

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

Operational update

COVID-19 and the accompanying lockdown regulations due to the third wave of infections, including the civil unrest in South Africa in July 2021, resulted in a particularly tumultuous start to the new financial year of City Lodge.

The easing of restrictions over the last few months, the increase in the vaccination rate across all adult groups, and the removal of South Africa from international 'no-fly' and 'red lists' has helped business and leisure travel confidence to begin to return across the industry. This boost in confidence has translated into steady weekly growth in occupancies, and as a result a strengthening of pricing power.

Occupancies at our South African operations, based on all the hotels' room inventory, have steadily improved each month, from 16% in July 2021 to 41% for November to date. There are currently 53 hotels open in South Africa, and 5 hotels open in the Rest of Africa. The forecast for December 2021 occupancies has continued to improve and bookings for the upcoming festive season, particularly at our coastal hotels, are steadily increasing. However the threat of a potential fourth wave has impacted the demand for forward bookings into January 2022.

Cost containment measures continue to be enforced to help preserve and improve liquidity. Staff salaries have increased by 5% in November 2021 to 75% of the total salaries, compared to the 70% salaries earned from November 2020 to October 2021, for all employees who, due to the nature of their work, are not able to work remotely.

Funding

The Group continues to manage its debt facilities closely, through ongoing discussion and communication with our lenders. As at November 2021, the Group has drawn R720 million of its R800 million loan facilities and has access to an additional R115 million overdraft facility. As previously communicated, all the original debt covenants up to and including the September 2022 measurement period have been waived. The newly introduced loan to value covenant continues to be met.

East Africa disposal

The Kenya and Tanzania disposals are subject to the fulfilment or where appropriate, waiver, of customary conditions and material conditions precedent which includes the notification to and receipt of such approvals or consents from the relevant competition or anti-trust authorities to the extent legally required. All notifications to the relevant competition authorities have been made, and we await their approval. Due to the limited communication received following notification, the long stop dates for the disposal transactions have been extended by five weeks to 31 January 2022.

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

Bryanston
25 November 2021

Sponsor
Nedbank Corporate & Investment Banking, a division of Nedbank Limited