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Iconic Townsville Hotel Sells to Indigenous Business Australia
Sydney, NSW (June 2008)

Indigenous Business Australia (IBA) has added to its portfolio of hotels and resorts with the \$22 million acquisition of the Holiday Inn Hotel in Townsville.

The 199-room Holiday Inn was offered for sale by Eureka Funds Management as part of the group's longer term, strategic plan to focus on major capital city, four and five star hotels.

George Nicholas and Rob Cross, of CBRE Hotels, negotiated the sale to IBA following a recent Expressions of Interest campaign.

"The Holiday Inn has long been regarded as Townsville's premier hotel," Mr Nicholas said.

"Strong growth in the Townsville economy has underpinned the hotel's performance and there is significant scope to refurbish and add value to the property to capitalise on the strength of demand from both the business and leisure markets."

The hotel has been acquired by IBA's Investments division, which assists Indigenous communities. The Federal Government body has a mandate to invest in assets or business that provide for profit distributions, employment opportunities and asset growth.

The Townsville acquisition adds to IBA's existing investments in tourism properties such as the Gagudju Crocodile Holiday Inn at Kakadu and the Monkey Mia Dolphin resort in Western Australia.

"The hotel provides IBA with a fantastic opportunity to involve Indigenous partners in a joint venture ownership structure that represents a truly commercial and active investment while also being able to leverage real employment and training opportunities", IBA General Manager, Ron Morony, said.

Eureka Fund Manager Nigel Greenaway said the sale was in line with the longer term strategy for the group's hotel fund.

Eureka has amassed significant hotel interests in recent years, starting with the 2005 acquisition of the Rialto Hotel on Collins in Melbourne and the Intercontinental Hotel Portfolio for a price in excess of \$330 million.

Eureka also owns the landmark Four Seasons Hotel in Sydney, which is presently under refurbishment.

"The Holiday Inn, whilst showing significant growth in recent years and being positioned in one of Australia's strongest economies, was not in line with the fund's requirements in relation to scale," Mr Greenaway said.

The sale, which was transacted at an 8.5% initial yield, represents the second major hotel transaction in Townsville, following last year's \$18.75 million sale of the Southbank Hotel and Convention Centre to Abacus Property Fund. That transaction was also negotiated through CBRE Hotels.

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