

# City Lodge Hotels dividend up 31% to 351c

City Lodge Hotels, which has "refreshed" its branding to better differentiate its four brands and reflect its ongoing enhancements and modernisation, increased average occupancies by three percentage points to 62% in the 12 months to June, underpinning a revenue increase of 11% to R975.9m and a 32% rise in normalised headline earnings to R252.2m.



Although operating costs, excluding depreciation, rose by 11.7%, the rise in operating costs per room sold was limited to 5.8%, illustrating the effectiveness of the group's on-going cost controls and energy efficiency programmes and initiatives.

Normalised diluted headline earnings per share rose by 31% to 578.3c and a final dividend of 175c was declared, taking the total dividend to 351c, an increase of 31% on the previous year.

Cash generated by operations was 20% higher than in the previous financial year and return on equity was 26% compared with 22% last year.

## Joint ventures

The Courtyard joint venture returned to profitability, showing a profit of R2.4m compared with a loss of R125,000 in the previous year, and the Kenyan joint venture made a solid first time contribution to the group with an after tax profit of R13.6m.

An operational highlight during the period was the opening of the 104-room Town Lodge Gaborone in mid-May, which, together with the Kenyan acquisition, increased the group's overall room numbers from 6,440 to 6,755 in South Africa, Kenya and Botswana.

Commenting on the group's development pipeline, chief executive, Clifford Ross, said progress was being made in Kenya, Ghana and South Africa, with expansion investigations continuing in other parts of East Africa and in several SADC countries.

"We have entered into non-binding memoranda of understanding in respect of development opportunities in both Kenya and Ghana with negotiations underway to finalise agreements in both countries," he said.

"In South Africa, the acquisition of a site for a 90-room Road Lodge in Pietermaritzburg is expected to be completed in the final quarter of this year with construction due to start shortly thereafter.

Lease and development agreements are currently being finalised for a 150-room City Lodge at Waterfall City near Midrand. It is expected that construction will begin in the fourth quarter of the year and the hotel will be opened in the fourth quarter of next year," Ross said.

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