

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

VOLUNTARY OPERATIONAL UPDATE AND TRADING STATEMENT

Operational update

Since reporting our interim results for the six months ended 31 December 2021 in February 2022, travel has continued its rebound and the hospitality sector has embraced the renewed activity, albeit with caution, as the macro-economic outlook remains challenging due to amongst others, increased inflation rates, the high price of fuel and the ongoing conflict in Ukraine.

With all our South African hotels (SA) being open from February 2022, the Group achieved 47% occupancy for the month in our South African operations, as more corporates and Government departments resumed travel. Occupancies in March 2022 in SA peaked for the quarter at 58% with the continued trend of strong weekend and leisure occupancies, and boosted by increased corporate activity and business travel. The inclement weather in SA in April 2022 slowed demand, especially over the Easter weekend, but occupancies still finished off aligned to projections of 49% for the month in SA, and gratefully our hotels in KZN sustained minimal damage from the flooding. May 2022 achieved occupancies of 52% for SA, and 49% for the Group, which were on par with pre-Covid occupancies in May 2019. The improved occupancy trends over the last few months is encouraging, even as the discounted rates start returning toward pre-Covid levels.

The improved occupancy, and the opening of all hotels, has enabled the Group to relax some of the cost containment measures put in place during the pandemic, and salary reductions have been suspended with effect from May 2022.

Even as Covid-19 restrictions and safety mandates are eased, the Group continues to maintain safety and hygiene protocols, ensuring a safe and welcoming environment. We encourage all our staff to vaccinate and the Group has pleasingly to date achieved a 90% vaccination rate.

Pending disposal of East Africa operations

The completion of the disposals are imminent as the last of the conditions precedent are being finalised. To accommodate this, the long stop date has been extended to the end of June 2022. The expected net proceeds from disposal will be applied to repay outstanding debt.

Funding and liquidity

The Group has not drawn any additional debt since the interim results for the six months ended 31 December 2021, and has had positive monthly cash flows since February 2022. As at the end of May 2022, the Group has access to R223 million of liquidity in both short and long term facilities.

The Group is in the advanced stages of refinancing its funding arrangements to an aggregated R600 million facility in preparation for the current facilities nearing expiry over the next 13 months.

Trading statement

In terms of the Listings Requirements of the JSE Limited, a listed company must publish a trading statement once it is satisfied that a reasonable degree of certainty exists that the financial results for the period to be reported will differ by at least 20% from reported financial results for the previous corresponding period.

Shareholders are advised that City Lodge's Headline earnings per share and Earnings per share for the year ending 30 June 2022 are expected to show at least a 75% improvement, before adjusting for any impairment reversals and/or charges, compared to reported Headline loss per share of 91 cents and Loss per share of 161 cents for the comparable period.

Shareholders are further advised that the information on which this trading statement has been prepared has not been reviewed or reported on by the Group's auditors. A further trading statement will be issued once there is reasonable certainty on the range.

Bryanston
20 June 2022

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