

City Lodge Hotels Limited  
(Incorporated in the Republic of South Africa)  
(Registration. No. 1986/002864/06)  
ISIN Code: ZAE000117792  
Share Code: CLH  
"City Lodge" or the "Company"

## **PROPOSED ODD-LOT OFFER AND DISTRIBUTION OF CIRCULAR, AMENDMENTS TO THE MOI, AVAILABILITY OF IAR AND NOTICE OF AGM**

### **1. Introduction and rationale for the Odd-lot Offer**

As at 16 October 2023, there were a total of 20 947 ordinary shareholders ("Odd-lot Holders") on the share register of City Lodge ("Register") that held less than 100 City Lodge ordinary shares ("Shares") comprising 58.22% of the total number of ordinary shareholders ("Shareholders") in the Company.

Conversely, the total number of Shares held by the Odd-lot Holders comprise 336 044 ("Odd-lot Holdings") representing only 0.06% of the total issued Shares, resulting in the recurring administrative costs associated with managing the Odd-lot Holdings being disproportionately large relative to the small percentage of the total Shares in issue, which negatively affects all Shareholders.

Accordingly, the City Lodge board of directors (the "Board") has proposed the repurchase of the Odd-lot Holdings of Odd-lot Holders (the "Odd-lot Offer") to facilitate the reduction in Shareholders in an equitable manner.

The Odd-lot Offer provides Odd-lot Holders with both an opportunity to realise the value of their investment without incurring transaction costs, which might otherwise make it impractical to sell their Odd-lot Holdings; and a liquidity event for those Odd-lot Holders who elect not to retain their Odd-lot Holdings or who make no election. From the Company's perspective, implementation of the Odd-lot Offer will enable the Company to reduce the costs and complexity of managing a large shareholder base and Register.

City Lodge has decided to proceed with the implementation of the Odd-lot Offer to repurchase the Odd-lot Holdings from the Odd-lot Holders, at a 5% premium to the 30-day volume weighted average price of a Share as at the close of business on Monday, 4 December 2023 ("Offer Price").

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

### **2. Distribution of circular**

In order to implement the Odd-lot Offer, approval will be sought from Shareholders to implement the Odd-lot Offer and effect certain amendments to the memorandum of incorporation ("MOI") ("MOI Amendments") at the Company's annual general meeting, to be held at 14:00 on Thursday, 23 November 2023 ("AGM"), of which further details are set out below.

A circular, containing details of the Odd-lot Offer and MOI Amendments and a Form of Election and Surrender for use by certificated Odd-lot Holders ("Circular"), has been distributed Shareholders today, and can be accessed on: <https://citylodgehotels.com/investors>.

In addition, copies of the Circular can be obtained from the registered offices of the Company, being The Lodge, Bryanston Gate Office Park, Corner Homestead Avenue and Main Road, Bryanston, Johannesburg, 2191 ("Registered Office") during normal business hours (09:00 to 17:00) from today until the AGM (both days inclusive).

### 3. Availability of integrated annual report and notice of AGM

Shareholders are advised that the Company's integrated annual report for the year ended 30 June 2023 ("IAR") and notice of AGM is available on the Company's website at <https://www.city-reports.co.za/reports/integrated-report-2023/pdf/full-iar.pdf>.

Shareholders are reminded that the consolidated annual financial statements for the year ended 30 June 2023 ("AFS"), were published on 11 September 2023 can be accessed on: <https://citylodgethotels.com/investors>.

The notice of AGM and AFS have also been distributed today, 26 October 2023, and notice is hereby given that the 37<sup>th</sup> annual general meeting of Shareholders will be held as a hybrid meeting at 14:00 on Thursday, 23 November 2023 at the Registered Office of the Company, to transact the business as stated in the notice of the AGM. Shareholders are referred to the notice of the AGM which contains full information on proxies, attending, participating in and voting at the AGM.

### 4. Key terms of Odd-lot Offer

Subject to the receipt of the requisite Shareholder approvals for the MOI Amendments and the Odd-lot Offer, the Odd-lot Offer will open and Odd-lot Holders must decide to either:

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

**Odd-lot Holders can elect to retain their Odd-lot Holdings or sell their Odd-lot Holdings at the Offer Price. Those Odd-lot Holders who do not make an election by 12:00 (SA time) on Friday, 15 December 2023 will automatically be regarded as having accepted the Odd-lot Offer and chosen to dispose of their Odd-lot Holdings.**

Odd-lot Holders will not bear any transaction costs in respect of the Odd-lot Offer. Securities transfer tax, if any, will be paid by the Company at a rate of 0.25% calculated on the taxable amount as determined in section 5(1)(a) of the Securities Transfer Tax Act, 2007 (Act No. 25 of 2007).

### 5. Tax considerations for the Odd-lot Offer

The Board has specifically resolved that the Odd-lot Offer will be distributed as a return of capital and will result in a reduction of 'contributed tax capital' as defined in section 1 of the South African Income Tax Act, (Act 58 of 1962), as amended.

The Offer Price will therefore not be regarded as a dividend for South African income tax purposes. Shareholders are advised to consult their own tax and/or other professional advisors regarding the taxation implications arising out of the acceptance of the Odd-lot Offer.

### 6. Salient dates and times

	2023
Record date to be entitled to receive the Circular and Notice of AGM	Friday, 20 October
Circular and Notice of AGM distributed to Shareholders and Odd-lot Offer announced on SENS on	Thursday, 26 October

Last day to trade to be entitled to vote and participate at the AGM	Tuesday, 14 November
Record date to be entitled to vote and participate at the AGM	Friday, 17 November
For administrative reasons, last day to lodge forms of proxy for the AGM by no later than 14:00	Tuesday, 21 November
AGM to be held at 14:00	Thursday, 23 November
Results of the AGM published on SENS	Friday, 24 November
If the resolutions relating to the Odd-lot Offer are passed, Odd-lot Offer opens at 09:00	Monday, 27 November
Finalisation announcement (including the Odd-lot Offer Price) in respect of Odd-lot Offer released on SENS by 11:00	Tuesday, 5 December
Last day to trade to participate in the Odd-lot Offer	Tuesday, 12 December
Shares commence trading ex Odd-lot Offer	Wednesday, 13 December
Forms of Election and Surrender to be received by the Transfer Secretaries by 12:00	Friday, 15 December
Odd-lot Offer closes at 12:00	Friday, 15 December
Odd-lot Offer record date	Friday, 15 December
Payment of Odd-lot Offer consideration to certificated Odd-lot Holders who have accepted the Odd-lot Offer or who have made no election	Monday, 18 December
Dematerialised Odd-lot Holders who have accepted the Odd-lot Offer or who have made no election will have their accounts at their CSDP or broker credited with the Odd-lot consideration	Monday, 18 December
Results of Odd-lot Offer released on SENS	Monday, 18 December
Cancellation and termination of Shares repurchased in terms of the Odd-lot Offer on	Tuesday, 19 December

Notes:

1. All dates and times indicated above are South African Standard Time.
2. The above dates and times are subject to amendment at the discretion of the Company. Any such amendment will be released on SENS.
3. If the AGM is adjourned or postponed, forms of proxy submitted for the initial AGM will remain valid in respect of any adjournment or postponement of the AGM, unless the contrary is stated on such form of proxy.
4. The directors, in their discretion, reserve the right to withdraw the Odd-lot Offer in respect of any Shareholder at any time prior to the publication of the finalisation announcement on SENS in respect of the Odd-lot Offer, anticipated to be on Tuesday, 5 December 2023.
5. Shareholders are reminded that Shares can only be traded in dematerialised form.
6. The Register will be closed between the last day to trade to be entitled to vote and participate at AGM and the AGM record date.

7. Shareholders are requested to deposit forms of proxy at the office of the transfer secretaries, Computershare, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or by post to Private Bag X9000, Saxonwold, 2132, South Africa (at own risk), or via email to [proxy@computershare.co.za](mailto:proxy@computershare.co.za), by no later than 14:00 on Tuesday, 21 November 2023, for administrative purposes. Any forms of proxy not delivered by this time may be forwarded to the transfer secretaries at any time prior to the commencement of voting on any resolutions proposed at the AGM.

Bryanston  
26 October 2023

**Investment Bank, Corporate Advisor and Sponsor**  
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