

City Lodge African expansion makes strong progress

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Four new African hotels opening from 3Q 2017 to 2Q 2018

Additional capacity planned in South Africa



The 172-room City Lodge Hotel Two Rivers, Nairobi, is expected to open in October.

The City Lodge Hotel Group expects to open the 147-room Town Lodge Windhoek, Namibia, in September and is making good progress with the development of new hotels in Kenya, Tanzania and Mozambique.

Town Lodge Windhoek will be the 58th hotel in the group which has existing operations offering 7,072 rooms in South Africa, Kenya and Botswana across the Fairview Hotel, Courtyard Hotel, City Lodge Hotel, Town Lodge and Road Lodge brands. The 172-room City Lodge Hotel Two Rivers in Nairobi, Kenya, is expected to open in October, followed by the 147-room City Lodge Hotel Dar es Salaam, Tanzania, in the first quarter of 2018 and the 148-room City Lodge Hotel Maputo, Mozambique, in the second quarter of 2018.

In South Africa, the group has signed development and lease agreements to extend the City Lodge Hotel at OR Tambo International Airport by 62 rooms to 365 rooms with the additional capacity expected to be available in the first quarter of 2018. Plans are also well advanced for the development of a 158-room Town Lodge in Umhlanga and a 90-room Road Lodge in Polokwane. The group continues to assess development opportunities for its brands in South Africa, Southern Africa and Eastern Africa.

The group's total revenue for the year to June 30, 2017 grew by 1.8% to R1.52 billion, assisted by an inflationary increase in room rates. Average occupancies for the year decreased by three percentage points to 63%, negatively impacted by low business and consumer confidence, ongoing political uncertainty and negligible economic growth in South Africa. Kenyan occupancies weakened in the lead-up to the country's general election, but are expected to improve now that the election has been held.

Normalised headline profit before tax decreased by 2.1% to R501.3 million while normalised headline earnings decreased by 3.1% to R362.2 million. Normalised diluted headline earnings per share fell by 3.1% to 833.6 cents. A final dividend of 228 cents per share was declared, taking the year's dividend distribution to 500 cents, a decrease of 3.3% from the

previous year.

Chief executive Clifford Ross said that trading conditions and occupancies have remained under pressure in the first six weeks of the new financial year.

“It is hoped that a catalyst will soon emerge to improve sentiment and provide fresh economic growth impetus that will stimulate both business and leisure travel,” he said.

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