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Aussie Leisure Group to sell five hotels in NSW and Queensland

Sydney, NSW (12 March 2010)

The iconic Woolloomooloo Bay Hotel is to be offered for sale as part of a five-strong pub portfolio to be auctioned on behalf of the Melbourne-based Aussie Leisure Group (ALG).

All five properties are set to be auctioned at the Sydney Auction Centre on Wednesday 14th April.

CBRE Hotels and Burgess Rawson will steer the sale campaign, which involves freehold investment hotels located across NSW and Queensland.

The campaign has been launched following the successful sale of more than \$100 million of Australian Leisure and Hospitality (ALH Group) tenanted hotels for the listed Australian Leisure & Entertainment Group (ALE). The Queensland, Victorian and NSW hotels have been sold over the past nine months at yields ranging from 4.20% to 6.95%.

CBRE Hotels Director Joel Fisher said the privately owned Aussie Leisure Group was moving to capitalise on the strong private investor demand for well positioned commercial properties with long term secure leases in place and strong investment fundamentals.

The ALG portfolio involves three NSW properties – the Woolloomooloo Bay Hotel; the Cambridge Tavern at Fairfield in Sydney; the Iron Horse Hotel at Cardiff in Newcastle – as well as two Queensland assets, those being the iconic Magnum's Hotel at Airlie Beach and the Commercial Tavern at Ayr, near Townsville.

All five hotels offer long term leases, with very long initial terms of as much as 23 years to the ALH Group, which is 75% owned by Woolworths.

The hotels will be offered for sale individually at the Sydney Auction Centre, with interstate bidding to be facilitated in CBRE's boardrooms in Brisbane, Melbourne, Adelaide and Perth.

The auction will be steered by Joel Fisher and Daniel Dragicevich of CBRE Hotels with Darren Beehag and Billy Holderhead of Burgess Rawson

"The most attractive feature of the ALG hotels are the fixed 3.25% rental increases each year and the untapped development potential resting with the landlord, in particular at the waterfront Woolloomooloo Bay Hotel," Mr Fisher said.

"We expect strong interest from investors seeking a long term, secure cash flow investment with guaranteed annual growth and future development potential."

Burgess Rawson Director Darren Beehag said the auction would tap the private investor demand for quality properties with long term leases to high quality tenants.

"In the case of the Aussie Leisure Group assets, the properties are leased long term to the ALH business, which is 75% owned by Woolworths, Australia's leading retailer. ALH operate more than 285 licensed venues and over 470 retail liquor outlets across Australia. The business has - and continues to be - one of Woolworths' stronger performing divisions."

The Woolloomooloo Bay Hotel is expected to attract particularly strong investor interest. The recently renovated hotel is located at the corner of Bourke Street and Cowper Wharf Roadway, overlooking Sydney Harbour and adjacent to the Woolloomooloo Finger Wharf. The hotel includes a bistro, gaming lounge, beer garden and function rooms.

"The opportunity to own a Sydney icon with significant depreciation benefits and development potential, subject to council approval, will prove attractive to investors seeking a long term cash flow investment," Mr Fisher said.

The 1920s hotel offers significant development potential, which would allow the new owner to capitalise on the property's harbourfront location and water views.

A second Sydney hotel, the Cambridge Tavern is one of the top five gaming hotels in NSW, and is ALH's best performing gaming venue in the state. The hotel is located on a prominent 5,847 square metre corner site in Sydney's south west.

The recently renovated tavern has two gaming rooms and a TAB sports bar and BWS drive through bottle shop.

Also on offer is the Iron Horse Hotel located in the Newcastle suburb of Cardiff. The hotel offers a new 23 year lease to ALH with two further 15 year options.

"The recently renovated property is the only hotel in a 4km radius and includes a bar, bistro, gaming lounge and drive through BWS bottle shop," Mr Fisher said.

Another iconic asset on offer is Magnum's in Airlie Beach at the gateway to the Whitsundays. The hotel is renowned for its 530sqm deck bar and includes a gaming room, pool room, nightclub and function rooms. The property offers a secure 20 year lease to ALH with three further 10 year options.

The second North Queensland offering is the Commercial Tavern at Ayr – the commercial hub of the Burdekin Delta, Australia's largest sugar producing region.

The hotel includes a drive through BWS bottle shop, extensive car park, bistro and sports bar.

"The properties offer investors the chance to secure some of the longest secure leases in the commercial property market, backed by the 75%-Woolworths owned, ALH Group," Mr Beehag added.

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