	<b>1 762.6</b>	1 687.8	1 576.9	1 671.9	2 509.8	2 630.4	2 285.4
Right-of-use assets	<b>917.4</b>	1 010.9	1 040.9	998.3	985.0	–	–
Intangible assets and goodwill	<b>24.5</b>	22.3	33.7	39.9	57.4	55.4	54.7
Investments and loans	<b>0.8</b>	0.8	0.8	0.8	34.8	34.8	34.2
Other investments	<b>–</b>	–	–	–	7.9	13.0	–
Deferred taxation	<b>26.8</b>	10.6	9.9	29.1	42.9	17.8	10.7
<b>Current assets</b>	<b>231.7</b>	489.0	620.0	613.5	288.1	335.0	362.7
<b>Total assets</b>	<b>2 963.8</b>	3 221.4	3 282.2	3 353.5	3 925.9	3 086.4	2 747.7
<b>EQUITY</b>							
<b>Total shareholders' funds</b>	<b>1 173.6</b>	1 118.0	975.2	936.4	1 451.9	1 948.0	1 868.9
Stated capital	<b>1 273.1</b>	1 324.7	1 324.7	1 324.7	179.5	179.5	179.5
Treasury shares	<b>(512.8)</b>	(504.7)	(507.7)	(510.9)	(9.6)	(13.3)	(20.3)
Reserves	<b>413.3</b>	298.0	158.2	122.6	1 282.0	1 781.8	1 709.7
<b>LIABILITIES</b>							
<b>Non-current liabilities</b>	<b>1 405.9</b>	1 770.2	1 759.8	2 043.9	2 245.4	924.5	701.4
Interest-bearing borrowings	<b>–</b>	300.0	400.0	650.0	750.0	660.0	450.0
Lease liabilities	<b>1 336.3</b>	1 416.1	1 338.6	1 365.6	1 376.1	–	–
Other non-current liabilities	<b>10.7</b>	10.7	8.7	–	–	78.9	86.3
Deferred taxation	<b>58.9</b>	43.4	12.5	28.3	119.3	185.6	165.1
<b>Current liabilities</b>	<b>384.3</b>	333.2	547.2	373.2	228.6	213.9	177.4
<b>Total equity and liabilities</b>	<b>2 963.8</b>	3 221.4	3 282.2	3 353.5	3 925.9	3 086.4	2 747.7



## Our capital performance continued

R'm	Reported				Normalised		
	2024	2023	2022	2021	2020*	2019	2018
<b>Ordinary share performance</b>							
Shares in issue (000)	559 932	571 645	571 644	571 644	43 574	43 574	43 574
Weighted average shares in issue (000)	567 780	572 876	572 854	501 001	43 503	43 452	43 442
Earnings per share (cents)	33.3	28.6	14.3	(160.6)	(818.1)	615.2	801.3
Headline earnings/(loss) per share (cents)	33.2	30.3	(8.7)	(90.9)	(181.1)	614.6	762.1
Diluted headline earnings/(loss) per share (cents)	33.2	30.3	(8.6)	(90.9)	(181.1)	613.4	760.6
Dividends per share (cents)	15.0	13.0	–	–	153.0	366.0	454.0
Dividend cover (times)	2.2	2.3	–	–	(0.2)	1.7	1.7
Net asset value per share (cents)	210	196	171	164	3 332	4 471	4 289
Net tangible asset value per share (cents)	205	192	165	157	8 878	6 956	6 180
<b>Profitability and liquidity</b>							
EBITDA margin (%)	29.0	31.6	27.0	(27.3)	19.7	31.6	39.2
EBITDAR margin (%)	29.8	32.4	27.5	(26.9)	29.7	39.1	46.3
Operating profit margin (%)	20.1	20.7	10.6	(67.8)	8.4	24.0	32.0
Effective tax rate (%)	25.8	25.3	2.6	(10.7)	(15.8)	27.7	27.2
Return on equity (%)	16.5	15.6	8.6	(1.1)	(0.7)	14.0	18.5
Interest-bearing debt to equity (%)	–	26.8	68.3	78.9	54.9	33.9	24.1
Current ratio (times)	0.6	1.5	1.1	1.6	1.3	1.6	2.0
<b>Stock exchange performance</b>							
Market price per ordinary share							
– Closing (Rand)	4.33	4.97	3.95	3.51	23.75	102.71	141.82
– Highest (Rand)	5.13	5.56	6.50	22.50	117.23	156.99	178.5
– Lowest (Rand)	3.95	3.59	3.37	2.25	16.79	97.00	114.96
Total market capitalisation (R'm)	2 590	3 031	2 409	2 141	1 035	4 475	6 180
Fully diluted closing price-earnings multiple (times)	13.0	17.4	27.6	(2.2)	(13.1)	16.7	18.7
Volume traded							
– Ordinary shares (000)	168 412	301 658	379 560	530 366	37 071	12 139	17 795
<b>Other</b>							
Number of hotels at year end	59	59	59	63	62	60	59
Number of rooms at year end	7 534	7 534	7 534	8 070	7 902	7 600	7 391
Group average occupancy (%)	58	56	38	19	38	55	59
South Africa's average occupancy (%)	58	57	40	21	41	58	61

\* 2020 information has not been restated for IAS 33.28 due to the rights offer in August 2020.

## Value added statement

R000	GROUP		2024 % of total	2023 % of total
	2024	2023		
Revenue <sup>1</sup>	2 219 360	1 971 316		
Paid to suppliers for materials and services	(873 452)	(787 570)		
Value added by operations	1 345 908	1 183 746		
Interest income	3 341	12 214		
Total wealth created	1 349 249	1 195 960	100	100
Distributed as follows:				
<b>Salaries, wages and all related benefits<sup>2</sup></b>				
– direct	354 683	334 122		
– indirect	121 913	97 557		
	476 596	431 679	35	36
<b>Government</b>				
Taxes <sup>3</sup>	253 316	203 191		
Rates	43 213	59 611		
	296 529	262 802	22	22
<b>Providers of capital</b>				
Dividends to ordinary shareholders	79 636	28 723		
Interest on borrowings	136 519	148 426		
	216 155	177 149	16	15
<b>Reinvested to develop/maintain operations</b>				
Depreciation and amortisation	171 302	160 581		
Accumulated profit	188 667	163 749		
	359 969	324 330	27	27
Headcount				
– direct	1 220	1 199		
– indirect <sup>4</sup>	90	54		
Total headcount <sup>4</sup>	1 310	1 253		

<sup>1</sup> Including value added taxation (VAT).

<sup>2</sup> Excluding employee taxes.

<sup>3</sup> Includes income taxation, deferred taxation, employee taxes and net VAT.

<sup>4</sup> 2023 indirect headcount has been restated to exclude 52 experiential students.



Our capital performance continued



Manufactured capital

What manufactured capital means to us

We define manufactured capital as the tangible assets of our business, primarily the brick-and-mortar properties where we operate. While these properties serve as physical locations for our hotels, their function extends beyond that. The essence of a brand is embodied in them, forming an essential component of our definition of manufactured capital. This concept extends to our four hotel brands, Courtyard Hotel, City Lodge Hotel, Town Lodge, and Road Lodge, making them a vital part of our value and identity.

Check into easy

When you choose to stay at any of our hotels, you are embracing our commitment to making life easier – an ethos that is deeply embedded in every aspect of our service. This commitment extends from the physical comforts and modern amenities provided across our diverse brands to the tailored experiences crafted to meet various needs, budgets, and lifestyle preferences. Through strategic reinvestments in our facilities and services, we aim to alleviate the daily challenges of our guests, ensuring that every stay is as effortless and enjoyable as possible.

KEY OUTCOMES

Total rooms

7 534

2023: 7 534

Total number of hotels

59

2023: 59

Average group occupancy

58%

2023: 56%

Capital expenditure of

R165 million

2023: R107 million

Four distinctive brands



Our hotels serve a function **beyond** mere physical locations. They **capture and embody the unique essence of each brand** and deliver an **exceptional accommodation experience**.

As at 30 June 2024, the group operated 59 hotels across four brands in South Africa, Botswana, Mozambique, and Namibia.

Hotel footprint



Significant focus is placed on the quality of each hotel's amenities and experiences. To remain relevant, various quality experiences must be provided at appropriate price points across our brands. Our hotels' broad geographic distribution is vital to the group's competitive advantage.

To keep our properties relevant and fresh, we have continually prioritised capital expenditure for the development, refurbishment and maintenance of our properties, with the exception of FY21 and FY22, when we suspended our capital expenditure due to the impacts of the pandemic.

Looking ahead to FY25, we have earmarked 11 hotels for refurbishment, completion of City Lodge Hotel Maputo's remaining floors, and one land acquisition, which, together with routine maintenance capex, has translated into capital commitments of R459.4 million, our largest commitment in one financial year.



# Our capital performance continued

## Brand reviews



Courtyard Hotel serves as the four-star and upscale brand within our diverse portfolio, offering a boutique experience that embodies the soft life made easy.

474 rooms 5 hotels

At our Courtyard Hotels, we elevate the concept of luxury by harmoniously blending tradition with modern sophistication. Our meticulously maintained buildings are infused with contemporary amenities such as high-speed WiFi and fully equipped boardrooms, creating a timeless and cutting-edge experience.

As the four-star gem in our diverse portfolio, Courtyard Hotel embodies the essence of boutique luxury. Designed for business travellers, leisure seekers, and long-stay guests alike, our upscale hotels offer an effortless blend of comfort and style, epitomising *the soft life made easy*. Each Courtyard Hotel is distinct, providing a bespoke accommodation experience tailored to the discerning traveller.

Courtyard Hotels remain a testament to our unwavering commitment to excellence, ensuring guests enjoy an unparalleled blend of comfort, convenience, and sophisticated ease throughout their stay.

## The soft life made easy

### LOCATIONS

Johannesburg  
Waterfall City  
Sandton  
Rosebank

Gqeberha  
Summerstrand  
Tshwane  
Arcadia

### ROOMS

- Fully air-conditioned rooms and suites
- Well-appointed bathrooms
- Fully equipped kitchenette (except Waterfall City)
- Electronic safes large enough to accommodate a laptop
- International direct-dial telephone
- Television with selected DSTv channels and radio stations
- Tea and coffee-making facilities
- Selected rooms designed for those living with disabilities



### SERVICES

- Intimate lounge area
- Restaurant serving breakfast, lunch and evening à la carte meal offering
- 24-hour enhanced security
- Free, secure parking
- Elegant boardroom
- Conference facilities (Rosebank and Waterfall City)
- Personal use of guest office
- Sparkling swimming pool
- Same-day laundry and dry-cleaning service
- 24-hour/on request launderette
- Free uncapped WiFi
- On-site fitness centre
- Hydration Station to top up your water bottle or glass with chilled, magnesium-enriched and filtered still or sparkling water





# Our capital performance continued

## Brand reviews



City Lodge Hotel is the cornerstone of our group's positioning, embodying the ideal intersection between business and leisure travel.

3 281 rooms 19 hotels

Established in 1985, our original hotel brand symbolises dedicated service and operational excellence, a standard honed over 39 years in the hospitality industry. Over this time, we have learned that attention to detail transforms a good stay into an unforgettable experience, creating lasting memories for our guests.

Our City Lodge Hotels, spread across South Africa and including our addition in Maputo, Mozambique, embody this dedication to exceptional experiences. Guests can unwind in our swimming pools, stay active in our fitness rooms, and savour fresh, delectable lunch and dinner options or enjoy our immensely popular full buffet breakfasts at our signature #Café restaurants – all culminating in the effortless comfort and convenience that define *easy living*.

We have completed the major revamp of the 207-room City Lodge Hotel V&A Waterfront, including a complete renovation and refurbishment of the bedrooms. The refurbishment of the reception, lobby, dining areas, bar, lounge, co-working spaces, deck, fitness room, and all back-of-house areas and the exterior commenced in August 2024, with completion planned for November 2024.

As the cornerstone of our group's positioning, City Lodge Hotel perfectly balances business and leisure travel. We are committed to providing uncomplicated, easy living, ensuring our guests experience a seamless transition from work to relaxation.

## Easy living

### LOCATIONS

#### SOUTH AFRICA

Bloemfontein  
Central

Cape Town  
GrandWest,  
Pinelands,  
V&A Waterfront

Durban  
Central,  
Umhlanga Ridge

Tshwane  
Hatfield,  
Lynnwood

#### Johannesburg

Airport – Barbara Road,  
Bryanston, Eastgate,  
Fourways, Newtown, OR  
Tambo International Airport,  
Sandton – Katherine Street,  
Sandton – Morningside,  
Waterfall City

Gqeberha  
Summerstrand

MOZAMBIQUE  
Maputo

### ROOMS

- Spacious rooms with queen or twin beds
- Television with selected DSTV channels and radio stations
- En-suite bathroom with shower.
- Tea and coffee-making facilities
- Rooms with sleeper sofas available at selected hotels
- Electronic safes large enough to accommodate a laptop
- Desks with lighting and plugs for easy connectivity
- Fully air-conditioned rooms
- Selected rooms designed for persons living with disabilities
- Interleading family rooms available

### SERVICES

- #Café restaurant and Sundowner bar
- Fitness room
- Boardroom
- Convenient locations, close to major travel routes
- Full English, continental and light breakfast daily
- 24-hour reception and check-in
- 24-hour vending machines stocked with snacks and cold beverages
- Same-day laundry and dry-cleaning service
- Sparkling swimming pool
- Free, secure parking
- Free uncapped WiFi
- Hydration Station to top up your water bottle or glass with chilled, magnesium-enriched and filtered still or sparkling water



# Our capital performance continued

## Brand reviews



Town Lodge brand embodies the philosophy that you don't have to stretch your budget to enjoy a little extra.

1 507 rooms

12 hotels

The Town Lodge brand offers the perfect blend of affordability and comfort for travellers who value quality and cost-effectiveness in an upper mid-scale hotel.

Strategically located across South Africa, as well as in Windhoek, Namibia, and Gaborone, Botswana, our Town Lodges offer more than just the basics. Guests enjoy air-conditioned rooms, spacious showers, and access to a refreshing swimming pool. Our Eat-in menu features a variety of wholesome à la carte lunch and dinner options daily, complemented by our traditional full buffet breakfast.

Town Lodge is *the easy choice*, providing a smart, aesthetically appealing, cost-effective solution for work and play, complete with ample parking and fast, reliable uncapped WiFi.



### SERVICES

- Convenient locations, close to major routes
- Free, secure parking
- 24-hour reception and check-in
- Full English, continental and light breakfast daily
- 24-hour vending machine for snacks and beverages
- Eat-in lunch and dinner daily
- Same-day laundry and dry-cleaning service
- Free uncapped WiFi
- Hydration Station to top up your water bottle or glass with chilled, magnesium-enriched and filtered still or sparkling water
- Meeting facilities in selected hotels
- Sparkling swimming pools at selected hotels

## The easy choice

### LOCATIONS

#### SOUTH AFRICA

- Cape Town  
Bellville
- Johannesburg  
Airport, Midrand, Roodepoort
- Mbombela
- Polokwane
- George

- Gqeberha**  
Summerstrand
- Tshwane**  
Menlo Park
- Durban**  
Umhlanga
- BOTSWANA**  
Gaborone
- NAMIBIA**  
Windhoek

### ROOMS

- Spacious rooms with double or twin beds
- Television with selected DSTV channels and radio stations
- Interleading family rooms available
- En-suite bathroom with shower
- Tea and coffee-making facilities
- Desks with lighting and plugs for easy connectivity
- Electronic safes large enough to accommodate a laptop
- Selected rooms designed for those living with disabilities
- Fully air-conditioned rooms





# Our capital performance continued

## Brand reviews



Road Lodge locations serve as a nationwide solution for guests who value simplicity and affordability, seamlessly embodying “basically easy” ethos.

2 272 rooms

23 hotels

The Road Lodge brand focuses on getting the essentials right, offering a no-nonsense stay that eliminates unnecessary extras while ensuring guest satisfaction. Our rooms, accommodating up to three people at a per-room rate, provide essential comforts, and almost all Road Lodges feature swimming pools and gardens for leisurely outdoor relaxation.

Strategically located across South Africa, including at key airports like Bloemfontein, Cape Town, Johannesburg, and Gqeberha, and near entertainment hubs like Carnival City in Gauteng, Road Lodge offers convenience without compromise. Despite being an economy hotel brand, Road Lodge upholds the standard operational processes and friendly service that define our group's properties.

In line with our commitment to innovation, all Road Lodges now offer a tailored Eat-in menu featuring satisfying lunch, dinner, and breakfast options.

## Basically easy

### LOCATIONS

- Bloemfontein**  
Airport
- Cape Town**  
Airport, N1 City
- Tshwane**  
Centurion
- Durban**  
Central,  
Umhlanga Ridge
- East London**
- Johannesburg**  
Airport, Carnival  
City, Germiston,  
Isando, Randburg,  
Rivonia, Sandton,  
Southgate
- Kimberley**
- Mbombela**
- Pietermaritzburg**
- Potchefstroom**
- Richards Bay**
- Rustenburg**
- Gqeberha**  
Airport,  
Summerstrand

### ROOMS

- Double or twin beds
- En-suite bathrooms with shower, toilet and hand basin
- Fully air-conditioned rooms
- Television with selected DSTV channels and radio stations
- Work desks
- Selected rooms designed for persons living with disabilities



### SERVICES

- Eat-in restaurant for lunch and dinner daily
- Breakfast available daily
- 24-hour vending machines stocked with snacks and cold beverages
- Free, secure parking
- 24-hour reception and check-in service
- Free uncapped WiFi
- Hydration Station to top up your water bottle or glass with chilled, magnesium-enriched and filtered still or sparkling water
- Sparkling swimming pools at selected hotels





## Our capital performance continued

### Property management

Over the years, the group has followed a stringent refurbishment programme to maintain the highest standard in the quality of our hotel product. In this financial year, the group invested R165 million in refurbishments and infrastructure (2023: R107 million). We undertook the following capital expenditure projects this year:

- Completion of the phased refurbishment of rooms at City Lodge Hotel at OR Tambo International Airport and the renovation and refurbishment of the rooms at the City Lodge Hotel V&A Waterfront
- Completion of phase 2 of our solar installations in December 2023, bringing the number of hotels with access to solar renewable energy to 41 and a total generating capacity of 2.6 MW or up to 16.3% of the group's energy requirements. Battery storage has been added to two hotels as part of a battery pilot programme
- The water supply resilience strategy has delivered three new boreholes and filtration plants, five new filtration plants to existing boreholes, and three additional water storage tanks
- Several refurbishment projects are well underway at City Lodge Hotel Lynnwood, Town Lodge Bellville, Road Lodge Durban, Road Lodge NI City, City Lodge Hotel Umhlanga Ridge, and Town Lodge George

### Food and beverage

We have embarked on a transformative journey in our food and beverage offerings, driven by strategic initiatives, innovative technology, and a commitment to quality and customer satisfaction.

In the face of high inflation, cost containment has become increasingly crucial. A critical factor in our success was the implementation of a sophisticated point-of-sale (PoS) system, which has revolutionised the management of our food and beverage operations. This technology provides detailed insights into sales trends, customer preferences, and operational efficiencies, enabling us to refine our menus and focus on high-performing items. For instance, the PoS system highlighted the popularity of our flagship Shisa Nyama dish, which is now offered in different ways across all four of our brands, catering to local tastes. Furthermore, by optimising procurement, managing production efficiently, and reducing waste, we have maintained value for money and ensured our offerings are affordable.

The continued rollout of intelligent ovens has significantly enhanced our food and beverage offerings, enabling a wider variety of dishes with consistent quality. The benefits are clear: increased productivity and reduced cooking times while maintaining high hygiene standards through ultra-fast cleaning processes.

We also focused on staffing – transforming our food and beverage operations while empowering our team through ongoing training and development (see our human capital discussion on page 67 for more detail). The trust our managers and staff have developed in their capabilities has been crucial to our success.

Looking ahead, our commitment to innovation and quality improvement remains unwavering. We aim to build on the past year's successes by continuing to refine our food and beverage offerings. The "Just One More" campaign – a proactive initiative to enhance the guest experience in our restaurants while boosting sales responsibly – exemplifies our focus on making incremental changes that align with guest preferences. As part of this campaign, our food and beverage staff were trained to encourage guests to consider enjoying one more of whatever they were already relishing. This approach not only continuously enhances the overall guest experience but also supports our ongoing efforts to improve and innovate.

### Empowering communities through our debut house wines

In July 2024, City Lodge Hotels proudly introduced our debut house wines, Sommelier's Choice, EASY Red Pinotage and EASY White Sauvignon Blanc, in collaboration with Diemersfontein Wine Estate and Thokozani Staff Holdings. This initiative enhances our food and beverage offerings and reflects our deep commitment to social sustainability and economic empowerment.

Diemersfontein Wines' majority shareholder, Thokozani is a Level 1 B-BBEE majority-female company and an empowerment venture between Diemersfontein and the estate's employees. Thokozani (means "celebrations" in Zulu) wines are produced by employees of the estate who enjoy ownership and a stake in the brand's success.

Denise Stubbs, the CEO of Thokozani Staff Holdings, emphasises that Thokozani "has always been focused on bringing real change to people's lives. It is crucial to prioritise training and development as an absolute necessity to achieve sustainable economic empowerment for our employees."

Our partnership with Diemersfontein and Thokozani goes beyond mere business collaboration; it represents our commitment to building a sustainable economic future for historically disadvantaged communities, creating a ripple effect of empowerment and upliftment.

Additionally, this collaboration has broader community impacts. The Wellington Preparatory School and College, located on the Diemersfontein Estate, offers high-quality education to students from diverse socioeconomic backgrounds. The financial support provided to disadvantaged students by a trust linked to the estate underscores our commitment to social development, ensuring that the benefits of this partnership extend beyond economic gains to include educational opportunities and community upliftment.

The introduction of EASY wines is a testament to our dedication to social sustainability, economic upliftment, and community development. Through this initiative, we are making a tangible contribution to the empowerment of historically disadvantaged communities and reinforcing our commitment to responsible and inclusive business practices.



SDG 4



SDG 8



SDG 10







**Intellectual capital**



## What intellectual capital means to us

Intellectual capital is fundamental to how we conduct business and what differentiates us as an organisation. It is a crucial driver of sustainable growth, encompassing the extensive knowledge and capabilities intrinsic to our operations. Unlike human capital, intellectual capital can be reproduced and shared throughout our organisation. It also includes our journey to digitalise our processes and overall service offerings.

### *How intellectual capital impacts our ability to create and sustain value*

Intellectual capital is central to our strategy, driving value creation and sustainability. We transform our hotels into dynamic service environments by leveraging our unique knowledge and innovations. This focus enhances guest experiences and business efficiency, positioning City Lodge Hotels as an ever-evolving leader in the industry. Our commitment to intellectual capital underscores our dedication to innovation and excellence, meeting market demands and maintaining our distinctive edge in hospitality.

## KEY OUTCOMES

Our artificial intelligence (AI) and machine-learning tool integrates various data points for **client personalisation and business opportunities** and has driven growth by enabling **dynamic pricing** through our **Best Available Rate (BAR)** strategy

**Upgrading Information technology (IT) infrastructure** and implementing **cloud-based solutions** have modernised operational capabilities, supporting scalability and improved business efficiency

Implemented a **new booking reservation integration tool** which improves the efficacy of BAR dynamic pricing

**Our refreshed brand identity** has been positively received, winning **several prestigious advertising awards**, enhancing our market presence and guest engagement.



## Our capital performance continued

By continuously **refining our technology**, we are strengthening our ability to respond to market trends and further **personalising our clients' experiences**.



### Information technology

#### Optimising performance

We continued to enhance our technology to optimise performance and improve the guest experience. We have focused on modernising our productivity management tools, providing richer features for collaboration and data sharing, and ensuring that our teams can work more efficiently and effectively across the organisation.

In line with our strategy to modernise our IT infrastructure, we upgraded our physical infrastructure. These upgrades are crucial in maintaining a robust and scalable environment that meets the demands of our growing business. Additionally, we are progressing with our cloud strategy, evaluating and implementing cloud-based solutions that will further enhance our operational capabilities.

Our custom-built AI and machine-learning tool continues to bear fruit. This tool integrates external economic and environmental data with historical internal data, allowing us to analyse key clients, monitor new business opportunities, and personalise offerings for individual guests, corporate clients, and agents. While we have successfully implemented nodal views, which provide a more nuanced perspective of our operations, we are working towards incorporating advanced metrics such as TRevPAR into the tool.

Leveraging insights from this innovative tool, we use our BAR pricing strategy to ensure guests receive the most competitive rates based on market conditions. This strategy has driven revenue growth by allowing us to adjust rates dynamically in response to demand fluctuations. This year, we also implemented a new integration tool that expanded our online presence and allowed us to dynamically adjust pricing based on real-time demand. This tool has been particularly effective in increasing our visibility on booking platforms and attracting more guests.

Our new intranet, launched in September last year, has become a vital asset within the organisation. It serves as the focal point for all in-house information, enhancing communication, boosting morale, and fostering innovation across different levels and locations. The intranet has significantly improved collaboration, aligning our team with the company's vision and reinforcing a unified and dynamic organisational culture.

Additionally, we have introduced an internal survey system that allows us to track and improve our IT service delivery. This system has provided valuable insights into areas where we can enhance our service and has contributed to a high satisfaction rating of 4.6 out of 5 among our internal stakeholders.



As we continue to upgrade our **IT infrastructure and tools**, we remain committed to protecting our guests' personal information and ensuring the **security of our digital assets**.



## Cybersecurity

With an emphasis on enhanced technology infrastructure and fully engaging customers over digital channels, we are aware of the growing need to protect ourselves and our customers against technology-based criminal activity.

These technological upgrades are for convenience and safety, not only security. Protecting our guests' personal information has become more crucial with the rise of ransomware and data leaks. To pre-empt these types of incidents, we have taken the following steps:

- Actively working with assurance providers to identify new developments and safeguards against cybersecurity breaches
- Using and regularly updating anti-malware software, firewalls and robust patch management processes
- Using Multi-Factor Authentication for users accessing our network
- Mandating a monthly IT and cybersecurity awareness programme for all employees
- Carrying out company wide and targeted phishing simulation tests for all staff
- Establishing a new Disaster Recovery Solution and starting with regularly testing our recovery plan
- Confirming that our hosting providers have up-to-date ISO/IEC 27001 and related standards compliance certificates in place

## Our capital performance continued

### Sales and marketing – aligning with what hotel guests want

In response to the growing demands and complexities of modern life, City Lodge Hotels has adopted a refreshed corporate identity centred around the theme, "Life is hard. *Check into easy.*" This rebranding is designed to provide guests with a sanctuary from the pressures of everyday life, whether from work, family, or societal challenges. We are dedicated to simplifying every interaction, from booking to check-out, ensuring our guests experience a seamless and stress-free stay. Our new brand platform goes beyond simply offering accommodation; it delivers a holistic experience where guests can rediscover a sense of ease and wellbeing.

We offer four brands to accommodate every type of traveller and budget:



### Our marketing position

During the year, we focused on strengthening our brand identity and optimising our pricing strategy to better align with market demands.

Our shift from fixed room rates to a dynamic BAR philosophy has significantly improved our market competitiveness. Adjusting pricing based on customer demand has increased average room rates and overall accommodation revenue, allowing us to secure further market share. To support this strategy, we intensified our revenue management training for general and assistant general managers, resulting in greater confidence and proficiency in applying these skills.

Our hotels' refreshed visual identity and strategic brand positioning have been met with overwhelmingly positive feedback from staff and guests. The fresh look and re-emergence of our brand's quirky personality have resonated well in the market.

Our strategic approach to engagement across digital channels was significantly enhanced, accompanied by the execution of two brand campaigns. Our primary campaign was a fully integrated effort spanning all online and offline touchpoints. The second, "Bedtime Stories for Business People," was a digital and below-the-line campaign. Additionally, multiple influencer campaigns have been conducted across social platforms. This social and synergistic approach to public relations has resulted in increased brand awareness, which, in many cases, has translated into improved occupancy during promotions.

#### Sleep easy with City Lodge Hotels

City Lodge Hotels introduced an innovative offering for business travellers during the year – Bedtime Stories for Business People. Recognising the high stress levels and difficulty in achieving restful sleep often faced by professionals on the road, this unique initiative provides guests with a series of humorous and relaxing audio stories designed to ease the pressures of business travel. These bespoke tales offer a light-hearted escape, helping guests unwind after a long day and preparing them for the challenges of the next.

Each story reflects the quirky and playful personality of the City Lodge Hotels brand, resonating well with guests who appreciate both the wit and the comforting nature of this service. The Bedtime Stories have enhanced the guest experience and further solidified City Lodge Hotels' commitment to going above and beyond in providing innovative solutions to meet the needs of our guests.

The initiative has garnered several awards, including Mark Lives' Ad of the Month, Gareth Cliff Central's Special Call Out, Creative Circle's First for Audio and First for Digital Comms, a Graphite Pencil from D&AD, a shortlist at Cannes for Boss and Intern, accolades from Bookmarks and several 2024 Loerie Awards.



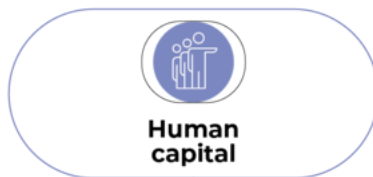
The success of our marketing efforts has been recognised with several prestigious advertising awards for the *check into easy* campaign too, including Creative Circle's Ad of the Month and third place for Digital Comms, Mark Lives' Ad of the Month, The Citizen's Orchid, and a Merit from One Show. Additionally, our Mother's Day Radio campaign received second place in Radio and Audio from Creative Circle, as well as several 2024 Loeries Silver Awards and a Gold Award. These awards underscore the impact and creativity of our campaigns, further solidifying our position in the market.

Participation in significant hospitality events like Africa's Travel Indaba, World Travel Market Africa, and Meetings Africa provided invaluable opportunities to showcase our brands to a broader audience, including local and international markets. These platforms allow us to directly engage buyers purchasing accommodation for corporate and leisure markets.

Additionally, our increased visibility on OTA platforms has enhanced our brand recognition locally and internationally. This channel has shown favourable year-on-year growth and remains a cornerstone of our distribution strategy, contributing to an expanded market reach.

Overall, our strategic initiatives in 2024 have positioned us firmly for continued growth, with a focus on driving brand visibility, enhancing market competitiveness, and fostering enduring partnerships.





## What human capital means to us

At City Lodge Hotels, we recognise that our people are the cornerstone of our success, essential to fulfilling our purpose and achieving our strategic objectives. They form the human capital that drives our organisation, and we commit to nurturing this vital asset.

### Check into easy

Our unique culture thrives on consistent investment in our staff, granting individual hotel management teams significant autonomy within our centralised management structure. They have the independence to hire and manage their people, aligning them with the group's core values. Management, in turn, actively explores avenues for skills development, whether through acquiring new competencies or enhancing existing ones.

This human-centred approach enables focused skills development, strengthening our position as an industry leader and making ease a reality for our guests and employees.

### KEY OUTCOMES

#### Employee headcount

**1 310**

2023: 1 253<sup>1</sup>

#### New cultural framework

#### Total spend on employee remuneration

**R553.3m**

2023: R492.7m

#### Total spend on training and development

**R4.9m**

2023: R5.8m

We recognise that our people are the cornerstone of our success, essential to fulfilling our purpose and achieving our strategic objectives.

<sup>1</sup> 2023 employee headcount has been restated to exclude 52 experiential students.

## Our capital performance continued

With the launch at the annual **leader's conference**, we made significant progress in **implementing the culture change initiative**.



### Employee value proposition

At City Lodge Hotels, we are dedicated to creating an environment where our people thrive. We are driven by our values, with a deep passion for exceptional service and cultivating leadership that makes a difference at every level. We actively identify and nurture talent through targeted development programmes and thoughtful succession planning. Our commitment to a safe, stimulating, and challenging work environment, supported by robust human capital planning and talent management, helps us attract and retain top talent, reflected in our employee turnover rate of 8.8% – notably lower than the industry average.

We pride ourselves on our unique identity, diverse culture, and innovative practices, which enable every team member to see the impact of their contributions. Pleasingly, 95% of our current leaders were developed internally. We are also proud of our above-industry engagement levels. Most notably, when we inquired what our people valued most in their work environment, the top responses were job security, benefits, and overall job satisfaction – outcomes in which we take considerable pride.

Our internal recognition and reward programme, 'WOW,' encourages staff and guests to acknowledge excellence, reinforcing a culture of appreciation.

Our employee value proposition is crucial to attracting, retaining, and motivating our people. By clearly communicating our offerings – compensation, benefits, career development, and company culture – we attract candidates who align with our values.

Year	Voluntary turnover	Involuntary turnover	% of total headcount
<b>2023/24</b>	<b>80</b>	<b>26</b>	<b>8.8</b>
2022/23	92	52	11.8
2021/22	99	30	10.8
2020/21	28	11	3.5
2019/20	41	22	5.5



## Culture

An organisation's culture is the invisible force that shapes how teams collaborate, innovate, and achieve results. It is more than just shared values and beliefs – it is the foundation that guides every interaction, decision, and approach to work within the company. Recognising culture's pivotal role, we embarked on a significant initiative to embed our cultural framework during the previous financial year. Our core values of accountability, respect, integrity, and confidence are at the heart of our culture transformation, underpinning our efforts to foster a workplace where every decision and interaction aligns with our commitment to excellence and mutual growth.

We have made meaningful progress on this journey, and while a formal follow-up survey was initially planned for FY24, we have chosen a more considered approach. This decision allows us to ensure that the fundamental concepts of our cultural shift are fully integrated before we assess our progress. Our cultural evolution has been enthusiastically embraced, leading to tangible benefits such as greater autonomy within defined parameters, faster and more effective decision-making, and more sustainable outcomes. As our team continues to adapt, we are confident that the desired behaviours and values will become even more deeply embedded across the organisation. Each team member is actively engaging with the changes, and we are excited about the positive impact this will have on our collective success.

## Digital transformation in human capital management

As part of our commitment to innovation and efficiency, we have integrated cloud-based digital tools into our human capital functions, streamlining processes and enhancing overall productivity. While adapting to new technologies can be challenging, we are actively training and supporting our employees to leverage these new technologies, fostering a culture of digital literacy and innovation. This approach boosts operational efficiency and empowers our workforce to contribute to the organisation's ongoing digital transformation.



These steps mark a conscientious effort to **define and live a culture** that resonates with the organisation's core values and goals.

## Employee and industrial relations

Sustaining good industrial relations remains imperative for City Lodge Hotels, particularly considering the challenging economic and socio-political environment in which we operate. The South African Commercial, Catering and Allied Workers Union (SACCAWU) currently represents 14.1% of the group's employees (2023: 12.3%). The group maintains a recognition agreement with SACCAWU. No workdays were lost because of industrial action during FY24. Group managers and union shop stewards regularly participate in refresher courses on group policies and procedures to enhance communication and collaboration. This ongoing education reinforces our shared values and ensures a cohesive working environment.

## Our capital performance continued

We **proactively drive a culture** that educates and empowers our **colleagues** about all forms of abuse, including gender-based violence, bullying, victimisation, and sexual harassment.

### Health, safety and wellbeing

City Lodge Hotels is committed to ensuring our guests' and staff's health and safety. We have established a health and safety committee within each hotel, with designated individuals responsible for compliance with the Occupational Health and Safety Act. At a minimum, every hotel has one staff member trained to administer first aid, allowing immediate emergency response.

Our hotels are held to a rigorous health and safety standard, undergoing an annual review as part of our internal audit process. This extends to our service providers, who must meet our health and safety requirements. All our hotels are committed to upholding hygiene standards that either meet or surpass the regulations set by the Hazard Analysis of Critical Control Points legislation.

### Safety performance

We continued demonstrating a solid commitment to staff health and safety, addressing and resolving 11 reported staff health and safety issues (compared to 13 in 2023). The group invested R1.1 million in employee occupational health and safety training across all hotels (2023: R0.4 million). This proactive approach underscores our dedication to providing a safe and secure environment.

### Employee wellbeing

In line with our values, we are committed to creating an inclusive work environment where every employee feels a deep sense of belonging. We want our team members to thrive, feel physically and psychologically secure, and achieve their full potential. To achieve this, we have integrated supportive systems, processes, and policies into our organisational culture.

We proactively drive a culture that educates and empowers our colleagues about all forms of abuse, including gender-based violence, bullying, victimisation, and sexual harassment. Our prevention approach is comprehensive, with robust policies and mechanisms in place to deal firmly with any form of abuse. For more personalised support, employees and their immediate family members have access to an independent wellness programme that offers:

- Free counselling for trauma and mental health
- Assistance with debt counselling and financial planning and guidance
- Guidance for retirement planning

In addition to these resources, our Whispa Gender-Based Violence Programme provides staff and their family members with confidential access to support if they fall victim to or are exposed to gender-based violence. Recognising the multifaceted circumstances and challenges associated with such situations, the programme is designed to be anonymous, offering immediate aid.



Whether it is guests, employees, or their loved ones facing such challenges, our goal is to guide those affected towards a safer, healthier, and more empowered life. Through this comprehensive approach, we strive to continually elevate the wellbeing of our people, reinforcing the values that form the cornerstone of our organisational ethos.



# The **WOW** programme encourages **innovative thinking** and **creative ideas** from **our employees.**

## WOW programme for employees

While rooms and facilities are essential, our staff are the true architects of positive guest experiences, which is why we have implemented our WOW service excellence programme. This initiative fosters a culture of thoughtfulness, respect, and care for our guests, focusing on the small, day-to-day activities that can elevate a stay from pleasant to extraordinary.

The WOW programme encourages innovative thinking and creative ideas from our employees. We have seen significant uptake in the use of the WOW platform, where employees actively voice their ideas and opinions on how we can improve, enhance our service offerings, and even contain costs. This engagement is crucial in driving continuous improvement and fostering a guest-centric approach. Employees who successfully deliver WOW experiences are celebrated across our group's social media pages, the WOW online portal, and the City Lodge Hotels app. This recognition builds camaraderie and motivation among staff and resonates deeply with our guests, creating memorable and lasting impressions.

At its core, the WOW programme is more than just a rewards system; it represents a fundamental shift toward a guest-first approach that permeates every aspect of our service. It is a daily reminder that putting our guests first is not just part of our business – it is the essence of who we are.

## Attracting, retaining, and motivating people

In the hospitality industry, the calibre and dedication of staff are fundamental to success. Creating exceptional guest experiences hinges on the skill and commitment of the team members who engage with guests daily. From thoughtful gestures to seamless service delivery, employees are at the heart of defining and enhancing the guest experience. As such, attracting, retaining, and inspiring top-tier talent is not just a priority but a critical necessity in this fiercely competitive sector.

Our group human resources manager is primarily responsible for attracting, developing, and retaining these high-calibre individuals. Annual appraisals enable the identification of employees who demonstrate leadership or specialist potential, guiding them onto specific career development paths. Additionally, we prioritise previously disadvantaged individuals in alignment with our employment equity and transformation objectives.

## Training and development – upskilling and empowering our people

At the core of our organisational success lies a commitment to our people's continuous growth and development. We view training not as an optional add-on but as a fundamental driver of both individual and collective achievement. By investing in upskilling and empowering our staff, we not only enhance their performance and job satisfaction but also ensure that they remain agile and responsive to the ever-evolving demands of the market. This strategic focus on development fosters a culture of innovation, instils confidence, and equips our employees with the skills needed to deliver the exceptional service our guests have come to expect. Consequently, our investment in training and development is integral to sustaining our competitive edge and achieving long-term success.

Our dedication is evidenced by an average development spend of R3 740 per employee (2023: R4 840), enabling access to various training programmes throughout the year.

In alignment with the group's strategic focus on expanding and enhancing our food and beverage offerings, a significant portion of the training and development was directed towards our kitchen and dining staff. This prioritisation reflects our commitment to elevating the culinary experiences we provide to our guests, recognising the central role that dining plays in overall satisfaction.

Key highlights for the year included the opportunity to thoroughly assess and meet our food and beverage staffing requirements, aligning this function with the established human capital practices in our rooms division. Additionally, we seized the chance to upskill our existing food and beverage staff through structured learnerships and formal training programmes. Our kitchen and dining personnel have particularly benefited from the mentorship and coaching of our General Manager: food and beverage operations. This targeted approach to professional growth has also been applied to the individuals hired as part of the YES programme, many of whom were placed in our food and beverage divisions. These concerted efforts illustrate our ongoing dedication to nurturing talent, providing opportunities, and driving excellence within our team.

## Our capital performance continued

### Training spend over five years\*

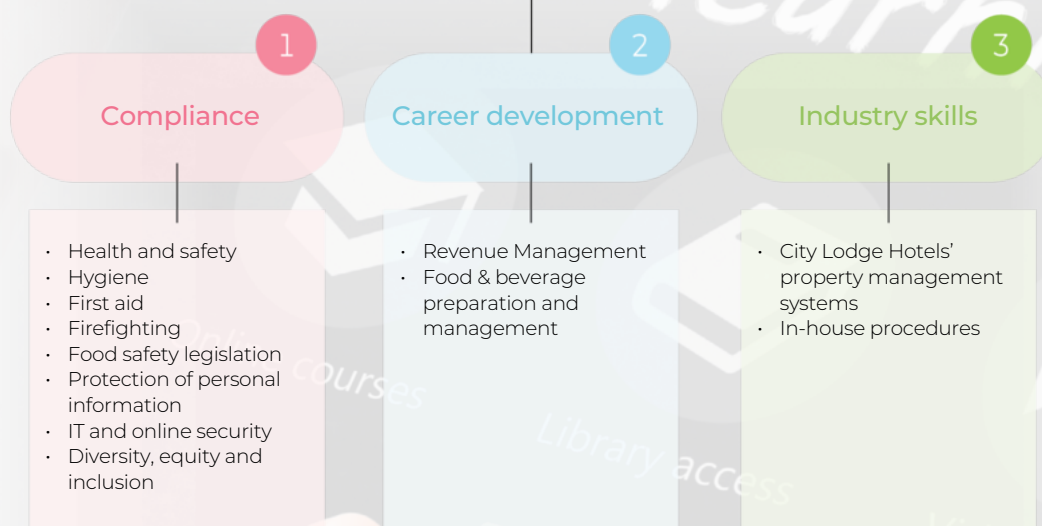
	2023	2022	2021	2020	2019
% of total payroll spent on training	<b>0.88</b>	1.87	1.86	1.93	3.53
% of total payroll spent on training previously disadvantaged employees	<b>0.76</b>	1.33	1.57	1.75	2.13
Total number of training interventions attended by all employees	<b>3 311</b>	4 522	7 146	13 564	14 870
Total number of training interventions attended by black employees	<b>2 299</b>	3 269	6 244	12 295	13 498
Total number of training interventions attended by black female employees	<b>1 484</b>	2 063	3 974	8 731	8 859
Total spend on training and development	<b>R4 900 000</b>	R5 800 000	R4 600 000	R4 400 000	R10 100 000

\* Training is measured on a calendar year. The table above is based on training received within the respective calendar year.

### We are passionate about developing people and offer numerous opportunities, such as:

- On-the-job training
- E-learning
- Internal development programmes
- Learnerships including the Youth Employment Service Programme (YES programme)
- Work-integrated learning
- Succession planning
- Accelerated Development and Deployment Programme (ADDP)
- Graduate Intern Programme (GIP)

The diagram below illustrates the three primary areas where our training and development focused during the year under review.



**We are passionate** about developing people and offer numerous **opportunities.**



## Training and development highlights

Our group provides hotel school students from across South Africa with hands-on experience through our work-integrated learning programme each year. Furthermore, City Lodge Hotels is expanding its commitment to inclusivity by launching a targeted learnership programme to provide training and opportunities to unemployed individuals with disabilities. This one-year programme focuses on food and beverage service, culminating in a formal certification. The initiative enhances participants' skills and aims to integrate more diverse talent into the workforce. By the end of the programme, City Lodge Hotels hopes to offer permanent employment to many of these individuals, fostering a more inclusive workplace and contributing to their long-term economic empowerment.

During the year under review, the group celebrated several other highlights:

- ✓ 1 284 employees participated in our elimination and prevention of harassment in the workplace training
- ✓ Our food and beverage staff participated in training regarding our "Just One More" campaign (see our food and beverage discussion in the manufactured capital section on page 58 for more detail)
- ✓ 69 employees participated in our high-performance people training
- ✓ 58 individuals across the organisation are currently enrolled in various internal development programmes
- ✓ 16 employees from the food and beverage department were invited to join a funded employed learnership. This will lead to a national certificate in professional cookery or food and beverage services. The programme aligns with our emphasis on strategic employee development
- ✓ As part of our commitment to enhancing practical learning and industry experience, the group has placed 104 experiential students within various departments for six months
- ✓ 1 264 e-learning courses were completed during the year
- ✓ We currently have 41 learners enrolled in the 2024 YES programme. The learners started in January 2024 and will complete the programme in December 2024. From the 2023 graduates, 16 (39%) have been absorbed into the organisation, which is significantly over the 2.5% national B-BBEE targets set



## Our capital performance continued

### Empowering individuals through inclusive workforce development and skill building – Avhashoni Mutavhatsindi's story

In 2012, Avhashoni Mutavhatsindi began her journey with City Lodge Hotels through a 12-month learnership programme, which played a pivotal role in shaping her career.

Starting as a trainee at City Lodge Hotel Lynnwood and later working as a receptionist at Town Lodge Menlo Park, Avhashoni discovered her passion for guest interaction and set out to show that her physical disability did not define her capabilities. These supportive experiences were crucial in honing her strengths and identifying areas for growth in the hospitality industry.

After completing the learnership, Avhashoni was offered a six-month contract, during which she achieved significant personal milestones, such as supporting her family, purchasing a home, and furthering her children's education. In January 2014, she became a permanent employee at Courtyard Hotel Arcadia, marking a decade of continuous growth and learning within City Lodge Hotels.

Reflecting on her experience, Avhashoni says, "I am deeply grateful for the opportunities City Lodge Hotels has provided me. Without this chance, I wouldn't be the person I am today." Her journey underscores our commitment to empowering individuals, promoting inclusive employment and fostering economic growth through skills development.

SDG 4



SDG 8



SDG 10



Providing training and opportunities to unemployed individuals with disabilities.



## Succession planning

As part of our comprehensive strategy to ensure continuity and drive long-term success, succession planning at City Lodge Hotels is overseen by our Mandasco. This process begins with identifying critical roles essential to our operations and strategic direction. We then assess our current talent pool, evaluating employees' skills, experience, and potential for growth to determine suitable successors.

To prepare these individuals for future leadership roles, we invest in their development through various initiatives, including mentoring, coaching, leadership programmes, and stretch assignments. Each key role has a tailored succession plan with identified candidates and a timeline for their development. These dynamic plans allow for adjustments as the company evolves and employee development needs change.

Succession planning is an ongoing process, regularly reviewed and monitored by Mandasco to ensure our efforts are aligned with our business needs. Our commitment to developing a diverse talent pipeline is evident in our emphasis on innovation, decision-making, and organisational resilience. Additionally, we have contingency plans for unexpected events, ensuring our employees are well-prepared to step into critical roles when needed. This robust succession planning process helps us mitigate risks associated with leadership changes, retain institutional knowledge, and foster a culture of growth and resilience.

## Lungile Dlamini's journey – a testament to quality education and inclusive growth

Lungile Dlamini's journey with City Lodge Hotels exemplifies the transformative power of education and the company's commitment to fostering talent.



SDG 4



SDG 8



SDG 10

Starting in 2010 with no formal qualifications, Lungile began as a room attendant and quickly became interested in guest-facing services. She took the initiative to express her interest in becoming a receptionist. Recognising her potential, her manager facilitated the cross-training that ultimately ignited her career in hospitality.

With support from City Lodge Hotels and City & Guilds, Lungile earned her Front Office Diploma and, later, an Advanced Diploma. Her dedication to education and growth led to her promotion to Road Lodge Assistant General Manager in 2021 and, by July 2024, to Junior Assistant General Manager at City Lodge Hotel Lynnwood.

Reflecting on her experience, Lungile says, "Hard work, persistence, and respect are the key elements that have helped me throughout my journey." Her rise within the company reflects City Lodge Hotels' commitment to enabling employees to advance through accessible learning and development. Her determination and the support she received demonstrate that with hard work and the right opportunities, you can achieve your dreams regardless of where you start.



## Our capital performance continued

### Skills development committee

The skills development committee is responsible for analysing the group to identify areas where additional skills and training are required within the organisation. The committee also addresses skills development issues and helps determine the group's skills development strategy. The group's registered skills development facilitator, aided by a training coordinator, submits a mandatory grant plan annually and reports on training achieved against that plan.

The committee meets at least twice annually and includes:

The divisional director: human resources

The group's registered skills development facilitator

A union representative and regional shop stewards

Staff members from different levels and backgrounds are elected by their constituencies

This collaborative approach ensures a well-rounded perspective on the group's training needs, reflecting both management's strategic goals and the diverse voices of the staff.





Our sustainability metrics in respect of human capital are outlined below:

Disclosure topic	Key performance indicator	2024	2023
Employee composition	Total employees at year end (number) <sup>1</sup>	1 310	1 253
	Permanent employees at year end (number)	1 220	1 199
	<b>Gender profile (% of permanent employee headcount)</b>		
	– Male employees	38.9	39.7
	– Female employees	61.1	60.3
	<b>Racial profile (% of permanent employee headcount)</b>		
	– African employees	76.3	73.6
	– Coloured employees	9.8	11.3
	– Indian employees	2.5	2.5
	– White employees	11.4	12.6
	<b>Cultural profile (% of permanent employee headcount)</b>		
	– Employees from SA	99.5	99.5
	– Other foreign national employees	0.5	0.5
	<b>Headcount by remuneration type (% of permanent employee headcount)</b>		
	– Defined decision-making	26.1	27.3
	– Discretionary decision-making	39.8	38.1
	– Junior management	21.3	21.7
	– Middle management	6.2	6.3
	– Senior management	5.7	5.8
	– Top management	0.9	0.8
	<b>Total number of new hires by grade (number)</b>		
	– General staff	88	159
	– Junior management	32	41
	– Middle management	4	3
	– Senior management	2	—
	– Top management	1	—
	Percentage of employees with disabilities (%)	2.2	—

<sup>1</sup> 2023 employee headcount has been restated to exclude 52 experiential students.

## Our capital performance continued

Disclosure topic	Key performance indicator	2024	2023
Management composition	Total employees in management positions (number)	417	416
	<b>Management Composition (% of total employees in management positions)</b>		
	– Black junior managers	90.4	89.23
	– White junior managers	9.6	10.77
	– Black middle managers	77.6	75
	– White middle managers	22.4	25
	– Black senior and top managers	28.4	27.5
	– White senior and top managers	71.6	72.5
	– Female managers	58.3	57.9
	– Male managers	41.7	42.1
Freedom of association and collective bargaining	Percentage of active workforce covered under collective bargaining agreements	14.1	12.3
Employee engagement	Number of reports of discrimination and harassment incidents, investigation status of reported incidents, and actions taken and the total amount of monetary losses as a result of legal proceedings associated with:		
	– Law violations	Nil	Nil
	– Employment discrimination	Nil	Nil
	<b>Total number and rate of new employee hires during the reporting period, by age group, gender, and other indicators of diversity</b>	<b>207   10.5%</b>	<b>205   12.0%</b>
	Age group (number)		
	– Under 35 years	84	154
	– Between 35 – 55 years	43	49
	– Over 55 years	—	2
	Race (number)		
	– African	113	163
	– Coloured	8	28
	– Indian	2	6
	– White	4	8
	Gender (number)		
	– Female	68	103
	– Male	59	102
	Involuntary turnover rate (%)	2.2	4.3
	Voluntary turnover rate (%)	6.6	7.7
	Average turnover rate overall (%)	8.8	12.0
	<b>Voluntary turnover rate by grade (%)</b>		
	– General staff	3.4	4.6
	– Junior management	2.1	1.8
	– Middle management	0.8	0.9
	– Senior management	0.2	0.4
	– Top management	0.1	—
	<b>City Lodge Hotels' average tenure</b>	<b>9.1 years</b>	<b>9.0 years</b>
	<b>SA National average tenure</b>	<b>3.1 years</b>	<b>2.1 years</b>



Disclosure topic	Key performance indicator	2024	2023
Occupational Health and Safety	Work-related accidents reported (number)	11	13
	– Number of Fatalities	—	—
	– Number of First Aid Cases (FACs)	7	8
	– Number of Lost Time Injuries (LTIs)	4	5
	Lost Time Injury Frequency Rate (LTIFR) (%)	1.4	1.8
	Total spend on health and safety of employees (ZAR)	R1 103 941	R400 000
Employee Training and Development	Training number of training programmes attended by employees	3 311	4 522
	Training programmes attended by male employees (number)	1 277	1 832
	– African males (%)	63.8	69.8
	– Coloured males (%)	12.1	13.1
	– Indian males (%)	4.2	3.1
	– White males (%)	19.9	14.0
	Training programmes attended by female employees (number)	2 034	2 690
	– African females (%)	73	67.8
	– Coloured females (%)	13.7	14.2
	– Indian females (%)	2.5	5.3
	– White females (%)	10.8	12.7
	Total spend on training and development (% of payroll)	0.9%	1.9%
	Percentage of total payroll spent on training previously disadvantaged employees	0.8%	1.3%
	Average training and development spend per employee (ZAR)	R3 740	R4 840
	YES programme learners	41	41
	Number of YES programme learners absorbed from prior year	16	10

Introduction

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Delivering on our strategy

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Governance

Notice of Annual General Meeting

# Our capital performance continued

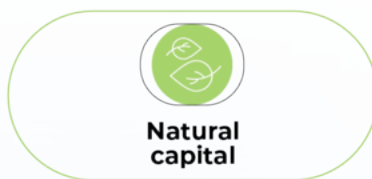
## Employee profile 2024

Occupational Levels	Male				Female				FN:	FN:	TOTAL
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top management	1	–	1	5	2	–	1	1	–	–	11
Senior management	6	4	–	33	5	3	–	19	–	–	70
Mid-management	14	2	3	7	31	6	2	10	–	1	76
Junior management	67	11	4	16	128	18	5	9	–	2	260
Discretionary decision-making	149	14	3	7	242	29	10	30	–	1	485
Defined decision-making	113	10	1	3	167	22	–	–	2	–	318
<b>TOTAL PERMANENT EMPLOYEES</b>	<b>350</b>	<b>41</b>	<b>12</b>	<b>71</b>	<b>575</b>	<b>78</b>	<b>18</b>	<b>69</b>	<b>2</b>	<b>4</b>	<b>1 220</b>
Temporary employees	22	–	1	–	63	3	–	–	–	1	90
<b>TOTAL EMPLOYEES</b>	<b>372</b>	<b>41</b>	<b>13</b>	<b>71</b>	<b>638</b>	<b>81</b>	<b>18</b>	<b>69</b>	<b>2</b>	<b>5</b>	<b>1 310</b>
Experiential students	10	–	–	–	34	–	–	–	–	–	44
<b>GRAND TOTAL</b>	<b>382</b>	<b>41</b>	<b>13</b>	<b>71</b>	<b>672</b>	<b>81</b>	<b>18</b>	<b>69</b>	<b>2</b>	<b>5</b>	<b>1 354</b>

## 2023

Occupational Levels	Male				Female				FN:	FN:	TOTAL
	African	Coloured	Indian	White	African	Coloured	Indian	White	Male	Female	
Top management	–	–	1	4	2	1	1	1	–	–	10
Senior management	6	4	–	34	5	2	–	19	–	–	70
Mid-management	11	3	4	9	29	8	2	10	–	–	76
Junior management	68	9	4	18	123	21	4	10	–	3	260
Discretionary decision-making	135	18	3	8	212	35	10	35	–	1	457
Defined decision-making	119	12	1	3	166	23	–	–	2	–	326
<b>TOTAL PERMANENT EMPLOYEES</b>	<b>339</b>	<b>46</b>	<b>13</b>	<b>76</b>	<b>537</b>	<b>90</b>	<b>17</b>	<b>75</b>	<b>2</b>	<b>4</b>	<b>1 199</b>
Temporary employees	10	–	1	–	43	–	–	–	–	–	54
<b>TOTAL EMPLOYEES</b>	<b>349</b>	<b>46</b>	<b>14</b>	<b>76</b>	<b>580</b>	<b>90</b>	<b>17</b>	<b>75</b>	<b>2</b>	<b>4</b>	<b>1 253</b>
Experiential students	16	–	–	–	36	–	–	–	–	–	52
<b>GRAND TOTAL</b>	<b>365</b>	<b>46</b>	<b>14</b>	<b>76</b>	<b>616</b>	<b>90</b>	<b>17</b>	<b>75</b>	<b>2</b>	<b>4</b>	<b>1 305</b>





## What natural capital means to us

Our natural capital comprises the renewable and non-renewable environmental resources utilised at our hotels and support office. As a group, we acknowledge the importance of conducting our business in an environmentally responsible way that aligns with our values.

### Check into easy

Natural capital is integral to the seamless experience we aim to offer. Recognising its importance in operations and as a value driver, we consider preserving natural capital a business priority. We diligently assess our environmental footprint and implement measures to mitigate adverse impacts, aligning sustainability with ease of stay.

Over the past few years, we have developed and implemented various policies, practices, and targets to minimise our environmental impact. We also actively encourage our stakeholders to join us in our commitment to sustainability. We continue to analyse, manage, and monitor these practices across all our brands to ensure environmentally responsible operations, striking a balance between what is feasible and reasonable.

### KEY OUTCOMES

#### Total Scope 1 and 2 emissions

**26 492 tCO<sub>2</sub>e**

2023: 26 671 tCO<sub>2</sub>e

#### Average water consumed per occupied room

**0.34kl**

2023: 0.35kl

#### Average electricity consumed per occupied room

**19.5kWh**

2023: 19.5kWh

#### Energy produced by solar photovoltaic (PV) installations

**2.4 million kWh**

2023: 2.2 million kWh

**86% of eggs** served across the group align with our cage-free commitment (2023: 65%)

## Our capital performance continued

Our sustainability metrics in respect of electricity and water usage are outlined below:

Disclosure topic	Key performance indicator	2024	2023
Total energy consumption	Total energy consumed (kWh)	30.3 million	29.5 million
	– Percentage grid electricity	88.9	85.5
	– Percentage of self-generated renewable energy	8.0	7.6
	– Percentage purchased renewable energy	–	–
	– Percentage of energy from fuels	3.1	6.9
	Average amount of electricity consumed per occupied room (kWh/room occupied)	19.5	19.5
	Change in energy consumed per occupied room from the previous year	–	(13.3%)
Renewable energy production	Energy produced by solar/PV installations (kWh)	2.4 million	2.2 million
	Excess solar energy produced that could be sold into national grids in the future (kWh)	–	–
	Solar installations at X number of hotels	41	25
	Reduction in the total amount of energy purchased from national energy providers	8.0%	7.6%
Water consumption	Total portfolio water consumption (kl)	525 513	522 181
	Percentage municipal water	92.0	94.0
	Percentage of other water collection	8.0	6.0
	Average amount of water consumed per occupied room (kl/room occupied)	0.34	0.35
	Total spend on water (ZAR)	24 177 576	21 244 662
	Change in water spending from the previous year (%)	13.8	47.7
Carbon emissions	Scope 1 - Direct (tCO <sub>2</sub> e)	2 455	2 827
	Scope 2 - Energy indirect (tCO <sub>2</sub> e)	24 037	23 844
		26 492	26 671
	Scope 3 - Other indirect <sup>1</sup> (tCO <sub>2</sub> e)	13 708	7 825
	Total carbon emissions (tCO <sub>2</sub> e)	40 200	34 496

<sup>1</sup> The scope of Scope 3 emissions in FY24 has been expanded to include more goods and services purchased

### Energy

Our hotels and supporting infrastructure use electricity primarily generated by the national energy providers in the countries where we operate. Most of the group's energy consumption results from water heating, air conditioning, lighting, and laundry operations. As these functions generate almost 70% of our carbon footprint, mitigating these effectively remains key.

Our total energy consumption for the period was 30.3 million kWh (2023: 29.5 million kWh). Sustainable energy management programmes at each hotel focus on operational and technical efficiencies. Our absolute energy consumption across all our hotels increased slightly by 2.7% (2023: increased by 24.5%) due to the increased number of rooms sold. However, despite the increase in total energy consumption, the kilowatt-hours per occupied room – a more accurate energy-efficiency measure as it shows how efficiently we use energy as it accounts for fluctuations in hotel occupancy – remained consistent with the prior year.

Our ongoing energy-efficiency initiatives are supported by proactive daily monitoring at each hotel, where dedicated environmental committees and environmental champions play crucial roles. The appointed environmental champion at each hotel is responsible for ensuring daily check-ups to meticulously track and review energy consumption data. This hands-on monitoring ensures that energy use is optimised and any anomalies or deviations from expected patterns are quickly identified and addressed. The environmental champion reports findings to the environmental committee, which provides oversight and ensures continued accountability and progress. This structured approach maintains consistent energy performance and fosters a culture of sustainability through regular review and collective responsibility.

Electricity consumption (per occupied room and available room) and the resultant per-room costs were as follows:

Brand	kWh per occupied room		Cost per occupied room (ZAR)		kWh per available room		Cost per available room (ZAR)	
	2024	2023	2024	2023	2024	2023	2024	2023
Courtyard Hotel	35.0	38.2	76.88	82.94	18.2	17.6	40.02	38.07
City Lodge Hotel	21.0	19.8	47.35	38.34	12.6	11.8	28.58	23.28
Town Lodge	18.8	19.5	46.24	37.53	10.7	10.6	20.37	20.37
Road Lodge	14.8	15.8	37.03	33.92	8.4	8.5	20.97	18.26



By investing in **renewable energy**, we reduce our **carbon footprint** and **ensure a more resilient** and **constant power supply**.



## Renewable energy and back-up energy supply

South Africa's reliance on coal-fired power stations and ageing national infrastructure pose significant challenges to energy reliability and environmental sustainability. This impact is particularly significant as most of our properties are located in South Africa. Despite a reduction in load-shedding in 2024, the unpredictability of the national grid, along with rising electricity costs, underscores the importance of renewable energy investments. Electricity is crucial for providing a great guest experience, powering heating, cooling, lighting, and other essential amenities. Investing in renewable energy reduces our carbon footprint and ensures a more resilient and consistent energy supply, safeguarding our operations and enhancing guest satisfaction in an increasingly uncertain energy landscape.

To date, City Lodge Hotels has installed solar PV capacity of 2.6 MW at 41 hotels. These solar plants can generate up to 16.3% of the group's total energy usage. We continue to assess the next stage of our solar journey.

We are actively exploring electricity storage options to complement our solar initiatives and further mitigate the challenges posed by load-shedding and rising electricity costs. Trials are currently underway at two hotels, where various sizes of batteries and inverters are being tested to assess their feasibility and effectiveness. However, these trials have not yielded conclusive results, with significant learning still required to fully understand the viability and optimal use of inverters.

Additionally, we are continuing to explore the installation of generator integrators that allow for the simultaneous use of generators and solar power. We are taking a prudent approach by ensuring that these technologies are viable options before committing to large-scale investments. Addressing these challenges and thoroughly understanding the business case for these solutions will be a focus in the coming year.

As power outages are relatively common across Africa, all our hotels have back-up diesel generators installed. To enhance their reliability and efficiency, we have partnered with a service provider to implement a proactive asset management programme. The initiative is active at 20 of our hotels, with an additional 19 expected to participate within the 2025 financial year. This data-driven system monitors generator usage, diesel levels, and maintenance needs, allowing us to manage ageing generators effectively, predict replacement requirements, and optimise diesel purchasing through bulk supply agreements. This partnership ensures that our operations remain uninterrupted during power outages and aligns with our commitment to sustainable and efficient resource management.

## Our capital performance continued

### Water

Given the critical need to conserve water in the water-scarce southern Africa region, the group emphasises water efficiency. This commitment to conservation is a collaborative effort between our staff and guests, and we actively promote initiatives to minimise consumption without impacting the guest experience. Our approach includes reducing the number of rooms with baths to approximately 60% of the total and installing low-flow showerheads and taps. The total water consumption for the period was 525 513kl (2023: 522 181kl), a 3 332kl, or 0.6%, increase year on year, primarily due to increased occupancy. We have managed to keep increases in water consumption to a minimum, thanks to the efforts of our environmental champions and committees. These teams, who are instrumental in our energy-efficiency initiatives, also extend their proactive monitoring and oversight to water conservation. We also continually evaluate other innovative ways to diminish overall water consumption, reflecting our determination to contribute to responsible water stewardship.

The challenges of water security are further compounded by the ageing water supply infrastructure in South Africa and disruptions caused by load-shedding, which can cause pumps to cease working. Recognising these challenges, we continue to install boreholes and filtration plants. To date, 20 hotels utilise boreholes, 12 of which have filtration systems. This strategic approach adds to the group's operational sustainability and enhances business continuity by providing an alternative to traditional infrastructure. Further boreholes and filtration systems are being considered. While we leverage these resources, we are mindful of the need to use aquifer water judiciously, ensuring our actions are sustainable and harmonised with our environmental stewardship principles. Additionally, 34 hotels now have water storage facilities to bolster resilience. Through these efforts, we are safeguarding our operations and aligning with broader efforts to ensure water security in the face of infrastructure challenges.

We are also responsible for managing water quality at our properties, achieved by using biodegradable chemicals and products, installing grease traps, and implementing saltwater chlorinators for swimming pools.

We are also responsible for **managing water quality** at our **properties**, achieved by using **biodegradable chemicals** and **products**, installing grease traps, and implementing **saltwater chlorinators** for swimming pools.





## Waste management

Guided by our commitment to responsible environmental practices and compliance with the Waste Management Act (2013), we vigorously investigate methods to eliminate food waste to landfills. Our focus remains firmly on accelerating waste management initiatives, reflecting our enduring commitment to environmental stewardship and sustainability.



SDG 6



SDG 8



SDG 12



SDG 13

# Enhancing waste management through strategic partnerships

As part of City Lodge Hotels' ongoing commitment to supplier development and responsible waste management, the group has formed a strategic alliance with Wazisa Green Solutions, a 100% black-owned company specialising in environmentally friendly cleaning solutions. Under the leadership of Wanda Sowazi, Wazisa Green Solutions has established a reputation for excellence in the Gauteng region, particularly in the tourism sector. The company is a proud member of SATSA and is known for its sustainable practices and innovative approaches to commercial property cleaning.

Wazisa uses high-pressure cleaning techniques that minimise water usage through a four-layer filtration system, allowing water to be reused. The biodegradable chemicals employed further reduce the ecological footprint, ensuring that waste, particularly sludge, is disposed of ethically via municipal channels.

This partnership enhances waste management practices and supports the group's dedication to supplier development and natural capital preservation, contributing significantly to our sustainability objectives.

In alignment with our commitment to environmental stewardship and the National Environmental Management Act, 107 of 1998 (NEMA), we are required to significantly reduce or eliminate food waste sent to landfills. Partnering with Bokashi Bran, we have implemented food waste separation, treatment, and processing nationally at most of our hotels, ensuring responsible disposal by converting waste into compost at dedicated sites.

We continue to strive towards increasing participation across more hotels, with 43 hotels diverting over 30 tonnes of food waste per quarter from landfills.

## Our capital performance continued

### Turning **waste** into **sustainable wealth**



SDG 8



SDG 12

Founded by Siya Sigcau and Mandy Collins, Organic Matters has carved a niche in environmentally conscious waste management, specialising in composting and collaborative recycling solutions. Their innovative approach has positioned them as a rising force in South Africa's hospitality sector.

Recognising the potential of this forward-thinking enterprise, a general manager at City Lodge Hotels nominated the business for the SATSA Tourism Business Incubator programme, facilitated by Sigma International. This opportunity provided Organic Matters with critical business support, including the creation of a professional website and expert financial guidance. To further fuel their expansion, City Lodge Hotels also extended an interest-free loan of R1 million, enabling the business to invest in specialised trucks essential for servicing clients across the country.

Thanks to these partnerships, Organic Matters now services all City Lodge Hotels in the country, with a presence in all nine provinces. The company's workforce has grown to 41 permanent employees and over 100 contract staff. By partnering with local businesses, Organic Matters ensures broader community engagement and sustainable wealth creation.

Looking ahead, Organic Matters plans to scale further by continuing to collaborate with regional businesses and expanding its service offerings to more clients. Organic Matters' journey with City Lodge Hotels, SATSA, and Sigma International has transformed this company from a small start-up to a trusted player in South Africa's waste management industry.

Siya's advice for aspiring entrepreneurs is simple: "Embrace every opportunity like it's your last because you never know who's watching."





## Animal welfare

The living conditions of layer hens, particularly the practice of keeping them in cages, have been the focus of considerable discussion. Although non-cage-free eggs are often more affordable and easier to source, the conditions in which these hens are kept do not align with our values. Recognising our guests' desire for safe, healthy, and sustainably sourced food, we are dedicated to maintaining an ethical and transparent product supply chain.

City Lodge Hotels publicly committed in January 2020 to serve only 100% cage-free eggs across all operations by 2025, partnering with Humane Society International-Africa (HSI-Africa) in this endeavour. Currently, the group serves over 2 million eggs annually, of which 86% (2023: 65%) are cage-free. Across our South African operations, 92% of our eggs are cage-free. We face challenges in sourcing cage-free eggs outside of South Africa but remain committed to achieving our goal of 100% cage-free eggs group-wide. Our sustainability committee is actively pursuing ethical options for sourcing other foods, such as pork, furthering our commitment to ethical sourcing and sustainability. For more information on our approach to sustainable sourcing, please refer to our case study on EASY wines on page 58.

City Lodge Hotels **committed to serve** only **100% cage-free eggs** across all operations **by 2025.**



## Compliance

The group complies with the following South African legislation relevant to environmental sustainability:

- Atmospheric Pollution Prevention Act, 45 of 1965
- Environment Conservation Act, 73 of 1989
- NEMA
- National Water Act, 36 of 1998
- Occupational Health and Safety Act, 85 of 1993
- Water Services Act, 108 of 1997
- By-laws of The National Environmental Waste Act No. 59 of 2008
- Waste Management Act (2013)

No environmental accidents occurred during the year, nor were any environmental fines imposed on the group.

The group currently does not have any biodiversity management plans in place.

## Our capital performance continued

### Sustainability initiatives

#### World Environmental Day

On World Environmental Day, we took the opportunity to highlight our sustainability initiatives and bring critical environmental issues to the attention of our stakeholders. By raising awareness, we showcased our commitment to environmental stewardship through tangible actions, such as reducing energy consumption, minimising waste, and implementing water conservation measures across our properties. These initiatives reflect our dedication to preserving natural resources and encourage our stakeholders to join us in these efforts, reinforcing our collective responsibility towards a sustainable future.



We are dedicated to **upskilling our personnel** and **leveraging technology** to make **data-driven decisions.**

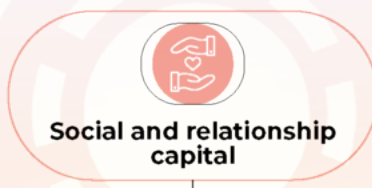
### Our goals for the year ahead

As we move forward, our focus remains on strategically reducing energy consumption on a per-room-sold basis, reinforcing our commitment to sustainability.

We are dedicated to upskilling our personnel and leveraging technology to make data-driven decisions, ensuring our initiatives are effective and sustainable. We aim to enhance our waste management practices by improving recycling, reducing overall waste, and exploring better ways to manage non-hazardous and plastic waste across our hotel operations. We are also launching refreshed campaigns to encourage guest participation in sustainability practices during their stay, fostering a collaborative approach to environmental stewardship. These forward-looking initiatives, guided by considerations raised by our sustainability committee, underline our intention to actively contribute to responsible environmental practices.







## What social and relationship capital means to us

Social and relationship capital is central to City Lodge Hotels' ethos, encompassing the relationships vital to our people-centric approach. Each stakeholder holds a vested interest in the success of the group. They are thus expected to adhere to the organisation's values in all their dealings with us. This alignment with our core principles is what our guests, shareholders, community, regulators, and the group itself expects and requires.

### *Check into easy*

Through purposeful interactions with our stakeholders, we streamline collective goals and focus on long-term value, simplifying the journey towards mutual success. This collaborative ethos aligns perfectly with our commitment to *check into easy*, crafting stakeholder initiatives that are as beneficial as they are straightforward.

### KEY OUTCOMES

## B-BBEE Level 2

2023: B-BBEE Level 3

### Invested

## R4.6m

in SED contributions

2023: R4.6m

### Invested

## R2.8m

for incubating 27 entities, contributing to broader enterprise supplier development

(2023: R1.8m for 17 entities)

### Invested

## R5.8m

in interest-free supplier development loans

(2023: R4.3m)

Total monetary value of financial and in-kind political contributions made directly and indirectly (ZAR): Nil

Total monetary value of financial assistance or relief received from any government (ZAR): Nil

Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments: Nil

Number and type of grievances reported with associated impacts related to salient human rights issues in the reporting period: Nil

## Our capital performance continued

### Transformation, diversity and inclusion (TDI)

During 2024, we achieved an impressive Level 2 on our B-BBEE scorecard – the best in our history. This advancement reflects our dedication to continuous growth and improvement.

Since the group's inception, we have diligently ensured no salary disparity based on race, gender or age. This stems from our firm belief in equal opportunities and the need to advance the role of women within our business and the hotel industry at large. A testament to this commitment is that 45% of our Board are women, and more than 35% of our executive committee are women, a figure we actively strive to increase.

It is also essential to highlight the role of the TDI committee in guiding our efforts. Comprising members from our Exco and senior management, this committee convenes every six weeks to monitor the five pillars of transformation: ownership, management control, skills development, ESD, and socioeconomic development. The close monitoring of these elements of B-BBEE ensures the group's transformation objectives are met. Diversity training was initiated by human resources and is designed to complement the principles and values upheld by the TDI committee.

We strive to align our staff demographics with those of our guests and the broader population of the country, with a focus on enabling organic transformation.

Key performance indicator	Weighting	Score 2023/2024	Score 2022/2023
Ownership	27.00	25.43	17.36
Management control	19.00	13.75	14.51
Skills development	20.00	10.12	9.68
Enterprise and supplier development (ESD)	40.00	33.44	31.39
Socioeconomic development	5.00	8.00	8.00
Total B-BBEE score	111.00	90.74	80.94
Priority elements achieved		Yes, all priority elements achieved	Yes, all priority elements achieved
Empowering Supplier Status		Yes	Yes
Achieve YES Target and 2.5% absorption		Yes	Yes
Final B-BBEE status level		Level 2 contributor	Level 3 contributor

## From passion to progress - thriving through positivity



SDG 8



SDG 10

Forest Fairies Sweet Company, based in Durban and led by entrepreneur Thejes Khan, has grown into a successful gourmet sweets and chocolates business. What began as a small home-based venture has now turned into a thriving enterprise. "It all started with making sweets at home," says Thejes. "Eventually, it became a paying passion."

Despite early challenges, such as sourcing raw materials and competing with new entrants in the market, Thejes remained resilient. When her eight-year-old son was diagnosed with type one diabetes, she turned adversity into opportunity by developing a sugar-free range inspired by his needs. This innovation proved to be a major success and opened the door for further expansion into eggless, vegan, and vegetarian sweets, catering to a broader market.

Without any formal tertiary education, Thejes has relied on the guidance and support of incubator programmes like the SATSA Tourism Business Incubator to help her realise her dream. "The finance, marketing, and technology training webinars have been instrumental in helping me learn more and grow our business further," she explains.

She also credits her family and dedicated team – many of whom are women from disadvantaged backgrounds – for much of the company's success. "Innovation and quality are our driving forces," says Thejes. "We strive to rise above challenges, and our products stand among the best in the industry."

Through the incubator programme, Thejes has been able to seize new opportunities, leading Forest Fairies into the hospitality sector. The company currently supplies 25 of our hotels and is actively building new relationships within the industry.

Forest Fairies now employs over 40 staff members and continues to grow. With supply deals from major retailers and interest from international buyers, the business is poised for further expansion. "It's all about constant improvement and seeing the positive," says Thejes. "You have to see the bowl half-full."





## Partnering for added value

Travel management companies	AVIS	CLICKS ClubCard	SUNSHINE TOUR GREENNESS	momentum multiply
We continue to pay a commission to IATA-registered travel agents and travel management companies on bookings for all of the group's hotels. We value their business and are happy to reward them for continued loyalty.	We partner with Avis Southern Africa car rental to make travelling to our hotels much easier. Loyal City Lodge Hotels customers get a 10% discount on domestic online rates for car rental only.	Clicks ClubCard members earn points on the accommodation value of their stay at Courtyard Hotels, City Lodge Hotels and Town Lodges in South Africa, Botswana, Mozambique, and Namibia	City Lodge Hotels is a proud partner of the Sunshine Tour, Southern Africa's leading golf tour. It showcases regional and international golfing talent and stages fantastic golfing events on par with other internationally recognised tours.	Momentum Multiply members save up to 45% when booking at any Courtyard Hotel, City Lodge Hotel or Town Lodge, and 10% at any Road Lodge.

## ESD

**City Lodge Hotels has fostered close and loyal relationships with its suppliers over the years. While we value these relationships, aligning them with our organisation's values is imperative.**

To address this, we have engaged with various suppliers to compare value propositions, ensuring high congruence with our values. We aim to continue receiving the best quality, price, and service. In some instances, we found it necessary to transition to new suppliers, particularly if the existing ones no longer conducted business in accordance with their value proposition. In other cases, we were reassured that the value proposition still holds.

Going forward, our commitment extends to regularly comparing all suppliers with their market peers and staying abreast of new market trends and developments. Particular emphasis will be placed on our sustainability and transformation goals. While we have previously engaged in ESD, our renewed focus in this area has been invigorated.

As a dedicated member of SATSA, City Lodge Hotels benefits from the expertise and support provided by Sigma International, which is contracted to assist SATSA members in implementing robust ESD programmes. Through this partnership, we have allocated significant resources to nurturing small, black-owned businesses, aligning our efforts with the broader ambitions of our Board.

In 2023, our incubator programme successfully graduated eight black-owned businesses into our supply chain, with Asmara Coffee being one of the standout success stories – now proudly stocked across our Courtyard Hotels and City Lodge Hotels nationwide, and is in the process of being rolled out to Town Lodges. Building on this success, our 2024 incubator programme is well underway, supporting a cohort of nine enterprises, including Ashok Narsai Interiors, Forest Fairies, King's Manufactures, Morake Décor, Organic Matters, Point Squared Shuttles, Roska Artisan Ice Cream, Spirits and Bubbles SA, and Wazisa Green Solutions.

These businesses receive tailored support to help them grow, scale, and ultimately become significant suppliers within our group and the broader hospitality industry. This initiative remains close to our hearts at City Lodge Hotels as we expand the circle of opportunity and empowerment.

The group implemented the following supply chain checks during the year:

- Suppliers are to be screened using social criteria
- Suppliers are to be assessed concerning their social impact, with actual and potential adverse social effects, if present, disqualifying that supplier from consideration by the group



## Our capital performance continued

### On the road to success

Founded in 2013 by Ashley Liddle and his wife, Point Squared Shuttles started as a small point-to-point transfer service in Gauteng. Their first corporate client was the Courtyard Hotel Eastgate, and from there, word of mouth – especially through City Lodge Hotels – helped them expand into the corporate sector.

As the business grew, scaling became a challenge due to manual processes. Recognising this, City Lodge Hotels nominated Point Squared for the SATSA Tourism Business Incubator programme, facilitated by Sigma International. The programme provided vital support, helping the company build a website and secure new equipment. It also facilitated a connection with a software development company, which is currently working with Point Squared to develop a customised booking system.

City Lodge Hotels also extended an interest-free loan, allowing Point Squared to expand its fleet, and hosted an event where they showcased their services to key hospitality industry players. These partnerships have helped the business achieve a 10% increase in revenue despite a competitive market.

Reflecting on their journey, Ashley says, “At the end of the day, it’s about delivering a service that meets a real need. The good things will come after that.” With ongoing support and a focus on quality, Point Squared is well-positioned for continued growth.

SDG 8



SDG 10





## SED

SED is integral to the ethos of City Lodge Hotels, reflecting our commitment to responsible business practices and the welfare of the communities we serve. Recognising that our success is intertwined with the wellbeing of society at large, our investment in SED initiatives goes beyond mere philanthropy. They are strategic investments in the social fabric of the regions we operate in, enhancing quality of life, fostering sustainable development, and building enduring relationships with our stakeholders. This alignment with our broader business goals ensures that our corporate social investments (CSI) create shared value, benefiting the communities we support and our long-term business interests. We maintain an extensive corporate social responsibility programme aimed at helping people and the planet. Some are national group initiatives, while others are managed regionally by each hotel's general manager to benefit local communities.

### Group SED

City Lodge Hotels has long-standing relationships with several charities, each of which reflects our values and community sense of responsibility. While the group does not directly fundraise for charities other than Cuppa for CANSA, we provide our hotel rooms and facilities as products or prizes for several charitable fundraisers. Regular recipients include:



**Association of Palliative Care Centres** focuses on holistic care for those with a life-threatening illness. Their mission includes promoting quality of life, dignity in death, and compassionate support in bereavement.

**Food and Trees for Africa** addresses food security, greening, sustainable business, and more. They work on various fronts, including education, environmental activities, and capacity building within agriculture and urban forestry.



**CANSA** is a leader in the fight against cancer in South Africa since 1931. They offer an integrated service, focusing on research to lower cancer risk, public education, and care and support for cancer patients.



The **Cuppa for CANSA** initiative collects funds from guests purchasing a cup of coffee at our 23 Road Lodges, which is gathered on behalf of CANSA. This year, R63 900 was raised in total.

**Save the World Foundation:** This Christian ministry focuses on raising leaders. Our sponsorship enables the team to meet with local community leaders and visit schools to share messages of hope and inspiration, share leadership growth tools in classroom sessions, and counsel an average of 50 learners per school daily, each suffering from various challenges.



**South African Chefs Association:** Through our partnership with this professional body, City Lodge Hotels participates in International Chefs Day on 21 October annually, hosting fun and nutritious events for vulnerable children in their communities. Participating hotels and kitchen teams hosted events that combined feeding, educating and entertaining the little ones to nourish body and mind.



**MAD Leadership Foundation:** Make A Difference (MAD) Leadership Foundation aims to provide academically talented scholars with exceptional leadership development opportunities through education and mentorship. They offer a comprehensive scholarship programme that focuses on individual support and development.



During the past financial year, we donated a total of 309 room nights on a bed-and-breakfast basis worth R445 000 to a range of charities, including Cuppa for CANSA; Food & Trees for Africa; Isivano Teacher Training; MAD Leadership Foundation; Mad2Run Charity Golf Day; Nicarela Charity; Save the World Foundation; South African Chefs Association; and Tshepo Trust.

## Our capital performance continued

### Hotel SED

City Lodge Hotels actively engages with local communities by encouraging each of our hotels to support a cause meaningful to staff and partners. Rather than simply providing financial aid, we encourage hands-on participation in projects such as fundraising and building refurbishments.

Our group's SED commitment typically exceeds the B-BBEE scorecard target of contributing 1% of net profit after tax, reflecting our genuine dedication to sustainable community involvement.

Linen and towels that are usable but no longer up to display standards are donated to children's homes, retirement villages, hospitals, hospices, and community care centres. We have also started turning retired sheets into school shirts for underprivileged children in the Western Cape. We have a soap recycling initiative with our supplier, The Bespoke Amenities Company, where we donate soap to specific charities.

## Empowering growth through partnerships



SDG 8



SDG 10

Hailing from Mamelodi, near Tshwane, Phil Mohlalowa and Selby Nkosi began their entrepreneurial journey in 2016. Leveraging Selby's experience in the signage industry, they established King's Manufactures Holdings, focusing on providing high-quality signage services. However, by 2020, the pandemic threatened to derail their plans just as they were gaining momentum.

Despite facing severe financial challenges, Phil and Selby persisted through tough conditions, such as operating from a garage and outsourcing much of their work. These constraints significantly impacted profitability, but their resilience kept the business afloat. A pivotal moment came when a manager from City Lodge Hotels recommended them for the SATSA Tourism Business Incubation programme, which City Lodge Hotels supports. This recommendation was a game-changer, enabling King's Manufactures to embark on an intensive 12-month incubation as part of our 2023 incubatee cohort facilitated by Sigma International.

Having successfully graduated from the incubation programme, Phil and Selby reflect on the transformative journey that bolstered their business's growth. The programme provided them with tailored mentorship in critical areas such as financial management, marketing, and business planning. In addition, they were provided with essential tools and equipment, which significantly enhanced their production capacity and operational efficiency. The programme also played a crucial role in establishing a digital presence, enhancing their credibility and broadening their market reach.

King's Manufactures has begun working with City Lodge Hotels. After presenting their services to hotel directors, they secured a procurement deal for signage. The first project was completed, and further engagements are underway, reflecting their growing involvement within the group's network.

Overall, the support and guidance they received as part of the programme has led to significant growth. Their sales have increased by 15%, and eight sustainable jobs have been created. They continue to see positive trends in inquiries and project demand.

Looking ahead, King's Manufactures is poised for further growth. They plan to focus on securing funding to meet the growing demand for large-scale projects while continuing to innovate and expand their business network. The programme's support has been transformative, providing the company with the tools necessary for sustained success.



# Governance

## Supporting value creation through good governance, sustainability and ethical leadership

The Board assumes responsibility for leading the group ethically, effectively, and sustainably, which it does through the application of the King IV Code on Corporate Governance (King IV™), culminating in the specific outcomes highlighted below.

King IV™ is the foundation for our corporate governance principles and practices, and the Board's governance objectives are closely aligned with these principles. Our application of the principles is reviewed annually and recorded in the King IV™ application register, which is available on the group's website at [www.citylodgehotels.com](http://www.citylodgehotels.com) (under stakeholder relations/ King IV™ application register).

This report illustrates how the Board has applied the King IV™ principles to set and guide the group's strategic direction, approved necessary policies and plans to support the group's strategy, and ensured thorough oversight and monitoring of the group's performance with appropriate accountability.

### Governance outcomes

Governance outcomes			Principles	Pages	Achieved through	
Ethical culture	✓	1	Leadership	93	<b>Our approach</b> We focus on ethical practices that consider our stakeholders and the environment. This focus aids in upholding our reputation and ensuring consistent progression.	
		2	Organisational ethics	94		
		3	Responsible corporate citizenship	94		
Good performance	✓	4	Strategy and performance	95	<b>Internal mechanisms</b>  <b>Experience</b> Our Board and Exco possess a broad spectrum of knowledge and expertise. They guide us towards achieving our goals, ensuring our guests have an outstanding experience and deliver value to our stakeholders.  <b>Culture and ethics</b> Our company's culture and code of ethics prioritise the right actions.  <b>Governance framework</b> Our structured policies pave the way for responsible and transparent decision-making.	
		5	Reporting	95		
Effective control	✓	6	Role and responsibilities of the Board	96		
		7	Composition of the Board	98		
		8	Committees of the Board	100		
		9	Evaluation and performance of the Board	107		
		10	Appointment and delegation to management	107		
		11	Risk governance	108		
		12	Information and technology	109		
		13	Compliance governance	109		
		14	Remuneration governance	110		
Legitimacy	✓	15	Assurance	110		
		16	Stakeholder relationships	111		
	✓	The Board is satisfied that the company has satisfactorily applied the principles and recommended practices of King IV™ as are appropriate to its business.				
	✓	The Board confirms that it is operating in conformity with its Mol.				

KEY:



Applied



Partially applied



Not applied

# Governance continued

## Governance framework and statement of compliance

The group's governance framework promotes a positive ethical culture. It provides clear direction for implementing robust governance practices aligned with applicable laws, regulations, non-binding rules, standards, frameworks and codes of best practice. These include:

- King IV™, taking the size, nature and complexity of our operations into account
- JSE Listings Requirements
- Companies Act
- MoI


































































Our framework is underpinned by our governance policies and ethics, contributing to a positive organisational culture and ensuring good corporate citizenship.

Initiatives undertaken to enhance the governance framework and which will remain areas of focus for the foreseeable future include:

- Revision of the group governance framework, with a particular focus on ESG
- Revision of the Board and committees' charters to ensure they remain aligned with the principles and recommendations contained in King IV™
- Enhancing disclosures in the integrated report
- Revision of the remuneration policy to ensure that it remains relevant and aligned with best practice
- Ongoing efforts concerning the implementation of appropriate governance practices as provided for in King IV™
- Ongoing efforts to enhance and advance the group's ethics management, particularly in terms of ethics awareness and responsibilities
- Ongoing compliance initiatives, notably the POPIA
- Monitoring regulatory developments, in particular, the proposed changes to the Companies Act and its impact on the group.

## Key Board focus areas during the year

The Board focused on the following key areas that underpin the execution of City Lodge Hotels' strategy and purpose.

FOCUS AREA	Affected stakeholders	Capitals impacted	Strategic icons
<b>Oversee capital allocation recommendations</b>			
Declaration of dividends, capital expenditure programme, odd-lot offer, share buy-back – to ensure they align with our strategy achievement	  	 	 
<b>Continued oversight of strategy implementation</b>			
	      	     	    
<b>Organic and inorganic growth</b>			
The Board and executive management continue to focus on value-accretive organic growth and the delivery of positive economic profit from the hotels in our portfolio, e.g., the ongoing contribution of food and beverage. In the last financial year, several inorganic growth opportunities were evaluated. However, none met the stringent guardrails for investment	 	 	 
<b>Financial sustainability</b>			
Strengthened balance sheet, improved liquidity and significantly reduced debt (zero debt)	 	 	 
<b>Underperforming assets</b>			
Explored divestiture and/or implementation of alternative strategies to achieve profitability	 	 	 
<b>Digital transformation</b>			
Harnessed technology to facilitate internal operations and service delivery	   	   	  
<b>Ongoing governance and compliance initiatives</b>			
Including the revision of the Board and committee terms of reference, POPIA compliance and monitoring regulatory developments, particularly the Companies Amendment Bill and General Laws Amendment Act	    	  	  



## Ethical culture

Governance outcomes

### Principle 1

#### Ethical culture

1

#### Leadership



The Board is accountable for ensuring that its actions and those of management align with the group's values, code of ethics, and conduct and that these principles guide decision-making throughout the group. Board members must be transparent, act with integrity and fairness, and be accountable in their individual and collective decision-making processes. As evidenced by the Board's comprehensive skills, detailed on pages 18 and 19, Board members possess the necessary expertise to fulfil their duties and provide strategic oversight of the group. This oversight is per the Board mandate and the group's MoI, instilling confidence in the Board's ability to guide the group.

The Board provides effective leadership and directs the group within the group governance framework and delegation of authority.

#### Chairman and deputy chairman

Responsibility for running the Board and the group's business are critical yet distinct functions. Therefore, the chairman and CEO have separate responsibilities, ensuring a balance of power and authority so that no individual has unfettered decision-making powers.

#### The chairman is responsible for:

- Providing leadership and vision in a manner that serves to enhance shareholder value and ensure the long-term sustainability of the company
- Setting the ethical tone for the company
- Ensuring the integrity and effectiveness of the Board's governance processes
- Overseeing the group's strategy
- Board succession and performance
- Managing any conflicts of interest
- Actively engaging with the CEO and serving as the link between the Board and management
- Ensuring positive stakeholder relations are maintained

#### The deputy chairman:

- Provides support and advice to the chairman
- Maintains ethical and effective leadership without undermining the chairman in those instances where the chairman is conflicted
- Leads discussion at Board and committee meetings regarding the performance of the chairman and his remuneration



The chairman and deputy chairman are subject to annual election, and both Bulelani Ngcuka and Frank Kilbourn have been re-elected for FY25.



The Board was satisfied with its operations, composition, and expertise in FY24, with the next evaluation set for FY25.

# Governance continued

Governance outcomes

## Principle 2

Ethical culture

2

### Organisational ethics



Guided by a commitment to integrity and responsibility, the group emphasises ethical leadership throughout our operations. The following outlines our steadfast approach to maintaining the highest standards of ethical conduct and leadership in all our business endeavours:

#### Code of ethics

The group upholds the highest standards of legal, ethical, and responsible business conduct. We acknowledge stakeholders' interests in pursuing sustainable growth and are committed to sustainable business practices and integrity. The Board offers leadership rooted in principles and is the ultimate authority for the group's ethical practices. Meanwhile, management formulates and enforces a robust ethics management process. All directors and employees are bound by this code, introduced during their induction. The code, accessible on the group's website at [www.citylodgehotels.com](http://www.citylodgehotels.com), reflects the company's values, our organisational ethos, and the 10 United Nations Global Compact (UNGC) Principles and delineates acceptable behaviour for everyday decisions.

Any breach of the code is met with zero tolerance. Contraventions could lead to disciplinary actions or even civil or criminal proceedings. Moreover, the group continually strengthens its control environment in response to violations.

#### Ethics advice facilities and whistleblowing hotline

Stakeholders have multiple channels to report or discuss ethical concerns:

- Internal reporting mechanisms
- The group's 24-hour anonymous tip-off hotline, independently operated by Whistle Blower Proprietary Limited
- Secure and confidential email, WhatsApp, SMS, mail and fax facilities

Details regarding the whistleblower alert line can be found on [www.citylodgehotels.com](http://www.citylodgehotels.com). Calls are answered by trained staff who respond in the appropriate official language and guide callers through standardised questions. Once a call has been reported, it is confidentially investigated, monitored and actioned. Callers' anonymity is preserved unless the whistleblower decides otherwise, ensuring protection against intimidation or victimisation. All stakeholders are urged to report suspected or actual incidents of illegal or unethical activities.

During the year, 21 calls were logged. Five were follow-ups relating to the same issue at a particular hotel. Most calls pertained to internal complaints and were resolved using the internal grievance process. None suggested significant breaches in ethical behaviour, nor did they suggest changes were required to policy or procedure.

#### Ethics management

With the help of the SEC, the Board oversees organisational ethics based on the mandate from the SEC's terms of reference (see page 133 for our SEC report).

Various processes, policies, and controls have been established to instil a unified ethical culture across the group. Associated ethics-related policies bolster the code.

#### Conflicts of interest and other directorships

Directors must provide a yearly declaration and notify the Board about any conflicts or possible conflicts related to business matters during every Board meeting. When conflicts arise, directors are expected to recuse themselves from related discussions or decisions after sharing material information per the Companies Act, Board charter, and conflict of interest policy.

Executive directors (EDs) can take external board positions with the chairman's approval, ensuring no conflict with the company's operations or hindrance in performing their duties.

While there is no cap on external roles directors can take, they must consult with the chairman to confirm such roles do not compromise their commitment to the company.



**The chairman confirms that EDs and non-executive directors (NEDs) have provided adequate time to fulfil their obligations to the company and that no director has a significant interest in any company contract.**

#### Dealing in securities and insider trading

A policy endorsed by the Board governs the trading of company securities by directors, the company secretary, and other group employees. Written approval is necessary before these individuals can transact in the company's shares.

This policy covers all directors and staff potentially categorised as insiders for trading purposes and is equally binding on immediate family members of such persons.

Governance outcomes

## Principle 3

Ethical culture

3

### Responsible corporate citizenship



Through the SEC, the Board ensures that the company remains a responsible corporate citizen that engages in sustainable business practices and positively impacts the communities in which it operates.

Several initiatives are in place across the group to develop small businesses, facilitate transformation, uplift communities in which the company operates and promote employee educational development and wellbeing (see page 85 for our social and relationship capital section).

The company is committed to engaging with our stakeholders in a responsive and transparent manner (see pages 26 and 27) for more details on our initiatives). Continuous engagement with key stakeholders promotes the achievement of the group's business objectives and supports economically, socially and environmentally sustainable practices.



## Good performance

Governance outcomes

### Principle 4

Good performance

4

### Strategy and performance

✓

Strategy, risk, performance and sustainability are inseparable.

#### The Board assumes responsibility for:

- Formulating, developing and adopting the group's strategic plans and providing effective leadership and oversight of performance against targets and objectives
- Satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management
- Ensuring that the strategy will result in sustainable outcomes
- Considering sustainability as a business opportunity that guides strategic formulation
- Monitoring management's progress regarding the implementation of Board plans and strategies

Governance outcomes

### Principle 5

Good performance

5

### Reporting

✓

The Board ensures that the group's reports enable stakeholders to make informed assessments of its performance and its short-, medium-, and long-term prospects.

#### The Board



Assisted by various committees, ensures necessary controls for:



Verifying and safeguarding the integrity of information in the:

#### Integrated report

The company prepares an integrated report that follows the Integrated Reporting Framework and King IV™ recommended disclosures as appropriate to the group. The integrated report is published on the group's website, [www.citylodgethotels.com](http://www.citylodgethotels.com), and through other media, as appropriate.

The validity of the content in the integrated report is safeguarded by following a coordinated process. Governing oversight at both Board and executive levels ensures the reporting content is credible and authentic.

#### AFS

The AFS are prepared in compliance with IFRS and the Companies Act and are audited by the company's external auditors.

- The Audit committee
- Reviews the audited financial statements
  - Approves reporting frameworks and materiality
  - Ensures compliance with legal requirements and relevance to stakeholders
  - Ensures compliance with prescribed standards and adequate information for decision-making

#### Sustainability reporting

We include various sustainability disclosures as part of our integrated report.

Independently assured sustainability reporting and disclosure has not yet taken place and remains under review by management.

#### Any other disclosures

Various reports, including the CEO report, operations update, finance report, budgets, top risks, strategy progress, stakeholder engagement, legal and governance, and committee feedback, provide the Board with assurance on the information to be provided to stakeholders.

# Governance continued

## Effective control

Governance outcomes

### Principle 6

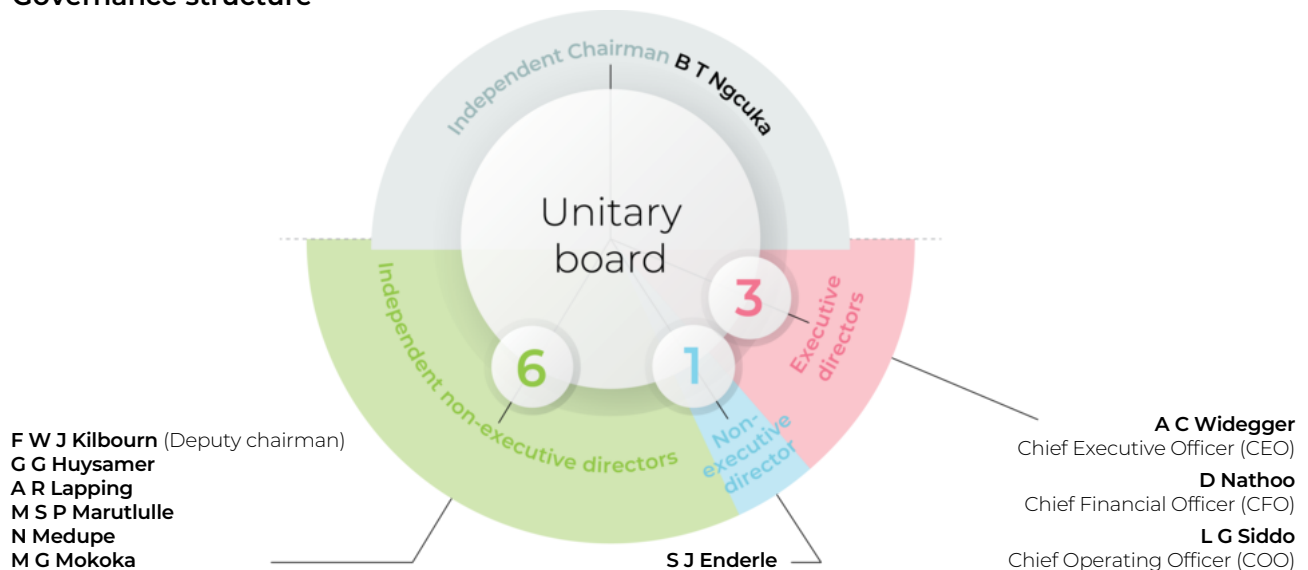
Effective control

6

### Role and responsibilities of the Board



## Governance structure



The company operates under a unitary board structure. Per the company's Mol, the Board can consist of four to 12 directors. At present, the Board comprises 11 members. Their specific classifications can be referenced in the governance structure above.

Stuart Morris retired from the Board on 23 November 2023.

Post year-end Ndumi Medupe, who in terms of the Mol retires by rotation at the AGM, elected not to make herself available for re-election and will accordingly retire from the Board with effect from the close of the AGM



The Board's composition includes EDs and NEDs, with the majority of the NEDs being independent, as outlined in King IV™.

### Board's role and accountability

The Board exercises effective control of the group and is ultimately accountable and responsible for its performance, sustainable growth, and maximising shareholder value. This includes reviewing and guiding corporate strategy by establishing key policies and objectives, understanding the group's critical risks, determining the group's risk appetite, tolerance and preferences, and the processes in operation to mitigate these.

### Directors' duties

In carrying out their duties, directors are required to:

- Act in good faith and for a proper purpose; exercise due care and skill in the best interests of the company and its stakeholders
- Avoid conflicts of interest
- Conduct themselves according to the highest standard of personal and professional integrity, set the standard for ethical conduct and promote ethical behaviour and compliance with all applicable laws, and adopt non-binding rules, codes and standards
- Exhibit characteristics of integrity, competence, responsibility, accountability, fairness and transparency

### Board meetings and procedures

**Frequency:** The Board meets a minimum of four times annually. Dates are pre-set, with ad hoc meetings for urgent matters

**Preparation:** The Board works on a formal agenda prepared by the company secretary in consultation with the chairman. Board packs containing the meeting agenda and relevant supporting documentation are circulated before each meeting to allow for preparation

**Attendance:** Meetings take place in-person and/or virtually. When a director cannot attend a meeting, they inform the chairman of the Board and the company secretary of the reason for their absence. They may make submissions on matters to be tabled for discussion, which are recorded at the meeting

**Decisions:** Decisions taken between scheduled Board meetings, as provided for in the group's Mol, are tabled for noting at the subsequent Board meeting



## Effective control

6

## Role and responsibilities of the Board



The table below details the type and number of meetings held during the year under review and individual director attendance.

	Board	AGM	Audit	Remcom	Risk	SEC
Number of meetings	4	1	3	3	3	2
S J Enderle	4	1	–	–	3	–
G G Huysamer	4	1	3	–	3	–
F W J Kilbourn	4	1	–	3	–	–
A R Lapping	4	1	2>	–	–	–
M S P Marutlulle	4	1	–	–	–	2
N Medupe	4	1	3	–	3	–
M G Mokoka	4	1	3	–	2 <sup>Δ</sup>	–
S G Morris	2 <sup>Δ</sup>	1	1 <sup>Δ</sup>	1 <sup>Δ</sup>	1 <sup>Δ</sup>	–
D Nathoo	4	1	3*	–	3	–
B T Ngcuka	4	1	–	3	–	–
L G Siddo	4	1	–	–	–	2
A C Widegger	4	1	3*	3*	3	2

\* By invitation

– Not a member

Δ Appointed 23 November 2023

Δ Retired from the Board, Audit, Remcom and Risk committees, effective 23 November 2023

> Apologies noted for the 14 May 2024 meeting due to hospitalisation following surgery

## Board meeting dates

7 September 2023

23 November 2023

22 February 2024

15 May 2024

## AGM date

23 November 2023

## Board charter

The Board adheres to a formally approved charter. This document:

- Outlines adopted processes and practices to support the Board in efficiently meeting its responsibilities
- Describes its composition
- Clearly defines the roles and responsibilities of both the Board and its directors
- Ensures all Board activities are consistent with sound corporate governance principles and adhere to relevant legislation
- Clarifies the distribution of responsibilities to guarantee a balance of power and authority, ensuring no single individual holds unfettered decision-making power

## Regular reviews

The charter undergoes periodic reviews to ensure its continued relevance, alignment with best practices, and compliance with internal, market, legislative, and regulatory requirements. During the year under review, the charter remained unchanged.

## Awareness of responsibilities

All members of the Board are cognisant of their shared and individual duties.

## Workplans and timelines

The Board executes its chartered duties through comprehensive work plans, adhering to set timelines.

## Governance of subsidiary companies

Each subsidiary company is overseen by its board of directors, per its operating country's legal requirements. These boards convene as needed. Select executive committee members serve as directors on these subsidiary boards and keep the main board informed of their undertakings.



For the reporting period, the Board is satisfied that it has met its obligations per the charter's directives.

# Governance continued

Governance outcomes

## Principle 7

Effective control

7

## Composition of the Board



### Independence

Independence, including that of long-serving NEDs, is reviewed annually, referencing the criteria set out in King IV™ and the JSE Listings Requirements, as well as participation in and contribution to Board deliberations.

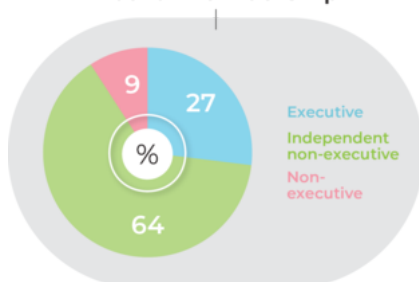
At its most recent assessment, a sub-committee of the Board comprising unaffected independent NEDs concluded:

- Concerning **Frank Kilbourn, Ndumi Medupe** and **Bulelani Ngcuka**, who respectively have served for longer than nine years, that:
  - They have no interest, involvement, position, association, relationship or circumstance that is likely to, or could appear to, affect their independence
  - In terms of the commitment, insight and contributions made by these individuals to the decisions taken to ensure the sustainability and success of the group, there is no doubt as to the value they add – not only as a result of their knowledge and expertise but also due to their intimate knowledge of the business of the company and the industry, which it forms part of
  - Requiring directors of this calibre to resign would not serve the Board or shareholders' best interests, as evidenced by their leadership during the challenges presented by the Covid-19 pandemic and through the company's post-pandemic recovery
- Concerning the holdings of **Stephen Enderle** and his family of approximately 9% of the company's issued share capital, that it is significant enough to impact his ability to act independently and he was, for purposes of the year under review, not considered to be independent
- This notwithstanding and in keeping with its succession plan and striking the appropriate balance between new and experienced members to ensure it continues to function effectively and comprises the relevant skills, the Board is at present in a transition phase, having appointed new members in the past few years and seeing the retirement of seasoned long-serving directors.



88% of NEDs are independent

### Board membership



### Skills

Having the appropriate mix of skills and experience ensures that the Board is well-equipped to guide and drive the group's strategy, thereby creating and sustaining value while protecting against value erosion.

#### Calibre of NEDs

The NEDs are individuals of high calibre, with sound credibility, who possess the requisite qualifications, knowledge, skills and experience to make a meaningful contribution to and provide judgement independent of management on matters before the Board and, in so doing, ensure the effective leadership of the company. All directors participate actively in Board deliberations and decision-making processes.

Keeping current with crucial legal, regulatory and business developments within the group and industry enhances the Board's effectiveness. The company shares the responsibility of ensuring directors are equipped with the necessary skills to carry out their duties effectively and, when deemed appropriate, directors can avail themselves of continuing professional development programmes.

#### Board skills

Diversity of skills, knowledge, and experience within a Board drives strategic direction and provides comprehensive oversight. Recognising this, City Lodge Hotels has, over recent years, channelled efforts into enhancing the breadth and depth of our Board's expertise, especially in finance, audit and accounting, in response to the increased demands on audit committees. Our Board's blend of knowledge ideally positions the group to amplify positive outcomes and adeptly navigate challenges within our business model.



Please see our Board skills overview on pages 18 and 19

### Skills matrix and future planning

The Board skills matrix informs what the future composition of the Board should look like, goes beyond race and gender and includes areas of knowledge and expertise, skills, experience and age. The strong representation of hospitality skills and expertise is supplemented with diverse experience and competencies in other areas, including strategy and strategic planning, finance, legal, risk and compliance, commercial and marketing.

### Succession planning

The Board strikes a balance between the fresh perspectives of newcomers and the experience of seasoned members. Remcom reviews Board and committee composition, potential successors, including committee chairpersons, and succession plans for EDs and senior management.

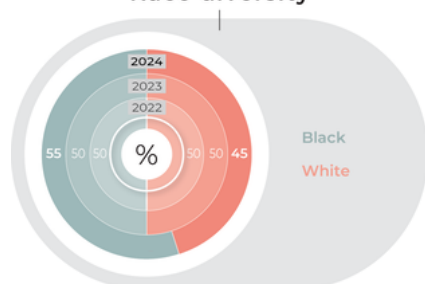


## Diversity

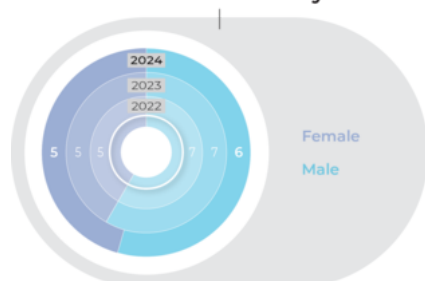
The company's policy on selection and appointment of directors to the Board and gender diversity, which is in line with the JSE Listings Requirements, includes diversity requirements beyond race and gender and extends to culture, age, field of knowledge, skills and experience, all of which contribute to optimal composition and overall effectiveness.

Although no voluntary targets have been set, diversity and the promotion thereof are considered annually and as part of each nomination process. Currently, the Board comprises 11 members, six (55%) persons of colour, five (45%) of whom are female.

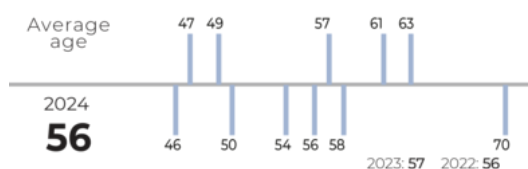
### Race diversity



### Gender diversity



### Age diversity



The Board is satisfied that its composition adequately reflects diverse demographics and incorporates the necessary areas of knowledge, expertise, skills, experience, and age.

## Board processes

The Board and its committees adhere to various processes and procedures in alignment with legislative requirements, the King IV™, and best practice, ensuring effective operations.

- **Board appointments:** A policy guides the selection and appointment of directors, ensuring merit-based appointments. This considers various criteria such as skills, knowledge, experience, independence, race and gender, suitability for the role, and Board balance. The Remcom aids the Board in this process. All potential Board appointees are subject to a fit and proper test in accordance with the JSE Listings Requirements, and all appointments are subject to shareholder approval
- **New directors:** New directors are introduced to shareholders at the first AGM after their appointment, where they are required to stand for election
- **NEDs:** NEDs have no fixed term, and one-third of NEDs retire by rotation during the AGM and, being eligible, may offer themselves for re-election
- **EDs:** EDs are full-time employees under standard terms of employment. Their termination leads to resignation from the Board and the committees on which they serve. They do not retire by rotation at the AGM and receive no fees for their roles on the Board and its committees
- **Retirement age:** The set retirement age is 70 for NEDs and 65 for EDs, subject to the discretion of the Board
- **Recommendations:** The Board recommends the re-election of **Stephen Enderle** and **Bulelani Ngcuka**. Brief CVs are provided in this report and the notice of AGM

## Nomination and selection process for Board appointments

The Remcom is mandated by the Board and its terms of reference to review, having reference to the skills matrix, Board and committee composition, and make recommendations in respect thereof. This process also facilitates Board and committee succession planning.

## Director induction

To assist in effectively discharging their responsibilities, directors benefit from an induction programme tailored to their individual needs and aimed at broadening their understanding of the company and the business environment within which it operates. The process affords each new NED the opportunity to meet with the EDs to better understand the business. It also includes guided visits to various group hotels and a meeting with the company's sponsor, Nedbank Corporate and Investment Banking, a division of Nedbank Ltd, to highlight their responsibilities with specific reference to the JSE Listings Requirements and the regulations affecting listed companies.

# Governance continued

Governance outcomes

## Principle 8

Effective control

8

## Committees of the Board



### Committee support for the Board

In discharging its duties, the Board is assisted and bolstered by various committees, as illustrated below. These committees, which range from Board, statutory, and executive:

- Aid the Board in fulfilling its responsibilities
- Champion the cause of continued good governance
- Offer specialised focus in specific areas
- Collect and assimilate information
- Reach a consensus on and monitor actions
- Heighten findings or propose recommendations to decision-making bodies when necessary

Where circumstances necessitate, particularly if the specific issue falls outside the scope of any existing committees or is complex and will require significant commitment and time, an ad hoc committee may be established.

Board and statutory committees	Management committees
<b>Audit committee (statutory and Board)</b> Mathukana Mokoka (chairperson), Deon Huysamer, Andrew Lapping, Ndumi Medupe	<b>Executive committee (Exco)</b> Chaired by CEO
<b>Risk committee (Board)</b> Ndumi Medupe (chairperson), Stephen Enderle, Deon Huysamer, Mathukana Mokoka, Dhanisha Nathoo, Andrew Widegger, Marcel Kobilski (divisional director: human resources)	<b>Management development and succession committee (Mandasco)</b> Chaired by CEO
<b>Remuneration and nominations committee (Board)</b> Frank Kilbourn (chairperson), Andrew Lapping, Bulelani Ngcuka	<b>TDI committee</b> Chaired by COO
<b>SEC (statutory and Board)</b> Dr Sizakele Marutlulle (chairperson), Lindiwe Siddo, Andrew Widegger	<b>Environmental sustainability steering committee</b> Divisional director: operations

### Purpose and authority

The Board holds the authority to establish committees, aiding in efficient decision-making and ensuring the execution of its responsibilities. While the Board supervises the execution of the group strategy by management, committees play a supporting role by concentrating on distinct business areas. Notably, this delegation does not absolve the Board of its responsibilities; it remains accountable for the company's performance and activities.

The Board comprises four standing committees:

Audit committee	SEC	Risk committee	Remuneration and nominations committee (Remcom)
Page 101	Page 102	Page 103	Page 104
Statutory in nature, performing similarly for all subsidiary companies.			

### Committee structure

Each committee is presided over by an independent NED and has a minimum of three members, predominantly independent. Notable exceptions include:

- The Risk committee, with 43% of its members being independent, albeit the majority (57%) are non-executive
- The SEC, where only a third are independent

Committees operate as per their terms of reference, which undergo periodic reviews. Adjustments are made when required to remain in line with legislative changes, King IV™ guidelines, the JSE Listings Requirements, and evolving business necessities.

For specific discussions, members of the executive management might be invited to meetings to offer their insights.

### Committee meetings and procedures

Beyond scheduled meetings, ad hoc meetings may be called upon to address pressing matters within a committee's purview.

Each committee works to a formal agenda, which is circulated together with relevant supporting documentation ahead of each meeting to allow for preparation. Where a member is not able to attend a meeting they inform the committee chairperson and the company secretary. Decisions taken between meetings are noted at the next meeting of the committee.

### Committee composition and changes

The Board continually evaluates committee compositions, emphasising a balance of skills, knowledge, and experience. Consideration is also given to establishing new committees, aiding the Board in its duties and upholding legal requirements. The following changes occurred during the review period:

- Stuart Morris retired as chairperson of the Audit committee and member of the Risk committee and Remcom, effective 23 November 2023
- Mathukana Mokoka was appointed as chairperson of the Audit committee and as a Risk committee member, effective 23 November 2023
- Ndumi Medupe retired as chairperson of the Risk committee and member of the Audit committee, effective from the close of the AGM scheduled for 21 November 2024
- Deon Huysamer was appointed as chairperson of the Risk committee, effective 23 November 2024
- Dr Sizakele Marutlulle was appointed as a member of the Risk committee, effective 23 November 2024



## Audit committee



Refer to Page 97

Attendance:  
**92%**

**The Audit committee is a statutory committee whose members are appointed annually by the shareholders. All four members are independent NEDs who are financially literate and have the necessary business and financial acumen to carry out the committee's responsibilities.**

**The CEO, CFO, lead external audit partner, and internal audit partner attend committee meetings by invitation.**

**The internal and external auditors have unrestricted access to the committee through the chairperson.**

Strategic  
focus areas



### Roles and responsibilities

- Maintaining an independent role, accountable to both the Board and shareholders, without performing management functions
- Providing independent oversight over the group's assurance functions, including combined assurance arrangements, external and internal audit providers, their appointments, and the finance function
- Serving as a communication channel between the Board, internal auditors, external auditors, and other assurance providers
- Ensuring the integrity of the group's AFS and, as delegated by the Board, other external reports
- Assisting the Board in safeguarding the group's assets by operating effective systems of internal control, risk management, and governance, with a focus on monitoring enterprise-wide financial risks
- Ensuring compliance with legal, regulatory requirements, and accounting standards

### Auditor and management engagements

Annually, the committee meets with both internal and external auditors, as well as senior management, in separate sessions. The discussions span topics integral to the audit process. During the management meeting, the committee also gauged the calibre and impact of the external audit function, deducing satisfaction with the services delivered by the external auditor.

Given the auditor's non-overlapping roles, distinct from management, not auditing its own work, or advocating for the company, the committee inferred that non-audit tasks did not compromise the auditor's impartiality.

Upon the Audit committee's positive assessment of the auditor's independence, the Board has put forth PwC as the group's nominated auditor for the subsequent year. Ms Alinah Motaung is designated as the lead audit partner. PwC's reappointment awaits shareholder endorsement, as illustrated in the AGM notice.

External and internal audit partners will be present at the AGM to address shareholder inquiries.

### Continuing areas of focus

- Ensuring the effective operation of the group's financial systems, processes and internal controls
- Reviewing reports presented by the JSE regarding its proactive monitoring process
- Reviewing changes to the JSE Listings Requirements insofar as they relate to the Audit committee and financial reporting
- Monitoring the introduction of, or changes to, accounting reporting standards and their impact on the company
- Monitoring regulatory developments, in particular, changes proposed by the Companies Amendment Act insofar as they relate to the Audit committee

### FY24's areas of focus

- Assessed solvency, liquidity, funding requirements and going concern, including the ability to pay a dividend
- Examined and reviewed reports to shareholders, including financial and sustainability reports
- Reviewed the AFS, interim reports, accompanying reports to shareholders, and any other announcement regarding the group's results or additional financial information to be made public before submission to and approval by the Board
- Reviewed the internal control structures, including financial control, accounting systems and reporting
- Evaluated the performance of the external auditor and assessed the external audit firm and individual lead audit partner
- Reviewed and approved the scope of the FY24 external audit, the external audit fee and non-audit services, the latter representing 5% (FY23: 7%) of the total audit fee paid
- Reviewed the effectiveness of the internal audit function and expertise, including the performance of the internal audit partner
- Reviewed the scope of and approved the FY25 internal audit plan and associated fee
- Reviewed internal audit's report on operational controls
- Considered IT's alignment with the company's performance and sustainability objectives, the implementation of the IT governance framework, and reviewed information technology risks as they relate to financial reporting
- Oversaw financial reporting risks, internal financial controls, fraud and IT risks as they relate to financial reporting
- Monitored legislative and regulatory compliance and compliance with governance codes and accounting standards (local and international)
- Reviewed and approved its terms of reference
- Oversaw the debt-equity restructure – City Lodge Hotels Ltd, City Lodge Hotels (Africa), City Lodge Hotels (Namibia) and CLHG Mozambique
- Evaluated the effectiveness of internal controls in terms of King IV™ for purposes of reporting in the integrated annual report and the committee confirmed that, in line with King IV™, and having regard to the overall average level of compliance with the key controls tested at 93% for FY24 (FY23: 93%), compliance with the overall operational internal control environment is excellent

# Governance continued

## Audit committee continued

### The committee is satisfied that:

- It has fulfilled its duties under Section 94 of the Companies Act and paragraph 3.84(g) of the JSE Listings Requirements
- The company's CFO, Dhanisha Nathoo, is equipped with the necessary expertise and experience to fulfil the requirements and responsibilities associated with the role
- The company has established appropriate financial reporting procedures, and these procedures are operating effectively, as required by paragraph 3.84(g)(iii) of the JSE Listings Requirements
- The CEO and CFO's signed responsibility statement, which confirms that the company's AFS are a complete and accurate reflection of the group's financial performance and confirms that adequate and effective internal controls are in place
- The appointment and independence of the external auditor and engagement partner complied with the Companies Act and other applicable legal and regulatory requirements, having received all information relevant to the auditor suitability review as detailed in section 3.84(g)(iii) of the JSE Listings Requirements, to confirm the suitability of the external audit partner for reappointment and the engagement partner
- The group can meet its obligations and continue to operate as a going concern for the following 12-month period
- The risk committee's assessment of the material risks facing the company, and against which reporting will take place, is accurate and complete
- It has performed the Audit committee functions required under Section 94(7) of the Companies Act on behalf of the company's subsidiaries
- The non-audit services performed by PwC do not impair its independence
- PwC is independent, and the committee is satisfied with the quality and effectiveness of external audit processes
- KPMG is independent, and the committee is satisfied with the quality and effectiveness of the internal audit process
- There had been no material weaknesses or breakdowns in internal controls
- There was nothing of concern from a financial reporting, internal financial control, fraud, IT and other risk perspective that could impact the integrity of the financial reports and that appropriate risk management strategies were in place to manage these risks

## SEC

 **Refer to** Page 97

**Attendance:**  
**100%**

**The SEC is constituted as a statutory committee in respect of its statutory duties in terms of section 72(4) of the Companies Act, read together with Regulation 43 of the Companies Regulations, 2011, and as a Board committee in respect of its responsibilities prescribed by the Board in its mandate and terms of reference.**

**The SEC report detailing the committee's role and responsibilities and how these have been discharged, appears on page 133.**

**Strategic  
focus areas**





## Risk committee



Refer to Page 97

Attendance:  
100%

Risk appetite and tolerance are fundamental concepts informed by the group's risk culture that set the context for determining the group's strategic objectives and detail the risks the group can or is prepared to take and those which are to be avoided.

The Board, through the Risk committee, identifies and categorises risks and determines the group's risk appetite and tolerance levels, while management assumes responsibility for implementing and monitoring the processes of risk management and the integration thereof into the group's day-to-day operations.

The committee comprises seven members, three independent NEDs, one NED and three Exco representatives, including the CEO and CFO. All members have the necessary risk management skills and experience to discharge the committee's responsibilities.

The chairman of the Board is not a member of the committee.

Strategic  
focus areas



### Role and responsibilities

The committee plays an independent oversight role and is accountable to the Board and shareholders. It assists the Board in ensuring the effectiveness of risk and compliance management processes without performing management functions, which remain the responsibility of EDs.

### Responsibilities include:

- Setting the direction for risk management across the group, ensuring both risks and opportunities are integrated into strategic objectives
- Overseeing the implementation of risk controls and reviewing key elements such as risk appetite, mitigation controls, business continuity, and combined assurance frameworks
- Monitoring significant risks, reviewing the risk register, and ensuring effective response plans for strategic and high-impact risks
- Reviewing insurance and risk transfer adequacy and addressing black swan events
- Setting the direction for compliance management, approving relevant policies, and ensuring comprehensive oversight of the group's adherence to legal and regulatory standards
- Reviewing management reports on compliance matters, including regulatory penalties and litigation, and obtaining assurance on the effectiveness of compliance management

### FY24's areas of focus

- Conducted an annual review of the Enterprise Risk Register, which included consideration of:
  - Risk appetite and tolerance levels and the key value drivers
  - The strategic risks, including a re-assessment of impact and likelihood to determine inherent risk exposure and identification of controls in place to determine residual risk exposure
  - Industry, competitor and emerging risks
- Monitored legislation impacting the group
- Considered the group's insurance and risk transfer arrangements, including uninsured and uninsurable risks and adequacy of cover
- Monitored the progress regarding the management of the top risks, specifically events or occurrences that could impact business continuity, namely cyber attacks, funding and liquidity, availability and quality of essential services, pandemics, grid collapse, climate change and the May 2024 national elections, as well as potential emerging risks that could impact the group's risk profile, growth or achievement of the company's strategic objectives
- Considered the hotel resilience schedule concerning managing the risks associated with reliance on essential services
- Reviewed and approved the committee's terms of reference

### Continuing areas of focus

- Monitoring the company's resilience regarding top and emerging risks
- Monitoring legislation impacting the group
- Assessing the group's risks from an ESG perspective

### The committee is satisfied:

With the effectiveness of the risk management system and processes in place and that these have been adequately designed and effectively implemented to support the achievement of the strategic objectives.



The group's key risks can be found on Pages 31 to 35

# Governance continued

## Remcom



Refer to Page 97

**Attendance:**  
**100%**

**Remcom comprises three independent NEDs. The deputy chairman chairs the committee, but the Board's chairman leads nomination proceedings. The CEO attends meetings by invitation.**

**Strategic  
focus areas**

### Role and responsibilities

The committee has been established:

- In respect of nominations, to evaluate the leadership needs of the company and ensure the Board and its committees are appropriately constituted to effectively discharge their respective duties and responsibilities
- Concerning remuneration, to set the direction for how remuneration is approached and addressed on an organisation-wide basis, including overseeing the development and implementation of a remuneration policy that supports the achievement of the objectives of fair, responsible and transparent remuneration and is aligned with shareholder expectations, paying particular attention to the remuneration of Exco and senior management to ensure competitive reward strategies and programmes are in place to facilitate the recruitment, reward, motivation and retention of high-performance individuals
- To oversee reporting of the company's remuneration and nomination activities as required by applicable rules and regulations.



### Responsibilities include:

- Establishing a formal and transparent process for the appointment of directors
- Making recommendations on Board and committee composition concerning succession planning, diversity and skills requirements
- Considering the independence of directors and their correlating classification and making recommendations to the Board
- Ensuring that induction and ongoing training and development of directors take place
- Ensuring fair and responsible remuneration practices are in place
- Reviewing the group's remuneration policy, including any changes to it to ensure alignment with legislation and best practice, and overseeing the implementation thereof and whether it promotes the achievement of the group's strategic objectives and encourages individual performance

## FY24's areas of focus

### Exco and senior management remuneration

- Reviewed total Exco and senior management remuneration against external benchmarks
- Approved the individual remuneration for Exco and senior management
- Reviewed variable pay structures to ensure appropriate performance measures and line of sight to drive the correct behaviours and align with shareholder interests

### NED remuneration

- Reviewed the NED fees to facilitate a recommendation to the Board for subsequent approval by shareholders

### Group-wide remuneration matters

- Reviewed and confirmed the group-wide remuneration policy, which remained unchanged from the prior year
- Considered the principles of fair and responsible pay, which includes consideration of race and gender pay gaps, as well as the internal wage gap
- Approved the wage increase mandate for wage negotiations
- Approved a 6.25% general salary increase for Exco, senior management and all other employees with effect from 1 August 2024, save for minimum wage earners, where the agreed increase was 7%
- Approved salary adjustments for a group of employees whose pay differentials were outside the accepted tolerance band

### Performance – relating to past performance cycle

- Assessed short-term incentive (STI) outcomes and executive and senior management bonus awards. The vesting outcome ranged between 20.78% and 69.6%, with the group average achieved being 28.7%. Given FY24 performance, the Remcom is comfortable with the correlation between the criteria and associated targets and level of achievement. Details of the targets and the performance outcomes are disclosed in part 3 of the remuneration report
- Approved the FY24 bonus share awards in terms of the Restricted Share Plan (RSP)
- Approved the vesting of the FY22 conditional share plan (CSP) – tranche 3

### Performance – relating to the forthcoming performance cycle

- Approved the performance targets and bonus parameters for the FY25 STI
- Approved the performance conditions and associated targets for the CSP FY25 awards

### Governance and compliance

- Reviewed and approved the committee's annual work plan
- Reviewed and approved the remuneration report
- Reviewed Board and committee composition concerning, among other things, skills, experience and composition requirements
- Reviewed independence of directors
- Considered directors retiring by rotation in accordance with the MoI and formulated a recommendation to the Board, subject to them making themselves available for re-election
- Reviewed succession and development planning at Board and executive level and assessed talent requirements in conjunction with succession plans
- Reviewed the executive structure and reporting lines
- Ensured that remuneration broadly aligned with the remuneration policy
- Reviewed feedback on the outcome of the non-binding advisory vote of shareholders
- Reviewed variable pay structures, and having determined them to be aligned with best practice, no changes were effected
- Formalised the Board induction policy



# Governance continued

## Remcom continued

### Continuing areas of focus

- Continuously reviewing and developing remuneration practices to ensure employees are fairly, equitably, and responsibly remunerated while maintaining competitive structures to attract and retain high-calibre individuals, with a focus on critical skills and diverse talent in key positions
- Benchmarking the remuneration policy against best practice
- Monitoring the skills, experience and composition requirements of the Board and its committees having reference to the diversity requirements of the JSE Listings Requirements, as well as succession planning
- Continuing improvement on annual remuneration disclosure
- Improving engagement with shareholders on remuneration and around evolving remuneration practices and policies
- Formalising a fair pay policy
- Ensuring that target setting for our STI and long-term incentive (LTI) programmes delivers the appropriate outcomes and rewards employees fairly, giving due consideration, among other things, to the cyclical nature of our business and movement in share price
- Remaining up to date with critical issues that influence remuneration in the current dynamic operating environment
- Monitoring regulatory developments related to remuneration, and in particular, the changes proposed to the Companies Amendment Act and implementing as appropriate
- Continuing to embed and strengthen fair and responsible remuneration practices into the business and address any pay disparities identified
- Considering, once the ESG framework, position statement, and gap analysis have been finalised, the possible inclusion of ESG-related targets in variable pay
- Driving an entrepreneurial culture through incentives to increase alignment with shareholder interests

### The committee is satisfied with the:

- Independence of each non-executive director categorised as independent
- Succession plans currently in place for Exco and the Board



Further details on how Remcom discharged its responsibilities can be found in the remuneration report on Pages 112 to 115

### Governance outcomes

### Principle 8 continued

#### Effective control

8

## Management committees



### Exco

Exco is the most senior executive decision-making body within the group. It assists the CEO in implementing strategies and policies adopted by the Board, managing the group's day-to-day operations and overall performance, and discharging the Board's obligations delegated to the CEO.

Exco comprises 11 members and is chaired by the CEO.

Exco met four times during the year under review to discharge its responsibilities:

- Implementing strategies and policies adopted by the Board
- Managing the day-to-day activities of the company
- Prioritising and allocating the group's capital, technical and human resources
- Establishing best management practices and functional standards
- Appointing and monitoring the performance of senior management
- Maintaining a group-wide system of internal control to manage all group risks to support the Board in discharging its responsibility in respect of effective risk management and, in so doing, supporting the creation and preservation of shareholder wealth
- Maintaining a group-wide legal compliance structure
- Setting the appropriate ethical tone and creating an ethical environment
- Developing and implementing business plans, policies, procedures and budgets as approved by the Board
- Monitoring the group's operational and financial performance
- Developing and implementing equity and transformation initiatives
- Developing and implementing corporate responsibility initiatives, including sustainability
- Identifying, managing and developing talent through Mandasco
- Managing the internal control environment and preparing reports for presentation to the Audit committee; maintaining the integrity of management information and financial reporting systems
- Developing and implementing company policy guidelines, including the code

Nkosenhle Ngongoma, divisional director: information technology, was appointed to Exco during the year, following Neda Smith's resignation from the company.

### Management development and succession committee (Mandasco)

The committee comprises nine members, including the CEO, who serves as chairperson; the COO; and divisional directors and general managers: operations; divisional director: human resources and group human resources manager. The committee is responsible for ensuring that:

- Effective management development practices that align with the group's business needs and human capital requirements are in place
- The group's employment equity and transformation objectives are advanced through the attraction and retention of the appropriate level of talent
- A suitable succession pool and talent pipeline are maintained

Four meetings were held during the year under review. The various programmes in place saw the following appointments being made:

- General manager: one ADDP candidate and two succession pool candidates
- Assistant general manager: one succession pool candidate
- Junior assistant general manager: two ADDP candidates

Governance outcomes

## Principle 9

Effective control

9

## Evaluation and performance of the Board



## Performance review

Board and committee effectiveness is assessed through a self-assessment to evaluate the Board, individually and collectively, governance issues, Board and committee mandate and authority, composition, processes and procedures, and other administrative duties. Where performance is not considered satisfactory, remedial steps will be taken, and in the appropriate circumstances, a director will not be recommended for re-election.

## Chairman and CEO evaluation

The deputy chairman informally evaluates the chairman, while the chairman, in conjunction with Remcom, assesses the CEO's performance.



**The Board is satisfied that the evaluation process is improving its performance and effectiveness over time. The Board was satisfied with its operations, composition, and expertise in 2024, with the next evaluation set for 2025.**

Governance outcomes

## Principle 10

Effective control

10

## Appointment and delegation to management



## CEO and delegation of authority

The Board appoints the CEO, who connects management and the Board, ensuring the group's day-to-day business affairs are effectively managed.

The CEO's role and responsibilities are formalised in the Board charter, as well as his job description. Performance is assessed annually against specific criteria. These responsibilities cover:

- Effectively managing the business
- Implementing the Board-approved strategies and policies within the framework of delegated authorities
- Developing and recommending the annual business plan and budget
- Monitoring and reporting on company performance
- Ensuring key management roles are occupied by individuals with the necessary competence and authority and that the functions are appropriately resourced
- Ensuring compliance with laws, regulations and corporate governance principles
- Ensuring that appropriate policies are formulated and implemented to guide business activities
- Safeguarding the company's assets

The CEO delegates the appropriate authority to the Exco while retaining ultimate accountability to the Board.

## Group company secretary

The appointment and removal of the company secretary is a matter for the Board as a whole. Melanie van Heerden continued to hold the office of group company secretary for the period under review. She holds the following qualifications: B.Com (Law) and LLB and is a qualified and admitted attorney, notary and conveyancer with in excess of 20 years' post-qualification experience.

The group company secretary ensures statutory and legal compliance and adherence to relevant governance principles.

Her responsibilities include:

Guiding	Providing	Facilitating	Administering the proceedings and affairs of the Board	Certifying
Guiding the Board and its committees (collectively and individually) on how their responsibilities should be discharged in the company's best interests.	Providing ongoing legal and corporate governance support and advice to the Board.	Facilitating <ul style="list-style-type: none"> <li>• Ongoing Board training and development to ensure directors are aware of legislation, codes or frameworks impacting the group</li> <li>• Induction of Board members</li> </ul>	Administering the proceedings and affairs of the Board, including distributing board packs and the minutes of all the Board and committee meetings and ensuring that copies of the group's AFS are distributed to relevant persons.	Certifying that the group has filed the required returns and notices per the Companies Act and complied with the JSE Listings Requirements.



**Following an assessment by the Board, in line with both the JSE Listings Requirements and King IV™, the Board is satisfied that Melanie van Heerden has the requisite competence, qualifications and experience to carry out the duties of the role and that she has maintained an arm's-length relationship with the Board and its directors. The Board is furthermore satisfied that the arrangements in place for providing corporate governance services are effective.**

## Information and communication

## Directors have:

- Access to the advice and services of the company secretary and may, where necessary, and in accordance with the Board-approved policy, seek independent professional advice at the group's expense
- Unrestricted access to all company information and the executive team to assist them in the discharge of their duties and responsibilities



**The Board is satisfied that the arrangements in place for accessing professional corporate governance services are effective.**

# Governance continued

Governance outcomes

## Principle 11

Effective control

11

## Risk governance



Effective risk management and a sound internal control environment are necessary for the long-term success of any company.

### Risk management

City Lodge Hotels' Board and management recognise that risk management is integral to sound management practice and good corporate governance. It improves decision-making, enhances outcomes, and strengthens management accountability.

The integrated risk assurance policy and framework outlines the company's integrated risk and assurance initiatives to further improve, embed and mature Enterprise Risk Management and Integrated Assurance.

The group's enterprise-wide risk management process encompasses reviewing, identifying, quantifying, prioritising, responding to and monitoring the consequences of internal and external risks and accounting for new and emerging risks and opportunities. It also promotes ownership of risk areas and accountability for risk management. Risk and control procedures are developed and enhanced continuously to improve risk identification, assessment and monitoring. Risks are assessed in terms of potential impact and likelihood.

Inherent risk is determined by evaluating the impact, probability, and significance to the business, while residual risk is determined with reference to the mitigating strategies and controls in place, taking risk appetite and tolerance into account.

### Internal control

The internal control system:

- Serves as an enabler for the delivery of effective governance and demonstrates that adequate internal controls are in place and operating in a satisfactory manner
- Outlines the various elements influencing and contributing to a sound internal control environment to ensure adequate control over operations, compliance and financial reporting
- Has been designed to provide reasonable assurance from a control perspective that the business is being operated consistently within the:
  - Strategy and risk appetite set
  - Agreed business objectives
  - Agreed policies and processes
  - Laws and regulations



## Governance outcomes

## Principle 12

## Effective control

12

## Information and technology



IT is integrated into the business and is a critical enabler in enhancing and advancing the group's objectives and position as a leader in its field.

The Board is ultimately responsible for IT governance (ITG) and the strategic alignment of IT with the group's performance and achievement of its strategic objectives. It has delegated responsibility to implement the ITG framework to management under the Audit committee's oversight, where ITG is a standing item on the Audit committee agenda.

IT policies and procedures cover, among other things, the use and safeguarding of the group's information and IT systems, the use of social media, disaster recovery plans, and the regular updating and improvement of IT technology.

The divisional director: IT, who reports directly to the CFO, is responsible for IT operations within the group, specifically the design and implementation of business-focused IT strategies, execution of projects and ensuring proper system security, data integrity and business continuity.

He is furthermore responsible for consolidating feedback relating to the performance of IT within the company so that reactive or proactive steps may be taken to ensure that the company derives the maximum value from IT while at the same time managing its risks and ensuring that the IT function is focused on IT investment initiatives, internal engagement to promote collaborative IT planning and the promotion of IT effectively to capitalise on economies of scale across the group.

## FY24 areas of focus included:

- Modernising our employee productivity solutions and upgrading of the back-end IT Infrastructure
- Continuing investment into technology platforms to stabilise the current environment
- Implementing further enhancements on the business intelligence (BI) tool that uses AI for predictive analysis
- Continually introducing enhanced and innovative technology services for guests and staff
- Identifying and migrating from paper-based processes to digital-based processes
- Enhancing a BAR rates engine for our property management system for bookings across all channels
- Embarking on PoS (Phase 2) – inventory management
- Updating IT Policies, standards and procedures to improve the governance and compliance posture for the company
- Rolling out cybersecurity awareness initiatives, continuous monitoring and reporting
- Development of the new [www.citylodgethotels.com](http://www.citylodgethotels.com) website

## Future focus areas include:

- Improving our IT and cybersecurity posture
- Finalising a revised cloud-based disaster recovery strategy
- Implementing our cloud transformation strategy
- Formalising our digital transformation strategy to streamline our back-office functions and guest interaction
- Implementing a BAR rates engine for the remaining OTA and General Distribution System channels
- Enhancing our BI tools
- Developing a new loyalty programme on the successful deployment of the new website.
- Finalising PoS (Phase 2) – inventory management implementation
- Building foundational IT capabilities that enable data and information as a key differentiator
- Reviewing of all third-party suppliers to establish relevance, value for money and potential cost savings

The ITG Framework continues to strengthen IT investment decision-making and enhances its alignment with business requirements



**The Board is satisfied that ITG is being addressed appropriately and is suitably aligned to the achievement of the group's objectives, that the systems of internal control over IT are adequate and effective, and that there has been no material breakdown in the functioning of the internal control systems during the year under review.**

## Governance outcomes

## Principle 13

## Effective control

13

## Compliance governance



The group recognises compliance is crucial to its long-term success and sustainability and has a strong culture of compliance.

The governance and compliance function monitors governance developments and assesses compliance with, and the impact of, applicable laws and regulations on the business. The Board is informed of regulatory changes, non-binding standards and codes that may affect the group.

Through the SEC and Risk committee, the Board monitors compliance and compliance risks through committee reports. Where required, external experts are engaged to assist and advise.

Initiatives undertaken to enhance compliance during the year and that will remain areas of focus for the foreseeable future include:

- Ongoing compliance with legislation, codes of best practice and frameworks applicable to the company, specifically the JSE Listings Requirements, the Companies Act and King IV™
- Ongoing delivery against the POPIA privacy execution plan
- Continuing compliance training in identified areas, including information security and privacy awareness campaigns and training around protecting information
- Ongoing maintenance of the regulatory universe
- Monitoring regulatory developments and effecting improvements to the legal compliance framework in response to identified compliance risks and reviewing and updating existing policies

# Governance continued

## Governance outcomes

## Principle 14

## Effective control

14

## Remuneration governance



The Board assumes responsibility for remuneration governance and sets the direction for remuneration across the group. The group's remuneration policy seeks to ensure that Exco and senior management are fairly rewarded for their individual and joint contributions to the company's performance and that the company remunerates fairly, responsibly and transparently at all levels to enable the company to achieve its strategic objectives and secure positive outcomes in the short, medium and long term.

The Board has tasked Remcom with overseeing the governance of remuneration matters.

The remuneration policy and the implementation report are detailed in our remuneration report, which starts on page 116.

## Governance outcomes

## Principle 15

## Effective control

15

## Assurance



The Board ensures that assurance services and functions enable an effective control environment and support the integrity of information for internal decision-making and the group's external reports.

The Board is responsible for the integrity of the IAR, AFS and other external reports that are issued. The Board, with the support of the Risk committee, satisfies itself that the combined assurance model is effective and sufficiently robust for the Board to be able to place reliance on the combined assurance underlying the statements that the Board makes concerning the integrity of the group's external reports.

The Board has approved the terms of reference for both the Audit and Risk Committees, which gives effect to assurance over internal controls. The group maintains a system of internal financial control designed to provide assurance on the maintenance of proper accounting records and the reliability of financial information used within the business and for publication. The system contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified.

A combined assurance model is in place to align and optimise assurance and ensure that significant risks are adequately addressed. The model recognises four lines of defence. Regular communication between assurance providers optimises areas of reliance and enhances value delivery to stakeholders. Assurance providers collectively provide assurance to the Board.

## Internal audit

The internal audit function provides independent, objective assurance to the Board regarding the effectiveness of its internal controls. The function, outsourced to KPMG Inc, complies with the Institute of Internal Auditors for the Professional Practice of Internal Auditing and Code of Ethics and operates within approved terms of reference. Currently following a compliance-based approach, the internal audit function is transitioning to a combination of compliance and risk-based methods, evaluating significant business, strategic, and control risks. The internal audit plan is informed by the group's strategy and risks, assisting management in developing and implementing effective internal controls to address the risk of material misstatement of financial results.

Internal audit has unrestricted access to the CEO, CFO, and the chairperson of the Audit committee.

Audits are conducted in accordance with the International Standards for the Professional Practice of Internal Auditing, with hotels being audited roughly once every three years unless circumstances dictate otherwise.

Reports prepared in accordance with a defined set of audit criteria, highlighting audit area ratings per hotel and summarising internal Audit activities, are presented at each Audit committee meeting. Where significant internal control weaknesses are identified, controls may be revised or introduced and/or corrective action taken, as deemed appropriate. Follow-up audits may be conducted if considered necessary.

The Audit committee annually reviews the effectiveness of the internal audit function to ensure that adequate, objective internal audit assurance standards and procedures exist and approves the internal audit plan and budget for the ensuing year.

Where mandated by the Audit committee, internal audit carries out special assignments. During the year under review, an internal financial control review was undertaken to evaluate whether the internal financial controls are adequate and effective and can be relied upon in compiling the AFS of City Lodge Hotels Limited. The review yielded "Satisfactory" findings, and no critical matters were identified which merited reporting to either the Audit or Risk committees.



The Audit committee:

- Having confirmed the quality and effectiveness of the internal audit processes and taking cognisance of management's views, concluded that the internal audit function operates effectively
- Upon assessing the independence of the internal audit function concerning, among other things, the IRBA Code of Professional Conduct, is satisfied that the independence of the function has not been compromised

## Non-audit services

The policy for providing non-audit services by external audit offers guidelines on the audit, audit-related, tax and other non-audit services that the external auditor may and may not provide.

These services are pre-approved by the audit committee to ensure that such services do not impair the external auditor's independence.

## Legitimacy

Governance outcomes

### Principle 16

#### Legitimacy

16

#### Stakeholder relationships



City Lodge Hotels is committed to responsive and transparent engagement with our stakeholders, which include guests, employees, unions, shareholders, suppliers, government, regulators and the communities in which the company operates in a manner that is aligned with our values.

With the assistance of the SEC, the board has approved a stakeholder engagement policy through which it considers issues around stakeholder engagement and management, including the principles and practices to be applied by the company to act with integrity towards its stakeholders and guide its interactions with them. The board has delegated responsibility for implementing and executing effective stakeholder engagement to the CEO and the senior management team.

Interaction with stakeholders occurs during the ordinary course of business at multiple levels across the group. The stakeholder engagement programme ensures that the company:

- Remains accessible and accountable to key stakeholders
- Engages regularly on material matters
- Reports to the board on all material stakeholder engagements, including any emerging risks or opportunities

Various methods of engagement have been adopted and include face-to-face meetings, results presentations with major institutional shareholders after the release of results, hosting investor and analyst sessions, participating in third-party investor conferences, the AGM, engaging with the broader stakeholder community through its marketing efforts, advertising via various social media platforms, directly with guests via guest questionnaires, and with local communities through various corporate social initiatives. Timeous communication on material developments of the business is conducted via SENS, ensuring proactive information and communication.



**You can find information about our stakeholders, the company's engagement with them, and the issues important to them on Page 26 and 27.**

#### Litigation

The group, while seeking to maintain its legitimacy, is subject to legal proceedings in the ordinary course of business. Due to inherent risks and uncertainties, these proceedings cannot be reliably predicted.

In upholding transparent stakeholder relationships, the group seeks to disclose that it is not and has not been involved in any legal or arbitration proceedings that will or may have a material effect on the company's operations or financial position during the year under review. Additionally, no such known proceedings are pending.

#### Sponsor

The group's sponsor, Nedbank Corporate and Investment Banking, a division of Nedbank Ltd, plays a critical role in fostering strong stakeholder relationships by advising the board on compliance with the JSE Listings Requirements. This guidance ensures that the group adheres to high standards of legitimacy and transparency in its operations.



# Remuneration report

## Part 1 – Background statement

### Dear shareholders

I am pleased to present the remuneration report for FY24 on behalf of the Remuneration and nominations committee (Remcom). This report provides an overview of the work we have undertaken over this period and how it aligns with the company's strategic objectives. It demonstrates the company's progress and achievements in what has been a challenging and unpredictable year.

Remuneration continues to serve as a crucial driver for employees and executive management, rewarding the achievement of the company's strategic objectives and sustainable and long-term value creation for all stakeholders. Accordingly, remuneration should be implemented fairly and responsibly, bearing factors such as attraction, retention and motivation in mind, along with appropriate governance structures in place to ensure remuneration outcomes are aligned with company and personal performance.

This remuneration report conforms to the reporting structure recommended in line with the principles of King IV™ and accordingly is presented in three parts, as outlined below:

Part 1: Background statement	Part 2: Remuneration policy	Part 3: Implementation report
Our approach to remuneration and governance, as well as the impact of company performance on remuneration	Our remuneration philosophy and policy, especially as it relates to executive and non-executive remuneration	How our remuneration policy has been applied in the past year, including disclosure of prescribed officer remuneration

The report provides a comprehensive view of our remuneration policy and its application as it relates to Exco and senior management.

Parts 2 and 3 will be tabled separately for a non-binding advisory shareholder vote at our AGM on 21 November 2024.

## Operational performance and changes to our remuneration policy

### Performance and outcomes for FY24

Despite a myriad of challenges highlighted by high inflation and persistently elevated interest rates which had a direct impact on demand and consumer spending power, erratic energy supply and increased operational costs, coupled with the introduction of government austerity measures and dampened business confidence resulting from political uncertainty in the lead up to the national elections in May 2024, the company was able to demonstrate strong operational and financial resilience, delivering good results with revenue increasing by 13% to R1.9 billion.

These results would not have been achieved without our equally resilient and high-calibre employees.

In line with our remuneration policy, the strong cash generating position, and the continued focus and delivery of guest satisfaction has resulted in the achievement of certain of the FY24 STI criteria and the payment of an STI.

### Policy changes

No substantial policy changes were effected to the remuneration policy during the year, nor are any contemplated for FY25.

### Remuneration governance

Remcom supports the Board's efforts in ensuring City Lodge Hotels remunerates fairly, responsibly, and transparently. Furthermore, it oversees the implementation of the remuneration policy and makes recommendations to the Board regarding the remuneration structure and base fees for NEDs for approval by shareholders. In addition to the ongoing engagement with remuneration specialists, the Remcom, which comprises the members below, met three times during FY24 to discharge its responsibilities:

Name	Status	Attendance
Frank Kilbourn	Independent non-executive chairman	3
Andrew Lapping	Independent non-executive	3
Stuart Morris *	Independent non-executive	1
Bulelani Ngcuka	Independent non-executive	3

\* Retired 23 November 2023.

The CEO is a permanent invitee to committee meetings but does not participate in discussions relating to, or vote on, his own remuneration.

Committee members have the relevant skills, expertise and experience to execute their duties effectively. They are also members of other key committees, enabling collaboration and the ability to monitor risk trends across the group.

We continue to ensure that our remuneration philosophy aligns with our business strategy and shareholder expectations while delivering competitive and fair outcomes for employees.

## FY24 key activities

During the year under review, the Remcom undertook the following tasks:

- **Exco and senior management remuneration**
  - Reviewed total Exco and senior management remuneration against external benchmarks
  - Approved the individual remuneration for Exco and senior management
  - Reviewed variable pay structures to ensure appropriate performance measures and line of sight to drive the correct behaviours and align with shareholder sentiments
- **NED remuneration**
  - Reviewed the NED fees to facilitate a recommendation to the Board for subsequent approval by shareholders
- **Group-wide remuneration matters**
  - Reviewed the group-wide remuneration policy, which remained unchanged from the prior year
  - Considered the principles of fair and responsible pay, which includes consideration of race and gender pay gaps, as well as the internal wage gap
  - Approved the wage increase mandate for wage negotiations
  - Approved a 6.25% general salary increase for Exco, senior management and all other employees with effect from 1 August 2024, save for the minimum wage earners, where the mandated increase was 7%
  - Approved the adjustments for a group of employees whose pay differentials were outside the accepted tolerance band
- **Performance – relating to past performance cycle**
  - Assessed STI outcomes and executive and senior management bonus awards. The vesting outcome ranged between 20.78% and 69.6%, with the group average achieved being 28.7%. Given FY24 performance, the Remcom is comfortable with the correlation between the criteria and associated targets and level of achievement. Details of the targets and the performance outcomes are disclosed in part 3 of the remuneration report
  - Approved the FY24 RSP awards associated with the achievement of the FY24 STI criteria
  - Approved the vesting of the FY22 CSP – tranche 3
- **Performance – relating to the forthcoming performance cycle**
  - Approved the performance targets and bonus parameters for the FY25 STI
  - Approved the performance conditions and associated targets for the CSP FY25 awards
- **Governance and compliance**
  - Reviewed and approved the committee's annual work plan
  - Reviewed and approved the remuneration report
  - Reviewed Board and committee composition concerning, among other things, skills, experience and composition requirements
  - Reviewed independence of directors
  - Considered directors retiring by rotation in accordance with the Mol and formulated a recommendation to the Board, subject to the affected directors making themselves available for re-election
  - Reviewed succession and development planning at Board and executive level and assessed talent requirements in conjunction with succession plans
  - Reviewed the executive structure and reporting lines
  - Ensured that remuneration broadly aligned with the remuneration policy
  - Reviewed feedback on the outcome of the non-binding advisory vote of shareholders
  - Reviewed variable pay structures and, having determined them to be aligned with best practice, no changes were effected
  - Formalised the Board induction policy

## Shareholder engagement and voting

The committee regards this report as a valuable platform to engage with our stakeholders and to respond to issues they raised during the year under review. During the AGM held on 23 November 2023, the outcome of the non-binding advisory vote was as follows:

Advisory vote	Required percentage	November 2023	November 2022
Remuneration policy	75%	92.10%	87.08%
Implementation report	75%	93.57%	88.59%

Shareholder engagements in respect of our FY23 policy, together with the Remcom's response thereto, are summarised below:

Shareholder concerns raised	Our response
Director independence – directors serving longer than 12 years not considered independent	Succession is paramount to ensure the requisite skills and experience are represented to support the effective functioning of the Board and the promotion of sustainable growth and maximisation of shareholder value. This notwithstanding, long-serving directors are annually subject to a review of their independence against criteria listed in King IV™ and the JSE Listings Requirements.
Vote in respect of appointment of an Audit committee member not supported	New members have been appointed to the Board in the past few years. In time, and once we are comfortable that effective induction and, where appropriate, handover has taken place, the retirement of long-serving Board members is likely to commence in a manner that does not disrupt or negatively affect the efficient functioning of the Board.

# Remuneration report continued

Several interactions covering a variety of topics, including performance and variable pay, with various of our shareholders, took place during FY24, including the AGM, one-on-one meetings and/or calls, results presentations and email exchanges. Shareholders are hereby invited to approach and engage with the company regarding any comments and/or concerns they may have prior to the AGM.

In compliance with King IV™ and the JSE Listings Requirements, the remuneration policy and the implementation report (parts 2 and 3 of this report) will be presented for two separate non-binding advisory votes at the forthcoming AGM, scheduled to take place on 21 November 2024. In the event that 25% or more of shareholders vote against either the remuneration policy, the implementation report, or both, we will, via SENS, outline the process and timing of our proposed engagement to seek clarity on the dissenting votes to enable the company to address reasonable and legitimate objections and concerns raised. The method of shareholder engagement will be decided by our Remcom and could include:

- Emails and teleconferences
- Investor roadshows (where feasible)
- One-on-one meetings with shareholders
- Combined meeting of shareholders (where deemed appropriate)

## Increasing stakeholder expectations

As stakeholder expectations continue to grow, albeit not homogeneously, differing and, at times, competing expectations need to be carefully managed.

ESG and climate change considerations remain topical. While stakeholders are calling for a clear link between executive remuneration and ESG factors, there are differing opinions on how these factors should be included to drive real business and societal value and balance legitimate stakeholder needs.

Remcom is following a considered approach in identifying relevant, meaningful and measurable criteria and targets.

Considerations in this regard include whether:

- The social (S) measure should be a modifier (i.e., no remuneration award for compliance with the S target but rather downward adjustment where the target is not met)
- To include other ESG measures, and, if so, as input or output measures
- The identified ESG measure(s) would be linked to performance relating to the long-term incentive (LTI) or STI

Equal and fair remuneration remains part of the remuneration discourse and drives remuneration agendas. The vertical pay gap between the highest- and lowest-paid employees, as well as gender and race pay gaps, continue to receive increased stakeholder attention across the board, and we continue to monitor these issues closely.

## FY25 areas of focus

Issues that will receive focus during the forthcoming year and beyond include:

- Continuously reviewing and developing remuneration practices to ensure that employees are fairly, equitably and responsibly remunerated while maintaining competitive structures to attract and retain high-calibre individuals, with a focus on critical skills and diverse talent in key positions
- Benchmarking the remuneration policy against best practice

- Monitoring the skills, experience and composition requirements of the Board and its committees having reference to the diversity requirements of the JSE Listings Requirements, as well as succession planning
- Continuing improvement on annual remuneration disclosure
- Improving engagement with shareholders on remuneration and around evolving remuneration practices and policies
- Formalising a fair pay policy
- Ensuring that target setting for our STI and LTI programmes delivers the appropriate outcomes and rewards employees fairly, giving due consideration, among other things, to the cyclical nature of our business and movement in share price
- Remaining up to date with critical issues that influence remuneration in the current dynamic operating environment
- Monitoring regulatory developments related to remuneration and, in particular, the changes proposed by the Companies Amendment Act and implementing as appropriate
- Continuing to embed and strengthen fair and responsible remuneration practices into the business and address any pay disparities identified
- Reviewing the potential for ESG-related targets in remuneration practices, which will be considered once the ESG framework, position statement, and gap analysis have been finalised
- Driving an entrepreneurial culture through incentives to increase alignment with shareholder interests

## Our approach to fairness in pay

The committee remains acutely aware of its role in relation to ensuring fair and equitable pay at all employment levels, particularly in an economic environment that continues to place significant strain on our employees and acknowledges that addressing this societal issue is an important aspect of unlocking stakeholder value across the spectrum.

In its efforts to address this, the Remcom has, over the past several years, embarked on a programme where the percentage increase awarded to the lower-paid employees has been higher than that awarded to the highest paid, save for certain exceptions where packages were found to be lagging the market or following a change in responsibilities. Having considered inflation trends, the associated rising cost of living and affordability, we were pleased to have been able to recommend, effective 1 August 2024, a general increase of 6.25% for all employees, excluding minimum wage earners who were settled at 7.0% and save for certain exceptions.

The group's minimum wage, excluding benefits and a guaranteed 13th cheque, is approximately two times more than the national minimum wage.

Employee wellbeing in the workplace remains top of mind. We continue to assess and review the remuneration policies, including benefits in place to ensure the company offers competitive benefits, considering affordability. Benefits include:

- Emotional support through the P3 – Trauma counselling facility and Whispa (for GBV)
- Financial support through the F3 – Financial assistance programme, as well as the facilitation of loans in case of bereavement, emergency or education assistance and early access to earned salary through TymeAdvance
- Skills and development through our various training and education schemes



Our remuneration philosophy is to ensure that employees are rewarded fairly and appropriately for their contribution to value creation for the group. It informs our reward framework and guides policy. This is achieved through a formal pay structure where market rates are set competitively. Given the continually evolving context, we constantly review our remuneration policies to ensure our approach remains relevant, fair, and responsible.

The following group-wide practices demonstrate our commitment to fair and equitable pay:

- Remunerating our employees at higher than the statutory minimum for the industry
- Delivering sustainable, competitive salary mandates, prioritising rewards for our lowest earners and providing market-related pay increases. In this regard, the company annually reviews and grants higher increases to the lowest earners where possible
- Using independent, external reward benchmarking tools to ensure a consistent and transparent approach is applied to reward decisions
- Ensuring equal pay for work of equal value to mitigate the risk of unfair pay discrimination based on diversity differences, ensuring that work of equal value is rewarded fairly across all demographics
- Applying geography-specific, market-related pay at a country and in-country level to ensure sustainable and competitive regional pay
- Ensuring that all South African employees who do not participate in the LTI scheme participate in the 10th Anniversary Employee Share Trust

## External advisers

Remcom endeavours to remain informed of emerging trends and leading remuneration practices. To this end, 21st Century Pay Solutions (21st Century) was engaged to provide independent remuneration advisory services covering remuneration-related trends and developments, best practice and remuneration benchmarking.

We assess our market positioning in key talent areas by considering guidance from our advisers and overlaying various contextual factors. These include industry trends, the group's financial position, and legislative requirements. We then evaluate our performance in delivering fair and equitable remuneration as part of our employee value proposition. The aim is to design rewards that support business sustainability, balancing the need to attract and retain top talent with appropriate affordability considerations.

Remcom is satisfied that the input provided by these service providers is credible, independent and objective.

## Confirmation

The Remcom is pleased with the progress made this year and is satisfied that:

- It has discharged its obligations as set out in its terms of reference responsibly, and the principles advocated by King IV™, the Companies Act and the JSE Listings Requirements, as well as the remuneration policy, have been applied
- The remuneration policy is aligned with best practice, sound governance principles and shareholder expectations concerning executive remuneration
- The remuneration policy and its implementation are appropriately aligned with the group's strategic objectives and stakeholder interests
- The principles adopted are appropriate for guiding its decisions to remunerate fairly and responsibly
- It has duly executed its responsibilities for the financial year under review

We value the feedback received during the past year and look forward to engaging further with our shareholders on our approach to remuneration, our policy and the implementation thereof in the year ahead.

I am extremely grateful for the commitment, contribution, and valuable input of my fellow committee members over the past year. Executive remuneration remains an emotive and hotly contested topic, and the committee has remained resolute in its support of fair and responsible pay practices.

A special note of thanks to our ever-committed and loyal employees – thank you for your dedication and commitment to the company's continued success this past year.



**FRANK KILBOURN**

*Chairperson of the Remuneration and nominations committee*

25 October 2024

# Remuneration report continued

## Part 2 – Overview of the remuneration philosophy and policy

This report details the activities of the Remcom and provides an overview of the group's philosophy, principles and approach concerning remuneration, specifically highlighting remuneration applicable to EDs, Exco and NEDs. The remuneration policy will be put forward to shareholders to obtain endorsement thereof by way of a non-binding vote at the AGM.

### Governance and the role of the Remcom

The Remcom is responsible for overseeing the governance of remuneration matters. It is specifically responsible for ensuring that the company remunerates its EDs and senior executives fairly and responsibly and that the remuneration policies serve the group's long-term interests.

In discharging its responsibility, the Remcom reviews the remuneration policy and its implementation on an annual basis.

The Remcom also takes management's recommendations under advisement when making recommendations to the Board on the fees payable to the NEDs, which recommendations are subject to shareholder approval, by way of special resolution.

Specifics concerning the composition, role and responsibilities of the Remcom, activities undertaken during the year and the remuneration policy are disclosed on pages 104 to 106.

### Remuneration policy

#### Reward philosophy and strategy statement

The group's policy is to pay its staff at a market rate comparable to similar roles within the market. On the basis that the ED and Exco's guaranteed package is benchmarked across industries, with reference to size and turnover, and to attract scarce and critical skills to implement the group's strategy and retain high-calibre individuals at this level, the company aims to set its guaranteed pay at the upper quartile. In respect of the remaining employees, the company aims to pay between the mean and upper quartile within a normal distribution range of the relevant industry (hotels and hospitality).

City Lodge Hotels is committed to developing, implementing and upholding total reward strategies and practices which:

- Are fair, responsible and consistent with, and aligned with, the vision, mission, values and business objectives of the company and promote the achievement thereof
- Pursue the best interests of the company, its shareholders and its internal and external stakeholder base
- Offer an appropriate mix of fixed and variable remuneration, which includes STIs and LTIs
- Are market-related
- Are driven by, and show a commitment to, rewarding performance, integrity and quality innovation
- Offer competitive benefits
- Articulate a distinctive value proposition for current and prospective employees

#### Total reward strategy

The total reward strategy is aimed at:

- Providing an integrated approach for reward management that effectively attracts, motivates, engages and retains the talent required to achieve the desired business results
- Adhering to legal, ethical and best practice standards and reflecting good corporate governance and citizenship by complying with and exceeding industry and statutory minimum standards
- Aligning reward practices with business strategy through a process of analysis, thereby ensuring that they serve the business practices

## Elements of remuneration

The various remuneration components applicable to South African employees and how the policy will be applied in FY25 are disclosed below.

Element of pay type	Purpose	Performance period	Performance measures	Settlement	Eligibility																									
Fixed																														
Total guaranteed package (TGP) (monthly salary, retirement funding based on pensionable salary, medical aid, death and disability cover).  Employees below manager level and hotel general managers receive a 13th cheque over and above base pay and benefits.	The basis of the group's ability to attract and retain the required skills.  Reflects the individual's role and position.	Annually – 1 August to 31 July.	Reviewed annually, considering the approved increase mandate, benchmark data received from independent remuneration consultants, where applicable, macroeconomic factors, inflation, affordability, scarcity of skills, complexity of role, experience and performance.	Payment occurs monthly and comprises a mix of cash, salary, and compulsory and discretionary benefits.	<ul style="list-style-type: none"><li>Employees below manager level**</li><li>General managers</li><li>Head office management</li><li>Senior management</li><li>Exco</li><li>ED</li></ul>																									
Variable																														
STI	Drive a pay-for-performance culture, reward the achievement of business objectives, and align employee focus with shareholder expectations.	Annually - 1 July to 30 June.	<div>STI awards are based on the achievement of the following criteria (each measure is weighted according to a participant's role, and a multiplier is assigned depending on the level of achievement):<ul style="list-style-type: none"><li>EBITDAR</li><li>TRevPAR</li><li>Cash flow</li><li>Average group RateUs score</li></ul></div> <div>Further details are disclosed below.</div> <div>The FY25 weightings are as follows:</div> <table><tr><th></th><th>EBITDAR</th><th>TRevPAR</th><th>Cash flow</th><th>Average group RateUs score</th></tr><tr><td>CEO</td><td colspan="4" rowspan="2">100% group performance on all measures.</td></tr><tr><td>CFO and COO</td></tr><tr><td>Exco and senior management</td><td colspan="2">Operations director and operation general managers: 60% on their portfolio and 40% on group performance.</td><td>100% on group performance</td><td>100% on their portfolio.</td></tr><tr><td>Hotel general managers</td><td colspan="2">60% on their hotel and 40% on group performance.</td><td>100% on group performance</td><td>100% on their hotel.</td></tr><tr><td>Head office managers</td><td colspan="4">100% group performance on all measures.</td></tr></table>		EBITDAR	TRevPAR	Cash flow	Average group RateUs score	CEO	100% group performance on all measures.				CFO and COO	Exco and senior management	Operations director and operation general managers: 60% on their portfolio and 40% on group performance.		100% on group performance	100% on their portfolio.	Hotel general managers	60% on their hotel and 40% on group performance.		100% on group performance	100% on their hotel.	Head office managers	100% group performance on all measures.				<div>The following employees are eligible for STI participation:<ul style="list-style-type: none"><li>ED</li><li>Exco</li><li>Senior managers</li><li>Head office managers</li><li>General managers</li></ul></div> <div>Save for the STI awards of Exco (including the EDs) and senior management, which are assessed by Remcom, the merit of putting a qualifying employee forward for participation is debated between the COO or head of division and the CEO. Payout is authorised by Remcom.</div>
	EBITDAR	TRevPAR	Cash flow	Average group RateUs score																										
CEO	100% group performance on all measures.																													
CFO and COO																														
Exco and senior management	Operations director and operation general managers: 60% on their portfolio and 40% on group performance.		100% on group performance	100% on their portfolio.																										
Hotel general managers	60% on their hotel and 40% on group performance.		100% on group performance	100% on their hotel.																										
Head office managers	100% group performance on all measures.																													

\*\* Employees' share ownership opportunities exist through the 10th Anniversary Employees' Share Trust, subject to qualification criteria being met.



# Remuneration report continued

Element of pay type	Purpose	Performance period	Performance measures	Settlement	Eligibility
<b>Variable</b>					
LTI - RSP	<p>To attract, retain and incentivise employees.</p> <p>To provide selected employees with the opportunity to receive shares in the company.</p> <p>Aligns employee interests with shareholders' interests.</p> <p>The RSP was initially used as a retention mechanism or as a tool to attract prospective employees but is now used to incentivise and retain employees.</p>	Annual awards with three-year vesting periods and subject to vesting conditions being met.	Earning a bonus in the preceding financial year and vesting only to the extent the vesting condition is met.	Settled on award, but the shares are subject to disposal restrictions until the expiry of the vesting period.	<p>Participation is subject to Remcom approval</p> <ul style="list-style-type: none"> <li>General managers</li> <li>Head office management</li> </ul> <p>Restricted shares are awarded based on the prior year's STI performance.</p>
LTI - CSP	<p>To attract, retain and incentivise employees.</p> <p>Aligns employee interests with shareholders' interests.</p> <p>Supports execution of the company's medium-term strategy while ensuring long-term shareholder alignment.</p>	Annual awards with three-year performance periods and are subject to vesting and performance conditions being met.	Achievement of threshold, target or stretch performance conditions, measured over a three-year forward-looking performance period and vesting only to the extent performance and employment conditions are met.	Shares are settled subsequent to vesting, and settlement occurs as follows: 50% in year three, 25% in year four and 25% in year five. Settled shares can be made subject to a post-vesting holding period.	<ul style="list-style-type: none"> <li>Senior management</li> <li>Exco</li> <li>ED</li> </ul>
City Lodge 10th Anniversary Employees' Share Trust	Encourage share participation and wealth creation.	Annually – 1 July to 30 June.	<p>Subject to the provisions stated in the trust deed, including, among other things, funding arrangements, beneficiaries will be entitled to:</p> <p>i) A proportion of all dividends received by the 10th Anniversary Trust</p> <p>ii) A proportion of the growth in the value of the shares held</p>	Cash and/or shares, where appropriate.	Employees below manager level: These are employees who do not participate in the group's other LTI plans and who, at the relevant date, being the first day of the month following that during which the company pays its final dividend, have been in the full-time employ of the company for at least 12 months.

### Our approach to pay fairness

City Lodge Hotels is committed to executive remuneration that is fair and responsible in the context of overall employee remuneration and has undertaken various initiatives to address income disparities that align with the principle of equal pay for work of equal value. The measures undertaken include:

- Providing financial education to employees
- Delivering various employee wellbeing and safety initiatives
- Expanding the employee value proposition. This includes a range of benefits over and above our standard benefits, which are unique and demonstrate to the employees that the company views them as a 'whole' individual who operates within both a family and work environment. These benefits include:
  - Sick, annual and special leave
  - Uniforms (if required)
  - Change rooms (if required)
  - Accommodation at a group hotel while on leave/holiday at special "CLH rates", but subject at all times to availability and excluding peak periods and obtaining the appropriate management approval
  - Night shift allowance (where applicable)
  - Staff transport allowance (where applicable)
  - Training
  - Education scheme
  - Personal loans in the case of bereavement or emergencies, and education assistance loans
  - Long-service awards recognising five, 10, 20, 25 and 30 years of continuous service
  - Relocation allowance (where applicable)
  - Cellular phone allowance (where applicable)
- Striving to keep executive increases in line with lower-level employees' increases while remaining cognisant of the overall philosophy of remunerating executives at the upper quartile

### Further details in respect of executives

Further details on the policy as it applies to executives are provided below.

#### TGP

Surveys provide industry differentials compared to the overall market, which are considered when determining TGP. The company uses data from the 21st Century Hospitality Industry Remuneration Survey to benchmark all positions other than Exco and senior management. Exco and senior management remuneration are benchmarked annually against the 21st Century Execu-measure system, and where appropriate, alternative benchmarks are conducted every three or so years for comparative purposes. The company aims to set its guaranteed remuneration at the upper quartile (75th percentile) regarding Exco and senior management and between the median and 75th percentile, within a normal distribution range, of the relevant industry (hotels and hospitality) regarding the remaining staff. The rationale for benchmarking to the upper quartile is to be in a position to be able to compete with packages on offer in the market and to be in a position to attract and retain specific skills at this level.

# Remuneration report continued

## STIs

Details in respect of the bonus metrics and operation are provided below:

STI																										
Bonus operation	<p>STI = [TGP x allocation %] x performance outcome percentage</p> <p>The STI is the product of an allocation percentage and the performance outcome percentage.</p> <p>A scorecard of measures totalling 100 is used, each with its own weighting. The level of achievement of the targets (threshold, target or stretch) determines the final performance outcome percentage.</p>																									
Award opportunity and performance outcome percentages	<p>The allocation % expressed as a % of TGP are as follows:</p> <table><tr><td>CEO</td><td>100%</td></tr><tr><td>CFO and COO</td><td>75%</td></tr><tr><td>Exco and senior managers</td><td>40%</td></tr><tr><td>Head office managers</td><td>25%</td></tr><tr><td>Hotel general managers</td><td>25%</td></tr></table> <p>Performance outcome as a percentage of the allocation is as follows, with linear vesting in between:</p> <ul style="list-style-type: none"><li>• Threshold: 30%</li><li>• Target: 65%</li><li>• Stretch: 100%</li></ul>	CEO	100%	CFO and COO	75%	Exco and senior managers	40%	Head office managers	25%	Hotel general managers	25%															
CEO	100%																									
CFO and COO	75%																									
Exco and senior managers	40%																									
Head office managers	25%																									
Hotel general managers	25%																									
Performance conditions and vesting levels	<p>Performance measures are measured over a 12-month period.</p> <p>The following measures apply for FY25 and at the individual allocation percentages for the respective roles set out above. Given the commercial sensitivity in disclosing our budgeted numbers, we provide detailed retrospective disclosure of targets and their outcomes in part 3 of the remuneration report.</p> <table><tr><th>Measure*</th><th></th><th>Threshold (30% vesting)</th><th>Target (65% vesting)</th><th>Stretch* (100% vesting)</th></tr><tr><td>EBITDAR, excluding unrealised forex gains and losses</td><td>25%</td><td>Budget +0%</td><td>Budget +15%</td><td>Budget +29%</td></tr><tr><td>TRevPAR</td><td>25%</td><td>Budget +0%</td><td>Budget +6%</td><td>Budget +12%</td></tr><tr><td>Cash flow after interest, cash rental and tax paid, before dividends and investment capex</td><td>30%</td><td>Budget +0%</td><td>Budget +21%</td><td>Budget +41%</td></tr><tr><td>Average group RateUs score</td><td>20%</td><td>90%</td><td>91.5%</td><td>93%</td></tr></table> <p><i>* Linear interpolation will be applied between levels of achievement.</i></p>	Measure*		Threshold (30% vesting)	Target (65% vesting)	Stretch* (100% vesting)	EBITDAR, excluding unrealised forex gains and losses	25%	Budget +0%	Budget +15%	Budget +29%	TRevPAR	25%	Budget +0%	Budget +6%	Budget +12%	Cash flow after interest, cash rental and tax paid, before dividends and investment capex	30%	Budget +0%	Budget +21%	Budget +41%	Average group RateUs score	20%	90%	91.5%	93%
Measure*		Threshold (30% vesting)	Target (65% vesting)	Stretch* (100% vesting)																						
EBITDAR, excluding unrealised forex gains and losses	25%	Budget +0%	Budget +15%	Budget +29%																						
TRevPAR	25%	Budget +0%	Budget +6%	Budget +12%																						
Cash flow after interest, cash rental and tax paid, before dividends and investment capex	30%	Budget +0%	Budget +21%	Budget +41%																						
Average group RateUs score	20%	90%	91.5%	93%																						



## LTIs

### Structural overview of LTIs

Currently, the company uses two LTIs – the CSP for Exco and senior management – while other eligible staff participate in the RSP. An overview of the respective schemes and how they operate is set out below:

	CSP	RSP
Description	Participants receive a conditional right to receive shares in the company. Vesting is subject to the achievement of forward-looking performance conditions.	Participants will receive a full share and become shareholders on the award date, but subject to forfeiture if the employee leaves the company's employment within a specified period.  These shares entitle participants to share in dividends and to exercise voting rights.  The participant cannot, however, sell or encumber the shares before vesting.  Two types of awards can be made: <ul style="list-style-type: none"><li>• Retention awards (used on an ad hoc basis)</li><li>• Bonus awards – a portion of the STI earned in any one year is matched with restricted shares</li></ul>
Eligibility	ED Exco Senior management	Head office management Hotel general managers
Purpose	To attract, retain and incentivise employees. To provide selected employees with the opportunity to receive shares in the company.	
Overall company limit	The aggregate number of shares at any one time which may be settled under the CSP and RSP shall not exceed 30 492 975 shares, being 5% of the issued shares as at the date that the amended CSP rules were approved.	
Individual limit	The maximum number of shares that may be settled in respect of all awards to any one participant under the CSP and RSP shall not exceed 6 098 595 shares, being 1% of the issued shares as at the date that the amended CSP rules were approved.	
Settlement method	<p>Prior to procuring the settlement of vested awards, the Remcom will consider the group's overall affordability.</p> <p>To allow for flexibility and to hedge against the risk of significant movement in the share price, a number of settlement methods are available for use at the Remcom's discretion:</p> <ul style="list-style-type: none"><li>• Market purchase of shares</li><li>• Use of treasury shares</li><li>• Issue of shares</li></ul> <p>No consideration will be payable by a participant in respect of the vesting of an award.</p> <p>In the determination of the number of shares that may be acquired by or settled to participants, shares acquired on the open market shall not be counted towards the overall limit referred to above.</p>	
CSP/RSP		
Termination of employment	<p>Participants terminating employment before the vesting date of a particular award will be classified as a good or bad leaver.</p> <p>Bad leavers will forfeit all awards on the date of termination of employment.</p> <p>In the case of good leavers, a pro rata portion of all unvested awards will vest on the employment termination date. The pro rata portion will reflect the number of months served since the date of the grant and the extent to which the performance conditions (if any) have been met. The balance of the awards will lapse.</p>	
Change of control	<p>In the case of a change of control, a pro rata portion of all unvested awards will vest on the change of control date.</p> <p>The pro rata portion will reflect the number of months served since the date of award and the extent to which the performance conditions (if any) have been met. The vested shares are to be exercised within a period determined by Remcom.</p>	
Variation in share capital	<p>In the event of a variation in share capital, the participants will continue participating in the various LTI plans. Remcom may, however, where the company's value has been materially affected, adjust the number of awards to give a participant an equivalent fair value of the equity capital to which they would have been entitled before the event.</p>	

# Remuneration report continued

## CSP parameters for FY25

Element	Policy explanation															
Instrument	Performance awards will be awarded as conditional rights to shares subject to forward-looking performance conditions.															
Allocation quantum	<div>The following allocation levels will apply in FY25</div> <table><tr><th></th><th>Allocation as % of TGP</th></tr><tr><td>CEO</td><td>100</td></tr><tr><td>CFO and COO</td><td>75</td></tr><tr><td>Exco and senior management</td><td>40</td></tr></table>		Allocation as % of TGP	CEO	100	CFO and COO	75	Exco and senior management	40							
	Allocation as % of TGP															
CEO	100															
CFO and COO	75															
Exco and senior management	40															
Performance period	A three-year forward-looking performance period is used, aligned with the company's financial year end.															
Performance conditions and vesting levels	<div>The performance conditions comprise a combination of the measures that the Remcom believes ensure shareholder alignment and the execution of strategy over the long term. The following targets and vesting levels will apply for the FY25 award (linear vesting applies between levels):</div> <table><tr><th>Measure</th><th>Weighting</th><th>Threshold (30% vesting)</th><th>Target (65% vesting)</th><th>Max (100% vesting)</th></tr><tr><td>Return on Capital Employed (ROCE) – as reported</td><td>40%</td><td>44%</td><td>53%</td><td>62%</td></tr><tr><td>HEPS growth</td><td>60%</td><td>72 cps</td><td>87 cps</td><td>103 cps</td></tr></table>	Measure	Weighting	Threshold (30% vesting)	Target (65% vesting)	Max (100% vesting)	Return on Capital Employed (ROCE) – as reported	40%	44%	53%	62%	HEPS growth	60%	72 cps	87 cps	103 cps
Measure	Weighting	Threshold (30% vesting)	Target (65% vesting)	Max (100% vesting)												
Return on Capital Employed (ROCE) – as reported	40%	44%	53%	62%												
HEPS growth	60%	72 cps	87 cps	103 cps												
Vesting period	<div>The conditional rights will vest at the end of a three-year performance period and settle as follows:</div> <div>50% in year 1</div> <div>25% in year 2</div> <div>25% in year 3</div>															
Malus	Unvested awards may be reduced or cancelled, resulting in forfeiture should a trigger event occur between the award and settlement date.															
Clawback	<div>The participant will be required to pay back, in full or in part, the pre-tax market value of the shares as determined on the vesting date if a trigger event is discovered after the end of the vesting period.</div> <div>Insofar as holding periods may apply, a portion or all of the vested shares of the participant will be recovered if a trigger event is discovered after the vesting date.</div>															

## RSP parameters for FY25

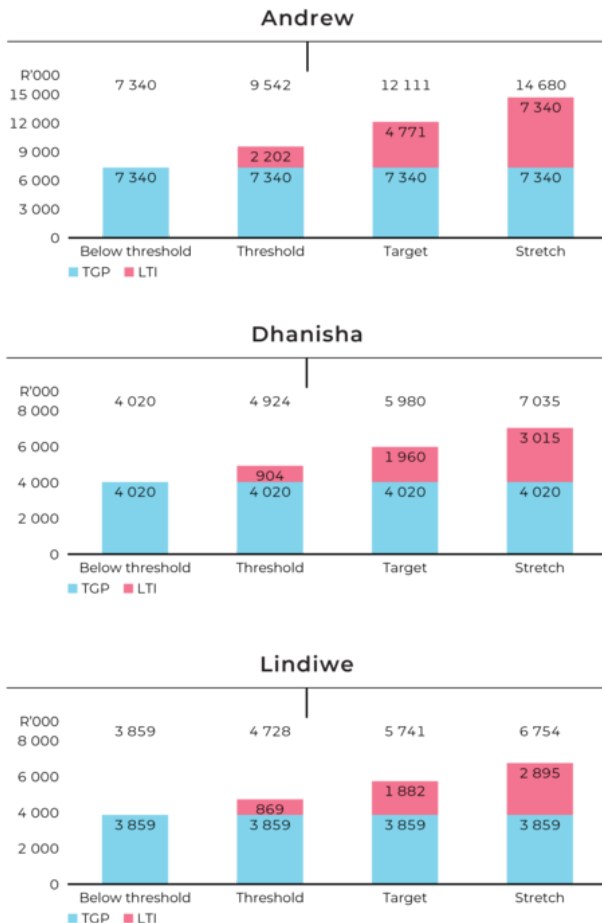
Element	Policy explanation						
Instrument	<p>Restricted shares representing a portion of the FY25 STI earned.</p> <p>Participants will receive a full share and become a shareholder on the award date, but subject to forfeiture in the event that the employee leaves the employment of the company within a specified period.</p> <p>These shares entitle participants to share in dividends and to exercise voting rights prior to them becoming unrestricted.</p> <p>Settled on award, but the shares are subject to disposal restrictions until the expiry of a three-year vesting period.</p>						
Allocation quantum	<p>The following allocation levels will apply in FY25</p> <table> <tr> <th></th><th>Allocation as % of STI earned</th></tr> <tr> <td>General managers</td><td>40</td></tr> <tr> <td>Head office management</td><td>40</td></tr> </table>		Allocation as % of STI earned	General managers	40	Head office management	40
	Allocation as % of STI earned						
General managers	40						
Head office management	40						
Performance period	None, on the basis that there are no performance criteria other than earning of a cash bonus.						
Performance conditions and performance vesting percentages	None, other than the earning of a cash bonus, as measured against the defined performance criteria of the STI.						
Vesting period	Three years of continued employment with the company from the award date.						
Malus	Unvested awards may be reduced or cancelled, resulting in forfeiture should a trigger event occur between the award and settlement date.						
Clawback	<p>The participant will be required to pay back, in full or in part, the pre-tax market value of the shares as determined on the vesting date if a trigger event is discovered after the end of the vesting period.</p> <p>Insofar as holding periods may apply, a portion or all of the vested shares of the participant will be recovered if a trigger event is discovered after the vesting date.</p>						



# Remuneration report continued

## Pay-for-performance link and package design for executive directors and the group's prescribed officers

In the graphs below, we illustrate the potential remuneration outcomes of the FY25 remuneration policy under four different performance scenarios:



### Service contracts and notice periods

No contractual arrangements apply to the appointment and termination of the EDs or Exco.

All employees are issued with a letter of appointment detailing their remuneration, as well as a notice period, which is one month for all staff, except for general managers and head office managers where two months' notice applies and senior management, Exco and EDs where three months' notice applies.

Regarding the EDs and Exco:

- No sign-on, retention or restraint payments are made, save for exceptional circumstances
- Save for early termination of employment
  - There is no automatic entitlement to:
    - a STI
    - Share-based payments
  - Good leavers will be entitled to:
    - Leave pay
    - Pro-rated vesting of LTIs, if applicable

### Malus and clawback

All variable pay is subject to malus and clawback and will be applied as detailed hereunder if a trigger event is discovered.

Malus refers to the partial or total cancellation or lapse of unpaid or unvested incentives, while clawback refers to the partial or total recoupment or repayment of paid or vested incentives. The application of the trigger events, detailed below, is within the discretion of the Remcom:

- A material misstatement of the financial results, resulting in an adjustment in the audited consolidated accounts of the company or the audited accounts of any member of the group, and/or
- The fact that any information used to determine the quantum of variable remuneration was based on error or inaccurate or misleading information, and/or
- Action, events or conduct (including omissions) of a participant which, in the Board's reasonable opinion, amounts to grounds for termination of employment for gross misconduct or negligence, dishonesty or fraud. This includes conduct that led to or is likely to lead to significant reputational or financial harm to the group, censure of any company within the group or the group as a whole by a regulatory authority, material failure to oversee or supervise other employees, or breach of any material obligations owed to the group, including the group's code of conduct, ethics, or risk policies
- The discovery that the assessment of any performance metric or criteria in respect of the determination of variable remuneration or the vesting thereof was based on error or inaccurate or misleading information
- The discovery that any information used in the decision to grant variable remuneration or determine the quantum thereof was erroneous, inaccurate or misleading or any information emerges that was not considered at the time any variable remuneration was made which, in the discretion of the Board (acting reasonably), would have resulted in an inappropriate benefit or would have materially affected the decision to allocate, make or grant the variable remuneration, whether at all or at the level at which such variable remuneration was made, and/or
- The Remcom, in its discretion, deems it necessary to apply malus and/or clawback

## NEDs' remuneration

### Appointment and term

The appointment of directors is a matter for the Board as a whole, assisted where appropriate by Remcom, and subject at all times to shareholders' approval.

Board appointments are governed by the Companies Act, JSE Listings Requirements, policy on the appointment to the Board and gender diversity and the group's Mol, which provide for at least one-third of the NEDs to retire by rotation at the company's AGM. The directors so retiring may, if eligible, offer themselves for re-election. Termination of office may occur at retirement age or, alternatively, if a director is prohibited by law from being a director, fails to be re-elected, is found guilty of misconduct, fails to attend meetings without good reason, or demonstrates poor performance.

NEDs do not:

- Have service contracts but are issued with letters of appointment detailing, among other things, their responsibilities
- Participate in the group's STI and LTI schemes

### Fees and basis of remuneration

Fees payable to the NEDs are reviewed annually and are not linked to the group's share price or performance.

In recognition of their ongoing responsibilities and contribution outside of meetings, as well as historically good meeting attendance, NEDs receive an annual fee, not a base fee and fee per meeting attended. The same applies to sub-committees. A premium fee is paid to the committee chairperson, given the responsibilities associated with the role, while an all-inclusive fee is paid to the Board chairman regardless of his membership of other committees and other responsibilities across the group.

Exceptional circumstances may present themselves which merit the establishment of an ad hoc sub-committee of the Board to investigate and advise the full Board on a particular matter and which justifies payment of fees in addition to those paid to NEDs for their services. In compliance with the Companies Act, the company would not be able to remunerate the members of such ad hoc committee for the extraordinary services rendered without the prior approval of shareholders. Accordingly, provision is made for payment of ad hoc committee fees.

To be in a position to attract and retain NEDs of the appropriate calibre, the fee structure is as far as possible aligned with the market, taking cognisance of the size and market capitalisation of the various companies included in the sample considered when determining fees payable, as well as macroeconomic factors, consumer price index, the financial position of the company and the greater accountability and risk associated with the role having regard to legislation and corporate governance principles.

Based on management's recommendations, Remcom, and in turn, the Board, review and propose NED fees to shareholders at the AGM. Fees are:

- Paid quarterly, in arrears, in cash
- Pro-rated in line with the period served in the case of appointments or resignations during a financial year

The fee structure, as approved by shareholders, remains in place for the financial year.

### Expenses

Travel, hotel, and other expenses reasonably and necessarily incurred on company business are covered by the company subject to the presentation of the appropriate supporting documentation in accordance with the travel policy.

Premiums for directors' and officers' insurance cover are also paid by the company.

# Remuneration report continued

## Part 3 – Implementation report

### Guaranteed pay review and increases

Guaranteed pay is reviewed annually. Factors influencing adjustments to guaranteed pay and informing the salary mandate include macroeconomic factors, company performance and liquidity. Mandated increases take effect on 1 August.

Exco and senior management are formally graded using the Paterson grading model to ensure effective benchmarking.

The annual review of Exco's total remuneration, comprising TGP and variable pay, takes place between May and July. In carrying out its mandate to promote fair and responsible remuneration, Remcom engaged the services of 21st Century

to benchmark to the market using the 21st Century Execu-measure system and advise on the pay level for Exco and senior management and indicate projected increases across the board.

The Board, having considered Remcom's recommendation, taking a multitude of factors, including inflationary pressures and the associated rising cost of living, affordability, as well as balancing the needs and expectations of employees and other stakeholder groups, agreed, with effect from 1 August 2024, to implement a 6.25% general salary increase for all employees, as well as for Exco and senior management, other than minimum wage earners who received 7.0% and save for a few exceptions where the individuals were lagging the benchmarks.

### Achievement of STI outcomes

The table below summarises the STI performance targets and related vesting outcomes for FY24 for the group:

	Weighting	Actual	Threshold (30% vesting)	Target (65% vesting)	Stretch (100% vesting)	Actual achievement	Weighted vesting outcome
EBITDAR <sup>1</sup> (excluding unrealised forex gains and losses)	25%	R558.9m	R637.4m	R726.7m	R815.9m	0%	0%
TRevPAR <sup>2</sup>	25%	R713	R744	R789	R834	0%	0%
Cash flow <sup>3</sup> after interest, cash rental and tax paid, before dividends and investment capex	30%	R343.1m	R290.9m	R337.4m	R383.9m	69% vesting between threshold and target on a linear basis	20.8%
RateUs	20%	90.4%	90%	91.5%	93%	39% between threshold and target on a linear basis	7.9%
<b>Group achievement</b>							<b>28.7%</b>
<b>STI rand value</b>							<b>R11 731 420</b>

<sup>1</sup>EBITDAR - threshold: budget  
- target: budget +14%  
- stretch: budget +28%

<sup>2</sup>TRevPAR - threshold: budget  
- target: budget +6%  
- stretch: budget +12%

<sup>3</sup>Cash flow - threshold: budget  
- target: budget +16%  
- stretch: budget +32%



## LTI outcomes and awards

### LTIs awarded during FY24

#### CSP

The table below summarises the CSP awards that were made during the year, together with the related performance targets:

Performance condition	Weighting	Threshold (30% vesting)	Target (65% vesting)	Stretch (100% vesting)
ROCE – as reported	40%	53%	60%	66%
HEPS for the year ended 30 June 2026	60%	72 cps	90 cps	108 cps

#### RSP

The RSP operates in conjunction with the STI, and awards and the performance criteria are effectively the earning of a cash bonus, as measured against the defined performance criteria of the STI and continued employment with the company.

In total, 400 122 shares were allocated to 60 participants who achieved FY24 STI targets.

### LTIs awarded during FY22

#### CSP

#### Number and timing of awards vesting

The total number of conditional shares granted is multiplied by the vesting percentages and settled in shares on the respective vesting dates. The settlement is further subject to meeting the free cash flow and affordability conditions, which have been met.

Tranche 1 vested and settled on 20 October 2022, tranche 2 vested on 22 October 2023, subject to a two-year holding period and tranche 3 vested on 22 October 2024, subject to a one-year holding period. The second and third tranches will only be released in FY26, subject to the CSP rules.

Name	Award quantum as a % of TGP	Number of rights awarded during FY22	Number of shares vesting	Vesting: FY23	Vesting: FY24*	Vesting: FY25**
Andrew Widegger	115%	2 476 923	1 229 173	409 724	409 724	409 724
Dhanisha Nathoo	115%	1 212 480	601 693	200 564	200 564	200 564
Lindiwe Siddo	115%	1 240 627	327 525	109 175	109 175	109 175

\* The second tranche vested in FY24 and is subject to a two-year holding period.

\*\* The final tranche vesting in FY25 is subject to a one-year holding period.

# Remuneration report continued

## LTIs vesting during FY24

### CSP FY22 award – tranche 3

#### CEO and CFO:

Performance condition	Weighting	Threshold (30% vesting)	Target (65% vesting)	Stretch (100% vesting)	Actual achievement	Weighted vesting outcome
Bank Covenant: Meeting the quarterly loan-to-value covenant	25%	September: <45% December, March and June: 40%	September: <43% December, March and June: 39%	September: <41% December, March and June: 38%	September: 34.4% December: 35.7% March: 36.5% June: 37% Stretch vesting achieved	100% x 25% = 25%
Group occupancy for all hotels, excluding East Africa	25%	38.7%	42%	45%	39.03% Vesting between threshold and target on a linear basis	33.5% x 25% = 8.375%
Positive free cash flow after interest and rent before capex	25%	Four months	Six months	Nine months	Six months target vesting achieved	65% x 25% = 16.25%
EBITDA (excl. unrealised forex gains and losses)	25%	R250m	R275m	R312.5m	R223 337 242 Not met	0%
<b>Total</b>						49.625%

#### Other participants

Performance condition	Weighting	Threshold (30% vesting)	Target (65% vesting)	Stretch (100% vesting)	Actual achievement	Weighted vesting outcome
Group occupancy for all hotels, excluding East Africa	40%	38.7%	42%	45%	39.03% Vesting between threshold and target on a linear basis	33.5% x 40% = 13.4%
Positive free cash flow after interest and rent before capex	20%	Four months	Six months	Nine months	Six months Target vesting achieved	65% x 20% = 13%
EBITDA (excl. unrealised forex gains and losses)	40%	R250m	R275m	R312.5m	R223 337 242 Not met	0%
<b>Total</b>						26.4%

## Employee share ownership – 10th anniversary share trust

In total, 1 012 employees qualified for a cash distribution of R271 each during the reporting period (FY23: 945 employees each received a R100 cash distribution in December 2023 in respect of FY23).

### Total remuneration outcomes

The table below reflects an overview of the annual remuneration differentials within the company, with no differentiation based on race and gender.

Total remuneration – highest paid	<b>R8 960 000</b>
Total remuneration – lowest paid	<b>R149 925</b>
Median remuneration of all employees	<b>R241 994</b>
Average remuneration of all employees	<b>R352 781</b>
Highest 5%	<b>R102 857 163</b>
Lowest 5%	<b>R9 031 232</b>
Ratio*	<b>1 : 11.39</b>

\* In gauging our wage gap (no differentiation based on race or gender), which is determined by expressing the sum of the salaries of the highest-paid 5% of employees as a ratio of the sum of the salaries earned by the lowest-earning 5% of employees, the top 5% of employees, earns approximately 11.4 times more than the bottom 5%.

The composition of remuneration outcomes during FY24 for the EDs (prescribed officers) are disclosed in the single figure of remuneration format below for 2024 and 2023.

R000	Basic Salary	Performance and other bonus	Fringe benefits and allowances	Pension fund contributions	Total annual remuneration	LTI reflected <sup>1</sup>	Total single figure of remuneration
<b>2024</b>							
Lindiwe Siddo	3 234	687	9	340	4 270	–	4 270
Dhanisha Nathoo	3 228	696	52	339	4 315	–	4 315
Andrew Widegger	6 184	1 755	32	989	8 960	–	8 960
	<b>12 646</b>	<b>3 138</b>	<b>93</b>	<b>1 668</b>	<b>17 545</b>	<b>–</b>	<b>17 545</b>
<b>2023</b>							
Lindiwe Siddo	2 964	1 587	9	311	4 871	–	4 871
Dhanisha Nathoo	2 857	1 551	52	300	4 760	–	4 760
Andrew Widegger	5 730	4 570	32	917	11 249	–	11 249
	<b>11 551</b>	<b>7 708</b>	<b>93</b>	<b>1 528</b>	<b>20 880</b>	<b>–</b>	<b>20 880</b>

<sup>1</sup> No single figure LTI remuneration has been recognised in 2024 and 2023, as there were no performance measure outcomes applicable during the two periods.



Remuneration report continued

Schedule of unvested awards and cash flow on settlement

Name	2023								2024						
	Opening number on 1 July 2022	Awarded during 2023	Cancelled during 2023	Forfeited/ lapsed during 2023	Exercised/ settled during 2023	Closing number on 30 June 2023	Cash value received during the year <sup>2</sup>	Closing Fair Value at 30 June 2023 <sup>5,6</sup>	Awarded during 2024	Cancelled during 2024	Forfeited/ lapsed during 2024	Exercised/ settled during 2024	Closing number on 30 June 2024 <sup>7</sup>	Cash value received during the year	Closing Fair Value at 30 June 2024 <sup>8,9,10</sup>
	Number of awards	Number of awards	Number of awards	Number of awards	Number of awards	Number of awards	ZAR	ZAR	Number of awards	Number of awards	Number of awards	Number of awards	Number of awards	ZAR	ZAR
<b>Executive director</b>															
<b>Andrew Widegger</b>															
<b>RSP – bonus shares<sup>1</sup></b>															
2019/09/18	7 204	–	–	–	(7 204)	–	28 816	–	–	–	–	–	–	–	–
<b>CSP</b>															
2021/10/21 <sup>3</sup>	2 476 923	–	–	(1 247 750)	(409 724)	819 449	1 622 507	3 644 800	–	–	–	–	819 449	–	3 499 047
2022/11/07		1 575 466				1 575 466	–	4 554 850	–	–	–	–	1 575 466	–	1 202 396
2023/10/31						–	–	–	1 588 069	–	–	–	1 588 069	–	–
Total							1 651 323	8 199 650						–	4 701 443
<b>Executive director</b>															
<b>Lindiwe Siddo</b>															
<b>RSP – bonus shares<sup>1</sup></b>															
2019/09/18	2 693	–	–	–	(2 693)	–	10 772	–	–	–	–	–	–	–	–
<b>CSP</b>															
2021/10/21 <sup>4</sup>	1 240 627	–	–	(913 102)	(109 175)	218 350	432 333	971 192	–	–	–	–	218 350	–	932 355
2022/11/07		611 282				611 282	–	1 767 285	–	–	–	–	611 282	–	466 530
2023/10/31						–	–	–	621 878	–	–	–	621 878	–	–
Total							443 105	2 738 477					1 451 510	–	1 398 885
<b>Executive director</b>															
<b>D Nathoo</b>															
<b>CSP</b>															
2021/10/21 <sup>3</sup>	1 212 480	–	–	(610 787)	(200 564)	401 129	794 233	1 784 168	–	–	–	–	401 129	–	1 712 821
2022/11/07		597 414				597 414	–	1 727 191	–	–	–	–	597 414	–	455 946
2023/10/31						–	–	–	630 072	–	–	–	630 072	–	–
Total							794 233	3 511 359					1 628 615	–	2 168 767

1. Vesting was assessed three years from the grant of the awards.

2. The cash value received includes the value participants receive on the vesting/exercise of awards as well as dividends received on outstanding awards.

3. The CSPs granted on 21 October 2021 are included at an intrinsic value of R3.98 per instrument based on 49.625% of performance conditions being met.

4. The CSPs granted on 21 October 2021 are included at an intrinsic value of R3.98 per instrument based on 26.4% of performance conditions being met.

5. The CSPs granted on 21 October 2021 are included at the 20-day Volume-Weighted Average Price (VWAP) of R4.45 at year end and an estimated 100% vesting. The achievement of the performance conditions was 49.625% and 26.4%, respectively, as noted in footnote 3 and 4. These shares vest in equal tranches over three years from 20 October 2022 to 2024. Settlement of the second and third tranches are subject to a two-year and one-year holding period, respectively.

6. The CSPs granted on 7 November 2022 are included at an intrinsic value of R4.45 per instrument based on 65% of performance conditions being met.

7. Includes vested but not yet settled awards.

8. The CSPs granted on 21 October 2021 are included at the 20-day VWAP of R4.24 at year end and an estimated 100% vesting. The achievement of the performance conditions was 49.625% and 26.4%, respectively, as noted in footnote 3 and 4. These shares vest in equal tranches over three years from 20 October 2022 to 2024. The first tranche was vested and settled in 2022. The second tranche vested in FY24 but is subject to a holding period of two years and has not been settled. The third tranche will vest in FY25 but is subject to a holding period of one year, and will only be settled in FY26, along with the second tranche. Dividends accrued, on vested but not yet settled awards, during the holding period are included in the fair value.

9. The CSPs granted on 7 November 2022 are included at an intrinsic value of R4.24 per instrument based on 18% of performance conditions being met.

10. The CSPs granted on 31 October 2023 are included at an intrinsic value of R4.24 per instrument based on 0% of performance conditions being met.

# Remuneration report continued

## NEDs

(Refer to special resolution number 1 in the notice of AGM, detailing NED fees.)

The fees currently paid, as approved by shareholders at the AGM held on 23 November 2023, together with the proposed fees for FY25, are detailed hereunder.

	1 July 2024 per annum (R)	1 July 2023 per annum (R)	(%)
Chairman	1 341 200	1 262 300	6.25
Deputy chairman	434 000	408 500	6.24
Services as a director	331 500	312 000	6.25
Chairperson of Audit committee	236 200	222 300	6.25
Other Audit committee members	108 400	102 000	6.27
Chairperson of Remcom	202 100	190 200	6.26
Other Remcom members	91 100	85 700	6.30
Chairperson of Risk committee	159 500	150 100	6.26
Other Risk committee members	72 800	68 500	6.28
Chairperson of SEC	106 500	100 200	6.29
Other members of the SEC	48 900	46 000	6.30
	3 132 200	2 947 800	6.26
Ad hoc committee	2 700 per hour capped at 65 000	2 500 per hour capped at 65 000	8.00

\* Fees are exclusive of VAT, which will be payable to those directors who are registered for VAT and who submit a VAT invoice to the company.

\*\* This is an all-inclusive fee. The chairman does not receive any additional fees, irrespective of his membership in other committees and other responsibilities across the group.

\*\*\* Ad hoc committees may be set up from time to time and mandated to deal with special items requiring attention by the Board instead of convening a full board meeting or considering a specific issue falling outside the scope of existing committees. These ad hoc committees then meet to review the matter concerned.

## Statement of compliance

Remcom, having considered the principles and guidelines detailed in the remuneration policy, is satisfied that:

- There has been no material deviation in the application of the policy during the year under review
- No adjustments and subsequent reversals have had to be effected, and having reviewed the report, including details relating to ED emoluments, confirms its inclusion in the integrated report

## Voting on the implementation report

This report is subject to an advisory, non-binding vote by shareholders at the 2024 AGM scheduled for 21 November 2024.

Shareholders are requested to cast an advisory vote on the remuneration implementation report as contained in part 3 of this report.

## Approval of remuneration report by the Board of directors

This remuneration report was approved by the Board of directors of City Lodge Hotels Limited on 25 October 2024.

# Social and ethics committee report

## Dear stakeholders

It gives me great pleasure to present this report for the year ended 30 June 2024, prepared in accordance with the requirements of the Companies Act and King IV™, outlining how the committee discharged its statutory duties in terms of the Companies Act and its additional responsibilities assigned to it by the Board.

The SEC is integral to the group's governance and management. It assists the Board in overseeing and reporting on the group's ethics, responsible corporate citizenship, sustainable development, legal compliance and stakeholder relationships.



**This report should be read with page 102 of the governance report, as well as the human capital, natural capital and social and relationship capital reports on pages 63 to 90, further supporting how the committee has discharged its responsibilities.**

## Composition

The SEC comprises three members: an independent non-executive chairperson and two EDs. While the committee complies with the Companies Act's requirements regarding its constitution, it does not meet the King IV™ recommendation for a majority of the committee members to be NEDs. No changes were effected to the SEC's composition during the year under review. However, future committee composition remains top of mind and will be addressed once the Companies Amendment Act is implemented.

Executives whose areas of discipline fall within the remit of the SEC assist the committee in the discharge of its responsibilities, either through attendance at meetings to provide the appropriate feedback or to allow for debate on matters put forward to the committee or through the provision of the requisite material for consideration at meetings.

## Role and responsibilities

The SEC operates in accordance with a Board-approved mandate, and its statutory duties and other delegated responsibilities include:

- Monitoring the group's social and economic development initiatives, including CSI, consumer relationships, labour and employment and sustainability and ESG activities and reporting on the progress made in respect thereof to the Board and stakeholders
- Assessing aspects of compliance and governance applicable to its function and terms of reference and adverse findings, sanctions or fines associated with non-compliance
- Ensuring the company remains a responsible corporate citizen that engages in sustainable business practices, including the promotion of equality, prevention of unfair discrimination and elimination of corruption
- Monitoring the group's actions and impacts on its stakeholders, including customers, employees, suppliers, shareholders, governments and regulators, and the societies where we operate
- Overseeing the group's ethics practices
- Supporting effective stakeholder management
- Reporting to shareholders as required in terms of the Companies Act



# Social and ethics committee report continued

## Activities of the committee

As chairperson, I report back at Board meetings regarding the committee's activities. The SEC met twice during the year to address the following matters:

FY24's areas of focus	Continuing areas of focus
<ul style="list-style-type: none"> <li>• The group's standing and progress concerning the 10 principles of the UNGC voluntarily adopted and monitored for compliance in the areas of human rights, labour, anti-corruption, and the environment, along with the OECD recommendations regarding anti-corruption. The group has substantially complied with these principles, with no material areas of concern identified</li> <li>• The group's labour and employment practices, including its standing in terms of the International Labour Organization Protocol on Decent Work and Working Conditions, compliance with the Occupational Health and Safety Act, Labour Relations Act, and Basic Conditions of Employment Act, and the group's contribution toward employee educational development, with which the company is satisfied</li> <li>• The group's progress on transformation, including B-BBEE, internal employment equity plan (including remuneration disparity reporting), diversity and inclusion training, and the external verification of its B-BBEE rating</li> <li>• The group's compliance with applicable legislation, including the Companies Act, Companies Regulations, JSE Listings Requirements, King IV™, and codes of best practice, with no material areas of non-compliance reported during the year</li> <li>• Environmental sustainability practices, in particular, three of the UN Global Compact Principles relating to supporting a precautionary approach to environmental challenges and supporting environmentally friendly technologies</li> <li>• Consumer relationships, including advertising, public relations, data privacy, and stakeholder engagement, as well as service excellence through the WOW service excellence initiative, employee recognition, and RateUs guest feedback programmes</li> <li>• Ethics, including the reports made to the whistleblower alert line</li> <li>• Identifying and reporting on the SDGs most relevant to the company</li> <li>• Considering reports to the Consumer Tribunal, Advertising Standards Authority and Information Regulator, of which there were none</li> <li>• Monitored the progress made in the company's ESG journey, including evaluation of various ESG standards to inform the company's ESG framework and strategic roadmap</li> <li>• Governance enhancement, including the formulation and approval of the supplier code of conduct, anti-bribery and corruption, and gift policies</li> </ul>	<ul style="list-style-type: none"> <li>• Overseeing the group's corporate citizenship and ensuring it continues to carry out its operations responsibly and as an ethical corporate citizen that positively impacts the communities in which it operates</li> <li>• Monitoring regulatory developments as they pertain to the SEC and implementing as appropriate</li> <li>• Ensuring that the group continues to pay its employees fairly, ethically and responsibly under the equal pay for work of equal value principle</li> <li>• Ongoing training and communication with employees through various platforms</li> <li>• Ongoing engagement with employees in terms of their financial, physical and emotional wellness through the employee wellness programme</li> <li>• Continuing prioritisation of ESG, including finalising the company's ESG position statement and implementation of the ESG framework and strategic roadmap</li> <li>• Monitoring progress concerning the SDGs identified as most relevant to the company</li> <li>• Consolidating ESG reporting</li> <li>• Continuing to monitor the company's B-BBEE contributor status</li> </ul>

## Public reporting and assurance

The committee and the Audit committee are responsible for reviewing and recommending the approval of the sustainability content for inclusion in the integrated annual report.

The committee is required to report through one of its members to the shareholders on matters within its mandate at the company's AGM, scheduled for 21 November 2024. In the notice of AGM, shareholders are referred to this report. Any specific questions relating to this report or the committee may be directed to the company secretary prior to the AGM where committee members will be in attendance to address them.

## Discharge of the committee's responsibilities

The company understands its social and legal licence to operate depends on the value the business creates for its stakeholders and how it conducts itself.

The integrated annual report demonstrates the company's commitment to be, and be seen as, a responsible corporate citizen. It also details the value created for each of our stakeholders, and we refer our stakeholders to it to gain a holistic understanding of how the business supports sustainable and responsible value creation.

### The committee is satisfied that:

- It has fulfilled its mandate in terms of Regulation 43 of the Companies Regulations, 2011, its terms of reference and the JSE Listings Requirements
- There were no known instances of material non-compliance with legislation or regulations or non-adherence with codes of best practice in terms of the areas within its mandate during the year under review
- No material or repeated regulatory penalties, sanctions, fines, censures or compliance orders were imposed on the company or its directors
- The group has operated as a socially responsible corporate citizen, demonstrating an ongoing commitment to sustainable development
- No incidents or acts indicating a material breach in the required standard of ethical behaviour were reported to the committee
- No compliance inspections were carried out by environmental regulators, nor were any findings of non-compliance with environmental laws or criminal sanctions for non-compliance imposed on the company
- No political donations were made

## Conclusion

The SEC remains committed to ensuring that the group upholds its values of responsible corporate citizenship, ethical conduct, and sustainable development. By proactively addressing social, environmental, and governance matters, the committee supports the group's long-term objectives and positive contribution to society. We look forward to continuing our oversight role and enhancing our efforts to align with best practice in corporate governance, ensuring that the group operates with integrity and in the best interests of all its stakeholders.

On behalf of the SEC



**DR SIZAKELE MARUTLULLE**

*Chairperson of the Social and ethics committee*

25 October 2024

# Notice of Annual General Meeting

## CITY LODGE HOTELS LIMITED

Registration number: 1986/002864/06

Share code: CLH ISIN: ZAE000117792

(City Lodge or the company or the group)

Notice is hereby given that the thirty-eighth AGM of the company will be held as a hybrid meeting as follows, i) in-person at City Lodge Hotels Limited, Block 7, Bryanston Gate Office Park, corner Homestead Avenue and Main Road, Bryanston and ii) by electronic participation via the electronic meeting platform (as permitted by the Listings Requirements of the JSE Limited (JSE) (the JSE Listings Requirements), the provisions of the Companies Act No 71 of 2008, as amended (the Companies Act), and the company's memorandum of incorporation (Mol), on Thursday 21 November 2024 at 14:00 to conduct the following business and consider and, if deemed fit, pass, with or without modification, the below resolutions.

## Record dates

In terms of section 59(1)(a) of the Companies Act, the Board of directors of City Lodge (Board) have set the following dates for the purposes of determining which City Lodge shareholders are entitled to receive notice, participate in and vote:

Record date to receive notice of the AGM:	Friday 18 October 2024
Last date to trade to be eligible to participate in and vote at the AGM:	Tuesday 12 November 2024
Record date to be eligible to participate in and vote at the AGM:	Friday 15 November 2024
Last date for lodging forms of proxy with transfer secretaries:	Tuesday 19 November 2024
Date of AGM:	Thursday 21 November 2024
Results of the AGM will be released on SENS:	Friday 22 November 2024

City Lodge cannot guarantee there will not be a break in electronic communication that is beyond the control of the company.

## As ordinary business

### 1. Presentation and adoption of the audited consolidated and separate AFS for the year ended 30 June 2024 incorporating the directors', external auditor's and Audit committee reports.

The complete audited consolidated and separate AFS for the year ended 30 June 2024 (AFS) is obtainable from the company's website [www.citylodgethotels.com](http://www.citylodgethotels.com), and accompanies this notice of AGM.

"RESOLVED THAT the audited consolidated and separate AFS, together with the directors', external auditor's and Audit committee reports for the year ended 30 June 2024, be and are hereby received and adopted."

### 2. Presentation of the Social and ethics committee report.

The report of the Social and ethics committee (SEC) as set out on pages 133 - 135 of the IAR is presented to shareholders as required in terms of regulation 43(5)(c) of the Companies Act Regulations, 2011.

### 3. Ordinary resolution number 1: Re-election of directors

To elect, by way of separate resolutions, the following directors who retire by rotation in accordance with the provisions of the Companies Act, and the company's Mol, and who, being eligible and available, offer themselves for re-election:

- Ordinary resolution number 1.1 "RESOLVED THAT Mr SJ Enderle be and is hereby re-elected as a director of the company."
- Ordinary resolution number 1.2 "RESOLVED THAT Mr BT Ngcuka be and is hereby re-elected as a director of the company."

Ms N Medupe who is retiring by rotation, although eligible, has not made herself available for re-election and accordingly retires from the Board with effect from the conclusion of the AGM.

Brief curricula vitae of each retiring director appears below.

- Mr SJ Enderle  
Age: 49  
Qualifications: BCom, MBA (INSEAD)  
Skills and expertise include hospitality | banking | finance | commodities and property.

Serves on the boards of the following entities:

- Enderle International Limited (British Virgin Islands)
- RBH Hotel Group Limited (United Kingdom)
- Redefine Hotel Holdings (British Virgin Islands)



- Mr BT Ngcuka  
Age: 70  
Qualifications: BProc, LLB, MA (Webster University, Geneva, Switzerland)  
Skills and expertise include regulatory, legal and compliance | corporate governance | people management | remuneration and rewards | stakeholder management and engagement.

Serves on the boards of the following entities:

- Vuwa Investments Proprietary Limited
- Menzies Aviation (South Africa) Proprietary Limited
- Amadlelo Agri Proprietary Limited
- BetterGroup Limited
- Leapfrog Property Group Proprietary Limited

The Board has considered the performance and contribution of each of the directors offering themselves for re-election and in line with governance best practice, their continued independence. Following an extensive review taking into account the independence recommendations of King IV™, and the outcome of the annual internal assessment conducted separately by a sub-committee of the Board constituted for the purpose of assessing independence and classifying directors, Mr Ngcuka was determined to be independent in character and judgement, and continues to make valuable contributions to Board deliberations in an objective and unbiased manner. Mr Enderle is not considered to be independent on the basis of his and his family's collective holding of approximately 9% of the company's securities.

The Board, in addition to evaluating the independence of these directors, and with reference to its composition, has considered their individual expertise and knowledge, as well as:

- in-depth knowledge of the nature of the industry in which the group operates, valuable long-term institutional knowledge and experience;
- an understanding of the complexity of the business;
- experience in the fast-changing global and competitive environment;
- continuity to the group;
- continuity on the Board, both with respect to management and with respect to Non-executive Directors (NEDs)

and is satisfied that the composition of the Board reflects the appropriate balance of knowledge, skills, experience, competencies in industries and fields relevant to the group's business operations, diversity and independence to execute its roles and responsibilities effectively.

The Board considers each of the retiring directors suitable for re-election.

#### 4. Ordinary resolution number 2: Re-appointment of external auditor

To re-appoint PricewaterhouseCoopers Inc. (PwC), as nominated by the company's Audit committee following its review of PwC's independence and performance and endorsed by the Board, as the independent auditors of the company, to hold office until the conclusion of the next AGM, noting that Ms Alinah Motaung is the individual registered auditor who will undertake the audit, and to authorise the Audit committee to determine the auditor terms of engagement and remuneration.

"RESOLVED THAT PricewaterhouseCoopers Inc. be and is hereby re-appointed as the auditor of the company to hold office until the conclusion of the next AGM, with Ms Alinah Motaung as the designated partner and that the Audit committee be and is hereby authorised to determine the auditor's terms of engagement and remuneration."

#### 5. Ordinary resolution number 3: Appointment of group Audit committee members

To elect, by way of separate resolutions, and subject, where necessary, to their re-election as directors of the company in terms of ordinary resolution 1, the following independent NEDs as members of the Audit committee:

Ordinary resolution number 3.1 "RESOLVED THAT Ms MG Mokoka be and is hereby re-elected as a member and the chairperson of the Audit committee".

Ordinary resolution number 3.2 "RESOLVED THAT Mr GG Huysamer be and is hereby re-elected as a member of the Audit committee".

Ordinary resolution number 3.3 "RESOLVED THAT Mr AR Lapping be and is hereby re-elected as a member of the Audit committee".

The qualifications of the committee members proposed for election appear on pages 18 and 19 of the IAR.

# Notice of Annual General Meeting continued

## As special business:

### 6. Ordinary resolution number 4: Placing of the authorised but unissued shares under the control of the directors for purposes of the CSP

"RESOLVED THAT the shares in the authorised but unissued share capital of the company be and are hereby placed under the control of the directors of the company, with the power to allot and issue these shares in accordance with and for the purposes of the CSP, subject to the maximum overall limit of 5% of the issued shares until the next AGM, and subject further to the provisions of the Companies Act, the JSE Listings Requirements and the Mol."

#### Reason for ordinary resolution number 4

The reason for ordinary resolution number 4 is that the Board requires authority from shareholders in terms of the Mol to issue shares in the company. While no issue of these shares is contemplated at present as the CSP makes provision for various methods of settlement including the use of treasury shares or on-market purchase of shares, this authority, if approved, will allow the Board from time to time, when it is appropriate to do so, to issue ordinary shares as may be required to settle share awards in terms of the CSP.

### 7. Ordinary resolution number 5: Authority to implement resolutions

"RESOLVED THAT any one director or the group company secretary be and is hereby authorised to do all such things and sign all such documents and take all such action as they consider necessary for, or incidental to, the implementation of all the resolutions passed at and set out in this notice of AGM.

### 8. Advisory vote: Remuneration policy and implementation report

8.1 "RESOLVED to endorse, by way of a non-binding advisory vote, the company's remuneration policy as set out in the remuneration report on pages 116 - 125 of the IAR."

8.2 "RESOLVED to endorse, by way of a non-binding advisory vote, the company's remuneration implementation report as set out in the remuneration report on pages 126 - 132 of the IAR."

In terms of principle 14 of King IV<sup>TM</sup> read with paragraph 3.84 (j) of the JSE Listings Requirements, the company's remuneration policy and the implementation thereof, need to be tabled for a non-binding advisory vote by shareholders. The vote allows shareholders to express their views on the remuneration policies adopted and the implementation thereof. Failure to carry will not have any legal consequences relating to existing arrangements. However, in the event that the remuneration policy and /or implementation report is voted against by 25% or more of the voting rights exercised, the company undertakes to engage with shareholders in order to determine how to address their legitimate and reasonable concerns. Details of the manner and timing of such engagements will be communicated in the results of AGM announcement.

## Special business

### 9. Special resolution number 1: Approval of non-executive directors' (NEDs') remuneration

"RESOLVED THAT the remuneration payable to NEDs be approved on the basis set out as follows, effective 1 July 2024:

R	Annual fee* 1 July 2024 to 30 June 2025	Hourly rate* 1 July 2024 to 30 June 2025
9.1 Chairman of the Board**	1 341 200	
9.2 Deputy chairman	434 000	
9.3 Director	331 500	
9.4 Chairperson of the Audit committee	236 200	
9.5 Other Audit committee members	108 400	
9.6 Chairperson of the Remcom	202 100	
9.7 Other Remcom members	91 100	
9.8 Chairperson of the Risk committee	159 500	
9.9 Other Risk committee members	72 800	
9.10 Chairperson of the SEC	106 500	
9.11 Other SEC members	48 900	
9.12 Ad hoc committee***		2 700 per hour capped at 65 000

\* Fees are exclusive of VAT, which will be payable to those directors who are registered for VAT and who submit a VAT invoice to the company.

\*\* This is an all-inclusive fee. The chairman does not receive any additional fees irrespective of his membership of other committees and other responsibilities across the group.

\*\*\* Ad hoc committees may be set up from time to time and mandated to deal with special items requiring attention by the Board, instead of convening a full Board meeting or to consider a specific issue falling outside the scope of existing committees. These ad hoc committees then meet to review the matter concerned."

The overall effective increase is 6.3% and largely aligns with the increase awarded to management.

### *Reason for and effect of special resolution number 1*

The reason for and effect of the proposed resolution is to ensure that the company has the necessary approval in place to remunerate its NEDs in accordance with the requirements of sections 65(1)(h), 66(8) and 66(9) of the Companies Act and that the level of fees paid to NEDs remains competitive to enable the company to attract and retain persons of sufficient calibre with the necessary competence, experience and skill required to make a meaningful contribution to Board deliberations and accords with the greater accountability and risk attached to the position. NEDs do not participate in any of the short or long-term incentive plans, and there are no arrangements in place for compensation to be awarded in the case of loss of office.

Refer to page 45 of the AFS for the year ended 30 June 2024 for full particulars on the remuneration paid to NEDs during the year under review and to the remuneration report on pages 126 - 132 of the IAR for further detail on the company's remuneration practices.

The effect of this special resolution number 1 is that it will supersede the resolution passed at the previous AGM and the level of fees as set out above is increased with effect from 1 July 2024.

### **10. Special resolution number 2: Inter-group financial assistance**

"RESOLVED to the extent required by sections 44 and/or 45 of the Companies Act, that the Board may, subject to compliance with the requirements of the Mol and the Companies Act, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance in such amounts and on such terms and conditions as the Board may from time to time resolve, 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 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, at any time during a period commencing on the date of this resolution and ending two years after such date".

### *Reason for and effect of special resolution number 2*

The reason for and effect of special resolution number 2 is that, notwithstanding the title of section 45 of the Companies Act, being "Loans or other financial assistance to directors", on a proper interpretation, the body of the section also applies to financial assistance provided by a company to any related or inter-related company or corporation, a member of a related or inter-related corporation and to a person related to any such company, corporation or member.

Further, section 44 of the Companies Act may also apply to the financial assistance so provided by a company to any related or inter-related company or corporation, a member of a related or inter-related 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 Companies Act, which govern financial assistance, provide, inter alia, that the particular financial assistance must be provided only pursuant to a special resolution of 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 is satisfied that:

- (i) immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test (as contemplated in the Companies Act); and
- (ii) 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 group, the company, where necessary, provides guarantees and other support undertakings to third parties which enter into financial agreements with its local and foreign subsidiaries and joint ventures or partnerships in which the company or members of the group have an interest. This is particularly so where funding is raised by the foreign subsidiaries of the company, whether by way of borrowings or the issue of bonds or otherwise, for the purposes of the conduct of their operations. In the circumstances and in order to, *inter alia*, ensure that the company and its subsidiaries and other related and inter-related companies and entities continue to have access to financing for purposes of refinancing existing facilities and funding their corporate and working capital requirements, it is necessary to obtain shareholder approval as set out in this special resolution. The company would like the ability to continue to provide financial assistance, if necessary, also in other circumstances, in accordance with section 45 of the Companies Act.

Notice in terms of section 45(5) is hereby given that any financial assistance contemplated in this special resolution will in all likelihood exceed one-tenth of one percent of the company's net worth at the date of adopting such a resolution. This notice is also relevant for any trade union representing any employees of the company.

Furthermore, it may be necessary for the company to provide financial assistance to any of its present or future subsidiaries, and/or to any related or inter-related company or corporation, and/or to a member of a related or inter-related company, to subscribe for options or securities of the company or another company related or inter-related to it.

Accordingly, the approval of shareholders is sought to ensure that the company, its subsidiaries and other related and inter-related companies is able to effectively organise its internal financial administration.



# Notice of Annual General Meeting continued

## 11. Special resolution number 3: Authority to effect amendments to the Mol

"RESOLVED THAT, in terms of section 16(1)(l) read with section 16(5)(a) of the Companies Act, the existing Mol be and is hereby amended and substituted in its entirety with a new Mol with effect from the date of filing of the notice of amendment of the Mol with the Companies and Intellectual Property Commission."

### *Reason for special resolution number 3*

In anticipation of the Companies Amendment Bill, 2023 and the Second Companies Amendment Bill, 2023 (Amendments Acts) taking effect, City Lodge has undertaken a comprehensive review of the Mol which has resulted in a wholesale modernisation and refresh of the existing Mol in the form of the new Mol, to ensure alignment with the Amendments Acts and Companies Act. The amendments also encompass the more recent developments to the JSE Listings Requirements which has the effect of introducing practicality to the application thereof. A summary of the key changes is set out below:

- Simplification of language, correction of typos and deletion of wording to minimise repetition;
- Inclusion of definitions that accord to their meaning as set out in the Companies Act, the Financial Markets Act, 2012, the Electronic Communications and Transactions Act, 2002 and the Auditing Profession Act, 2005;
- Deletion of the following definitions that no longer have meaning in the amended Mol – "Banks Act", "Commissioner", "Competition Act", "Ex-Officio Director", "Rules of a Company" and "Wholly-Owned Subsidiary";
- Replacement of the word "Directors" with "Board" in some clauses;
- Amendment to clause 9 allowing beneficial holders of securities to vote on matters of the company proposed to shareholders, insofar as the company's shareholder register reflects the name of such beneficial holder, and their beneficial interest includes the right to vote on the matter, without holding a form of proxy;
- Amendment to clause 15.3, to expand the list of company documents a beneficial holder of securities is entitled to inspect and take copies of, to include access to the register of the disclosure of beneficial interests in the company;
- Amendment to clause 15.5, allowing any person access to certain items of the company documents, as permissible by law;
- Amendment to clause 16.6, replacement of the list of duties for the Audit committee set out in the Mol with the list of duties for Audit committees as prescribed in the Companies Act;
- Amendment to clause 17, expanded to include that the SEC report and remuneration report be presented at the AGM; and the appointment of SEC members to be approved by shareholders via ordinary resolution;
- Amendment to allow for the manner of delivery of a prescribed document, record, statement or notice, in accordance with section 6 of the Companies Act;
- Amendment of clause 20 to update terminology and practical process of voting by poll at a shareholders meeting, in compliance with the Companies Act and JSE Listings Requirements;
- Amendment to clause 22 to allow a change of name, an odd-lot offer, an increase in authorised share capital and amendments to the Mol to be approved via written resolution as permitted by clause 10.11(h) of schedule 10 of the JSE Listings Requirements;
- Amendments to clause 23 regarding notice of record dates, to remove the provision requiring the company to deliver a copy of a notice of record date to beneficial holders of securities and instead align with market practice as permitted by law;
- Deletion of clause 24.8 which provision required a director to deliver a written notice of consent to the company prior to their election to the Board taking effect;
- Insertion of clause 26.13 regarding the circumstances in which a director/alternate director ceases office, to include a provision for executive directors no longer being in the employ of the Company;
- Amendment to clause 28 regarding financial assistance as contemplated in section 44 of the Companies Act to align the provisions thereof to section 44;
- Removal of certain outdated clauses in section 29 regarding powers and duties of directors that no longer practically apply, it being noted that the Mol remains compliant with the JSE Listings Requirements and Companies Act pursuant to this amendment;
- Removal of clause 32.5 stipulating that directors' meetings must be held in the town/city where the company has its the registered office;
- Amendment of clause 35, to allow payments to shareholders to be made by modern electronic means; and
- Amendment to clause 37, for holders to notify the company in writing of their registered address for purposes of receiving documents in hard copy format; failing which the shareholder shall be deemed to have waived their right to the receipt of full documents in hard copy format and instead, documents will be delivered as prescribed by section 6 of the Companies Act.

It is reiterated that pursuant to the above amendments, the Mol remains compliant with the JSE Listings Requirements and Companies Act.

No changes have been made to the terms relating to the creation of any class of shares, the variation of any preferences, rights, limitations or other share terms attaching to any class of shares, the conversion of one class of share into one or more other classes, the increase in the number of securities of a class, the consolidation of securities, the sub-division of securities, a change of name of the company or a conversion of shares from par value to no par value.

The proposed new Mol was approved by the JSE on 10 October 2024 and is available on the company's website at [www.citylodgehotels.com](http://www.citylodgehotels.com) and is also available for inspection during ordinary business hours at the company's registered office from 25 October 2024 until the date of the AGM.

## 12. Special resolution number 4: General authority to repurchase or acquire ordinary shares

"RESOLVED THAT the company, or any of its subsidiaries, be and are hereby authorised by way of a general authority to repurchase or acquire, as the case may be, ordinary shares in the capital of the company, subject to the provisions of the Companies Act, the JSE Listings Requirements and as permitted by the MoI, provided that:

- the general authority shall be valid only until the next AGM or for 15 months from the date of this special resolution, whichever period is shorter;
- the repurchase/acquisition being effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
- the company is authorised thereto by its MoI;
- repurchases/acquisitions may not be made at a price greater than 10% (ten percent) above the weighted average of the market price of the shares for the 5 (five) business days immediately preceding the date on which the transaction was effected;
- an announcement containing full details of the transaction being published in accordance with the JSE Listings Requirements as soon as the company and/or its subsidiaries have repurchased/acquired shares constituting, on a cumulative basis, 3% (three percent) of the initial number of shares, and for each 3% (three percent) in aggregate of the initial number of shares repurchased, acquired or cancelled thereafter;
- repurchases shall not in aggregate in any one financial year exceed 10% (ten percent) of the company's issued ordinary share capital and provided that the acquisition of ordinary shares by a subsidiary shall not be effected to the extent that in aggregate more than 10% of the number of issued shares in the company are held by or for the benefit of all the subsidiaries as treasury shares of the company collectively;
- the company and/or its subsidiaries may not repurchase shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless it has in place a repurchase programme details of which have been submitted to the JSE in writing prior to the commencement of the prohibited period; and the company has instructed an independent third party, which makes its investment decisions in relation to the company's securities independently of, and uninfluenced by, the company, prior to the commencement of the prohibited period to execute the repurchase programme submitted to the JSE;
- at any point in time, the company only appoint one agent to effect any repurchases/acquisitions on its behalf;
- a resolution is passed by the Board authorising the repurchase/acquisition, that the company and its subsidiaries have passed the solvency and liquidity test and that since performing the test there have been no material changes to the financial position of the group.
- for the avoidance of doubt, (i) a pro rata repurchase by the company from all its shareholders; and (ii) intra-group repurchases by the company of its shares from wholly-owned subsidiaries, share incentive schemes pursuant to Schedule 14 of the JSE Listings Requirements and/or non-dilutive share incentive schemes controlled by the company, where such repurchased shares are to be cancelled, will not require shareholder approval, save to the extent as may be required by the Companies Act.

### *Reason for and effect of special resolution number 4*

Special resolution number 4 is sought to allow the company or a subsidiary, by way of a general authority, to acquire its own issued shares (reducing the total number of ordinary shares of the company in issue, in the case of an acquisition by the company of its own shares). This authority will provide the Board with the necessary flexibility to repurchase shares in the market, should the Board believe that it is in the interest of the company to do so.

At present, the directors have no specific intention with regard to the utilisation of this authority, which will only be used if the circumstances are appropriate and it is deemed in all respects advantageous to the company or a subsidiary to repurchase such shares. Any decision by the directors to use the general authority to acquire shares of the company will be taken with regard to the prevailing market conditions and other factors, including the share price with reference to executive management's valuation of the company.

The effect of this special resolution is to confer a general authority on the company or a subsidiary to repurchase ordinary shares in the company which are in issue from time to time.

The directors, having considered the effect of a maximum repurchase under this general authority are of the opinion that for a period of 12 months after the date of notice of the AGM:

- the company will meet the solvency and liquidity test as contemplated in the Companies Act;
- the company and the group will be able to pay its debts in the ordinary course of business;
- the assets of the company and the group will be in excess of the liabilities of the company and the group, recognised and measured in accordance with the accounting policies used in the latest AFS; and the share capital and reserves of the company and the group will be adequate for ordinary business purposes; and
- the working capital of the company and group are considered adequate for ordinary business purposes.

# Notice of Annual General Meeting continued

## Disclosure in terms of section 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosures, which are disclosed in the AFS as follows:

Major shareholders	Refer to pages 67 to 69
Stated capital	Refer to page 38

## Directors' responsibility statement

The directors, whose names appear on page 1 of the IAR 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 statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and this special resolution contains all the information required by law and the JSE Listings Requirements.

## Material change

There have been no material changes in the financial or trading position of the company and its subsidiaries since year end.

## Other business

To transact such other business as may be transacted at an AGM.

By order of the Board

**Melanie Van Heerden**  
*Group company secretary*

Bryanston

25 October 2024



## ATTENDANCE, VOTING AND PROXIES

- 1) Shareholders are entitled to attend, speak and vote at the AGM.
- 2) Shareholders may appoint a proxy to attend, speak and vote in their stead. A proxy need not be a shareholder of the company.
- 3) Majority required for the adoption of resolutions.
  - 3.1) ordinary resolutions: unless otherwise indicated, the support of a simple majority (that is, more than 50%) of the total number of voting rights exercised on the resolutions is required.
  - 3.2) special resolutions: the support of at least 75% of the total number of voting rights exercised on the resolutions is required.
  - 3.3) non-binding advisory votes: are of an advisory nature only and failure to pass these votes will not have any legal consequences relating to the existing arrangements. Should 25% or more of the votes exercised on these non-binding resolutions be cast against either or both of these non-binding resolutions, the Board undertakes to engage with identified dissenting shareholders as to the reasons therefore and take appropriate action (as determined at the discretion of the Board) to reasonably address issues raised as envisaged in King IV<sup>TM</sup> and the JSE Listings Requirements.
- 4) Certificated shareholders and dematerialised shareholders with own-name registration who are unable to attend the AGM and who wish to be represented at the AGM, must complete and lodge the attached proxy form. It is recommended that forms of proxy be received by Computershare Investor Services Proprietary Limited (transfer secretaries) by no later than 48 (forty-eight) hours before the commencement of the AGM for administration purposes.
- 5) If certificated shareholders or dematerialised shareholders with own-name and who are entitled to attend, participate in and vote at the AGM, do not deliver the proxy forms to the transfer secretaries by the stipulated time, such shareholders will nevertheless be entitled to lodge the form of proxy in respect of the AGM immediately prior to the AGM, in accordance with the instructions therein, with the transfer secretaries at [proxy@computershare.co.za](mailto:proxy@computershare.co.za).
- 6) Dematerialised shareholders without own-name registration who wish to attend the AGM in-person must request their Central Securities Depository Participant (CSDP) or broker to provide them with the necessary letter of representation in accordance with the relevant custody agreement.
- 7) Dematerialised shareholders without own-name registration who do not wish to attend the AGM but wish to be represented at the AGM must advise their CSDP or broker of their voting instructions. Such shareholders should contact their CSDP or broker with regard to the cut-off time for their voting instructions.

Voting will take place by way of a poll and accordingly every shareholder present or represented by proxy and entitled to vote, will have one vote in respect of each share held.

As stated above, participation in the AGM will also be via electronic communication and shareholders wishing to attend the AGM via electronic means must follow the instructions for registration, attendance and participation set out below. The electronic platform used to host the AGM accords with the provisions of section 63(2)(a) of the Companies Act and the company's MoI.

### How to participate in the AGM?

City Lodge is pleased to offer the Lumi Platform for shareholders that wish to participate and vote online during the AGM as well as in-room electronic voting devices for shareholders that wish to participate and vote in-room.

## STEP 1: REGISTRATION TO ATTEND THE AGM

### 1) Registering online

#### 1.1 register online using the online registration portal at <https://smartagm.co.za>; or

#### 1.2 apply to Computershare, by delivering the duly completed form to:

Computershare Investor Services (Pty) Ltd, Rosebank Towers, First Floor, 15 Biermann Avenue, Rosebank 2196, or posting it to Private Bag x9000, Saxonwold, 2132 (at the risk of the participant), or by email to [proxy@computershare.co.za](mailto:proxy@computershare.co.za) so as to be received by Computershare by no later than 14:00 on Tuesday 19 November 2024. Computershare will first validate such requests and confirm the identity of the shareholder in terms of section 63(1) of the Companies Act, and, if the request is validated, further details on using the electronic communication facility will be provided. However, this will not in any way affect the rights of shareholders to register for electronic participation at the AGM after this date, provided, however, that only those shareholders who are fully verified (as required in terms of section 63(1) of the Companies Act) and subsequently registered at the commencement of the AGM, will be allowed to participate in and/or vote by electronic means.

Shareholders attending via electronic communication will be required to connect to the AGM through the Lumi website by following the steps set out at <https://smartagm.co.za> by selecting the applicable meeting and clicking on the City Lodge Hotels Limited logo.

Lumi will inform shareholders who registered online by no later than 14:00 on Wednesday 20 November 2024 by email of the relevant details through which shareholders can participate electronically.

# Notice of Annual General Meeting continued

## 2) Registering at the venue of the AGM

Shareholders who wish to attend in-person and vote at the meeting, and who have not registered online, will be able to register at the venue from 13:00 to 13:45.

### STEP 2: IDENTIFICATION

In terms of section 63(1) of the Companies Act, all AGM participants will be required to provide identification reasonably satisfactory to the transfer secretaries. The forms of identification include a valid identity document, driver's licence, passport, and where the shareholder is not an individual a certified copy of a resolution by the entity detailing who from the entity is authorised to represent it at the AGM together with a certified copy of identity document of the person who passed the resolution.

- 1) Participants registering to participate in the AGM using the online registration method contemplated above, by uploading the relevant documentation via the online registration portal and providing a valid email address and/or mobile telephone number; or
- 2) Participants attending the AGM in-person and who have not registered online, by furnishing the relevant documentation to the transfer secretaries at the AGM venue.

Participants who do not furnish the necessary identification documents and/or, if applicable, a letter of representation or if they are not able to be verified by the transfer secretaries by the time specified above, will receive guest status.

### STEP 3: QUESTIONS

Shareholders are encouraged to submit any questions concerning the resolutions proposed as set out in this notice of AGM in advance of the AGM by emailing their questions to the company secretary at [mvanheerden@citylodgehotels.com](mailto:mvanheerden@citylodgehotels.com) by no later than 14:00 on Tuesday 19 November 2024. These questions will be addressed at the AGM. The submission of questions in advance will, however, not preclude a shareholder from asking a question at the AGM either in-person or via electronic communication.

#### Please note:

- Notwithstanding the foregoing, any shareholder who wishes to attend the AGM is entitled to contact Computershare at **proxy@computershare.co.za** at any time prior to the conclusion of the AGM, in order to be verified and provided with access to the Lumi Platform. In order to avoid any delays in being provided with access to the Lumi Platform shareholders are encouraged to contact Computershare at their earliest convenience.
- Shareholders will be liable for their own network and data charges.
- Neither City Lodge, Computershare and/or Lumi, their appointed service provider will be held accountable in the case of the loss of network connectivity or network failure due to insufficient airtime/internet connectivity/power outages/electronic participation channel malfunction which could prevent a shareholder from participating in the AGM.

# Form of proxy

## Form of proxy – for use by certificated and own-name dematerialised shareholders only

For use at the thirty-eighth AGM of members to be conducted as a hybrid meeting as follows, i) in-person at City Lodge Hotels Limited, Block 7, Bryanston Gate Office Park, corner Homestead Avenue and Main Road, Bryanston and ii) by electronic participation via the electronic meeting platform on Thursday 21 November 2024 at 14:00. If you are a City Lodge shareholder referred to above, and are entitled to vote at the AGM, you can appoint a proxy or proxies to vote and speak in your stead at the AGM. A proxy need not be a shareholder of the company. If you are a City Lodge ordinary shareholder and have dematerialised your ordinary shares through a CSDP (and have not selected own-name registration in the sub-register maintained by a CSDP), do not complete this form of proxy but provide your CSDP with your voting instructions in terms of your custody agreement entered into with it. Generally, a shareholder will not be an own-name dematerialised City Lodge shareholder unless the City Lodge shareholder has specifically requested the CSDP to record the City Lodge shareholder as the holder of shares in the City Lodge shareholder's own name in the company's sub-register.

I/we, the undersigned

of

Telephone (home):

being the registered holder(s) of  
hereby appoint

ordinary shares

or failing him/her,

or failing them, the chairperson of the meeting as my/our proxy to act for me/us and vote for me/us on my/our behalf as indicated below at the AGM of the company and at any adjournment thereof.

		Number of shares		
		In favour of	Against	Abstain
1.	Ordinary resolution number 1: Re-election of directors			
1.1	Mr SJ Enderle			
1.2	Mr BT Ngcuka			
2.	Ordinary resolution number 2: Re-appointment of external auditor			
3.	Ordinary resolution number 3: Appointment of group Audit committee members			
3.1	Ms MG Mokoka			
3.2	Mr GG Huysamer			
3.3	Mr AR Lapping			
4.	Ordinary resolution number 4: Placing of the authorised but unissued shares under the control of the directors for purposes of the CSP			
5.	Ordinary resolution number 5: Authority to implement resolutions			
6.	Advisory vote: Remuneration policy and implementation report			
6.1	Remuneration policy			
6.2	Remuneration implementation report			
7.	Special resolution number 1: Approval of NEDs' remuneration			
7.1	Chairman of the Board			
7.2	Deputy chairman			
7.3	Director			
7.4	Chairperson of the Audit committee			
7.5	Other Audit committee members			
7.6	Chairperson of the Remcom			
7.7	Other Remcom members			
7.8	Chairperson of the Risk committee			
7.9	Other Risk committee members			
7.10	Chairperson of the SEC			
7.11	Other SEC members			
7.12	Ad hoc committee			
8.	Special resolution number 2: Inter-group financial assistance			
9.	Special resolution number 3: Authority to effect amendments to the Mol			
10.	Special resolution number 4: General authority to repurchase or acquire ordinary shares			

Signature

Date

Assisted by me (where applicable)

Please see the notes overleaf



## Notes to the form of proxy

1. A City Lodge shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space(s) provided, with or without deleting "the chairman of the AGM". The person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
2. A City Lodge shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate box provided or by the insertion of a cross if all shares should be voted on behalf of that shareholder. Failure to comply with the above will be deemed to authorise the chairman of the AGM, if they are the authorised proxy, to vote in favour of the resolutions at the AGM, or any other proxy to vote or to abstain from voting at the AGM as they deem fit, in respect of all the shares exercisable at the meeting. A shareholder or their proxy is not obliged to use all the votes exercisable by the shareholder or their proxy, but the total of the votes cast and in respect whereof abstentions are recorded may not exceed the total of the votes exercisable by the shareholder or their proxy.
3. When there are joint registered holders of any shares, any one of such persons may vote at the AGM in respect of such shares as if they are solely entitled thereto, but, if more than one of such joint holders is present or represented at any AGM, that one of the said persons whose name stands first in the register in respect of such shares or their proxy, as the case may be, shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased shareholder, in whose name any shares stand, shall be deemed joint holders thereof.
4. It is recommended that forms of proxy be received by the transfer secretaries, Computershare Investor Services Proprietary Ltd, Rosebank Towers, 15 Biermann Avenue, Rosebank 2196 (Private Bag X9000, Saxonwold 2132), email [proxy@computershare.co.za](mailto:proxy@computershare.co.za), by no later than 14:00 on Tuesday 19 November 2024, provided that any form of proxy not delivered to the transfer secretaries by this time and date may (i) be emailed to the transfer secretary (who will provide same to the chairman of the AGM) at any time prior to the AGM or (ii) submitted to the company secretary immediately before the commencement of the AGM. Shareholders are strongly encouraged to submit their proxies prior to the AGM so as to avoid delays to the commencement thereof due to the verification process that will need to be carried out.
5. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer secretaries or waived by the chairman of the AGM.
7. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the AGM, in-person or electronically, and speaking and voting at the meeting to the exclusion of any proxy appointed in terms of this form of proxy, should such shareholder wish to do so.
8. A proxy may not delegate his/her authority to act on behalf of the shareholder to another person.
9. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the City Lodge shareholder as of the later of the date stated in the revocation instrument, if any, or the date on which the revocation instrument was delivered.

# Participating in the AGM via electronic communication

**Capitalised terms used in this annexure shall bear the meanings ascribed thereto in the notice to which this annexure is attached**

1. **Shareholders or their duly appointed proxy(ies) that wish to participate in the AGM via electronic communication (participants), must either:**
  - 1.1 **register online using the online registration portal at <https://smartagm.co.za>; or**
  - 1.2 **apply to Computershare, by delivering the duly completed form to:**  
Computershare Investor Services (Pty) Ltd, Rosebank Towers, First Floor, 15 Biermann Avenue, Rosebank 2196, or posting it to Private Bag x9000, Saxonwold, 2132 (at the risk of the participant), or by email to [proxy@computershare.co.za](mailto:proxy@computershare.co.za) so as to be received by Computershare by no later than 14:00 on Tuesday 19 November 2024. Computershare will first validate such requests and confirm the identity of the shareholder in terms of section 63(l) of the Companies Act, and, if the request is validated, further details on using the electronic communication facility will be provided.
2. **Important notice**
  - 2.1 Lumi shall, by no later than 14:00 on Wednesday 20 November 2024, notify participants that have delivered valid notices in the form of this form, by email of the relevant details through which participants can participate electronically

<b>Application form</b>		
Full name of participant:		
ID/passport number of individual or registration number of entity:		
Email address:		
Cell number:		
Telephone number:	(code):	(number:)
Name of CSDP or broker (if shares are held in dematerialised format):		
I want to participate electronically		
I want to participate and vote electronically		
Signature:		
Date:		

## Terms and conditions for participation in the AGM via electronic communication

1. The cost of electronic participation in the AGM, including but not limited to network charges, is for the expense of the Participant and will be billed separately by the participant's own service provider.
2. The Participant acknowledges, by signing this application form, that the electronic platform through which the AGM will be facilitated is provided by third parties and indemnifies City Lodge Hotels Limited against any loss, injury, damage, penalty or claim arising in any way from the use or possession of the electronic services, whether or not the problem is caused by any act or omission on the part of the Participant or anyone else. In particular, but not exclusively, the Participant acknowledges that neither City Lodge, Computershare and/or Lumi, their appointed service provider will be held accountable in the case of the loss of network connectivity or network failure due to insufficient airtime/internet connectivity/power outages/electronic participation channel malfunction which could prevent a shareholder from participating in the AGM.
3. The application to participate in the AGM electronically will only be deemed successful if this application form has been completed fully and signed by the Participant.

Participant's name

Signature

Date

## Members' diary

Financial year end		30 June
AGM		November
<b>Reports</b>		
Announcement of results for the half-year		February
AFS		September
Integrated Annual Report		October
<b>Dividends</b>		
Declaration	Interim	February
	Final	September
Payment	Interim	March
	Final	October



# Administration

## **CITY LODGE HOTELS LIMITED**

Incorporated in the Republic of South Africa  
Registration number: 1986/002864/06  
Share code: CLH  
ISIN: ZAE000117792

## **DIRECTORS**

BT Ngcuka (Chairman), AC Widegger (Chief executive officer)\*, SJ Enderle<sup>#</sup>,  
GG Huysamer, FWJ Kilbourn (Deputy chairman), AR Lapping, MSP Marutlulle,  
N Medupe, MG Mokoka, D Nathoo\*, LG Siddo\*  
\*Executive <sup>#</sup>South African and Swiss

## **TRANSFER SECRETARIES**

Computershare Investor Services Proprietary Limited  
Rosebank Towers  
15 Biermann Avenue  
Rosebank, 2196

## **COMPANY SECRETARY**

M C van Heerden

## **SPONSOR**

Nedbank Corporate and Investment Banking, a division of Nedbank Limited



CITY LODGE  
HOTELS

[citylodgehotels.com](https://citylodgehotels.com)