

P R E S S R E L E A S E

CB Richard Ellis Pty Ltd
ABN 57 057 373 574

Level 26, 363 George Street
Sydney NSW 2000
DX 10262

T 61 2 9333 3333
F 61 2 9333 3330

www.cbre.com.au

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For further information:
Frances Kearey
Marketing & Communications
Coordinator
61 2 9333 3585
61 411 967 287

Prime Melbourne hotel sold under the hammer

Melbourne, VIC (19 July 2010)

The Laurel Hotel in north west Melbourne was sold under the hammer for \$3.321 million through CBRE Hotels this week.

The prime corner site located at 289 Mt Alexander Road, Ascot Vale totals 1,167 square metres and comprises a beer garden, bistro, outdoor balcony, lounge bar, cocktail bar, private function room and public bar with TAB / TAB Sportsbet.

The hotel offers two levels with the popular upstairs area recently renovated into a cocktail bar with rooftop deck which has further room for expansion.

CBRE Hotels Senior Director, Scott Callow steered the auction campaign on behalf of Niland Pastoral Co. Pty Ltd.

Mr Callow said the size of the crowd and the volume of bids clearly demonstrated the continued strength in the market.

“Private investors, such as the purchaser, are continuing to seek well located investment properties with quality lessees at market rents.”

"The Mt Alexander Road offering attracted 113 registered bids which resulted in a transaction equating to an initial yield of 5.6%."

The market for hotel investments has remained strong over recent years, especially for hotels occupying prime locations or within prime high profile retail location.

"Ascot Vale has transformed over the past decade or so into one of Melbourne's most desirable inner-suburbs boasting boutiques, restaurants and cafes," Mr Callow said.

The Laurel Hotel is currently operated by Laurel Hotel Ascot Vale Pty Ltd. The five year lease commenced in December 2009 with a current rent of \$187,200 and annual fixed increases. There are two optional terms of five and six years available to the lessee.

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