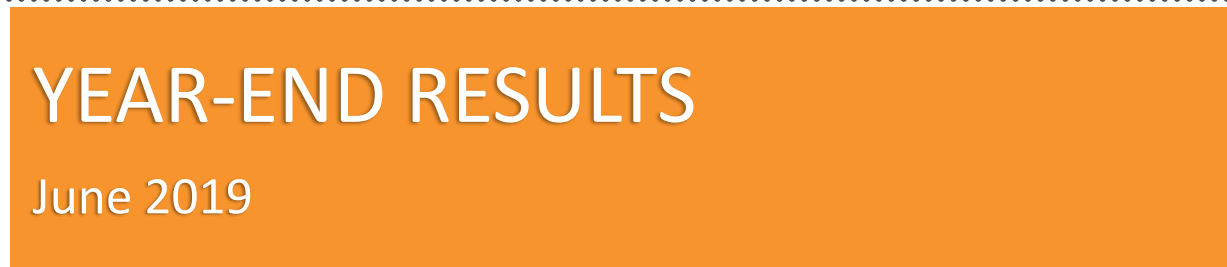




CITY LODGE HOTEL GROUP



YEAR-END RESULTS

June 2019



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16 August 2019

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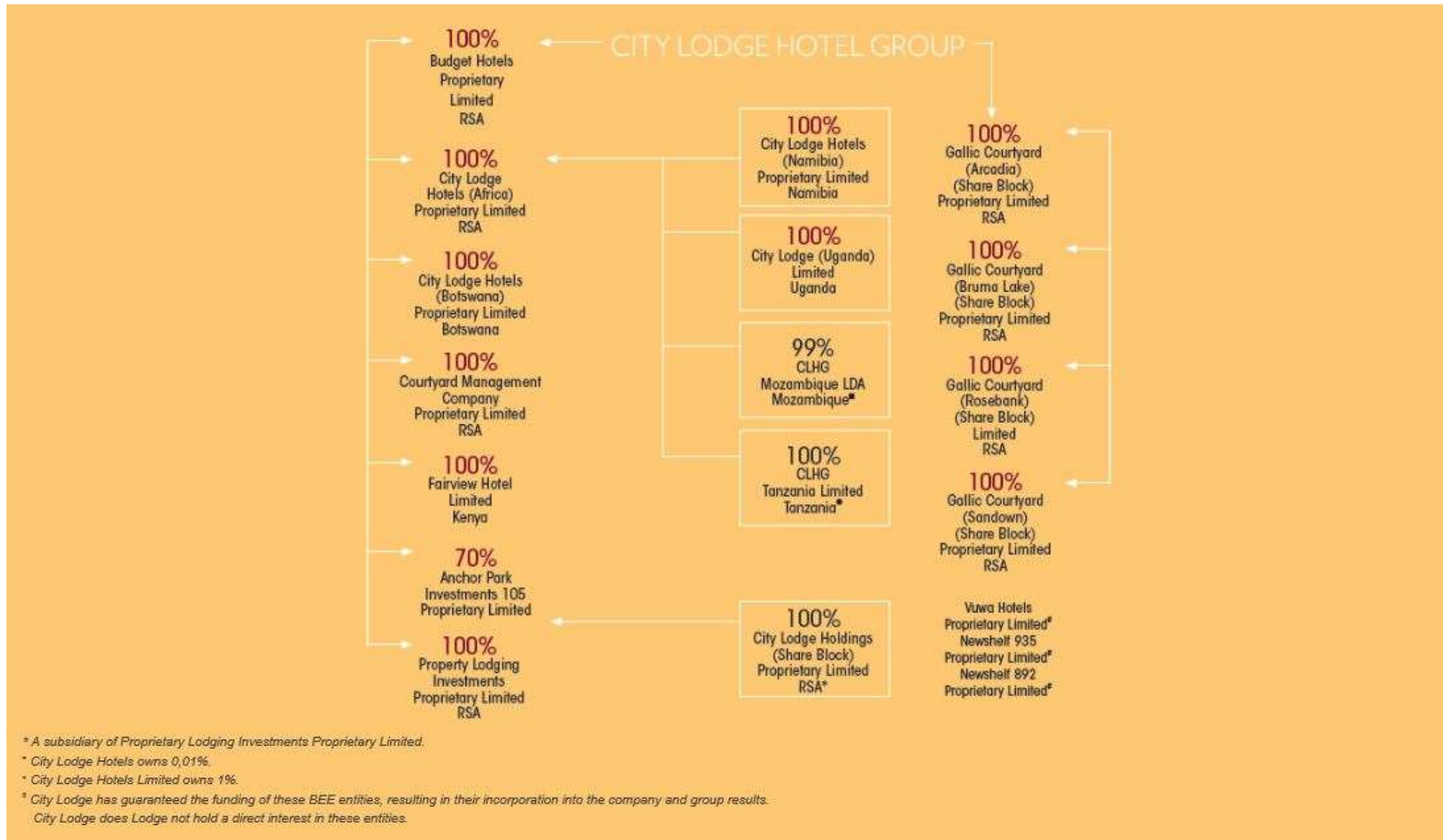
YEAR-END RESULTS

Financial Highlights

	30 June 2019	30 June 2018	% change
• Average group occupancies	55%	59%	-4% points
• Average SA occupancies	58%	61%	-3% points
• Revenue	R1,55 million	R1,50 billion	+3%
• Earnings per share	562,1 cents	764,7 cents	-26%
• Normalised Diluted Headline EPS	613,4 cents	760,6 cents	-19%
• Final dividend per share declared	137 cents	201 cents	-32%
• Total dividends declared	366 cents	454 cents	-19%



GROUP STRUCTURE





OUR BOARD

Executive Directors:

- Andrew Widegger
- Alastair Dooley
- Lindiwe Siddo

Chief Executive Officer
Chief Financial Officer
Chief Operating Officer

Non-executive Directors:

- Bulelani Ngcuka
- Frank Kilbourn
- Deon Huysamer
- Sizakele Marutlulle
- Ndumi Madupe
- Stuart Morris
- Vincent Rague
- Keith Shongwe

Chairman
Lead Independent



OUR MANAGEMENT TEAM

Executive Committee

- Andrew Widegger (Chief Executive Officer)
- Alastair Dooley (Chief Financial Officer)
- Lindiwe Siddo (Chief Operating Officer)
- Tony Balabanoff (Divisional Director: Operations)
- Zuki Jantjies (Divisional Director: Sales & Marketing)
- Marcel Kobilski (Divisional Director: Human Resources)
- Naynesh Parbhoo (Divisional Director: Financial)
- Ross Phinn (Divisional Director: Operations)
- Neda Smith (Divisional Director: Information Technology)
- Patrick Tate (Divisional Director: Operations)
- Melanie van Heerden (Group Company Secretary)



GROUP HOTEL PORTFOLIO

FULL SERVICE



SELECT SERVICE



BUDGET





BRAND OVERVIEW

Fairview Hotel

- 1 hotel
- 127 rooms

Courtyard Hotels

- 5 hotels
- 381 rooms

City Lodge Hotels

- 18 hotels
- 3383 rooms

Town Lodges

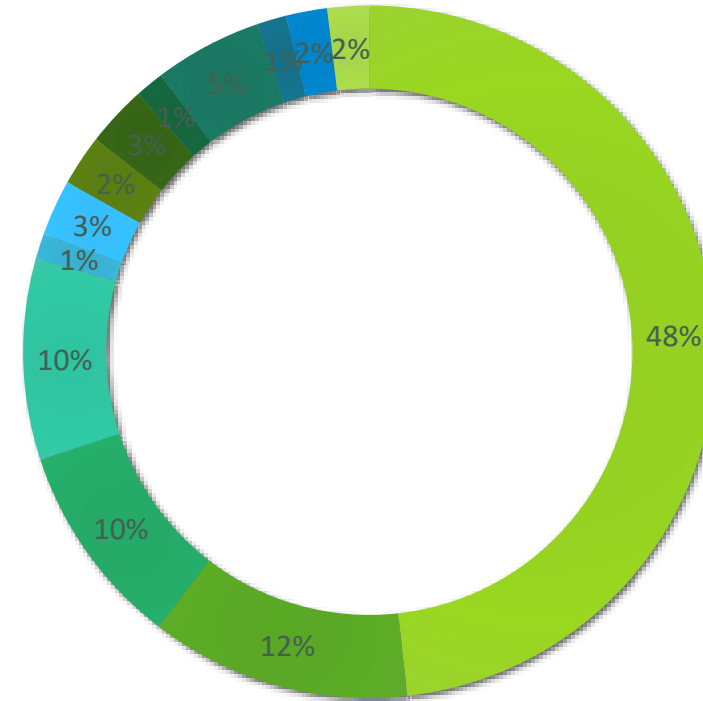
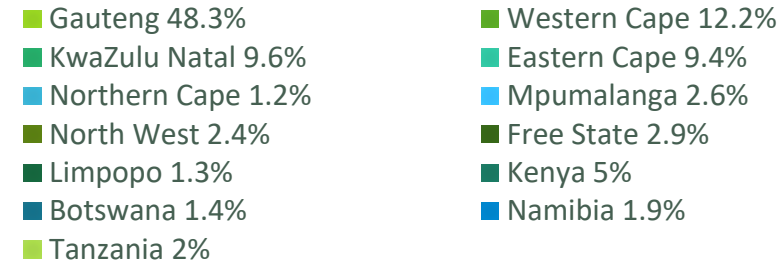
- 13 hotels
- 1650 rooms

Road Lodges

- 22 hotel
- 2059 rooms

TOTAL ROOMS – 7600

Geographic spread of rooms





DEVELOPMENT PIPELINE

• City Lodge Hotel Maputo, Mozambique (148 rooms)	tbc
• Town Lodge Umhlanga Ridge, South Africa (154 rooms)	Q3 2019
• Courtyard Hotel Waterfall City, South Africa (168 rooms)	Q4 2020
Total hotels including development pipeline	63
Total rooms including development pipeline	8,070



CAPITAL ALLOCATION

R'000

Investment to expand operations:

335,360

• City Lodge Hotel at Two Rivers Mall, Nairobi, Kenya	7,660
• City Lodge Hotel Dar es Salaam, Tanzania	61,700
• City Lodge Hotel Maputo, Mozambique	136,300
• City Lodge Hotel at OR Tambo Intl Airport, South Africa - extension	14,400
• Town Lodge Umhlanga Ridge, South Africa	96,700
• Other	18,600

Investment to maintain operations:

71,600

• Refurbishment of City Lodge Hotel at OR Tambo Intl Airport	10,500
• IT infrastructure	14,200
• General capital expenditure	21,100
• Refurbishment of Town Lodge Menlo Park	21,000
• Refurbishment of Road Lodge Umhlanga Ridge	4,800

* Rounded for presentation purposes



SOUTH AFRICAN PORTFOLIO PERFORMANCE

- Average occupancy % decreased by 3% points to 58%.
- Average room rate increased by 3,5% compared to the prior year.
- Maintained high standards of product quality through rigorous refurbishment strategy.
- Operating costs increased by 7,2% as a result of increased spending in relation to municipal services, cyber security, service excellence training and WiFi.



• Town Lodge Menlo Park – refurbishment





Town Lodge Umhlanga – new build





Courtyard Hotel Waterfall City – new build



artist's impression



under construction





BEYOND SOUTH AFRICA PORTFOLIO PERFORMANCE

- Kenyan occupancies in established hotels decreased by 2% points for the full year, having improved by 4% points in the first half.
- Namibian occupancies continued in an upward trajectory, however with operating maturity still to be achieved.
- Botswana occupancies improved in the second half of the year, which has continued into the new year.
- Occupancy in Tanzania has been disappointing since commencing trading in November 2018.
- City Lodge Hotel Maputo has been further delayed due to contractor-related delays and disputes.



City Lodge Hotel Dar es Salaam – new build





City Lodge Hotel Maputo – new build



under construction



artist's impression



INVESTMENT DEDUCTION ALLOWANCE - KENYA

- Allowance of up to 150% of the cost of City Lodge Hotel at Two Rivers Mall may be claimed from the Kenya Revenue Authorities (“KRA”).
- This will lead to a zero normal tax charge for the entire Kenyan operation until such time as the allowance is fully utilised.
- Only a 100% claim has been accounted for until it is finally approved.
- The KRA have received the claim which has been allocated to an assessment team, while their decision is still pending.
- A cash flow benefit exists due to the suspension of normal tax payments, until such time as the allowance is fully utilised.



CHASE BANK KENYA (in receivership) “Chase”

- 75% of Chase deposits, included as other investments, were acquired by SBM Bank (Kenya) in July/August 2018.
- 37.5% of SBM deposits, amounting to R20,4-million, were repaid to Fairview Hotels in August 2018.
- R13,4-million in respect of impairment previously recognised was reversed in the current year.
- Remaining SBM deposits will be repaid in three equal installments between August 2019 and August 2021.
- Remaining 25% of Chase deposits remain impaired.



BENEFICIAL SHAREHOLDERS EXCEEDING 1% at 30 June 2019

Beneficial Holder	%	Holding
Fidelity International	10,90%	4 748 150
Enderle SA (Pty) Ltd	8,76%	3 816 479
New Shelf 934 (Pty) Ltd	5,87%	2 556 185
New Shelf 892 (Pty) Ltd	5,87%	2 556 120
Government Employees Pension Fund	5,29%	2 303 378
Government Of Norway	3,44%	1 499 828
New Shelf 935 (Pty) Ltd	2,93%	1 278 060
Somerset Funds	2,82%	1 227 185
Vanguard	2,31%	1 004 728
Dimensional Fund Advisors	1,83%	798 611
Handelsbanken	1,63%	710 000
JP Morgan	1,60%	698 540
Schroder Investment Management	1,49%	647 185
Coronation Fund Managers	1,41%	613 147
BMO LGM Asset Management Group	1,33%	580 639
Nedbank Group	1,23%	536 943
10th Anniversary Employee Share Trust	1,16%	506 124
Ishares	1,15%	501 728
Henderson Global Investors	1,14%	496 058
Old Mutual Group	1,03%	447 335
	63,17%	27 526 423



APPLICATION OF IFRS 16

- Applicable to period commencing 1 July 2019.
- Application of the modified retrospective approach.
- Applicable to 15 leases across the group.
- Majority long leases with additional renewal periods available.
- The group anticipates a material change as a result of the adoption of this standard.
- Additional information will be provided in the 2019 Annual Financial Statements.



OUTLOOK

- In South Africa, given the current economic situation, the weaker trend has continued into the new year.
- New catalysts are needed to boost investment confidence and growth.
- Hotel portfolio is in excellent shape.
- Operational team is highly motivated to deliver brand promise and grow market share.