

# Joyner injects new life into Hospitality

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Hospitality Property Fund (HPF) has turned around under the management of CEO Vincent Joyner and is set to compete with other mid-cap property companies on the JSE, following an investment from Tsogo Sun.



Image source: [www.tsogosun.com](http://www.tsogosun.com)

Last month, Southern Sun Hotels, owned by Tsogo Sun, was given the green light to acquire a controlling share in HPF.

Tsogo would inject 10 hotels valued at close to R1.8bn into HPF, which is the only hotel-focused real estate investment trust (Reit) listed in SA, in exchange for more than 50% of HPF's ordinary shares. This will leave HPF with ownership of 25 hotels, and about R7.1bn worth of assets.

Joyner said on Wednesday, 24 August, while commenting on HPF's results for the year to June, that the company had become an attractive investment for people who wanted to gain exposure to SA's hospitality industry.

"After the Tsogo Sun deal, we will have gained scale as a specialised Reit on the JSE. We offer investors the opportunity to gain exposure to some of the best hotels and hospitality assets in Africa. We will work with Tsogo ... They have a large portfolio of hotels, some of which will become part of Hospitality's assets in coming months."

Tsogo could inject more hotels into HPF to boost the brand status of Hospitality in the future, Chris Segar, portfolio manager

at Ivy Asset Management, said. Tsogo Sun would benefit from the Reit nature of HPF.

"Hospitality is a good vehicle for Tsogo to Reit-up a portion of its hotel portfolio. Tsogo can take out some of the hotel income that is pretax," Segar said.

HPF grew its profit before distribution 16.8% to R272m in the year to June, and managed to dispose of seven non-core properties, for a total net consideration of R189.9m.

"Despite the uncertain global and domestic economy, Hospitality delivered a pleasing performance for the year, with the combined distribution per A and B," Joyner said.

Its A share distribution rose 5% (155.62c), in line with HPF's A share distribution policy, and the B share distribution climbed 164.7% to 34.81c.

Following the Tsogo investment, HPF's A and B share ownership structure will be replaced by a single share structure.

HPF's rental income growth was bolstered by its well-located hotel properties in the Western Cape that continued to appeal to domestic and international travellers, with overall rental income growth of 31.4% compared to the prior year.

*Source: Business Day*

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