

Impact of Covid-19 on City Lodge Hotel Group's operations

Issued by [City Lodge Hotel](#)

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The City Lodge Hotel Group published the following statement on the Johannesburg Stock Exchange News Service (SENS)...



City Lodge's Andrew Wiedegger

Operational impact

Following President Ramaphosa's announcement of a 21 day nationwide lockdown, which the company fully supports, and the ongoing, significant impact of Covid-19, coupled with the imposition of the ban on international arrivals from most countries and restrictions on domestic travel on the already challenging operating environment, the group is experiencing a significant downturn in occupancies.

To date a number of proactive cost containment measures have been implemented to improve the resilience of the business during this period of operational weakness and minimize the impact upon our valuable employees. These include a freeze on all uncommitted capital expenditure, culling of variable costs and the reduction of fixed costs, all of which are designed to preserve and maximise our cash flow.

Prior to the announcement of the lockdown, the group had planned for the temporary closure of 24 of its 62 hotels. However, given the extraordinary circumstances we find ourselves in following the announcement and the forecast additional impact thereof, this is under review and will no doubt result in further closures. The extent of further closures will be dictated by the degree to which the group is called upon to provide support to government and essential and critical business continuity services, as well as other enabling services in the form of either quarantine facilities or staff accommodation. Good discussions have taken place in this regard and we stand ready to support such initiatives as part of a coordinated response to this pandemic.

The group remains well-positioned to re-open any of its hotels on very short notice as circumstances improve.

During this period, core central office functions will continue to operate remotely and all booking channels, including the group's website, www.clhg.com, will remain open for all our hotels for reservations for any period in the future.

Balance sheet

As at the interim reporting period, the group's borrowing covenants were met. However, given the fluidity of the situation and uncertainty around not only its severity, but how long the pandemic will continue to affect the group, we remain in close contact with the group's funders and are engaging on all options available to ensure the group emerges from this period of uncertainty in a position of strength. Access to the group's existing facilities is secured.

Conclusion

While we are deeply aware of the impact these difficult but necessary actions will have, not only on our employees, shareholders, service providers and suppliers, they are required to ensure the group is optimally positioned to navigate the pandemic.

As the situation develops, we will review the decisions taken and arrangements that have been put in place and implement additional measures, as necessary. We will update the market of such developments in a timely manner.

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