



IDP Education Ltd
ABN 59 117 676 463

Level 8, 535 Bourke Street
Melbourne VIC 3000
Tel 61 3 9612 4400
Fax 61 3 9614 0534
Info.melbourne@idp.com

ASX Announcement
11 March 2021

Update on Education Australia Shareholding

IDP Education Limited (ASX: IEL) ("**IDP**") wishes to inform the market that it has been advised that, following a period of consultation, the Board of Education Australia Limited ("**Education Australia**") has entered into an agreement with The British Council and The Chancellor Masters and Scholars of the University of Cambridge acting by the University of Cambridge Local Examinations Syndicate regarding a restructure of Education Australia's shareholding in IDP (the "**Restructure**").

Under the Restructure, Education Australia will deal with its 40% shareholding in IDP by:

- making an in specie distribution of a 25% shareholding in IDP to all of its 38 University shareholders, with those shareholders each becoming the direct owner of 1,831,159 shares in IDP; and
- divesting its remaining 15% shareholding in IDP via a market sell-down, which must occur by no later than 11 December 2021.

Attached is a copy of Education Australia's media release which provides further detail regarding the Restructure (including the conditions that must be fulfilled to enable the Restructure to proceed).

The Restructure will not impact IDP's operations or strategy.

As part of the Restructure, IDP has agreed to not propose or recommend any amendments to the 'Director Majority Requirement' in its Constitution (subject to a fiduciary exception). In broad terms, the 'Director Majority Requirement' requires that a majority of IDP directors be (a) where Education Australia has voting power in IDP of at least 10% – either independent or a representative of Education Australia, or (b) in all other circumstances – independent.¹

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¹ See sections 7.9.13 and 7.9.14 of IDP's IPO prospectus dated 12 November 2015 for further information regarding the 'Director Majority Requirement'.

Education Australia

Proposal for Australian Universities to obtain direct ownership in IDP Education

11 March 2021

Education Australia Limited today announced that its 38 Australian University shareholders are considering a proposal to take up direct ownership in IDP Education Limited ("IDP") through a transformative restructuring of Education Australia's 40% shareholding in IDP (the "Proposed Transaction").

If approved, the Proposed Transaction would unlock value for 38 Australian Universities, who each currently have an equal shareholding in Education Australia. The Proposed Transaction would enable each shareholder to directly control its investment in IDP and benefit from further participation in IDP's growth should it choose, while at the same time preserving IDP's independence and broadening IDP's publicly traded shareholder base.

Under the Proposed Transaction, Education Australia will restructure its 40% shareholding in IDP by:

- making an in specie distribution of a 25% shareholding in IDP to all of its 38 University shareholders (see Annexure), with those shareholders each becoming the direct owner of 1,831,159 shares in IDP; and
- divesting its remaining 15% shareholding in IDP via a market selldown, which must occur by no later than 11 December 2021, with Education Australia's current intention to give preference to shareholders of IDP in the selldown.

Most of the proceeds of the selldown will be used by Education Australia to pay the capital gains tax liability arising from the Proposed Transaction. The associated franking credits will be distributed to Education Australia's shareholders under the in specie distribution which will be implemented as a fully franked dividend.

The British Council (the "Council") and The Chancellor Masters and Scholars of the University of Cambridge acting by the University of Cambridge Local Examinations Syndicate ("UCLES") have consented to the Proposed Transaction in accordance with their respective rights under the Consent Deed, which was entered into by the Council, UCLES and Education Australia as part of IDP's initial public offering in 2015. The Consent Deed currently restricts Education Australia from dealing with its investment in IDP without the Council's and UCLES's consent.

As a condition of the consent provided, certain restrictions will be imposed on all of the 38 Universities in relation to any future divestment of their IDP shares. In particular:

- from the date on which the 15% market selldown is completed (the "Effective Date"), each University will not be able to dispose of any of their direct shareholding in IDP for a period of six months (the "Initial Escrow Period");
- in the six months following the Initial Escrow Period each University may dispose of up to 50% of their direct shareholding in IDP (including on-market in the ordinary course of trading); and

- after the first anniversary of the Effective Date each University is free to dispose of 100% of their direct shareholding in IDP (including on-market in the ordinary course of trading).

provided that no IDP shares sold by a University at any time are to a person engaged in the production, distribution and/or administration of any English language test, including certain competitors of the Council, UCLES or IELTS¹, or to a person whose reputation or standing would be reasonably likely to have a material adverse effect on the reputation or good standing of IELTS, the Council or UCLES.

The restrictions that apply until the first anniversary of the Effective Date do not prevent any University from selling their relevant shares in IDP to another University.

The Proposed Transaction requires a number of approvals before it can be implemented:

- Under the constitution of Education Australia, the Proposed Transaction must be approved by an ordinary resolution of Education Australia Shareholders at an extraordinary general meeting (“EGM”), as it represents a disposal of Education Australia’s main undertaking. The EGM is scheduled to be held on 13 April 2021;
- Each and every Education Australia Shareholder must enter into an agreement with the Council and UCLES undertaking to comply with the restrictions outlined above. The process for obtaining this undertaking from each Education Australia shareholder has commenced, but there is no certainty as to whether, or when, these undertakings will be executed; and
- The public Queensland Universities require the approval of the Queensland Treasury in order to participate in the Proposed Transaction due to Queensland specific legislation. An application for this approval has been lodged.

Should the Proposed Transaction be completed, Education Australia will no longer hold any shares in IDP. The impact of the Proposed Transaction on the calculation of IDP’s free float for index weighting purposes has not yet been discussed with S&P.

Education Australia Chairman, Greg West, said the Proposed Transaction would represent a significant milestone for Education Australia:

“The Australian University sector, through Education Australia, has been involved with the IDP business since its formation 50 years ago. Education Australia and its 38 Australian University shareholders have been delighted to see the transformation of IDP into an independent ASX listed company. IDP has grown successfully and is now a global leader in high stakes English Language testing and international higher education student placement. The Education Australia shareholders acknowledge the role of IDP’s senior management in identifying the opportunity to build an Australian-listed, global champion of international education and in realising that opportunity so effectively.”

“The Education Australia Board is delighted to put forward the Proposed Transaction, which both unlocks value for our University shareholders, and enables IDP to continue its growth as an independent entity.”

Education Australia is being advised on the Proposed Transaction by Flagstaff Partners and MinterEllison.

Media enquiries: Tim Duncan, Hintons, +61 408 441 122

¹ IELTS is the International English Language Testing System, one of the world's leading high stakes English language tests, jointly owned by the Council, UCLES and IDP.

Annexure

Australian Catholic University Limited
Bond University Limited
Central Queensland University
Charles Darwin University
Charles Sturt University
Curtin University of Technology
Deakin University
Edith Cowan University
Federation University
Flinders University
Griffith University
James Cook University
La Trobe University
Macquarie University
Monash University
Murdoch University
Queensland University of Technology
RMIT University
Southern Cross University

Swinburne University of Technology
The Australian National University
The University of Adelaide
The University of Melbourne
The University of New England
The University of New South Wales
The University of Newcastle
The University of Queensland
The University of Sydney
The University of Western Australia
University of Canberra
University of South Australia
University of Southern Queensland
University of Tasmania
University of Technology, Sydney
University of the Sunshine Coast
UOWGE Limited (University of Wollongong)
Western Sydney University
Victoria University