

Lone Pine Tavern

13 ROOTY HILL ROAD SOUTH, ROOTY HILL NSW 2766



FOR SALE BY PUBLIC TENDER CLOSING THURSDAY 1 SEPTEMBER 2016



Executive Summary

JLL Hotels & Hospitality Group has the exclusive pleasure to offer for sale the Freehold Going Concern interest in the Lone Pine Tavern, Rooty Hill. The Hotel is being offered via Public Tender closing 4:00pm (AEST) Thursday 1 September 2016.

The property occupies a huge corner site, boasting the following key characteristics:

- Large multi-revenue business with circa \$9,500,000+ in annual gross revenue;
- Strategic 10,060sqm (approx.) site opposite Rooty Hill retail precinct and adjacent to Rooty Hill Train Station;
- 28 Poker Machines, with only 15 in smoking solution currently and with outdated hardware & software;
- Close proximity to Rooty Hill RSL, Australia's Largest RSL club (726 GME, \$84 million in gaming revenue). Strong business drivers;
- Impressive hotel with modern fit-out in one of the fastest growing LGA's in Sydney (330,000 residents 2015, forecast 21% growth by 2036);
- Excellent further development potential with future accommodation/ residential potential (STCA)

To access full due diligence information, or arrange an inspection, please contact the exclusive agent:

John Musca

National Director – Investment Sales
JLL Hotels & Hospitality Group
T: 02 9220 8710
M: 0424 257 004
E: john.musca@ap.jll.com





Asset Overview

LONE PINE TAVERN

Address: 13 Rooty Hill Road South , Rooty Hill NSW 2766

Site Area: 10,060sqm (approx.)

Legal Description: Lot 2 in Deposited Plan 652407

Zoning: B2 Local Centre

Facilities:

- Lounge Bar
- Beer Garden
- Children Play Area
- Bistro Area
- TAB Area
- Drive Through Bottleshop
- Commercial Kitchen
- Gaming Room
- 170 car bays
- Public Bar
- Designated Function Room

Average Weekly Revenues (Ex GST)

	F16	F15
Bar	\$54,382	\$51,061
Food	\$47,607	\$44,684
Gaming	\$64,362	\$57,018
Bottles	\$12,520	\$14,109
Other	\$6,749	\$7,115
Total	\$185,620	\$173,988

Gaming Machines: 28 (25 PME's & 3 PMP's)

Top 200 Rankings: 193 (Mar-16), 171 (Dec-15), 167 (Sept-15), 173 (Jun-15)

Trading Hours

Mon to Wed	10:00am - 12:00 midnight
Thurs to Sat	10:00am - 3:00am
Sun	10:00am - 10:00pm



Sales Process

Mandate

JLL Hotels & Hospitality Group has been exclusively appointed to offer For Sale the freehold going concern interest in the Lone Pine Tavern, Rooty Hill, 13 Rooty Hill Road South, Rooty Hill NSW 2766 ("Hotel").

Method of Sale

The Hotel is being offered For Sale by Public Tender ("Tender") closing at 4:00pm (AEDT) Thursday 1 September 2016.

Bids should be submitted in an envelope marked 'Lone Pine Tavern' on the Contracts provided with an attached refundable deposit cheque for 1% of the purchase price and

deposited in the Tender Box at the reception of JLL and addressed to the Exclusive Agents listed below. The balance of a 10% deposit will be required upon exchange of contracts.

Bidders should contact Lisa Petralia of these offices on 02 9220 8790 to gain access to the building in order to submit their Bids in the Tender Box.

John Musca

National Director, Investment Sales
JLL Hotels & Hospitality Group
M: 0424 257 004
T: 02 9220 8710
E: john.musca@ap.jll.com

Sale and Purchase Agreement

The Contract of Sale is being prepared by the Vendor's solicitors. Each Bidder's solicitors can liaise with the Vendor's lawyer directly during the due diligence period as Bids should be submitted on formal contracts. The Vendor's solicitors details are as follows:

John Martin

JDK legal
Level 5, 1-7 Castlereagh Street
Sydney NSW 2000
T: 02 9236 8588
F: 02 9236 8599
E: j.martin@jdklegal.com.au



Sales Process

Vendor's Decision

The Vendor reserves the right to evaluate any bid and to freely deal with the same in such manner as the Vendor considers appropriate in its absolute discretion, including to propose amendments to any such offer accept, and/or offer reject any such offer without giving reasons for such action. No Bidder(s) shall be entitled to enquire into the basis of the Vendor's decision in any respect or appeal against any decision to accept or reject any such offer. The Vendor has the right to sell, withdraw or treat with the Property at any time in its absolute discretion outside the timeframes provided.

The Vendor gives notice that (and by lodging a Bid, each

Bidder accepts that):

- A) The Vendor will not be liable for and will not pay or reimburse any costs or Bid expenses incurred by any Bidder in preparing and submitting a Bid or in negotiating with the Vendor in relation to any Bid under any circumstances;
- B) The Vendor reserves the right to modify at any time the Sale Process and the terms and conditions set out in this Information Memorandum or to elect not to proceed with the sale of the Hotel at any time, and will not be liable for any loss or damage suffered by any Bidder as a result;
- C) The Vendor will not be required to accept or select any Bids received from any Bidder and expressly reserves the right to:

i) Reject or refuse to consider any Bid for any reason;

- I. Consider any Bids whether or not made in conformity with this Tender process;
 - II. Invite or re-advertise for further Bids; and
 - III. Negotiate with any party outside the terms of this Information Memorandum
- D) The Vendor reserves the right to seek from a Bidder clarification or further information in relation to that Bidder's Tender; and
- E) This Information Memorandum, and the Sale Process and terms and conditions set out in this Information Memorandum, will be governed by the laws of NSW and by submitting a Bid, each Bidder irrevocably submits to the non-exclusive jurisdiction of the courts of NSW.

Hotel Overview

The Lone Pine Tavern, was extensively renovated in 2009 at the approximate cost of \$7 million and established as a multi-faceted hospitality venue. The tavern offers an established and a growing revenue stream from bar, gaming, food and bottle sales.

Lounge Bar

The lounge area is serviced by a modern, fully equipped bar with direct access to beer garden and ample seating to enjoy meals or live entertainment, made up of lounge, high and low seating.

Bistro/Dining Area

The Bistro/Dining area provides raised ceiling with side skylights, indoor low seating for approximately 115 patrons, glass partitioned kids room with play equipment and TV monitor, and covered outdoor seating for approximately 60 patrons with air conditioning to provide optimum climate control.

Adjoining the Bistro area is the large commercial kitchen with generous food preparation rooms, walk-in cool room and freezer.

Public Bar

The fully equipped Public Bar has been renovated to a high standard, with multiple service points, allowing for large patronage during high traffic periods. This area is also equipped with large amount of seating, TV monitors, TAB sportsbet terminal, ATM, vending machines, two pool tables and designated outdoor smoking area.

Beer Garden

The beer garden is well-appointed with large amount of tables for meals and patrons to enjoy the three big screen TV's.





Hotel Overview

TAB area

The TAB provides an indoor and outdoor area. The indoor TAB provides a bank of 16 small monitors and two large monitors, TAB sportsbet terminal, TAB Trackside animated betting device, betting benches, bulletin boards and ample standing and high seating areas for patrons.

Gaming Room

The indoor gaming room provides complimentary snacks, hot drinks and 13 machines, with the outdoor gaming area providing 15 machines and numerous water features. Both gaming areas have close access to TAB area bar and under utilised drive thru bottleshop with further potential for further cost effective expansion to include all 28 machines in a smoking solution.

Function Space

In addition to this, a designated function room has the capacity to hold up to 200 of your guests and is perfect for any occasion.

Car Parking

The hotel also offers approximately 170 on-grade car spaces.



Value-Add Opportunities

Gaming Room

Experienced hoteliers will understand the crucial drivers of profitable gaming rooms; smoking solutions, sufficient parking, modern hardware and software, discreet entrances/exit and dedicated service points. While ticking numerous boxes, operators will be aware of significant revenue growth that can be generated by locating all machines in an outdoor smoking solution. A simple modification to the room via expansion into the bottleshop area is cost efficient, has no physical constraints and provides this solution.

By implementing this simple gaming room enhancement operators have the opportunity to reposition the tavern business slightly and potentially revisit the entertainment proposition to focus more on gaming revenue growth. This might include a modification or reduction in Friday and Saturday night entertainment offers which, although likely leading to an initial adjustment in bars revenue, is more than likely to be significantly outweighed by increasing gaming growth. Hoteliers have suggested that the tavern with an improved gaming offer, will then have the complete set of the attributes for it to rapidly become a \$1.2 million to \$1.3 million weekly turnover venue.

Site Alternative Use

Innovators in the hotel space will be aware of current accommodation and residential demands within the greater Sydney Metropolitan Area, with prices per room and occupancy rates at historical highs. Less than one kilometre away, the 164 room Novotel Rooty Hill, currently runs at 85% occupancy levels, generating \$9.1 million in revenue with an EBITDA of \$2.52 million for the F15 year.

Demand for four-star and above accommodation in Western Sydney continues to rise with government and private expenditure in the broader Western Sydney Employment Area which is expected to create 57,000 new jobs in the next 30 years and 212,000 forecast in the long term.

Accommodation management groups such as Accor, Starwood and TFE Hotels all have hotels in this market segment and operate lucrative management agreements in this sector.

Current zoning and its location close to public transport, within close proximity to the future Badgerys Creek Airport and at the junction of the M4, M7 and Greater Western Highway make Lone Pine Tavern a strategic location.

Rooty Hill RSL

Rooty Hill RSL being located only one kilometre away is Australia's largest RSL club operating 726 poker machines, with a local membership of 50,000 patrons.

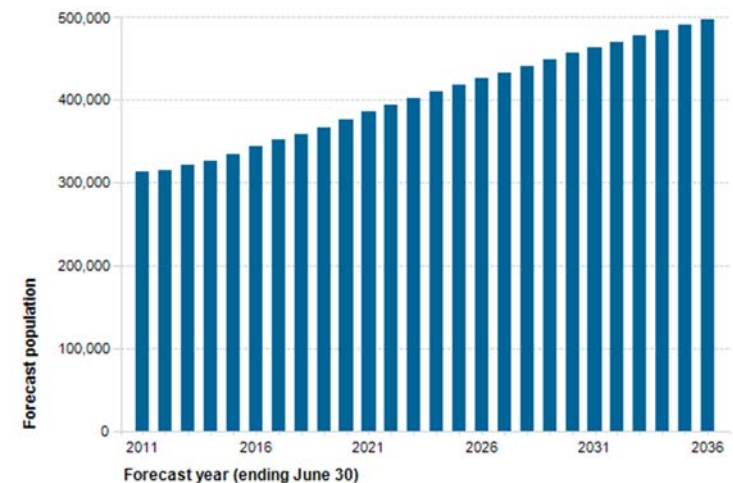
According to the 2015 Annual Report the RSL was home to the second largest amount of poker machines outside of casinos in Australia, with \$84.4 million in revenue and \$52.2 million attributed to gaming revenue (61.8%).

Population Growth

The Blacktown Local Government Area (LGA) is the second largest LGA by population in New South Wales (NSW) with 340,000 residents as of 2016. The area is home to 100,000 dwellings and is one of the fastest growing LGA's in the country with an estimated 450,000 population forecast by 2036. The taverns proximity to Rooty Hill Station means that increased population growth which traditionally centres around access to transportation hubs, will see increased foot traffic and retail activity.

Forecast population

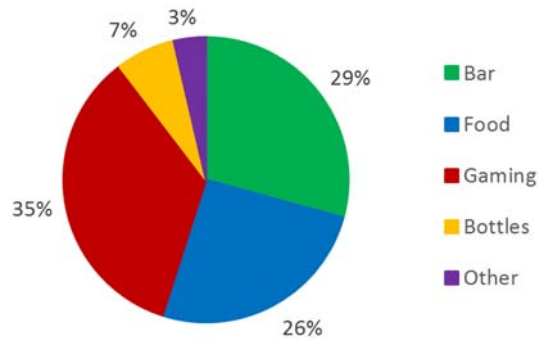
Blacktown City



Trading Summary

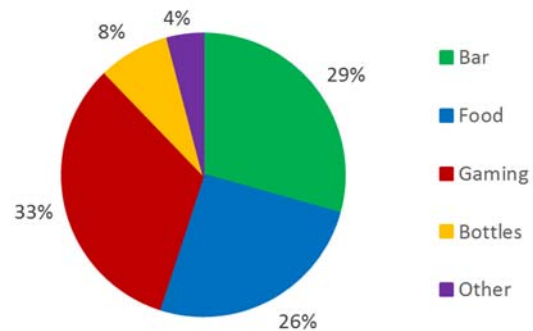
The Lone Pine Tavern currently enjoys a spread of revenues between bars, food and gaming with the latter continuing to grow as a proportion of weekly revenue leading to higher profitability.

FY16



Weekly Revenues (ex GST)	FY16
Bar	\$54,382
Food	\$47,607
Gaming	\$64,362
Bottles	\$12,520
Other	\$6,749
Total	\$185,620

FY15



Weekly Revenues (Ex GST)	FY15
Bar	\$51,061
Food	\$44,684
Gaming	\$57,018
Bottles	\$14,109
Other	\$7,115
Total	\$173,988





Hotel Gaming Analysis

A review of the CMS Gaming Tax Invoices demonstrates that the following trade patterns and growth trajectory.

Quarter Ending	Sep-15	Dec-15	Mar-16	Jun-16
Total Turnover	\$9,919,048.91	\$9,999,520.55	\$8,920,421.97	\$9,298,726.38
Total Wins	\$8,909,136.29	\$9,026,869.89	\$8,071,156.29	\$8,447,712.16
Net Profit	\$1,009,912.62	\$972,650.66	\$849,265.68	\$851,014.22

Quarter Ending	Sep-14	Dec-14	Mar-15	Jun-15
Total Turnover	\$9,329,825.47	\$8,901,036.62	\$8,234,981.06	\$9,000,442.5
Total Wins	\$8,518,266.78	\$8,071,810.04	\$7,491,077.14	\$8,130,023.93
Net Profit	\$811,558.69	\$829,118.53	\$743,903.92	\$869,027.86

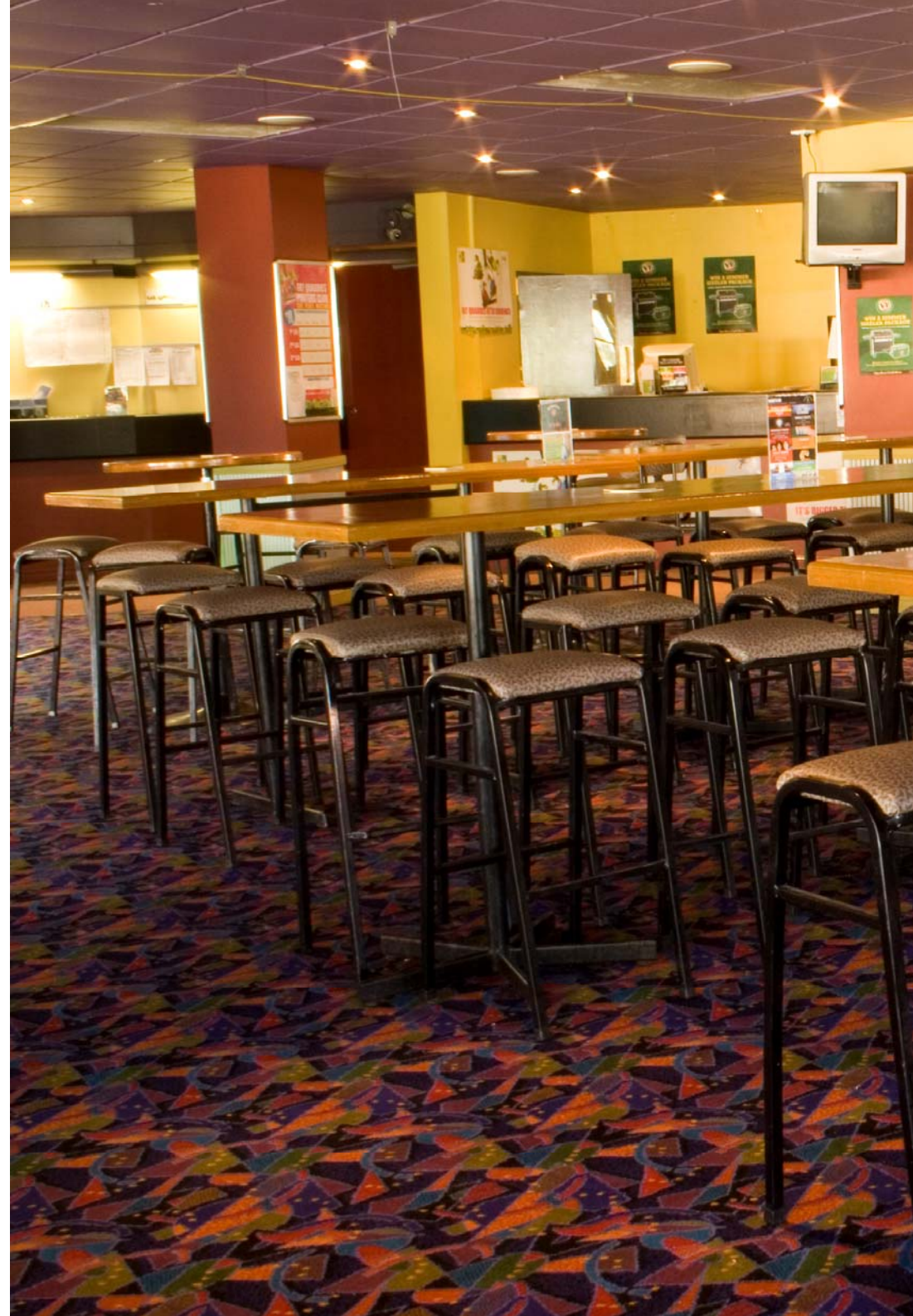
Site Details

Site Details:	13 Rooty Hill Road South, Rooty Hill
Site Area:	10,060sqm (approx.)
Lot:	2
Deposited Plan:	652407
Local Government Area:	Blacktown City Council
Parish:	Prospect
County:	Cumberland

Services

The large level property enjoys all normal connections and access to standard services and utilities including electricity, natural gas, reticulated water and sewerage and telephone connections. The Lone Pine Tavern is well serviced by bitumen sealed carriageway roads in all directions with concrete curb and guttering.

Current Planning Control	Blacktown LEP 2015
Zone:	B2 - Local Centre
Height limit:	14 metres
Objectives of zone:	<ul style="list-style-type: none"> • To provide a range of retail, business, entertainment and community uses that serve the needs of people who live in, work in and visit the local area. • To encourage employment opportunities in accessible locations. • To maximise public transport patronage and encourage walking and cycling. • To encourage the development of an active local centre that is commensurate with the nature of the surrounding area.





Liquor Licence

The Lone Pine Tavern has a Hoteliers Licence by the Liquor Administration Board of New South Wales.

Hoteliers Licence No: LIOH400118945

Location: 13 Rooty Hill Road South Rooty Hill NSW 2766

Licence Owner: Lone Pine Tavern

Approved Devices: 28

Trading Hours:	Monday - Wednesday	10:00am - 12:00
	Thursday - Saturday	10:00am - 3:00am
	Sunday	10:00am - 10:00pm

Hoteliers Licence No: LIOH400118945

LGA Classification: Metropolitan

LGA Band: 2

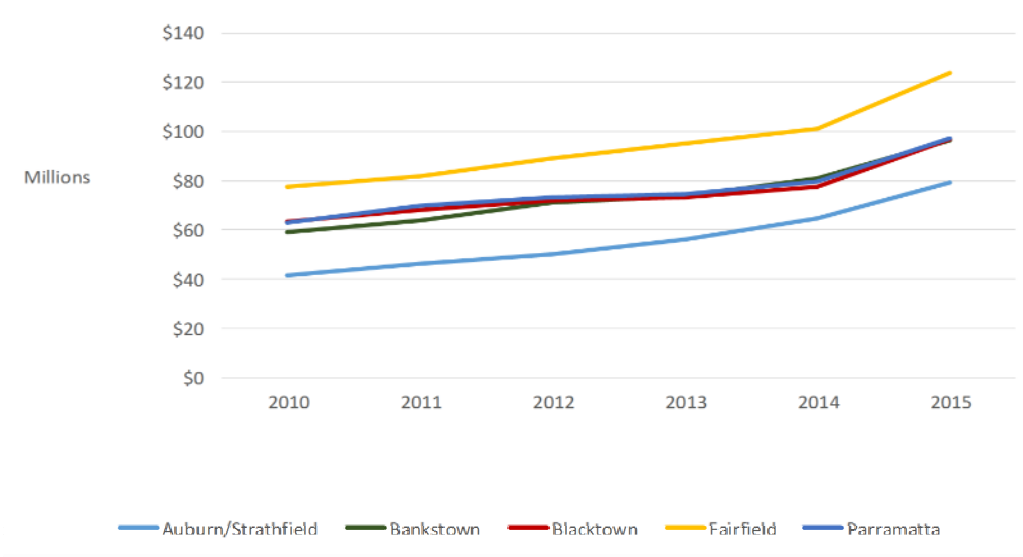
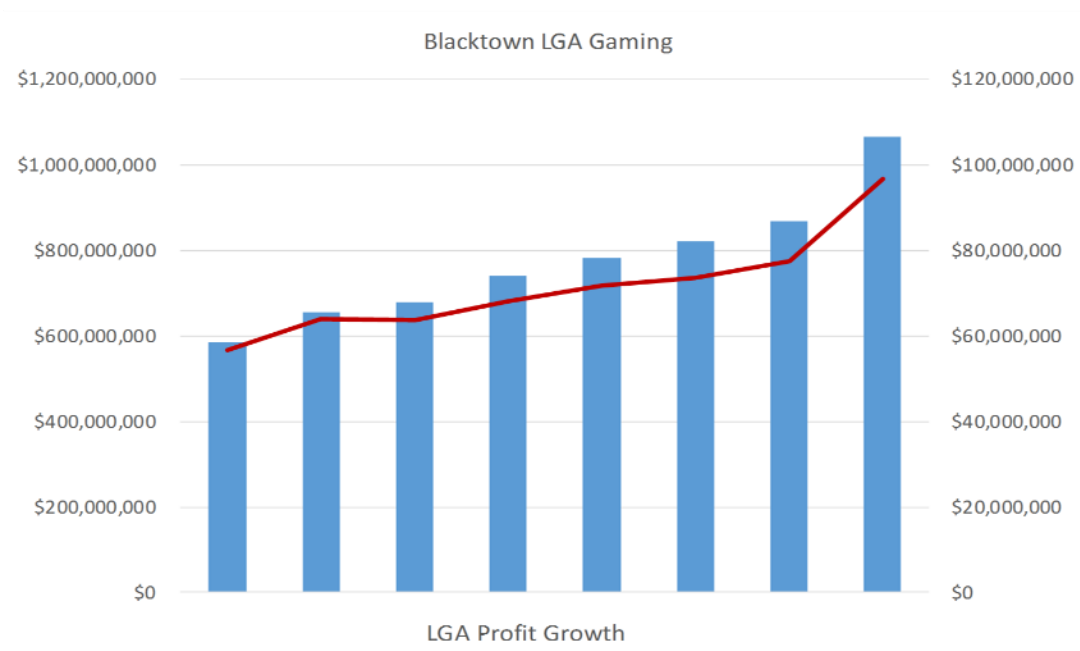
Gaming Machine Threshold: 28

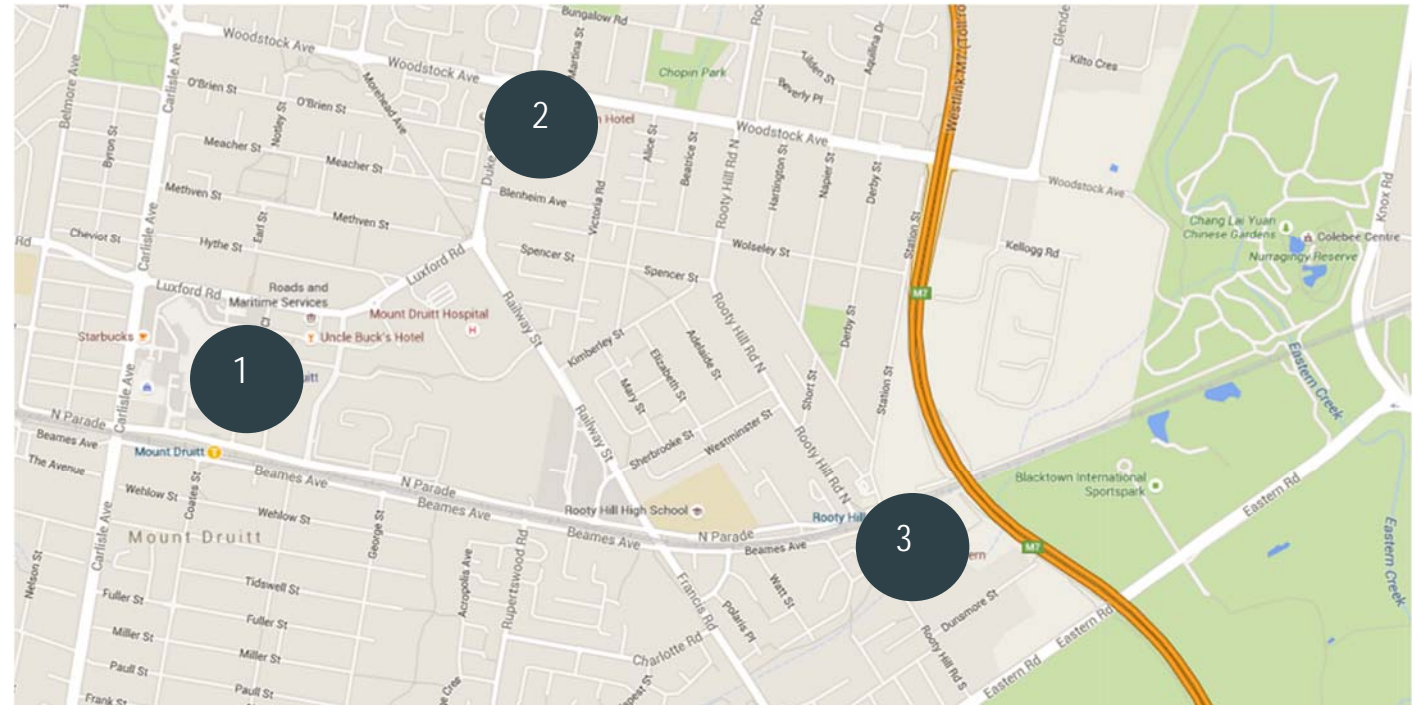
Gaming Machine Entitlements: 25

Poker Machine Permits: 3

Maximum Gaming Machine: 28

Blacktown Gaming Analysis





No:	Hotel	Suburb	Mar-16	Dec-15	Sep-15	Jun-15	Mar-15	Dec-14	Sep-14	Jun-14	Mar-14	Licence	PME
1	Vegas Hotel	MOUNT DRUITT	67	49	54	55	64	59	61	68	58	24hr	30
2	Carousel Inn	ROOTY HILL	74	66	70	75	70	61	40	56	69	3am	30
3	Lone Pine Tavern	ROOTY HILL	193	171	167	173	196	189	197	201	213	3am	28

On the first graph (page 14) we see the historical performance of Blacktown LGA turnover and profit since 2008, with 20% growth from 2014 to 2015.

We see the LGA profit growth vs four of the strongest gaming LGA's in the state, with Blacktown on par with Bankstown & Parramatta LGA validating Blacktown's emergence as one of the strongest gaming LGA's with essential demand drivers in place for continued growth.

The above map & table show the close proximity to two Top 100 Gaming Hotels.

Astute publicans will be aware of the growing number of hotels within the esteemed Top 150 ranked gaming hotels with Blacktown LGA now represented by nine in the Top 150.

Summary

So far in 2016 there have been no large format suburban Sydney hotels offered for sale publicly. In 2015, only two large compatible Western Sydney hotels were sold, being the El Toro Motor Inn and Macquarie Hotel. A quick analysis of the coveted Top 150 gaming hotels in Sydney suggest that about 80% are currently held in portfolios by corporate owners or by the large private hotelier groups, none of which have sold a large format suburban hotel for nearly a decade.

The fact remains that the market continues to consolidate and tighten, and these assets are becoming scarcer with every year that passes. With legislation ensuring that foreseeably no new hotel approvals are going to be granted in the existing suburban areas in the future, demand for, and ultimately patronage of, these assets can only continue to increase.

The Lone Pine Tavern is likely to be one of, if not the only, big Western Sydney hotel offered to market in 2016, and the outlook is that few if any large hotel assets are anticipated to be offered to market in early 2017. Investors, operators and industry stakeholders face the very real and daunting possibility of seeing at least another year pass before they have any opportunity to *get the keys* for a new hotel operation and commence working equity that otherwise lies dormant or passive in low yielding alternative investments.

The Lone Pine Tavern offers quantifiable trade uplift opportunities and is fundamentally underpinned by a strategic one hectare level land-holding with a favourable zoning adjacent to a western Sydney train station in a high-growth corridor.

With the cost of debt at record lows and finance available to approved parties at circa 3.5%, the spread between return on equity and yield is astonishing.

Act now to improve your opportunity to acquire this rare and coveted asset in the nation's most sought-after asset-class.





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