

# New concept in hotel deal

**Kathy Mac Dermott**

The management rights of the new \$45 million Radisson Suites tower in Brisbane's CBD are being marketed for \$5.3 million but, in an unusual twist, as a passive investment.

Normally buyers of management rights in new developments pay between two and 2.5 times the projected net profit and either run the lettings of the property themselves or install private managers.

In this case the developer, Valco Developments Pty Ltd, has locked in the Radisson Group to operate the 176-key hotel complex on a 10-year term.

Resort Brokers managing director Mr Ian Crooks said the package being sold was a new concept that allowed management groups to secure a controlling interest in hotels at a fraction of their total value.

Included in the asking price is the purchase of the reception, 200-seat restaurant and general store.

The agreement with Radisson can be terminated by the owner of the management rights if the hotel group fails to achieve 80 per cent of its budgeted gross operating profit in two consecutive years.

As a sweetener, Valco is guaranteeing a 9 per cent return on the investment for the initial two years.