



CASE STUDY

Largest Transaction of 2015

The Newport Arms Hotel, 2 Kalinya Street, Newport

NSW | Hotel | EOI

After 130 years and one internationally marketed campaign, the iconic Newport Arms Hotel has been sold to Justin Hemmes and his leading hospitality group Merivale. Significant interest was registered in the famous hotel sale which enjoys in excess of 11,000sqm of waterfront land holding.

Exclusive selling agents Ray White Hotels Australia wouldn't be drawn on price, however commented that the price achieved was consistent with market guidance provided throughout the sales campaign.

Owner Wayne Bayfield advised that the sale of the family's flagship hotel was a watershed moment and that the decision to sell after being held for so long by the Bayfield family wasn't taken quickly or lightly. "The fact that the hotel has been sold to another family run business is of great comfort to us." "We had a range of interest from both local and international hotel groups, as well as developers and private equity funds". "We always said that the objective was to sell the hotel to someone who would ensure its longevity within the community as a meeting point, a focal point, and in Justin we have found a buyer who will unlock the potential in the business and provide a product that the Northern Beaches can continue to be proud of for decades to come."

Following the Merivale Group's acquisition of the now market leading Coogee Pavilion, Justin Hemmes commented that "assets as unique as the Newport Arms deserve to be celebrated, and that will be our intention when we implement our business plan in due course".

Exclusive agents for the commented that the sale campaign had been incredibly well supported, and that a number of local and international parties had sought to acquire the rare asset. "The opportunity to market for sale an asset so truly eponymous with its locality is an extraordinary opportunity, and the response to our campaign was not inconsistent with what one would expect from such a unique property" said Ray White Asia Pacific Director Andrew Jolliffe. "Properties such as The Newport Arms transcend their asset category, and astute investors assess them on the basis of being property plays, significant cash flow opportunities and generationally held investments" added Jolliffe.

"We've been fortunate enough to sell some truly iconic hotel assets recently, and The Newport Arms is right at the top of the list. Fundamentally, we have an A grade asset supply shortage in the hotel sector and in addition assets of this scale and pedigree rarely trade" advised leading broker Joel Fisher of Ray White Hotels Australia.

"The Newport Arms Hotel business has historically been a phenomenal cash generator, and this point, added to its unopposed waterfront scale makes it the type of asset multiple investor genres seek out" offered Fisher.

In commenting about the hotel market generally, Jolliffe commented that "The spread between cost of capital and yield remains at an attractive band width, with the key difference to other time periods being that senior debt is at a cyclical low".

Sales Analysis*

Vendor:	Bayfield Family
Contacts Exchanged:	17 March 2015
Settlement Terms:	Cash Unconditional

Sale Process*

Process:	EOI
Marketing Time Frame:	4 weeks
EOI Close:	12 March 2015



Hotels Australia

Contact Agents

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