



26 April 2019

Market Announcements Office
ASX Limited

Sale & Leaseback of Newstead Properties to generate Profit Before Tax of \$24.0m

A.P. Eagers Limited (ASX: APE) (**AP Eagers**) is pleased to announce that arrangements are in place which will see the sale of three properties at 11 Evelyn Street, 7 Creswell Street and 79 Breakfast Creek Road, in Newstead, Brisbane to Marquette Property Group (**Marquette**) for a combined price of \$55.5 million.

Settlement will take place on 22 May 2019.

AP Eagers will continue to operate its businesses from the properties following settlement, having entered into a seven year lease-back arrangement.

The sale will be effected through a put and call option arrangement. All preconditions to the options being exercised have today been satisfied. If Marquette's option to purchase the properties is not exercised by 8 May 2019 then AP Eagers will exercise its option to sell the properties to Marquette by 10 May 2019.

The sale of these properties will generate a profit before tax of \$24.0 million. The profit will be recognised over the seven year lease term with an annual profit contribution of \$3.4 million.

Commenting on the transaction, Martin Ward, CEO of AP Eagers said:

"The sale of these properties is a key step in the execution of AP Eagers' 'Next100' future growth strategy. We will continue to engage our customers, everywhere, by leveraging our flexible property portfolio to develop dealership retailing networks fit for the future aligned with changing customer preferences.

"A major component of this strategy is our move to the Brisbane Auto Mall. AP Eagers has secured 64,124 m² within the state-of-the-art automotive retailing precinct, strategically located at the Brisbane Airport. We will relocate a number of dealerships from Newstead to the Auto Mall to provide a truly unique and world class customer experience.

"The sale of the Newstead properties will provide a significant profit and cash contribution with the proceeds intended to be used to repay corporate debt and to further strengthen the company's balance sheet as it pursues future growth initiatives."

Following the completion of the sale of these properties, AP Eagers will continue to hold a substantial portfolio of owned property valued at \$317.8 million at 24 April 2019.

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