

Sean Butler

From: Kennedy, David @ Perth <David.Kennedy@cbre.com.au>
Sent: Tuesday, 1 February 2011 2:02 PM
To: Sean Butler; Brian Benari
Cc: gclarke@brwa.com.au
Subject: FW: Lighthouse Beach Resort and National Hotel Fremantle
Attachments: 110201DK- National Hotel.pdf

Sean and Brian

Both Graeme and I have spoken to both of you separately concerning rationalising these properties .

Lighthouse

Graeme has an offer from Richard Green at \$13.8m however Richard is endeavouring to increase to \$14m. He has advised that he requires a Deed of Restraint on comparable accommodation properties which would not include pubs such as the Rose but Sean can not agree to that given the other options he may wish to take up in the town. Graeme and I believe we have proven the market in Bunbury and support a sale at \$14m. Brian has indicated that he is a buyer on this basis and we believe this is the best way to go.

The National

Our marketing of the National revealed to us that the market is not prepared to pay top dollar for a partly completed project evidenced by offers at around \$3m and an expectation from parties that the completion cost is closer to \$5m although we know this is purely a conservative guess. There was a lot of enquiry on this hotel and a number of inspections but the required price was not achieved at the close of the campaign. Graeme has interest in a JV at around \$3.5m for 50% plus the required money to complete on a 50/50 basis. If that materialises we would recommend acceptance. $x 2 = 7.0m !!$

The suggested price as it now stands is \$5.5m however I know you both view this as cheap at the price.

Solution

We recommend that the Lighthouse be sold to Brian for \$14m on an agreed settlement basis without a Deed of Restraint.

Subject to sale of the Lighthouse, I suggested to Brian last week that due to the difficulty of pricing the National and because you both want the property I suggest we auction it without a reserve price, on the basis that the property must be sold. This will encourage a lot of interest from the public as well. In view of the circumstances we suggest a low budget 4 week campaign. That would allow us time to go back to the database of buyers and any new ones would come from advertising.

I am a licensed auctioneer so there would be no charge for that. Depending on the numbers and I expect plenty we may need to book a venue, maybe Town Hall or the Esplanade Hotel. We suggest a budget for advertising not exceeding \$10,000 including GST and Adcorp has provided the attached schedule which includes on site sign amendments of \$1,000 and 1 ad in the AFR which we could delete if you wish. I will investigate venue costs if you wish to proceed.

The terms of sale subject to your agreement would be 10% deposit on the fall of the hammer and settlement in 45 days if that suits you. Normal conditions of sale would apply and we suggest that there be no reserve price and no vendor bids by the auctioneer. That should make the public sit up and take notice. It would also be newsworthy for a free editorial.

From discussions with both of you we think this is the most equitable solution and look forward to your advice in this regard.

Regards,

David Kennedy | Senior Director

CBRE Hotels
CB RICHARD ELLIS

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Which way done !!