

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**

The financial year kicked off with robust occupancies with both corporate and leisure travel having returned to normalised pre-Covid trading levels. The group achieved 62% for the three months ended 30 September 2023 compared to 54% in the prior comparable period. Despite government’s austerity measures and the financial pressures on household and business income, occupancies continue to exceed prior year and 2019 levels. Group occupancies for October were 63% and November to date at 61%. Average room rates in South Africa have averaged 9% above the rates for the previous comparative period, after having shown a 12% increase in FY2023. Similarly, the strategy to expand the food and beverage offering across all brands continues to deliver results with an increase of 44% in food and beverage revenue for the quarter.

The Group launched its refreshed corporate and hotel brands positioning and messaging in September 2023, which includes the new pay-off line: “Life is hard. Check into easy”. The new TV, radio and social media advertising campaign has tapped into the country’s sense of humour and offers solutions for an “easy” life, whilst being empathetic to the struggles that South Africans endure daily.

The Group remains in a net nil debt position, with a positive bank balance of R100 million as at 22 November 2023 and an outstanding loan balance of R70 million. The strong balance sheet is supported by continued access to a further R530 million in undrawn loan facilities and a R115 million overdraft facility.

The reinvestment in our key hotels and products remains a primary focus to improve our guest experience. Phase 2 of the refurbishment of City Lodge Hotel V&A Waterfront’s rooms is scheduled to complete in early December 2023, and phase 3, which includes the restaurant and public areas, is expected to commence in the first quarter of 2024. Planned refurbishments at Town Lodge Bellville and City Lodge Hotel Lynnwood are scheduled to commence in the next quarter.

There has been renewed focus on our sustainability and resilience strategy in the past six months, with phase 2 of our solar installations having been completed. The Group now has a total of 41 hotels with access to solar renewable energy, which has a total generating capacity of 2.6 MWh or 16.3% of group’s energy requirements, and battery storage installations have recently been completed at two hotels. The water supply resilience strategy has resulted in three new borehole and filtration systems, bringing the total number of such installations to seven, and a further 14 filtration plants are planned to existing boreholes during the remainder of the financial year.

The outlook continues to look positive as we head into the summer holidays and the new calendar year.

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

Bryanston  
23 November 2023

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