



ASX ANNOUNCEMENT

9 July 2012

AGREEMENT TO SELL AUSTOCK'S PROPERTY FUNDS MANAGEMENT BUSINESS TO FOLKESTONE

Austock Group Limited (ASX:ACK) and Folkestone Limited (ASX: FLK) advise that they have reached agreement for the sale of all of Austock's shares in its subsidiary Austock Property Funds Management Pty Ltd and related entities in the property funds management business ("Austock Property"). Details are included in the appendix.

Austock Property manages four funds - the ASX listed Australian Education Trust (ASX:AEU) and The Australian Social Infrastructure Fund (ASX:AZF), the unlisted Austock Childcare Fund and the wholesale unlisted CIB Fund - with gross assets of approximately \$555 million.

Mr Bill Bessemer, Chief Executive Officer of Austock Group said, "Austock is keen to retain an interest in the property funds sector and is particularly pleased that it can do so through its on-going investment in Folkestone which we believe has substantial upside given its management's significant experience in managing listed and unlisted property funds."

"This is a particularly good outcome for unit holders of the funds which Austock Property manages, and for Austock Property management, providing both with greater opportunities and prospects than Austock could deliver on its own" said Mr Bessemer.

The acquisition of the Austock property business is consistent with Folkestone's strategy to expand its funds management platform.

Mr Greg Paramor, Managing Director of Folkestone said, "We are delighted that the Austock Property team led by Nick Anagnostou will be joining Folkestone. The Austock Property team has an excellent reputation in managing property related social infrastructure funds, and we believe there will be further opportunities to expand our platform in this very important area."

"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" said Mr Paramor.

The share trading halts regarding each of Austock and Folkestone can now be lifted. The Australian Education Trust and the Australian Social Infrastructure Fund are each simultaneously making separate announcements, and their unit trading halts are also being lifted.

For further information regarding this announcement please contact:

Mr Greg Paramor
Managing Director
Folkestone Limited
02 8667 2800

Mr Bill Bessemer
Chief Executive Officer
Austock Group Limited
03 8601 2000

About Austock Group

Austock Group (ASX:ACK) is a publicly-listed, diversified investment and financial services group.

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.

About Australian Education Trust

Australian Education Trust ("AET") is the largest Australian listed property trust (ASX:AEU) investing in early learning properties within Australia and New Zealand. At 31 December 2011 the Trust had total assets under management of approximately \$355 million and 331 properties in its portfolio.

About The Australian Social Infrastructure Fund

The Australian Social Infrastructure Fund (ASIF) is an ASX listed retail property trust (ASX:AZF) that primarily invests in social infrastructure assets. Its direct property portfolio includes childcare facilities, a medical centre and self storage facility. In addition, ASIF has investments in property securities. As at 31 December 2011, ASIF had total assets of \$105.8 million and includes 51 properties in its portfolio.

About Austock Childcare Fund

Austock Childcare Fund ("ACF") is a fixed term unlisted property fund. The Fund's portfolio consists of the freehold interests in 24 childcare centres located in Queensland and South Australia. As at 31 December 2011 ACF had total assets of \$26.4 million.

About CIB Fund

CIB Fund is a closed wholesale unit trust that was established in June 2001. The Fund was primarily set up to enable a group of investors to acquire a portfolio of police and law court buildings. The Fund's current portfolio includes nine 24-hour police stations and two law court complexes. At 31 December 2011 the Fund had total assets under management of approximately \$68 million.

Appendix

Share Sale Agreement details

Consideration	\$11 million (representing approximately 2% of Austock Property funds under management). This will release Austock's working capital (primarily cash) invested in this business.
Completion	The first tranche (65%) is to be settled at completion (scheduled for early September 2012). The second tranche (35%) is to be settled on 30 September 2013 unless accelerated.
Consideration payable	<ul style="list-style-type: none"> • 35% in cash on completion • 30% in Folkestone shares on completion at \$0.12 based on Folkestone's audited NTA as at 30 June 2012 (which is currently expected to be approximately \$0.12). If the NTA is below \$0.12, Folkestone has the option to settle this tranche in cash • 35% in cash on 30 September 2013 unless accelerated. Austock is entitled to a 35% share of profits from the Austock Property business over this period
Conditions precedent	<ul style="list-style-type: none"> • Folkestone confirmation by the end of 11 July 2012 that no material adverse issues have been identified during due diligence • Shareholder approval by Austock shareholders at a general meeting proposed to be held in late August 2012 • Approval of the Folkestone share consideration component by the PDF Board/Innovation Australia (as a consequence of it being obtained by Austock) • Approval by the financiers in relation to the Austock property business
Break fee	If the transaction does not complete for reasons outside Folkestone's control, Austock will reimburse Folkestone in respect of its reasonable out-of-pocket costs and expenses up to a maximum of \$250,000. If a majority of votes cast at a meeting of Austock shareholders are not cast in favour of the transaction, a break fee of \$250,000 is payable by Austock to Folkestone. However if Austock shareholders do not vote in favor at the shareholders meeting and any Austock director fails to recommend or withdraws a recommendation of the sale, or certain alternative proposals are completed by Austock by 31 January 2013, the break fee is instead \$500,000. The above break fee will be reduced by any reimbursement amounts paid to Folkestone.
No Shop	Austock is prohibited from soliciting or responding to any other proposal in relation to the sale of Austock Property.
Form of Sale	Share Sale Agreement, on terms customary for a document of that nature. Further details will form part of the material to be provided to Austock shareholders for their consideration.