

NOTICE OF ANNUAL GENERAL MEETING

CITY LODGE HOTELS LIMITED

Registration number: 1986/002864/06

Share code: CLH ISIN: ZAE000117792

("the company")

Notice is hereby given to shareholders recorded in the company's securities register on 5 October 2018, that the thirty-second annual general meeting of shareholders of City Lodge Hotels Limited will be held at The Lodge, Bryanston Gate Office Park, corner Homestead Avenue and Main Road, Bryanston on Thursday, 8 November 2018 at 14:00 for purposes of dealing with the following business and considering and, if deemed fit, passing with or without modification, the resolutions set out hereunder.

Meeting participants (including shareholders and proxies) are, in accordance with the provisions of section 63(1) of the Companies Act, 71 of 2008 ("the Act") required to provide reasonably satisfactory identification before being entitled to attend or participate in the shareholders' meeting.

Acceptable forms of identification include valid identity documents issued by the Department of Home Affairs, driver's licences and passports.

IMPORTANT DATES AND TIMES

Record date for attending and voting at the meeting ("meeting record date"), Friday, 2 November 2018.

Last date for lodging forms of proxy with transfer secretary, Tuesday, 6 November 2018 (refer note 4 on page 20).

AGM to be held at 14:00 on Thursday, 8 November 2018.

Announce results of AGM on SENS on Friday, 9 November 2018.

AS ORDINARY BUSINESS

1. To present the consolidated audited annual financial statements for the year ended 30 June 2018 (as set out on pages 114 to 165 of the Integrated Report), together with the directors' and external auditors' reports and the reports of the audit committee and social and ethics committee, as distributed.

2. Ordinary resolution number 1: Re-election of retiring directors

To elect, by way of a series of votes, the following directors who retire in accordance with the provisions of the Act, and the company's MoI, and who, being eligible and available, offer themselves for re-appointment or re-election, as may be applicable:

Ordinary resolution number 1.1 "RESOLVED THAT Mr A W Dooley, who was first appointed to the board on 1 July 2018, be and is hereby re-appointed as a director of the company".

Ordinary resolution number 1.2 "RESOLVED THAT Mrs L G Siddo, who was first appointed to the board on 1 July 2018, be and is hereby re-appointed as a director of the company".

Ordinary resolution number 1.3 "RESOLVED THAT Ms N Medupe be and is hereby re-elected as a director of the company".

Ordinary resolution number 1.4 "RESOLVED THAT Mr S G Morris be and is hereby re-elected as a director of the company".

Ordinary resolution number 1.5 "RESOLVED THAT Mr B T Ngcuka be and is hereby re-elected as a director of the company".

Brief biographies in respect of each retiring director appear on pages 36 and 37 of the Integrated Report.

The board has reviewed the performance and contribution of each of the directors offering themselves for re-election and recommends that these directors be re-elected. Notwithstanding the foregoing and in line with governance best practice, the continued independence of those non-executive directors who have served for longer than nine years is evaluated annually. Such evaluations take into account factors that may impair independence. Following a rigorous review, the board is satisfied that there are no relationships or circumstances likely to affect, or which affect, the judgement of Ms Medupe and Mr Morris.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

3. Ordinary resolution number 2: Re-appointment of external auditor

Upon the recommendation of the audit committee to re-appoint KPMG Inc. as the independent auditor of the company for the ensuing year to hold office until the next annual general meeting, with Mr Dwight Thompson as the designated partner and to authorise the audit committee to determine the auditor's terms of engagement and remuneration.

"RESOLVED THAT KPMG Inc. be and is hereby re-appointed as the auditor of the company for the ensuing year, with Mr Dwight Thompson as the designated partner and that the audit committee be and is hereby authorised to determine the auditor's terms of engagement and remuneration."

Having revisited the decision taken in 2017 to retain the services of KPMG Inc. and recommend its re-election as external auditor, and on the basis that there have been no adverse findings in relation to the IRBA and SAICA investigations, there is nothing which merits a change of position in terms of the earlier decision of the board to retain KPMG Inc. as the company's external auditor.

4. Ordinary resolution number 3: Appointment of group audit committee members

To elect, by way of a series of votes, and subject, where necessary, to their re-election as directors of the company in terms of ordinary resolution 1, the following independent non-executive directors as members of the audit committee to hold office until the next annual general meeting:

Ordinary resolution number 3.1 "RESOLVED THAT Mr S G Morris be and is hereby elected as a member and the chairman of the audit committee".

Ordinary resolution number 3.2 "RESOLVED THAT Mr G G Huysamer be and is hereby elected as a member of the audit committee".

Ordinary resolution number 3.3 "RESOLVED THAT Mr F W J Kilbourn be and is hereby elected as a member of the audit committee".

Ordinary resolution number 3.4 "RESOLVED THAT Ms N Medupe be and is hereby elected as a member of the audit committee".

As special business, to consider and, if deemed fit, to pass, with or without modification, the following resolutions:

5. Ordinary resolution number 4: Signature of documents

"RESOLVED THAT any one director and/or the group company secretary be and is hereby authorised to do all such things and sign all such documents and take all such action as they consider necessary to implement all the resolutions set out in this notice convening this annual general meeting at which this ordinary resolution will be considered."

6. Advisory vote: Remuneration policy and implementation report

6.1 To endorse, by way of a non-binding advisory vote, the company's remuneration policy as set out on pages 83 to 91 of the Integrated Report.

6.2 To endorse, by way of a non-binding advisory vote, the company's remuneration implementation report as set out on pages 92 to 110 of the Integrated Report.

In terms of King IV, an advisory vote on the company's remuneration policy and the implementation thereof should be obtained from shareholders. The vote allows shareholders to express their views on the remuneration policies adopted and the implementation thereof. In the event that the policy is voted against by 25% or more of the voting rights exercised, the company undertakes to engage with shareholders in order to determine how to address their legitimate and reasonable concerns.

7. Special resolution number 1: Approval of non-executive directors' remuneration

"RESOLVED THAT the remuneration payable to non-executive directors be approved as follows:

1 July 2018 to 30 June 2019 (R)	Annual fee payable with effect from 1 July 2018	Hourly rate payable with effect from 1 July 2018
Chairman of the board	999 915	
Services as lead independent director	322 823	
Services as a director	247 170	
Chairman of the audit committee	173 250	
– Other audit committee members	79 695	
Chairman of the remuneration committee	152 933	
– Other remuneration committee members	69 090	
Chairman of the risk committee	118 545	
– Other risk committee members	54 075	
Chairman of the social and ethics committee	78 225	
<i>Ad hoc</i> /temporary committee		2 000 capped at 40 000"

The reason for and effect of the proposed resolution is to ensure that the level of fees paid to non-executive directors remains market related for purposes of attracting persons of sufficient calibre and skill, and accords with the greater accountability and risk attached to the position.

The reason for proposing an *ad hoc*/temporary committee fee over and above the remuneration ordinarily paid to the non-executive directors, is to set a fee for participating in an *ad hoc*/temporary committee should circumstances necessitate the formation of one to consider a specific issue falling outside the scope of existing committees.

The board, on the recommendation of the remuneration and nominations committee, which in turn considered executive management's recommendation in this regard has accepted the fees proposed in special resolution number 1 and recommends the same for approval by shareholders.

Refer to page 146 for full particulars on the remuneration paid to non-executive directors during the year under review and to the remuneration report on pages 82 to 110 of the Integrated Report for further detail on the company's remuneration practices.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

8. Special resolution number 2: Financial assistance

“RESOLVED THAT to the extent required by sections 44 and/or 45 of the Act, the board may, subject to compliance with the requirements of the company’s MoI, the Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance in such amounts and on such terms and conditions as the board may from time to time resolve, by way of loan, guarantee, the provision of security or otherwise, to:

- (i) any of its present or future subsidiaries and/or any other company or entity that is or becomes related or inter-related to the company, and/or any other person, for any purpose or in connection with any matter, including, but not limited to, the subscription of any option, or any securities issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company; and/or
- (ii) any of its present or future directors or prescribed officers (or any person related to any of them or to any company or corporation related or inter-related to any of them), or to any other person who is a participant in any of the company’s share or other employee incentive schemes, for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company, where such financial assistance is provided in terms of any such scheme that does not satisfy the requirements of section 97 of the Act.”

The reason for and the effect of special resolution number 2

Notwithstanding the title of section 45 of the Act, being “Loans or other financial assistance to directors”, on a proper interpretation, the body of the section also applies to financial assistance provided by a company to any related or inter-related company or corporation, a member of a related or inter-related corporation and to a person related to any such company, corporation or member.

Further, section 44 of the Act may also apply to the financial assistance so provided by a company to any related or inter-related company or corporation, a member of a related or inter-related corporation, or a person related to any such company, corporation or member, in the event that the financial assistance is provided for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company.

As part of the normal conduct of the business of the group, the company, where necessary, usually provides guarantees and other support undertakings to third parties which enter into financial agreements with its local and foreign subsidiaries and joint ventures or partnerships in which the company or members of the group have an interest. This is particularly so where funding is raised by the foreign subsidiaries of the company, whether by way of borrowings or the issue of bonds or otherwise, for the purposes of the conduct of their operations. In the circumstances and in order to, *inter alia*, ensure that the company and its subsidiaries and other related and inter-related companies and entities continue to have access to financing for purposes of refinancing existing facilities and funding their corporate and working capital requirements, it is necessary to obtain shareholder approval as set out in this special resolution number 2. The company would like the ability to continue to provide financial assistance, if necessary, also in other circumstances, in accordance with section 45 of the Act.

Furthermore, it may be necessary for the company to provide financial assistance to any of its present or future subsidiaries, and/or to any related or inter-related company or corporation, and/or to a member of a related or inter-related company, to subscribe for options or securities of the company or another company related or inter-related to it.

Both sections 44 and 45 of the Act provide, *inter alia*, that the particular financial assistance must be provided only pursuant to a special resolution of shareholders, adopted within the previous two (2) years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the board is satisfied that:

- (i) immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test (as contemplated in the Act); and
- (ii) the terms under which the financial assistance is proposed to be given are fair and reasonable to the company.

Accordingly, the approval of shareholders is sought to ensure that the company, its subsidiaries and other related and inter-related companies is able to effectively organise its internal financial administration.

9. Special resolution number 3: General authority to repurchase shares

“RESOLVED THAT the company is hereby authorised by way of a general authority to acquire ordinary shares in the share capital of the company subject to the provisions of the Act and the JSE Listings Requirements, provided:

- the general authority shall be valid only until the next annual general meeting or for 15 months from the date of this special resolution, whichever period is shorter;
- the repurchase being effected through the order book operated by the JSE trading system, without prior understanding or arrangement between the company and the counterparty;
- the company being authorised thereto by its MoI;
- repurchases not being made at a price greater than 10% (ten percent) above the weighted average of the market value of the shares for the five (5) business days immediately preceding the date on which the transaction was effected;
- an announcement being published as soon as the company has repurchased ordinary shares constituting, on a cumulative basis, 3% (three percent) of the initial number of ordinary shares, and for each 3% (three percent) in aggregate of the initial number of ordinary shares repurchased thereafter, containing full details of such repurchases;
- repurchases not exceeding 20% (twenty percent) in aggregate of the company’s issued ordinary share capital in any one financial year;
- the company and/or its subsidiaries not repurchasing securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless a repurchase programme is in place where the dates and quantities of securities to be traded during the prohibited period are fixed and full details of the programme have been notified to the JSE prior to the commencement of the prohibited period;
- the company only appointing one agent to effect any repurchases on its behalf; and
- a resolution is passed by the board authorising the repurchase, that the company and its subsidiaries have passed the solvency and liquidity test and that since performing the test there have been no material changes to the financial position of the company.”

The directors, having considered the effects of the repurchase of the maximum number of ordinary shares in terms of the foregoing general authority, are of the opinion that for a period of 12 (twelve) months after the date of the notice of the annual general meeting:

- the company and its subsidiaries will be able, in the ordinary course of business, to pay its debts;
- the consolidated assets of the company and its subsidiaries, fairly valued in accordance with generally accepted accounting practice, will exceed the consolidated liabilities of the company; and
- the company and its subsidiaries’ ordinary share capital, reserves and working capital will be adequate for ordinary business purposes.

The following additional information, some of which may appear elsewhere in the Integrated Report, is provided in terms of section 11.26 of the JSE Listings Requirements for purposes of this general authority:

- major beneficial shareholders – page 166; and
- share capital of the company – page 141.

Directors’ responsibility statement

The directors, whose names appear on pages 36 and 37 of the Integrated Report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information.

Material changes

Other than the facts and developments reported on in the annual financial statements, there have been no material changes in the affairs, financial or trading position of the company and its subsidiaries since the date of signature of the Integrated Report and up to the date of posting.

Reason for and effect of special resolution number 3

The reason for and effect of the special resolution is to grant the company and its subsidiaries a general authority in terms of the Act and the JSE Listings Requirements to acquire shares in the company.

The general authority is also required by the company to perform its settlement obligations to employees participating in the company’s various share or employee incentive schemes.

The board has no specific intention, at present, for the company to repurchase any of its shares but considers it necessary in order that it can avail itself of the authority should an opportunity present itself during the year, which the board deems to be in the best interests of the company and its shareholders, taking prevailing market conditions and other factors into consideration.

NOTICE OF ANNUAL GENERAL MEETING CONTINUED

OTHER BUSINESS

To transact such other business as may be transacted at an annual general meeting.

VOTING AND PROXIES

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead.

A proxy need not be a shareholder of the company.

The form of proxy is only to be completed by those shareholders who are: holding shares in certificated form; or recorded on the sub-register in dematerialised form in "own name", and is attached for convenience.

All other beneficial owners who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker and wish to attend the annual general meeting, must instruct their CSDP or broker to provide them with a letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Proxy forms are requested to be forwarded to reach the company's transfer secretaries by not later than 14:00 on Tuesday, 6 November 2018.

The completion of a proxy form will not preclude a shareholder from attending the annual general meeting.

ELECTRONIC PARTICIPATION

The company intends to offer shareholders or their proxies reasonable access to attend the annual general meeting through electronic conference call facilities, in accordance with the provisions of the Act. In the event that a shareholder or his/her proxy wishes to participate electronically in the annual general meeting, he/she is required to deliver written notice to the company at City Lodge Hotels Limited, Bryanston Gate Office Park, Building 7 ("The Lodge"), corner Homestead Avenue and Main Road, Bryanston, alternatively mvanheerden@clhg.com, marked for the attention of Mrs Melanie van Heerden, the company secretary, by no later than 14:00 on 2 November 2018 that he/she wishes to participate via electronic communication at the AGM ("the electronic notice"). In order for the electronic notice to be valid it must contain: (a) if the shareholder is an individual, a certified copy of his identity document and/or passport; (b) if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution, which resolution must set out who from the relevant entity is authorised to represent the relevant entity at the annual general meeting via electronic communication; and (c) a valid email address and/or facsimile number ("the contact address/number").

Voting on shares will not be possible via electronic communication and accordingly shareholders participating electronically and wishing to vote their shares at the annual general meeting will need to be represented at the annual general meeting, either in person, by proxy or by letter of representation. The company shall use its reasonable endeavours on or before 14:00 on 6 November 2018 to notify a shareholder, who has delivered a valid electronic notice, at its contact address/number, of the relevant details through which the shareholder can participate via electronic communication. The company reserves the right not to provide for electronic participation at the annual general meeting in the event that it determines that it is not practical to do so, or an insufficient number of shareholders or proxies request to so participate.

The cost of participating through the electronic conference call facilities will be for the account of the shareholder or his/her proxy.

By order of the board

M C van Heerden
Group company secretary

Bryanston
16 October 2018