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CBRE Hotels sets new record with interactive auction for ALE pubs in Melbourne, Brisbane and Adelaide
Melbourne, VIC (7th October 2009)

ALE Property Group today realised close to \$37 million from the sale of six landmark hotels across three states at an auction which set a new record for the Australian hotel sector.

The auction also created auction history, as 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.

"The 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."

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The two Brisbane ALE properties achieved the highest prices, with the Sunnybank sold for \$11.1 million and the Albion Hotel sold for \$6 million on a yield of 6.25%.

Mr Harley, of CBRE Hotels Queensland, linked the strong interest in the Sunnybank Hotel to the property's large site area and high profile location in Brisbane's southern suburbs. The landmark property occupies a prime 2.7 hectare site - one of the largest hotel sites in South East Queensland - and is regarded as one of the strongest performing gaming pubs in the country.

Both Brisbane hotels were acquired by local investors bidding from the Brisbane auction room. A third Queensland hotel, the Caloundra CBX Hotel on the Sunshine Coast, was withdrawn prior to auction and is currently under offer and expected to exchange this week which would take the total dollar value of the ALE sales to over \$43 million.

Two Melbourne pubs - the Davey's Hotel in the bayside suburb of Frankston, and the Royal Hotel in Sunbury - also sold under the hammer.

CBRE Hotels Senior Director Scott Callow said a local investor had purchased the Davey's Hotel for \$5.35 million - representing a yield of 5.0% - while a Sydney publican bidding from the Sydney auction room had secured the Royal Hotel for \$4.491 million, on a yield of 6.9%.

The Brisbane auction room was one of the most active on the day, with a Brisbane investor also acquiring the Ramsgate Hotel at Henley Beach in South Australia for \$5.85 million - representing a yield of 6.6%.

Billy Holderhead, of Burgess Rawson, said the iconic, Victorian-era pub was situated on a prominent corner site which offered water and Henley Pier views. The hotel's gaming room is presently undergoing a \$2.5 million extension and refurbishment to capitalise on the property's strong trading performance.

A second South Australian property - the Enfield Hotel at Clearview - was sold to a local Adelaide investor who travelled to Melbourne to be in the main auction room. The hotel sold under the hammer for \$3.991 million, on a yield of 6.7%.

Mr Fisher said the strength of the tenancy covenant to ALH, which is 75% owned by Woolworths Limited, had been a significant drawcard for investors. All the leases are Triple Net (excluding QLD land tax) and include yearly CPI rent adjustments and a collared market rent review in 2018, offering the incoming owners a secure and unusually long term revenue stream.

"In the current low interest rate environment we are fielding strong investor demand for well positioned commercial properties with strong investment fundamentals. In this instance, investors were given the opportunity to buy well established, highly successful hotels which provide long term, CPI indexed rental cash flows backed by Australia's largest hotel operator," Mr Fisher said.

Full auction results are as follows:

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Hotel	Sale price	Yield*
Albion Hotel, Albion, QLD	\$6,000,000	6.25%
Sunnybank Hotel, Sunnybank, QLD	\$11,100,000	4.41%
Ramsgate Hotel, Henley Beach, SA	\$5,850,000	6.6%
Enfield Hotel, Clearview, SA	\$3,991,000	6.7%
Davey's Hotel, Frankston, VIC	\$5,350,000	5.0%
Royal Hotel, Sunbury, VIC	\$4,491,000	6.9%
	\$36,782,000	5.7%

* The yields above have been calculated using 2009/10 single holding land tax, which in Queensland is payable by the landlord.

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