

### Touraust buys rights to Australis

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Touraust Corporation has bought the management rights to the Australis Sovereign Hotel in Surfers Paradise from Australand Holdings.

The Ferny Avenue hotel consists of 153 strata title apartments. Touraust bought the management rights with an apartment to which the rights attach and 20 other apartments.

While the parties would not disclose how much Touraust paid, a market analyst estimated that the management rights alone would be worth \$2.5 million.

The hotel's average occupancy rate from July 1, 2000, is 73.4 per cent, according to the general manager of Australand Queensland, Mr David Lawrence.

It was opened in November 1997 by listed developer Walker Corporation and came under Australand's ownership after Australand's takeover of Walker in 1999.

Touraust has operated the hotel under contract since it was opened.

Mr Lawrence said Australand's sale of the hotel's



The Australis Sovereign Hotel at Surfers Paradise.

management rights followed its decision to sell assets that were not part of its core business.

He said that Australand also sold the management rights to the Marlin Cove resort at Trinity Beach to Quest Group in January and was negotiating to sell the management rights of the Seaforth resort apartments at Alexandra Headland to the Oaks Management Group.

Conditions for hotel operators on the Gold Coast have been difficult in recent years, driven by competition from apartment developments. But the managing director of Touraust, Mr Darryl Courtney-O'Connor, said he was confident that the larger Queensland market was improving,

although the Gold Coast remained a tough market.

"It's more of a strategic deal for me than anything else — strategic in the sense that it enables me to cement Australis, the brand, on the Gold Coast, and we'll be developing the Australis brand further with other initiatives that we will announce later."

Touraust's purchase is part of an early push by major hotel chains into management rights, says specialist property agency Resort Brokers.

"Buying management rights allows hotel operators the opportunity to gain control of a large number of rooms at a low entry price," Resort Brokers' managing director, Mr Ian Crooks, said.

### Sundowner sale kicks off

Beleaguered regional motel chain the Sundowner Group is kicking off its much-mooted portfolio rationalisation with the auction next week of four of its 24 properties.

The three Queensland motels, in Townsville, Mackay and Rockhampton, and a complex at Nyngan in central-west NSW are expected to reap about \$6 million.

Sundowner director Mr Mal Lucas-Smith said the proceeds would mainly be used to reduce debt. The group's gearing ratio is a little more than 40 per cent.

The auction is part of Sundowner's push to quit its small, remote properties and replace them with better located motels.

The properties are being marketed by Resort Brokers, which estimates they had a combined annual turnover in 2000 of nearly \$2 million. The managing director of Resort Brokers, Mr Ian Crooks, said the motels would be offered as freehold going concerns.

Like other listed tourism minnows, Sundowner's fortunes have been flagging. Mr Lucas-Smith said the Olympics, GST and a change in the travel patterns of corporate visitors would cause the 2000-01 result to fall below the previous corresponding period.

In February, Sundowner announced a 66.1 per cent slump in its interim profit and it slashed its half-year dividend to 0.95¢, from 3.6¢ a year earlier.

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