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Landmark Sydney and Melbourne hotels listed for auction

Sydney, NSW (19 May 2009)

A portfolio of iconic Melbourne and Sydney hotels leased to the 75% Woolworths-owned Australian Leisure & Hospitality Group (ALH) has been listed for sale through CBRE Hotels and Burgess Rawson.

The five landmark properties, including the Elsternwick Hotel in Melbourne and the Kirribilli Hotel in Sydney, will be offered for sale individually at auctions to be staged on June 16 in Sydney and June 24 in Melbourne.

CBRE Hotels Director Joel Fisher said the portfolio represented an opportunity to buy some of the highest quality hotels to be offered to the market in recent times. All five properties are being sold with 19 years remaining on leases to ALH, with options to renew for a further four, 10-year terms. The leases are Triple Net and include yearly CPI rent adjustments and a market rent review in 2018, offering the incoming owner a secure and unusually long term revenue stream.

The hotels to be offered are:

- § The Kirribilli Hotel and the Pymble Hotel in Sydney
- § The Elsternwick, Elwood; the Rose Shamrock & Thistle, Reservoir; and Rifle Club Hotel, Williamstown all in Melbourne

"In the current low interest rate environment we are fielding strong investor demand for well positioned commercial properties with strong investment fundamentals. In this instance, investors are being given the opportunity to buy well established, highly successful hotels which provide long term, CPI indexed rental cash flows backed by Australia's largest hotel operator," Mr Fisher continued.

"As a further bonus, the ALH business is 75% owned by Woolworths, Australia's leading retailer. ALH operate more than 275 licensed venues and over 450 retail liquor outlets across Australia. The business has - and continues to be - one of Woolworths stronger performing divisions."

Mr Fisher and Scott Callow, of CBRE Hotels, have been appointed to jointly market the five-strong portfolio with Raoul Holderhead and Dean Venturato, of Burgess Rawson

Scott Callow, CBRE Hotels Director for Victoria said; "The long term leases and the blue chip tenancy covenants set these assets apart from any recent hotel offerings, with the opportunity to purchase a long term cash flow linked annually to CPI, backed by one of Australia's largest companies not often seen in the hotel market".

Mr Holderhead said the Elsternwick Hotel was expected to attract particularly strong investor interest. The landmark property was originally developed in 1854 at the gateway to Melbourne's premium south eastern Bayside suburbs. It provides a net rental income of \$314,321 per annum.

The Elsternwick will be offered at auction at Crown Casino at 11am on Wednesday, 24th June alongside the Rifle Club Hotel and the Rose Shamrock & Thistle Hotel. The Rifle Club provides an initial net income of \$291,640 per annum. The Rose Shamrock & Thistle includes provides a net annual income of \$263,407.

"All three are long established and successful businesses, which are certain to attract significant buyer interest," Mr Holderhead said.

"There is a flight to quality in the current market and we are fielding strong demand for assets in this price range which offer highly secure income streams and quality lease covenants. This was recently highlighted by our auction sale of a First Choice liquor outlet in Bendigo on a yield of 6.11%."

The Pymble Hotel and the Kirribilli Hotel will be auctioned at the Sydney Auction Centre at 10.30am on Tuesday, 16th June. The Pymble Hotel provides net annual income of \$247,533, while The Kirribilli offers a net annual income of \$506,040.

"Both hotels are situated in highly desirable locations on Sydney's north shore," Mr Fisher said.

"Combined with the ALH lease covenant, this should provide a significant drawcard for prospective purchasers."

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