Facsimile

METRO HOSPITALITY GROUP

Group Office
230 New South Head Rd
Edgecliff NSW 2027 Australia
Postal Address: P.O. Box 236
Edgecliff NSW 2027 Australia
T: +61 2 9363 4321
F: +61 2 9363 4145
Reservations: 1800 004 321
Reservations@MetroHG.com

To:	Company Announcements Office	**Date:**	25/1/05
Company:	Australian Stock Exchange - eLodgement	**Fax:**	1900 999 279
From:	Kim Schultz	**Tel:**	
Subject:	Acquisition of major interest in Hotel	**Pages incl. header:**	2

☐ URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ RESPONSE DATE

Transmetro Corporation Limited advises it has acquired a major interest in a Sydney hotel property.

Contracts were exchanged at 5:30pm on Monday January 24 2005, with settlement expected in approximately four to eight weeks.

The property, the RG Hotel (formerly the Royal Garden Hotel) is in Pitt Street, Sydney, on the corner of Campbell Street, and has 220 rooms.

The property will be managed by Transmetro's management arm, Metro Hospitality Group, and will be renamed the Metro Hotel on Pitt & Campbell.

The hotel has been acquired for $34 million by Kol Tov Pty Ltd., in which Transmetro the largest shareholder, has taken an approximate 21% interest. Funding is being provided by an Australian bank.

Kol Tov was established by Ben Caplan, the Managing Director
of Wall Street Travel. Caplan, family members and associates make up the other shareholders.

It is proposed that the hotel will be positioned as a value-for-money 4 star property targeting the corporate, government, and convention markets.

The move underlines Transmetro's shift in focus to the management of 4 star hotels and apartments properties, in preference to it's midmarket inns brand.

It also highlights the company's focus on the Sydney hotel market where it will now have almost 500 rooms, the majority of which will be in the CBD or Darling Harbour.

The RG Hotel acquisition will be the second in conjunction with the Caplan group. In August 2003 Transmetro joined Caplan's Hudson Hotel Group Pty Ltd to acquire the then Pentura Hotel, another Sydney CBD based 4 star hotel, which has since been renamed Metro Hotel on Pitt. That property has improved markedly under Metro's management and has recently been revalued from the original purchase price of $16.5 million to $18.8 million.

Transmetro is on track to better last year's net profit performance of $2.27 million or 17 cents per share ($3.3 million or 25 cents per share before interest, depreciation, and tax). The company has been in a sharp turnaround phase over the past two years assisted by asset sales, however the company's improved trading performance is now principally behind profits being sustained at last year's levels.

Aside from improvement in the company's accommodation business the company is reaping the benefit of buoyant profits from the groups' interest in pubs. Metro Hospitality Group operates four pubs, two in Sydney, one in the CBD and the other at Star City Casino, one in the Adelaide CBD and the other in Subiaco in Perth.

For further information contact Company Secretary Kim Schultz at 02) 9363 4321 or Managing Director John McEvoy at 02) 9363 4321 or 0413 592 865.

Yours faithfully
Transmetro Corporation Limited

Kim Schultz
Company Secretary