

FOLKESTONE EDUCATION TRUST CHARTER HALL GROUP TO ACQUIRE FOLKESTONE LIMITED

Folkestone Investment Management Limited (“FIML”) as Responsible Entity of the Folkestone Education Trust (“FET” or the “Trust”) notes today’s announcement by Folkestone Limited (ASX: FLK) (“Folkestone”), the parent entity of FIML, that it has entered into a Scheme Implementation Agreement for Charter Hall Group (ASX:CHC) to acquire Folkestone (“Transaction”). We refer you to that announcement for specific detail.

If the Transaction is successfully implemented¹, Charter Hall will acquire FIML, a wholly owned subsidiary of Folkestone and the Responsible Entity of FET, and Folkestone’s 12% unitholding in FET. The Transaction (if approved) is expected to be implemented in early November 2018.

About Charter Hall Group

Charter Hall is one of Australia’s leading fully integrated property groups, with funds under management of over \$23.2 billion. Charter Hall is the parent company for the responsible entities of ASX listed Charter Hall Long WALE REIT (ASX:CLW) and Charter Hall Retail REIT (ASX:CQR).

Independent Board Committee

In order to consider the Transaction, the board of FIML formed an Independent Board Committee (“IBC”) comprised of only Independent Directors as assessed under ASX Corporate Governance Principles and Recommendations. The IBC appointed Lazard as its financial adviser to advise them in respect of any potential consequences to FET Unitholders as a result of the change in ownership of Folkestone and therefore FIML.

Having considered the merits and risks to FET unitholders of the Transaction, the IBC has formed the view that the Transaction will not be adverse to the interests of FET’s Unitholders including that no additional costs will be incurred by FET as a result of the Transaction. Rather, the IBC considers that the Transaction will provide a number of benefits to FET Unitholders, including:

- alignment with a larger and more prominent management company that also focuses solely on property and property funds management, and which has an extensive and successful track record;
- continued strategic alignment with Charter Hall becoming FET’s largest unitholder;
- common objectives with respect to managing Unitholder interests and corporate governance standards;
- increased market awareness through the Charter Hall brand which is widely recognised as a leading Australian property funds manager;
- all employees of Folkestone, including the executive management responsible for FET, transferring to Charter Hall as part of the Transaction; and
- Charter Hall’s larger capital base to assist with growth initiatives.

¹ The Scheme Implementation Agreement is subject to the usual conditions precedent including Folkestone shareholder approval.



It is the overwhelming intention of both Folkestone and Charter Hall that the FET Board remains governed by a majority of Independent Directors including an Independent Chairperson.

The IBC notes the comment by Mr David Harrison, Managing Director and Group CEO of Charter Hall, “*We see the Folkestone business model as complementary to and an extension of our existing strategy. We are attracted to their leading position in the social infrastructure and early learning sector and we look forward to driving further opportunity and value growth for FET Unitholders*”.

Grant Hodgetts, Non-Executive Chairman of FET said: “*FET has been successful in delivering Unitholder value since Folkestone assumed the role of Responsible Entity in 2012. The proposed acquisition of Folkestone and the management rights to FET will enable the Trust to continue to achieve growth in line with its strategies and objectives, backed by Charter Hall’s substantial capital base and wider real estate management platform.*”

The IBC Directors will remain Directors of FIML post the Transaction, and are committed to ensuring the combined management teams of Folkestone and Charter Hall continue to deliver on FET’s objectives and to manage the Trust in the best interests of Unitholders.

For further information contact:

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FURTHER INFORMATION

Folkestone Education Trust

The Folkestone Education Trust is the largest Australian ASX listed (ASX:FET) real estate investment trust (A-REIT) that invests in early learning properties.

www.educationtrust.folkestone.com.au

About Folkestone

Folkestone (ASX:FLK) is an ASX listed real estate funds manager and developer providing real estate wealth solutions. Folkestone’s funds management platform, with more than \$1.6 billion under management, offers listed and unlisted real estate funds to private clients and select institutional investors, while it’s on balance sheet activities focus on value-add and opportunistic (development) real estate investments. www.folkestone.com.au