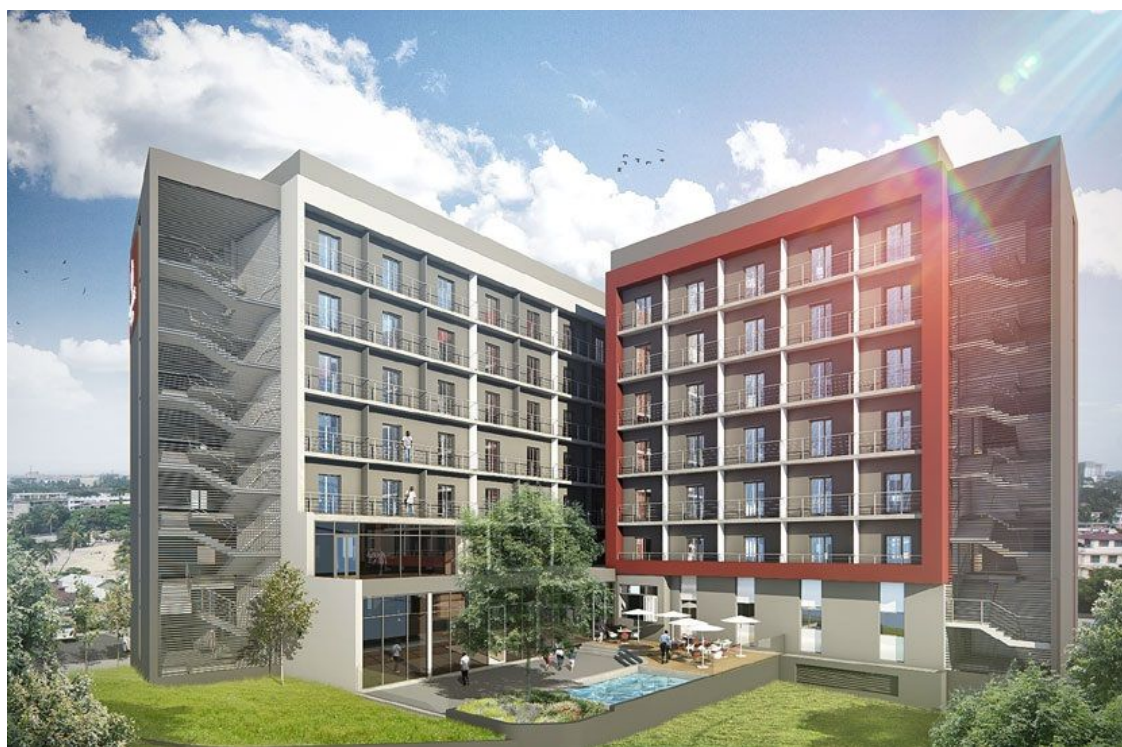


# City Lodge Hotels Limited - Interim results for six months to 31 December 2017

Issued by [City Lodge Hotel](#)

15 Feb 2018

- **Average occupancies 63%**
- **Return on equity 20%**
- **Normalised diluted headline EPS -12%**
- **African expansion makes progress in Kenya, Tanzania and Mozambique**



*City Lodge Hotel Dar es Salaam artist's impression*

The City Lodge Hotel Group is making good progress with its targeted African expansion programme with new hotels in Kenya, Tanzania and Mozambique expected to be operation by the end of July.

The 171-room City Lodge Hotel at Two Rivers Mall in Nairobi, Kenya, opened its first 40 rooms in January and is expected to be fully operational in April. The 147-room City Lodge Hotel Dar es Salaam is on track to be fully operational during May/June, and the 148-room City Lodge Hotel Maputo is scheduled to open in July.

In South Africa, the 62-room extension of City Lodge Hotel at O R Tambo Airport is on track for completion by the end of May, increasing capacity to 365 rooms. Earthworks have begun for the development of a 158-room Town Lodge at Umhlanga Ridge and planning is at an advanced stage for the development of a 90-room Road Lodge in Polokwane. This will take the group's number of hotels to 63 in six countries, offering a total of 7,995 rooms to business and leisure travellers in East Africa and Southern Africa.

During the six months to 31 December 2017, average group occupancies fell to 63pc from 66pc in the previous interim period, but were in line with occupancies for the 2017 financial year. While occupancies in Botswana were on a par with the previous interim period, Kenyan occupancies were severely affected by disruptions caused by the country's election and subsequent re-run of the election. In South Africa, occupancies were impacted by depressed business and consumer

confidence.

Total group revenue decreased by 0.5pc to R787.1 million, benefitting from a slightly below inflationary increase in room rates and a small first time contribution from the 147-room Town Lodge Windhoek which opened its first rooms in October and was fully operational in November. Total operating costs were again well contained across the group's operations.

Normalised profit before tax for the group decreased by 12.1% to R241.8 million while normalised headline earnings decreased by 11.6% to R174.3 million, impacted by an unrealised foreign exchange loss of R13.4 million caused by the rand's sharp strengthening in December. Fully diluted normalised headline earnings per share decreased by 11.8% to 400.6 cents. An interim dividend of 253 cents per share was declared, 7% lower than a year earlier.

"Occupancies at the Kenyan operations have shown good signs of recovery in the first six weeks of 2018. In South Africa there have been encouraging signs of improving sentiment and meaningful political change that could boost the economy. While these have yet to translate into noticeably stronger trading, it is expected that the group will be an early beneficiary of higher levels of confidence," group chief executive Clifford Ross said.

He added that the group has taken a number of proactive steps to reduce water consumption at its six hotels in the greater Cape Town area and alternative sources of water supply are being investigated.

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City Lodge Hotel Group has a variety of hotels dedicated to providing you with comfort at a level that suits you. With 5 Courtyard Hotels (480 rooms), 19 City Lodge Hotels (3281 rooms), 12 Town Lodges (1507 rooms) and 23 Road Lodges (2 272 rooms), the Group has a total of 7540 rooms and ranks among the 250 largest hotel chains in the world. We are dedicated to providing quality accommodation for business, leisure and 'bleisure' travellers in South Africa, Namibia, Botswana and Mozambique. From basic, functional rooms to magnificent luxury studios, we have the range and experience to give you unbelievable service and exceptional accommodation at a price you can afford and in a location near to where you want to be. Go to [www.clhg.com](http://www.clhg.com) for more information.

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