

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")

## **VOLUNTARY OPERATIONAL UPDATE AND INITIAL TRADING STATEMENT**

This operational update follows release of the Company's interim results on SENS on 24 February 2023.

Travel trends continue to rebound and the ebb and flow demand patterns have normalised to pre-Covid-19 pandemic patterns. We are buoyed by the continued recovery of the hospitality sector, the return of international guests and the enduring travel behaviours of domestic guests. After an extraordinarily strong festive season, as leisure demand reached new highs, January's performance was soft. Monthly occupancies have since steadily improved and exceeded 2019 occupancy levels, peaking in March 2023 with both group and South African hotels achieving 63% occupancies. May 2023 monthly group occupancy of 56% exceeded 2019 by just over 4%. The Group average occupancies for the eleven months to May 2023 was 56%, 18% higher than the prior period.

Average room rate ("**ARR**") continues to rebound following the discounting which was prevalent during the Covid-19 pandemic. After being up by only 1% on 2019 ARR's at the interim period, ARR's for the months since January 2023 have shown high single digit percentage increases against the equivalent 2019 ARR's. The May year to date ARR for 2023 is 12% higher than the prior corresponding period. We are encouraged by the improvement in rates, but are cognizant that there is still a way to go to recover the cumulative inflationary increases in expenses over the past three years since the onset of the Covid-19 pandemic. We continue to apply our Best Available Rate yielding methodology to optimise returns.

The strategy to expand our food and beverage offering continues to deliver positive returns in addition to supporting increased occupancies, now contributing roughly 17% of the Group's total revenue.

### Capital reinvestment

The improved financial well-being of the organisation has enabled the Group to relax the strict cash management practices necessitated by the impact of the Covid-19 pandemic on the business, re-instate the refurbishment and maintenance programme and further adopt more sustainable alternatives to electricity and water. In April 2023 the Group completed the refurbishment of Road Lodge Richard's Bay and commenced the major refurbishment of City Lodge Hotel V&A Waterfront, which is expected to complete in October 2023. The new financial year will herald the further roll-out of our new generation hotel room designs through intensive reinvestment in a few older generation hotels to make the products more appealing to our changing guest profile and delivering an enhanced return for our shareholders.

### Funding and liquidity

The improved overall performance and the continued strong cash generation from operations has supported the capital reinvestment programme and has resulted in a near neutral net debt position. As at the beginning of June 2023, the Group had a cash balance of R297 million and borrowings of R300 million. The Group continues to have access to a further R300 million in unused debt facilities and R115 million in overdraft facilities.

### Initial trading statement

In terms of the Listings Requirements of the JSE Limited, a 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 the financial results for the previous corresponding reporting period.

Shareholders are advised that City Lodge's headline earnings per share and earnings per share ("**EPS**") for the year ending 30 June 2023 are expected to show a more than 100% improvement compared to the headline loss per share of 8.7 cents and EPS of 14.3 cents for the year ended 30 June 2022, before adjusting for any impairment reversals and/or charges and unrealised gains and losses.

A further trading statement will be released once the Group has reasonable certainty on the range.

Shareholders are advised that the financial information on which this trading statement is based has not been reviewed or reported on by the Group's external auditors.

Bryanston  
20 June 2023

Sponsor  
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