

# R284m Hospitality Fund deal

HOSPITALITY Property Fund has concluded agreements to acquire further hotel and resort properties valued at R284 million.

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

The JSE-listed property loan stock company has purchased the remaining 35% share in the originally acquired 90 sectional title units at Radisson Hotel Waterfront in Cape Town; the remaining 32% share in Park Inn Greenmarket Square in Cape Town; the Hazyview Hotel; Hluhluwe Hotel & Safaris; 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 chief executive officer Gerald Nelson.

The three-star 92-room Hazyview Hotel in Hazyview, Mpumalanga and the 75-room Hluhluwe Hotel and Safaris in Hluhluwe, KwaZulu-Natal, will be managed by Hospitality Hotel Management Company, which has the same shareholding as the Fund's management company.

Nelson says 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 own the Park Inn Greenmarket Square. The increased stake in the Park Inn is expected to transfer in mid-August.

Hospitality's current shareholding in 90 units at the Radisson Hotel Waterfront in Cape Town now increases to 100%.

