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Central Equity acquires Crown Melbourne sites for landmark residential project

Melbourne, VIC (10 December 2009)

Crown Melbourne Ltd has realised \$13.5 million from the keenly contested sale of neighbouring Southbank sites to prominent Melbourne developer Central Equity.

Mark Wizel and Sebastian Drapac, of CB Richard Ellis City Sales, negotiated the sale of the City Road properties which have the potential to accommodate Southbank's next landmark apartment tower.

Mr Wizel said the campaign had attracted 12 Expressions of Interest, with six parties short-listed to contest the sale.

"The buyer demand exceeded expectations," Mr Wizel said.

"Coupled with the price that was achieved the deal reflects the positive developer and bank sentiment toward good quality inner city development sites. There was aggressive bidding from several "equity rich" developers that have positioned themselves well by selling down assets at the peak of the cycle and who now see opportunities to secure good stock to rebuild their pipeline for the next three years."

Situated at 141-145 City Road and 147-155 City Road, the neighbouring sites have a combined landholding of 2,527 square metres. The parcel has the potential to accommodate a significant high rise development, subject to the relevant planning approvals.

"The site has been home to Crown College, an extensive training facility, for 15 years and has seen in excess of 8,000 employees obtain qualifications, including over 3,500 traineeships," said Crown's Chief Executive Officer David Courtney.

"Crown is completing construction of a new \$10 million training facility which will be contained within the new Crown Metropol Hotel and as such the City Road site was surplus to our requirements."

141-145 City Road comprises a high quality two-storey, 1,649 square metre building, with ground floor showroom space and 10 on site car spaces. The total land area is circa 925 square metres.

The larger 147-155 City Road site has a total land area of approximately 1,602 square metres. The property features a two-level building known as Millbank House, which was refurbished and extended in 1989. The building has a total lettable area of circa 1,602 square metres, with 43 on-site car bays.

Settlement of the deal is scheduled for May 2010 when Crown will relocate to new training facilities.

The purchase is the latest for Central Equity, a development company that has completed nearly \$3 billion of inner city homes and apartment over the past two decades.

Recently the group completed construction of SouthbanOne - a 37-level residential and commercial tower within close proximity of the Crown site.

Mr Wizel said the Crown deal demonstrated the strong appetite for residential development sites located in and around the Melbourne CBD.

"The inner city residential development sector is one area that is still attracting interest from financiers," Mr Wizel said.

Mr Drapac said the Crown campaign attracted buyer interest from Melbourne, Brisbane, Sydney and Adelaide, with the eventual sale price being close to 20% above initial expectations.

"Taking into consideration that there was no holding income or planning permit in place, the result indicates the strong confidence investors and developers have in the Melbourne market," Mr Drapac said.

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