

Hospitality to buy hotels

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Hospitality Property Fund Limited announces that it will acquire the 4-star Richards Hotel together with neighbouring land totalling 12,960m², the 2-star Bayshore Hotel all in Richards Bay and the 3-Star Protea Hotel Imperial in Pietermaritzburg.

The properties are cumulatively valued at R119 million and the purchase consideration of 97.7 million rand represents an 18% discount to the open market value according to an independent valuation conducted by JHI Real Estate.

Hospitality is South Africa's first specialised listed property fund invested exclusively in hotels and resorts and is managed by Hospitality Property Fund Managers.

"The acquisition is in line with Hospitality's objective of growing the company in a controlled manner through the addition of assets which further diversify the portfolio and which have the potential to enhance unitholder returns," says Gerald Nelson, CEO of Hospitality.

The purchase consideration will be settled by the issue of an equal number of "A" and "B" Hospitality linked units on to the vendors.

Hospitality, through the renouncement of these units by the vendors in favour of Nobuntu Investments II (Pty) Limited, will increase its BEE shareholding to 25%.

Nobuntu II is a majority black-owned company, which has been established for the purpose of facilitating the BEE transaction. The shareholder's of Nobuntu II are Meago Trading (49.9%), Grapnel Property Group (25.2%), Pan-African Capital Holdings (17.4%) and Morgan West (7.5%).

These acquisitions follow Hospitality's recent purchase of the 4-star Protea Hotel Victoria Junction for 106.5 million rand, which is expected to transfer to the company in January 2007.

The newly acquired properties bring the number of assets in Hospitality's portfolio to 20 hotel and resort properties including Mount Grace Country House & Spa, Champagne Sports Resort, Birchwood Executive Hotel and Conference Centre, Radisson Hotel Waterfront, Courtyard Hotels in Arcadia, Rosebank, Sandton, Cape Town and Eastgate and Protea Hotels in Port Elizabeth and Richards Bay.

[Source](#)