

City Lodge's Africa expansion gathers momentum

City Lodge Hotels group added further impetus to its expansion drive into selected parts of east, west and southern Africa by reaching an agreement with the shareholders of Fairview Hotel to acquire a 50% stake in the company, which owns and operates two hotels in the Upper Hill area of Kenya's capital, Nairobi.



"Through this transaction and our joint venture going forward, we will be able to leverage local knowledge of the East African market to achieve our ongoing expansion objectives," said Clifford Ross, City Lodge's CEO.

The two hotels are the 120 room Fairview Hotel, a "well established and highly regarded" hotel in Nairobi, and the adjacent 84 room Country Lodge.

The Fairview Hotel company is owned by the Szlapak and Abbema families and is a third generation family business.

The transaction is effective from June 1 but remains subject to regulatory approvals in Kenya and the South African Reserve Bank's approval.

City Lodge has also formed a joint venture to explore further expansion opportunities in East Africa together with Mark Abbema and Daniel Szlapak who will be joint CEOs of the operation.

The initial focus will be on identifying potential sites for development in Kenya, Tanzania, Rwanda and Uganda, the company said.

While the Fairview Hotel will retain its name, Country Lodge will be rebranded to Town Lodge, in line with City Lodge's intention to increase the penetration of its brand names in other parts of Africa.

"We see this as a great opportunity to acquire a shareholding in two very well run hotels as a going concern," Ross said.

Abbema, joint managing director of Fairview Hotel and Country Lodge, said: "This joint venture with City Lodge Hotels is a great combination of strengths. We look forward to introducing hotel brands to the region that allow business and leisure

travelers to enjoy great value."

City Lodge's entrance into the Kenyan market is its second expansion outside of SA, following its announcement earlier this year that it was developing a 106 room Town Lodge in Gaborone, Botswana's capital. This hotel is on track for completion in December.

Currently, the group has 52 hotels in SA, offering 6,440 rooms across the Courtyard, City Lodge, Town Lodge and Road Lodge brands. Its hotel under development in Gaborone and its stakes in the two Nairobi hotels will take its portfolio to 55 hotels with 6,750 rooms under management.

"This investment into the Kenyan market comes after considerable examination and investigation and provides an excellent platform for our expansion in East Africa," Ross said.

"We continue to examine expansion opportunities in West Africa and in Southern African Development Community countries," he concluded.

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