

## Hospitality Property Fund acquires R284,0 million new assets

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### Hospitality Property Fund

Hospitality Property Fund announced today that it has concluded agreements to acquire further hotel and resort properties valued at R284,0 million.

Hospitality is South Africa's first specialised listed property fund invested exclusively in hotels and resorts and is managed by Hospitality Property Fund Managers, a joint venture between property fund managers Grapnel Group and hotel specialists Hotel Asset Management.

The JSE Limited listed property loan stock company has purchased The Hazyview Hotel, Hluhluwe Hotel & Safaris, the remaining 35% share in the originally acquired 90 sectional title units at Radisson Hotel Waterfront in Cape Town, remaining 32% share in Park Inn Greenmarket Square in Cape Town and a newly developed extension to the Birchwood Executive Hotel & Conference Centre in Gauteng. All the acquisitions, except that of the Birchwood, are unconditional.

The transactions have been concluded favourably at an aggregate purchase consideration of R235,1 million representing a 21% discount to open market value, according to independent valuations conducted by JHI Real Estate. The acquisitions consideration will be settled through the Fund's existing debt facility.

The acquisition of the new hotel properties are in line with Hospitality's objective of growing through the addition of assets which further diversify the portfolio and which have the potential to enhance unitholder returns," says Hospitality Property Fund CEO Gerald Nelson.

The 3-star Hazyview Hotel with 92 rooms, situated in Hazyview, Mpumalanga and the 75 room Hluhluwe Hotel and Safaris, situated in Hluhluwe, KwaZulu-Natal will both be managed by Hospitality Hotel Management Company, which has the same shareholding as the Fund's management company. They are expected to transfer on 1 August 2007. The lease agreements for both are of the Fund's C-Corp type and are each for a period of 10 years, with two further five year renewal options.

Nelson elaborates that Hospitality's purchase of the additional shares in three other properties increases its exposure to well-performing assets in which the company is already invested.

Hospitality will now fully own both the Park Inn Greenmarket Square which is located in Cape Town and managed by the Rezidor Hotel Group, and the Birchwood Executive Hotel & Conference Centre which is situated in, Gauteng, near the OR Tambo International Airport and managed by the Birchwood Hotel Management Company. The Birchwood extensions comprise 120 new hotel rooms and approximately 10,000m<sup>2</sup> of conference space. The increased stake in the Park Inn Greenmarket Square is expected to transfer in mid-August 2007, and the Birchwood in early November 2007.

Hospitality's current shareholding in 90 units at the Radisson Hotel Waterfront in Cape Town, approximately half of the property's hotel rooms, now increases to 100%. The transfer of the remaining share in the property is expected in mid-August 2007. The hotel is managed by the Rezidor Hotel Group.

This brings the number of hotel and resort properties in Hospitality's property portfolio to 22. These landmark properties include Champagne Sports Resort, Mount Grace Country House and Spa, The Richards Hotel, Protea Hotel Richards Bay, PE Marine and Victoria Junction, Rosebank Hotel, The Imperial Hotel and a 50% undivided share in the Courtyard Hotels in Arcadia, Rosebank, Sandton, Cape Town and Eastgate.

The Fund, which listed only 18 months ago has since grown its asset base substantially to its current value of around R1,96 billion.