



Turtle Beach Resort investors are enjoying a triple treat in the value of their equity.

Shelling out a hit for investors

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IF you are down in the dumps over falls in interest rates, shares and property prices, spare a very envious thought for a group of investors who spent a record near \$15 million two years ago on the management rights to a Gold Coast holiday resort.

The 12 investors, with the help of some bank funding, bought the rights to the Turtle Beach Resort at Mermaid Beach in a deal that was an eye-opener to many people.

Two years on, the brave investors are enjoying a triple treat – annual returns of 15 per cent, a reduction in bank debt,

and a corresponding increase in the value of their equity in the business.

Of course, with Turtle Beach's earnings rising, there's also potential capital gain on the value of the management rights.

The resort is an example of the growing appeal the management rights business has to private investors who want strong returns with little risk of their investment "turning turtle".

The Turtle Beach investors range from retired business owners to farmers and ex-management rights industry operators.

When they bought the Turtle Beach rights they apparently

tipped in about 30 per cent of the price and borrowed the rest.

Their purchase was a record for the Gold Coast, topping the more than \$13 million paid for the rights and associated titles to the Outrigger Hotel in Surfers Paradise.

Turtle Beach, started in 2000 by developer Greg Wood, has 298 strata-title apartments, of which 240 are in the letting pool.

It often runs at 100 per cent full and has an annual average occupancy rate of 78 per cent.

The family resort, which has a life-size mascot in the form of Sheldon the turtle, is like a village in that it has a cafe pizza outlet, convenience store, kids'

club, and cinema. When the "full" sign is up, there can be up to 1250 people staying at the resort – 80 per cent of them usually are Australian.

The resort has 60 staff, an annual wages bill of \$2.2 million, and employs many outside contractors to undertake its maintenance work.

The Turtle Beach story is a great one but, as one observer notes, so-called silent investors should be aware that a property is only as good as its management team.

In Turtle Beach's case, the boss, Stephen West, also just happens to have a whale-size reason to ensure the resort performs – he is one of the investors.