

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.cbrehotel.com

FOR IMMEDIATE RELEASE — 9 October 2009

For further information:
Kathryn House
Communications Manager
61 2 9333 3585
61 402 465 440

Stand off ends as \$60 million in pubs change hands

Sydney, NSW (9 October 2009)

The stand off between pub buyers and vendors appears to have ended, with sale agreements reached on close to \$60 million in property over the past week through CBRE Hotels.

Two of the most recent deals involve sale agreements on pub freeholds in Sydney which were recently put to the market by Hedley Leisure and Gaming Property Fund.

Subject to the tenant National Leisure & Gaming not taking up its first right to acquire the freeholds, the Royal Hotel at Ryde and the Lidcombe Hotel at Lidcombe will change hands - with both properties under contract to well established Sydney publicans.

In the case of the Royal, the freehold is to be acquired for \$9.25 million by the high profile Malouf family, who already own the Coopers Hotel in Newtown, while the Lidcombe Hotel is set to be purchased by Marcus Levy and his wife Vanessa Sanchez in a deal valued at \$6.55 million.

In a third Sydney sale, unrelated to Hedley, the Phoenix Hotel at Woollahra has changed hands for an undisclosed sum.

Meanwhile, ALE Property Group this week sold close to \$37 million in hotels at an auction which attracted frenetic bidding and set a new yield record of 4.41% for an Australian freehold investment hotel.

CBRE Hotels Director Joel Fisher said the increased activity signalled the end of the stand off between vendors and purchaser, which had limited transactions over the past twelve months.

“The three Sydney deals show that, at the right values, buyers are finding opportunities in the market to complete transactions with willing sellers,” Mr Fisher said.

“For the right opportunity the market has become increasingly active - particularly for established publicans, many of whom have been watching the market for the past two years waiting for the right time to make a move. We see activity continuing to increase over the next few months as the market becomes more realistic about pricing and long term industry players move to capitalise on emerging opportunities.”

The Lidcombe Hotel and the Royal Hotel were both offered to the market as part of a \$400 million Hedley portfolio sale.

The Lidcombe deal was negotiated on a yield of 8.3% which Mr Fisher said was a strong result in the current market and at price which was \$200,000 above the June 2009 book value.

“The deal shows the sharpest yield out of the four Hedley Hotels sales negotiated in the past fortnight and reflects the upside at the property,” Mr Fisher said.

The Lidcombe sale was negotiated by CBRE Hotels Negotiator Daniel Dragicevich, who also concluded the sale of the Phoenix Hotel at Woollahra. Mr Dragicevich declined to comment on the sale of the Phoenix, which is located in Moncur Street in Sydney’s eastern suburbs.

The Royal Hotel sale was meanwhile negotiated by Mr Fisher on a yield of 9.3%.

The other hotel auction this week centred on ALE Property Group as it put six landmark hotels across three states under the hammer at an auction which created history. Private investors in four separate rooms in Sydney, Melbourne, Brisbane and Adelaide competed to acquire the ALE hotels using sophisticated audio visual technology.

CBRE Hotels and Burgess Rawson steered the sale campaign for the hotel freeholds located throughout Melbourne, Adelaide and Brisbane.

The auction achieved a 100% clearance rate, with all six properties on offer sold under the hammer for a combined total of \$36.782 million through Joel Fisher, Scott Callow and Craig Harley, of CBRE Hotels, in conjunction with Raoul Holderhead, Billy Holderhead and Pat Kelly of Burgess Rawson.

Mr Fisher said the auction has attracted frenetic bidding, with the Sunnybank Hotel in Brisbane sold on a yield of just 4.41% - a new record for an Australian freehold investment hotel. The blended yield across the portfolio was a low 5.7%.

Some 120 people attended the main auction room at Melbourne’s Crown Casino. Live video feeds facilitated interstate bidding, with an estimated 90 people in attendance at the Brisbane auction room, 50 in Adelaide and 30 in Sydney.

While no Sydney pubs were on offer, a Sydney publican outbid his interstate rivals to acquire the Royal Hotel at Sunbury in Melbourne for \$4.491 million. The sale was struck on a yield of 6.85%.

“This week’s ALE result highlights the key difference between these assets and other hotel assets in the marketplace, which have been selling at higher yields,” Mr Fisher said.

“The strength of the tenant and the length of the lease term provided a key point of difference, with all six hotels sold with 19 years remaining on leases to Australian Leisure & Hospitality Group with options to renew for a further four, 10-year terms.”

About CB Richard Ellis

CB Richard Ellis Group, Inc. (NYSE:CBG), a *Fortune* 500 and S&P 500 company headquartered in Los Angeles, is the world’s largest commercial real estate services firm (in terms of 2008 revenue). The Company has approximately 30,000 employees (excluding affiliates), and serves real estate owners, investors and occupiers through more than 300 offices (excluding affiliates) worldwide. CB Richard Ellis offers strategic advice and execution for property sales and leasing; corporate services; property, facilities and project management; mortgage banking; appraisal and valuation; development services; investment management; and research and consulting. CB Richard Ellis has been named a *BusinessWeek* 50 “best in class” company three years in a row and a *Fortune* 100 fastest growing company two years in a row. Please visit our Web site at www.cbre.com.