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CBRE to take advantage of buyer demand for prime hotel investment opportunities

Brisbane, QLD (4 March 2010)

Centro Properties Group is moving to capitalise on the strong demand for hotel investment opportunities with the sale of a portfolio of four South East Queensland pubs.

CBRE Hotels has been appointed as the exclusive selling agent for the freehold investment hotels, which will be auctioned individually at the Brisbane Polo Club from 12.30pm on Tuesday March 30<sup>th</sup>, 2010.

CBRE's Joel Fisher and Craig Harley will steer the sale campaign following their success in selling more than \$100 million in hotels for the listed ALE Property Group.

Mr Fisher said similarly strong buyer interest was expected in the Centro portfolio, underpinned by the strength of the tenancy covenants to Coles Group subsidiary Liquorland (QLD) and the long term development potential of the four properties, subject to existing leases.

The portfolio comprises three Brisbane hotels - the Mansfield Hotel at Mansfield, the Royal Mail Hotel at Tingalpa and the Club Hotel at Waterford West - as well as the Burleigh Town Tavern on Queensland's Gold Coast.

The Burleigh Town Tavern, Mansfield Tavern and Club Hotel are all leased long term to Liquorland (QLD) Pty Ltd, which is 100% owned by Coles Group. The Royal Mail Hotel is leased to private entity Bell Hotel Qld Pty Ltd, part of the Fox Hotel Group, on a long term agreement which expires in 2022.

The current leases across the portfolio extend between November 2012 and July 2022, with options to renew. The leases are subject to annual CPI reviews plus a market review between 2017 and 2022.

"We are continuing to field strong private investor demand for smaller value properties with long term leases to high quality tenants," Mr Fisher said.

"The sub \$8 million price bracket, which the majority of these properties fall into, has been particularly active. All four properties offering highly secure income streams and quality lease covenants."

Three of the four hotels are strategically located, long established venues offering on-site 1st Choice/Liquorland retail outlets.

The largest of the four properties is the Club Hotel at Waterford West, which occupies a prominent 11,069 square metre site on the corner of Kingston and Loganlea Roads. The hotel incorporates a public bar, bistro, gaming room and a detached 1<sup>st</sup> Choice liquor liquor barn. Current gross income is circa \$847,810.

The other Brisbane hotels on offer are the Mansfield Tavern and Royal Mail Hotel. Mansfield Tavern occupies a large 20,830 square metre site and includes a new 1<sup>st</sup> Choice Superstore. Current gross income is \$666,540. The Royal Mail occupies a prime 5,360 square metre site with a Multi Purpose Centre MP4 zoning. Current gross income is is \$420,682.

Also on offer is the Burleigh Heads Tavern, which occupies a significant corner site of 17,830 square metres with 296 metres of street frontage. The tavern incorporates a public bar, bistro, gaming room, walk in Liquorland liquor barn and drive through bottle shop. The property is leased to Liquorland on a current gross annual rental of circa \$445,754.

"All four properties offer long term development potential subject to the existing leases and we believe this will help generate strong interest nationwide in next month's auction," Mr Fisher said.

#### About CB Richard Ellis

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