



17 August 2012

Successful launch of API Automotive Trust

Automotive Holdings Group Limited (AHG ASX: AHE) is pleased to advise that Australasian Property Investments Limited (API) has successfully completed the launch of a \$66 million unlisted automotive property trust – AHG Property Syndicate No 1 (API Automotive Trust).

The API Automotive Trust involves the sale and leaseback by AHG of five automotive dealership sites in Perth and Sydney and enables AHG to pursue its expansion strategy by releasing capital for future investment.

AHG agreed in February this year to enter into an exclusive arrangement with API to launch the API Automotive Trust. That transaction was completed today. From the \$66m raised, \$47m is to be paid to AHG as the purchase price for the five properties and \$19m will be refunded to AHG to cover development costs at the new Castle Hill dealerships in NSW. As previously announced, AHG has invested \$6m in the fund so the initial net cash return to AHG is \$41m.

AHG Managing Director Bronte Howson acknowledged the value of the partnership with API in successfully launching the API Automotive Trust, the first syndicate of size to exclusively focus on Australian automotive dealership properties.

“This is a milestone for AHG and delivers on what we always intended for our property strategy. It enables AHG to focus its expertise and energy in growing our core business and releases this capital to assist in funding future growth,” said Mr Howson.

“API is a specialist commercial property owner and manager and has done a great job in closing the API Automotive Trust, especially given they were launching a new product into a difficult property investment market.”

API Managing Director Peter Hughes was delighted that the transaction had been successfully concluded.

“The fundamentals of this investment, offering reliable income from a very sound business in AHG, will provide our investors with an attractive dividend and good prospects for capital growth.”

“AHG have been very supportive of API in establishing the API Automotive Trust and we look forward to considering further automotive trust opportunities in the future.”

The five properties included in the API Automotive Trust are:

Midway Ford dealership, Midland WA
Rockingham Hyundai and Suzuki, Rockingham WA
Challenger Ford (new vehicle dealership), Rockingham WA
Challenger Ford (used vehicle dealership), Rockingham WA
Castle Hill Holden and Hyundai (plus two dealerships to be constructed), Castle Hill NSW

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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.

The Company is Australia's largest automotive retailer, with operations in Western Australia, New South Wales, Queensland and Victoria.

AHG's logistics businesses operate throughout Australia via subsidiaries Rand Transport and Harris Refrigerated Transport (transport and cold storage), AMCAP and Cova (motor parts and industrial supplies distribution), VSE (vehicle storage and engineering), Genuine Truck Bodies (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:

David Christison
Corporate Communications Consultant
Mobile: 0418 959 817
Email: dchristison@ahg.com.au