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Precision snatches Victory in Brisbane

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Sydney-based private investor Precision Group has snared Brisbane's well-known Victory Hotel for \$22 million one of the city's biggest pub sales.

The deal has reaped a massive profit for the pub's vendor, VH Partnership, a company owned by some of Brisbane's best known business identities, which reportedly paid \$1 million for the hotel in December 1981.

Shareholders in VH include local businessman Andrew Bakker, property developer John Jamieson, Flight Centre director Howard Stack and ABN Amro Morgan's executive chairman of stockbroking, Tim Crommelin.

VH Partnerships also owns the Port Office Hotel and surrounding properties in central Brisbane.

The Victory Hotel was marketed with an 18-year lease locked in with the ALH Group and guaranteed by Carlton and United Breweries.

The rental is structured to increase by a minimum of 3.5 per cent per annum. There are also three market reviews where rises of up to 7 per cent can be implemented.

Precision entered the Brisbane market in October last year and has since spent over \$115 million on three central business district property acquisitions, including the Victory Hotel.

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Precision entered into an unconditional contract to buy the Victory at the end of last week. Settlement will occur on October 1.

The sale price is understood to reflect a yield of about 7 per cent.

Precision's chief executive Shaun Bonett said the Victory Hotel offered a "superb" income and also had long-term development potential. "Our preference is to undertake any project in conjunction with ALH," Mr Bonett said.

The Victory Hotel occupies a prime CBD site totalling 924 square metres on the corner of Edward and Charlotte Streets.

The existing two-level pub complex incorporates a pool room, beer garden and gaming room.

Precision paid \$44.65 million last year to purchase the Axa Centre office building located diagonally opposite the Victory Hotel.

Last month Precision bought Zurich's Brisbane office building at 160 Ann Street for \$49 million.

Mr Bonett said he remained keen to buy a retail investment in Brisbane's CBD.

The Victory Hotel acquisition represents Precision's second pub purchase after the group bought the White Horse in Crown Street in Sydney's Surry Hills in April for \$7.5 million.

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Jones Lang LaSalle Hotels' Tony Bargwanna and JLL's John Livingstone formally marketed the Victory Hotel with a June 8 deadline for offers.

Mr Bargwanna declined to comment on the deal on Friday.

Queensland pubs are proving to be one of the strongest investment classes in the state, with unprecedented demand for both freehold and leasehold properties.

Fuelling the activity is the competition for market share by retailers Coles Myer and Woolworths, as well as the bullish expansion plans of institutional owners including the ING Real Estate Entertainment Fund.

The Victory Hotel sits across the road from The Exchange. ING bought both The Exchange and the GPO a hotel in Brisbane's Fortitude Valley for a combined price of \$20 million.

Earlier this year in a landmark deal, Coles paid close to \$17 million to acquire the long-term leasehold of Brisbane's well-known Regatta Hotel.

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