

Hospitality distribution rises 19% to 134.6c

By [Nick Hedley](#)

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JSE-listed Hospitality Property Fund, which invests in hotel and leisure properties, on Wednesday (21 August) reported strong year-on-year distribution growth for the year to June, underpinned by the recovering hospitality business environment.



Hospitality's A-linked unit distribution grew in line with its forecast by 19.1% to 134.63c, while distributions on the B-linked units grew by 128.6% to 18.08c, exceeding the fund's forecast by 28.1%.

"The recovery in the sector followed the adverse industry-wide environment between 2009 and 2011," Hospitality said.

In addition, the successful resolution of Hospitality's debt refinancing issues in 2102 contributed to the improved performance.

"Hospitality continues to enhance the overall quality of its property portfolio, in line with its strategy. Most notably, the Radisson Blu Gautrain Hotel, which is located in the heart of Sandton, was purchased for R443.4m during the year. Selective refurbishments were carried out at other properties to ensure their continued appeal," Hospitality said.

Distributable earnings per combined linked unit grew by 26.2% to 152.71c, exceeding the forecast of 148.74c by 2.7%.

Hospitality said the outlook for the hospitality sector is positive, particularly in major cities where business volumes had shown a strong recovery.

Chief executive Andrew Rogers said: "We are pleased that the fund's positive recovery that emerged in the first six months of the financial year and accelerated in the second half."

Rogers said the fund had benefited from an improved hospitality environment, while the fund's asset management strategy and the resolution of the debt refinancing issues contributed to the 26.2% increase in distributable earnings and also ahead to our forecast for the year.

"This," he said "was underscored by a 9.1% increase in rental income while fund expenses and net finance costs were down 25.9% and 25.1% respectively."

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