

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 “Group” or the “Company”

VOLUNTARY OPERATIONAL UPDATE

Following a period of settlement post its establishment in June 2024, the Government of National Unity is starting to deliver promising prospects of financial recovery and growth, which has resulted in improved business and consumer sentiment. We are hopeful that this sentiment will begin to translate into increased GDP growth rates, lower inflation and a decrease in interest rates.

Despite the slower than anticipated recovery in occupancy following the national elections in May, green shoots in corporate and government travel are starting to appear. The group achieved 58% occupancy for the three months ended 30 September 2024 (2023: 62%) with the month of September showing stronger signs of recovery. Group occupancies for October were 57% (2023: 63%) and November occupancies to date are 58% (2023: 59%), and average room rate over the last two months was up by 11%.

Whilst occupancy has slowed compared to Q1 in the prior year, our achieved average room rates have strengthened, resulting in a 10% increase compared to the same period in the prior year. Flexible pricing has continued to deliver improved results with average room rates for October achieving a 12% increase compared to the prior period. Growth in food and beverage revenue has stabilised as the enhanced lunch and dinner offering across all brands is now in the base period. However, we continue to realise gross margin improvements.

Occupancies in Botswana and Mozambique have experienced varying degrees of disruption and softer occupancies following national elections held in October, whilst Namibia is starting to experience a slow down as it approaches its national elections at the end of this month.

The Group launched its summer campaign, Save our Stay (SOS) to rescue our guests from poor holiday accommodation choices and experiences. The campaign is creating a buzz and we are optimistic that it will drive solid holiday bookings over the festive season as consumers seek out value for money options.

The Group remains in a net positive cash position. The Company drew R60 million from the R600 million loan facilities, to support the timing of spend on capital refurbishment projects, and the payment of the final 2024 dividend in September. The group has a positive bank balance of R64.4 million as at 21 November 2024 and access to a R115 million overdraft facility.

The refurbishment and modernisation program is well underway with seven refurbishment projects in progress in Q1, six of which have now been completed or will be completed within the next few weeks. These include City Lodge Hotel V&A Waterfront, City Lodge Hotel Lynnwood, Town Lodge Bellville, Town Lodge George, Road Lodge N1 City and Road Lodge Durban. During the period, a net 21 600 room nights were taken out of rooms' inventory, but on completion will be reinstated and made available for sale, ahead of the upcoming festive period.

The agreement for the disposal of City Lodge Hotel Katherine Street was concluded and is now unconditional and the hotel will permanently cease operations in mid-December, with the sale expected to complete in Q3 of the financial year.

We remain confident that the foundations for increased hospitality demand are in place and we expect this to gather momentum in the new calendar year.

The financial information contained in this voluntary operational update has not been reviewed and reported on by the Group's auditor.

Bryanston
21 November 2024

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