



ALE's second round

Report Robert Harley

ALE Property Group will auction seven hotels in Queensland and Victoria in what is likely to be the last of its strategic asset sales.

Last year the \$350 million pub owner embarked on a capital management program to cut gearing to 50 per cent with a \$105 million equity raising and a \$120 million sell-down of assets.

Pubs worth \$71 million were sold, at a capitalisation rate of 5.7 per cent on average and a 7 per cent premium to book value.

Seven more pubs should sell for about \$4.5 million to \$11 million each, raising \$50 million-plus and ending the asset sale program.

The auctions will be handled by CBRE Hotels and Burgess Rawson, which successfully sold \$37 million worth of ALE pubs in October.

The agents said similarly strong interest could be expected for the

next auction, underpinned by private investor demand for smaller-value properties with long-term leases to high-quality tenants.

The ALE pubs are leased to Woolworths-owned Australian Leisure & Hospitality Group for another 19 years plus options.

Four Melbourne pubs — Royal Hotel, Essendon, Mountain View Hotel, Glen Waverley, Eltham Hotel and Westmeadows Tavern — will be auctioned on February 24.

Three Brisbane pubs — Stones Corner Hotel, Royal Exchange Hotel, Toowong, and Oxford 152 Hotel, Bulimba — will be auctioned on March 3.

CBRE Hotels executive Craig Harley said it was an opportunity to buy "well-established, highly successful hotels which would provide long-term, CPI-indexed rental cash flows backed by Australia's largest and most successful hotel operator".