

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

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**ANNOUNCEMENT RELATING TO:**

- RESULTS OF THE GENERAL MEETING; AND
- RIGHTS OFFER DECLARATION ANNOUNCEMENT

**1. RESULTS OF THE GENERAL MEETING OF SHAREHOLDERS**

Reference is made to the circular distributed to shareholders of City Lodge ("**Shareholders**") on Monday, 22 June 2020 ("**the Circular**") and the Company's notice to convene the General Meeting held today, Tuesday, 21 July 2020 ("**the General Meeting**") at which Shareholders were requested to consider and if deemed fit, pass the ordinary and special resolutions set out in the notice of the General Meeting.

*Capitalised terms used in this announcement bear the same meaning as the capitalised and defined terms used in the Circular.*

The total number of shares voted in person or by proxy at the General Meeting including abstentions was 33,822,821, representing 77.62% of City Lodge's issued share capital as at Friday, 10 July 2020, being the Voting Record Date.

The voting results were as follows:

RESOLUTION	TOTAL SHARES VOTED				SHARES ABSTAINED
	FOR (%)	AGAINST (%)	NUMBER	%*	%*
<b>Special resolution number 1</b> Conversion of par value City Lodge Shares to no par value City Lodge Shares	81.74	18.26	33,673,533	77.28	0.03
<b>Special resolution number 2</b> Increase number of authorised City Lodge Shares	80.41	19.59	33,673,763	77.28	0.03
<b>Special resolution number 3</b> Amendments to Memorandum of Incorporation	81.47	18.53	33,671,522	77.27	0.04
<b>Special resolution number 4</b> Approval to issue 30% or more of the Company's issued City Lodge Shares	81.42	18.58	33,664,744	77.26	0.05
<b>Special resolution number 5</b> Financial assistance for the Collateral Deposit	77.77	22.23	29,191,900	66.99	10.32
<b>Ordinary resolution number 1</b> Placing City Lodge Shares under the control of the Directors for the specific purpose of the Rights Offer	81.25	18.75	33,322,968	76.47	0.84
<b>Ordinary resolution number 2</b> Rights Offer waiver	81.71	18.29	33,657,143	77.24	0.07
<b>Ordinary resolution number 3</b> General authority	81.75	18.25	33,671,292	77.27	0.04

\*Expressed as a percentage of 43 573 893 City Lodge Shares in issue as at the Voting Record Date

All the above resolutions were accordingly duly passed.

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## 2. RIGHTS OFFER DECLARATION

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### 2.1 Introduction

City Lodge shareholders are referred to the announcement released on the Stock Exchange News Service (“SENS”) on Monday, 22 June 2020 in which the Company announced its intention to undertake a renounceable rights offer to its shareholders to raise R1.2 billion. A condition precedent imposed by the Company to the rights offer requires that the special resolutions numbered 1, 2, 3 and 4 passed at the General Meeting be registered with the Companies and Intellectual Property Commission (“CIPC”). Confirmation of registration has not yet been received from CIPC and as such the timetable below facilitates the confirmation of registration.

### 2.2 Background and rationale

The COVID-19 pandemic has significantly impacted the global economy and strained the hospitality industry due to travel restrictions and containment and mitigation directives, resulting in closed businesses, guest cancellations and significantly reduced business and leisure travel around the world, including South Africa, the Group’s primary country of operation, and the other countries where the Group operates (Botswana, Kenya, Mozambique, Namibia and Tanzania). In South Africa, a national state of disaster was declared by the government on 15 March 2020 (the “**SoD Announcement**”), and on 23 March 2020, President Cyril Ramaphosa and Health Minister Zweli Mkhize announced strict lockdown protocols commencing 27 March 2020 to minimise the spread of the COVID-19 pandemic, including the closure of all shops and businesses (except for pharmacies, laboratories, banks, the JSE, supermarkets, petrol stations and healthcare providers). Similarly strict lockdown protocols were followed shortly thereafter in the other African countries where the Group operates.

On 23 April 2020, President Ramaphosa announced a phased reopening plan called the COVID-19 Risk Adjusted Strategy (the “**COVID-19 RAS**”). The phases included in the COVID-19 RAS range from Level 5, which is the strict lockdown protocol previously announced, to Level 1, which is expected to entail the removal of all COVID-19 protocols. Under current protocols, only in Level 1 is leisure travel permitted. On 30 May 2020, the Tourism Business Council of South Africa and the Federated Hospitality Association of South Africa announced that some of the industry lockdown restrictions in Level 3 would be relaxed to allow accommodation for people performing permitted services, prior to Level 1 of the COVID-19 RAS. Further amendments were made effective 25 June 2020, which included allowing hotels to open if they are providing accommodation for people travelling for the purpose of business permitted under Level 3, international tourists who remain in South Africa or are appointed as quarantine facilities.

As a result of the foregoing, for a period starting 27 March 2020, all of the Group’s 62 hotels (of which 55 are based in South Africa) were temporarily closed to the public in accordance with government protocols in South Africa and the other countries in which the Group operates, though four hotels in South Africa remained open on a limited basis to provide support to government authorities and essential and critical business continuity services, and to provide other enabling services in the form of either quarantine facilities or staff accommodation, as well as to provide accommodation to international tourists unable to return to their home countries. On 6 April and 12 April 2020, an additional one and two hotels, respectively, re-opened in South Africa on a similarly limited basis, with additional hotels re-opening as permissible. Re-opened hotels have been operating at low levels of occupancy as well as reduced “Stay Safe” room rates. As at the Last Practicable Date, 30 of the Group’s hotels (26 South Africa and 4 non-South African) have remained open on such a limited basis with limited occupancy, whilst all remaining hotels in South Africa, as well as all Group hotels outside of South Africa, have remained closed.

Accordingly, despite the Group having implemented various liquidity and capital preservation measures, the restricted operational and economic environment arising from the COVID-19 pandemic has had an adverse impact on the Group’s revenue and results of operations towards the end of the nine months ended 31 March 2020, and increasingly so for the year ended 30 June 2020.

As part of its liquidity and capital preservation measures, the Company is seeking to raise R1.2 billion in gross proceeds through a fully underwritten renounceable rights offer ("**the Rights Offer**"). The Board believes that the Group operates a highly cash generative business with a solid asset base, and that the Rights Offer will serve to support the Group's long-term viability and continued growth during the uncertainty arising from the COVID-19 pandemic. Importantly, the Group has generated profit in each reported period and year in its entire 35-year history, and has historically funded its investment in both the development of new hotels and the refurbishment and maintenance of existing hotels, together with consistent and strong dividend payments to Shareholders, primarily with existing cash and cash generated from operations.

The Rights Offer is the Group's first equity capital raise since its listing on the JSE in 1992.

The net proceeds of the Rights Offer will be used to: (i) repay a substantial portion of the Group's outstanding indebtedness under its secured facilities; (ii) retain on deposit an amount equal to the Company's guarantee of BEE interest-bearing borrowings and the BEE Preference shares and accrued dividends liability to the settlement date, which amount will be set aside and available for either the settlement (on or before 31 January 2021, being the settlement date of the BEE Funding) of the BEE Funding guaranteed by City Lodge, or for the exercise of the BEE Unwind Option, at the election of the Company; and (iii) improve liquidity.

If the Rights Offer is not successfully completed, the Group may not have sufficient funds to meet the Group's obligations under its secured facilities, working capital facility, BEE Funding and other payment obligations as they fall due. The Board believes that a successful Rights Offer will ensure that the Group is well-positioned from a working capital perspective to fund its cash flow shortfall and maintain a sustainable residual level of debt in light of the impact of the COVID-19 pandemic and consequent lockdown measures, and create debt capacity and a flexible capital structure to position the Group for future growth.

Salient features in relation to the Rights Offer is set out below. Full terms will be set out in the Rights Offer circular ("**Rights Offer Circular**") which is expected to be made available on the Company's website [www.clhg.com](http://www.clhg.com) on or about 3 August 2020.

## 2.3 Terms of the Rights Offer

City Lodge is targeting gross proceeds of R1.2 billion through an offer of renounceable rights to subscribe for new City Lodge ordinary shares ("**Rights Offer Shares**") to City Lodge Shareholders as recorded in the register on the record date for the Rights Offer, which date is expected to be Friday, 7 August 2020, but excluding City Lodge shareholders resident or located in certain restricted jurisdictions to be set out in the Rights Offer Circular ("**Qualifying Shareholders**"). The final terms of the Rights Offer, including the Rights Offer price and ratio of entitlement, will be announced on SENS by City Lodge on the finalisation date, expected to be on or about Thursday, 30 July 2020.

Application will be made to the JSE for the listing of:

- the letters of allocation in respect of all the Rights Offer Shares with effect from the commencement of trade (SAST) which is expected to be on Friday, 5 August 2020 to the close of trade (SAST) on Tuesday, 18 August 2020, both days inclusive; and
- the Rights Offer Shares from commencement of trade (SAST) which is expected to be on Monday, 24 August 2020.

The Rights Offer Shares will, upon issue, rank *pari passu* with all other shares of the same class.

## 2.4 Excess applications

All Rights Offer Shares not taken up pursuant to the terms of the Rights Offer will be available for allocation to Qualifying Shareholders who wish to apply for a greater number of Rights Offer Shares than those offered to them in terms of the Rights Offer. Accordingly, Qualifying Shareholders may also apply for additional Rights Offer Shares in excess of the Rights Offer Shares allocated to that Qualifying Shareholder in terms of the Rights Offer on the same terms and conditions as those applicable to the Rights. The right to apply for additional Rights Offer Shares is transferable on renunciation.

## 2.5 Entitlement

The allocation of Rights Offer Shares will be such that shareholders will not be allocated a fraction of a Rights Offer Share and only whole numbers of Rights Offer Shares will be issued. Any entitlement to receive a fraction of a Rights Offer Share will be:

- rounded down to the nearest whole number if less than half a Rights Offer Share; and
- rounded up to the nearest whole number if more than or equal to half of a Rights Offer Share.

## 2.6 Underwriting

It is intended that the Rights Offer Shares will be underwritten by The Standard Bank of South Africa Limited, subject to customary terms and conditions.

## 2.7 Conditions precedent

The implementation of the Rights Offer remains subject to:

- the registration by CIPC of the special resolutions referred to in paragraph 2.1 above; and
- the JSE granting a listing of the letters of allocation and the Rights Offer Shares on the securities exchange of the JSE in respect of the Rights Offer.

## 2.8 Foreign shareholders

Foreign shareholders may be affected by the Rights Offer, having regard to prevailing laws in their relevant jurisdictions. Such foreign shareholders should inform themselves with regard to and observe any applicable legal requirements of such jurisdiction in relation to all aspects of this announcement that may affect them, including the Rights Offer. It is the responsibility of each foreign shareholder to satisfy himself as to the full observation of the laws and regulatory requirements of the relevant foreign jurisdiction in connection with the Rights Offer, including obtaining any governmental, exchange or other consents or the making of any filing which may be required, the compliance with any other necessary formalities and the payment of any issue, transfer or other taxes or other requisite payments due in such jurisdictions. The Rights Offer is governed by the laws of South Africa and is subject to applicable laws and regulations, including Exchange Control regulations. Nothing in this declaration announcement or the Rights Offer Circular referred to herein constitutes an offer of securities for sale in any jurisdiction where it is unlawful to do so.

## 2.9 Salient dates and times

The proposed salient dates and times in relation to the Rights Offer will be as follows:

	2020
Declaration announcement released on SENS on	Tuesday, 21 July
Finalisation announcement released by 11:00 (SAST) on SENS on or about	Thursday, 30 July
Circular made available on the Company's website on or about	Monday, 3 August
Last day to trade in City Lodge Ordinary Shares on the JSE in order to participate in the Rights Offer (cum rights) on	Tuesday, 4 August
City Lodge Ordinary Shares commence trading on the JSE ex-rights at 09:00 (SAST) on	Wednesday, 5 August
Listing of and trading in the Letters of Allocation on the exchange operated by the JSE commences under share code CLHN and ISIN ZAE000288429 at 09:00 (SAST) on	Wednesday, 5 August
Circular and Form of Instruction distributed to qualifying Certificated Shareholders on or about	Thursday, 6 August
Record Date for the Rights Offer at close of business on	Friday, 7 August
<b>Rights Offer opens at 09:00 (SAST) on</b>	Tuesday, 11 August
Letters of Allocation credited to an electronic account held at the transfer secretaries in respect of qualifying Certificated Shareholders on	Tuesday, 11 August
Letters of Allocation credited to CSDP or Broker accounts in respect of qualifying Dematerialised Shareholders on	Tuesday, 11 August
Circular distributed to qualifying Dematerialised Shareholders	Tuesday, 11 August
Last day to lodge Form of Instruction with the transfer secretaries in respect of qualifying Certificated Shareholders (or their renouncees) wishing to sell all or some of their Letters of Allocation by 12:00 (SAST) on	Tuesday, 18 August
Last day for trading Letters of Allocation on the exchanges operated by the JSE in order to participate in the Rights Offer	Tuesday, 18 August
Listing of Rights Offer Shares and trading therein on the exchanges operated by the JSE commences at 09:00 (SAST) on	Wednesday, 19 August

Payment to be made and Form of Instruction to be lodged with the transfer secretaries by qualifying Certificated Shareholders wishing to renounce or subscribe for all or part of their entitlement by 12:00 (SAST) on	Friday, 21 August
<b>Rights Offer closes at 12:00 (SAST) on</b>	Friday, 21 August
Record Date for the Letters of Allocation	Friday, 21 August
Rights Offer Shares issued on or about	Monday, 24 August
CSDP or Broker accounts of qualifying Dematerialised Shareholders (or their renounees or purchasers of their Letters of Allocation or purchasers of qualifying Certificated Shareholders' Letters of Allocation) debited with Rights Offer price and credited/updated with Rights Offer Shares at 09:00 (SAST) on	Monday, 24 August
Share certificates posted to qualifying Certificated Shareholders (or their renounees or purchasers of their Letters of Allocation) by registered post on or about	Monday, 24 August
Results of the Rights Offer and basis of allocation of excess Rights Offer Shares announced on SENS on or about	Monday, 24 August
Rights Offer Shares in respect of successful excess applications, if applicable, issued to qualifying Dematerialised Shareholders on	Wednesday, 26 August
In respect of successful excess applications, if applicable, CSDP or Broker accounts of qualifying Dematerialised Shareholders debited with Rights Offer Price and credited/updated with Rights Offer Shares	Wednesday, 26 August
In respect of successful excess applications, if applicable, share certificates posted to qualifying Certificated Shareholders by registered post on or about	Wednesday, 26 August
In respect of unsuccessful excess applications, if applicable, refunds made to qualifying Certificated Shareholders on or about	Wednesday, 26 August

**Notes:**

- (1) Share certificates in respect of City Lodge Ordinary Shares may not be dematerialised or rematerialised in the case of City Lodge Ordinary Shares listed on the JSE, between Wednesday, 5 August 2020 and Friday, 7 August 2020, both days inclusive.
- (2) CSDPs effect payment on a delivery versus payment basis in respect of Dematerialised Shares.
- (3) Qualifying Dematerialised Shareholders are required to inform their CSDP or Brokers of their instructions in terms of the Rights Offer in the manner and time stipulated in the custody agreement governing the relationship between the qualifying Dematerialised Shareholder and their CSDP or Broker. Qualifying Dematerialised Shareholders are advised to contact their CSDP or Broker as early as possible to establish what the cut-off dates and times are for acceptance of the Rights Offer, as set out in the custody agreement, as this may be earlier than the proposed closing time of the Rights Offer.

Shareholders are advised that the dates and times in respect of the Rights Offer may change. Any changes to the dates and times will be announced on SENS.

The Board of Directors of the Company accepts responsibility for the information contained in this announcement and certifies that, to the best of their knowledge and belief, the information contained in this announcement is true and nothing has been omitted which is likely to affect the importance of the information.

Johannesburg  
21 July 2020

**Financial Advisor, Underwriter, Bookrunner  
and JSE Transaction Sponsor to City Lodge**

The Standard Bank of South Africa Limited

**Legal Adviser to Standard Bank  
as to South African law**

Allen & Overy (South Africa) LLP

**Legal Adviser to City Lodge  
as to South African law**

Edward Nathan Sonnenbergs Inc.

**Legal Adviser to City Lodge  
as to US and English law**

Shearman & Sterling (London) LLP

**Legal Adviser to Standard Bank  
as to US and English law**

Allen & Overy LLP

**Transfer Secretaries of City Lodge**

Computershare Investor Services Proprietary Limited

**Independent Reporting Accountants and  
Auditors**

KPMG Inc.

**Independent Corporate Adviser to the Independent  
Board of City Lodge**

Questco Proprietary Limited

## **IMPORTANT NOTICE**

The Rights Offer is being made in accordance with the South African Companies Act No. 71 of 2008, as amended (the "**Companies Act**") and is only addressed to persons to whom it may lawfully be made. By subscribing for any Rights Offer Shares or purchasing any Letters of Allocation, you will be deemed to have represented and agreed that: (i) you are not (and any person for whom you are acting is not) a Restricted Shareholder or otherwise (a) a resident in any jurisdiction in which such offer would be unlawful or (b) a person to whom the Rights Offer may not lawfully be made; and (ii) you have received all necessary information required to make an informed investment decision.

This Announcement is not an offer of new City Lodge Ordinary Shares, or an invitation to exercise any of the Rights pursuant to the Letters of Allocation, in any jurisdiction in which such offer would be unlawful. In a number of countries, in particular in the United States and the Restricted Territories, the distribution of this Announcement, the exercise of Rights pursuant to the Letters of Allocation, the offer of the Rights Offer Shares, as well as the sale of the Rights Offer Shares, are subject to restrictions imposed by law (such as registration, admission or other regulations). No action has been or will be taken by City Lodge or by the Underwriter to permit the possession or distribution of this Announcement (or any Letter of Allocation) in any jurisdiction where such distribution may otherwise lead to a breach of any law or regulatory requirement. The Rights Offer Shares have not been and will not be registered under the US Securities Act, or under any securities laws of any state or other jurisdiction of the United States.

Accordingly, neither this Announcement nor any advertisement nor any other offering material may be distributed or published in any jurisdiction except under circumstances that will be in compliance with applicable laws and regulations. Persons into whose possession this Announcement may come are required to inform themselves about and comply with such restrictions, in particular not to publish or distribute this Announcement in violation of applicable securities regulations. Any failure to comply with such restrictions may result in a violation of applicable securities regulations. This Announcement does not constitute an offer to sell the Letters of Allocation or the Rights Offer Shares to any person in any jurisdiction in which it is unlawful to make such offer to such person, or a solicitation of an offer to buy the Letters of Allocation or the Rights Offer Shares from a person in a jurisdiction in which it is unlawful to make such solicitation.

No person is or has been authorised to give information or to make any representation regarding this Rights Offer other than those contained in this Announcement and, if given or made, such information or representations shall not be relied upon as having been so authorised. In particular, save as expressly stated elsewhere in this Announcement, the contents of City Lodge's website are not incorporated by reference into this Announcement and do not form a part of this Announcement, and investors should not rely on them. No representation or warranty, express or implied, is made by the Underwriter as to or in respect of the contents of this Announcement, or in relation to the accuracy, completeness or verification of the information contained in this Announcement, and nothing contained in this Announcement is, or shall be relied upon as, a promise or representation by the Underwriter in this respect, whether as to the past or the future. The Underwriter assumes no responsibility for the accuracy, completeness or verification of the information contained in this Announcement and, accordingly, disclaims to the fullest extent permitted by applicable law any and all liability whether arising in tort (delict), contract or otherwise which they might otherwise be found to have in respect of this Announcement or any such statement. Information given or representations made in connection with this Rights Offer or the subscription or the sale of the Letters of Allocation or the Rights Offer Shares that are inconsistent with those contained in this Announcement are invalid.

Investors acknowledge that: (i) they have not relied on the Underwriter or any person affiliated with the Underwriter in connection with any investigation of the accuracy of any information contained in this Announcement or their investment decision; and (ii) they have relied only on the information contained in this Announcement, and that no person has been authorised to give any information or to make any representation concerning the Group, the Letters of Allocation or the Rights Offer Shares (other than as contained in this Announcement) and, if given or made, any such other information or representation should not be relied upon as having been authorised by City Lodge or the Underwriter.

The distribution of this Announcement does not mean that the data contained herein is current as of any time after the date of this Announcement. In particular, neither the delivery of this Announcement nor the offer, sale or delivery of the Letters of Allocation or the Rights Offer Shares means that no changes have occurred or no events have happened after the date of this Announcement which may or could result in an adverse effect on the Group's business, financial condition or results of operations and prospects.

Nothing contained in this Announcement is intended to constitute investment, legal, tax, accounting or other professional advice. This Announcement is for your information and nothing in this Announcement is intended to endorse or recommend a particular course of action. In making an investment decision, each investor must rely on its own examination, analysis and enquiry of the Group and the terms of the Rights Offer, including the merits and risks involved. Neither City Lodge, nor the Underwriter, nor any of their respective representatives or affiliates, is making any representation to any offeree, subscriber or purchaser of the Letters of Allocation or the Rights Offer Shares regarding the legality of acquiring the Letters of Allocation or subscribing for the Rights Offer Shares by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser. Each investor



should consult its own advisers before acquiring the Letters of Allocation or subscribing for the Rights Offer Shares. Investors are required to make an independent assessment of the legal, tax, business, financial and other consequences of acquiring the Letters of Allocation or the Rights or subscribing for the Rights Offer Shares. They are also required to make their independent assessment of the risks involved in acquiring the Letters of Allocation or the Rights or subscribing for the Rights Offer Shares.

This announcement includes certain forward-looking statements, beliefs or opinions, including statements with respect to City Lodge's business, financial condition, results of operations and prospects. Forward-looking statements are typically identified by the use of forward looking terminology such as "believes", "expects", "may", "will", "could", "should", "intends", "estimates", "plans", "assumes", "anticipates", "annualized", "goal", "target" or "aim" or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy that involve risk and uncertainties. These statements reflect the directors' beliefs and expectations and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. No representation is made that any of these statements or forecasts will come to pass or that any forecast results will be achieved. There are a number of risks, uncertainties and factors that could cause actual results and developments to differ materially from those expressed or implied by these statements and forecasts. Past performance cannot be relied on as a guide to future performance. Forward-looking statements speak only as at the date of this announcement, and City Lodge expressly disclaims any obligations or undertaking to release any update of, or revisions to, any forward-looking statements in this announcement. No statement in this announcement is intended to be a profit forecast. As a result, you are cautioned not to place any undue reliance on such forward-looking statements.