

## ASX Announcement

9 July 2012

### AET - Sale of Manager of Australian Education Trust

Austock Property Management Limited (“**APML**”), as responsible entity of Australian Education Trust (ASX: AEU) (“**AET** or **the Fund**”), notes the announcement by Austock Group Limited (ASX: ACK) (“**Austock**”) that it has reached agreement to sell its property funds management business (“**Austock Property**”) to Folkestone Limited (ASX: FLK) (“**Folkestone**”).

APML notes that the transaction is subject to a number of conditions precedent and approval by Austock Group Limited shareholders. Following completion of the transaction, Austock will retain an interest in Austock Property through both a direct minority interest for up to 12 months and a continuing indirect interest through a shareholding in Folkestone.

In order to consider the transaction, the board of APML formed an Independent Board Committee (“**IBC**”) comprised of only directors who are independent as assessed under ASX Corporate Governance Principles and Recommendations. The IBC has undertaken enquiries to identify any potential adverse consequences as a result of the change in ownership of APML.

The IBC’s considerations included:

- whether Folkestone has, or is expected to have, the resources and capabilities to operate AET effectively and in an appropriate manner in line with AET’s current investment strategy;
- any proposed changes to the Fund’s Investment Strategy and the effect on existing unitholder expectations;
- whether the transaction would lead to any adverse consequences under existing financing agreements; and
- whether any costs of the transaction would be borne by AET.

The IBC has formed the view that the transaction will not be adverse to the interests of AET’s unitholders and the IBC notes that the transaction does not affect any statutory rights of AET’s unitholders. The IBC considers that the transaction will provide a number of benefits to unitholders in AET including:

- alignment with a management company which focuses solely on property and property funds management, and whose staff have an extensive and successful track record;
- common objectives with respect to managing unitholder interests and corporate governance standards;
- a stronger profile and presence within the Australian property market place;
- strengthened executive capability through additional real estate and funds management experience; and
- a secure platform which should position the Fund for the future.



The view formed by the IBC is based on the following occurring as part of the transaction:

- all employees of Austock Property, including the senior management of AET, transferring to Folkestone as part of the transaction; and,
- financier consent to a change of control of APML being granted prior to transfer of the shares in APML to Folkestone.

The proposed transaction has no cost implications for the Fund and does not require any action from unitholders. It is the overwhelming intention of both Austock and Folkestone that the AET Board remains governed by a majority of independent directors including an independent Chairperson.

The retention of the existing management team has been a key focus to ensure there is no disruption to the strategy and operations of AET. The APML Independent Board Committee believes Folkestone management's strong track record in managing listed and unlisted property funds will be of significant benefit to AET unitholders.

We note the comment by Mr Greg Paramor, Managing Director of Folkestone in the earlier joint announcement by Austock and Folkestone that, "We are committed to ensuring the combined management teams of Austock Property and Folkestone will continue to deliver on each Fund's objectives and to manage each Fund in the best interests of unitholders."

#### **Further Information**

If unitholders have any questions, they are invited to call our Investor Relations Manager, Lula Lioffi on +61 3 8601 2668.

Victor Cottren  
Non-Executive Chairman

#### **About Folkestone**

Folkestone(ASX: FLK) is an ASX listed real estate investment, development and funds management company. Folkestone's on balance sheet activities focus on value-add and opportunistic real estate investments and its funds management platform offers funds to private clients, high net worth individuals and select institutional investors. Further details regarding Folkestone are available at [www.folkestone.com.au](http://www.folkestone.com.au).

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#### **Further information**

The Australian Education Trust internet site, [www.educationtrust.com.au](http://www.educationtrust.com.au) is a source of information for Unitholders. It includes details of AET and its Manager, announcements, current activities and historical information. The site provides access to annual and half-year reports and also AET updates covering matters of relevance to investors.