

Hospitality improves on its forecast as rentals surge

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Hotel-focused property loan stock company Hospitality Property Fund yesterday reported a 15,9% increase on its prospectus forecast for distribution growth on Hospitality B linked units.

Hospitality attributed this to an increase in rental income from "variable rental structures".

The company declared a distribution for each A linked unit of 49,63c in line with its prospectus forecast. Its distribution for its B units was 68,72c, or 15,9% higher than the prospectus forecast.

Hospitality, which listed on the JSE last February, has a dual linked unit structure, which offers different risk and returns. The A linked units, which are more secure, offer fixed growth of 5% a year. The B linked units offer greater growth but greater risk.

CEO Gerald Nelson said the trading climate in the hospitality industry was "buoyant and is characterised by a substantial growth in demand for hotel rooms".

Hospitality said it was continuing to "assess potential acquisitions" and seeking to implement development and refurbishment opportunities within the existing portfolio.

The company's property portfolio consists of interests in 16 hotel and resort properties valued at about R1,2billion.

Hospitality said its board was confident it would achieve its forecast this month of an increase in distributions of between 15% and 20% for each B-linked unit for the year to June, compared with what was originally stated in Hospitality's prospectus forecast.

The company also beefed up its executive management team by appointing a chief operating officer.

Earlier this month, it said it had appointed Andrew Rogers as an executive director and chief operating officer of Hospitality Property Fund Managers, the asset and fund manager of listed Hospitality.

Rogers has 14 years of experience in the tourism and hospitality industry, and was until recently an operations director at Southern Sun.

Last October, the company announced the resignation of Bruce Hutchison as CEO for health reasons.

Nelson and Youseph Aminzadeh, who were involved in setting up Hospitality have since been appointed CEO and deputy CEO respectively.

Nelson was previously MD of blue-chip listed property unit trust Sycom Property Fund.

[Source](#)