

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

Trading statement

In terms of the JSE Limited Listings Requirements, companies are required to publish a trading statement as soon as they are reasonably certain that the financial results for the current reporting period will be more than 20% different than those of the prior comparative period.

In this regard, shareholders are advised that, for the six months ended 31 December 2020, the Company expects to report:

- normalised headline earnings - loss of between R234.6 million to R246.6 million, compared to normalised headline earnings of R80.4 million for the six months ended 31 December 2019 ("HY2019");
- normalised diluted headline earnings per share ("HEPS") - loss of between (52.9) cents to (55.6) cents compared to normalised diluted HEPS of 184.8 cents for HY2019;
- basic earnings per share ("EPS") - loss of between (129.4) cents to (136.0) cents compared to basic EPS of 126.4 cents reported for HY2019; and
- basic HEPS - loss of between (61.0) cents to (64.1) cents compared to basic HEPS of 126.4 cents reported for HY2019.

The basic EPS loss includes an impairment loss of R293.0 million, mainly associated with the hotels in the East Africa region. The Covid-19 pandemic has had a devastating impact on these local economies and their hospitality industry. The prolonged recovery is expected to last in excess of 18 months, which has resulted in management's revision of impairments. The East Africa region is highly dependent on international travel, mainly from North America and European markets, which have been worst impacted by the pandemic, and the impact of the second wave in these regions has mandated more aggressive travel restrictions by governments, which has deteriorated the short term prospect of recovery in East Africa.

The decrease in the group's earnings is as a result of the ongoing and severely detrimental impact of the Covid-19 pandemic and the associated lockdown restrictions on movement, travel and the economic activities. The travel and hospitality industry has been worst hit by the pandemic. The gradual easing of lockdown

restrictions between July and November 2020 led to a steady demand-based re-opening of the Company's hotels indicating some signs of recovery, albeit slow. This was however short-lived with the surge in infections in late November 2020 through to January 2021, and the consequent move back to stricter lockdown measures under Alert Level 3.

The normalised headline earnings, normalised diluted HEPS, basic EPS and basic HEPS are collectively referred to as "Estimated Financial Information".

Normalised headline earnings and normalised diluted HEPS comprise headline earnings adjusted for the effects of transactions relating to the BEE SPVs and those of a non-recurring and/or core nature. They are the responsibility of the directors of City Lodge and have been provided for illustrative purposes only. Due to their nature, normalised headline earnings and normalised diluted HEPS usually differ from City Lodge's HEPS.

Shareholders are advised that the Estimated Financial Information on which this trading statement is based has not been reviewed or reported on by the Company's auditors. City Lodge's results for the six months ended 31 December 2020 will be released on SENS on or about 26 February 2021.

25 February 2021
Bryanston

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