



Folkestone
EDUCATION TRUST

**FET ASSET TOUR
METROPOLITAN MELBOURNE**

27 APRIL 2016



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**FOLKESTONE EDUCATION TRUST
IS AN ASX LISTED (ASX:FET) A-REIT
AND THE LEADING PROVIDER OF
EARLY LEARNING ACCOMMODATION IN
AUSTRALIA AND NEW ZEALAND**



WELCOME



Nick Anagnostou
Chief Executive Officer
Folkestone Education Trust

Welcome to the Folkestone Education Trust's (FET) asset tour of selected early learning centres in metropolitan Melbourne.

The tour has been designed to provide participants with an insight into FET's existing early learning centres, a snapshot of its development pipeline, as well as a first-hand look into the operations of a small number of early learning centres.

Focusing predominantly in Melbourne's east/south-east, the tour will highlight FET's strategy of investing on two fronts, being quality early learning centres and operators, as well as investing in sites with strong, medium term development potential with a focus on vertical and typically medium density residential development.

The second value driver of providing returns through growth in underlying land values fits well with Australia's continuing population growth and increasing population densities. These factors should add further support to demand for early learning as well as the value of the underlying real estate.

ASSET ACQUISITION, MANAGEMENT & INVESTMENT STRATEGY

FET's expertise revolves around the acquisition, development and management of early learning real estate assets. Understanding the early learning market place, operators, and the expectations of customers, is critical to site and operator selection and ultimately, returns.

The site at Armadale is a very good example of a quality operating centre in a location with very strong demand and high barriers to entry. While the site at Prahran is an older style, the location has strong demand and high barriers to entry, and the residential zoning potentially allows for longer term higher and better use as a medium density development site. The Hawthorn, Camberwell, Cheltenham and Highett development sites provide an opportunity to understand the drivers behind what FET believes are suitable sites to develop into early learning centres.

FET'S FOCUS

FET's focus is on sites within a ~20 km radius of Australia's CBDs, rapidly expanding growth areas and opportunistic purchases.

The development sites at Hawthorn, Camberwell, Cheltenham and Highett are good examples of sites that should provide strong returns from both early learning activities as well as the underlying land attributes, providing investors with the benefits of the development model, particularly around transaction cost savings.

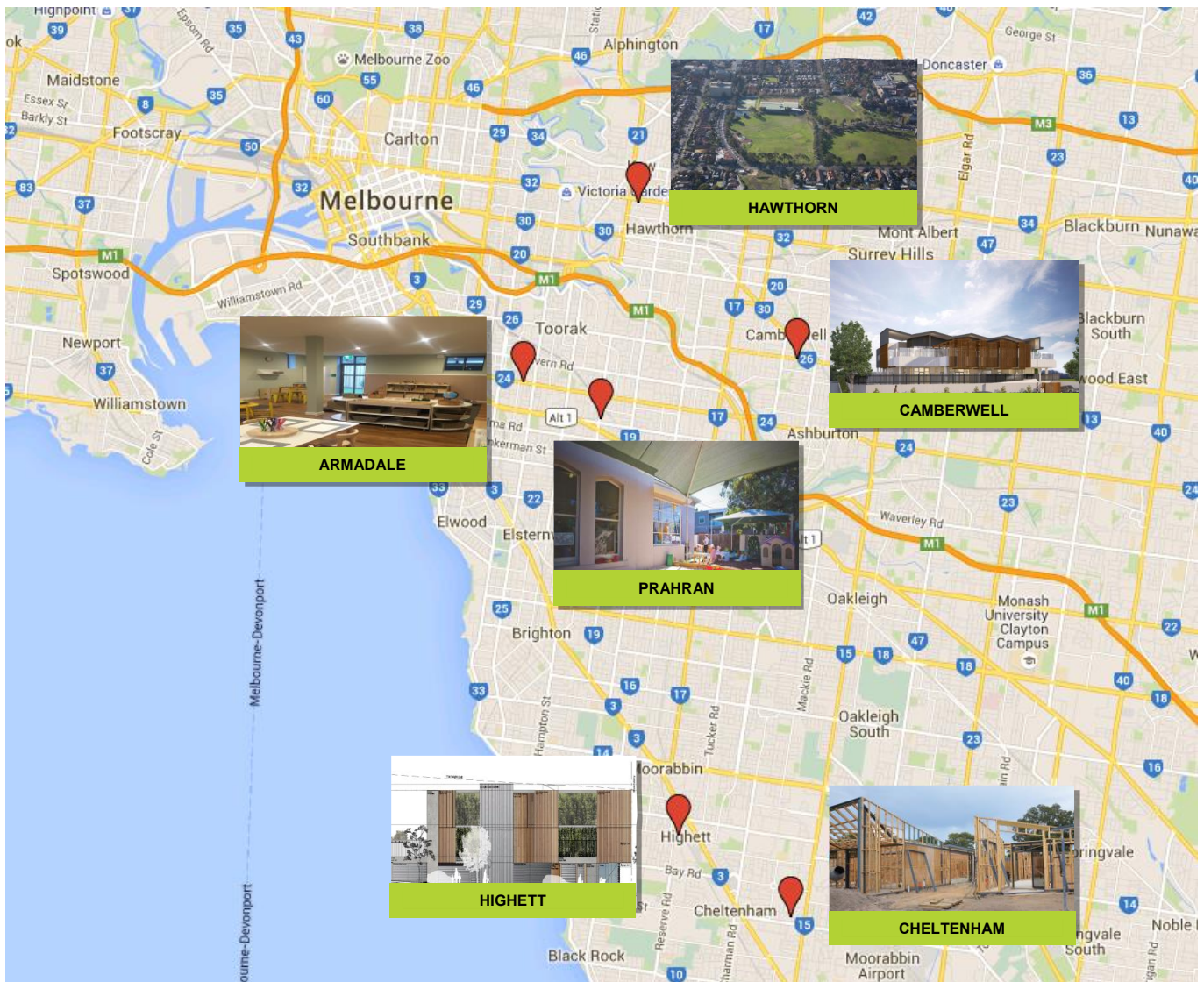
Thank you for joining the tour today. We trust that it will give you an insight into FET's assets and the operations of the early learning sector. On hand today are some of FET's management team who are happy to answer any questions you may have.

SITE VISIT LOCATIONS

ITINERARY

Time	Location
12.30 pm	Depart 357 Collins Street, Melbourne
1.00 pm	140-142 Barkers Road, Hawthorn
1.30 pm	1067-1069 Toorak Road, Camberwell
2.00 pm	349 High Street, Prahran
2.30 pm	30 Kooyong Road, Armadale
3.30 pm	15 Herald Street, Cheltenham
4.00 pm	491 Highett Road, Highett *
5.00 pm	Arrival back at 357 Collins Street, Melbourne

* Time permitting



ASSET TOUR

HAWTHORN, VIC

140-142 BARKERS ROAD, HAWTHORN, VIC

The proposed construction of a contemporary designed purpose built 120 place long day care centre over 3 levels with basement car parking. The site is currently vacant land located on Barkers Road, a major arterial connecting the CBD to the eastern suburbs.



KEY METRICS

General

Land Area (sqm)	1,183
Proposed Gross Building Area (sqm)	960
Zoning	Neighbourhood Residential
Expected Construction Commencement	August 2016*
Expected Completion	April 2017
Interest	Freehold
Proposed Long Day Care Places	120
Proposed Car Parking	24 spaces
Operator	Only About Children

* Subject to DA

Lease

Rent (PA) (\$000) on completion	600
Outgoings (%)	100
Annual Reviews (%)	3.25 (First 10 yrs) 3.00 (Second 10 yrs & options)
Lease Type	Triple Net
Lease Term (yrs)	20
Est. Lease Commencement	2017
Options (yrs)	10 + 10

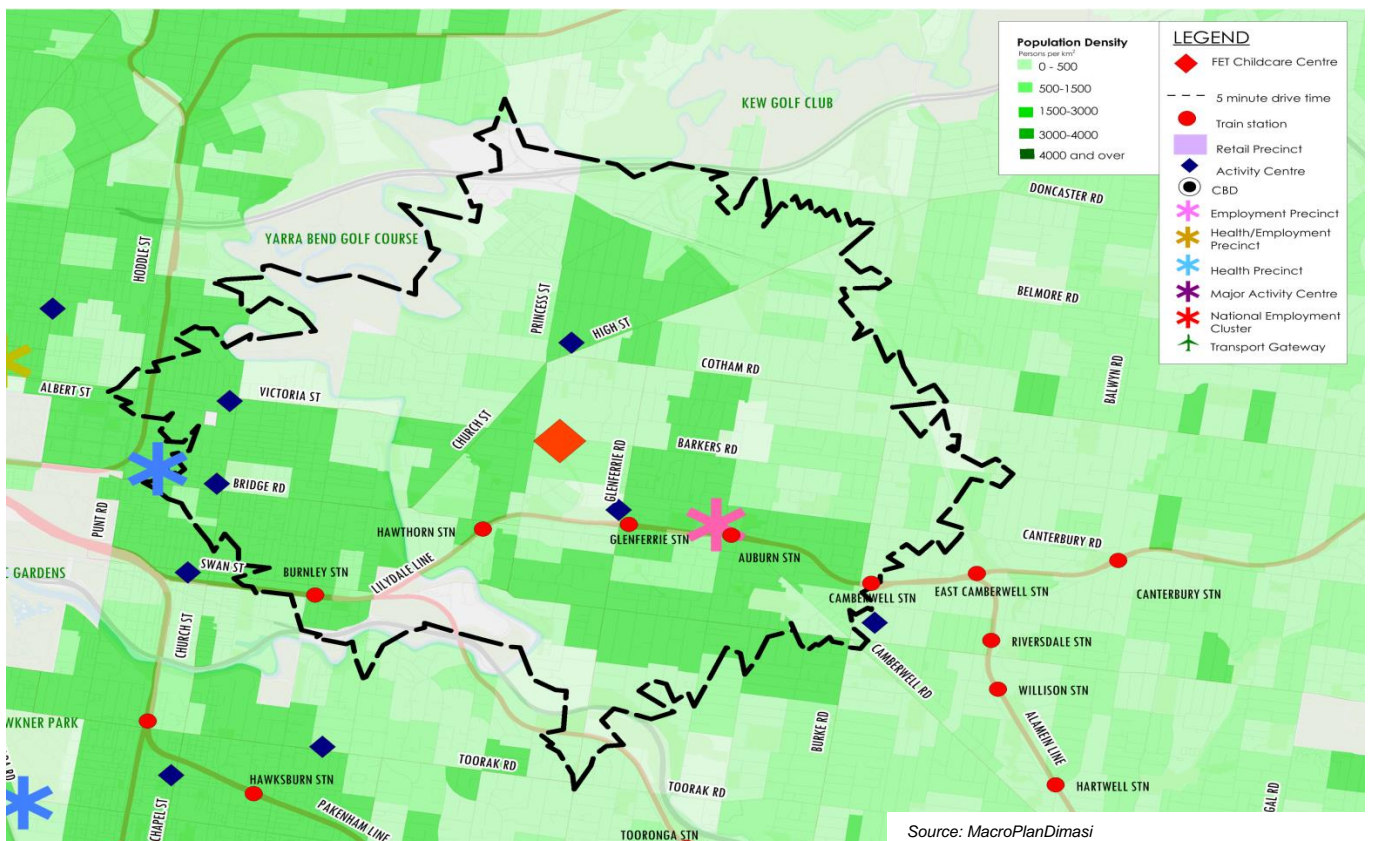
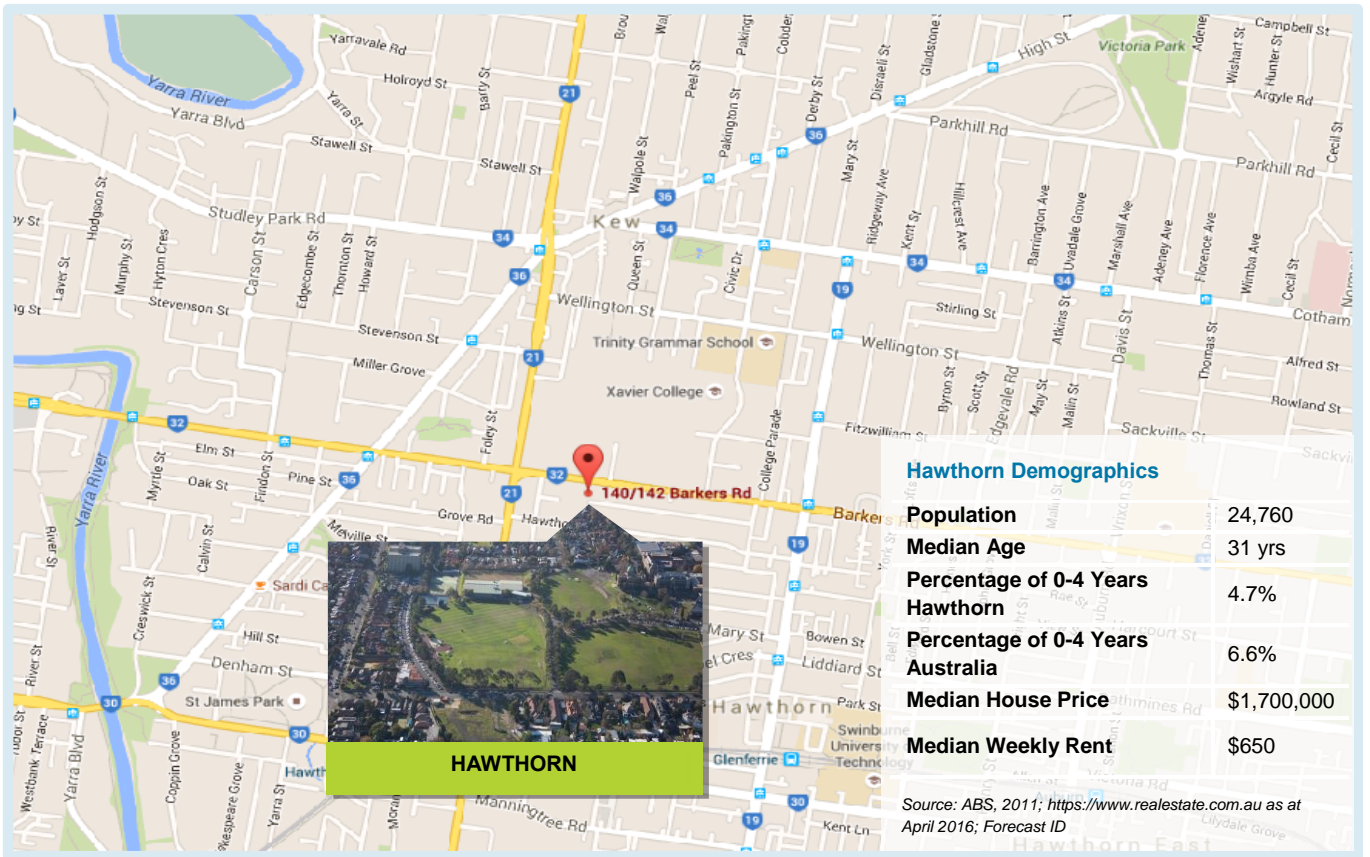
Value Metrics

Land Purchase Date	Feb 2015
Land Purchase Price (\$m)	3.5
Purchase Yield (%)	7.4
Expected Value on Completion (\$m)	8.6

Estimated Childcare Metrics

Expected Daily Fees (\$)	Approx. 155
Expected Hours of Operation	7.30am - 6.00pm

ASSET TOUR HAWTHORN, VIC

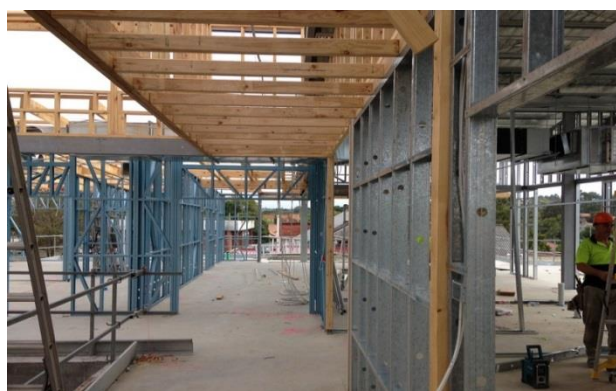


ASSET TOUR

CAMBERWELL, VIC

1067-1069 TOORAK ROAD, CAMBERWELL, VIC

This corner site was previously a single level residential dwelling. FET in conjunction with the tenant Only About Children, are in the process of constructing a purpose built 2 level 134 place early learning centre with basement carpark together with an adjoining 3 bedroom residence.



KEY METRICS

General

Land Area (sqm)	1,695
Proposed Gross Building Area (sqm)	953 + 123 residential space
Zoning	General Residential
Construction Commenced	August 2015
Expected Completion	June 2016
Interest	Freehold
Proposed Long Day Care Places	134
Car Parking	25 spaces
Operator	Only About Children

Lease

Rent (PA) (\$000)	616
Outgoings (%)	100
Annual Reviews (%)	3.25 (First 10 yrs) 3.00 (Second 10 yrs & options)
Lease Type	Triple Net
Lease Term (yrs)	20
Est. Lease Commencement	June 2016
Options (yrs)	10 + 10

Value Metrics

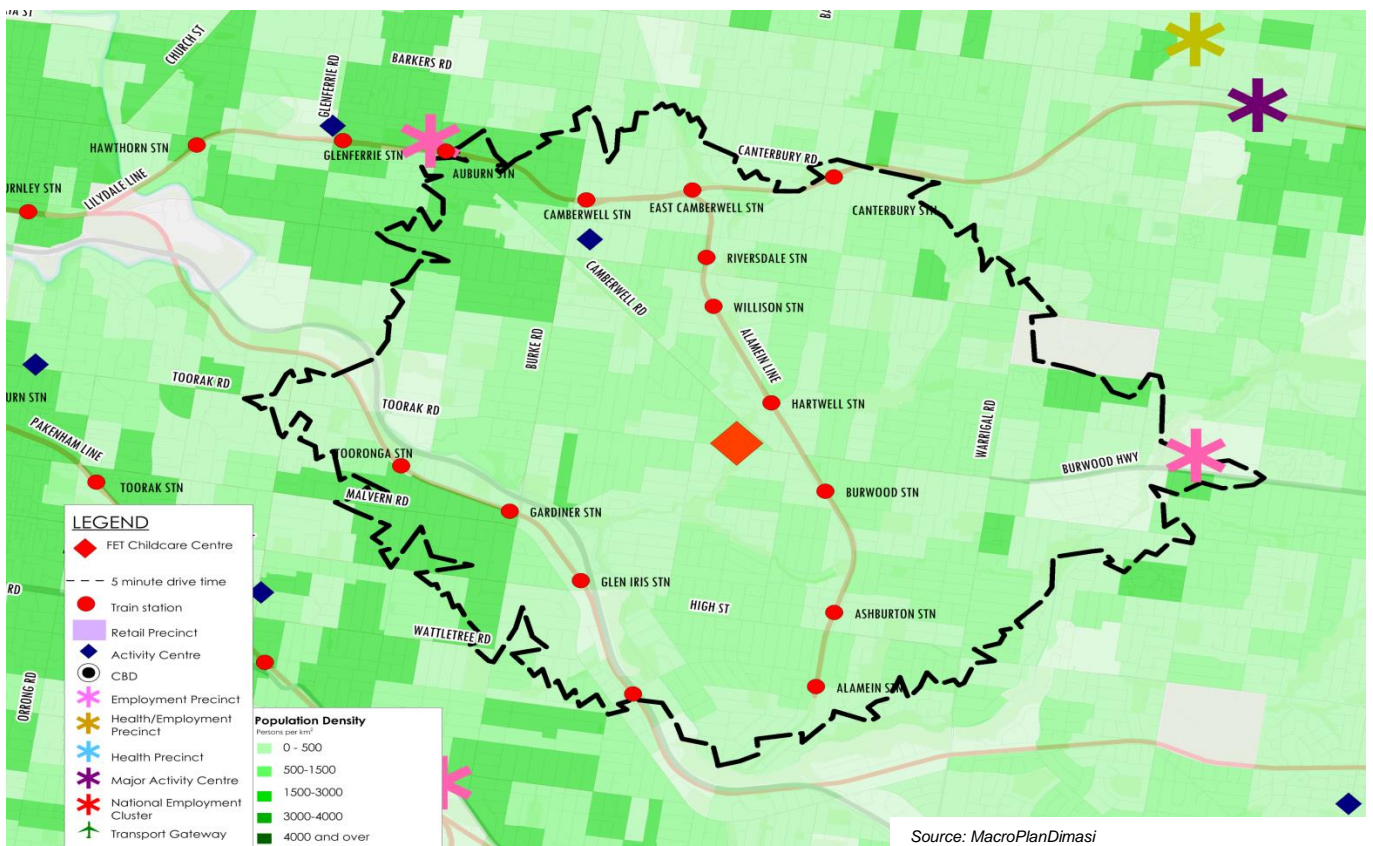
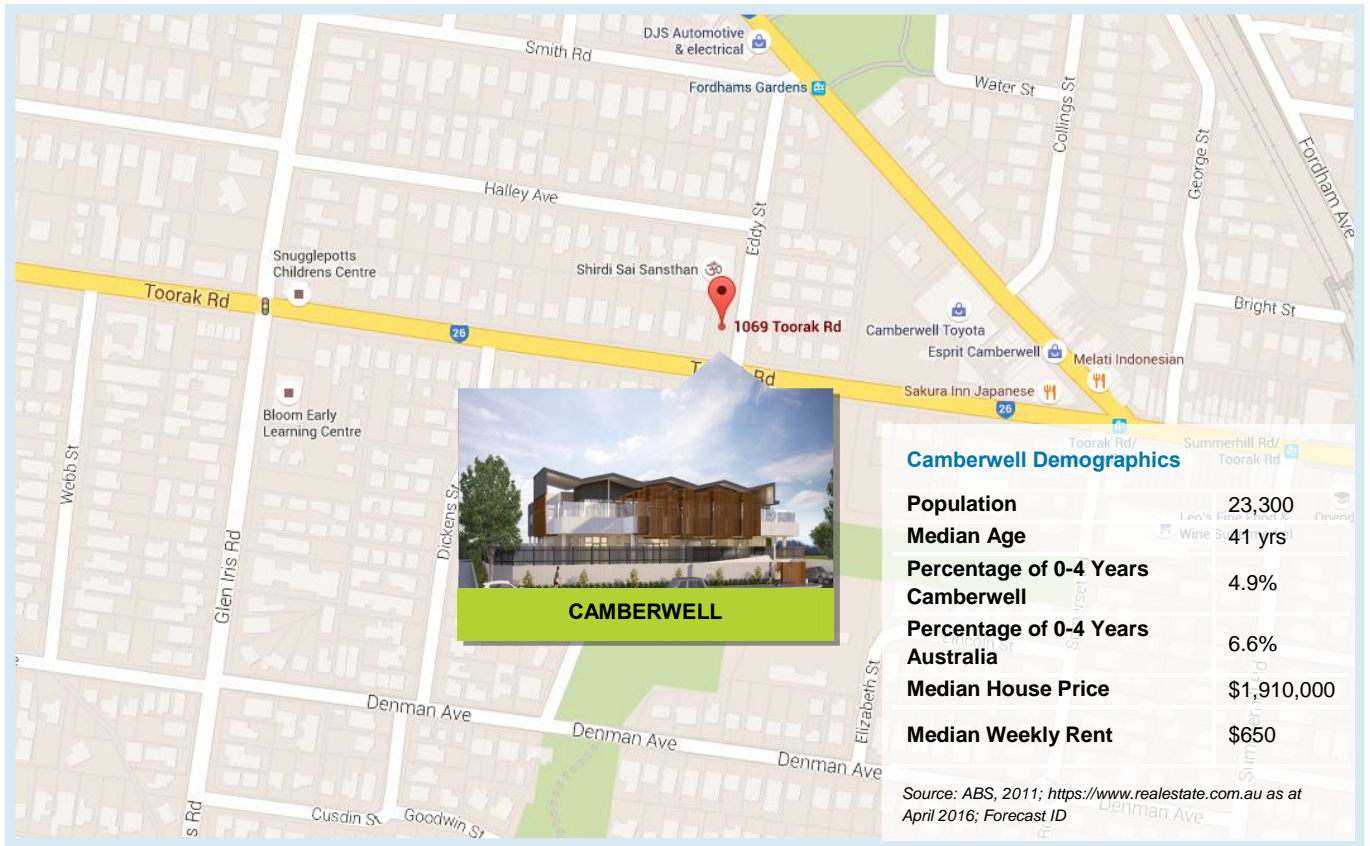
Land Purchase Date	Dec 2014
Land Purchase Price (\$m)	4.0
Purchase Yield (%)	7.4
Expected Value on Completion (\$m)	8.8

Estimated Childcare Metrics

Expected Daily Fees (\$)	Approx. 155
Expected Hours of Operation	7.30am - 6.00pm

ASSET TOUR

CAMBERWELL, VIC



ASSET TOUR

PRAHRAN, VIC

349 HIGH STREET, PRAHRAN, VIC

The centre is a converted residential dwelling offering 34 places in three main rooms. High Street is a busy four lane arterial which includes a tram route to the CBD. The underlying land value for this property has increased significantly over recent years, given the site's proximity to the CBD and Chapel Street retail precinct.



KEY METRICS

General

Land Area (sqm)	690
Building Area (sqm)	262
Zoning	Residential Growth Zone
Construction/Refurbishment	1990
Long Day Care Places	34
Car Parking	4 spaces
Operator	Guardian Early Learning

Lease

Rent (PA) (\$000)	82
Outgoings (%)	100
Annual Reviews (%)	CPI (min 3.00)
Lease Type	Triple Net
Lease Term (yrs)	15
Expiry	Dec 2022
Options (yrs)	5 + 5

Value Metrics

Purchase Date	Aug 2007
Purchase Price (\$m)	0.97
Purchase Yield (%)	7.0
Last Valuation	December 2015 (Directors)
Current Value (\$m)	1.6
Current Passing Yield (%)	5.1
Alternate Use Value	1.9 (September 2013)

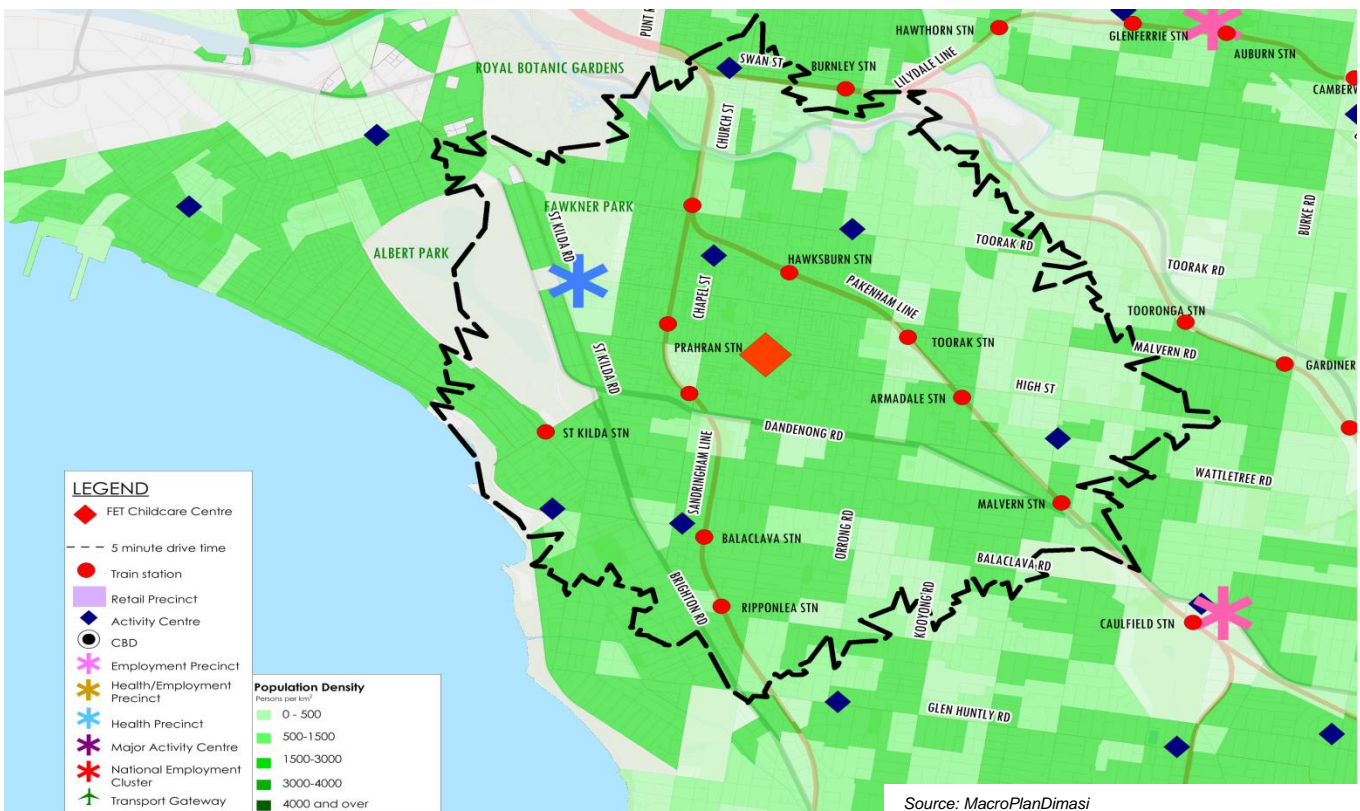
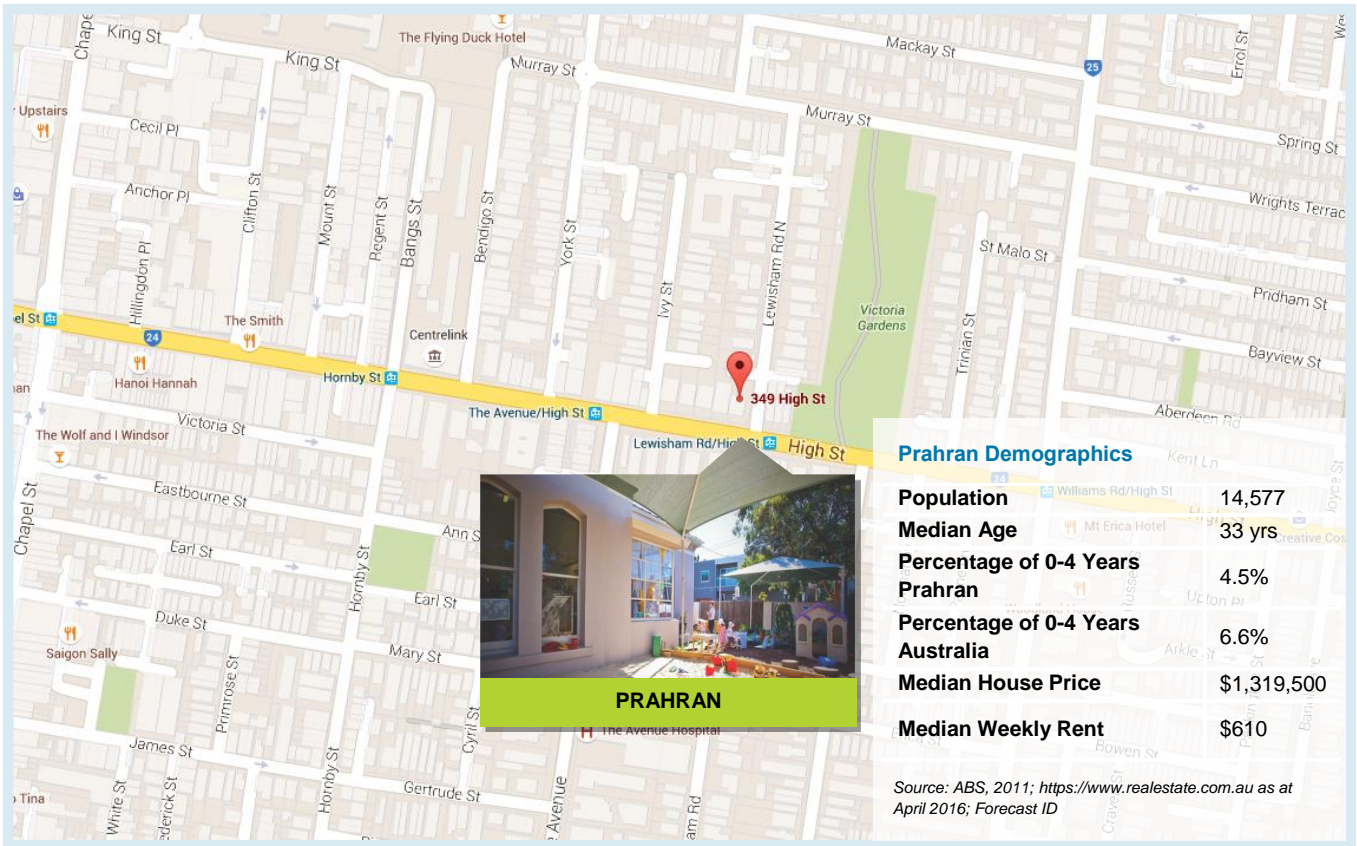
Estimated Childcare Metrics

Daily Fees (\$)	128
No. Operating Days P.A.	255
Hours of Operation	7.00am - 6.00pm



ASSET TOUR

PRAHRAN, VIC



ASSET TOUR

ARMADALE, VIC

30 KOOYONG ROAD, ARMADALE, VIC

In conjunction with the tenant Only About Children, FET undertook an extensive redevelopment of the existing building which was previously an Anglican Church and vicarage circa 1910. The property has been developed into a 90 place early learning centre, which opened in August 2015.



KEY METRICS

General

Land Area (sqm)	1,538
Building Area (sqm)	868
Zoning	Residential R12
Construction Timeframe	10 Months
Opened	August 2015
Interest	Freehold
Long Day Care Places	90
Car Parking	14 spaces
Operator	Only About Children

Lease

Rent (PA) (\$000)	450
Outgoings (%)	100
Annual Reviews (%)	3.25 (First 10 yrs) 3.00 (Second 10 yrs & options)
Lease Type	Triple Net
Lease Term (yrs)	20
Lease Commencement	July 2015
Options (yrs)	10 + 10

Value Metrics

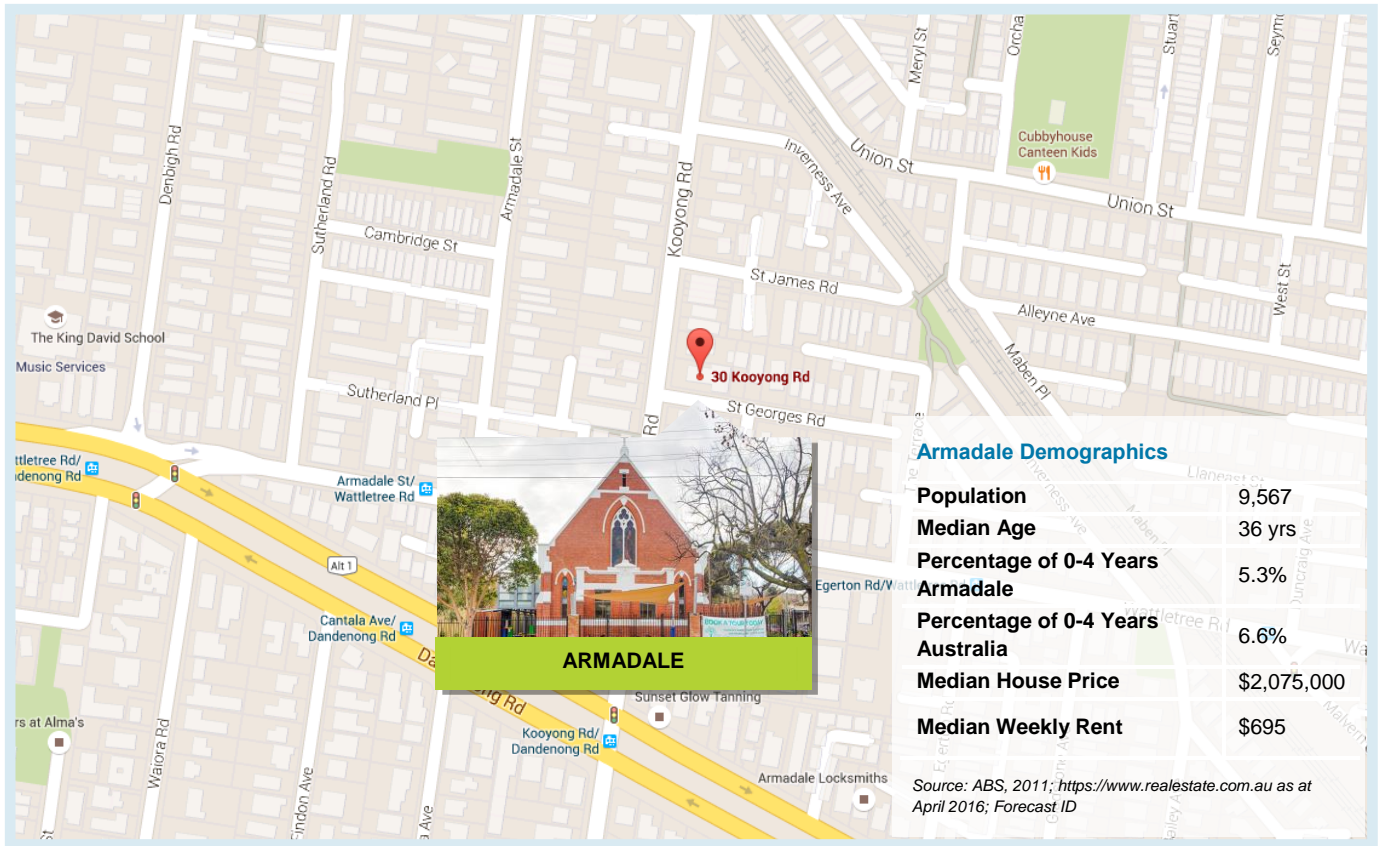
Purchase Date	June 2014
Purchase Price (\$m)	3.3
Construction Cost (\$m)	2.7
Current Value (\$m)	6.35

Estimated Childcare Metrics

Daily Fees (\$)	155
Hours of Operation	7.30am - 6.00pm

ASSET TOUR

ARMADALE, VIC



ASSET TOUR

CHELTENHAM, VIC

15 HERALD STREET, CHELTENHAM, VIC

This corner site was previously a single level circa 1960's brick church building together with a detached demountable structure. FET in conjunction with the tenant Only About Children, are in the process of constructing a purpose built long day care centre to provide accommodation for 86 places across two buildings.



KEY METRICS

General

Land Area (sqm)	1,640
Proposed Gross Building Area (sqm)	550
Zoning	Residential R3Z
Construction Commenced	August 2015
Expected Completion	May 2016
Interest	Freehold
Proposed Long Day Care Places	86
Car Parking	8 spaces
Operator	Only About Children

Lease

Rent (PA) (\$000)	258
Outgoings (%)	100
Annual Reviews (%)	3.25 (First 10 yrs) 3.00 (Second 10 yrs & options)
Lease Type	Triple Net
Lease Term (yrs)	20
Est. Lease Commencement	May 2016
Options (yrs)	10 + 10

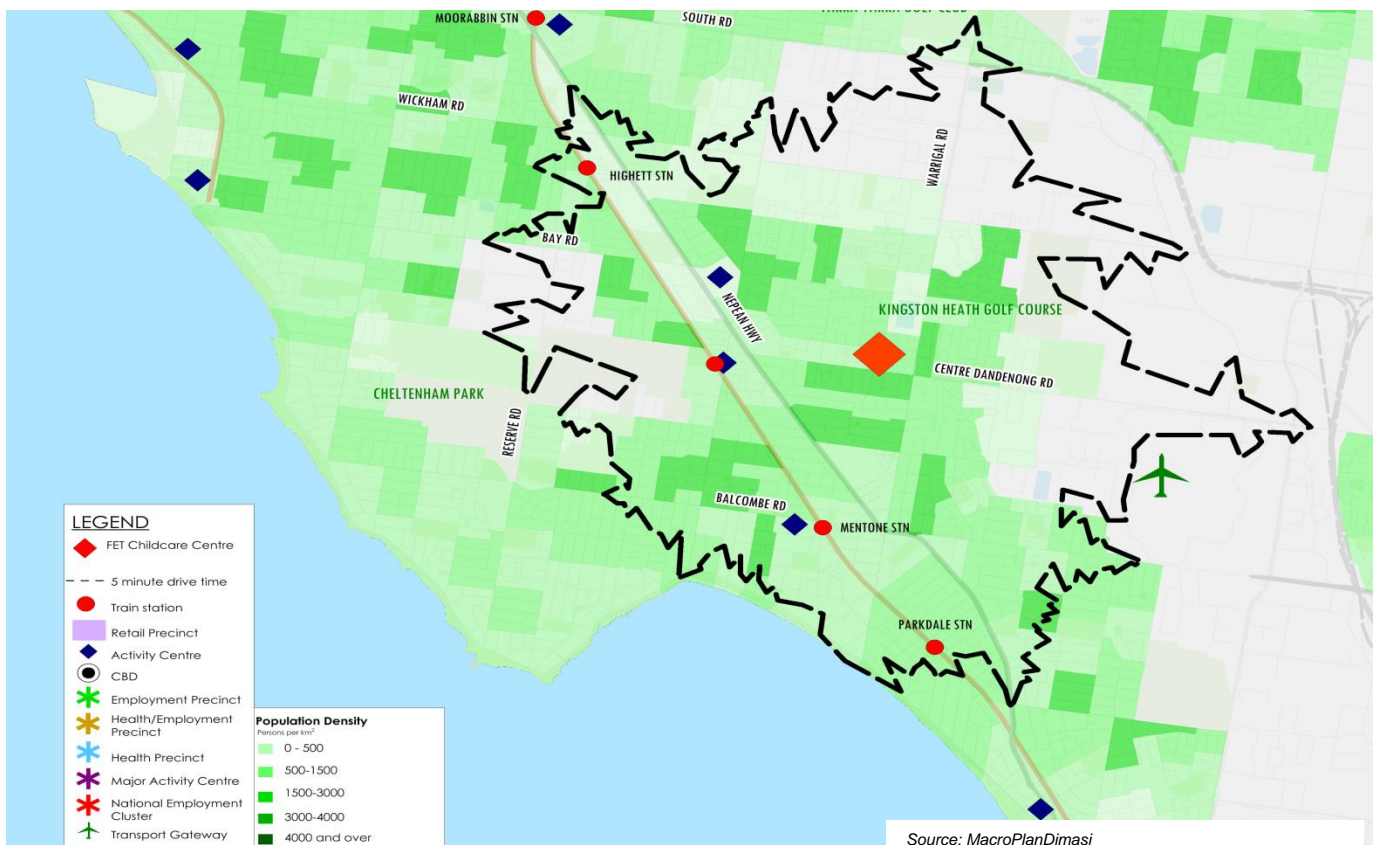
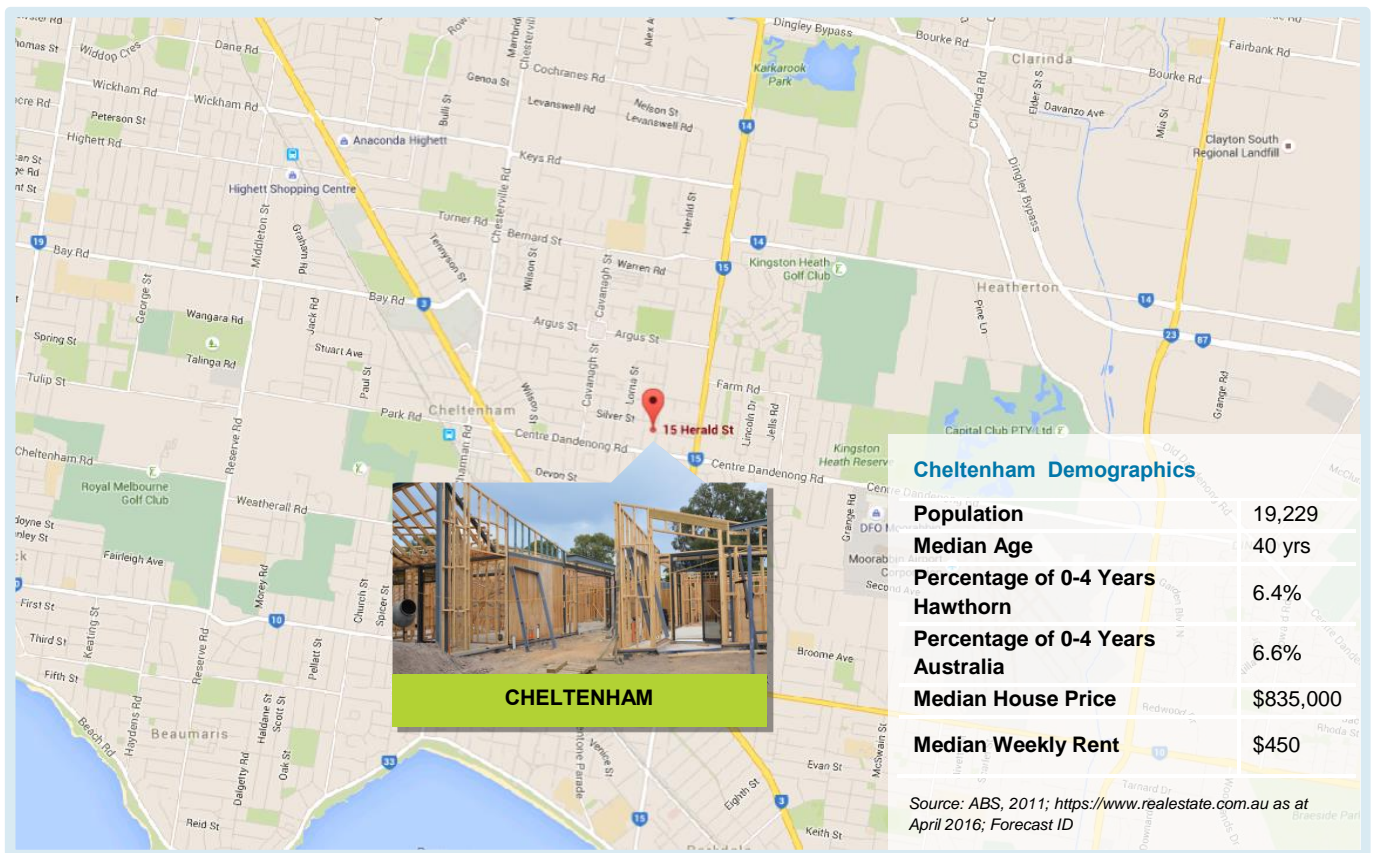
Value Metrics

Land Purchase Date	June 2014
Land Purchase Price (\$m)	1.65
Purchase Yield (%)	7.9
Expected Value on Completion (\$m)	3.7

Estimated Childcare Metrics

Expected Daily Fees (\$)	Approx. 140
Expected Hours of Operation	7.30am - 6.00pm

ASSET TOUR CHELTENHAM, VIC



ASSET TOUR

HIGHETT, VIC

491 HIGHETT ROAD, HIGHETT, VIC

It is proposed to construct a 3 level mixed use development with the top 2 levels comprising long day care providing accommodation for 135 places together with commercial space of approximately 90 sq. metres on the ground floor fronting Highett Road and car parking to the rear.



KEY METRICS

General

Land Area (sqm)	1,167
Proposed Gross Building Area (sqm)	968 (incl. 90 sqm of Commercial space)
Zoning	Commercial B1Z
Expected Construction Commencement	May 2016
Expected Completion	February 2017
Interest	Freehold
Proposed Long Day Care Places	135
Car Parking	32 spaces
Operator	Only About Children

Lease

Rent (PA) (\$000)	607.5 (incl. Commercial space)
Outgoings (%)	100
Annual Reviews (%)	3.25 (First 10 yrs) 3.00 (Second 10 yrs & options)
Lease Type	Triple Net
Lease Term (yrs)	20
Est. Lease Commencement	February 2017
Options (yrs)	10 + 10

Value Metrics

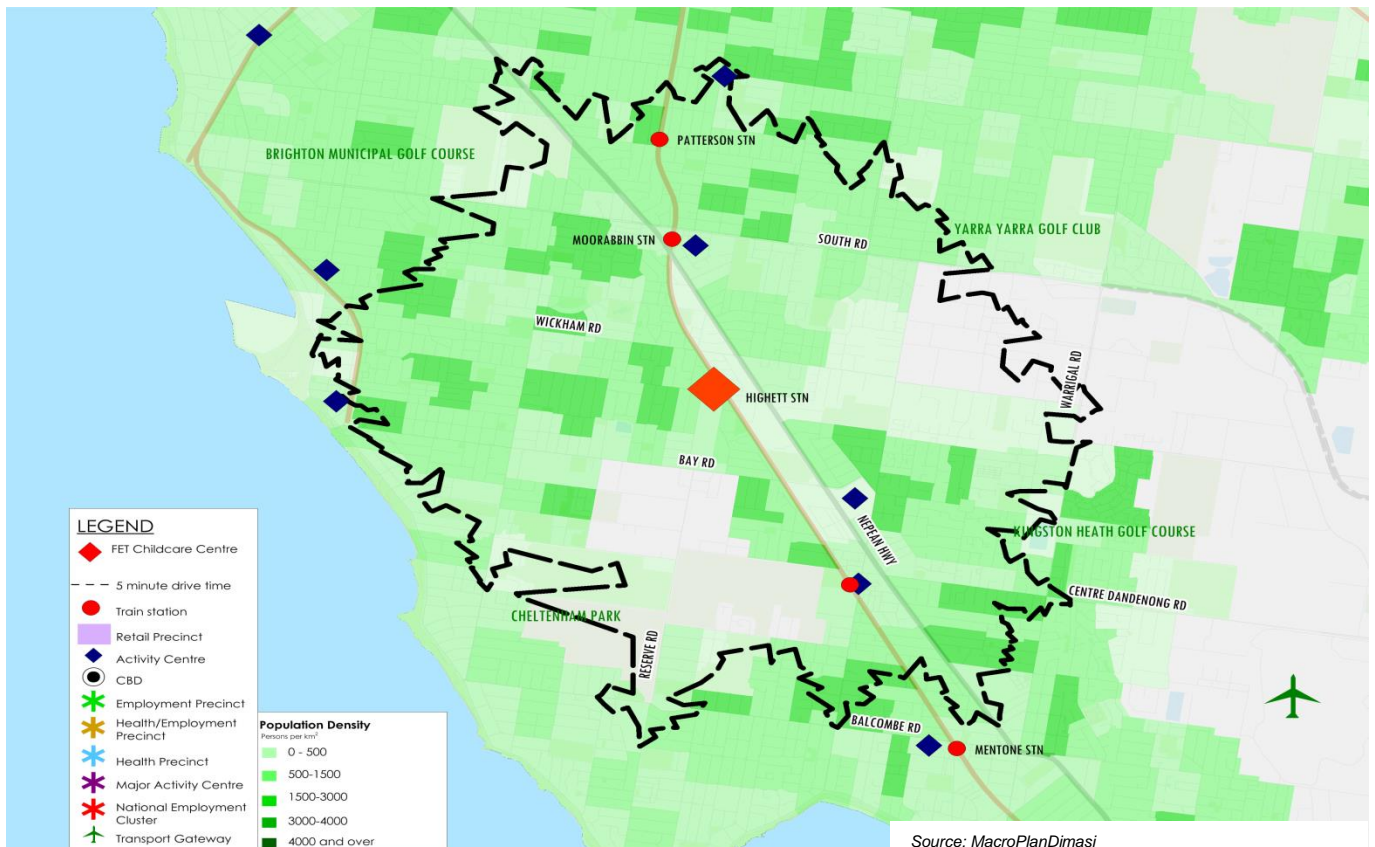
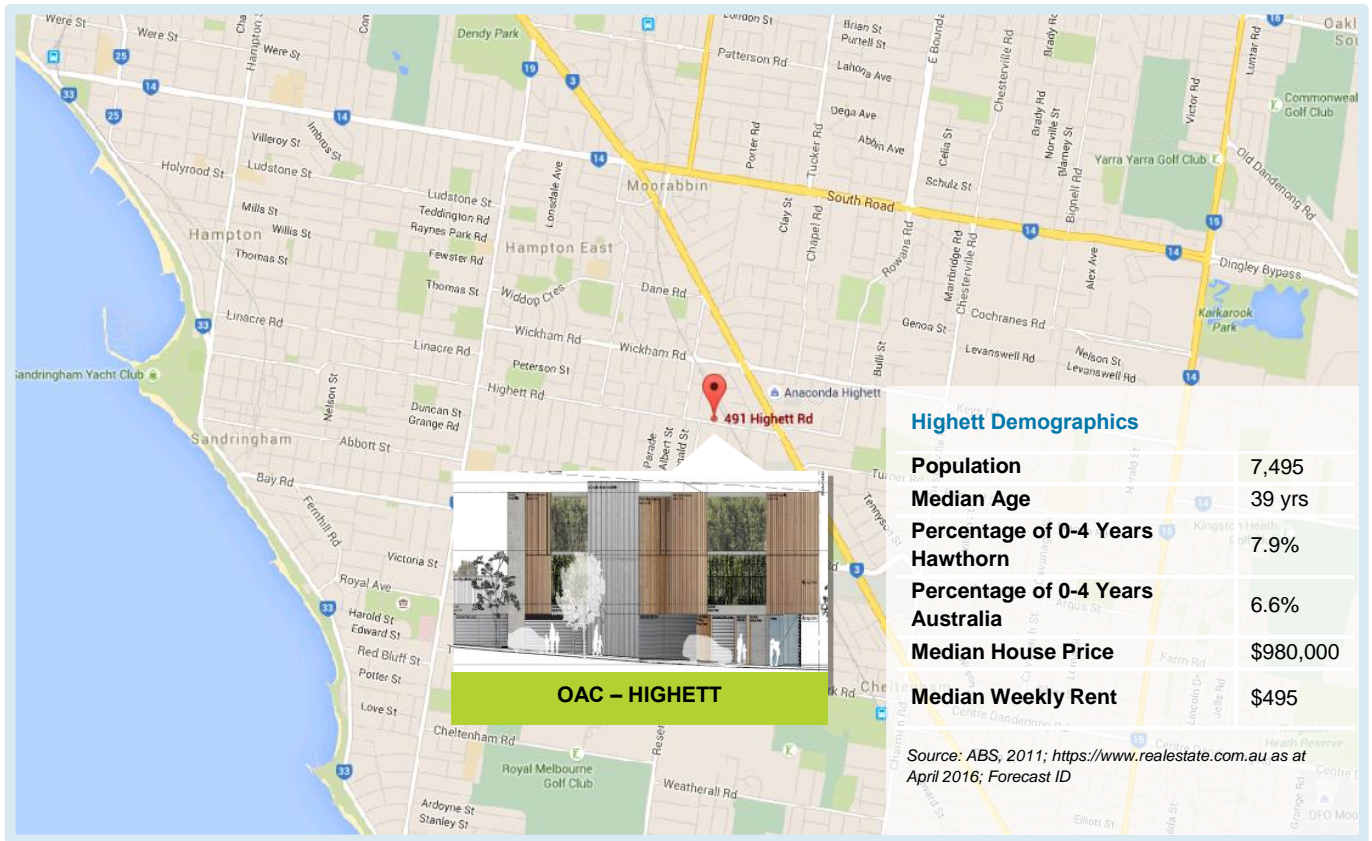
Land Purchase Date	June 2014
Land Purchase Price (\$m)	3.7
Purchase Yield (%)	7.9
Expected Value on Completion (\$m)	8.7

Estimated Childcare Metrics

Expected Daily Fees (\$)	Approx. 140
Expected Hours of Operation	7.30am - 6.00pm

ASSET TOUR

HIGHETT, VIC



MANAGEMENT PROFILES



NICK ANAGNOSTOU

Chief Executive Officer

Fund Manager of FET since 2006, and CEO since 2011. Nick has over 25 years' experience in the Australian commercial property and funds management industries. Previously a Director at Jones Lang LaSalle.



TRAVIS BUTCHER

Chief Financial Officer

CFO of FET since 2008. Travis has over 15 years' financial experience in Australia and overseas. Previously with PricewaterhouseCoopers specialising in transaction services and audit.



MARK STEWIEN

General Counsel

General Counsel of FET since 2009. Over 15 years' experience in corporate and real estate law in Australia and overseas. Previously a Senior Associate at Baker & McKenzie.



CRAIG BLAKE

Investment Manager

Joined Folkestone in September 2014. Craig has extensive experience in investment, leasing and capital management in the property industry. Previously a Director at BlackRock Investment Management and Jones Lang LaSalle.



NATALIE LYNCH

Senior Asset Manager

Senior Asset Manager of FET since 2006. Natalie has over 20 years' experience in property and project management and is a qualified interior designer. Previously the national asset manager at Fernwood.



KRISTINE CHASEMORE

Senior Asset Manager

Senior Asset Manager of FET since 2006. Kristine's experience is in property management, tenant and landlord representation. Previously with Jones Lang LaSalle.

MANAGEMENT PROFILES



WENDY MACAFEE

Senior Development Manager

Joined Folkestone in September 2014. Wendy is a registered architect. Previously held key development and fund positions at Cbus, Becton and Telstra Super.



CARLA STEVENS

Asset Manager

Asset Manager of FET since 2011. Carla's experience is in valuations, property and project management. Previously with Hay Property Consultants.



LACHLAN ATKINS

Asset Manager

Joined Folkestone in October 2014. Lachlan is a qualified property valuer with broad experience in specialised asset classes, most recently with Ernst & Young.

**AUSTRALIA'S ONLY LISTED
TRUST FULLY FOCUSED
AND DEDICATED TO
INVESTING IN EARLY
LEARNING REAL ESTATE**



Exit
Ground





**RESPONSIBLE ENTITY AND
PRINCIPAL PLACE OF
BUSINESS OF THE TRUST**

Folkestone Investment
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Level 14, 357 Collins Street
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RESPONSIBLE ENTITY**

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Victor David Cottren
Michael Francis Johnstone
Nicholas James Anagnostou

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