CITY LODGE HOTELS

Annual Financial Statements

for the year ended
30 June 2024

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Highlights

Revenue
R1.9bn
up 13%
2023: R1.7bn

Adjusted EBITDAR
R586m
up 14%
2023: R516m

Return on equity
16.5%
up 0.9% points
2023: 15.6%

Profit for the year
R189m
up 15%
2023: R164m

Group occupancy
58%
up 2% points
2023: 56%

Earnings per share (diluted)
33.2c
up 16%
2023: 28.6c

Headline earnings per share (diluted)
33.2c
up 10%
2023: 30.3c

Adjusted headline earnings per share (diluted)
31.8c
up 37%
2023: 23.2c

Dividends
Final: 9c 2023: 8c
Interim: 6c 2023: 5c

CITY LODGE HOTELS

Commentary

City Lodge Hotels continues to grow occupancies and revenues as its recovery from the legacy of the pandemic has progressed. City Lodge is well-positioned, with no outstanding debt, revenue up 13%, and group occupancies of 58%, two percentage points (pp) ahead of 2023. Food and beverage revenue has grown by 22% in the year, complementing the City Lodge Hotels value-for-money, and service excellence offering.

The group continues to **return value, by investing in its hotel refurbishment pipeline**, and through dividends and **share buy-backs**.

The growth in demand and rates continues to be a focal point for the group to optimise returns and value to guests by embracing BAR methodology and demand for our enhanced products. Rates have maintained a solid 8% growth within a challenging economic year.

The year under review, has been a tale of two halves. The financial year kicked off with fervour and optimism with strong demand for occupancy in the first quarter which was approximately eight pp ahead of the prior year. However, the strain of the prolonged high inflation and interest rates, and the cumulative effects of continuous loadshedding, together with poor investor and consumer confidence caused by the political uncertainty in the run up to the South African national elections, eroded corporate demand and consumer purchasing power. Government austerity measures put in place by National Treasury in October also contributed to subdued demand. These factors led to a one pp reduction in occupancy, between November 2023 and June 2024, compared to the prior year.

Regionally, Western Cape continues to have the fastest recovery in both occupancy and rates. The greater Johannesburg area has also seen a slight recovery in demand as more business travellers are working from their offices, and travel needs increase. In contrast, however, leisure demand in KwaZulu Natal has suffered in the year, due to the socio-economic challenges including the sporadic closure of beaches, departure of many Durban beachfront businesses, and safety and security concerns..

FINANCIAL REVIEW

Against these headwinds, City Lodge has delivered stronger occupancies compared to prior year, supported by improving rates of 8%. Total revenue for the year ended 30 June 2024 increased by 13% to R1.9 billion (2023: R1.7 billion). Rooms revenue increased by 11%. Our enhanced food and beverage (F&B) offering across all brands has been well received, resulting in an increase of 22% to R363.3 million (2023: R298.9 million), and it now accounts for 19% (2023: 17%) of total revenue.

The combination of increased occupancies, high inflation and continued focus on consistent, and reliable service delivery to support the growing F&B offer, has resulted in a 10% increase in total operating costs.

The upskilling and general right-sizing of our F&B staff complement has resulted in an increase of 12% in salaries and wages to R553.3 million. The group mitigated the general increases in property costs by utilising more solar power generated by the 16 additional hotels which have installed solar panels during the year.

Rooms related costs and F&B costs are largely variable in nature. However, the increase in corporate travel increased commissions paid, which is recorded in rooms related costs resulting in a 19% increase to R226.2 million (2023: R189.6 million). Volume variable F&B costs increased by 17% to R146.2 million (2023: R124.8 million). F&B gross profit margins have improved to 60% from 58% in the prior year.

The group generated EBITDAR of R574.4 million (2023: R556.3 million) for the year, and an EBITDAR margin of 29.8% (2023: 32.4%). Adjusted EBITDAR margin, excluding unrealised foreign currency (losses)/gains, is 30.4% (2023: 30.1%).

Depreciation for the year of R171.3 million (2023: R160.6 million) includes depreciation of capitalised leases. The 7% increase relates to higher refurbishment capital expenditure incurred by the group compared to the prior year.

Lease related expenses (i.e. depreciation on right-of-use assets of R95.0 million and interest expense on leases of R127.7 million) exceed cash lease payments of R164.1 million by R58.6 million.

Taxation amounting to R65.8 million (2023: R55.3 million) increased by 19%. Taxation includes a R20 million credit on the recognition of a deferred tax asset in Namibia.

The improved performance for the year has resulted in profit after tax of R188.7 million (2023: R163.7 million), and a 16% increase in diluted earnings per share to 33.2 cents (2023: 28.6 cents).

Diluted headline earnings per share increased by 10% to 33.2 cents (2023: 30.3 cents per share). Adjusted headline earnings per share, which excludes unrealised foreign currency (losses)/gains and exceptional items, and the impairment reversal of the deferred tax asset, has increased by 37% to 31.8 cents (2023: 23.2 cents).

Commentary continued

CAPITAL ALLOCATION

The group has utilised its strong cash generated by operations of R576.7 million (2023: R539.5 million) to strengthen its balance sheet, return capital to shareholders, and continue with its investment in its hotels, to ensure it is more sustainable, resilient, and continues to deliver value from its well equipped and maintained portfolio of hotels.

The group has repaid its interest-bearing borrowings and is now debt-free, whilst still retaining access to R600 million in debt facilities, and R115 million in overdraft facilities.

During the year, the group acquired 0.3 million shares in the odd-lot offer at an average price of R4.71 per share, which also reduced the number of shareholders by more than half. In addition, 11.4 million shares were re-purchased at an average price of R4.37. Total consideration for all shares acquired totalled R51.6 million.

The group embarked on an extensive capital expenditure programme, which includes:

- Completion of the phased refurbishment of rooms at City Lodge Hotel 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 2.6MW or 16.3% of the group's energy requirements. Battery storage has been added to two hotels as part of a battery pilot program.
- The water supply resilience strategy has delivered a further three new boreholes and filtration plants, five new filtration plants to existing boreholes, and three additional water storage tanks .
- A number of refurbishment projects are well-underway at City Lodge Hotel Lynnwood, Town Lodge Bellville, Road Lodge Durban, Road Lodge N1 City, City Lodge Hotel Umhlanga Ridge and Town Lodge George.

The group's enhanced investment and efforts in transformation and diversity has realised an improved B-BBEE level 2 scorecard rating.

OUTLOOK

The formation of the Government of National Unity is to be welcomed, which together with the potential interest rate cuts later this year, will bring relief to a stagnant economy. The 2025 financial year holds promise for a reinvigorated South Africa and surrounding territories, as the economy grows and foreign investment is realised.

Total capital commitments of R459.4 million have been authorised for the 2025 financial year. The funds will be applied to projects focused on deriving value through our modernisation programme, and delivering innovation and **easy** guest experiences through technology investments. Environmental sustainability and resilience solutions remains a priority for the group.

The group is actively pursuing selected opportunities for new hotels in high growth areas within South Africa.

The 2025 financial year has commenced with a cautious improvement in economic sentiment, compared to the second half of the previous financial year, as the new government establishes itself. This sentiment has, however, not yet translated into occupancy trends, with softer occupancy for July 2024 of 56% (July 2023 – 61%), August 2024 of 55% (August 2023 – 61%) and month to date up to 5 September 2024 of 61% (5 September 2023 - 60%), having been experienced. We are optimistic that demand will continue to improve as business and consumer confidence returns and interest rates decrease, thereby contributing to improved disposable income in businesses and households.

Our award winning brand messaging and campaign "Life is hard. Check into **easy**." stands true to the ethos of City Lodge Hotels.

DECLARATION OF DIVIDEND

The board has approved and declared a final dividend (number 66) of 9.00 cents per ordinary share (gross) (2023: 8.00 cents) in respect of the year ended 30 June 2024.

The dividend will be subject to Dividend Tax. In accordance with paragraphs 11.17(a)(i) to (ix) and 11.17(c) of the JSE Listings Requirements the following additional information is disclosed:

- the dividend has been declared out of distributable reserves;
- the local Dividend Tax rate is 20% (twenty per centum);
- the gross local dividend amount is 9.00 cents per ordinary share for shareholders exempt from the Dividend Tax;
- the net local dividend amount is 7.20 cents per ordinary share for shareholders liable to pay the Dividend Tax;
- the company currently has 598 146 832 ordinary shares in issue; and
- the company's income tax reference number is 9041001711.

Shareholders are advised of the following dates:

– Last date to trade cum dividend Monday, 23 September 2024
– Shares commence trading ex dividend Wednesday, 25 September 2024
– Record date Friday, 27 September 2024
– Payment of dividend Monday, 30 September 2024

Share certificates may not be dematerialised or rematerialised between Wednesday, 25 September 2024 and Friday, 27 September 2024, both days inclusive.

For and on behalf of the board

Bulelani Ngcuka
Chairman
06 September 2024

Andrew Widegger
Chief executive officer

Directors: B T Ngcuka (Chairman), A Widegger (Chief executive officer)*, S J Enderle#, G G Huysamer, F W J Kilbourn (Deputy chairman), A R Lapping, M S P Marutlulle, N Medupe, M G Mokoka, D Nathoo*, L G Siddo* *Executive #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 Limited
Incorporated in the Republic of South Africa
Registration number: 1986/002864/06 Share code: CLH ISIN: ZAE000117792

Contents

These annual financial statements were published on 06 September 2024, were audited in compliance with the requirements of the Companies Act, 71 of 2008, and prepared under the supervision of the Chief financial officer, Dhanisha Nathoo CA(SA).

CITY LODGE HOTELS

Directors' responsibility statement

for the year ended 30 June 2024

The company's directors are required by the Companies Act of South Africa, Act 71 of 2008 (Companies Act) to maintain adequate accounting records and to prepare financial statements for each financial year that fairly present the state of affairs of the group and company at the end of the financial year and of the results of operations and cash flows for the year. In preparing the accompanying consolidated and separate financial statements, IFRS ® Accounting Standards and its interpretations adopted by the International Accounting Standards Board, the Listings Requirements of JSE Limited, the SAICA Financial Reporting Guides issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act, 71 of 2008 of South Africa, as amended have been followed, suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made.

The consolidated and separate annual financial statements incorporate responsible disclosure. The directors accept responsibility for the preparation, integrity and fair presentation of the consolidated and separate annual financial statements. The directors are responsible for the establishment and adequate functioning of a system of governance, risk management and internal controls in the company. The directors are also responsible for the controls over, and the security of the company's website and where applicable, for the establishing and controlling the process for electronically distributing annual reports and other financial information to the company's shareholders and the Companies and Intellectual Property Commission. Consequently, the directors have implemented a broad range of processes and procedures designed to provide control by the directors over the company's operations.

The directors have reviewed the group and company budgets and cash flow forecasts for the year to 30 June 2025. On the basis of this review, and in light of the current financial position, improved operational performance, liquidity and existing borrowing facilities, the directors are satisfied that the group and company are going concerns and they have accordingly adopted the going-concern basis in preparing the consolidated and separate financial statements. The group's independent auditor, PricewaterhouseCoopers Inc., have audited the consolidated and separate financial statements and their unqualified report appears on pages 9 to 17.

PricewaterhouseCoopers Inc. was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors of City Lodge Hotels Limited (the board) and committees of the board. The directors believe that all representations made to the independent auditor during their audit are valid and appropriate.

The board recognises and acknowledges its responsibility for the group's systems of internal financial control. The group adheres to a code of conduct, which covers ethical behaviour and compliance with legislation. The control systems include written accounting and control policies and procedures, clearly defined lines of accountability and delegation of authority, and comprehensive financial reporting and analysis against approved budgets. The responsibility for operating these systems is delegated by the directors who confirm that they have reviewed the effectiveness thereof. The directors consider that the systems are appropriately designed to provide reasonable, but not absolute, assurance that assets are safeguarded against material loss or unauthorised use and that transactions are properly authorised and recorded.

The effectiveness of the internal financial control systems is monitored through management reviews, comprehensive reviews and testing by the internal auditor and the independent auditor's testing of appropriate aspects of the internal financial control systems during the course of their statutory examinations of the company and the underlying subsidiaries.

APPROVAL OF CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

The consolidated and separate annual financial statements of City Lodge Hotels Limited, as set out on pages 3 to 70 were approved by the board of directors on 06 September 2024 and signed on its behalf by:

Andrew Widegger	**Dhanisha Nathoo**
Chief executive officer	*Chief financial officer*

Certificate by the company secretary

In terms of section 88(2)(e) of the Companies Act of 2008, as amended, I certify that, to the best of my knowledge and belief, the company has lodged with the Companies and Intellectual Property Commission, all such returns and notices required of a public company in terms of the Companies Act, No. 71 of 2008, as amended, in respect of the financial year ended 30 June 2024 and that all such returns are true, correct and up to date.

Melanie van Heerden
Company secretary
06 September 2024

Chief executive officer and chief financial officer's responsibility statement

for the year ended 30 June 2024

Each of the directors whose names are stated below hereby confirm that:

(i) the annual financial statements set out on pages 3 to 70, fairly present in all material respects the financial position, financial performance and cash flows of City Lodge Hotels Limited in terms of IFRS ® Accounting Standards;

(ii) to the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;

(iii) internal financial controls have been put in place to ensure that material information relating to City Lodge Hotels Limited and its consolidated subsidiaries have been provided to effectively prepare the financial statements of City Lodge Hotels Limited;

(iv) the internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;

(v) where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and have taken steps to remedy the deficiencies; and

(vi) we are not aware of any fraud involving directors.

Andrew Widegger	**Dhanisha Nathoo**
Chief executive officer	*Chief financial officer*

Report of the audit committee

for the year ended 30 June 2024

Dear Stakeholders

The audit committee plays a vital role ensuring the integrity of the group's financial controls and integrated reporting in identifying and managing financial risk. This report is provided by the audit committee in compliance with the Companies Act, and as recommended by King IV™.

COMPOSITION AND MEETINGS

The committee comprises four independent non-executive directors. All appointed directors satisfied the requirements of section 94(4) of the Companies Act and King IV™ recommendations. As a collective and considering the size and circumstances of the group, the committee is adequately skilled, and all members possess the appropriate financial and related qualifications, skills and financial expertise and experience required to discharge their responsibilities.

The committee met three times during the year, as per the committee's mandate and terms of reference. The group chief executive officer, chief financial officer and representatives from external audit and internal audit attend each meeting by invitation. The committee chairperson engages regularly with management on material matters and external auditor and internal auditor have direct access to the committee.

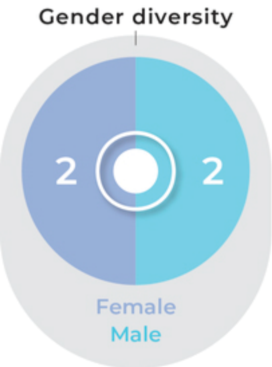
Meeting attendance

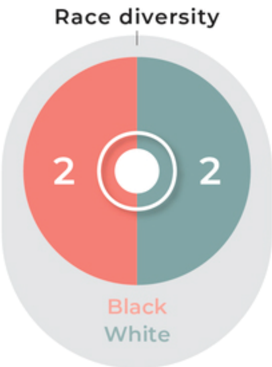
Members	September 2023	February 2024	May 2024
Mathukana Mokoka (chairperson)	1	1	1
Deon Huysamer	1	1	1
Andrew Lapping	1	1	–
Ndumi Medupe	1	1	1
Stuart Morris (resigned 23 November 2023)[1]	1		
By invitation			
Andrew Widegger (CEO)[2]	1	1	1
Dhanisha Nathoo (CFO)[2]	1	1	1

[1] *Shareholders were advised that in accordance with paragraph 3.59 of the JSE Listings Requirements, on 11 September 2023, that Stuart Morris would be retiring from the Board and Audit, Risk and Remuneration and Nominations Committees with effect from 23 November 2023.*

[2] *Executive director*

Gender and race diversity





INTERNAL CONTROL

The audit committee has considered and approved the group's system of internal financial controls, based on the reports received from the external auditor, reports on hotel visits and internal financial control testing by the internal auditor, and confirms that no material breakdown of internal controls has taken place during the year.

STATUTORY DUTIES

The audit committee is satisfied that it considered, executed and discharged its responsibilities during the year in accordance with its mandate.

The committee has considered the independence of the company's external auditor, PricewaterhouseCoopers Inc., and is satisfied that, for the year under review, the external auditor is independent. The committee adopts a work plan annually, in advance, in order to manage the discharge of its responsibilities under the Companies Act, King IV™, its own charter and the JSE Listings Requirements.

The committee agreed to the engagement letter, terms, external audit plan and fees for the 2024 financial year.

In accordance with the company's non-audit services policy, the committee considered and pre-approved all non-audit services provided by the external auditor, ensuring that the independence of the external auditor was not compromised.

It has also considered that appropriate financial reporting procedures exist and are working, which includes consideration of all entities included in the consolidated group financial statements.

The committee, excluding management invitees, met with both the external and internal auditor in order to discuss any issues relevant to the audit as well as to consider the resources and adequacy of the finance function, in particular the expertise and experience of the chief financial officer. The committee is satisfied with the appropriateness of the expertise and experience of the chief financial officer.

The committee, excluding both the external and internal auditor, met with management invitees in order to discuss any issues relevant to the audit as well as to consider the quality and effectiveness of the external and internal audit process and concluded that both were adequate.

The audit committee has requested all findings by the Independent Regulatory Board for Auditors or any other regulatory bodies, and the associated responses and reviews undertaken by the auditor. There are no significant matters to report on in this regard.

In carrying out its responsibility for risk oversight in respect of the management of financial and other risks (internal financial controls; fraud and IT risks as thy relate to financial reporting) the committee collaborates with and received feedback from the risk committee on risks having a financial and reporting impact on the company.

SOLVENCY AND LIQUIDITY

The committee is satisfied that the board has performed a solvency and liquidity test on the group and company and has concluded that the group and company satisfy the test, on the basis of the continued availability of borrowing facilities, the improved operational performance during the last financial year, and on the ongoing performance forecast for the next 12 months.

Following our review, and having regard to all material factors and risks that may impact the financial statements, we accordingly recommended the consolidated and separate financial statements of City Lodge Hotels Limited for the year ended 30 June 2024 to the board of directors for approval on 06 September 2024.

Mathukana Mokoka
Chairperson of the audit committee
06 September 2024

Directors' report

for the year ended 30 June 2024

NATURE OF BUSINESS

The company is a South African incorporated public company domiciled in the Republic of South Africa. The group owns and operates high-quality, affordable hotels targeted at the business community and leisure traveller. There have been no material changes in the nature of the group's and company's business from the prior year.

FINANCIAL RESULTS

The financial results of the group for the year are set out in the consolidated financial statements and accompanying notes thereto. Group profit after taxation for the year amounted to R188.7 million (2023: R163.7 million), resulting in basic diluted earnings per share of 33.2 cents, compared to 28.6 cents in the prior year. Headline earnings amounted to R188.5 million (33.2 cents per share, diluted) compared to R173.3 million (30.3 cents per share, diluted) in the previous year. Net asset value per share improved to 210 cents from 196 cents in the prior year.

The group generated positive cash flows from operating activities of R299.8 million (2023: R356.1 million).

The company's interest in its subsidiaries' loss after taxation amounted to R3.4 million (2023: profit after taxation of R12.8 million).

DIVIDENDS

INTERIM

The board approved an interim dividend of 6.0 cents per share (4.8 cents net after deducting withholding tax) on 23 February 2024 (2023: 5 cents).

FINAL

Subsequent to year end, the board has approved a final ordinary dividend of 9.0 cents per ordinary share (7.2 cents net after deducting withholding tax) in respect of the year ended 30 June 2024 (2023: 8.00 cents). The source of the dividend will be from distributable reserves. The dividend will be payable on 30 September 2024 to shareholders registered in the company's securities register on 27 September 2024.

STATED CAPITAL

There was no change in the authorised share capital of the company during the year under review. The company has authorised share capital of 10 000 000 000 ordinary no par value shares.

In line with the group's strategy to return capital and value to shareholders, the group acquired 314 698 shares at an average price of R4.71 per share in December 2023 through an odd-lot offer. The group acquired a further 11 397 972 shares between November 2023 and April 2024 at an average share price of R4.37 per share. The cost of the share repurchases totalled R51.6 million. Following the cancellation of these shares, the total number of ordinary no par value shares in issue as at 30 June 2024 is 598 146 832 (2023: 609 859 502).

SUBSIDIARIES

Details relating to interest in subsidiaries are included in note 4.

INTEREST-BEARING BORROWINGS

The group has total loan facilities of R600.0 million, and overdraft facilities of R115.0 million. The debt facilities mature between June 2025, and June 2027. During the year, the group repaid the debt facilities with a total outstanding balance of R300 million in full. As at 30 June 2024, the total interest-bearing borrowings balance is Nil (2023: R300 million). The group retains access to the total loan facility of R600 million.

GOING CONCERN

The consolidated and separate financial statements are prepared on the going-concern basis. Based on the cash flow forecasts, available liquidity and access to available debt facilities and the other measures the group has taken (refer to note 32), the directors believe that the group and company have sufficient resources to continue operations as a going concern in a responsible and sustainable manner.

SUBSEQUENT EVENTS

Further details are included in note 30.

The board has approved a final ordinary dividend of 9.0 cents per ordinary share (7.2 cents net after deducting withholding tax) in respect of the year ended 30 June 2024 (2023: 8.0 cents).

Other than the above, the directors are not aware of any matter or circumstance arising since the reporting date and the date of this report.

Directors' report continued

for the year ended 30 June 2024

DIRECTORATE

Directors of the company are set out below:

	Appointed
Independent non-executive	
Bulelani Ngcuka (Chairman)	2008
Frank Kilbourn (Deputy Chairman)	1996
Deon Huysamer	2015
Andrew Lapping	2021
Dr. Sizakele Marutlulle	2016
Ndumi Medupe	2006
Mathukana Mokoka	2022
Stuart Morris (resigned 23 November 2023)	2006
Non-executive	
Stephen Enderle	2021
Executive	
Andrew Widegger (CEO)	1994
Dhanisha Nathoo (CFO)	2020
Lindiwe Siddo (COO)	2018

In terms of the memorandum of incorporation, Stephen Enderle, Bulelani Ngcuka and Ndumi Medupe, will retire by rotation at the forthcoming annual general meeting. Stephen Enderle and Bulelani Ngcuka are eligible and have offered themselves for re-election, while Ndumi Medupe, being eligible, has indicated her intention to retire from the Board and Audit and Risk Committees post conclusion of the AGM.

DIRECTORS' EMOLUMENTS

No material contracts in which the directors have an interest were entered into during the year under review. Refer to note 19 of the consolidated and separate financial statements for details of the group's executive management compensation.

COMPANY SECRETARY

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

EXTERNAL AUDITOR

PricewaterhouseCoopers Inc. were re-appointed into office at the company's 2023 annual general meeting in accordance with section 90 of the Companies Act of South Africa, to report on the financial year ending 30 June 2024. They will continue in office in accordance with section 90 of the Companies Act of South Africa.

MATERIAL SHAREHOLDERS

Beneficial shareholders holding 5% or more of the company's listed ordinary shares as at 30 June 2024 were as follows:

	%	Number of shares owned
Enderle SA	9.1 %	54 358 553
Entertainment Holdings	8.4 %	50 001 729
Allan Gray	8.2 %	48 853 873

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Independent auditor's report

To the Shareholders of City Lodge Hotels Limited

Report on the audit of the consolidated and separate financial statements

Our opinion

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of City Lodge Hotels Limited (the Company) and its subsidiaries (together the Group) as at 30 June 2024, and its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa.

What we have audited

City Lodge Hotels Limited's consolidated and separate financial statements set out on pages 18 to 66 comprise:

- the consolidated and separate statements of financial position as at 30 June 2024;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, including material accounting policy information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*.

PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View, 2090
Private Bag X36, Sunninghill, 2157, South Africa
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za

Chief Executive Officer: L S Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.

Our audit approach

Overview

Overall group materiality

- Overall group materiality: R19.3 million, which represents 1% of consolidated revenue for the year ended 30 June 2024.

Group audit scope

- Full scope audits were performed on 2 significant components based on their contribution to total consolidated revenue, total consolidated profit before taxation, total consolidated assets and total consolidated liabilities of the Group and risk characteristics of the respective component.
- An audit was performed over specific account balances for 1 component.
- Analytical review procedures were performed over the remaining 10 components considered to be insignificant to the Group.

Key audit matters

- Impairment assessment of Property, plant and equipment and Right-of-use assets

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	R19.3 million
How we determined it	1% of consolidated revenue
Rationale for the materiality benchmark applied	We chose consolidated revenue, because, in our view, it is the benchmark against which the performance of the Group can be consistently measured. Consolidated revenue is considered to be a key objective and focus of the Group's businesses and a key performance indicator for management and investors. We chose 1% as the benchmark threshold which is consistent with quantitative materiality thresholds used for Group's operating within this industry. In determining the benchmark threshold, we took into account various factors, including the intended users and distribution of the financial statements as well as the level of the Group's debt.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group has hotel operations in South Africa, Botswana, Namibia and Mozambique. In addition, the Group has centralised functions, property holding companies and investment holding companies domiciled in South Africa.

The consolidated financial statements are a consolidation of the Group's hotel operations, investment and property holding companies and centralised functions (each considered to be a 'component' for purposes of our group scoping).

We performed full scope audits on 2 components that were considered to be significant to the Group based on their contribution to total consolidated revenue, total consolidated profit before taxation, total consolidated assets and total consolidated liabilities of the Group and risk characteristics of the respective component. Furthermore, we performed an audit over specific account balances for 1 component to ensure that sufficient coverage was obtained over the consolidated financial statements. Analytical review procedures were performed over the remaining 10 components that were considered to be insignificant to the Group.

In establishing the overall approach to the Group audit, we determined the work to be performed by us, as the group engagement team. Further substantive audit procedures were also performed by the group engagement team over the consolidation process.

The extent of work performed on the components within the Group provided us with sufficient and appropriate audit evidence to express an opinion on the consolidated financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of Property, plant and equipment and Right-of-use assets *This key audit matter relates to the consolidated and separate financial statements.* A significant portion of the Group and Company's total assets comprise property, plant and equipment (PPE) and right-of-use (ROU) assets. PPE constitutes those assets owned by the Group and Company while ROU assets relate to land and/or buildings leased by the Group and Company. As at 30 June 2024, the carrying value of the Group and Company's PPE amounted to R1.76 billion and R1.28 billion respectively. As it relates to ROU assets, the Group and Company has recognised ROU assets amounting to R917.4 million and R844.8 million respectively. At the end of each reporting period, the Group and Company review the carrying amounts of each hotel (which is considered to be an individual cash-generating unit (CGU)) to determine whether there are any indications of impairment. If any such indication exists, then the CGUs recoverable amount is determined. Management has assessed the carrying amount of the individual CGUs for an impairment loss or impairment reversal during the financial year by reviewing cash flow forecasts for the period 2025 to 2029, which they believe adequately reflects the cash flows generated by the underlying hotels. The forecast assumptions are based on the continued economic recovery projected in the upcoming financial year, as the recovery from the legacy of the pandemic continues.	Our audit addressed this key audit matter as follows: We assessed whether there were any impairment indicators for each CGU in terms of International Accounting Standard 36, Impairment of Assets (IAS 36). No other impairment indicators were identified that were not already identified by management. We assessed management's definition and composition of a CGU by comparing it to the principles contained in IAS 36 to confirm that each individual hotel meets the definition of a CGU. No material exceptions were noted. We assessed the reasonability of the budgets (which formed the basis for the cash flows used in the DCF model) as follows: • Obtained an understanding of the setting, reviewing and approval of the budgets and the assumptions applied. • Assessed the reliability of the budgeting process, by comparing the prior period budgeted results for the Group to the current financial year's actual results of the Group. We further compared post year-end budgeted information to post year-end actual results to understand management's ability to follow a robust budgeting process that results in credible budgets. Where the budgeted numbers significantly differed from actual results, we obtained corroboration from management which we considered to be reasonable explanations and consistent with other evidence obtained during the audit.

Key audit matter	How our audit addressed the key audit matter

Based on the assessment performed, no impairment loss or impairment reversals have been recognised on PPE and ROU assets during the period.
 	
The recoverable amount of each individual CGU was determined as the higher of the value-in-use (VIU) and fair value less cost of disposal (FVLCD), calculated using the discounted cash flow model (DCF) by applying projected cash flows over a five-year period.
 	
In determining the forecast cash flow assumptions for established and newer hotels, significant judgement and estimation was applied in determining the occupancy, room rates and operating expenses. Furthermore, significant judgement and estimation is applied in determining the terminal growth rates and discount rates to be used in the DCF model.
 	
The impairment assessment of PPE and ROU assets was considered to be a matter of most significance to our current year audit of the consolidated and separate financial statements due to:
• the significant judgements and estimation applied in determining the forecast cash flow assumptions, terminal growth rates and discount rates; and
• the magnitude of the carrying amounts of the Group and Company's PPE and ROU assets.
	We tested the mathematical accuracy of the DCF model and with the assistance of our valuations expertise we assessed whether the DCF model is consistent with market practice and the applicable requirements of IAS 36. The assessment of the DCF model was performed on an individual CGU and the valuation principles were replicated across the CGUs assessed. We did not note any aspect which required further consideration.
	
	For the base year (financial year 2025) used in the DCF model, we agreed the cash flow forecasts to the budget approved by the board of directors. No material exceptions were noted.
	
	We tested the reasonableness of the assumptions applied by management in their forecast cash flows as follows:
	• Discussions with management to understand the basis for the assumptions used in respect of the cash flows and corroborated their explanations by evaluating:
	  ◦ the past performance of the CGU and the post-year end performance of the CGU;
	  ◦ the consistency with external market and industry data; and
	  ◦ the corroboration of strategic initiatives with evidence obtained from independent sources and in other areas of the audit.
	• We assessed the reasonableness of the occupancy and room rates applied in management's revenue forecasts by comparing these to historical actual trends.
	• We assessed the reasonableness of capital expenditure and working capital movements applied by management in the DCF model by agreeing these to historical actual trends.
	Based on our procedures performed above, we found the assumptions applied by management to be reasonable.

Key audit matter	*How our audit addressed the key audit matter*
Refer to the following material accounting policies and notes to the financial statements for the details as it relates to this key audit matter: • Summary of material accounting policies: Significant judgements and areas of estimation uncertainty: Impairment of property, plant and equipment and right-of-use assets; • Summary of material accounting policies: Impairments: Non-financial assets; • Note 1: Property, plant and equipment; and • Note 2: Right-of-use assets.	Making use of our valuations expertise, the reasonableness of the terminal growth rates was assessed by comparing the terminal growth rates to long term growth rates obtained from independent sources. The growth rates used by management were accepted as reasonable. With the assistance of our valuation expertise, we independently sourced data such as the long-term growth rates, cost of debt, cost of leases, risk-free rates in the applicable market, market risk premiums adjusted for specific risks relating to the relevant CGUs, small stock premiums, debt/equity ratios, and the betas of comparable companies. We then independently calculated a discount rate for a sample of individual CGUs. The calculation of the discount rate performed by our valuation experts was performed on a sample of individual CGUs and the valuation principles were replicated across the CGUs assessed. We applied this independently calculated discount rate to our independent valuation scenarios, and it was determined that management's overall impairment assessment was within an acceptable range and therefore we accepted management's impairment assessment amount as being reasonable. We assessed the reasonableness of the discount rates, terminal growth rates and net cash flows by performing a sensitivity analysis to determine the impact that a change in discount rates, terminal growth rates and net cash flows would have on the discounted cash flow analysis and the resultant recoverable amount. We compared the results of our sensitivity analysis to management's impairment results in order to identify those CGUs considered sensitive to a change in assumptions for disclosure purposes. We did not note any aspects requiring further consideration.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled “City Lodge Hotels Annual Financial Statements for the year ended 30 June 2024”, which includes the Directors’ report, the Report of the audit committee and the Certificate by the company secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this auditor’s report, and the document titled “City Lodge Hotels Integrated Annual Report 2024”, which is expected to be made available to us after that date. The other information does not include the consolidated or the separate financial statements and our auditor’s report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that PricewaterhouseCoopers Inc. has been the auditor of City Lodge Hotels Limited for 3 years.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: AM Motaung
Registered Auditor
Johannesburg, South Africa
6 September 2024

Statements of financial position

as at 30 June 2024

R000	Notes	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Assets					
Non-current assets		**2 732 031**	2 732 330	**2 493 772**	2 140 738
Property, plant and equipment	1	**1 762 608**	1 687 829	**1 277 619**	1 182 484
Right-of-use assets	2	**917 414**	1 010 852	**844 750**	926 347
Intangible assets and goodwill	3	**24 457**	22 275	**24 457**	22 275
Interest in subsidiaries	4	**–**	–	**346 146**	8 832
Investments		**800**	800	**800**	800
Deferred taxation	5	**26 752**	10 574	**–**	–
Current assets		**231 747**	489 019	**161 037**	444 383
Inventories	6	**7 155**	7 277	**6 406**	6 690
Trade receivables	27.5	**69 555**	65 783	**67 059**	63 658
Other receivables	7	**87 238**	87 474	**59 463**	54 208
Taxation receivable		**483**	140	**–**	–
Cash and cash equivalents[1]		**67 316**	328 345	**28 109**	319 827
Total assets		**2 963 778**	3 221 349	**2 654 809**	2 585 121
Equity					
Capital and reserves		**1 173 594**	1 117 984	**922 254**	876 054
Stated capital	8	**1 273 133**	1 324 717	**1 273 133**	1 324 717
Treasury shares	9	**(512 807)**	(504 729)	**(512 807)**	(504 729)
Other reserves	10	**77 524**	71 283	**71 600**	66 742
Retained earnings/(accumulated losses)		**335 744**	226 713	**90 328**	(10 676)
Liabilities					
Non-current liabilities		**1 405 856**	1 770 169	**1 296 643**	1 348 509
Interest-bearing borrowings	11	**–**	300 000	**–**	–
Lease liabilities	12	**1 336 312**	1 416 086	**1 227 759**	1 295 085
Provisions		**10 696**	10 696	**10 696**	10 696
Deferred taxation	5	**58 848**	43 387	**58 188**	42 728
Current liabilities		**384 328**	333 196	**435 912**	360 558
Financial guarantee liability	13	**–**	–	**–**	4 293
Taxation payable		**9 312**	2 622	**8 443**	1 843
Trade and other payables	14	**294 320**	294 085	**357 833**	327 014
Lease liabilities	12	**80 696**	36 489	**69 636**	27 408
Total liabilities		**1 790 184**	2 103 365	**1 732 555**	1 709 067
Total equity and liabilities		**2 963 778**	3 221 349	**2 654 809**	2 585 121

[1] *Cash and cash equivalents are measured at amortised costs, and are held in current accounts with the Group's bankers.*

Statements of profit or loss and other comprehensive income

for the year ended 30 June 2024

		GROUP		COMPANY	
R000	Notes	2024	2023	2024	2023
Revenue	15	**1 930 538**	1 714 729	**1 842 610**	1 643 850
Other income	16	**11 847**	36 412	**14 477**	101 888
Expected credit loss reversal/(charge) on trade receivables	27.5	**1 697**	(2 448)	**1 889**	(2 094)
Salaries and wages		**(553 290)**	(492 694)	**(529 896)**	(472 512)
Property costs		**(165 301)**	(170 978)	**(159 819)**	(166 109)
Food and beverage costs		**(146 181)**	(124 798)	**(139 500)**	(119 648)
Rooms related costs		**(226 248)**	(189 584)	**(216 762)**	(181 192)
Unrealised (losses)/gains on foreign exchange		**(11 751)**	40 445	**(108)**	–
Other operating costs	17	**(282 407)**	(268 772)	**(304 218)**	(291 214)
Depreciation and amortisation		**(76 316)**	(65 491)	**(66 859)**	(56 375)
Depreciation on right-of-use assets		**(94 986)**	(95 090)	**(83 908)**	(84 069)
Impairment reversal/(loss) on property, plant and equipment	1	**–**	29 990	**–**	(14 233)
Impairment loss on right-of-use assets	2	**–**	(47 449)	**–**	(47 449)
Impairment loss on goodwill	3	**–**	(8 979)	**–**	(8 979)
Impairment reversal/(loss) on other receivables	7	**–**	–	**3 969**	(12 037)
Operating profit		**387 602**	355 293	**361 875**	289 827
Interest income	20.1	**3 341**	12 214	**3 305**	15 956
Interest expense	20.2	**(136 519)**	(148 426)	**(120 541)**	(109 274)
Profit before taxation		**254 424**	219 081	**244 639**	196 509
Taxation	21	**(65 757)**	(55 332)	**(63 999)**	(46 549)
Profit for the year		**188 667**	163 749	**180 640**	149 960
Other comprehensive income					
Items that are or may be reclassified to profit or loss					
Foreign currency translation differences (non-taxable)		**1 383**	(359)	**–**	–
Total comprehensive income for the year		**190 050**	163 390	**180 640**	149 960
Basic earnings per share (cents)	26	**33.3**	28.6		
Basic diluted earnings per share (cents)	26	**33.2**	28.6		

Statements of cash flows

for the year ended 30 June 2024

R000	Notes	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Cash inflow from operating activities		**299 839**	356 096	**301 452**	313 758
Cash generated by operations	25.1	**576 700**	539 473	**540 232**	449 569
Interest received		**3 341**	12 214	**3 305**	15 956
Interest paid		**(12 430)**	(26 301)	**(4 233)**	(2 816)
Interest paid - leases	12	**(127 728)**	(118 578)	**(116 277)**	(106 458)
Taxation paid	25.2	**(60 408)**	(21 989)	**(41 939)**	(13 770)
Dividends paid	22	**(79 636)**	(28 723)	**(79 636)**	(28 723)
Cash (outflow)/inflow from investing activities		**(164 639)**	372 387	**(506 099)**	106 475
Investment to maintain operations	25.3	**(164 639)**	(97 375)	**(164 038)**	(96 897)
Investment to expand operations	25.4	**–**	(9 616)	**–**	(9 616)
Advances to subsidiary		**–**	–	**(342 061)**	(30 321)
Repayments by subsidiary		**–**	–	**–**	22 253
Repayment of loan due by subsidiary		**–**	–	**–**	62 800
Proceeds on disposal of East Africa operations[1]		**–**	479 378	**–**	158 256
Cash outflow from financing activities		**(396 060)**	(341 323)	**(87 071)**	(34 341)
Capital repayment of lease liabilities	12	**(36 398)**	(35 571)	**(27 409)**	(28 589)
Purchase of incentive scheme shares	9	**(8 078)**	(5 752)	**(8 078)**	(5 752)
Repurchase of ordinary shares	8	**(51 584)**	–	**(51 584)**	–
Repayments of interest-bearing borrowings	11	**(300 000)**	(300 000)	**–**	–
Net (decrease)/increase in cash and cash equivalents		**(260 860)**	387 160	**(291 718)**	385 892
Cash and cash equivalents at the beginning of year		**328 345**	(59 347)	**319 827**	(66 065)
Effect of movements in exchange rates on cash held		**(169)**	532	**–**	–
Cash and cash equivalents at the end of year		**67 316**	328 345	**28 109**	319 827

[1] *As reported in the 2022 financial year, the group entered into two sale of share transactions for the disposal of 100% of its shares in Fairview Hotel Limited in Kenya, and the disposal of 100% of its shares in CLHG Tanzania Limited, in Tanzania. The proceeds from this was received during the 2023 financial year.*

Statements of changes in equity

for the year ended 30 June 2024

R000	Notes	Stated capital	Treasury shares	Other reserves	Retained earnings	Total
GROUP						
Balance as at 30 June 2022		1 324 717	(507 669)	66 546	91 687	975 281
Total comprehensive income for the year		–	–	(359)	163 749	163 390
Profit for the year		–	–	–	163 749	163 749
Foreign currency translation differences		–	–	(359)	–	(359)
Transactions with owners, recorded directly in equity		–	2 940	5 096	(28 723)	(20 687)
Incentive scheme shares	9, 10	–	2 940	(8 692)	–	(5 752)
Share compensation reserve	10	–	–	13 788	–	13 788
Dividends paid	22	–	–	–	(28 723)	(28 723)
Balance as at 30 June 2023		1 324 717	(504 729)	71 283	226 713	1 117 984
Total comprehensive income for the year		**–**	**–**	**1 383**	**188 667**	**190 050**
Profit for the year		**–**	**–**	**–**	**188 667**	**188 667**
Foreign currency translation differences		**–**	**–**	**1 383**	**–**	**1 383**
Transactions with owners, recorded directly in equity		**(51 584)**	**(8 078)**	**4 858**	**(79 636)**	**(134 440)**
Repurchase of ordinary shares	8	**(51 584)**	**–**			**(51 584)**
Incentive scheme shares	9, 10	**–**	**(8 078)**	**–**	**–**	**(8 078)**
Share compensation reserve	10	**–**	**–**	**4 858**	**–**	**4 858**
Dividends paid	22	**–**	**–**	**–**	**(79 636)**	**(79 636)**
Balance as at 30 June 2024		**1 273 133**	**(512 807)**	**77 524**	**335 744**	**1 173 594**

Statements of changes in equity

for the year ended 30 June 2024

R000	Notes	Stated capital	Treasury shares	Other reserves	(Accumulated losses)/ retained earnings	Total
COMPANY						
Balance as at 30 June 2022		1 324 717	(488 991)	61 646	(139 396)	757 976
Total comprehensive income for the year						
Profit for the year		–	–	–	149 960	149 960
Transactions with owners, recorded directly in equity		–	(15 738)	5 096	(21 240)	(31 882)
Incentive scheme shares	9, 10	–	2 940	(8 692)	–	(5 752)
Share compensation reserve	10	–	–	13 788	–	13 788
Aggregation of employees share trust	9	–	(18 678)	–	7 483	(11 195)
Dividends paid	22	–	–	–	(28 723)	(28 723)
Balance as at 30 June 2023		1 324 717	(504 729)	66 742	(10 676)	876 054
Total comprehensive income for the year						
Profit for the year		**–**	**–**	**–**	**180 640**	**180 640**
Transactions with owners, recorded directly in equity		**(51 584)**	**(8 078)**	**4 858**	**(79 636)**	**(134 440)**
Repurchase of ordinary shares	8	**(51 584)**	**–**	**–**	**–**	**(51 584)**
Incentive scheme shares	9, 10	**–**	**(8 078)**	**–**	**–**	**(8 078)**
Share compensation reserve	10	**–**	**–**	**4 858**	**–**	**4 858**
Dividends paid	22	**–**	**–**	**–**	**(79 636)**	**(79 636)**
Balance as at 30 June 2024		**1 273 133**	**(512 807)**	**71 600**	**90 328**	**922 254**

Summary of material accounting policies

for the year ended 30 June 2024

REPORTING ENTITIES

City Lodge Hotels Limited (the company) is a company domiciled in South Africa. The group financial statements for the year ended 30 June 2024 comprise the company and its subsidiaries (together referred to as the group).

The group owns and operates high-quality, affordable hotels targeted at the business community and leisure traveller.

Where reference is made to 'group', it should be interpreted as company where the context requires and unless otherwise stated.

BASIS OF PREPARATION

FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in South African Rand ('R'), which is the company's functional and group's presentation currency, rounded to the nearest thousand unless indicated otherwise.

BASIS OF MEASUREMENT

These financial statements are prepared on the historical cost basis with the exception of the financial guarantee liability which is initially recognised at fair value.

STATEMENT OF COMPLIANCE

The group and company financial statements have been prepared in accordance with IFRS Accounting Standards and its interpretations adopted by the International Accounting Standards Board, the Listings Requirements of JSE Limited, the SAICA Financial Reporting Guides issued by the Accounting Practices Committee and Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the requirements of the Companies Act, 71 of 2008 of South Africa. These group and company financial statements were authorised for issue by the board of directors on 06 September 2024.

THE ASSESSMENT OF SHOCK EVENTS

Russia-Ukraine and Israel-Palestine conflict

The group does not have direct exposure, largely because of not having significant suppliers, vendors or customers in the affected countries. Indirectly, the most likely impact will be on the overall economic uncertainty and negative impacts on the global economy.

MATERIAL ACCOUNTING POLICIES

The accounting policies set out on the following pages have been applied consistently by all group entities to all periods presented in these financial statements, except as indicated otherwise in the case of new and amended standards adopted by the group.

NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

The group adopted all the new revised or amended accounting pronouncements as issued by the IASB which were effective from 1 July 2023.

SIGNIFICANT JUDGEMENTS AND ESTIMATES

The preparation of the consolidated and separate financial statements requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience, consideration of market predictions at these unprecedented times and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation, uncertainty and critical judgements, in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is in relation to the following:

Significant judgements: Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. These extension and termination options are included in a number of the lease agreements across the group and are used to maximise operational flexibility in terms of managing the assets used in the group's operations.

The group's leasing portfolio comprises leases in relation to leases of land and/or buildings for its hotel operations. These lease agreements have varying tenures from 2 years to 30 years. The agreements also contain options to extend for up to 5 renewal periods.

The extension options (or periods after termination options) have been considered and where certain, one lease renewal period has been included in the lease term, due to the long tenure for the majority of the leases and to ensure that management maintains operational flexibility within the group as the location and business environment to which the hotel operates does change over time. All extension and termination options held are exercisable by the group and not by the respective lessor. The group assesses the certainty of renewal extensions annually, and evaluates all leases renewals with a renewal date within two years of the reporting date.

All future cash outflows have been included in the lease liability.

Refer to note 2 Right-of-use assets and note 12 Lease liabilities for details of specific leases that have been remeasured during the current year due to changes in the lease term.

Summary of material accounting policies continued

for the year ended 30 June 2024

Significant judgements and areas of estimation uncertainty: Impairment of property, plant and equipment and right-of-use assets

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impairments as set out in note 1, explains the significant areas of estimation, uncertainty and critical judgements, in applying accounting policies which have the most significant effect on the amounts recognised in the financial statements.

BASIS OF CONSOLIDATION AND BUSINESS COMBINATIONS

The group accounts for business combinations using the acquisition method when control is transferred to the group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired and liabilities assumed. For a business combination achieved in stages, the pre-existing equity interest in the acquiree is measured at fair value at the acquisition date. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred.

CONSOLIDATION

Subsidiaries are entities (including structured entities) over which the group has control. The group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The company carries its investments in subsidiaries at cost, including transaction costs and initial fair value measurements of contingent consideration arising on acquisition date, less accumulated impairment losses. Subsequent fair value remeasurements of the contingent consideration are recognised in profit or loss.

Intragroup balances, and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

GOODWILL

Goodwill represents the excess of the costs of acquisition over the group's interest in the fair value of the identifiable assets (including intangibles), liabilities and contingent liabilities of the acquired entity at the date of acquisition and if a business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree.

Goodwill is stated at cost less accumulated impairment losses and is reviewed for impairment on an annual basis. Any impairment identified is recognised immediately in profit or loss and is not reversed.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. Each of those CGUs is identified in accordance with the basis on which the businesses are managed and according to the differing risk and reward profiles.

The group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy. The recoverable amounts of the CGUs have been determined based on the higher of fair value less costs to sell and value-in-use calculations.

FOREIGN TRANSACTIONS AND BALANCES

The financial statements for each group company have been prepared on the basis that transactions in foreign currencies are recorded in their functional currency at the rate of exchange ruling at the date of the transaction. Monetary items denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date with the resultant translation differences being credited or charged to profit or loss.

FOREIGN SUBSIDIARIES - TRANSLATION

Once-off items in the statement of profit or loss and other comprehensive income and statement of cash flows of foreign subsidiaries expressed in currencies other than the South African rand are translated to South African rand at the rates of exchange prevailing on the day of the transaction. All other items are translated at average rates of exchange for the relevant reporting period. Assets and liabilities of these undertakings are translated at closing rates of exchange at each reporting date. All translation exchange differences arising on the retranslation of opening net assets together with differences between statement of comprehensive income translated at average and closing rates are recognised as a separate component of other comprehensive income. For these purposes net assets include loans between group companies that form part of the net investment, for which settlement is neither planned nor likely to occur in the foreseeable future and is either denominated in the functional currency of the parent or the foreign entity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

STRUCTURED ENTITIES

The group established a number of structured entities for the purposes of the B-BBEE transaction in 2008, and a share trust for the benefit of the employees. The group did not have any direct or indirect shareholdings in these entities. The group guaranteed the funding of the structured entities and as such it was deemed to control these structured entities resulting in the incorporation of the structured entities into the company and group financial statements.

The company is considered to be the sponsor entity of the structured entities as the structured entities are acting as an agent of the company and are therefore aggregated into the separate financial statements.

PROPERTY, PLANT AND EQUIPMENT

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Costs include expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Where significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Freehold land is stated at cost and is not depreciated. Freehold and leasehold buildings are stated at cost and depreciated over periods of up to 50 years as deemed appropriate to reduce carrying values to estimated residual values over their useful lives. Buildings under construction are not depreciated.

The group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when the cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced item is derecognised. All other costs are recognised in profit or loss as an expense as incurred.

Borrowing costs incurred on funds raised to erect hotel buildings (qualifying assets) are capitalised up to the date that the activities necessary to prepare the hotel for its intended use are substantially complete.

Depreciation is charged to profit or loss to write off the cost of the asset to its estimated residual value on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Depreciation commences the month following acquisition. The estimated useful lives are currently as follows:

Freehold buildings	10 to 50 years
Leasehold buildings	10 to 30 years, or the lease term if shorter
Furniture and equipment	5 to 10 years
Infrastructure	5 to 30 years

Leasehold improvements are written off over the initial period of the lease.

The residual values, depreciation methods, and useful lives are reassessed annually.

Gains or losses arising on the disposal of property, plant and equipment are included in profit or loss.

LEASES

As a lessee

The group recognises right-of-use assets and corresponding lease liabilities on the statement of financial position at the date at which the leased asset is available for use by the group. Each lease payment is allocated between liability and interest expense. The interest expense is charged to profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes. Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liability and any lease payments made at or before the commencement date, less any lease incentive received.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the group uses its respective incremental borrowing rates. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments). Variable lease payments that depend on an index or a rate and are initially measured using the index or rate as at the commencement date.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Contracts may contain both lease and non-lease components. For leases of property for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

The group has no residual value guarantees.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise mainly IT equipment and small items of furniture.

Where the group reassesses the terms of any lease (i.e. it reassesses the probability of exercising an extension or termination option) or modifies the terms of a lease without increasing the scope of the lease or where the increased scope is not commensurate with the standalone price, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the applicable rate at the day of the reassessment or modification.

For reassessments to the lease terms, an equivalent adjustment is made to the carrying amount of the right-of-use asset, with the revised carrying amount being depreciated over the revised lease term. However, if the carrying amount of the right-of-use asset is reduced due to any further reduction in the measurement of the lease liability it is recognised in profit or loss.

When the group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a standalone price for the increased scope, the group accounts for the modifications as a separate new lease. This accounting treatment equally applies to leases for which the group elected the short-term lease exemption, and when the lease terms are subsequently modified.

Summary of material accounting policies continued

for the year ended 30 June 2024

INTANGIBLE ASSETS

Internally developed trademarks are not recognised. Expenditure to enhance and maintain such trademarks is charged in full against profit or loss.

Expenditure on research activities is recognised in profit or loss as incurred.

Software development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, software development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight– line method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives are as follows:

Software costs	10 to 15 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

IMPAIRMENTS

Non-financial assets

The carrying amounts of the group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate or estimated using a price to earnings ratio that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

PRE-OPENING EXPENSES

Pre-opening expenses of new hotels are charged directly against profit or loss as incurred.

ASSET REPLACEMENT RESERVE

Asset replacement reserve relates to advances to the Body Corporates of Courtyard Hotel Rosebank and Courtyard Hotel Sandton for future capital expenditure for refurbishments and redevelopments, and are capitalised as the costs are incurred.

INVENTORIES

Inventory is stated at the lower of cost and net realisable value, on a first-in first-out basis, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months and bank overdrafts. Bank overdrafts are treated as cash and cash equivalents within current liabilities on the statement of financial position.

Bank overdrafts are only offset in the statement of cash flows if they meet the following criteria: (i) repayable on demand, (ii) integral to cash management and (iii) fluctuates between positive and overdrawn.

TAXATION

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised in equity or other comprehensive income.

Current taxation comprises taxation payable calculated on the basis of the expected taxable income for the year, using the taxation rates enacted or substantively enacted at the reporting date, and any adjustment of taxation payable for previous years.

Deferred taxation is provided based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using taxation rates enacted or substantively enacted at the reporting date. Deferred taxation is recognised in profit or loss except to the extent that it relates to a transaction that is recognised directly in equity or other comprehensive income in which case it is recognised in equity or other comprehensive income, or a business combination that is an acquisition. The effect on deferred taxation of any changes in taxation rates is recognised in profit or loss, except to the extent that it relates to items previously recognised directly in equity or other comprehensive income in which case it is recognised directly in equity or other comprehensive income.

Deferred taxation is not recognised for the following temporary differences:

- differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused taxation losses and deductible temporary differences can be utilised. Deferred taxation assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related taxation benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Dividend withholding tax is a tax on shareholders receiving dividends and is applicable to all dividends declared on or after 1 April 2012.

The company withholds dividend tax on behalf of its shareholders on dividends declared. Amounts withheld are not recognised as part of the company's tax charge, but rather as part of the dividend paid, recognised directly in equity.

FINANCIAL INSTRUMENTS

Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and liabilities are initially recognised when the group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value, plus for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at amortised cost.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows;
- its contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment

The group has elected to apply the simplified version of the expected credit loss model permitted by IFRS 9 in respect of trade receivables, which involves assessing lifetime credit losses on all balances using the provision matrix. The balance of the group's financial assets measured at amortised cost are other receivables, loan receivables and cash and cash equivalents to which the general model is applied.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost, using the effective interest method.

Non-derivative financial liabilities

The group initially recognises debt securities issued on the date that they are originated. All other financial liabilities (including liabilities designated as fair value through profit or loss) are recognised initially on the trade date, which is the date that the group becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified as at amortised cost. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains or losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Interest expense is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the amortised cost of the financial liability.

Derecognition

Financial assets are derecognised if the group's contractual rights to the cash flows from the financial assets expire or if the group transfers the financial asset to another party without retaining control of substantially all risks and rewards of the asset.

Financial liabilities are derecognised if the group's obligations expire or are discharged or cancelled. The group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In order to determine if a financial liability's terms have been modified, the company examines whether the present value of the new cash flows under the new terms is at least 10% different from the present value of the remaining cash flows of the original liability, using the original effective interest rate. If the difference is 10% or greater, the existing liability is derecognised and a new financial liability is recognised. In order to perform this assessment, the company applies the discount rate at the date of modification.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offset

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Summary of material accounting policies continued

for the year ended 30 June 2024

STATED CAPITAL AND EQUITY

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

TREASURY SHARES

Ordinary shares held by the former B-BBEE structured entities are treated as treasury shares . Long-term incentive scheme shares for employees are treated as treasury shares.

PROVISIONS

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability.

FINANCIAL GUARANTEE LIABILITY

A financial guarantee is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantees issued by the company are initially measured at fair value and are subsequently measured at the higher of:

- The expected credit loss (ECL) in accordance with IFRS 9; or
- The amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with IFRS 15.

Subsequent movements in the measurement of the guarantee is included within other operating costs or other income, as applicable, within the statement of profit or loss and other comprehensive income. The ECL's are a probability weighted estimate of credit losses (the cash shortfalls) over the expected life of the guarantee. Accordingly, the cash shortfalls are the expected payments to reimburse the holder for the credit loss that it incurs. No fee is charged by the company for providing the guarantee to third parties. The fair value of the liability on initial recognition of guarantee liability between parent and subsidiary is recognised as a capital contribution and thus capitalised to interest in subsidiary.

REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled, in exchange for transferring goods or services to a customer. The group recognises revenue when it transfers control over goods or services to a customer.

The group recognises revenue from the following major sources:

- Accommodation;
- Food and beverage;
- Other revenue.

The transaction price is recorded as revenue when the performance obligations are satisfied.

Accommodation – the performance obligation is met when the accommodation service is consumed. Therefore, revenue is recognised at a point in time.

Food and beverage – the revenue is recognised at a point in time when the food and/or beverage is delivered to and accepted by the customer.

Other revenue – the revenue is recognised at a point in time. This comprises ancillary services and conferencing revenue and is recognised once the service is complete.

Customer payment terms utilising an incidental credit facility are within 30 days of statement.

Customers who purchase the group's services may join the group's customer loyalty programme and earn points that are redeemable against future purchases of the group's accommodation and related services. The points accumulate and expire after a period of three years. The group allocates a portion of the consideration received to loyalty points based on standalone selling prices. The amount allocated to the loyalty programme is deferred and is recognised as revenue when loyalty points are redeemed. When estimating standalone selling prices of the loyalty points, the group takes into account the expected redemption rate and the timing of such redemptions based on historical usage and forfeiture rates. The deferred revenue is recognised as contract liabilities, included in trade and other payables.

INTEREST INCOME AND EXPENSE

Interest income comprises interest income on funds invested. Interest income is recognised as it accrues, using the effective interest method.

Interest expense comprise interest expense on borrowings and leases. All borrowing costs, not directly attributable to the acquisition, construction or production of qualifying assets, are recognised in profit or loss using the effective interest method.

EMPLOYEE BENEFITS

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service.

The liability for employee entitlements to salaries, bonuses and annual leave represent the amounts which the group has a present obligation to pay as a result of employees' services provided to the reporting date. The liability has been calculated at undiscounted amounts based on current salary rates.

Long service awards

The group recognises a liability and an expense for long service awards where cash is paid to employees at certain milestone dates in their careers within the group. The method of accounting and frequency of valuation are similar to those used for defined benefit schemes. The actuarial valuation to determine the liability is performed annually. This liability has been disclosed under provisions in the statement of financial position.

RETIREMENT BENEFITS

Defined-contribution plans

Contributions to defined-contribution pension plans are recognised as an expense in profit or loss in the periods during which services are rendered by employees.

SHARE-BASED PAYMENT TRANSACTIONS

The share incentive schemes allow certain employees to acquire shares of the company.

The fair value of rights granted are recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the rights. The fair value of the rights granted is measured using the stated models, taking into account the terms and conditions upon which the rights were granted. The amount recognised as an expense is adjusted to reflect the actual number of share rights that vest, as well as for the number of share rights that is expected to vest in future, except where forfeiture is due only to share prices not achieving the threshold for vesting.

The fair value of restricted share plan shares granted are recognised as an employee expense over the period during which the employees become unconditionally entitled to the shares. The amount recognised as an expense is adjusted in the case of forfeiture due to termination of employment prior to vesting.

Share-based payment arrangements in which the group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the group.

The group manages a share trust and treats the share trust set up to facilitate the share-based payment arrangement as an agent, i.e., an extension of the company. In other words, shares held by the trust is treated as treasury shares of the company.

EARNINGS PER SHARE

The group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing profit for the period by the weighted average number of ordinary shares outstanding, excluding treasury shares during the period.

Diluted EPS is determined by dividing profit for the year by the weighted average number of ordinary shares outstanding, excluding treasury shares plus all potential dilutive ordinary shares, which comprise share options granted to employees.

Headline earnings per share is calculated in terms of *Circular 1-2023 Headline earnings.*.

ADJUSTED HEADLINE EARNINGS - EXCEPTIONAL ITEMS EXCLUDED FROM UNDERLYING PROFIT

The group uses adjusted headline earnings as a performance measure to determine the underlying profit excluding exceptional items over and above those that are excluded from headline earnings as per the requirements of *Circular 1-2023 Headline earnings.*

Exceptional items are those items of financial performance that are separately disclosed to assist in the understanding of the underlying financial performance achieved. The group considers exceptional items to be those that are not within the normal day-to-day operations of the business and are sufficiently material or unusual by nature or amount that they would distort the financial results if they were not adjusted. This would include headline adjustments.

Apart from headline adjustments, further exceptional items include, inter alia, unrealised gains or losses on foreign exchange, gains or losses from corporate transactions including related transaction costs, impairments and impairment reversals of deferred tax assets, hotel pre-opening expenses and restructure costs (if applicable).

SEGMENT ANALYSIS

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM has been identified as the group's CEO and executive committee. The CODM reviews the group's internal reporting by hotel brand in order to assess performance and allocate resources. Management has determined the operating segments based on the reports reviewed by the CODM which are used to make strategic decisions. The CODM assesses the performance of the operating segments based on revenue, EBITDAR (Earnings before interest, income tax, depreciation, amortisation, rent and exceptional items), and Adjusted EBITDAR (EBITDAR excluding unrealised foreign exchange gains or losses). The measure also excludes all headline earning adjustments and impairments. Finance income and finance costs are not included in the results for each operating segment, as the cash and debt position is managed at a group level.

Notes to the financial statements

for the year ended 30 June 2024

R000	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
1. PROPERTY, PLANT AND EQUIPMENT				
At cost				
Land	**142 596**	144 523	**1 178**	1 178
Buildings	**2 226 406**	2 196 083	**1 743 759**	1 698 343
- freehold	**1 737 346**	1 799 666	**1 276 082**	1 323 309
- leasehold	**489 060**	396 417	**467 677**	375 034
Buildings under construction	**34 785**	33 550	**34 785**	33 550
Furniture and equipment	**788 289**	701 419	**716 995**	630 734
	3 192 076	3 075 575	**2 496 717**	2 363 805
Accumulated depreciation and impairment losses				
Buildings	**873 439**	833 025	**724 570**	688 311
- freehold	**548 834**	540 681	**408 296**	402 667
- leasehold	**324 605**	292 344	**316 274**	285 644
Furniture and equipment	**556 029**	554 721	**494 528**	493 010
	1 429 468	1 387 746	**1 219 098**	1 181 321
Carrying amount				
Land	**142 596**	144 523	**1 178**	1 178
Buildings	**1 352 967**	1 363 058	**1 019 189**	1 010 032
- freehold	**1 188 512**	1 258 985	**867 786**	920 642
- leasehold	**164 455**	104 073	**151 403**	89 390
Buildings under construction	**34 785**	33 550	**34 785**	33 550
Furniture and equipment	**232 260**	146 698	**222 467**	137 724
	1 762 608	1 687 829	**1 277 619**	1 182 484

R000	Land	Buildings	Furniture and equipment	Total
Movements in carrying amount for the year				
GROUP				
Opening balance - 30 June 2022	137 815	1 333 470	105 591	1 576 876
- At cost	137 815	2 149 851	625 180	2 912 846
- Accumulated depreciation and impairment losses	–	(816 381)	(519 589)	(1 335 970)
Additions	–	38 460	67 808	106 268
Disposals - cost	–	–	(1 371)	(1 371)
Disposals - accumulated depreciation	–	–	1 371	1 371
Depreciation	–	(37 473)	(24 680)	(62 153)
Impairment reversal/(loss)	–	33 577	(3 587)	29 990
Gain of foreign exchange movement	6 708	28 574	1 566	36 848
Closing balance - 30 June 2023	144 523	1 396 608	146 698	1 687 829
Additions	**–**	**44 861**	**114 621**	**159 482**
Disposals - cost	**–**	**–**	**(25 969)**	**(25 969)**
Disposals - accumulated depreciation	**–**	**–**	**25 896**	**25 896**
Depreciation	**–**	**(44 259)**	**(28 871)**	**(73 130)**
Loss of foreign exchange movement	**(1 927)**	**(9 458)**	**(115)**	**(11 500)**
Closing balance - 30 June 2024	**142 596**	**1 387 752**	**232 260**	**1 762 608**

R000	Land	Buildings	Furniture and equipment	Total

1. PROPERTY, PLANT AND EQUIPMENT continued

COMPANY

	Land	Buildings	Furniture and equipment	Total
Opening balance - 30 June 2022	1 178	1 054 120	88 666	1 143 964
- At cost	1 178	1 693 434	564 774	2 259 386
- Accumulated depreciation and impairment losses	–	(639 314)	(476 108)	(1 115 422)
Additions	–	38 459	67 331	105 790
Disposals - cost	–	–	(1 371)	(1 371)
Disposals - accumulated depreciation	–	–	1 371	1 371
Depreciation	–	(34 085)	(18 952)	(53 037)
Impairment (loss)/reversal	–	(14 912)	679	(14 233)
Closing balance - 30 June 2023	1 178	1 043 582	137 724	1 182 484
Additions	**–**	**46 651**	**112 230**	**158 881**
Disposals - cost	**–**	**–**	**(25 969)**	**(25 969)**
Disposals - accumulated depreciation	**–**	**–**	**25 896**	**25 896**
Depreciation	**–**	**(36 259)**	**(27 414)**	**(63 673)**
Closing balance - 30 June 2024	**1 178**	**1 053 974**	**222 467**	**1 277 619**

At 30 June 2024, properties in the group and company with a carrying amount of R361.7 million (2023: R316.4 million) are subject to a registered bond to secure interest-bearing borrowings (refer to note 11).

The group reassessed the useful lives and residual values of property, plant and equipment during the current year, and there was no material impact to the depreciation (2023: decrease in depreciation of R18.8 million). In the prior year, the estimated useful life of furniture and equipment was revised due to the increased timeline between refurbishment plans, following the impact of the Covid-19 pandemic on the refurbishment cycle. The useful life was extended from 3 to 5 years, to 7 to 10 years.

A register of the land and buildings is available for inspection at the registered office of the company, a copy of which will be supplied to members of the public on request.

IMPAIRMENT (LOSSES) AND REVERSALS OF PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND GOODWILL

At the end of each reporting period, the group and company review the carrying amounts of each hotel (which is considered to be an individual cash-generating unit (CGU)) to determine whether there are any indications of impairment. If any such indication exists, then the CGUs recoverable amount is determined.

Management has assessed the carrying amount of the individual CGUs for an impairment loss or impairment reversal during the financial year by reviewing cash flow forecasts for the period 2025 to 2029, which we believe adequately reflects the cash flows generated by the underlying hotels. The forecast assumptions are based on the continued economic recovery projected in the upcoming financial year, as the recovery from the legacy of the pandemic continues. Based on the assessment performed, no impairment loss or impairment reversals have been recognised on PPE and ROU assets during the period.

In the prior year, the group had an impairment reversal to property, plant and equipment of R30.0 million, an impairment loss on right-of-use assets by R47.4 million and an impairment loss on goodwill of R9.0 million. The company recognised impairment losses on property, plant and equipment of R14.2 million, impairment losses on right-of-use assets of R47.4 million and an impairment loss on goodwill of R9.0 million.

The recoverable amount of each individual CGU has been determined as the higher of the value-in-use (VIU) and fair value less cost of disposal (FVLCD), calculated using the discounted cash flow model (DCF) by applying projected cash flows over a five-year period. Where the FVLCD has been applied, the inputs are classified as level 3 per the fair value hierarchy.

Where references are made to 'South Africa' in the impairment information below, this impacts company and group. References to 'Rest of Africa' impact group only.

Significant judgements and areas of estimation uncertainty

Forecast cash flow assumptions for established and newer hotels

The overall group performance improved in the current year, compared to the prior year. Management are forecasting a continued recovery in occupancy and room rates, as the economic and geo-political pressures stabilise in the short to medium term. The optimistic outlook in tourism projections and foreign investment opportunities, as well as a more stable electricity grid supply, is projected to promote the recovery in trading levels and the return to long-term average occupancy levels. The forecast period in which each individual hotel returns to its long-term average occupancy has been individually considered based on its specific regional and market dynamics.

Notes to the financial statements continued

for the year ended 30 June 2024

1. PROPERTY, PLANT AND EQUIPMENT continued

IMPAIRMENT (LOSSES) AND REVERSALS OF PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND GOODWILL continued

Forecast cash flow assumptions for established and newer hotels continued

Consistent with the prior year, management's forecast follows a bottom-up approach (i.e. forecasts are prepared at a CGU level by the local general manager and then submitted, consolidated and reviewed at a head office level per CGU) for FY25 per CGU. For established hotels, continued improvement in cash flows are expected between FY26 to FY29. Estimated revenue growth ranges from 13% for FY26, to 9% for the years thereafter up until FY29 in South Africa. Estimated revenue growth ranges from 19% for FY26 and levelling off to 9% for the years thereafter up until FY29 for established hotels in Rest of Africa. (2023: Estimated revenue growth ranged from 14% for FY25, and 9% for the years thereafter up until FY28 in South Africa. Estimated revenue growth ranged from 22% for FY25 and levelling off to 9% for the years thereafter up until FY28 for established hotels in Rest of Africa.)

The estimated escalations in revenue are driven by internal factors through the expected value generated by key strategic developments implemented by the group (e.g. Best Available Rates and the enhanced food and beverage offerings). There is a positive outlook in macro-economic factors, these include downward trending inflation, interest rate cuts, projected medium-term improvements in the South African economy as the new Government of National Unity (GNU) implements investor friendly policies, improved credibility for the country with more transparent decision making by government, and increased electricity capacity generation. South Africa is the major source market for the Southern African Development Community (SADC), and therefore the South African factors are expected to have a similar effect in the Rest of Africa.

Operating expense escalations gradually track from current inflationary highs toward long-term Reserve Bank and Central Bank CPI targets.

For newer hotels which are less than six years old, management estimates steeper levels of revenue growth, as the hotel establishes itself within its market, and reduced levels of operating expense growth due to the high proportions of fixed costs in hotel operations.

Terminal growth rate assumptions

The terminal growth rate applied is between 4.5% and 6.0% (2023: 4.7%) for South African hotels and ranges between 5.5% and 7.5% (2023: 4.7% and 6.0%) for the Rest of Africa hotels and is based on country-specific target inflations.

Discount rate assumptions

The discount rate represents a risk adjusted discount rate and is calculated by using a weighted average cost of capital ("WACC") of the respective CGUs. WACC is calculated using a risk-free rate referenced to the 10 year point on the SA Government Bond curve and an equity premium adjusted for specific risks relating to the relevant CGUs (share beta and small stock premium).

The pre-tax discount rate utilised in the valuation ranges between 13.8% and 21.9% (2023: 14.7% and 21.6%) for the South African hotels and ranges between 11.0% and 19.0% (2023: 16.7% and 20.4%) for Rest of Africa hotels. The decrease in the discount rate is mainly driven by lower risk free rates as the economy stabilises. Based on the assessments performed, the recoverable amounts of the CGU's is higher than the carrying amount as at 30 June 2024, indicating no impairment loss.

The key assumptions applied in 2023, when determining the recoverable amounts for which impairments and reversals were recognised, are as follows.

Property, plant and equipment

				2023			
R000	Recoverable amount	(Impairments)/ impairment reversals	Occupancy FY24 (%)	Occupancy FY25 (%)	Revenue growth post FY24 (%)	Pre-tax discount rate (%)	Terminal growth (%)
Courtyard Hotel	VIU	(29 208)	21 - 39	35 - 48	9 - 14	14.7 - 16.5	4.7
Town Lodge Hotel	VIU	14 975	59	64	9 - 14	18.2	4.7
South Africa		(14 233)					
Rest of Africa	VIU	44 223	26	54	12 - 63*	20.4	6.0
		29 990					

Right-of-use assets

				2023			
R000	Recoverable amount	(Impairments)/ impairment reversals	Occupancy FY24 (%)	Occupancy FY25 (%)	Revenue growth post FY24 (%)	Pre-tax discount rate (%)	Terminal growth (%)
Road Lodge	VIU	(47 449)	49 - 60	58 - 65	9 - 18	21.4 - 21.6	4.7
South Africa		(47 449)					

* *Rest of Africa revenue growth range higher than established hotels as it includes hotels in Maputo, which are less than six years old, and therefore have a lower base year cash flow. The revenue growth assumption includes the completion of City Lodge Hotel Maputo and availability and sale of the additional rooms.*

1. PROPERTY, PLANT AND EQUIPMENT continued

IMPAIRMENT (LOSSES) AND REVERSALS OF PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND GOODWILL continued

Based on the impairment assessments performed during the year, no impairments and impairment reversals have been recognised on property, plant and equipment and right-of-use assets.

The impairment and impairment reversals of property, plant and equipment, right-of-use assets and goodwill of the following geographical regions recognised during the prior year is as follows:

R000	Property, plant and equipment	Right-of-use asset	Goodwill	Total
2023				
South Africa	(14 233)	(47 449)	(8 979)	(70 661)
Rest of Africa	44 223	–	–	44 223
	29 990	(47 449)	(8 979)	(26 438)

The tables below indicates the sensitivities of (impairments)/impairment reversals of property, plant and equipment, right-of-use assets and goodwill for the following changes to assumptions in respect of impaired CGUs and CGUs where a change in these assumptions will result in an impairment loss:

	2024		2023	
	Increase	**Decrease**	Increase	Decrease
GROUP				
5% change in the net cash flows	–	**(1 493)**	21 770	(21 530)
25bps change in the terminal growth rate	–	**(532)**	4 082	(3 741)
50bps change in the discount rate	**(3 292)**	–	(30 904)	36 199
COMPANY				
5% change in the net cash flows	–	**(1 493)**	1 876	(1 636)
25bps change in the terminal growth rate	–	**(532)**	473	(224)
50bps change in the discount rate	**(3 292)**	–	(224)	3 312

	GROUP		COMPANY	
R000	**2024**	2023	**2024**	2023
2. RIGHT-OF-USE ASSETS				
Opening balance	**1 010 852**	1 040 867	**926 347**	946 695
Depreciation	**(94 986)**	(95 090)	**(83 908)**	(84 069)
Impairment loss	**–**	(47 449)	**–**	(47 449)
Remeasurement*	**2 311**	111 170	**2 311**	111 170
Effects of movement in exchange rates	**(763)**	1 354	**–**	–
Closing balance	**917 414**	1 010 852	**844 750**	926 347
Cost	**1 548 411**	1 547 675	**1 422 242**	1 419 931
Accumulated depreciation and impairment losses	**(630 997)**	(536 823)	**(577 492)**	(493 584)
Net carrying amount	**917 414**	1 010 852	**844 750**	926 347

* *The remeasurement in the current year relates to the Company exercising its first right of refusal to purchase the land currently being leased for its City Lodge Hotel Fourways. The transfer of the title of the land is expected to take place in the next financial year. The prior year remeasurement was mainly due to the inclusion of the lease renewal option of 10 years for the City Lodge Hotel Waterfall City lease, as it was deemed reasonably certain that the lease would be extended on renewal date.*

The leasing activities of the group and company relate to the leasing of land and/or buildings. During the year ended 30 June 2024, the group and company did not recognise any new impairments or reversals (2023: group impairment reversal of R47.4 million, and company impairment reversal of R47.4 million). Refer to note 1 for further information on the impairments and related key assumptions and sensitivities.

Associated lease liabilities are disclosed in note 12.

Notes to the financial statements continued

for the year ended 30 June 2024

R000	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
3. INTANGIBLES AND GOODWILL				
At cost				
Software costs	**67 580**	62 226	**67 189**	61 820
Goodwill	**19 581**	19 581	**19 581**	19 581
	87 161	81 807	**86 770**	81 401
Accumulated amortisation and impairment losses				
Software costs	**43 123**	39 951	**42 732**	39 545
Goodwill	**19 581**	19 581	**19 581**	19 581
	62 704	59 532	**62 313**	59 126
Carrying amount				
Software costs	**24 457**	22 275	**24 457**	22 275
Goodwill	**–**	–	**–**	–
	24 457	22 275	**24 457**	22 275

The remaining amortisation period for any software costs is seven years (2023: eight years).

Goodwill of R9.0 million was fully impaired in the prior year based on the impairment assessment performed on property, plant and equipment and right-of-use assets. Refer to note 1.

R000	Software cost	Goodwill	Total
Movements in carrying amount for the year			
GROUP			
Opening balance - 30 June 2022	24 680	8 979	33 659
- At cost	60 887	19 581	80 468
- Accumulated amortisation and impairment losses	(36 207)	(10 602)	(46 809)
Amortisation	(3 338)	–	(3 338)
Impairment loss	–	(8 979)	(8 979)
Additions	933	–	933
Closing balance - 30 June 2023	22 275	–	22 275
Amortisation	**(3 186)**	**–**	**(3 186)**
Additions	**5 368**	**–**	**5 368**
Closing balance - 30 June 2024	**24 457**	**–**	**24 457**
COMPANY			
Opening balance - 30 June 2022	24 680	8 979	33 659
- At cost	60 887	19 581	80 468
- Accumulated amortisation and impairment losses	(36 207)	(10 602)	(46 809)
Amortisation	(3 338)	–	(3 338)
Impairment loss	–	(8 979)	(8 979)
Additions	933	–	933
Closing balance - 30 June 2023	22 275	–	22 275
Amortisation	**(3 186)**	**–**	**(3 186)**
Additions	**5 368**	**–**	**5 368**
Closing balance - 30 June 2024	**24 457**	**–**	**24 457**

4. INTEREST IN SUBSIDIARIES

R000	Location	Issued share capital	% held	COMPANY 2024	COMPANY 2023
Shares at carrying amount					
Budget Hotels Proprietary Limited	South Africa	R100	100	**1 073**	1 073
City Lodge Hotels (Africa) Proprietary Limited	South Africa	R700 000 100	100	**343 059**	5 745
City Lodge Hotels (Botswana) Proprietary Limited	Botswana	BWP1	100	*****	*
CLHG Mozambique Lda^	Mozambique	MZN1 000 000	1	**3**	3
Courtyard Management Company Proprietary Limited	South Africa	R100	100	*****	*
Gallic Courtyard (Arcadia) Share Block Proprietary Limited	South Africa	R1 518	100	**1**	1
Gallic Courtyard (Bruma Lake) Share Block Proprietary Limited	South Africa	R2 584	100	**3**	3
Gallic Courtyard (Rosebank) Share Block Limited	South Africa	R3 816	100	**4**	4
Gallic Courtyard (Sandton) Share Block Limited	South Africa	R3 067	100	**3**	3
Property Lodging Investments Proprietary Limited	South Africa	R100	100	**2 000**	2 000
				346 146	8 832

* *Less than R1 000.*

^ *The majority shareholder (99%) is City Lodge Hotels (Africa) Proprietary Limited, and the group has 100% holding.*

The company also has an indirect 100% shareholding in City Lodge Holdings (Share Block) Proprietary Limited and City Lodge Hotels (Namibia) Proprietary Limited, and an indirect 99% shareholding in CLHG Mozambique Lda.

R000	COMPANY 2024	COMPANY 2023
Opening balance	**8 832**	8 832
Additional investment in subsidiary due to subscription agreement	**343 059**	–
De-recognition of financial guarantee liability	**(5 745)**	–
Closing balance	**346 146**	8 832

The Company and City Lodge Hotels (Africa) Proprietary Limited ("CLA") entered into a subscription and set-off agreement on 25 June 2024 to acquire additional shares in CLA.

At the time of the transaction, the net carrying amount of the loan receivable (note 7) from CLA was R343.1 million (gross balance of R700 million and ECL impairment of R356.9 million).The cost of the shares was settled against the net carrying amount of the loan receivable from CLA of R343.1 million.

Based on an assessment of the recoverable amount of the investment in CLA, no additional impairment was identified at the reporting date.

Notes to the financial statements continued

for the year ended 30 June 2024

R000	GROUP 2024	Restated[2] 2023	COMPANY 2024	Restated[2] 2023
5. DEFERRED TAXATION				
Movement in deferred taxation assets				
Opening balance	**10 574**	9 947	**–**	–
Charged to profit or loss	**(3 541)**	210	**–**	–
Impairment reversal of deferred tax asset[1]	**20 000**	–	**–**	–
Foreign exchange movement	**(281)**	417	**–**	–
Closing balance	**26 752**	10 574	**–**	–
Analysis of deferred taxation assets/(liabilities)				
Capital allowances	**(245)**	2 580	**–**	–
Deductible accruals	**634**	640	**–**	–
Right-of-use asset[2]	**(3 770)**	(4 923)	**–**	–
Lease liability[2]	**7 575**	9 141	**–**	–
Prepayments	**–**	(6)	**–**	–
Tax loss	**22 520**	3 173	**–**	–
Unrealised foreign exchange gain	**38**	(31)	**–**	–
	26 752	10 574	**–**	–
Movement in deferred taxation liabilities				
Opening balance	**43 387**	12 475	**42 728**	11 792
Charged to profit or loss	**15 461**	30 912	**15 460**	30 936
Closing balance	**58 848**	43 387	**58 188**	42 728
Analysis of deferred taxation liabilities/(assets)				
Capital allowances	**210 065**	197 057	**209 405**	196 398
Income received in advance	**(8 278)**	(7 364)	**(8 278)**	(7 364)
Right-of-use asset[2]	**228 083**	250 114	**228 083**	250 114
Lease liability[2]	**(350 298)**	(357 073)	**(350 298)**	(357 073)
Prepayments	**1 258**	1 360	**1 258**	1 360
Share options	**(4 174)**	(4 362)	**(4 174)**	(4 362)
Tax loss	**–**	(15 000)	**–**	(15 000)
Accruals	**(17 808)**	(21 345)	**(17 808)**	(21 345)
	58 848	43 387	**58 188**	42 728

[1] *The impairment loss recognised in previous years on the deferred tax asset in the Namibian subsidiary has been reversed by R20.0 million, due to the improved performance of the subsidiary, and the impact of the capitalisation of the intercompany loan by its holding company, City Lodge Hotels (Africa) Proprietary Limited. It is estimated that there will be sufficient taxable income in the medium term against which the deductible temporary differences can be used.*

[2] *Restated due to the adoption of the IAS 12 Amendment. The restatement has resulted in an increase in the deferred tax liability on Right-of use assets with a corresponding increase in the deferred tax asset on lease liabilities as previously this was shown net within the note. This has been grossed up within the deferred tax note, as a result of the IAS 12 Amendment. Refer to note 33 for details..*

5. DEFERRED TAXATION continued

The expected manner of recovery of the deferred tax asset and settlement of the liability will be through use.

The tax rate used to calculate the deferred tax balance is:

- South Africa – 27% (2023: 27%)
- Botswana – 22% (2023: 22%)
- Mozambique – 32% (2023: 32%)
- Namibia – 31% (2023: 32%)

The R26.8 million (2023: R10.6 million) deferred taxation assets are considered recoverable as they relate to timing differences and tax losses which will be utilised and set-off against future taxable profits.

Estimated available tax losses

	GROUP		COMPANY	
R000	**2024**	2023	**2024**	2023
Estimated available tax losses	**229 837**	249 106	**–**	55 557
Tax losses recognised in determining deferred tax assets	**(74 459)**	(67 309)	**–**	(55 557)
Unrecognised tax losses	**155 378**	181 797	**–**	–
Unrecognised deferred tax asset pertaining to unutilised tax losses	**49 116**	49 085	**–**	–

	GROUP		COMPANY	
R000	**2024**	2023	**2024**	2023
6. INVENTORIES				
Food, liquor and beverages	**7 155**	7 277	**6 406**	6 690

Food and beverages expensed during the year are included on the statements of profit or loss and other comprehensive income as food and beverage costs.

There was no write-off of inventories during the year (2023: nil).

	GROUP		COMPANY	
R000	**2024**	2023	**2024**	2023
7. OTHER RECEIVABLES				
Financial assets	**13 947**	13 480	**20 355**	16 966
Amounts due by subsidiaries (refer to note 28.5)	**–**	–	**9 406**	6 793
Sundry receivables[1]	**8 123**	7 656	**5 125**	4 349
Enterprise development loans	**5 824**	5 824	**5 824**	5 824
Non-financial assets	**73 291**	73 994	**39 108**	37 242
Prepayments	**11 759**	11 885	**10 668**	11 845
Asset replacement reserve	**28 440**	25 397	**28 440**	25 397
Value added tax (VAT) refundable	**33 092**	36 712	**–**	–
	87 238	87 474	**59 463**	54 208

[1] *Sundry receivables includes deposits paid, levies receivable and other sundries.*

IMPAIRMENT LOSS ON OTHER RECEIVABLES

A total accumulative loss allowance of Rnil million (2023: R360.9 million) was raised on the amounts due by subsidiaries, City Lodge Hotels (Africa) Proprietary Limited and City Lodge Hotels (Namibia) Proprietary Limited.

The movement in the loss allowance for the current year amounts to a reduction in the allowance of R360.9 million (2023: increase of R12.0 million) due to the settlement of the net carrying value of the amount due to City Lodge Hotels (Africa) Proprietary Limited through the acquisition of additional shares (refer to note 4 for further details). The amount receivable from City Lodge Hotels (Namibia) Proprietary Limited of R4.0 million is also expected to be fully recoverable due to the improved trading performance of the entity.

Notes to the financial statements continued

for the year ended 30 June 2024

R000	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
8. STATED CAPITAL				
Authorised - No par value shares				
Number of ordinary shares of no par value ('000)	**10 000 000**	10 000 000	**10 000 000**	10 000 000
Issued and fully paid				
Opening balance	**1 324 717**	1 324 717	**1 324 717**	1 324 717
Repurchase of ordinary shares	**(51 299)**	–	**(51 299)**	–
Transaction costs	**(285)**	–	**(285)**	–
Closing balance	**1 273 133**	1 324 717	**1 273 133**	1 324 717
Reconciliation of number of shares in issue				
Opening balance	**609 859 502**	609 859 502	**609 859 502**	609 859 502
Repurchase of ordinary shares	**(11 712 670)**	–	**(11 712 670)**	–
Closing balance	**598 146 832**	609 859 502	**598 146 832**	609 859 502

The group acquired 314 698 shares at an average price of R4.71 per share in December 2023 through the odd-lot offer. In addition. during the 2024 financial year, the group acquired a further 11 397 972 shares at an average price of R4.37. The shares have been cancelled and revert to authorised but unissued shares.

All unissued ordinary shares are under the control of the directors, with the power to allot and issue these shares for the purposes of the CSP, subject to the maximum overall limit of 5% of the issued shares, in terms of a resolution of members passed at the last annual general meeting. The authority remains in force until the next annual general meeting.

R000	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
9. TREASURY SHARES				
Opening balance	**(504 729)**	(507 669)	**(504 729)**	(488 991)
Aggregation of employees share trust	**–**	–	**–**	(18 678)
Incentive scheme shares purchased	**(8 078)**	(5 752)	**(8 078)**	(5 752)
Transfer to other reserves on exercise of vesting rights	**–**	8 692	**–**	8 692
Closing balance	**(512 807)**	(504 729)	**(512 807)**	(504 729)

Treasury shares comprise 35 393 908 shares (with a market value of R153 million (2023: R176 million)) held by the SPV's, and 2 821 475 (with a market value of R12 million (2023: R14 million)) shares held by the 10th Anniversary Employees' Share Trust.

The City Lodge 10th Anniversary Employees' Share Trust has been aggregated into the results of City Lodge Hotels Limited, as the trust is considered to be acting as an agent on behalf of the company.

R000	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
10. OTHER RESERVES				
Share-based payment reserve	**71 600**	66 742	**71 600**	66 742
Opening balance	**66 742**	61 646	**66 742**	61 646
Expense for the year - share incentive scheme (refer to note 17)	**4 858**	13 788	**4 858**	13 788
Reserve transferred from treasury shares on exercise of vesting rights	**–**	(8 692)	**–**	(8 692)
- conditional share plan	**–**	(5 752)	**–**	(5 752)
- restrictive share plan	**–**	(2 940)	**–**	(2 940)
The share-based payment reserve relates to the accumulated cost for the future settlement of obligations arising from the share incentive schemes.				
Foreign currency translation reserve	**5 924**	4 541	**–**	–
Opening balance	**4 541**	4 900	**–**	–
Foreign currency translation differences	**1 383**	(359)	**–**	–
Realisation of foreign currency translation reserve	**–**	–	**–**	–
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.				
Closing balance	**77 524**	71 283	**71 600**	66 742

R000	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
11. INTEREST-BEARING BORROWINGS				
Loan Facility 1 is a revolver facility of R150 million in total and bears interest at the one month JIBAR plus margins ranging between 1.95% and 2.35% based on covenants. Outstanding loan capital is repayable on 30 June 2025.	**–**	–	**–**	–
Loan Facility 2 is a revolver facility of R300 million in total and bears interest at the three-month JIBAR plus margins ranging between 2.10% and 2.50% based on covenants. Outstanding loan capital is repayable on 30 June 2026.	**–**	300 000	**–**	–
Loan Facility 3 is a revolver facility of R150 million in total and bears interest at the one month JIBAR plus margins ranging between 2.20% and 2.70% based on covenants. Outstanding loan capital is repayable on 30 June 2027.	**–**	–	**–**	–
Non-current liabilities	**–**	300 000	**–**	–
The movement in interest-bearing borrowings during the year is as follows:				–
Opening balance	**300 000**	600 000	**–**	
Borrowings repaid	**(300 000)**	(300 000)	**–**	–
Interest charged	**8 509**	29 210	**31**	–
Interest paid	**(12 148)**	(25 663)	**–**	–
	(3 639)	303 547	**31**	–
Opening balance - interest	**3 670**	123	**–**	
Interest accrued included in sundry accruals	**(31)**	(3 670)	**(31)**	–
Closing balance	**–**	300 000	**–**	–

[1] *On 25 June 2024, the loan facilities and all related rights and obligations have been assigned by City Lodge Hotels (Africa) Proprietary Limited to the company. The terms and conditions, including covenant measurements remained unchanged. At the time of the cession, there were no outstanding balances. Any future drawdowns on the facilities after 25 June 2024 will be made through the Company, as the Company is now the debt holder for the facilities.*

The covenants for all measurement periods during the year ended 30 June 2024 were met. Refer to note 27.6.

Notes to the financial statements continued

for the year ended 30 June 2024

R000	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
12. LEASE LIABILITIES				
Opening balance	**1 452 575**	1 374 558	**1 322 493**	1 239 912
Interest expense accrued	**127 728**	118 578	**116 277**	106 458
Capital lease payments	**(36 398)**	(35 571)	**(27 409)**	(28 589)
Interest payments	**(127 728)**	(118 578)	**(116 277)**	(106 458)
Remeasurements[1]	**2 311**	111 170	**2 311**	111 170
Effects of movement in exchange rates	**(1 480)**	2 418	**–**	–
Closing balance	**1 417 008**	1 452 575	**1 297 395**	1 322 493
Lease liabilities recognised in the statement of financial position are analysed as:				
Non-current portion	**1 336 312**	1 416 086	**1 227 759**	1 295 085
Current portion[2]	**80 696**	36 489	**69 636**	27 408
	1 417 008	1 452 575	**1 297 395**	1 322 493

[1] *The remeasurement in the prior year was mainly due to the inclusion of the lease renewal option of 10 years for the City Lodge Hotel Waterfall City lease, as it was deemed reasonably certain that the lease would be extended on renewal date..*

[2] *The increase in the current portion of the lease liability is as a result of the accepted offer to exercise the first right of refusal in the City Lodge Hotel Fourways lease, for the purchase of the land. The purchase price of R34 million has been included as the last lease payment payable within the next 12 months.*

The group and company has various lease agreements in place where the rentals are determined based on a percentage of turnover. The total cash outflow in relation to variable lease payments amounts to R18.1 million (2023: R7.5 million) for the group and company.

Associated right-of-use assets are disclosed in note 2. The maturity analysis is disclosed in note 27.4.

R000	COMPANY 2024	COMPANY 2023
13. FINANCIAL GUARANTEE LIABILITY		
Opening balance	**4 293**	5 745
Loss on remeasurement of financial guarantee liability	**1 452**	–
De-recognition of financial guarantee liability	**(5 745)**	–
Gain on remeasurement of financial guarantee liability	**–**	(1 452)
Closing balance	**–**	4 293

The company previously recognised a financial guarantee liability, as it (together with other subsidiaries) provided guarantees for borrowings which were entered into by City Lodge Hotels (Africa) Proprietary Limited (subsidiary) and the group's bankers. However, during the current year, the borrowings, and all associated rights and obligations associated with these borrowings have been assigned to the company. As a result, the associated guarantee by the company, has been derecognised. In respect of the prior year, the company's maximum exposure to credit risk amounted to R300.0 million. The loss on remeasurement up until the assignment agreement is included in "Other operating expenses", and the gain on remeasurement of the financial guarantee liability is included in "Other Income".

EXPECTED CREDIT LOSS (ECL) MODEL FOR FINANCIAL GUARANTEES

The cost of guarantee have been valued on a probability weighted discounted cashflow basis.

The allowance account for credit losses is determined with reference to the following:

- Stage 1: 12-month ECLs for those financial guarantees where there has not been a significant increase in credit risk (SICR) since initial recognition.
- Stage 2: lifetime ECLs for those financial guarantees where there has been a significant increase in credit risk on a collective basis.

The ECL at the assignment date of 25 June 2024 is the 12-month ECL. The financial guarantee liability is subsequently measured at the higher of the ECL at assignment date and the amount initially recognised less, where appropriate, the cumulative amount of income/amortisation recognised in accordance with IFRS 15 - *Revenue from Contracts with Customers.*

A significant increase in credit risk considers the impact of forward-looking economic information that is readily available.

13. FINANCIAL GUARANTEE LIABILITY continued

EXPECTED CREDIT LOSS ASSUMPTIONS

	Loan start date	Loan balance (R000)	SICR	ECL stage
2024				
Loan facility 1	**30/6/2022**	**–**	**N**	**Stage 1**
Loan facility 2	**30/6/2022**	**–**	**N**	**Stage 1**
Loan facility 3	**30/6/2022**	**–**	**N**	**Stage 1**
		–		
2023				
Loan facility 1	30/6/2022	–	N	Stage 1
Loan facility 2	30/6/2022	300 000	N	Stage 1
Loan facility 3	30/6/2022	–	N	Stage 1
		300 000		

Management has applied the below mentioned assumptions, judgements and estimates in developing the ECL model.

GUARANTEE EXPOSURE/EXPOSURE AT DEFAULT (EAD)

Where a facility is fully drawn, we have used the full facility amount as exposure for the full remaining duration of the loan. For facilities that are not completely drawn, an estimation of the potential level of utilisation is made to allow for potential stressed scenarios. These additional exposures are calculated as the Credit Conversion Factor (50%) x unutilised amount.

CREDIT SPREADS

A Credit Scoring Model based on financial statement information to measure the financial strength and therefore the likelihood that City Lodge Hotels (Africa) Proprietary Limited will default. These models use quantitative financial indicators to produce a credit score for the company which in turn is used to determine default probabilities (PD). As the City Lodge Hotels (Africa) Proprietary Limited is a treasury company and strategically important, we rely on the holding company's financial strength to estimate default probabilities.

Refinitiv's StarMine Model has been used as the Credit Scoring Model. The S&P's 2023 Annual Global Corporate Default and Rating Transition Study to derive the PDs relevant to the company and City Lodge Hotels (Africa) Proprietary Limited ratings.

Loss given default (LGD)/recovery rate

LGD is the credit loss incurred in the case of a City Lodge Hotels (Africa) Proprietary Limited default. It is an estimate of the portion of debt at default not recoverable by the lender from the City Lodge Hotels (Africa) Proprietary Limited which the guarantors will be required to pay. Moody's historical defaulted bond and loan recoveries for the Hotel, Gaming and Leisure industry range from 36% to 71% for senior unsecured debt. Moody's state that debt seniority and collateral are the main LGD drivers.

Based on Moody's recoveries and considering the realisable value of City Lodge Hotels (Africa) Proprietary Limited's assets in a default scenario, we estimate recoveries to be 60.3% of loan exposures for 2024 and 2023 which equates to an LGD of 39.7% in 2024 and 2023.

Apportionment methodology and assumptions

The methodology aims to measure the guarantor's ability to meet the cost of the guarantee by estimating the stressed value of each guarantor's distributable assets in a City Lodge Hotels (Africa) Proprietary Limited default scenario.

Due to the strategic importance of City Lodge Hotels (Africa) Proprietary Limited, and therefore the high level of support from the company to borrower, we assume a high correlation of performance between City Lodge Hotels (Africa) Proprietary Limited and guarantors.

Monte Carlo simulations have been used to project the distributable assets of each guarantor over the ECL term.

Notes to the financial statements continued

for the year ended 30 June 2024

R000	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
14. TRADE AND OTHER PAYABLES				
Financial liabilities	**202 653**	194 261	**269 742**	229 438
Trade payables	**86 379**	71 164	**76 637**	67 123
Amounts due to subsidiaries (refer to note 28.4)	**–**	–	**80 546**	51 320
Accruals	**80 287**	81 013	**76 639**	74 063
Other trade payables[1]	**35 987**	42 084	**35 920**	36 932
Non-financial liabilities	**91 667**	99 824	**88 091**	97 576
Income received in advance[2]	**31 986**	27 275	**30 661**	27 275
Leave pay provision	**22 260**	22 551	**21 630**	22 010
Bonus provision	**25 197**	39 650	**24 651**	38 991
Value added tax (VAT) payable and other	**12 224**	10 348	**11 149**	9 300
	294 320	294 085	**357 833**	327 014

[1] *Other trade payables includes building capital related payables and sundry payables.*

[2] *The total revenue recognised in the current year, which relates to carried forward income received in advance associated with advanced deposits, amounts to R27.3 million (2023: R15.7 million). The closing balance represents new advance deposits where the performance obligations have not yet been met at year-end. The amounts recognised as income received in advance will generally be utilised within the next 12 months..*

15. REVENUE

The group derives revenue at a point in time, together with its customer reward programmes, which are earned as they are redeemed or expire. The group has contract liabilities from income received in advance and the customer reward programmes, which are included within trade and other payables.

Revenue increased by 13% compared to the prior year mainly due to the increase in occupancies by 2 percentage points and consistent improvement in room rates as the hospitality sector continues to grow ahead of the 2019 levels. Revenue from accommodation increased by 11% whereas revenue from food and beverage increased by 22% as the new food and beverage offering at Town Lodge and Road Lodge established itself, and the enhanced offering at City Lodge Hotels and Courtyard Hotels gained popularity with both in-house guests and day visitors.

Disaggregation of the revenue from contracts with customers for the year under review:

	GROUP		COMPANY	
R000	**2024**	2023	**2024**	2023
Accommodation	**1 552 304**	1 402 171	**1 483 752**	1 342 915
Food and beverage	**363 288**	298 873	**344 428**	287 786
Other revenue[1]	**14 946**	13 685	**14 430**	13 149
	1 930 538	1 714 729	**1 842 610**	1 643 850

[1] *Other revenue comprises conferencing, boardroom hire and miscellaneous revenue.*

R000	Rooms revenue	Food and beverage revenue	Other revenue	Total
15.1 Revenue by segment				
GROUP				
2024				
South Africa[1]	**1 483 752**	**344 428**	**14 430**	**1 842 610**
Courtyard Hotel	**121 596**	**41 828**	**5 156**	**168 580**
City Lodge Hotel	**807 401**	**182 512**	**6 118**	**996 031**
Town Lodge	**229 555**	**64 226**	**1 939**	**295 720**
Road Lodge	**325 200**	**55 862**	**1 217**	**382 279**
Rest of Africa	**68 552**	**18 860**	**516**	**87 928**
	1 552 304	**363 288**	**14 946**	**1 930 538**
2023				
South Africa[1]	1 342 915	287 786	13 149	1 643 850
Courtyard Hotel	93 534	35 271	4 286	133 091
City Lodge Hotel	748 635	159 896	5 855	914 386
Town Lodge	210 410	52 713	1 838	264 961
Road Lodge	290 336	39 906	1 170	331 412
Rest of Africa	59 256	11 087	536	70 879
	1 402 171	298 873	13 685	1 714 729

[1] *Revenue by segment for Company only includes South Africa.*

16. OTHER INCOME

	GROUP		COMPANY	
R000	**2024**	2023	**2024**	2023
Dividend from subsidiary in specie[1]	**–**	–	**–**	60 200
Gain on remeasurement of financial guarantee liability	**–**	–	**–**	1 452
Licence fees received from subsidiaries	**–**	–	**4 005**	3 982
Other[2]	**11 709**	36 202	**10 334**	36 044
Profit on disposal of property, plant and equipment	**138**	210	**138**	210
	11 847	36 412	**14 477**	101 888

[1] *In the prior year a dividend was declared by Property Lodging Investments Proprietary Limited and was set off against the outstanding inter-company loan balance with the company.*

[2] *Other income in the prior year includes the gross Covid-19 business interruption claims received of R27 million.*

Notes to the financial statements continued

for the year ended 30 June 2024

R000	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
17. OTHER OPERATING COSTS				
Advertising and promotions	**28 865**	24 823	**23 116**	21 447
Auditor's remuneration[2]	**7 932**	8 146	**7 065**	7 477
External audit fees	**6 240**	6 500	**5 373**	5 831
Non-audit services performed by the external auditor	**338**	335	**338**	335
Internal audit and other services performed by other auditors	**1 354**	1 311	**1 354**	1 311
Computer software licenses and maintenance	**20 573**	17 089	**20 561**	17 078
Insurance	**14 581**	10 007	**13 822**	9 404
Levies paid	**8 536**	8 490	**8 536**	8 490
Loss on remeasurement of financial guarantee liability	**–**	–	**1 452**	–
Non-executive directors' fees (refer to note 19)	**5 020**	5 048	**5 020**	5 048
Sundry operating costs[2]	**50 230**	39 968	**42 466**	33 842
Staff related costs[1]	**29 046**	42 852	**27 304**	41 433
Security	**35 140**	31 501	**34 187**	30 691
Repairs and maintenance	**62 093**	53 096	**59 962**	51 261
Variable lease payments	**15 533**	13 964	**55 869**	51 255
Share-based payment expense (refer to note 24)	**4 858**	13 788	**4 858**	13 788
- City Lodge 10th Anniversary Employees' Share Trust	**56**	85	**56**	85
- City Lodge bonus share plan	**769**	166	**769**	166
- City Lodge conditional share plan	**4 033**	13 537	**4 033**	13 537
	282 407	268 772	**304 218**	291 214

1 *Staff related costs include the movement in leave pay provision, discretionary staff and management bonuses, uniform costs, staff refreshments and entertainment, long service awards and training.*
2 *The auditor's remuneration has been disaggregated to include the fee disclosure as required by the IESBA Code revisions.*

R000	GROUP 2024	GROUP 2023
18. RECONCILIATION OF OPERATING PROFIT TO EBITDAR[1]		
EBITDAR is made up as follows:		
Operating profit	**387 602**	355 293
Depreciation and amortisation	**76 316**	65 491
Depreciation - right-of-use assets	**94 986**	95 090
Variable lease payments	**15 533**	13 964
	574 437	529 838
Add/less: Exceptional[2] losses/(gains)		
Impairment reversal on property, plant and equipment	**–**	(29 990)
Impairment loss on right-of-use assets	**–**	47 449
Impairment loss on goodwill	**–**	8 979
EBITDAR	**574 437**	556 276
Unrealised losses/(gains) on foreign exchange	**11 751**	(40 445)
Adjusted EBITDAR	**586 188**	515 831

1 *The group defines EBITDAR as earnings before interest, income tax, depreciation, amortisation, rent and related IFRS 16 Rent Adjustment, and exceptional items. EBITDAR is used by the group as measure of earnings from normal day-to-day operations.*
2 *Exceptional items are considered to be those that are not within the normal day-to-day operations of the business and sufficiently material or unusual that they would distort the numbers if they were not adjusted. This would include headline adjustments that impact EBITDAR.*

19. DIRECTORS' EMOLUMENTS

R000	Basic salary	Performance and other bonus#	Fringe benefits and allowances	Pension fund contributions	Total annual remuneration	Current year share-based payment expense*	Total
Executive directors							
2024							
Lindiwe Siddo	**3 234**	**687**	**9**	**340**	**4 270**	**364**	**4 634**
Dhanisha Nathoo	**3 228**	**696**	**52**	**339**	**4 315**	**605**	**4 920**
Andrew Widegger	**6 184**	**1 755**	**32**	**989**	**8 960**	**1 279**	**10 239**
	12 646	**3 138**	**93**	**1 668**	**17 545**	**2 248**	**19 793**
2023							
Lindiwe Siddo	2 964	1 587	9	311	4 871	1 019	5 890
Dhanisha Nathoo	2 857	1 551	52	300	4 760	1 539	6 299
Andrew Widegger	5 730	4 570	32	917	11 249	3 368	14 617
	11 551	7 708	93	1 528	20 880	5 926	26 806

* *This expense represents the IFRS 2 costs for the year of any option or right given or reversed (refer to note 24).*

\# *Performance and other bonus includes the accrual for the short term incentive bonuses.*

Executive directors are full-time salaried employees, engaged on the company's standard terms and conditions of employment. The executive directors are the only prescribed officers.

Non-executive directors

R000	Fees 2024	Fees 2023
Stephen Enderle	**381**	357
Deon Huysamer	**483**	453
Frank Kilbourn	**604**	601
Andrew Lapping	**506**	469
Dr Sizakele Marutlulle	**412**	387
Ndumi Medupe	**564**	530
Mathukana Mokoka	**527**	419
Stuart Morris (resigned 23 November 2023)	**281**	647
Bulelani Ngcuka (payment made to Vuwa Investments Proprietary Limited)	**1 262**	1 185
	5 020	5 048

No other payments were made to directors.

Notes to the financial statements continued

for the year ended 30 June 2024

19. DIRECTORS' EMOLUMENTS continued

DIRECTORS' INTERESTS

The directors' individual interest in the ordinary share capital of the company at 30 June were as follows:

	Beneficial			
	Direct		Indirect	
	2024	2023	2024	2023
Stephen Enderle∞	**900 000**	–	**55 592 996**	56 537 996
Deon Huysamer	**–**	–	**–**	–
Frank KilbournΔ	**238 000**	238 000	**218 162**	218 162
Andrew Lapping	**–**	–	**–**	–
Dr Sizakele Marutlulle	**–**	–	**–**	–
Ndumi Medupe	**–**	–	**–**	–
Mathukana Mokoka	**–**	–	**37 790**	–
Stuart Morris (resigned 23 November 2023)	**–**	–	**–**	–
Dhanisha Nathoo	**330 678**	130 114	**–**	–
Bulelani Ngcuka*	**–**	–	**246**	246
Lindiwe Siddo	**245 521**	136 346	**–**	–
Andrew Widegger	**3 600 406**	3 190 682	**–**	–
Total	**5 314 605**	3 695 142	**55 849 194**	56 756 404

∞ *Stephen Enderle indirectly holds shares through Enderle SA Proprietary Limited, and his associates.*

Δ *Frank Kilbourn's direct holding and 75 362 (2023: 75 362) of his indirect holding is pledged as security in his personal capacity. The balance of the indirect holding is unencumbered.*

* *Bulelani Ngcuka's indirect shareholding reflects his proportionate share of the 14 157 779 (2023: 14 157 779) shares owned by Vuwa Investments Proprietary Limited, following the indirect share repurchase by City Lodge Hotels Limited for the majority shares in Vuwa Hotels (RF) Proprietary Limited in December 2020.*

No changes in directors' interests have taken place between the reporting date and the date of issue of these financial statements.

Conditional share plan FY24	Date of award	Grant date price (R)	Holding at 30 June 2023	Granted	Vested	Forfeited	Holding at 30 June 2024	Vesting date
Andrew Widegger	31/10/2023	4.35	–	**1 588 069**	**–**	**–**	**1 588 069**	30/10/2026
Lindiwe Siddo	31/10/2023	4.35	–	**621 878**	**–**	**–**	**621 878**	30/10/2026
Dhanisha Nathoo	31/10/2023	4.35	–	**630 072**	**–**	**–**	**630 072**	30/10/2026

Conditional share plan FY23	Date of award	Grant date price (R)	Holding at 30 June 2023	Granted	Vested	Forfeited	Holding at 30 June 2024	Vesting date
Andrew Widegger	7/11/2022	4.06	1 575 466	**–**	**–**	**–**	**1 575 466**	6/11/2025
Lindiwe Siddo	7/11/2022	4.06	611 282	**–**	**–**	**–**	**611 282**	6/11/2025
Dhanisha Nathoo	7/11/2022	4.06	597 414	**–**	**–**	**–**	**597 414**	6/11/2025

19. DIRECTORS' EMOLUMENTS continued

Conditional share plan FY22	Date of award	Grant date price (R)	Holding at 30 June 2023	Granted	Vested*	Forfeited	Holding at 30 June 2024*	Vesting date
Andrew Widegger	22/10/2021	5.07	409 724	–	**(409 724)**		–	21/10/2023
	22/10/2021	5.07	409 724	–	–		**409 724**	21/10/2024
Lindiwe Siddo	22/10/2021	5.07	109 175	–	**(109 175)**	–	–	21/10/2023
	22/10/2021	5.07	109 175	–	–	–	**109 175**	21/10/2024
Dhanisha Nathoo	22/10/2021	5.07	200 564	–	**(200 564)**	–	–	21/10/2023
	22/10/2021	5.07	200 564	–	–	–	**200 564**	21/10/2024

* *Shared vested in FY2024 are subject to a holding period of two years, and shares vesting in FY25 are subject to a one year holding period.*

R000	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
20. INTEREST				
20.1 INTEREST INCOME				
Bank	**3 341**	12 210	**3 305**	12 184
Subsidiaries (refer to note 28)	**–**	–	**–**	3 768
Other	**–**	4	**–**	4
	3 341	12 214	**3 305**	15 956

	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
20.2 INTEREST EXPENSE				
Long-term borrowings - bank	**(8 509)**	(29 210)	**(31)**	–
Lease liabilities	**(127 728)**	(118 578)	**(116 277)**	(106 458)
Short-term borrowings	**(282)**	(638)	**(277)**	(638)
Subsidiaries (refer to note 28)	**–**	–	**(3 956)**	(2 178)
	(136 519)	(148 426)	**(120 541)**	(109 274)
No interest was capitalised to property, plant and equipment during 2024 and 2023.				

Notes to the financial statements continued

for the year ended 30 June 2024

R000	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
21. TAXATION				
Current - current year	**66 648**	24 630	**48 432**	15 613
Deferred - current year[1]	**(998)**	28 090	**15 460**	28 308
Deferred - prior year	**–**	2 612	**–**	2 628
Dividend withholding tax	**107**	–	**107**	–
	65 757	55 332	**63 999**	46 549
Reconciliation of taxation rate (%)				
Domestic statutory tax rate	**27.0**	27.0	**27.0**	27.0
Adjusted for:				
- deferred tax assets not recognised on assessed loss	**6.6**	2.3	**–**	–
- utilisation of unrecognised deferred tax asset	**–**	(8.0)	**–**	–
- recognition of previously unrecognised deferred tax asset[1]	**(7.9)**	–	**–**	–
- effect of tax rates in foreign jurisdictions	**0.7**	0.9	**–**	–
- expenses not in the production of income	**0.1**	0.8	**0.1**	0.9
- financial guarantee transactions	**–**	–	**0.2**	(0.2)
- deductible allowances and rebates e.g. solar	**(0.7)**	–	**(0.7)**	–
- deferred tax assets not recognised on impairment	**–**	1.1	**–**	2.9
- exempt income - dividends received	**–**	–	**–**	(8.2)
- prior year debits (net)	**–**	1.2	**–**	1.3
- impairment reversal on other receivables	**–**	–	**(0.4)**	–
Effective rate of taxation	**25.8**	25.3	**26.2**	23.7

[1] *Included in deferred tax for the current year is the reversal of the impairment on the deferred tax asset recognised in previous years, due to the improved performance of the subsidiary. Refer to note 5.*

22. DIVIDENDS

The board approved the declaration of the following dividend in respect of the year ended 30 June 2024. The declaration of future dividends remains subject to satisfying solvency and liquidity requirements.

R000	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Number 64 of 8 cents per share (2023: nil) declared on 8 September 2023 and paid on 2 October 2023	**48 883**	–	**48 883**	–
Number 65 of 6 cents per share (2023: Number 63 of 5 cents per share) declared on 23 February 2024 and paid on 18 March 2024	**36 244**	30 493	**36 244**	30 493
Dividends attributable to treasury shares	**(5 491)**	(1 770)	**(5 491)**	(1 770)
	79 636	28 723	**79 636**	28 723

R000	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023

23. COMMITMENTS

Capital

Authorised

R000	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
Contracted	**254 019**	58 315	**239 283**	58 315
Property, plant and equipment	**253 460**	55 065	**238 724**	55 065
Intangible software	**559**	3 250	**559**	3 250
Not yet contracted	**205 353**	309 270	**200 754**	290 013
Property, plant and equipment	**199 653**	305 270	**195 054**	286 013
Intangible software	**5 700**	4 000	**5 700**	4 000
	459 372	367 585	**440 037**	348 328

There is continued focus on the upgrade and refurbishment of the portfolio and the further roll-out of our new generation hotel room designs through intensive reinvestment in a few older generation hotels, and the adoption of more resilient water solutions. Some of the 2024 planned projects were deferred to financial year 2025, due to delays in council approvals, and supply chain challenges. Future capital expenditure will be financed out of funds generated from operations and external borrowings. All of the authorised capital expenditure is expected to be spent by 30 June 2025.

Guarantees

Total guarantees provided to third parties by the group's bankers on behalf of the company amounted to R8.8 million (2023: R8.8 million) which relates to contingent rent and deposits which were assessed not to be financial guarantee contracts. The directors do not believe any exposure to loss is likely.

The issued guarantees have the following expiry dates:

R000	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
– not later than one year	**–**	–	**–**	–
– between one and five years	**–**	–	**–**	–
– later than five years	**8 762**	8 762	**8 762**	8 762

24. EMPLOYEE BENEFITS

RETIREMENT BENEFIT INFORMATION

The group and company provide retirement benefits to the group's permanent employees through a defined-contribution fund. Total contributions to this fund amounts to R46.0 million (2023: R40.4 million) and company contributions to this fund are fixed at a rate of 10.5% (16% for members who transferred from the historic defined– benefit fund) of pensionable salaries and 75.02% (2023: 68.50%) of the group's permanent employees are members. Employees who are not members of the above funds are members of the appropriate industry fund.

MEDICAL AID

Certain of the group's employees are members of the Discovery Health Medical Scheme. There are no obligations for post-retirement medical aid contributions.

SHARE-BASED PAYMENTS FOR GROUP AND COMPANY

Equity-settled conditional share plans (CSP)

The Group plan provides for the issue of shares conditional upon performance and employment conditions. The vesting period is generally one to four years. The vesting of the conditional shares are subject to the achievement of specified performance conditions. The CSP FY2022 performance conditions were the debt covenant measures, occupancy levels, free cash flow and EBITDA levels. Furthermore pro rata vesting for CSP FY2022 is conditional upon the employee being in the employment of the group for between 1 and 4 years. The CSP FY2023 and CSP FY2024 performance conditions are return on capital and headline earnings per share. Furthermore, pro rata vesting for CSP FY2023 and CSP FY2024 is conditional upon the employee being in the employment of the group for between 3 and 5 years. Fair value is measured using a binomial valuation model. The share-based equity-settled option expense for the year ended 30 June 2024 in statement of profit or loss and other comprehensive income is R4 032 625 (2023: R13 536 910).

Notes to the financial statements continued

for the year ended 30 June 2024

24. EMPLOYEE BENEFITS continued

CSP FY2024	2024 Number of CSPs
Opening balance	–
Granted during the year	5 403 025
Forfeited during the year	–
Vested during the year	–
Expired during the year	–
Closing balance	**5 403 025**

CSP FY2023	2024 Number of CSPs	2023 Number of CSPs
Opening balance	5 182 482	–
Granted during the year	–	5 182 482
Forfeited during the year	(182 069)	–
Vested during the year	–	–
Expired during the year	–	–
Closing balance	**5 000 413**	5 182 482

CSP FY2022	2024 Number of CSPs	2023 Number of CSPs
Opening balance	2 689 665	3 446 209
Granted during the year	–	–
Forfeited during the year	(108 980)	(111 921)
Vested during the year	(1 290 344)	(644 623)
Vested shares transferred to a holding account	1 290 344	–
Expired during the year	–	–
Closing balance	**2 580 685**	2 689 665

	CSP FY2024	CSP FY2023	CSP FY2022
Binomial model inputs as follows:			
Volatility (%)	33	89	51
Risk-free rate (%)	8.01	7.62	4.45
Dividend yield (%)	2.91	–	–
Expected life (years)	3	3	1
Strike price (Rand)	–	–	–
Share price (Rand)	4.09	4.63	5.78
Option price (Rand)	4.09	4.63	5.78

24. EMPLOYEE BENEFITS continued

EQUITY-SETTLED 10TH ANNIVERSARY EMPLOYEE SHARE TRUST

The group plan provides for an annual share distribution equal to half of the financial year's capital growth, if any, of the portfolio of City Lodge shares held by the trust. The distributions to eligible employees (employees in the service of the group for at least one year) are equity-settled three months after year-end, provided that the portfolio's market value at year-end exceeds the market value at the previous year-end and the outstanding loan payable. Entitlements are forfeited if the employee leaves the group's service before a distribution takes place. The vesting period is one year. Expected volatility was determined by calculating the historical volatility of the group's share price over the previous two years. Fair value is measured using a European binomial valuation model. The share-based, equity-settled expense for the year ended 30 June 2024 in profit or loss is R56 430 (2023: R84 640).

	2024 Number of shares	2023 Number of shares
Opening balance	**2 821 475**	2 821 475
Distributions during the year	**–**	–
Closing balance	**2 821 475**	2 821 475

	2024		2023	
	Per share	**Total portfolio**	Per share	Total portfolio
European binomial model inputs as follows:				
Volatility (%)	**45**	**45**	61	61
Risk-free rate (%)	**8.61**	**8.61**	6.38	6.38
Dividend yield (%)	**2**	**2**	–	–
Expected life (years)	**1**	**1**	1	1
Effective strike price (Rand)	**12.05**	**34 000 000**	12.05	34 000 000
Share price (Rand)	**4.97**	**14 022 731**	3.95	11 144 826
Effective option price (Rand)	**0.02**	**56 430**	0.03	85 000

EQUITY-SETTLED RESTRICTED SHARE PLAN

Senior management become owners of ordinary shares, which were acquired on the market. From the grant date, they will immediately benefit from dividends and have shareholder voting rights, thus providing direct alignment between participants and shareholders. The employee will give no consideration for the grant or settlement of an award. The vesting period is generally three years. In the case of resignation or dismissal, all unvested awards will be forfeited. The share-based, equity-settled profit for 2023 was R166 466. The equity-settled restricted share plan were fully settled in the prior year.

	2024		2023	
	Number of shares granted	**Weighted average share price (R)**	Number of shares granted	Weighted average share price (R)
Unvested at the beginning of year	**–**	**–**	28 740	93.38
Granted during year	**–**	**–**	–	–
Forfeited during year	**–**	**–**	–	–
Vested during year	**–**	**–**	(28 740)	93.38
Unvested at the end of year	**–**	**–**	–	–

Notes to the financial statements continued

for the year ended 30 June 2024

R000	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
25. NOTES TO THE STATEMENTS OF CASH FLOWS				
25.1 CASH GENERATED BY OPERATIONS				
Profit before taxation	**254 424**	219 081	**244 639**	196 509
Adjusted for:				
– depreciation and amortisation	**76 316**	65 491	**66 859**	56 375
– depreciation – right-of-use asset	**94 986**	95 090	**83 908**	84 069
– dividend income in specie	**–**	–	**–**	(60 200)
– gain on remeasurement of financial guarantee liability	**–**	–	**–**	(1 452)
– loss on remeasurement of financial guarantee liability	**–**	–	**1 452**	–
– impairment (reversal)/loss on other receivables	**–**	–	**(3 969)**	12 037
– impairment (reversal)/loss on property, plant and equipment	**–**	(29 990)	**–**	14 233
– impairment loss on right-of-use assets	**–**	47 449	**–**	47 449
– impairment loss on goodwill	**–**	8 979	**–**	8 979
– interest income	**(3 341)**	(12 214)	**(3 305)**	(15 956)
– interest expense	**8 791**	29 848	**4 264**	2 816
– interest expense - leases	**127 728**	118 578	**116 277**	106 458
– profit on disposal of property, plant and equipment	**(138)**	(210)	**(138)**	(210)
– share-based payment expense	**4 858**	13 788	**4 858**	13 788
– unrealised foreign currency losses/(gains)	**11 751**	(37 092)	**108**	–
– other non-cash items	**–**	(263)	**–**	(394)
Operating cash flows before working capital changes	**575 375**	518 535	**514 953**	464 501
Decrease/(increase) in inventories	**122**	(2 234)	**284**	(1 818)
Increase in trade and other receivables	**(3 536)**	(22 244)	**(5 685)**	(24 813)
Increase in trade and other payables	**4 739**	45 416	**30 680**	11 699
	576 700	539 473	**540 232**	449 569
25.2 TAXATION PAID				
Balance (underpaid)/overpaid at beginning of year	**(2 482)**	159	**(1 843)**	–
Taxation per statements of profit or loss and other comprehensive income	**(66 755)**	(24 630)	**(48 539)**	(15 613)
Balance underpaid at end of year	**8 829**	2 482	**8 443**	1 843
	(60 408)	(21 989)	**(41 939)**	(13 770)
25.3 INVESTMENT TO MAINTAIN OPERATIONS				
Additions to intangible assets				
– software costs	**(5 368)**	(933)	**(5 368)**	(933)
Additions to property, plant and equipment				
– buildings	**(44 861)**	(38 460)	**(46 651)**	(38 459)
– furniture and equipment	**(114 621)**	(58 192)	**(112 230)**	(57 715)
	(164 850)	(97 585)	**(164 249)**	(97 107)
Less: Proceeds on disposal				
– furniture and equipment	**211**	210	**211**	210
	(164 639)	(97 375)	**(164 038)**	(96 897)
25.4 INVESTMENT TO EXPAND OPERATIONS				
Additions to property, plant and equipment				
– furniture and equipment	**–**	(9 616)	**–**	(9 616)
	–	(9 616)	**–**	(9 616)

R000	Gross 2024	Net of tax 2024	Gross 2023	Net of tax 2023
	GROUP			

26. HEADLINE EARNINGS

26.1 HEADLINE EARNINGS RECONCILIATION

R000	Gross 2024	Net of tax 2024	Gross 2023	Net of tax 2023
Profit used to calculate basic and diluted earnings per share (EPS)		**188 667**		163 749
Profit on disposal of property, plant and equipment	**(138)**	**(138)**	(210)	(210)
Impairment (reversal)/loss on property, plant and equipment	–	–	(29 990)	(33 833)
- South Africa	–	–	14 233	10 390
- Rest of Africa[1]	–	–	(44 223)	(44 223)
Impairment loss on right-of-use assets	–	–	47 449	34 638
Impairment loss on goodwill	–	–	8 979	8 979
Headline earnings		**188 529**		173 323
Unrealised losses/(gains) on foreign exchange	**11 751**	**11 751**	(40 445)	(40 445)
Impairment reversal of deferred tax asset	**(20 000)**	**(20 000)**	–	–
Adjusted headline earnings[2]		**180 280**		132 878
Basic earnings per share (cents) (EPS)				
– undiluted		**33.3**		28.6
– diluted		**33.2**		28.6
Headline earnings per share (cents) (HEPS)				
– undiluted		**33.2**		30.3
– diluted		**33.2**		30.3
Adjusted headline earnings per share (cents) (Adjusted HEPS)				
– undiluted		**31.8**		23.2
– diluted		**31.8**		23.2

26.2 SHARE STATISTICS

R000	Gross 2024	Net of tax 2024	Gross 2023	Net of tax 2023
Total net shares in issue[3]		**559 932**		571 645
Undiluted weighted average number of shares in issue[3]		**567 391**		571 645
Dilutive share awards		**389**		1 231
Diluted weighted average number of shares in issue[3]		**567 780**		572 876
Net book asset value per share[4]		**210**		196

1 *The impairment reversal on Rest of Africa has no tax impact as no deferred tax was previously recognised on the estimated tax losses.*

2 *The group uses adjusted headline earnings as a performance measure to determine the underlying profit excluding exceptional items over and above those that are excluded from headline earnings as per the requirements of Circular 1-2023 Headline earnings. This measure is not required by IFRS Accounting Standards but is commonly used in the industry.*

3 *Net of treasury shares of 38 215 383.*

4 *Net book asset value per share is capital and reserves expressed as a percentage of net shares in issue. This is a non-GAAP measure and has been consistently applied from one year to the next.*

Notes to the financial statements continued

for the year ended 30 June 2024

27. FINANCIAL INSTRUMENTS

27.1 FINANCIAL RISK MANAGEMENT

The group's activities expose it to a variety of financial risks: market risk (including interest rate risk and currency risk), liquidity risk and credit risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group.

R000	Financial assets at amortised cost	Financial liabilities at amortised cost	Total	Non-current	Current
27.2 FINANCIAL INSTRUMENTS BY CATEGORY					
GROUP					
At 30 June 2024					
Financial assets					
Investments	**800**	**–**	**800**	**800**	**–**
Trade receivables	**69 555**	**–**	**69 555**	**–**	**69 555**
Other receivables	**13 947**	**–**	**13 947**	**–**	**13 947**
Cash and cash equivalents	**67 316**	**–**	**67 316**	**–**	**67 316**
Financial liabilities					
Lease liabilities[1]	**–**	**(1 417 008)**	**(1 417 008)**	**(1 336 312)**	**(80 696)**
Trade and other payables	**–**	**(202 653)**	**(202 653)**	**–**	**(202 653)**
At 30 June 2023					
Financial assets					
Investments	800	–	800	800	–
Trade receivables	65 783	–	65 783	–	65 783
Other receivables	13 480	–	13 480	–	13 480
Cash and cash equivalents	328 345	–	328 345	–	328 345
Financial liabilities					
Interest-bearing borrowings	–	(300 000)	(300 000)	(300 000)	–
Lease liabilities[1]	–	(1 452 575)	(1 452 575)	(1 416 086)	(36 489)
Trade and other payables	–	(194 261)	(194 261)	–	(194 261)

[1] *Lease liabilities are measured in accordance with IFRS 16.*

The group's carrying amount of financial instruments approximate its fair value and therefore no further disclosure is provided in this regard.

27. FINANCIAL INSTRUMENTS continued

R000	Financial assets at amortised cost	Financial liabilities at amortised cost	Financial guarantee liability - other	Total	Non-current	Current
27.2 FINANCIAL INSTRUMENTS BY CATEGORY						
COMPANY						
At 30 June 2024						
Financial assets						
Investments	**800**	**–**	**–**	**800**	**800**	**–**
Trade receivables	**67 059**	**–**	**–**	**67 059**	**–**	**67 059**
Other receivables	**20 355**	**–**	**–**	**20 355**	**–**	**20 355**
Cash and cash equivalents	**28 109**	**–**	**–**	**28 109**	**–**	**28 109**
Financial liabilities						
Lease liabilities[1]	**–**	**(1 297 395)**	**–**	**(1 297 395)**	**(1 227 759)**	**(69 636)**
Trade and other payables	**–**	**(269 742)**	**–**	**(269 742)**	**–**	**(269 742)**
At 30 June 2023						
Financial assets						
Loan to subsidiary	–	–	–	–	–	–
Investments	800	–	–	800	800	–
Trade receivables	63 658	–	–	63 658	–	63 658
Other receivables	16 966	–	–	16 966	–	16 966
Cash and cash equivalents	319 827	–	–	319 827	–	319 827
Financial liabilities						
Lease liabilities[1]	–	(1 322 493)	–	(1 322 493)	(1 295 085)	(27 408)
Financial guarantee liability	–	–	(4 293)	(4 293)	–	(4 293)
Trade and other payables	–	(229 438)	–	(229 438)	–	(229 438)

[1] *Lease liabilities are measured in accordance with IFRS 16.*

The company's carrying amount of financial instruments approximate its fair value and therefore no further disclosure is provided in this regard.

27.3 MARKET RISK

Market risk is the risk that changes in market rates such as interest rates and foreign exchange rates will affect the group's income and value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return. The group is not significantly exposed to changes in equity prices.

(a) Interest rate risk – fluctuations in interest rates impact the value of short-term investments and financing activities, giving rise to the interest rate risk. The group generally adopts a policy of ensuring that its exposure to changes in interest rates is limited by either fixing the rate or by linking the rate to the average medium term, risk-free rate over the period of the respective loan.

The group manages its interest rate risk by linking the rate to the one-month or three-month Johannesburg Interbank Agreed Rate (JIBAR) rate plus a margin ranging from 1.95% to 2.70% or the South African prime rate.

Notes to the financial statements continued

for the year ended 30 June 2024

27. FINANCIAL INSTRUMENTS continued

27.3 MARKET RISK continued

The Financial Stability Board has initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing interbank offered rates (IBORs) with alternative risk-free rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets. The South African Revenue Bank (SARB) has indicated its intention to move away from JIBAR and to create an alternative reference rate for South Africa. The SARB has indicated its initial preference for the adoption of the South African Rand Overnight Index Average (ZARONIA) as the preferred unsecured candidate to replace JIBAR in cash and derivative instruments. In November 2023, the SARB designated ZARONIA as the successor rate to replace JIBAR. The observation period for ZARONIA ended on 3 November 2023 and the SARB has indicated that market participants may use the published ZARONIA as a reference rate in pricing financial contracts going forward. The South African Reserve Bank has published an update on the JIBAR transition plan on 6 May 2024. The plan defines a transition path for the South African market defined along three key pillars. The transition plan maps out a clear and achievable strategy for creating robust demand for trading ZARONIA derivatives and ultimately catalysing the broader adoption of ZARONIA. Management continues to monitor the developments in this regard in order to determine future impacts on the Group.

At 30 June, borrowings and bank overdrafts are linked to the various rates. The interest rate profile of the group's interest-bearing financial liabilities was:

	GROUP		COMPANY	
R000	**2024**	2023	**2024**	2023
Linked to three-month JIBAR	**–**	300 000	**–**	–

At 30 June, financial assets are linked to the various rates, the carrying amounts of which are as follows:

	GROUP		COMPANY	
R000	**2024**	2023	**2024**	2023
Linked to South African prime rate	**67 316**	328 345	**28 109**	319 827
Cash flow sensitivity analysis for variable rate instruments				
A change of 100 basis points in interest rates would have increased/(decreased) profit or loss and equity by the amount shown above. This analysis assumes that all other variables remain constant.				
Financial assets	**673**	3 283	**281**	3 198
Financial liabilities	**–**	3 000	**–**	–

(b) Currency risk

Currency risk related to investments in foreign entities

Foreign exchange risk also arises from exposure in the foreign operations due to trading transactions denominated in currencies other than the functional currency. The following significant exchange rates against the ZAR applied during the year:

	Average rate		Reporting date closing rate	
R000	**2024**	2023	**2024**	2023
1 Botswana Pula is equivalent to	**1.380**	1.360	**1.341**	1.399
1 Mozambican Metical is equivalent to	**0.290**	0.280	**0.284**	0.295
1 Namibian Dollar is equivalent to	**1.000**	1.000	**1.000**	1.000

Currency risk related to foreign transactions

Each group entity operates predominantly within its own common monetary area and therefore the group has no significant currency risk with regards to operational activities. At year-end, all group entities had minimal foreign currency trade receivables or payables. It is not the group's policy to hedge transactions which are denominated in a currency other than the entities' functional currency, which mainly occurs with purchases. A rand denominated intercompany loan exists between City Lodge Hotels (Africa) Proprietary Limited and CLHG Mozambique Lda. There is significant exposure to foreign exchange gains or losses due to the current volatility between the South African Rand (ZAR) and the Mozambique Metical (MZN). This unrealised loss on the intercompany loan amount to R11.8 million (2023: unrealised gain of R40.4 million). The intercompany loan eliminates on consolidation, however, the movement in the unrealised gains and losses remains.

27. FINANCIAL INSTRUMENTS continued

27.4 LIQUIDITY RISK

Liquidity risk is the risk that the group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The group has substantial borrowings and other financial liabilities.

To manage liquidity risk, the group will continue to generate operational cash flows and has forecast (refer to accounting policies section – going concern and note 31 for further details) to generate sufficient operating cash flows to meet the requirements of the business and make repayments of the financial liabilities as they become due. The group and company further has the following facilities available should it require additional funds to meet its obligations.

R000	2024	2023
Banking Facilities		
Debt facilities	**600 000**	600 000
Overdraft facilities	**115 000**	115 000
Total facilities	**715 000**	715 000
Less: Drawn down portion of debt facilities	**–**	(300 000)
Total undrawn facilities	**715 000**	415 000

The group's debt funding is subject to debt covenants which are reviewed on an ongoing basis.

The table below analyses the financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date:

R000	Carrying amount	Contractual undiscounted cash flows	Less than one year	Between one and five years	Later than five years
GROUP					
At 30 June 2024					
Financial liabilities					
Interest-bearing borrowings	**–**	**–**	**–**	**–**	**–**
Lease liabilities	**1 417 008**	**2 547 956**	**203 380**	**700 051**	**1 644 525**
Trade and other payables	**202 653**	**202 653**	**202 653**	**–**	**–**
	1 619 661	**2 750 609**	**406 033**	**700 051**	**1 644 525**
At 30 June 2023					
Financial liabilities					
Interest-bearing borrowings	300 000	395 415	31 863	363 552	–
Lease liabilities	1 452 575	2 739 976	164 272	703 640	1 872 064
Trade and other payables	194 261	194 261	194 261	–	–
	1 946 836	3 329 652	390 396	1 067 192	1 872 064
COMPANY					
At 30 June 2024					
Financial liabilities					
Lease liabilities	**1 297 395**	**2 380 371**	**181 851**	**612 694**	**1 585 826**
Trade and other payables	**269 742**	**269 742**	**269 742**	**–**	**–**
	1 567 137	**2 650 113**	**451 593**	**612 694**	**1 585 826**
At 30 June 2023					
Financial liabilities					
Lease liabilities	1 322 493	2 550 134	143 685	608 202	1 798 247
Financial guarantee liability	4 293	300 000	300 000	–	–
Trade and other payables	229 438	229 438	229 438	–	–
	1 556 224	3 079 572	673 123	608 202	1 798 247

Notes to the financial statements continued

for the year ended 30 June 2024

27. FINANCIAL INSTRUMENTS continued

27.5 CREDIT RISK

Credit risk is the risk of financial loss to the group if a counterparty to a financial asset fails to meet its contractual obligations.

Trade receivables

Trade receivables comprise mainly travel agents and large corporates. Management has a credit policy in place with negotiated credit terms of 30 days. The exposure to credit risk is monitored on an ongoing basis with credit evaluations being performed on all new travel agents or corporates requiring credit. At 30 June 2024, no single customer was in debt in excess of 10% of the total trade receivables balance. The group applies the IFRS 9 simplified approach in measuring ECLs which utilises a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on payment profiles of sales over a period of 12 months and the corresponding historical credit losses experienced over an average of a 36 month period. The group has established a provision matrix that is based on its historical credit losses experience and may be adjusted for specific forward-looking factors affecting the ability of the customers to settle the receivables. We have considered the impact of macroeconomic factors on the recoverability of trade receivables and have incorporated the factors into the determination of the historical loss rates.

A customer will be considered to be in default and the outstanding balance that is unrecoverable will be fully provided for where:

- The customer is unlikely to pay its credit obligations to the group in full;
- The customer is more than 90 days past due;
- Management has assessed the customer as being in financial distress;
- The customer has been placed under business rescue and has no reasonable expectation of recovery.

The group assumes that the credit risk on trade receivables has increased significantly if it is more than 30 days past due. The group identifies specific credit loss allowances if these receivables are greater than 365 days.

Travel agents comprise the largest proportion of the group's trade receivables. The loss allowance for trade receivables has increased from the prior year due to the increase in the trade receivables outstanding in the current period. There has been no significant new debtors nor any significant changes to the credit risk profile.

An immaterial loss allowance has been raised on cash and cash equivalents as the group's bankers have a BB- credit rating and are considered a reputable financial institution, used for investing and cash-handling purposes. The probability of default of these items has been assessed as close to nil.

Amounts due by subsidiaries, included in other receivables, has been separately assessed for ECL (refer to note 7).

	GROUP		COMPANY	
R000	**2024**	2023	**2024**	2023
Other receivables	**13 947**	13 480	**20 355**	16 966
Trade receivables	**69 555**	65 783	**67 059**	63 658
Investments	**800**	800	**800**	800
Cash and cash equivalents	**67 316**	328 345	**28 109**	319 827
	151 618	408 408	**116 323**	401 251
Trade receivables by type of customer				
Travel agents	**53 196**	49 940	**50 803**	48 522
Large corporates and companies	**16 359**	15 843	**16 256**	15 136
	69 555	65 783	**67 059**	63 658
Trade receivables by country				
South Africa	**67 059**	63 658	**67 059**	63 658
Botswana	**1 889**	987	**–**	–
Namibia	**607**	1 138	**–**	–
	69 555	65 783	**67 059**	63 658

27. FINANCIAL INSTRUMENTS continued

27.5 CREDIT RISK continued

The loss allowance as at 30 June was determined as follows for trade receivables:

R000	Current	30 to 60 days	61 to 90 days	More than 90 days	More than 120 days	Total
At 30 June 2024						
GROUP						
Expected loss rate (%)	**0.77**	**1.02**	**6.24**	**100.00**	**100.00**	**3.29**
Gross carrying amount - trade receivables	**54 746**	**13 403**	**2 095**	**675**	**1 004**	**71 923**
Lifetime ECLs	**422**	**136**	**131**	**675**	**1 004**	**2 368**
COMPANY						
Expected loss rate (%)	**0.79**	**1.05**	**6.57**	**100.00**	**100.00**	**2.55**
Gross carrying amount - trade receivables	**52 866**	**12 895**	**1 980**	**593**	**478**	**68 812**
Lifetime ECLs	**417**	**135**	**130**	**593**	**478**	**1 753**
At 30 June 2023						
GROUP						
Expected loss rate (%)	3.16	5.01	15.45	46.96	48.85	5.82
Gross carrying amount - trade receivables	47 436	16 840	2 913	1 314	1 345	69 848
Lifetime ECLs	1 497	844	450	617	657	4 065
COMPANY						
Expected loss rate (%)	2.37	5.09	15.88	49.09	50.62	5.41
Gross carrying amount - trade receivables	45 321	16 589	2 834	1 257	1 299	67 300
Lifetime ECLs	1 073	844	450	617	658	3 642

	GROUP		COMPANY	
R000	2024	2023	2024	2023
The movement in the loss allowance in respect of trade receivables during the year was as follow:				
Opening balance	**4 065**	1 614	**3 642**	1 548
Loss allowance (reversed)/raised	**(1 697)**	2 448	**(1 889)**	2 094
Foreign exchange movement	**–**	3	**–**	–
Closing balance	**2 368**	4 065	**1 753**	3 642

Notes to the financial statements continued

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27. FINANCIAL INSTRUMENTS continued

27.6 CAPITAL MANAGEMENT

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern and provide optimal returns for shareholders through maintaining an optimal capital structure.

The group defines capital as equity funding provided by shareholders and debt funding from external parties. Shareholder funding comprises stated capital, treasury shares, retained earnings and other reserves as disclosed in the statement of financial position. Debt funding comprises loans from banking institutions and net debt represents gross debt net of all cash reserves.

The group comfortably met the covenants for each measurement period in the 2024 and 2023 financial years.

The financial covenants comprise:

- Interest cover ratio to be greater than or equal to three times;
- Net debt: EBITDA required to be less than or equal to 2.75 times; and
- Loan to value ratio is required to be less than 60%.

As at 30 June 2024 the actual covenant ratios were met as follow:

- Interest cover of 64 times;
- Net debt: EBITDA of (0.12) times; and
- Loan to value ratio of 0.0%.

The directors monitor the covenants on a quarterly basis when results are reviewed and cash flow forecasts are presented by management.

Based on the current and forecast trading performance, the directors expect that the company will meet the covenant levels for the next 12 months.

28. RELATED PARTIES

28.1 IDENTITY OF RELATED PARTIES WITH WHOM MATERIAL TRANSACTIONS HAVE OCCURED

Budget Hotels Proprietary Limited, City Lodge Hotels (Africa) Proprietary Limited, City Lodge Hotels (Botswana) Proprietary Limited, Courtyard Management Company Proprietary Limited, Gallic Courtyard (Arcadia) Share Block Proprietary Limited, Gallic Courtyard (Bruma Lake) Share Block Proprietary Limited, Gallic Courtyard (Rosebank) Share Block Limited, Gallic Courtyard (Sandown) Share Block Limited, Property Lodging Investments Proprietary Limited, are subsidiaries of the company. Newshelf 935 (RF) Proprietary Limited, Newshelf 892 (RF) Proprietary Limited and Vuwa Hotels (RF) Proprietary Limited are subsidiaries of the company, and are also, together with the City Lodge 10th Anniversary Employee Share Trust, aggregated in the company results, as City Lodge Hotels Limited is the sponsor entity.

The company also has an indirect shareholding in City Lodge Holdings (Share Block) Proprietary Limited, City Lodge Hotels (Namibia) Proprietary Limited, and CLHG Mozambique Limitada, which is ultimately consolidated in the group.

All of the above entities are related parties to the company. Other than the directors' remuneration (refer to note 19) and information below, there are no other related parties with whom material transactions have taken place.

28.2 TYPES OF RELATED-PARTY TRANSACTIONS

Licence fees, which are intellectual property charges for the use of the group's brands, and turnover based lease rental payments have been made, dividends in specie and interest has been received from/paid to certain related parties.

Courtyard Management Company Proprietary Limited is the management company of the Courtyard Hotels.

Budget Hotels Proprietary Limited and Property Lodging Investments Proprietary Limited lease land to City Lodge Hotels Limited based on turnover. These are treated as variable lease payments.

Interest-bearing loans exist between City Lodge Hotels Limited and Property Lodging Investments Proprietary Limited.

The Company has provided letter of support in the form of loan facilities to City Lodge Hotels (Botswana) Proprietary Limited and City Lodge Hotels (Namibia) Proprietary Limited to the amount of R12 million and R145 million, respectively. The facilities remained undrawn as at 30 June 2024.

28. RELATED PARTIES continued

R000	COMPANY 2024	2023
28.3 MATERIAL RELATED-PARTY TRANSACTIONS		
Subsidiary companies		
Dividend in specie from related parties		
Property Lodging Investments Proprietary Limited	–	60 200
Licence fees paid to related parties		
Courtyard Management Company Proprietary Limited	**5 853**	4 380
Licence fees received from related parties		
Courtyard Management Company Proprietary Limited	**1 186**	1 108
City Lodge Hotels (Botswana) Proprietary Limited	**788**	1 241
City Lodge Hotels (Namibia) Proprietary Limited	**2 032**	1 633
	4 006	3 982
Lease payments to related parties		
Budget Hotels Proprietary Limited	**1 264**	952
Property Lodging Investments Proprietary Limited	**39 073**	36 339
	40 337	37 291
Interest received from related parties		
Property Lodging Investments Proprietary Limited	–	3 768
Interest and commitment fees paid to related parties		
City Lodge Hotels (Africa) Proprietary Limited	**3 956**	2 179
28.4 AMOUNTS DUE TO SUBSIDIARIES		
Budget Hotels Proprietary Limited	**18 881**	17 931
Property Lodging Investments Proprietary Limited	**41 679**	13 506
City Lodge Holdings (Share Block) Proprietary Limited	**4 065**	4 065
Courtyard Management Company Proprietary Limited	**15 910**	15 807
Gallic Courtyard (Arcadia) Share Block Proprietary Limited	**1**	1
Gallic Courtyard (Bruma Lake) Share Block Proprietary Limited	**3**	3
Gallic Courtyard (Rosebank) Share Block Limited	**4**	4
Gallic Courtyard (Sandown) Share Block Limited	**3**	3
	80 546	51 320

Notes to the financial statements continued

for the year ended 30 June 2024

R000	COMPANY 2024	COMPANY 2023
28 RELATED PARTIES continued		
28.5 AMOUNTS DUE BY SUBSIDIARIES		
City Lodge Hotels (Africa) Proprietary Limited	–	356 940
City Lodge Hotels (Botswana) Proprietary Limited	**5 258**	6 793
City Lodge Hotels (Namibia) Proprietary Limited	**4 148**	3 969
	9 406	367 702
Less: accumulated loss allowance		
City Lodge Hotels (Africa) Proprietary Limited	–	(356 940)
City Lodge Hotels (Namibia) Proprietary Limited	–	(3 969)
	–	(360 909)
	9 406	6 793

The amounts due to and by subsidiaries are unsecured, interest-free and repayable on demand.

Refer to note 4 for detail on the subscription and set off agreement in respect of the amounts previously due by City Lodge Hotels (Africa) Proprietary Limited

An accumulated loss allowance of the R4 million in the prior year has been reversed as the amount due by City Lodge Hotels (Namibia) Proprietary Limited to the company, is considered recoverable (refer to note 7).

R000	GROUP 2024	GROUP 2023	COMPANY 2024	COMPANY 2023
28.6 TRANSACTIONS WITH KEY MANAGEMENT				
Key management is defined as executive directors.				
Key management compensation is as follows (refer to note 19):				
– short-term employee benefits, including salaries and bonuses	**17 545**	20 880	**17 545**	20 880
– equity compensation benefits	**2 248**	5 926	**2 248**	5 926
	19 793	26 806	**19 793**	26 806
– short term incentive bonus accrual	**(3 138)**	(7 525)	**(3 138)**	(7 525)
	16 655	19 281	**16 655**	19 281

29. CONTINGENT LIABILITIES

The group has no contingent liabilities as at 30 June 2024.

30. SUBSEQUENT EVENTS

The board has approved a final ordinary dividend of 9.0 cents per ordinary share (7.2 cents net after deducting withholding tax) in respect of the year ended 30 June 2024 (2023: 8.0 cents). The source of the dividend will be from distributable reserves. The dividend will be payable on 30 September 2024 to shareholders registered in the Company's securities register on 27 September 2024.

Other than the above, the directors are not aware of any matter or circumstance arising since the reporting date and the date of this report.

31. LIQUIDITY AND FUNDING

The group and company has access to three secured facilities with its lenders, which provides total debt facilities of R600.0 million, and overdraft facilities of R115.0 million. The debt facilities and overdraft facilities remain undrawn at the reporting date. The loan facilities package offers:

- All three debt facilities are revolver facilities maturing between June 2025 and June 2027.
- Additional access to R300,0 million accordion facilities which has been included in the loan agreements, but is subject to the funder's credit committee approval on application.

The group has operating cash flows of R299.8 million (2023: R356.1 million) and continues to generate positive cash flows to continue the planned reinvestment in the group's capital refurbishment programme and declare returns to its shareholders through dividends and share buy-backs.

32. GOING CONCERN

The consolidated and separate financial statements for the year ended 30 June 2024 are prepared on a going concern basis. Based on cash flow forecasts, which considered the pressures from global economic forces, restricted consumer spending trends, continued inflationary pressures, the additional costs of load shedding and ageing water infrastructure on operations; and cash and funding resources available, the directors believe that the group and company have sufficient resources to continue operations as a going concern in a responsible and sustainable manner.

The group has made a profit for the year ended 30 June 2024 of R188.7 million (2023: R163.7 million). As at 30 June 2024, the group has a net cash and cash equivalent of R67.3 million (2023: R328.3 million). Even though current liabilities exceed its current assets by R152.6 million (2023: Current assets exceed current liabilities by R155.8 million), the group has adequate liquidity (refer to note 31) to meet its obligations as they become due, over the next twelve months from the reporting date.

The company has made a profit for the year ended 30 June 2024 of R180.6 million (2023: profit of R150.0 million). The profit for the year has been driven by improved trading performance. As at 30 June 2024, the company has a net cash and cash equivalent of R28.1 million (2023: R319.8 million). Current liabilities exceed its current assets by R274.9 million (2023: Current liabilities exceeded current assets by R83.8 million). Current liabilities includes R80.5 million (2023: R51.3 million) of amounts due to subsidiaries, and therefore these are not obligations external to the group. The company has adequate liquidity (refer to note 31) to meet its obligations as they become due over the next twelve months from the reporting date.

All covenants during the measurement periods have been met during the year. The group monitors the covenants on a quarterly basis and does not expect to breach covenants.

Notes to the financial statements continued

for the year ended 30 June 2024

33. STANDARDS AND AMENDMENTS EFFECTIVE FOR THE FIRST TIME FOR JUNE 2024 YEAR ENDS

The following new standards, and amendments to existing standards have been published that are effective for the group and the company's accounting period ending on 30 June 2024.

IFRS 17 *INSURANCE CONTRACTS*

Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period.

Aside from this general model, the standard provides, as a simplification, the premium allocation approach. This simplified approach is applicable for certain types of contract, including those with a coverage period of one year or less.

For insurance contracts with direct participation features, the variable fee approach applies. The variable fee approach is a variation on the general model. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. As a consequence, the fair value changes are not recognised in profit or loss in the period in which they occur but over the remaining life of the contract.

The group has not been impacted by the amendment relating to insurance contracts.

AMENDMENTS TO IAS 12 *INCOME TAXES* (DEFERRED TAX RELATED TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION)

The amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. IAS 12 as amended must be applied for financial years commencing on or after 1 January 2023.

The Group and Company has adopted the amendment to IAS 12 as it relates to the disclosure of deferred tax assets and deferred tax liabilities arising from a single transaction. The Group and Company has assessed that the impact of this amendment is limited to the deferred taxes raised on right-of-use assets accounted for in accordance with IFRS 16 Leases ("IFRS 16"). The Group and Company previously disclosed deferred taxes raised on right-of-use assets and lease liabilities on a net basis. Following the amendments, the Group and Company has disclosed a deferred tax asset in relation to its lease liabilities, separate from the deferred tax liability, in relation to its right-of-use assets in its annual financial statements. The comparative note disclosure has been restated in accordance with the revised requirements.

There is no resultant impact on the statement of financial position as these balances qualify for offset in terms of IAS 12. Further, there is no impact on the opening retained earnings as at 1 July 2023 as a result of the amendment.

Refer to note 5 for further details.

NARROW SCOPE AMENDMENTS TO IAS 1 *PRESENTATION OF FINANCIAL STATEMENTS, PRACTICE STATEMENT 2 AND IAS 8 ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS*

The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates. The narrow scope amendments to IAS 1, Practice Statement 2 and IAS 8 must be applied for financial years commencing on or after 1 January 2023.

The group has not been materially impacted by the amendment.

AMENDMENTS TO IAS 8 *ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS* (DEFINITION OF ACCOUNTING ESTIMATES)

The definition of accounting estimates was amended so that accounting estimates are now defined as "monetary amounts in annual financial statements that are subject to measurement uncertainty".

The group has not been materially impacted by the amendment.

34. NEW IFRS STANDARDS AND INTERPRETATIONS EFFECTIVE FOR YEARS ENDED AFTER 30 JUNE 2024

At the date of authorisation of these financial statements for the year ended 30 June 2024, the following standards and interpretations were in issue but have not been early adopted by the group:

AMENDMENTS TO IAS 1 *PRESENTATION OF FINANCIAL STATEMENTS* (CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT)

The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. IAS 1 as amended must be applied for financial years commencing on or after 1 January 2024.

The group will apply the amendment for the financial period beginning on 1 July 2024, however, it is not expected to have a material impact.

34. NEW IFRS STANDARDS AND INTERPRETATIONS EFFECTIVE FOR YEARS ENDED AFTER 30 JUNE 2024 continued

AMENDMENTS TO IFRS 16 *LEASE LIABILITY IN A SALE AND LEASEBACK*

Amendments to IFRS 16 Leases impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019. IFRS 16 amendment must be applied for financial years commencing on or after 1 January 2024.

The group will apply the amendment for the financial period beginning on 1 July 2024, however, it is not expected to have a material impact.

AMENDMENTS TO IAS 21 *LACK OF EXCHANGEABILITY*

The amendments in Lack of Exchangeability amend IAS 21 to:

- specify when a currency is exchangeable into another currency and when it is not,
- specify how an entity determines the exchange rate to apply when a currency is not exchangeable,
- require the disclosure of additional information when a currency is not exchangeable.

IAS 21 amendments must be applied for financial years commencing on or after 1 January 2025.

The group will apply the amendment from 1 July 2025. This is expected to have a disclosure impact, however it is not expected to have a material financial impact.

AMENDMENTS TO IAS 7 AND IFRS 7 *SUPPLIER FINANCE ARRANGEMENTS*

The amendments introduce additional disclosure requirements for companies that enter into these arrangements. However, they do not address the classification and presentation of the related liabilities and cash flows. This amendment must be applied for financial years commencing on or after 1 January 2024.

The group will apply the amendment for the financial period beginning on 1 July 2024, however, it is not expected to have a material impact.

AMENDMENT TO IFRS 9 AND IFRS 7 *CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS*

The amendments in classification and measurement of financial instruments amend IFRS 9 and IFRS 7 to:

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system;
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion;
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income.

IFRS 9 and IFRS 7 amendment must be applied for financial years commencing on or after 1 January 2026, with early adoption available.

The group will apply the amendment from 1 July 2026. This is not expected to have a material financial impact.

NEW ACCOUNTING STANDARD - IFRS 18 *PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS*

IFRS 18 replaces IAS 1 Presentation of Financial Statements while carrying forward many of the requirements in IAS 1.

The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

IFRS 18 brings three categories of income and expenses, two income statement subtotals and one single note on management performance measures. These, combined with enhanced disaggregation guidance, set the stage for better and more consistent information for users – and will affect all companies.

The new IFRS 18 standard must be applied for financial years commencing on or after 1 January 2027 and applied retrospectively. The group will implement the new standard from 1 July 2027 and is yet to assess the possible impact on the consolidated position of performance of the group.

NEW ACCOUNTING STANDARD - IFRS 19 *SUBSIDIARIES WITHOUT PUBLIC ACCOUNTABILITY: DISCLOSURE*

The objective of the newly issued IFRS 19 in May 2024 is to specify the disclosure requirements an entity is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards

An entity electing to apply IFRS 19 applies the requirements in other IFRS Accounting Standards, except for the disclosure requirements. Instead of the disclosure requirements, the entity applies the requirements in IFRS 19.

The new IFRS 19 standard must be applied for financial years commencing on or after 1 January 2027. The group will implement the new standard from 1 July 2027 and is yet to assess the possible impact on the consolidated position of performance of the group.

Notes to the financial statements continued

for the year ended 30 June 2024

35. SEGMENT ANALYSIS

The segment information has been prepared in accordance with IFRS 8 Operating Segments which defines the requirements for the disclosure of the financial information of an entity's operating segments. The measurement policies the group uses for segment reporting under IFRS 8 are the same as those used in its financial statements.

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM has been identified as the group's CEO and executive committee. The CODM reviews the group's internal reporting by hotel brand in order to assess performance and allocate resources. Management has determined the operating segments based on the reports reviewed by the CODM which are used to make strategic decisions. The CODM assesses the performance of the operating segments based on revenue, EBITDAR (Earnings before interest, income tax, depreciation, amortisation, rent and exceptional items), and Adjusted EBITDAR (EBITDAR excluding unrealised foreign exchange gains or losses). The measure also excludes all headline earning adjustments and impairments. Finance income and finance costs are not included in the results for each operating segment, as the cash and debt position is managed at a group level.

The CODM considers the business from both a hotel brand and geographical basis. The following are the six reportable segments identified and monitored by the CODM:

- Courtyard Hotels is the group's luxury brand comprising five hotels;
- City Lodge Hotels is the group's upper mid-scale brand comprising of 19 hotels;
- Town Lodge is the group's mid-scale brand comprising of 12 hotels;
- Road Lodge is the group's economy brand comprising of 23 hotels;
- Rest of Africa consists of the group's non-South African hotels division which owns, operates and manages hotels in Botswana, Mozambique and Namibia; and
- Central Office consists of the group's management division which manages all the hotels.

2024				Material expenses included in EBITDAR			
R000	Revenue[1]	EBITDAR[2]	Adjusted EBITDAR	Salaries and wages	Property costs	Food and beverage costs	Rooms related costs
South Africa	**1 842 610**	**706 235**	**706 235**	**(453 117)**	**(159 820)**	**(139 500)**	**(216 762)**
Courtyard Hotel	**168 581**	**50 469**	**50 469**	**(46 484)**	**(16 882)**	**(16 562)**	**(18 837)**
City Lodge Hotel	**996 031**	**433 337**	**433 337**	**(227 310)**	**(73 942)**	**(71 390)**	**(118 322)**
Town Lodge	**295 719**	**87 356**	**87 356**	**(83 312)**	**(28 899)**	**(26 589)**	**(38 374)**
Road Lodge	**382 279**	**135 073**	**135 073**	**(96 011)**	**(40 097)**	**(24 959)**	**(41 229)**
Rest of Africa[3]	**87 928**	**12 576**	**24 219**	**(23 394)**	**(4 999)**	**(6 681)**	**(9 486)**
Central Office	**–**	**(144 374)**	**(144 266)**	**(76 779)**	**(482)**	**–**	**–**
	1 930 538	**574 437**	**586 188**	**(553 290)**	**(165 301)**	**(146 181)**	**(226 248)**
Margin		**29.8 %**	**30.4 %**				
2023							
South Africa	1 643 850	621 345	621 345	(401 351)	(166 109)	(119 648)	(181 192)
Courtyard Hotel	133 091	33 974	33 974	(39 551)	(15 559)	(13 747)	(14 197)
City Lodge Hotel	914 386	394 158	394 158	(203 635)	(80 687)	(64 429)	(103 994)
Town Lodge	264 961	79 390	79 390	(74 190)	(27 567)	(22 640)	(32 860)
Road Lodge	331 412	113 823	113 823	(83 975)	(42 296)	(18 832)	(30 141)
Rest of Africa[3]	70 879	55 671	15 226	(20 182)	(4 468)	(5 150)	(8 392)
Central Office	–	(120 740)	(120 740)	(71 161)	(401)	–	–
	1 714 729	556 276	515 831	(492 694)	(170 978)	(124 798)	(189 584)
Margin		32.4 %	30.1 %				

[1] *All revenue and income from hotel operations are derived from external customers. No one customer contributes more than 10% to the group's total revenue.*
[2] *Refer to reconciliation of operation profit/loss to EBITDAR in note 18.*
[3] *Adjusted EBITDAR for Rest of Africa excludes unrealised foreign currency loss of R11.8 million (2023: unrealised foreign currency gain of R40.4 million).*

Geographical information

	South Africa		Rest of Africa		Total	
R000	**2024**	2023	**2024**	2023	**2024**	2023
Property, plant and equipment	**1 397 104**	1 301 968	**365 504**	385 861	**1 762 608**	1 687 829
Right-of-use assets	**844 750**	926 347	**72 664**	84 505	**917 414**	1 010 852

Shareholders’ analysis

as at 30 June 2024

SHAREHOLDER SPREAD

Beneficial shareholders with holdings exceeding 3%	2024 Number of shares owned	2024 % of issued shares
Enderle SA	**54 358 553**	**9.09**
Entertainment Holdings	**50 001 729**	**8.36**
Allan Gray	**48 853 873**	**8.17**
H4 Collective Investments	**25 064 064**	**4.19**
Bryte Insurance Company	**22 593 390**	**3.78**
Government Employees Pension Fund	**20 751 118**	**3.47**
Tsogo Sun Investments	**17 993 661**	**3.01**
Total	**239 616 388**	**40.07**

Beneficial shareholders with holdings exceeding 3%[1]	2023 Number of shares owned	2023 % of issued shares
Enderle SA	54 358 553	8.91
Entertainment Holdings	50 001 729	8.20
Allan Gray	48 389 794	7.93
Government Employees Pension Fund	27 486 721	4.51
Bryte Insurance Company	22 593 390	3.70
Ninety One	20 866 806	3.42
Total	223 696 993	36.67

Fund managers with a holding greater than 3% of the issued shares	2024 Number of shares	2024 % of issued capital
Allan Gray	**84 538 293**	**14.13**
Peregrine Capital	**27 377 415**	**4.58**
Total	**111 915 708**	**18.71**

Fund managers with a holding greater than 3% of the issued shares[1]	2023 Number of shares	2023 % of issued capital
Allan Gray	83 762 179	13.73
Ninety One	30 152 262	4.94
Total	113 914 441	18.67

[1] *Comparable information for 2023, in the Beneficial Shareholder holding and Fund manager holding tables have been updated to reflect shareholding greater than 3%, compared to greater than 2% reported in the prior year.*

Shareholders' analysis continued

as at 30 June 2024

Shareholder spread	2024 Number of holders	% of total shareholders	Number of shares	% of issued capital
1 - 1 000 shares	**7 789**	**51.89**	**2 262 595**	**0.38**
1 001 - 10 000 shares	**4 649**	**30.97**	**18 920 887**	**3.16**
10 001 - 100 000 shares	**2 150**	**14.32**	**63 724 632**	**10.65**
100 001 - 1 000 000 shares	**347**	**2.31**	**98 539 378**	**16.47**
1 000 001 shares and above	**77**	**0.51**	**414 699 340**	**69.34**
Total	**15 012**	**100.00**	**598 146 832**	**100.00**

Shareholder spread	2023 Number of holders	% of total shareholders	Number of shares	% of issued capital
1 - 1 000 shares	27 833	77.15	3 031 531	0.50
1 001 - 10 000 shares	5 384	14.92	21 100 977	3.46
10 001 - 100 000 shares	2 374	6.58	72 723 408	11.92
100 001 - 1 000 000 shares	403	1.12	109 270 511	17.92
1 000 001 shares and above	83	0.23	403 733 075	66.20
Total	36 077	100.00	609 859 502	100.00

PUBLIC AND NON-PUBLIC SHAREHOLDINGS

Shareholder spread	2024 Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders*	**80**	**0.53**	**64 804 482**	**10.83**
- Directors	**7**	**0.05**	**5 114 043**	**0.85**
- Other[1]	**73**	**0.49**	**59 690 439**	**9.98**
Public shareholders	**14 932**	**99.47**	**533 342 350**	**89.17**
Total	**15 012**	**100.00**	**598 146 832**	**100.00**

Shareholder spread	2023 Number of holders	% of total shareholders	Number of shares	% of issued capital
Non-public shareholders*	16	0.04	63 289 986	10.39
- Directors	4	0.01	3 695 144	0.61
- Other	12	0.03	59 594 842	9.79
Public shareholders	36 061	99.96	545 569 516	89.61
Total	36 077	100.00	608 859 502	100.00

* *Non-public, as defined in terms of the JSE Listings Requirements.*

1 *Due to a delay in the transfer of CSP and RSP participant shares from the respective City Lodge holding account to the participants' restricted accounts held with the company's appointed broker. This is reflected in the number of associates recorded within 'Other'. The transfer to the participants holding accounts was largely completed in July 2024.*

GEOGRAPHIC SPLIT OF BENEFICIAL SHAREHOLDERS

Region	2024 Total shareholding	2024 % of issued capital
South Africa	**575 332 585**	**96.19**
Rest of world	**12 628 844**	**2.11**
United States of America	**5 576 522**	**0.93**
Namibia	**2 807 859**	**0.47**
United Kingdom	**1 801 022**	**0.30**
Total	**598 146 832**	**100.00**

Region	2023 Total shareholding	2023 % of issued capital
South Africa	587 811 976	96.38
United States of America	5 600 355	0.92
United Kingdom	3 693 343	0.61
Namibia	3 658 588	0.60
Rest of world	9 095 240	1.49
Total	609 859 502	100.00

Administration

CITY LODGE HOTELS LIMITED

Incorporated in the Republic of South Africa
Registration number: 1986/002864/06
Share code: CLH
ISIN: ZAE000117792

DIRECTORS

B T Ngcuka (Chairman), A C Widegger (Chief executive officer)*,
S J Enderle#, G G Huysamer, F W J Kilbourn (Deputy chairman), A R Lapping,
M S P Marutlulle, N Medupe, M G Mokoka, D Nathoo (Chief financial officer)*, L G Siddo (Chief operating officer)*
**Executive # 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

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Certificate Of Completion

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Certificate Pages: 1	Initials: 0	Jared Govindu
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Alinah Motaung alinah.motaung@pwc.com Partner PwC South Africa Security Level: Email, Account Authentication (None)	PricewaterhouseCoopers Inc. Signature Adoption: Uploaded Signature Image Using IP Address: 196.34.129.233	Sent: 9/6/2024 1:34:57 PM Viewed: 9/6/2024 2:10:39 PM Signed: 9/6/2024 2:22:36 PM

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Intermediary Delivery Events	Status	Timestamp

Certified Delivery Events	Status	Timestamp

Carbon Copy Events	Status	Timestamp

Witness Events	Signature	Timestamp

Notary Events	Signature	Timestamp

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	9/6/2024 1:34:58 PM
Certified Delivered	Security Checked	9/6/2024 2:10:39 PM
Signing Complete	Security Checked	9/6/2024 2:22:36 PM
Completed	Security Checked	9/6/2024 2:22:36 PM

Payment Events	Status	Timestamps