

Alternative Investment Trust (ASX:AIQ) - Distribution of approximately AUD 5.2 million and an update on the renegotiated management fee arrangements for FY14 with Laxey Partners (UK) Limited.

The Trust Company (RE Services) Limited ("Trust") in its capacity as Responsible Entity of AIQ and Laxey Partners (UK) Limited ("Laxey") as investment manager of AIQ are pleased to announce that approx. AUD 5.2 million is being distributed at a rate of AUD 0.04 per unit to all unitholders recorded on AIQ's register of unitholders as at 5.00PM Sydney time on 8 July 2013 ("Record Date").

The distribution was made possible in part as a result of partial early redemption proceeds received from AIQ's largest holding, ESL – held via AIQ's swap agreement with Macquarie Bank ("the Swap"). The remainder of the distribution is made up of proceeds received from liquidating funds and side pockets held within the Swap.

The distribution is made in line with the orderly winding up of AIQ under a program of realisation of AIQ's assets designed to optimise the return on investment to unitholders; and it is the eighth distribution to unitholders since AIQ began the realisation of its assets in February 2009. The first distribution was made in August 2009 for AUD 0.47 per unit, the second in February 2011 for AUD 0.38 per unit, the third in October 2011 for AUD 0.15 per unit, the fourth in January 2012 for AUD 0.15 per unit, the fifth in June 2012 for AUD 0.15 per unit, the sixth in February 2013 for AUD 0.13 per unit and the seventh in May 2013 for AUD 0.07 per unit. This brings the total distributed per unit to AUD 1.54 (AUD 201 million in total).

The distribution is expected to be a tax deferred amount for Australian income tax purposes (i.e. a return of capital to unitholders with no withholding tax). The final characterisation of the distribution will be communicated to unitholders in the tax statements for the year ending 30 June 2014.

The distribution will be paid to unitholders on 15 July 2013 (with cheques to be despatched on 19 July 2013). The ex date for the distribution will be 2 July 2013.

Management Fee Arrangements

We are pleased to announce that the investment management fee arrangements for AIQ have been renegotiated with Laxey. Notwithstanding the Investment Management Agreement dated 20 February 2009 (IMA), the following terms have been agreed with Laxey for the financial year ending 31 December 2014 ("FY14"):

- Laxey will receive fees equal to the lower of AUD 200,000 or 0.75% of the average value of gross assets of AIQ with no distribution fees;
- Laxey's fees will be subject to both the overall fee cap of 1.25% per annum of the average value of gross assets of AIQ and the Responsible Entity fee of AUD 80,000; and
- All other terms of the IMA will continue and are in force.



The renegotiated fee arrangements will reduce the overall management fee for AIQ in 2014 and remove the 1% fee directly associated with distributions achieving cost reductions for FY14. Laxey has also agreed that the investment management fees for 2015 and future financial years will be reviewed and negotiated at a point in time when the position of AIT is clearer. We believe this will result in further cost reductions for AIQ.

For the current financial year ending 31 December 2013 ("FY13"), the investment management fees accrued to date mean:

- Future distributions from AIQ in 2013 will not result in any further management fees to Laxey (including the distribution announced today); and
- Laxey will not earn any additional management fees from approximately 1 November 2013 until the end of FY13.

ENDS

For further information, please contact:

Registry: Link Market Services Limited
Email: registrars@linkmarketservices.com.au
Toll Free: 1800 502 355

Investment Manager: Laxey Partners (UK) Limited
Email: ait@laxeypartners.com
Toll Free: +44 20 7494 6380

Responsible Entity: The Trust (RE Services) Limited
Email: rsmoker@thetrustcompany.com.au
Contact Number: (02) 8295 8100

