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**Record Funds Management  
Limited**

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### **Record Realty Trust (ASX: RRT) – Update on the Manager and Responsible Entity functions**

The Directors of Record Funds Management Limited (RFML), as Responsible Entity of Record Realty Trust (RRT), announce that they have agreement from the Receiver for Allco Funds Management Limited (AFML) to continue to provide management services to Record Realty Trust to 31 January 2009. During this time, the Board will proceed with a plan to replace AFML as the Manager, or internalise management of Record Realty Trust. The key driver of this decision is the need to recapitalise the Trust.

Mr Tim McEnallay, Fund Manager of RRT, in commenting on the decision said, “The need to change or move the Manager and Responsible Entity roles has been under consideration by RFML since Allco Finance Group (AFG) announced earlier this year that Real Estate was no longer part of its future business plan. With the appointment of Voluntary Administrators to Allco Finance Group and Allco Funds Management Limited the need has been accelerated.”

A number of informal discussions have already occurred with potential parties regarding the recapitalisation of the Fund and the Trust management and Responsible Entity functions. While some of these discussions have resulted in proposals being presented to the RFML Board, the Board is mindful that any proposal has to be in the interests of the RRT unitholders and to date, this has not been the case with the proposals received. The process continues to be closely monitored by the Independent Directors on the RFML Board, who review each proposal presented to management. Discussions continue with some of the parties who have indicated their approaches are based on the high quality of the assets in the RRT portfolio and their long term tenancies with government and corporate tenants.

The Record Realty portfolio consists of 40 high quality properties in Australia, the U.S. and Germany, with long term leases to tenants such as Deutsche Telekom; the (US) Government Services Administration; the ASX and Australian Government departments. The value of the portfolio at 30 June 2008 was \$1.83 billion.

As previously announced (ASX announcement 28 March 2008) and following a review of options for RRT, an asset realisation program has commenced with the aim of optimising value for unitholders over a three year period. Since March, a number of the assets within the portfolio have been marketed through three separate Expressions of Interest

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campaigns that have been conducted in each of the geographic regions that Record Realty is invested in. The majority of the offers received have not been at realistic levels and were viewed as not being acceptable, nor in the best interests of RRT unitholders.

Management remains in discussions with several parties interested in acquiring some of the assets at more realistic prices.

"We informed unitholders at the start of the asset realisation program that we would not be selling assets unless the offers received represented true market value and we have maintained this approach. This restructure of the Management functions and a recapitalisation will, we anticipate, enable the continuation of the measured approach to the asset realisation program", Mr McEnallay concluded.

Yours sincerely,

**RECORD FUNDS MANAGEMENT LIMITED**

as Responsible Entity for Record Realty



**Tom Lennox**

COMPANY SECRETARY

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