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AHG and API to establish \$66million Automotive Property Trust

Automotive Holdings Group Limited (ASX: AHE) today entered into an exclusive arrangement with Australasian Property Investments Limited (API) to launch a \$66m unlisted automotive property trust – AHG Property Syndicate No 1 – involving five automotive dealership sites located in Perth and Sydney.

API is a leading West Australian property syndicator and manager specialising in commercial property investment. Since 2001, API has successfully managed 15 commercial property syndicates with a value in excess of \$400 million.

AHG Managing Director Bronte Howson said completing the syndication with API would be a milestone in creating a new investment class of automotive property for the unlisted property trust market in Australia. This delivers on AHG's stated property strategy and the proceeds of the syndication provide additional funding for AHG's growth plans.

"Property development is not AHG's core focus however in recent years we have purchased a number of landmark dealership development sites in Perth and Sydney to support continuing growth in our automotive division," said Mr Howson.

"Completion of the syndication would enable us to release the value of these property assets developed in Perth, as well as land purchased at Castle Hill in Sydney and future development costs of four dealerships on that site. The \$66 million released from this transaction would assist in funding our growth plans, which include continuing to build scale and brand diversity in AHG's Automotive business in Victoria."

AHG owns two other commercial sites in Sydney valued at \$23m that are being held for future development and recycling by AHG and are not included in this transaction.

The key commercial terms of the transaction are:

- API has a 90 day option to finalise the AHG Property Syndicate No 1 and a further 45 days to complete the purchase from AHG of the 5 properties for a fixed price of \$47m, representing a yield of 8.5% on the initial rental. The total sale price for the 5 properties is \$3.5m above AHG's book value.
- In addition, AHG Property Syndicate No 1 is committed to fund a further \$19m to complete the automotive development commenced by AHG at Castle Hill in Sydney.

- AHG will lease back each site on a 15-year lease term with two 10-year options. The leases are at fair market rent.
- Neither party is required to pay a break fee if the syndication is not successfully concluded by API within the 90 day option period.

The benefits to AHG of the syndication with API compared with individual asset sale and lease back arrangements include:

- API is a professional commercial landlord and recognises the value of AHG's dealerships as long term commercial tenants of the syndicated properties.
- The \$47m sale price for the 5 properties is based on an agreed fair market value established by Jones Lang Lasalle and is above AHG's book value.
- AHG Property Syndicate No 1 will offer AHG shareholders, employees and API's third party investors that qualify as sophisticated or wholesale investors a unique opportunity to invest in prime automotive dealership properties.
- AHG will not be participating in the property syndication.
- Establishes a property investment and development structure that has the potential to be replicated for future expansion of AHG's dealership portfolio.

AHG properties included in the AHG Property Syndicate No 1

- 322-324 Great Eastern Highway, Midland WA – Midway Ford dealership
- 1 Carlston Road, Rockingham WA – Rockingham Hyundai and Suzuki dealership
- 10 Smeaton Way WA, Rockingham WA – Challenger Ford new vehicle dealership
- 12 Smeaton Way WA, Rockingham WA – Challenger Ford used vehicle dealership
- 2a Victoria Ave, Castle Hill NSW – 4 new dealerships to be constructed including Castle Hill Holden and Castle Hill Hyundai

AHG properties not included and retained by AHG

- Two AHG properties – Sutherland and Hoxton Park – involve vacant undeveloped land and will be held back for future syndication

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About AHG

Automotive Holdings Group Limited (ASX: AHE) is a diversified automotive retailing and logistics group with operations in every Australian mainland state and in New Zealand.

AHG is Australia's largest automotive retailer with 121 dealership franchises located across Australia and in New Zealand. Its major operations are in Western Australia, New South Wales, Queensland and Victoria and include 10 out of the top 11 manufacturers in Australia. AHG also sells six leading truck and bus brands.

AHG operates logistics businesses throughout Australia through subsidiaries Rand Transport and Harris Refrigerated Transport (transport and cold storage), AMCAP and Cova WA (motor parts and industrial supplies distribution), VSE, providing vehicle storage and engineering, Genuine Truck Bodies, which provides body building services to the truck industry, and KTM Sportmotorcycles (motorcycle importation and distribution in Australia and New Zealand).

Corporate:

David Rowland
Company Secretary
Mobile: 0421 661 613
Email: drowland@ahg.com.au

Media:

Peter Knight
Manager Corporate Communications
Mobile: 0457 506 815
Email: pknight@ahg.com.au