Folkestone

Australian Education Trust

Retail Entitlement Offer Booklet

18 November 2013

Details of a 1 for 10.67 non-renounceable pro-rata entitlement offer of new fully paid ordinary Units in Australian Education Trust at a price of $1.52 per New Unit to raise approximately $16.0 million. This Retail Entitlement Offer closes at 5.00pm AEDT on Monday 9 December 2013 (unless extended). Valid applications must be received before that time.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

THIS IS AN IMPORTANT DOCUMENT WHICH IS ACCOMPANIED BY A PERSONALISED ENTITLEMENT AND ACCEPTANCE FORM AND BOTH SHOULD BE READ IN THEIR ENTIRETY. PLEASE CALL YOUR STOCKBROKER, ACCOUNTANT, FINANCIAL ADVISER, TAXATION ADVISER OR OTHER INDEPENDENT PROFESSIONAL ADVISER OR FOLKESTONE OFFER INFORMATION LINE ON +61 3 8601 2668 IF YOU HAVE ANY QUESTIONS.

This Retail Offer Booklet is issued by Folkestone Investment Management Limited ACN 111 338 937, AFSL 281 544 in its capacity as responsible entity of Australian Education Trust ARSN 102 955 939 (Fund).

Important Notice

Responsible Entity and Issuer

Folkestone Investment Management Limited ACN 111 338 937, AFSL 281 544 ("**Responsible Entity**") is the responsible entity of Australian Education Trust ARSN 102 955 939 ("**Fund**") and is the issuer of this Retail Entitlement Offer Booklet ("**Retail Offer Booklet**").

The Retail Offer Booklet contains a non-renounceable offer of ordinary new units in the Fund ("**New Units**") to raise approximately $16.0 million on the basis of an entitlement offer of 1 New Unit for every 10.67 Units held ("**Retail Entitlement Offer**" or "**Offer**") by Eligible Unitholders.

Retail Entitlement Offer Booklet

The Retail Offer Booklet is not a product disclosure statement, prospectus or other disclosure document and has not been lodged with ASIC. It may not contain all the information that a Unitholder would expect to make an informed decision as to whether or not to accept this Entitlement Offer. As the Fund is a listed disclosing entity which meets the requirements of Section 1012DAA of the Corporations Act as modified by ASIC Class Order 08/35, the Retail Entitlement Offer will be made without a prospectus or product disclosure statement. As a result, it is important for Eligible Unitholders to read and understand the information on the Fund and the Retail Entitlement Offer made publicly available, prior to participating in the Retail Entitlement Offer. In particular, please refer to the information in this Retail Offer Booklet, the Fund's annual reports and other announcements made available at www.educationtrust.com.au or www.asx.com.au

No cooling-off rights

No cooling-off rights apply to a subscription for New Units under the Retail Entitlement Offer. This means that Eligible Unitholders cannot withdraw an application once it has been accepted.

Obtaining a copy of this Retail Offer Booklet

A paper copy of this Retail Offer Booklet is available free of charge to any person in Australia before the closing date of the Offer, by calling the Folkestone Information Line on +61 3 8601 2668 between the hours of 8.30am and 5.00pm Monday to Friday AEDT (excluding public holidays).

This Retail Offer Booklet may be accessed at www.educationtrust.com.au. If you access the electronic version of this Retail Offer Booklet, you should ensure that you download and read the entire Retail Offer Booklet.

The Offer constituted by this Retail Offer Booklet in electronic form is available only to Australian and New Zealand resident investors accessing the website from Australia or New Zealand. It is not available to persons in the United States or in any other jurisdiction.

Applications for New Units may only be made on an Entitlement and Acceptance Form accompanying this Retail Offer Booklet. By making an Application, you declare that you were given access to the Retail Offer Booklet, together with an Application Form.

Note to prospective investors

The information contained in this Retail Offer Booklet is not financial product advice. This Retail Offer Booklet has been prepared without reference to your investment objectives, financial situation and particular needs. It is important you read this Retail Offer Booklet carefully and in its entirety before making a decision whether to invest. In particular, you should consider the risk factors that could affect the performance of the Fund. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your broker, solicitor, accountant, financial or other professional adviser before deciding whether to invest. Some of the key risk factors that should be considered by Unitholders are set out in the 'Key Risks Factors' section in the Investor Presentation included at Section 3 in this Retail Offer Booklet. There may be risk factors in addition to these that should be considered in light of your personal circumstances. You should also consider the risk factors that could affect the Fund's business, financial condition and results of operations.

No performance guarantee

Neither the Responsible Entity, nor its associates or Directors, nor any other person named in this Retail Offer Booklet guarantees the performance of the Fund, the repayment of capital or any particular rate of capital or income return. While the Responsible Entity is a subsidiary of Folkestone Limited ACN 004 715 226, none of Folkestone Limited or its other subsidiaries guarantee performance by the Responsible Entity of its obligations as the Responsible Entity and are not responsible for any information in this Retail Offer Booklet.

Updated information

Information relating to the Offer may change from time to time. The Responsible Entity may issue a supplementary Retail Offer Booklet to supplement any relevant information not contained in this Retail Offer Booklet or may update certain information on its website at www.educationtrust.com.au. Any supplementary Retail Offer Booklet or information should be read together with this Retail Offer Booklet.

Pictures of properties in this Retail Offer Booklet

All pictures of properties in this Retail Offer Booklet are actual pictures of properties which are held by the Fund unless stated otherwise.

Defined terms and financial information

Capitalised terms used in this Retail Offer Booklet have been defined in the Glossary at Section 5 of this Retail Offer Booklet.

Unless otherwise stated or implied, references to times in this Retail Offer Booklet are to Australian Eastern Daylight Time ("**AEDT**"). Unless otherwise stated or implied, references to dates or years are calendar year references.

All financial and operational information contained in this Retail Offer Booklet is stated as at the date of this Retail Offer Booklet, unless otherwise specified. Currency amounts are in Australian dollars unless otherwise stated.

Any discrepancies between totals and sums and components in tables contained in this Retail Offer Booklet are due to rounding.

Offer restrictions

This Retail Offer Booklet has been prepared to comply with the requirements of the laws of Australia. This Retail Offer Booklet does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify New Units or the Offer, or to otherwise permit a public offering of New Units, in any jurisdiction outside Australia and New Zealand. The distribution of this Retail Offer Booklet outside Australia and New Zealand may be restricted by law and persons who come into possession of this Retail Offer Booklet outside Australia should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

In particular, New Units have not been, and will not be, registered under the US Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, a US Person (as defined in Regulation S under the US Securities Act).

Responsibility for Retail Offer Booklet

This Retail Offer Booklet and the enclosed Entitlement and Acceptance Form have been prepared by the Responsible Entity.

No party, including the Joint Lead Managers or any other parties referred to in this Retail Offer Booklet (other than the Responsible Entity), has authorised or caused the issue of this Retail Offer Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in the information in this Retail Offer Booklet. To the maximum extent permitted by law, each of the parties referred to in this Retail Offer Booklet expressly disclaims any responsibility for any statements in, or omissions from, this Retail Offer Booklet.

The cover photo is 1 Paradise Way, South Morang, Victoria

Neither the Joint Lead Managers nor any of their respective affiliates, related bodies corporate, directors, officers, partners, employees, representatives or agents make any recommendations as to whether you or your related parties should participate in the Offer, nor do they make any representations or warranties to you concerning this Offer, or any such information. You represent, warrant and agree that you have not relied on any statements made by either Joint Lead Manager or their respective affiliates, relating bodies corporate, directors, officers, partners, employees, representatives or agents in relation to the New Units or the Offer generally.

Disclosure

The Joint Lead Managers (whether in that capacity, or otherwise), together with their affiliates, are financial institutions engaged in various activities, which may include trading, financing, financial advisory, investment management, investment research, principal investment, hedging, market making, margin lending, brokerage and other financial and non-financial activities and services including for which they have received or may receive customary fees and expenses. Moelis Australia Advisory Pty Limited, in conjunction with its affiliates, is acting as Joint Lead Manager, Bookrunner and Underwriter to the Equity Raising for which it has received or expects to receive fees and expenses. The Joint Lead Managers (whether in that capacity, or otherwise) and/or their affiliates have performed, and may perform, other financial or advisory services for the Responsible Entity, and/or may have other interests in or relationships with the Responsible Entity, and its related bodies corporate for which they have received or may receive customary fees and expenses.

In the ordinary course of their various business activities, the Joint Lead Managers (whether in that capacity, or otherwise) and their affiliates may purchase, sell or hold a broad array of investments and actively trade or effect transactions in equity, debt and other securities, derivatives, loans, commodities, currencies, credit default swaps and/or other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Fund, its related entities and/or persons and entities with relationships with the Fund and/or its related entities. The Joint Lead Managers (whether in that capacity, or otherwise) and/or their affiliates, or their respective officers, employees, consultants or agents may, from time to time, have long or short positions in, buy or sell (on a principal basis or otherwise), and may act as market makers in, the securities or derivatives, or serve as a director of any entities mentioned herein. The Joint Lead Managers (whether in that capacity, or otherwise) and/or its affiliates currently hold, and may continue to hold, equity, debt and/or related derivative securities of the Fund and/or its related entities.

None of the Joint Lead Managers (whether in that capacity, or otherwise) nor any of their related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives or agents make any recommendations as to whether Unitholders or their related parties should participate in the Retail Entitlement Offer, nor do they make any representations or warranties to Unitholders (or other statements upon which you may rely) concerning this Retail Entitlement Offer or any such information. The engagement of the Joint Lead Managers by the Responsible Entity is not intended to and does not create any agency, custodial, fiduciary or other legal relationship between the Joint Lead Managers and any Unitholder or other investor.

Questions

If you have any questions about the Offer, please call the Folkestone Information Line on +61 3 8601 2668 between the hours of 8.30am and 5.00pm Monday to Friday AEDT (excluding public holidays).

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Chairman's Letter

Folkestone
Funds Management

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Melbourne VIC 3000
Telephone: (03) 8601 2092
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Email: enquiries@folkestone.com.au
Website: www.folkestone.com.au

Dear Investor

On behalf of Folkestone Investment Management Limited ("**Responsible Entity**"), the responsible entity of Australian Education Trust ("**AEU**" or the "**Fund**"), we are pleased to invite you to participate in a 1 for 10.67 fully underwritten non-renounceable entitlement offer of new ordinary units in the Fund ("**New Units**") at an Offer Price of $1.52 per New Unit.

The Offer Price represents a discount of 3.1% to the 5-day VWAP[1] as at 13 November 2013 and an 8.0% distribution yield[2] for the financial year ending 30 June 2014.

Equity Raising

On 15 November 2013, the Fund announced its intention to raise approximately $45.0 million via a placement to Institutional Investors ("**Institutional Placement**"), an accelerated non-renounceable entitlement offer to Institutional Investors ("**Institutional Entitlement Offer**") and a non-renounceable entitlement offer to Retail Investors ("**Retail Entitlement Offer**") (collectively the "**Equity Raising**"). The Institutional Placement and Institutional Entitlement Offer together successfully raised gross proceeds of approximately $29.0 million.

The Retail Entitlement Offer is fully underwritten by Moelis Australia Advisory Pty Limited ("**Moelis**") and will raise further gross proceeds of approximately $16.0 million. The Offer Price of $1.52 under the Retail Entitlement Offer is the same issue price paid by Institutional Investors under the Institutional Placement and the Institutional Entitlement Offer.

Use of Proceeds

Proceeds from the Equity Raising, along with drawdown on the Fund's debt facilities, will be used to fund the acquisition of:

- all the units in the Folkestone Childcare Fund ARSN 102 955 939, an unlisted fund comprising 22 early learning centres, subject to approval of unitholders in that fund;
- a portfolio of five early learning centres in premium Sydney metro locations, operated by Only About Children;
- a new purpose built early learning centre in Gungahlin, ACT; and
- three development sites for new early learning centres to be constructed on a fund-through basis and owned by the Fund.

The acquisitions are consistent with AEU's strategy and will enhance the portfolio in terms of both asset and operator quality. The transaction is expected to be neutral to AEU's earnings in FY14, however accretive to earnings in FY15. AEU's NTA will not be diluted as a result of this transaction.

Details of your Entitlement

As an Eligible Unitholder, you are entitled to subscribe for 1 New Unit for every 10.67 Existing Units held at 7.00pm AEDT on Tuesday 19 November 2013 ("**Entitlements**").

Eligible Unitholders may also apply for Additional New Units at the Offer Price in excess of their Entitlements ("**Additional New Units**"), subject to a limit of $200,000 worth of Additional New Units per Eligible Unitholder unless otherwise determined by the Responsible Entity in its absolute discretion and subject to scale back in the case of oversubscriptions.

1 Volume Weighted Average Price.
2 Based on an Offer Price of $1.52 (cum-adjusted).

The Retail Entitlement Offer is non-renounceable, which means that Entitlements are non-transferrable and will not be tradable on ASX or otherwise transferable. Eligible Unitholders who do not take up all or any part of their Entitlements will not receive any payment or value in respect of those Entitlements not taken up and their equity interest in the Fund will therefore be diluted.

New Units and Additional New Units issued pursuant to the Equity Raising will rank equally with Existing Units for the quarter ending 31 December 2013.

You will find enclosed within this Retail Offer Booklet the following important information:

- key dates for the Equity Raising;
- instructions on 'How to apply' detailing how to accept all or part of your Entitlement and apply for Additional New Units in the Retail Entitlement Offer up to a limit of $200,000 worth of Additional New Units if you choose to do so;
- the Investor Presentation released to the market on 15 November 2013;
- ASX announcement relating to the Equity Raising;
- ASX announcement relating to the completion of the Institutional component of the Equity Raising;
- important additional information; and
- a personalised Entitlement and Acceptance Form which details your Entitlement, to be completed in accordance with the instructions provided should you wish to take up your Entitlements.

Taking up your Entitlements

It is important to note that the Retail Entitlement Offer closes at 5.00pm AEDT on Monday 9 December 2013.

To participate in the Retail Entitlement Offer, you need to ensure your completed Entitlement and Acceptance Form and your Application Monies are received by the Registry before the Retail Entitlement Offer closes OR you have paid your Application Monies via BPAY by that time and date pursuant to the instructions that are set out on the Entitlement and Acceptance Form. See the 'How to apply' section of this Retail Offer Booklet for further information about payment methods.

Further Information

This Retail Offer Booklet contains further details of the Retail Entitlement Offer as well as a description of the main risks associated with an investment in New Units in the Fund. We encourage you to read the entire Retail Offer Booklet carefully and consider the key risks which are set out in Appendix D of the Investor Presentation included at Section 3 of this Retail Offer Booklet before deciding whether to participate in the Retail Entitlement Offer.

You should consult your stockbroker, accountant or other independent professional adviser when evaluating whether or not to participate in the Retail Entitlement Offer.

For further information regarding the Retail Entitlement Offer, please call the Folkestone Information Line on +61 3 8601 2668 between the hours of 8.30am and 5.00pm Monday to Friday AEDT (excluding public holidays) or visit www.educationtrust.com.au.

On behalf of the Directors of the Responsible Entity, we invite you to consider this investment and participate in the next stage of the Fund's growth cycle.

Yours sincerely

Victor Cottren
Chairman and Non-Executive Director
Folkestone Investment Management Limited

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15 Siedeberg Drive, Dannemora, Auckland, New Zealand

Key Dates

Event	Date
ASX announcement to launch Equity Raising	Friday, 15 November 2013
Record Date for the Retail Entitlement Offer (7.00pm AEDT)	Tuesday, 19 November 2013
Settlement of Institutional Placement and Institutional Entitlement Offer	Wednesday, 20 November 2013
Allotment and trading of New Units issued under the Institutional Placement and Institutional Entitlement Offer	Thursday, 21 November 2013
Retail Entitlement Offer opens	**Thursday, 21 November 2013**
Dispatch of Retail Offer Booklet and Entitlement and Acceptance Forms	Thursday, 21 November 2013
Retail Entitlement Offer closes (5.00pm AEDT)	**Monday, 9 December 2013**
Announcement of Retail Entitlement Offer Shortfall	Thursday, 12 December 2013
Settlement of New Units issued under the Retail Entitlement Offer	Tuesday, 17 December 2013
Allotment of New Units issued under the Retail Entitlement Offer and dispatch of holding statements	Wednesday, 18 December 2013
Normal trading of New Units issued under the Retail Entitlement Offer	Thursday, 19 December 2013

The Responsible Entity reserves the right to vary the dates of the Retail Entitlement Offer without prior notice, including extending the Retail Entitlement Offer or accepting late applications, either generally or in particular cases, or to withdraw the Retail Entitlement Offer without prior notice.

Applicants are encouraged to submit their personalised Entitlement and Acceptance Forms as soon as possible. No cooling-off rights apply to applications submitted under the Retail Entitlement Offer. The commencement of quotation of New Units is subject to confirmation from the ASX. Eligible Unitholders are to make payment of their Application Monies so that payment is received by no later than 5.00pm (AEDT) on Monday 9 December 2013.

The Retail Entitlement Offer is non-renounceable, which means that Entitlements are non-transferrable and will not be tradable on the ASX or otherwise transferable. Unitholders who do not take up all or any part of their Entitlements will not receive any payment or value in respect of those Entitlements not taken up and their equity interest in the Fund will be diluted.

New Units and Additional New Units issued under the Retail Entitlement Offer will rank equally with Existing Units for the quarter ending 31 December 2013.

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21 Lemongrass Circuit, Point Cook, Victoria

How to Apply

2.1 Retail Entitlement Offer
2.2 Brokerage, Commission and Stamp Duty
2.3 No Withdrawals
2.4 Confirmation of Your Application and Managing Your Holding
2.5 Enquires

This Retail Offer Booklet relates to the retail component of the Equity Raising. The Retail Entitlement Offer is an offer to raise approximately $16.0 million worth of New Units in the Fund to be issued at a price of $1.52 per New Unit. The offer of 1 New Unit for every 10.67 Existing Units has been made to Eligible Unitholders who have a registered address in Australia or New Zealand on the Record Date.

No brokerage, commission or stamp duty is payable by Applicants on acquisition of New Units under the Retail Entitlement Offer.

2.1 Retail Entitlement Offer

2.1.1 Who may apply under the Retail Entitlement Offer

Eligible Unitholders may apply for New Units under the Retail Entitlement Offer. Eligible Unitholders are those Unitholders who:

- are registered as Unitholders as at the Record Date being 7.00pm (AEDT) on Tuesday 19 November 2013;
- have a registered address in Australia or New Zealand;
- are not in the United States and are not acting for the account or benefit of a person in the United States;
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer; and
- did not participate in the Institutional Entitlement Offer.

Eligible Unitholders are being offered the opportunity to subscribe for 1 New Unit for every 10.67 Existing Units held at 7.00pm (AEDT) on the Record Date at the Offer Price of $1.52 per New Unit (rounded up to the nearest whole Unit).

Eligible Unitholders may also apply for Additional New Units in excess of their Entitlements up to a limit of $200,000 worth of Additional New Units per Eligible Unitholders. Allocations will be determined by the Responsible Entity in its absolute discretion.

Additional New Units will only be allocated to Eligible Unitholders if available and then only if and to the extent that the Responsible Entity so determines, in its absolute discretion, having regards to the circumstances as at the time of the close of the Retail Entitlement Offer. The Responsible Entity may apply any scale-back to applications for Additional New Units in its absolute discretion.

If Eligible Unitholders do not take up all or part of their Entitlements under the Retail Entitlement Offer, any associated right to participate will lapse.

If you are an Eligible Unitholder, your Entitlements are set out on the accompanying personalised Entitlement and Acceptance Form.

If you have more than one holding of Existing Units, you will be sent more than one personalised Entitlement and Acceptance Form. Each separate holding will have separate Entitlements which you will be unable to combine when making an Application as part of the Retail Entitlement Offer.

2.1.2 Nominees

The Retail Entitlement Offer is being made to all Eligible Unitholders. The Fund is not required to determine whether or not any registered holder is acting as a nominee or the identity or residence of any beneficial owners of Existing Units. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. Return of a duly completed Entitlement and Acceptance Form will constitute a representation that there has been no breach of such regulations. Unitholders who are nominees are therefore advised to seek independent advice as to how they should proceed. Where the Retail Offer Booklet has been dispatched to a Unitholder domiciled outside Australia or New Zealand and where the country's securities code or legislation prohibits or restricts in any way the making of the offers contemplated by this Retail Offer Booklet, then this Retail Offer Booklet is provided for information purposes only.

Any person in the United States with a holding through a nominee may not participate in the Retail Entitlement Offer and the nominee must not take up any Entitlement or send any materials into the United States. The Fund is not able to advise on foreign laws.

2.1.3 Consider the Retail Entitlement Offer in light of your particular investment objectives and circumstances

Please consult with your stockbroker, accountant, solicitor or other independent professional adviser if you have any queries or are uncertain about any aspects of the Retail Entitlement Offer. You should also refer to the 'Key Risks Factors' section in the Investor Presentation included at Section 3 in this Retail Offer Booklet.

2.1.4 Choices available to Eligible Unitholders

If you are an Eligible Unitholder you may do any one of the following:

- take up all or part of your Entitlements (refer to Section 4.2);
- take up all of your Entitlements and apply for Additional New Units (refer to Section 4.4); or
- do nothing, in which case all of your Entitlements will lapse and you will not receive any value in respect of those Entitlements not taken up.

You should note that as a result of the Institutional Placement, you will have your percentage holding in the Fund reduced even if you participate in the Retail Entitlement Offer in respect of all of your Entitlement. Applying for and being issued Additional New Units may reduce the extent of dilution of your percentage holding in the Fund as a result of the Institutional Placement.

2.1.5 Complete and return the accompanying Entitlement and Acceptance Form with your Application monies or make a payment by BPAY®

If you decide to take up your Entitlements in part or in full, please complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies or pay your Application Monies via BPAY by following the instructions set out on the personalised Entitlement and Acceptance Form.

The Fund will treat you as applying for as many New Units as your payment will pay for in full. Amounts received by the Fund in excess of your Entitlements ("**Excess Amount**") will be treated as an Application to apply for as many Additional New Units (to a limit of $200,000 worth of Additional New Units) as your Excess Amount will pay for in full. Any allocation of Additional New Units is subject to the available Retail Entitlement Offer Shortfall, and subject to any scale-back the Responsible Entity may determine to implement, in its absolute discretion, in respect of any Additional New Units.

If you are paying by BPAY, please make sure to use the specific Biller Code and unique Customer Reference Number ("**CRN**") on the front of your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the CRN specific to the Entitlement on that form.

If you take no action, you will not be allocated New Units and your Entitlements will lapse. Your Entitlement to participate in the Retail Entitlement Offer is non-renounceable and will not be tradeable or otherwise transferable. Unitholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

If you take up and pay for all or part of your Entitlements before the close of the Retail Entitlement Offer at 5.00pm (AEDT) on 9 December 2013, you will be allotted your New Units on 18 December 2013. If you apply for Additional New Units, subject to a limit of $200,000 worth of Additional New Units, subject to the available Retail Entitlement Offer Shortfall, and subject to the Responsible Entity's absolute discretion to scale-back your Application for Additional New Units (in whole or part), you will be allotted your Additional New Units on 18 December 2013. The Responsible Entity's decision on the number of New Units (and any Additional New Units) to be allocated to you will be final.

The Responsible Entity also reserves the right (in its absolute discretion) to reduce the number of New Units allocated to Eligible Unitholders, or persons claiming to be Eligible Unitholders, if their claims prove to be overstated or otherwise incorrect or if they or their nominees fail to provide information to substantiate their claims.

2.1.6 Payment via BPAY®

For payment by BPAY, please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the Biller Code and your unique CRN). You can only make a payment via BPAY if you are the holder of an account with an Australian financial institution that supports BPAY transactions.

Please note that if you choose to pay by BPAY:

- while you are not required to submit the personalised Entitlement and Acceptance Form, you are taken to make the declarations on that Entitlement and Acceptance Form; and
- you are deemed to have taken up your Entitlements in respect of such whole number of New Units, and if applicable, Additional New Units, to a limit of $200,000 Additional New Units, as is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY payment is received by the Registry by no later than 5.00pm (AEDT) on 9 December 2013 (subject to variation). You should be aware that your financial institution may implement earlier cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.

Any Application Monies received for more than your final allocation of New Units (but only where the amount is $2.00 or greater) will be refunded as soon as possible after the Retail Entitlement Offer closes. No interest will be paid to Applicants on any Application Monies received or refunded.

Note: If you have multiple holdings and consequently receive more than one personalised Entitlement and Acceptance Form, when making payment via BPAY only use the CRN specific to the relevant holding set out in the applicable Entitlement and Acceptance Form. If you do not use the correct CRN specific to that holding, as set out in the applicable Entitlement and Acceptance Form, your Application Monies above that for New Units will be assumed to refer to an Application for Additional New Units (relating to that specific CRN, subject to a limit of $200,000 worth of Additional New Units, subject to the available Retail Entitlement Offer Shortfall, and subject to the Responsible Entity's absolute discretion to scale-back your Application for Additional New Units (in whole or part)).

2.1.7 Payment by cheque, bank draft or money order

For payment by cheque, bank draft or money order, you should complete your personalised Entitlement and Acceptance Form (mailed to you with this Retail Offer Booklet) in accordance with the instructions on the form and return it accompanied by a cheque, bank draft or money order in Australian currency for the amount of the Application Monies.

Your cheque, bank draft or money order must be:

- for an amount equal to the full Application Monies (being $1.52 multiplied by the number of New Units and any Additional Units that you are applying for up to a limit of $200,000 worth of Additional New Units);
- in Australian currency drawn on an Australian branch of a financial institution; and
- made payable to Trust Company ACF Australian Education Trust and crossed "Not Negotiable".

You should ensure that sufficient funds are held in any relevant account(s) to cover the full amount of the Application Monies. If the amount of your payment for Application Monies is insufficient to pay in full for the number of New Units you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Units as your cleared Application Monies will pay for (and to have specified that number of New Units on your personalised Entitlement and Acceptance Form). Alternatively, your Application will not be accepted.

Any Application Monies received for more than your final allocation of New Units (but only where the amount is $2.00 or greater) will be refunded as soon as possible after the Retail Entitlement Offer closes. No interest will be paid to Applicants on any Application Monies received or refunded.

Cash payments will not be accepted and receipts for payment will not be issued.

To participate in the Retail Entitlement Offer, your payment must be received no later 5.00pm (AEDT) on 9 December 2013.

Unitholders who make payment via cheque, bank draft or money order should return their completed personalised Entitlement and Acceptance Form together with Application Monies:

- BY MAIL using the reply paid envelope provided with this Booklet (no postage is required if posting from within Australia); or
- BY MAIL to the following address:

Boardroom Pty Limited
Australian Education Trust
GPO Box 3993
Sydney NSW 2001

For the convenience of Eligible Unitholders in Australia, a reply paid envelope addressed to the Registry has been enclosed with this Retail Offer Booklet. If mailed in any country outside of Australia, correct postage must be affixed.

Applications will only be accepted by the methods set out above. Applications will not be accepted in person.

As described above, where you have more than one holding of Existing Units, you will be sent more than one personalised Entitlement and Acceptance Form, and must complete the relevant Entitlement and Acceptance Form for each separate Entitlement you hold.

2.1.8 How to obtain a copy of this Retail Offer Booklet and an Application Form

You can obtain a copy by contacting the Folkestone Information Line on +61 3 8601 2668 at any time from 8.30am to 5.00pm (AEDT) Monday to Friday (excluding public holidays) during the Offer Period.

2.1.9 Foreign persons

The Retail Offer Booklet and the accompanying Entitlement and Acceptance Form do not constitute an offer or invitation in any place in which, or to any person to who, it would not be lawful to make such an offer or invitation. By submitting an Application Form and/or paying or transferring Application Monies you represent and warrant that there has been no breach of such laws.

The distribution of this Retail Offer Booklet outside of Australia or New Zealand may be restricted by law and persons who come into possession of it should seek advice and observe any such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. The Responsible Entity disclaims all liabilities to such a person.

2.1.10 Warranties on acceptance of the Retail Entitlement Offer

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY you will be deemed to have acknowledged, agreed, represented and warranted that you, and each person on whose behalf you are acting:

- acknowledge that you have fully read and understood both this Retail Offer Booklet and your Entitlement and Acceptance Form in their entirety and you acknowledge the matters and make the warranties and representations and agreements contained in this Retail Offer Booklet and the Entitlement and Acceptance Form;
- agree to be bound by the terms of the Retail Entitlement Offer, the provisions of this Retail Offer Booklet and the Constitution;
- authorise the Responsible Entity to register you as the holder(s) of New Units (and any Additional New Units) allotted to you;
- declare that all details and statements in the Entitlement and Acceptance Form are complete and accurate;
- declare you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Entitlement and Acceptance Form;
- acknowledge that once the Responsible Entity receives your Entitlement and Acceptance Form or any payment of Application Monies via BPAY, you may not withdraw your application or funds provided except as allowed by law;
- agree to apply for and be issued up to the number of New Units specified in the Entitlement and Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY, including Additional New Units up to a limit of $200,000 worth of Additional New Units at the Offer Price per New Unit;
- authorise the Responsible Entity, the Joint Lead Managers, the Registry and their respective officers or agents to do anything on your behalf necessary for New Units (and any Additional New Units) to be issued to you;
- declare that you were the registered holder(s) at the Record Date of the Units indicated on the Entitlement and Acceptance Form as being held by you on the Record Date;
- acknowledge that the information contained in this Retail Offer Booklet and your Entitlement and Acceptance Form is not investment advice or financial product advice nor have they been prepared taking into account your investment objectives, financial circumstances or particular needs or circumstances. You acknowledge that this Retail Offer Booklet and your Entitlement and Acceptance Form is not a recommendation that New Units (and any Additional New Units) are suitable for you given your investment objectives, financial situation or particular needs;
- acknowledge that this Retail Offer Booklet is not a prospectus, product disclosure statement or disclosure document and does not contain all of the information that you may require in order to assess an investment in the Fund and is given in the context of the Fund's past and ongoing continuous disclosure announcements to ASX;
- acknowledge the statement of risks in the 'Key Risk Factors' section in the Investor Presentation included at Section 3 of this Retail Offer Booklet and that investments in the Fund are subject to risk;
- acknowledge that none of the Responsible Entity, the Joint Lead Managers, or their respective related bodies corporate, affiliates or respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantee the performance of the Fund, nor do they guarantee the repayment of capital from the Fund;
- agree to provide (and, if applicable, direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Retail Entitlement Offer and of your holding of Existing Units on the Record Date;
- authorise the Responsible Entity to correct any errors in your Entitlement and Acceptance Form or other form provided by you;
- represent and warrant that the law of any place does not prohibit you from being given this Retail Offer Booklet and the Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Units (and any Additional New Units) and are eligible under all applicable laws to receive an offer under the Retail Entitlement Offer without a prospectus, disclosure document, product disclosure statement or any lodgement, filing, registration or qualification; and

- represent and warrant that your acceptance of the Retail Entitlement Offer does not breach any laws in a jurisdiction outside Australia or New Zealand.

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY, you will also be deemed to have acknowledged, agreed, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that you are an Eligible Unitholder or otherwise eligible to participate in the Retail Entitlement Offer and:

- you are not in the United States and you are not acting on behalf of a person in the United States (to the extent you are holding Existing Units on behalf of such person in the United States) and are not otherwise a person to whom it would be illegal to make an offer of or issue of Entitlements, New Units or Additional New Units under the Retail Entitlement Offer and under any applicable laws and regulations;
- you understand and acknowledge that none of the Entitlements, the New Units nor the Additional New Units have been, nor will be, registered under the Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia, New Zealand and the jurisdictions referred to in Section 4.9 ('Foreign Jurisdictions'). Accordingly, the Entitlements may not be taken up by, and the New Units may not be offered or sold to, persons in the United States except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and any other applicable US state securities laws;
- you and each person on whose account you are acting have not and will not send this Retail Offer Booklet, the Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States;
- if in the future you decide to sell or otherwise transfer the New Units or Additional New Units, you will only do so in regular way transactions on the ASX where neither you nor any person acting on your behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States; and
- if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is not in the United States, and you have not sent this Retail Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person in the United States.

2.2 Brokerage, Commission and Stamp Duty

No brokerage, commission or stamp duty is payable by Applicants upon acquisition of New Units under the Retail Entitlement Offer.

2.3 No Withdrawals

You cannot withdraw your application once it has been accepted. Cooling-off rights do not apply to an investment in New Units or Additional New Units. The Responsible Entity reserves the right to withdraw the Retail Entitlement Offer at any time before the issue of New Units or Additional New Units to Eligible Unitholders, in which case the Responsible Entity will refund any Application Monies already received in accordance with the Corporations Act and will do so without interest being payable to Applicants.

2.4 Confirmation of Your Application and Managing Your Holding

You may access information on your holding, including your Record Date balance and the issue of New Units or Additional New Units from this Retail Entitlement Offer, and manage the standing instructions the Registry records on your holding on the Investor Centre website www.investorserve.com.au. To access the Investor Centre you will need your Security Reference Number (SRN) or Holder Identification Number (HIN) as shown on your Issuer Sponsored/CHESS statements and you will need to pass the security challenge on the site.

2.5 Enquires

If you require assistance to complete the Entitlement and Acceptance Form, you should contact the Registry on 1300 737 760 (in Australia) or +61 2 9290 9600 (outside Australia) at any time from 8.30am to 5.00pm (AEDT) Monday to Friday (excluding public holidays) during the Offer Period.

If you are unclear in relation to any matter or are uncertain as to whether the Fund is a suitable investment for you, you should seek professional advice from your stockbroker, lawyer, accountant or other professional adviser.

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2 Roopena Street, Ingle Farm, South Australia

ASX Releases and Investor Presentation

Australian Education Trust

ASX ANNOUNCEMENT **18 November 2013**

NOT FOR DISTRIBUTION IN THE UNITED STATES

AUSTRALIAN EDUCATION TRUST ANNOUNCES SUCCESSFUL COMPLETION OF THE INSTITUTIONAL COMPONENT OF ITS EQUITY RAISING

Folkestone Investment Management Limited ("FIML") as Responsible Entity of Australia Education Trust ("AET") is pleased to announce the successful completion of the $9.0 million accelerated institutional component of its pro-rata 1 for 10.67 entitlement offer ("Institutional Entitlement Offer") and the $20.0 million institutional placement ("Placement"). The Institutional Entitlement Offer and the Placement form part of AET's $45.0 million equity raising announced on 15 November 2013.

The Institutional Entitlement Offer and Placement received very strong support from both existing Unitholders and new institutional investors and was oversubscribed.

AET's Chief Executive Officer, Nick Anagnostou, said: "there has been great support for the placement and institutional entitlement offer from existing and new institutional investors. This is further confirmation and a great sign of confidence in AET's stated strategy and direction".

AET units will recommence trading from the opening of the market on Tuesday 19 November 2013.

COMMENCEMENT OF THE RETAIL ENTITLEMENT OFFER

The retail component of the equity raising ("Retail Entitlement Offer") will open on Thursday 21 November 2013 and close at 5.00pm (AEDT) on Monday 9 December 2013.

Eligible retail unitholders will be able to subscribe for 1 new unit for every 10.67 AET units held at the record date of 7.00pm (AEDT) on Tuesday 19 November 2013, at the same price as the Institutional Entitlement Offer ($1.52 per new unit). The Retail Entitlement Offer will raise approximately $16.0 million.

Eligible retail unitholders can choose to take up their entitlement in whole, in part or not at all. If eligible retail Unitholders decide not to take up their entitlement, their entitlement will lapse and they will receive no value for their entitlement.

Eligible retail unitholders may also apply for additional new units in excess of their entitlement (up to a cap of $200,000 per Unitholder and subject to scale back and otherwise as described in the Retail Entitlement Offer Booklet). A copy of the Retail Entitlement Offer Booklet and a personalised Entitlement and Acceptance Form for the Retail Entitlement Offer will be mailed to eligible retail Unitholders on Thursday 21 November 2013.

The Retail Entitlement Offer Booklet is an important document and eligible retail unitholders should read it carefully (including the risk factors outlined in the Investor Presentation included in the Retail Entitlement Offer Booklet) in assessing the investment opportunity. Any eligible retail unitholders who wish to acquire new AET units under the Retail Entitlement Offer will need to complete, or otherwise apply in accordance with the personalised Entitlement and Acceptance Form which will accompany the Retail Entitlement Offer Booklet.

Responsible Entity: Folkestone Investment Management Limited
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Folkestone Funds Management

3. ASX Releases and Investor Presentation
(continued)

TIMETABLE

Event	Date
Placement and Institutional Entitlement Offer Opens	Thursday, 14 November 2013
Placement and Institutional Entitlement Offer Closes	Friday, 15 November 2013
Trading in AET units recommences	By, Tuesday 19 November 2013
Record Date for the Retail Entitlement Offer (7.00pm AEDT)	Tuesday, 19 November 2013
Settlement of Placement and Institutional Entitlement Offer	Wednesday, 20 November 2013
Allotment and trading of New Units under the Placement and Institutional Entitlement Offer	Thursday, 21 November 2013
Retail Entitlement Offer opens	**Thursday, 21 November 2013**
Dispatch of Entitlement Offer Booklet and Entitlement and Acceptance Forms	Thursday 21 November 2013
Retail Entitlement Offer closes (5pm AEDT)	**Monday 9 December 2013**
Settlement of Retail Entitlement Offer	Tuesday 17 December 2013
Allotment under the Retail Entitlement Offer and dispatch of holding statements	Wednesday, 18 December 2013

Additional Information
Retail Unitholders should contact the AET Unitholder Information Line on 1300 737 760 (within Australia) or +61 2 9290 9600 (from outside Australia) between 8.30am and 5.30pm (AEDT) during the Retail Entitlement Offer period if they have any questions.

For further information contact:
Lula Liossi
Investor Relations Manager, Funds
+61 3 8601 2668

Further information
The Australian Education Trust internet site, www.educationtrust.com.au is a source of information for Unitholders. It includes details of AET and FIML, announcements, current activities and historical information. The site provides access to annual and half-year reports and also AET updates covering matters of relevance to investors.

About Folkestone
Folkestone (ASX:FLK) is an ASX listed real estate funds manager, investor and developer. Folkestone's on balance sheet activities focus on value-add and opportunistic real estate investments and its funds management platform, offers listed and unlisted funds to private clients, high net worth individuals and institutional investors. For further information on Folkestone visit, www.folkestone.com.au.

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Australian Education Trust

ASX ANNOUNCEMENT **15 November 2013**

NOT FOR DISTRIBUTION IN THE UNITED STATES

AUSTRALIAN EDUCATION TRUST ACQUIRES NEW EARLY LEARNING ASSETS AND UNDERTAKES EQUITY RAISING

Folkestone Investment Management Limited ("FIML") as Responsible Entity of Australia Education Trust ("AET") is pleased to announce that it has entered into agreements to acquire:

- A portfolio of 5 early learning centres in premium Sydney metropolitan locations, operated by Only About Children;
- Folkestone Childcare Fund, an unlisted property fund comprising 22 early learning centres[1];
- A new early learning centre located in Canberra's growth corridor, Gungahlin; and
- Three development sites for new early learning centres to be constructed on a fund-through basis and owned by AET.

The acquisitions significantly enhance AET's existing portfolio by:

- Increasing the value of its property portfolio by approximately 17% to $430.5 million (following completion of development assets);
- Improving portfolio WALE by 0.9 years to 9.1 years[2];
- Improving geographic and operator diversification; and
- Increasing exposure to high demand areas and quality real estate in prime Sydney locations.

The acquisitions enhance the quality and earnings growth profile of AET's portfolio and establish alliances with high quality operators, providing further partnership opportunities for future acquisitions.

The acquisitions and associated development spend will be partly funded by a fully underwritten $45 million equity raising at an issue price of $1.52 per unit, comprising a $20 million institutional placement ("Placement") and a $25 million accelerated non-renounceable entitlement offer ("Entitlement Offer"), (together, the "Equity Raising").

The transaction is expected to be neutral to AET's earnings in FY14 and approximately 1% accretive to earnings in FY15.

Transaction Rationale

- Embarking on a new growth phase for AET through the disciplined acquisition of centres that are accretive to earnings and add to portfolio quality and tenant diversification;

[1] Subject to Folkestone Childcare Fund Unitholder approval on 9 December 2013.
[2] Calculated as at 30 June 2013 on the basis that the acquisitions occurred and developments completed

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Folkestone Funds Management

- To achieve this, AET has sought out transactions of existing centres as well as 'fund through' style developments. These are excellent opportunities backed with quality underlying real estate and proven childcare operators;
- The transactions add further quality and earnings growth to AET's portfolio including a number of premium quality North Shore and Northern Beaches locations in Sydney, diversifying AET's portfolio into prime demographic locations;
- Approximately 1% accretive to earnings in FY15 on the committed transactions. Further earnings growth is anticipated through an identified pipeline;
- Maintains AET's gearing within target range (of between 30% and 40%) at 34.2%;[3]
- The acquisitions provide a significant increase in scale for AET from 326 to 357 centres, together with an increase in AET's WALE from 8.2 years to 9.1 years;[4]
- Establishes alliances with high quality, well capitalised operators with proven track records as well as the potential to partner into future acquisition opportunities; and
- Provides further diversification to AET's operator base through the introduction of three new high quality operators and strengthens AET's position as the leading provider of early learning accommodation.

Summary of the Acquisitions

Only About Children Portfolio

AET has entered into agreements to acquire a portfolio of 5 early learning centres in premium Sydney metropolitan locations. The portfolio is operated by Only About Children, a leading Sydney, Melbourne & Canberra based operator with 24 centres under operation and employing over 700 staff.

The total acquisition value of the five assets is $26.1 million, which includes $5.4 million of deferred payments on expansion of the properties, in conjunction with a corresponding increase in rent. The initial yield on the portfolio is 7.7% and the centres are on new 15, 20 or 43[5] year leases with annual CPI linked rent reviews (minimum of 3.0% p.a.)

Commenting on the acquisition, AET's Chief Executive Officer, Nick Anagnostou, said: ***"We are very pleased to have secured such a high quality portfolio in premium Sydney locations, backed by one of Australia's leading operators in Only About Children. The acquisition demonstrates our ability to partner with established, sector leading operators who may participate in the development of new products."***

Key statistics for the Only About Children portfolio are as follows:

	No. of places	Acquisition Value ($m)[2]	Yield	Average Lease term (years)
Total / Weighted Average	538	26.1	7.7%	23.0

Folkestone Childcare Fund

AET has agreed to acquire 100% of the units in Folkestone Childcare Fund ("FCF") for $1.24 per unit in cash, reflecting total equity consideration (including costs) of $16.9 million.

FCF is an unlisted property fund comprising 22 early learning centres located in Queensland (20) and South Australia (2). The FCF portfolio is backed by quality operators, with not-for-profit group Goodstart Early Learning ("Goodstart") the tenant of 10 of FCF's properties. Goodstart is the largest operator of early learning centres in Australia with 655 centres.

[3] 30 June 2013 pro-forma gearing (calculated as net debt divided by total gross assets less cash) adjusted for the transaction
[4] Calculated as at 30 June 2013 on the basis that the acquisitions occurred and developments completed
[5] Operator lease term of 43 years corresponds with a 43 year leasehold interest on the Fairlight property

Folkestone Investment Management Limited, the responsible entity of AET, is also the responsible entity of FCF, therefore management is very familiar with the portfolio.

Key statistics of FCF as at 30 June 2013 are as follows:

Number of properties	22
Total Assets	$26.5m
Investment Property	$25.7m
Gross Debt	$9.2m
Net Assets	$16.8m
Gearing[6]	32.9%
Units on Issue	13.6m
NTA per unit	$1.24

The acquisition of FCF is being effected via Scheme of Arrangement and is conditional on a vote by FCF Unitholders which requires at least 75% of the votes cast by FCF unitholders to be in favour of the Scheme of Arrangement. The vote is scheduled for Monday 9 December 2013.

Other acquisitions

AET has agreed to acquire one of the ACT's largest childcare centres located in Gungahlin, with over 174 places in a strong catchment area. The asset is being acquired for approximately $5.35 million, reflecting an initial yield of 8.0%. The Gungahlin asset is brand new and is leased to a leading and known provider with a proven track record.

In addition to the operating centres, AET has entered into agreements to acquire three development sites for new early learning centres located in Victoria and WA, to be constructed on a fund-through basis and owned by AET. The total end value of the three centres is approximately $6.5m, reflecting an average yield on cost of approximately 8.4%. All centres are expected to be completed and operating by August 2014.

Impact of the Transaction

The transaction will increase AET's pro-forma total assets to $433 million (following completion of development assets) and AET's market capitalisation will increase to approximately $320 million following the Equity Raising[7].

The transaction is expected to be neutral to earnings in FY14 and approximately 1% accretive to earnings in FY15.

Pro-forma gearing increases marginally by 0.1% to 34.2%, comfortably within the AET's target gearing range, following completion of the development sites and expansion of the centres in the Only About Children portfolio.

Details of the Equity Raising

AET is undertaking a $45 million Equity Raising at an Offer Price of $1.52 per new AET unit. The Offer Price represents a 3.1% discount to the 5-day volume weighted average price of AET units to 13 November 2013. Units issued under the Equity Raising are expected to deliver an 8.0% FY14 distribution yield on the Offer Price (cum-adjusted).

[6] Calculated as net debt divided by total gross assets less cash
[7] Market capitalisation is based on the total number of units on issue post capital raising at the theoretical ex-rights price

3. ASX Releases and Investor Presentation
(continued)

The Equity Raising will consist of:

- A $20 million placement to existing and new institutional investors ("Placement"), and
- A 1 for 10.67 non-renounceable entitlement offer to existing eligible Unitholders to raise $25 million ("Entitlement Offer"), comprising:
  - An accelerated Institutional Entitlement Offer[8], and
  - A Retail Entitlement Offer.

New units issued under Equity Raising will rank equally with existing AET units and will be entitled to the full distribution for the quarter ending 31 December 2013.

BG Capital Corporation Limited and Moelis Australia Advisory Pty Ltd ("Moelis") are acting as Joint Lead Managers for the Equity Raising. The Equity Raising is fully underwritten by Moelis.

The Placement and Institutional Entitlement Offer are expected to settle on Wednesday 20 November 2013. The Retail Entitlement Offer is expected to be open from Thursday 21 November 2013 to Monday 9 December 2013.

AET retail Unitholders with a registered address in Australia or New Zealand as at 7:00pm (AEDT) Tuesday 19 November 2013 ("Record Date") ("Eligible Retail Unitholders") will be entitled to participate in the Retail Entitlement Offer at the same offer price as the Institutional Entitlement Offer and on the terms, and subject to the conditions, as outlined in the Retail Entitlement Offer Booklet that will be sent to Eligible Retail Unitholders. Eligible Retail Unitholders may also apply for new Units in excess of their entitlement (up to a cap of $200,000 per Unitholder and subject to scale back and otherwise as described in the Retail Entitlement Offer Booklet).

The Entitlement Offer is non-renounceable and rights will not be tradeable on ASX or otherwise transferable. Eligible Unitholders who do not take up their entitlement under the Entitlement Offer in full or in part, will not receive any value in respect of those entitlements that they do not take up.

AEU will be in a trading halt until the close of the market on Monday 18 November 2013 and will re-commence normal trading on Tuesday 19 November 2013

Additional Information

Additional information regarding the acquisitions and the Equity Raising is contained in the investor presentation released to the ASX today.

For further information contact:
Lula Liossi
Investor Relations Manager, Funds
+61 3 8601 2668

Further information
The Australian Education Trust internet site, www.educationtrust.com.au is a source of information for Unitholders. It includes details of AET and its Manager, announcements, current activities and historical information. The site provides access to annual and half-year reports and also AET updates covering matters of relevance to investors.

About Folkestone
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[8] Under the Institutional Entitlement Offer, new units in respect of institutional entitlements not subscribed for, as well as the right to subscribe for new units which would have otherwise been offered to ineligible unitholders, will be placed into an institutional bookbuild at the offer price.

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Folkestone
Funds Management

Australian Education Trust (ASX:AEU)

Acquisitions and Equity Raising
Investor Presentation

Disclaimer

This presentation has been prepared by Folkestone Investment Management Limited ('FIML') ACN 111 338 937, AFSL 281 544 ('FIML') in its capacity as responsible entity of the Australian Education Trust ARSN 102 955 939 ('Fund').

All information in this presentation is current as at 14 November 2013 unless otherwise specified. It contains selected information and does not purport to be all-inclusive or to contain all of the information that may be relevant to any particular transaction. It should be read in conjunction with the Fund's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au. The recipient acknowledges that circumstances may change and that this presentation may become out-dated as a result. This presentation and the information in it are subject to change without notice and FIML is not obliged to update this presentation.

This presentation is provided for general information purposes only, without taking into account the recipient's investment objectives, financial situation or needs. It is not a product disclosure statement, pathfinder document or any other disclosure document for the purposes of the Corporations Act 2001 (Cth) and has not been, and is not required to be, lodged with the Australian Securities & Investments Commission. It should not be relied upon by the recipient in considering the merits of the Fund or the acquisition of units in the Fund and it is not to be relied upon in substitution of the recipient's own exercise of independent judgment with regard to the operations, financial condition and prospects of the Fund. Nothing in this presentation constitutes investment, legal, tax, accounting or other advice. The information contained in this presentation does not constitute financial product advice. The recipient should consider its own financial situation, objectives and needs, and conduct its own independent investigation and assessment of the contents of this presentation, including obtaining investment, legal, tax, accounting and such other advice as it considers necessary or appropriate. It is not an offer to buy or sell, or a solicitation to invest in or refrain from investing in, units in the Fund or any other investment product. Investors who are eligible to participate in the entitlement offer referred to in this presentation should refer to the Retail Entitlement Offer Booklet which is expected to be distributed on or about Thursday 21 November 2013.

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This presentation may contain forward-looking statements, forecasts, estimates and projections ('Forward Statements'). Forward Statements include those containing such words as "anticipate", "estimates", "forecasts", "target", "will", "should", "could", "may", "expects", "plans" or similar expressions. Indications of and guidance or outlook on future revenues, distributions or financial position and performance or return or growth in underlying investments included in this presentation are also Forward Statements. No independent third party has reviewed the reasonableness of any such statements or assumptions. No member of FIML represents or warrants that such Forward Statements will be achieved or will prove to be correct or gives any warranty as to the accuracy, completeness, likelihood of achievement or reasonableness of any Forward Statement, forecasts, projections, prospects, returns, or statements in relation to future matters contained in the information provided in this document. Except as required by law or regulation.

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This presentation must not be distributed or released to any person in any jurisdiction other than Australia and New Zealand. Folkestone Limited specifically prohibits the redistribution or reproduction of this presentation in whole or in part without the written permission of Folkestone Limited and Folkestone Limited accepts no liability whatsoever for the actions of third parties in this respect.

If the underwriter and joint lead manager of the entitlement offer and placement, Moelis Australia Advisory Pty Ltd (the "Underwriter and Joint Lead Manager") provides this presentation to any person, it does so solely as a conduit for Folkestone Limited. The Underwriter and Lead Manager has not authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this presentation and does not make or purport to make any statement in this presentation and there is no statement in this presentation which is based on any statement by the Underwriter and Joint Lead Manager. The Underwriter and Joint Lead Manager and its affiliates, and related bodies corporate and each of their officers and employees, to the maximum extent permitted by law, expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this presentation and make no representation or warranty as to the currency, accuracy, reliability, reasonableness or completeness of this information contained in the Presentation.

To the maximum extent permitted by law, the Underwriter and Joint Lead Manager and its affiliates, related bodies corporate and each of their officers, employees, agents and advisors exclude and expressly disclaim all liability for any expense, losses, damage or costs incurred by you as a result of your participation in the entitlement offer referred to in this presentation. The Underwriter and Joint Lead Manager makes no recommendations as to whether you or your related parties should participate in the entitlement offer or placement referred to in this presentation and does not make any representations or warranties to you concerning this entitlement offer or placement or any such information, and you represent and warrant and agree that you have not relied on any statements made by the Underwriter and Joint Lead Manager or its affiliates, related bodies corporate or any of their officers, employees, agents and advisors in relation to the entitlement offer or placement referred to in this presentation generally, and you further expressly disclaim that you are in a fiduciary relationship with the Underwriter and Joint Lead Manager.

Folkestone
Funds Management

3. ASX Releases and Investor Presentation
(continued)

International Offer Restrictions

This document does not constitute an offer of New Units in any jurisdiction in which it would be unlawful. New Units may not be offered or sold in any country outside Australia except to the extent permitted below.

Hong Kong

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Folkestone
Funds Management

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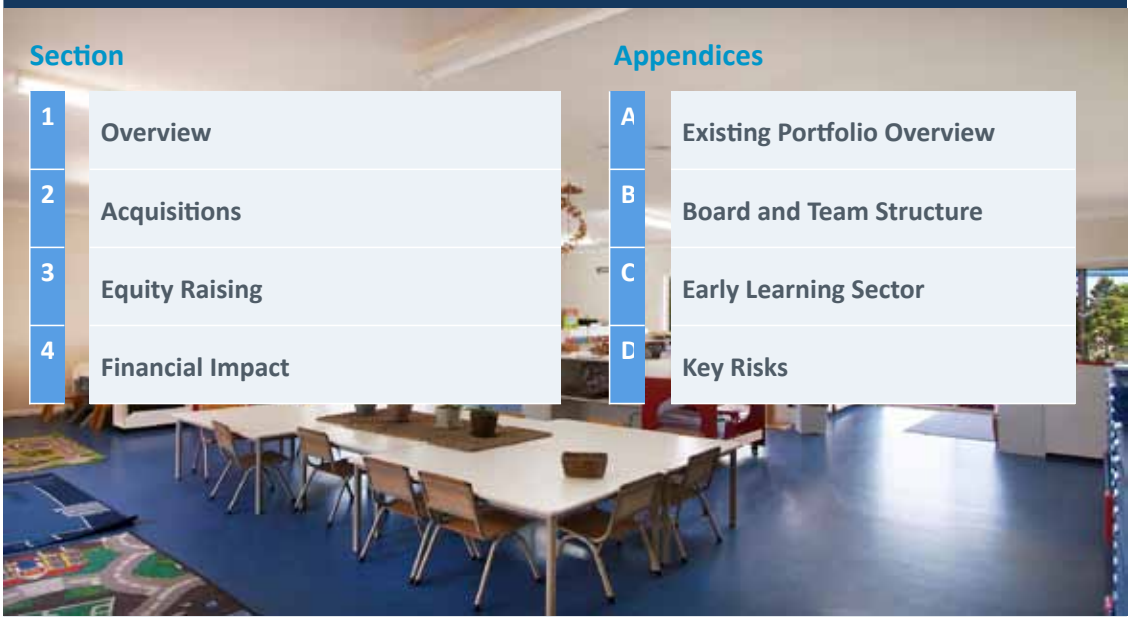

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1	Overview
2	Acquisitions
3	Equity Raising
4	Financial Impact

Appendices

A	Existing Portfolio Overview
B	Board and Team Structure
C	Early Learning Sector
D	Key Risks

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Funds Management

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1. Overview

Folkestone
Funds Management

Transaction Overview

Acquisitions	▪ Australian Education Trust ("AET") has entered into conditional agreements to acquire: - A portfolio of 5 early learning centres in premium Sydney metro locations, operated by Only About Children; - Folkestone Childcare Fund, an unlisted property fund comprising 22 early learning centres; - A new early learning centre located in Canberra's growth corridor, Gungahlin; and - Three development sites for new early learning centres to be constructed on a fund-through basis and owned by AET. ▪ Total combined asset value following completion of the development sites is $63.7m ▪ In addition to the announced transactions, AET has a pipeline of attractive acquisition and development opportunities that will be pursued over the short and medium term
Equity Raising	▪ The acquisitions and associated development spend will be partly funded via a fully underwritten $45m equity raising, comprising a $20m institutional placement ("Placement"), and a $25m accelerated non-renounceable entitlement offer ("Entitlement Offer"), (together, the "Equity Raising") ▪ Equity Raising Offer Price of $1.52 per new AET security ▪ Offer Price represents a 3.1% discount to 5 day VWAP and 8.0% FY14 DPU yield on Offer Price (cum-adjusted)
Transaction Impact	▪ The acquisitions are consistent with AET's stated strategy of partnering with Australia's best operators which provides further quality to the portfolio in both asset and operator quality ▪ The transaction is expected to be neutral to earnings in FY14 and approximately 1% accretive to earnings in FY15 ▪ Pro-forma gearing increases marginally by 0.1% to 34.2% following completion of the development sites and expansion of the Only About Children centres

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Transaction Rationale

Cremorne

Gungahlin

Fairlight

- ✓ Embarking on a new growth phase for AET through the disciplined acquisition of centres that are accretive to earnings and add to portfolio quality and tenant diversification
- ✓ To achieve this, AET has sought out transactions of existing centres as well as 'fund through' style developments. These are excellent opportunities backed with quality underlying real estate and proven childcare operators
- ✓ The transactions add further quality and earnings growth to AET's portfolio including a number of premium quality North Shore and Northern Beaches locations in Sydney, diversifying AET's portfolio into prime demographic locations
- ✓ Approximately 1% accretive to earnings in FY15 on the committed transactions. Further earnings growth is anticipated through an identified pipeline
- ✓ Maintains AET's gearing within target range (of between 30% and 40%) at 34.2%[1]
- ✓ The acquisitions provide a significant increase in scale for AET from 326 to 357 centres, together with an increase in AET's WALE from 8.2 years to 9.1 years[2]
- ✓ Establishes alliances with high quality, well capitalised operators with proven track records as well as the potential to partner into future acquisition opportunities
- ✓ Provides further diversification to AET's operator base through the introduction of a three new high quality operators and strengthens AET's position as the leading provider of early learning accommodation

Note 1. 30 June 2013 pro-forma gearing (calculated as net debt divided by total gross assets less cash) adjusted for the transaction
Note 2. Calculated on the basis that the acquisitions occurred and developments completed 30 June 2013

Folkestone Funds Management

Section 1: Overview

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Summary of Financial Impact

- The transaction will increase AET's pro-forma total assets to $433m (following completion of development assets) and AET's market capitalisation will increase to approximately $320m following the Equity Raising[1]
- The existing acquisitions and this transaction is expected to be neutral to earnings in FY14 and approximately 1% accretive to earnings in FY15
- Pro-forma gearing increases marginally by 0.1% to 34.2%, comfortably within the Fund's target gearing range, following completion of the development sites and expansion of the centres in the Only About Children portfolio

Total Assets	Market Capitalisation[1]	Gearing	NTA per unit	FY15 DPU Accretion
$433m	$320m	34.2%	$1.34	
$65m	$45m	0.1%	$0.01	~1%
$368m	$275m	34.1%	$1.33	

Note 1. Market capitalisation is based on the total number of units on issue post capital raising at the theoretical ex-rights price

Folkestone Funds Management

Section 1: Overview

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Opportunities for Growth

Market Opportunities

- Market remains fragmented - there are over 6,000 early learning centres in Australia of which less than 600 (less than 10%) are owned by listed REITs
- Continued consolidation amongst operators may present opportunities for AET
- The favourable macro fundamentals point to continued growth in demand for places driven by increased work participation, 0-5 year age group population growth and the need for increased productivity within the workforce
- Growth in the use of early learning facilities vs. growth in number of places highlights the increasing demand and likely requirement for additional facilities
  - In the 5 years to September 2012, the number of children using long day care in Australia grew by 5.5% p.a. versus the growth in the number of long day care places of only 3.6% p.a.[1]
- AET is actively progressing a number of further opportunities to take advantage of market conditions which it believes can add to earnings growth

Transaction Opportunities

- The transaction is consistent with AET's objective of dealing with Australia's best operators and further diversifies its operator base with the introduction of three well credentialed and respected operators
  - High quality, market leading operators with proven track records and strong growth potential
  - Strategic Alliance formed with Only About Children, one of Australia's leading early learning providers
- Establishment of a pipeline of future acquisition opportunities

Note 1. Based on analysis of data provided in the Department of Education, Employment and Workplace Relations report "Childcare in Australia" August 2013

Folkestone Funds Management

2. Acquisitions

Folkestone Funds Management

Summary of Acquisitions

- AET has entered into agreements to acquire:
  - A portfolio of 5 early learning centres in premium Sydney metro locations, operated by Only About Children;
  - Folkestone Childcare Fund ("FCF"), an unlisted property fund comprising 22 early learning centres located in Queensland (20) and South Australia (2);
  - An early learning centre located in Gungahlin, ACT; and
  - Three development sites for new early learning centres located in Victoria and WA, to be constructed on a fund-through basis and owned by AET.
- The acquisitions are consistent with AET's stated strategy and will further strengthen AET's position as the leading provider of early learning accommodation

	No. of Properties	Value ($m)	Yield[1]	WALE (years)
Only About Children portfolio	5	26.1[2]	7.7%	23.0
Folkestone Childcare Fund	22	25.7	10.0%	8.3
Gungahlin	1	5.4	8.0%	15.0
Development sites	3	6.5[3]	8.4%	15.0
Total / Weighted Average	**31**	**63.7**	**8.8%**	**14.8**

Note 1. Calculated as passing rent to value for operating centres and agreed rent to value for the development sites
Note 2. Includes $5.4m deferred payment on expansion of a number of the properties, which is expected to occur by July 2015
Note 3. End value following completion of development

Folkestone Funds Management

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Only About Children Portfolio

- AET has entered into agreements to acquire a portfolio of 5 early learning centres in premium Sydney metro locations, operated by Only About Children
- Very high quality portfolio in high demand Sydney locations such as Cremorne, Fairlight, Seaforth and Warriewood with scope for expansion
- All centres are on new 15, 20 and 43[1] year leases with annual CPI linked rent reviews (minimum of 3.0% p.a.)
- Total acquisition value of $26.1m includes $5.4m deferred payment which will be payable on expansion of the properties, in conjunction with a corresponding increase in rent
- Only About Children is a leading Sydney, Melbourne and Canberra based operator, with 24 centres and employing over 700 people
- The acquisition demonstrates AET's ability to form relationships with established, well capitalised operators who have the potential to provide access to an ongoing pipeline of new product

Portfolio	No. of Places	Acquisition Value ($m)[2]	Yield[3]	Lease term (years)
Total / Weighted Average	538	26.1	7.7%	23.0

Note 1. Operator lease term of 43 years corresponds with the 43 year leasehold interest
Note 2. Includes $5.4m deferred payment on expansion of a number of the properties, which is expected to occur by July 2015
Note 3. Calculated as passing rent to acquisition value , including the impact of $5.4m deferred payment on expansion of a number of the properties

Folkestone Funds Management

Section 2: Acquisitions

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Folkestone Childcare Fund Acquisition

- AET has agreed to acquire 100% of the units in Folkestone Childcare Fund ("FCF") for $1.24 per unit in cash, reflecting total equity consideration (including costs) of $16.9m, with minimal stamp duty on the transaction
- FCF is an unlisted property fund comprising 22 early learning centres located in Queensland (20) and South Australia (2)
- The acquisition price of $1.24 per unit is in line with the NTA per unit of FCF as at 30 June 2013
- AET will assume existing debt and other assets and liabilities of FCF
- The acquisition is being effected via Scheme of Arrangement and is conditional on a vote by FCF unitholders, scheduled for Monday 9 December 2013
  - Requires at least 75% of the votes cast by FCF unitholders to be in favour of the Scheme of Arrangement
- Settlement of the acquisition is scheduled for 16 December 2013
- The responsible entity of FCF is Folkestone Investment Management Limited, which is also the responsible entity of AET and therefore management is very familiar with the portfolio

FCF – Key Metrics (as at 30 June 2013)

Number of properties	22
Total Assets	$26.5m
Investment Property	$25.7m
Gross Debt	$9.2m
Net Assets	$16.8m
Gearing[1]	32.9%
Units on Issue	13.6m
NTA per Unit	$1.24

Note 1. Calculated as net debt divided by total gross assets less cash

Folkestone Funds Management

Folkestone Childcare Fund Overview

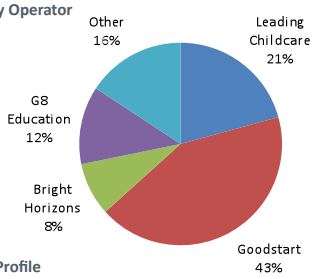
Profile

- 22 properties, 20 in Queensland and 2 in South Australia
- WALE of 8.3 years
- Passing yield of 10.0%
- The not-for-profit group Goodstart Early Learning ("Goodstart") is the tenant of 10 of FCF's properties. Goodstart is the largest operator of early learning centres in Australia with 655 centres with G8 Education another tenant of note.

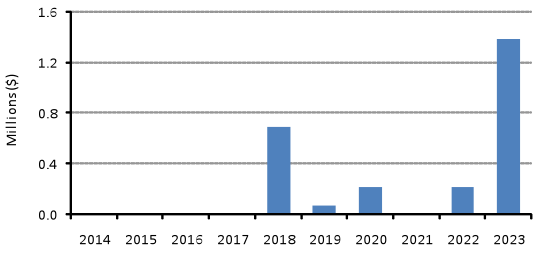
Leases

- Triple net leases (ex land tax)
- 5 year tenant refurbishment provisions
- Typical leases are initial 15 year term plus two 5 year options, 5 year notice period to take-up options
- 100% occupancy
- No significant expiry until 2018

Diversification by Operator



Lease Expiry Profile



Folkestone Funds Management

Other Assets

Gungahlin, ACT

- Gungahlin is one of the ACT's largest childcare centres with over 174 places in a strong catchment area
- Brand new asset leased to a leading provider with a proven track record
- Acquisition price of approximately $5.35m, reflecting a passing yield of approximately 8.0%

Development Assets

- AET has entered into agreements to acquire three development sites for new early learning centres to be constructed on a fund-through basis and owned by AET
  - Baldivis
  - Marriot Waters
  - Epping
- Total end value of approximately $6.5m, reflecting a yield on cost of approximately 8.4%
- AET will fund the construction of the sites on behalf of the operators
  - AET will receive a site rent at the agreed cap rate on the value of the land and WIP until completion of construction
- All centres are expected to be completed and operating by August 2014

Folkestone Funds Management

Section 2: Acquisitions

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Portfolio Impact

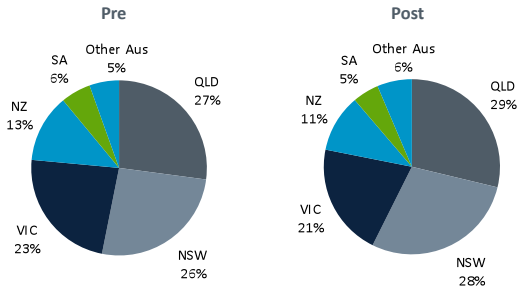
- The acquisitions significantly enhance AET's existing portfolio
  - Increased portfolio value by approximately 17% to $430.5m
  - Improved portfolio WALE by 0.9 years to 9.1 years
  - Improved geographic and operator diversification
  - Increased exposure to high demand areas and quality real estate in prime Sydney locations

Portfolio Summary

	As at 30 June 2013	Acquisitions	Post Transaction
No. of Properties	326	31	357
Carrying Value $m[1,2]	366.8	63.7	430.5
Current Rent (pa) $m[2]	35.2	5.6	40.8
Occupancy	99%	100%	99%
WALE[1]	8.2	14.8	9.1
Passing Yield	9.3%	8.8%	9.3%

Note 1. Carrying value of investment properties
Note 2. Calculated for illustrative purposes on the basis that the acquisitions occurred and developments completed 30 June 2013

Geographic diversification (by value)



Folkestone Funds Management

Section 2: Acquisitions

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3. Equity Raising

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Equity Raising Overview

- $45 million Equity Raising, comprising:
  - $20 million institutional placement ("Placement")
  - $25 million 1-for-10.67 accelerated non-renounceable entitlement offer ("Entitlement Offer")
- Offer Price of $1.52 under the Placement and Entitlement Offer
  - Represents a 3.1% discount to AET's 5-day VWAP to 13 November 2013
  - Forecast FY14 distribution yield at on Offer Price of 8.0%[1]
- New Units issued under the Equity Raising will rank equally with existing AET units and will be entitled to the full distribution for the quarter ending 31 December 2013, forecast to be 3.0cpu for the quarter
- BG Capital Corporation Limited and Moelis Australia Advisory Pty Limited ("Moelis") are acting as Joint Lead Managers to the Equity Raising. The Equity Raising is fully underwritten by Moelis

Key Offer Metrics

Offer Price	$1.52
Offer Price discount to last close	2.9%
Offer Price discount to 5-day VWAP	3.1%
Offer Price discount to 30-day VWAP	3.5%
FY14 DPU guidance	12.0 cents
FY14 distribution yield on Offer Price[1]	8.0%

Note 1. Cum-adjusted distribution yield on Offer Price

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Equity Raising Structure

- $45 million underwritten Equity Raising at an offer price of $1.52, comprising a $20 million institutional placement and a $25 million accelerated non-renounceable entitlement offer

Placement	▪ Institutional placement to raise $20 million offered to existing and new institutional investors ▪ New Units issued under the Placement will not be entitled to participate in the Entitlement Offer
Entitlement Offer	▪ 1-for-10.67 accelerated non-renounceable entitlement offer of $25 million ▪ Record date is Tuesday 19 November 2013 ▪ Entitlement Offer will involve an accelerated Institutional Entitlement Offer and a Retail Entitlement Offer ▪ New Units in respect of the institutional entitlements not subscribed for will be placed into an institutional bookbuild ▪ Retail Entitlement Offer opens Thursday 21 November 2013 and closes 5:00pm Monday 9 December 2013 ▪ Eligible retail unitholders on the register by the record date may apply for new units in excess of their entitlements (up to a cap of $200,000 per unitholder and subject to scale back as described in the Retail Offer Booklet) ▪ Folkestone Limited intends to sub-underwrite $6m of the Retail Entitlement Offer ▪ The Australian Social Infrastructure Fund intends to sub-underwrite $2m of the Retail Entitlement Offer
Ranking	▪ New Units issued under the Equity Raising will rank equally with existing AET units and will be entitled to the full distribution for the quarter ending 31 December 2013, forecast to be 3.0cpu
Underwriter	▪ The Equity Raising is fully underwritten by Moelis Australia Advisory Pty Limited ("Moelis")

Folkestone Funds Management

Section 3: Equity Raising

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Sources and Application of Funds

- The acquisitions and development costs will be funded via the Equity Raising and drawing down on bank debt
- AET will assume the existing FCF debt of $9.2m, with a net equity requirement for FCF of $16.9m

Sources	($m)
Institutional Placement	20.0
Entitlement Offer	25.0
Bank debt	13.6
Total	**58.6**

Applications	($m)
Only About Children portfolio	26.1
Folkestone Childcare Fund units	16.9
Gungahlin, Canberra	5.4
Development sites	6.5
Stamp duty and transaction costs	3.7
Total	**58.6**

Folkestone Funds Management

Section 3: Equity Raising

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Equity Raising Timetable

Trading Halt and announcement of Acquisitions and Equity Raising	Thursday, 14 November 2013
Placement and Institutional Entitlement Offer Opens	Thursday, 14 November 2013
Placement and Institutional Entitlement Offer Closes	Friday, 15 November 2013
Trading recommences	by Tuesday, 19 November 2013
Record date for Entitlement Offer	7:00pm AEDT, Tuesday, 19 November 2013
Settlement of Placement and Institutional Entitlement Offer	Wednesday, 20 November 2013
Allotment date for Placement and Institutional Entitlement Offer	Thursday, 21 November 2013
Retail Entitlement Offer opens	Thursday, 21 November 2013
Dispatch of Retail Entitlement Offer booklet and entitlement and acceptance form	Thursday, 21 November 2013
Retail Entitlement Offer closes	5:00pm AEDT, Monday, 9 December 2013
Settlement of Retail Entitlement Offer	Tuesday, 17 December 2013
Allotment under the Retail Entitlement Offer and dispatch of holding statements	Wednesday, 18 December 2013
Normal trading of New Units issued under the Retail Entitlement Offer	Thursday, 19 December 2013

Note . All dates and times are indicative only and subject to change at the discretion of the Company. All dates and times are references to Australian Eastern Daylight Saving Time.

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4. Financial Impact

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Pro Forma Balance Sheet

Pro forma Balance Sheet

($m)	June 2013	FCF - June 2013	Other acquisitions[1]	June 2013 pro forma post transaction
Cash	0.2	0.7	-	0.9
Other assets	1.5	0.1	-	1.6
Investment properties	366.8	25.7	38.0	430.5
Total assets	**368.3**	**26.5**	**38.0**	**433.0**
Borrowings	125.8	9.2	13.6	148.6
Other liabilities	9.2	0.5	-	9.7
Total liabilities	**134.8**	**9.7**	**13.6**	**158.3**
Net assets	**233.5**	**16.8**	**24.4**	**274.7**
Units on issue (millions)	175.5			205.1
NTA per unit	1.33			1.34
Gearing [2]	34.1%			34.2%

Note 1. Post completion of development sites and expansion of the Only About Children assets
Note 2. Calculated as net debt divided by total gross assets less cash

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Section 4: Financial Impact

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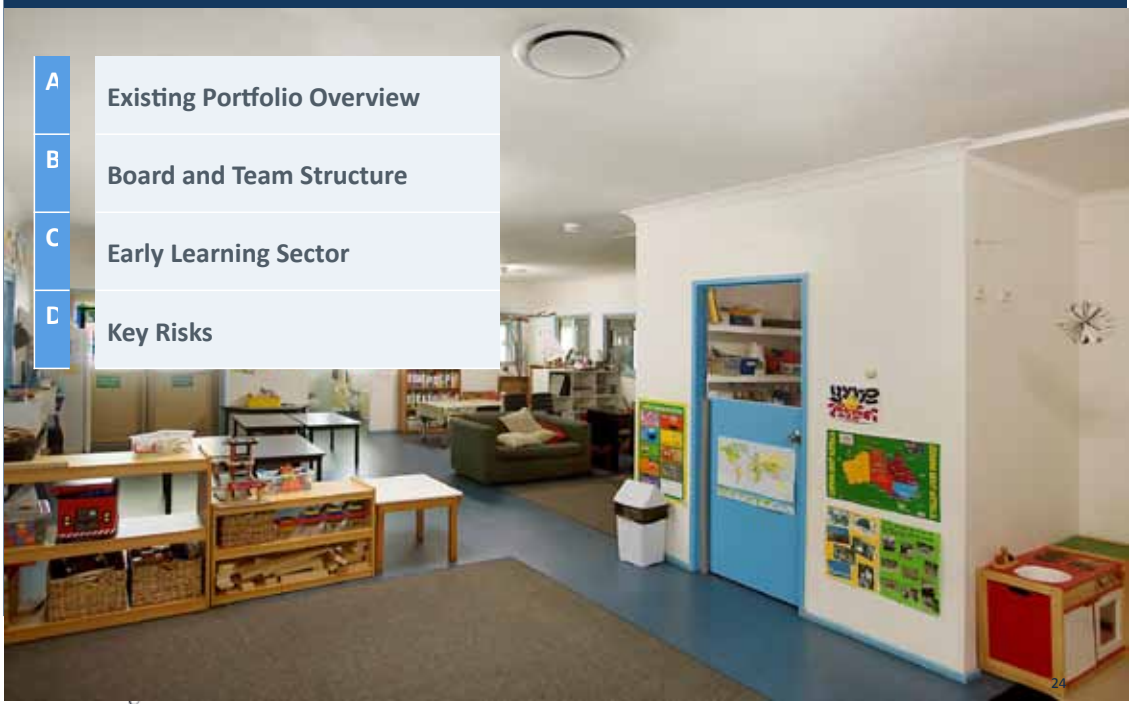
Appendices



- A Existing Portfolio Overview
- B Board and Team Structure
- C Early Learning Sector
- D Key Risks

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A. Existing Portfolio Overview

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Existing Portfolio Metrics [1]

- 326 properties, 271 in Australia and 55 in New Zealand
- WALE of 8.2 years
- Passing yield of 9.3%
- Rental growth averaged 2.7% during the 2013 financial year
- Like for like growth in assets of 5.7%
- AET's properties are leased to 27 tenants
- The not-for-profit group Goodstart Early Learning ("Goodstart") is the tenant of 193 of AET's properties. Goodstart is the largest operator of early learning centres in Australia with 655 centres
- Other tenants leasing 10 or more centres are: G8 Education, Mission Australia, Nurture One and Kidicorp
- Asset spread and geographic diversification provides overall stability to the portfolio
- AET holds approximately $20 million of bank guarantees, most on a 'pooled guarantee' basis from its tenants

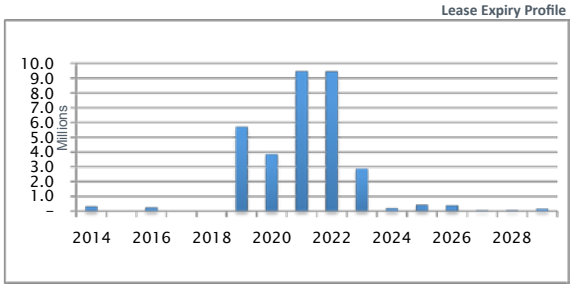
Leases

- Triple net leases (ex land tax)
- 5 year tenant refurbishment provisions
- Typical early learning centre:
  - initial lease term 15 years plus two 5 year options
  - 5 year notice period to take-up options
- 99% occupancy
- No significant expiry until 2019

	No. of Properties	Carrying Value $m's*	Current Rent (pa) $m's*
Australia	269	320.0	31.3
New Zealand	55	45.6	3.9[2]
Available For Sale / Lease	2	1.2	-
Total Properties as at 30 June 2013	326	366.8	35.2

As at 30 June 2013

Lease Expiry Profile



Note 1. As at 30 June 2013

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Appendix A: Portfolio Overview

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B. AET Board and Team Structure

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AET Board

Nick Anagnostou
Executive Director &
Chief Executive Officer

B.Bus (Prop), AAPI, CFM

Nick joined Folkestone in September 2012 following Folkestone's acquisition of Austock's property business (Nick joined Austock in 2006). Nick is CEO of Folkestone's Social Infrastructure Funds business across four funds and approximately $570 million. Nick is also the Fund Manager and executive board member of Australian Education Trust (ASX:AEU), and Fund Manager for the CIB Fund and Folkestone Childcare Fund. Nick has more than 20 years of experience in the Australian commercial property and Funds Management industries. Nick holds a Bachelor of Business in Property and is an Associate of the Australian Property Institute and Finsia. He is a Certified Funds Manager, qualified property valuer and a Licensed Estate Agent and was previously a Director of an international real estate agency where he focussed on Premium and A-Grade office markets.

Vic Cottren
Chairman &
Non-Executive Director

Bachelor of Commerce (Melbourne), Fellow of Australian Insurance Institute, Fellow of the Australian Society of Certified Practising Accountants, Fellow of the Australian Institute of Company Directors.
Vic was appointed on 22 December 2004. Vic has over 50 years industry experience, with an extensive background in share broking, financial planning, life insurance, superannuation and investment management gained with AMP, Australian Eagle Insurance Company, Norwich Union, The Investors Life Group and National Australia Bank. He held various senior posts including Chief Executive and Director within these companies and their subsidiaries. Since 1995, Vic has worked as a consultant to financial service companies in relation to investment, superannuation and financial planning. Vic was also appointed as a Professorial Fellow at RMIT University in 1993 with responsibility for researching and establishing Australia's first undergraduate degree in financial planning.

Michael Johnstone
Non-Executive Director

Bachelor of Town & Regional Planning, Licensed Land Surveyor, Advanced Management Program (Harvard)
Michael was appointed on 22 December 2004. Michael has almost 40 years of global business experience in Chief Executive and General Management roles and more recently in non executive Directorships. He has lived and worked in overseas locations including the USA, has been involved in a range of industries and has specialized in corporate and property finance and investment, property development and funds management. His career has included lengthy periods in corporate roles including 10 years as one of the Global General Managers of the National Australia Bank Group. Michael is currently a Non Executive Director of a number of companies in both listed and private environments, including board appointments in the not for profit sector.

Grant Hodgetts
Non-Executive Director

Grant has been involved in real estate and funds management since 1979. He is currently Non-Executive Chairman of Folkestone Funds Management Limited, Non Executive Director of Folkestone Investment Management Limited, Director of Bethley Group Limited and Principal of Hodgetts and Partners. Between early 2006 and 2010 he held various positions within the Investment and Funds Management Division of Mirvac Limited including that of CEO – Australia for Mirvac Investment Management. Prior to joining Mirvac, he was Head of Property in the Specialised Capital Group of Westpac Institutional Bank; a Division Director of Property Investment Banking at Macquarie Bank; a Director of Richard Ellis (Vic) Pty Ltd; and an executive of the AMP Society's Property Division. Holding a Bachelor of Arts (Legal Studies and Economics) from La Trobe University, an Associate Diploma in Valuations from RMIT and an Advanced Certificate in Business Studies (Real Estate), also from RMIT, he is an Associate of the Australian Property Institute, a licensed real estate agent in Victoria and a member of the Australian Institute of Company Directors. He was a founding Director of the Property Industry Foundation in Victoria.

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Appendix B: Board and Team Structure

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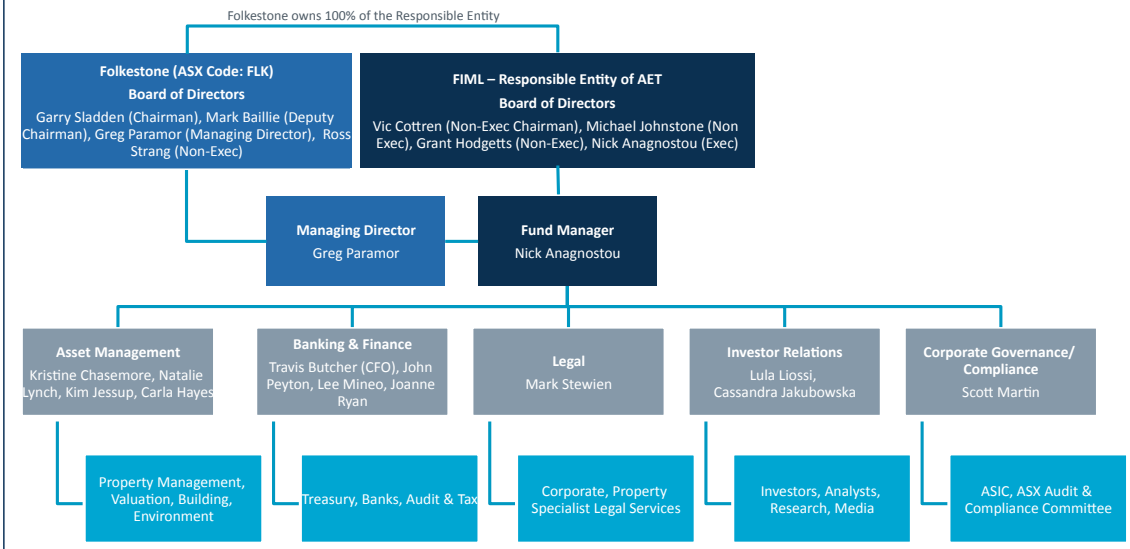
AET Team Structure



Folkestone Funds Management

Appendix B: Board and Team Structure

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C. Early Learning Sector

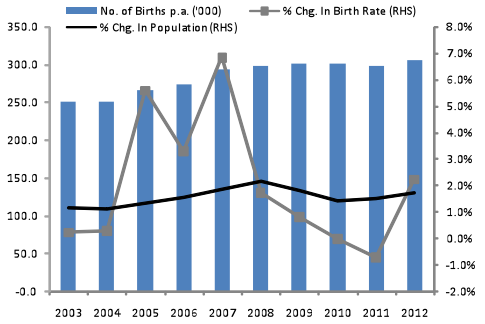
Folkestone Funds Management

Investing in Early Learning

The key drivers of the early learning sector:

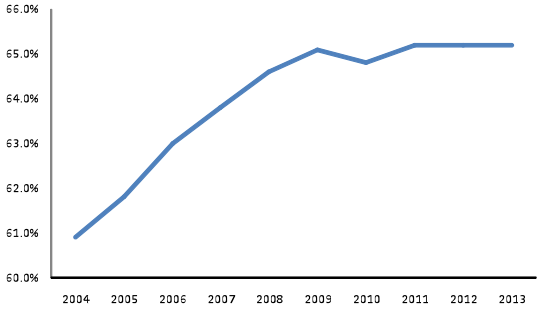
- Demand for childcare services remain strong
- Population of children less than 5 years in the catchment area of a centre drives occupancy and profitability
- Birth rate has grown steadily with 2012 birth rate at an all time high
- Increased female participation in the labour force, supporting demand for long day care
- Recognition of social and educational benefits of early learning in children aged between 1-5

Australian Population Growth & Birth Rate



Source: ABS

Female Work Participation (20-74 years)



Source: ABS

Folkestone Funds Management

Appendix C: Early Learning Sector

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Investing in Early Learning (cont'd)

Key facts surrounding the early learning sector:

- Australia has over 6,000 long day care format childcare facilities
- Approximately 615,000 children and 500,000 families utilised long day care facilities in Australia in 2012
- That is a 13% increase in the number of children attending childcare since 2010
- 27% of the Australian population aged 0-12 utilised childcare services in 2012
- Employs 82,000 staff nationally

Key drivers for the sector include:

- A rapidly increasing population (Australia at 1.7% p.a. growth v OECD Ave 0.67%)
- Increasing rates of childbirth, immigration and labour force participation of women with young children
- Need to increase productivity in the workforce
- For mothers who returned to work after the birth, 51% returned within the first 12 months
- Increased cost of living, mortgage size has intensified the need for dual incomes

Sector is supported by:

- Commonwealth Government who want to increase productivity and female workforce participation rates
- Government expenditure on childcare and early childhood education forecast by DEEWR in 2010 to be $16.1 billion over the following four years (24th in OECD nations)
- Employers who want to retain their investment in staff
- Groups focusing on the critical 0-5 years as a key determinant of adolescent behaviour

Source: DEEWR, ABS

Folkestone Funds Management

Appendix C: Early Learning Sector

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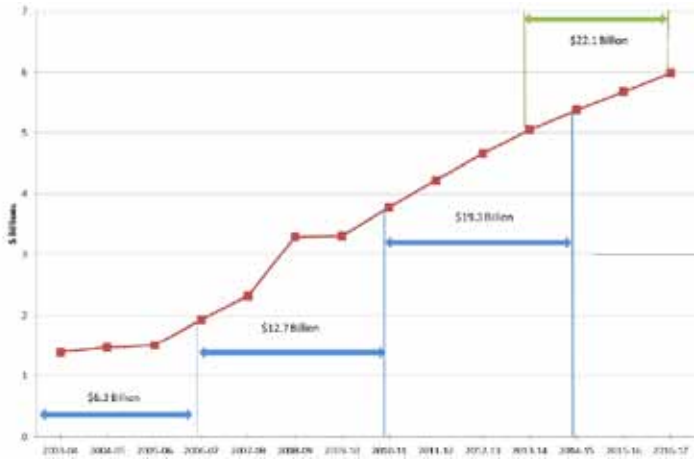
Investing in Early Learning (cont'd)

- Government spending, largely through the Child Care Benefit and Child Care Rebate schemes continues to grow with spending expected to be in excess of $6 billion in 2017
- Affordability is a key driver of early learning with government subsidies driving the affordability and demand

Actual and Estimated Childcare Benefit and Childcare Rebate Funding



Source: Department of Education, Employment and Workplace Relations report "Childcare in Australia" August 2013

Folkestone Funds Management

Appendix C: Early Learning Sector

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D. Key Risks

Folkestone Funds Management

Key Risks

- This section summarises some of the key risks that may affect the future performance of an investment in AET. This is not an exhaustive list of the relevant risks and investors should read the entire presentation. If any of the following risks materialise AET's business, financial condition and operation results may adversely be impacted. Investors should also consider consulting their financial, tax, or legal adviser so as to ensure they understand fully the terms and conditions of this Offer and the inherent risks.

General Investment Risks Affecting AET	■ **Economic environment**: General economic factors such as interest rates, inflation, business and consumer confidence and general market factors may have an adverse impact on AET's earnings. Changes in economic conditions could result in reduced distribution income and other adverse consequences. ■ **ASX market volatility**: The ASX price of AET units will fluctuate due to various factors including general movements in interest rates, the Australian and international investment markets, international economic conditions, global geo-political events and hostilities, investor perceptions and other factors that may lead to AET's financial performance and position. Recently, markets have become more volatile, with volatility in some markets at very high levels. New Units may trade at or below the price at which they commence trading on ASX including as a result of any of the factors that have been mentioned and factors such as those mentioned may also affect the income, expenses and liquidity of AET. Additionally, the stock market can experience price and volume fluctuations that may be unrelated or disproportionate to the operating performance of AET. ■ **Liquidity and realisation risk**: there can be no guarantee that there will be an active market in the New Units or that the price of the New Units will increase. There may be relatively few or many buyers or sellers of the New Units on the ASX at any one time which may lead to increased prices volatility and affect the price at which shareholders are able to sell their New Units. ■ **Interest rates**: Adverse fluctuations in interest rates, to the extent that they are not hedges or forecast, may impact on AET's earnings. AET's asset values may also be affected by any impact that rising interest rates may have on real estate markets in which AET operates.

Folkestone Funds Management

Appendix D: Key Risks

Key Risks (cont'd)

General Investment Risks Affecting AET (cont'd)	■ **Changes in law**: AET is subject to the usual business risk that there may be changes in laws of government legislation, regulation and police that reduces income or increase costs. AET is also subject to the usual risks around changes in taxation regimes and Accounting Standards. These changes may adversely affect the future earnings, asset values and the market value of AET shares quoted on the ASX. ■ **Taxation implications**: The information in this investor presentation assumes that the Fund will not be subject to tax on its net income before that net income is distributed to Unitholders. However the Fund would lose this "flow through" status if: - There was a legislative change which removed the "flow through" status of property trusts; or - The Fund engaged in activities which lead to it being taxed on its net income at the corporate tax rate for Australian income tax purposes. Depending on Unitholder's individual circumstances, a loss of the Fund's tax transparency may adversely affect the after tax investment returns. In addition, the taxation treatment for Unitholders is dependent on the tax law as currently enacted in Australia. Changes in tax law or changes in the way tax law is interpreted in Australia may adversely impact the Trust's returns or distributions made to Unitholders. ■ **Real estate performance**: AET is subject to the prevailing real estate market conditions in the sectors in which each of the development or funds under control of AET operate. Deterioration in investment markets conditions in the real estate sector due to a sustained downturn in the domestic and/or global economic climate could adversely impact AET's earnings. ■ **Real estate liquidity**: The real estate assets, to which AET are exposed, are by their nature, illiquid investments. There is a risk that realisation of any of these assets may not be able to be completed in a timely manner and at a value expected by AET.

Folkestone Funds Management

Appendix D: Key Risks

Key Risks (cont'd)

General Investment Risks Affecting AET (cont'd)	■ **Regulatory risk and changes in legislation**: AET operates in a highly regulated environment. Regulatory breaches may affect AET's operational and financial performance, through penalties, liabilities, restrictions on activities and compliance and other costs. In addition, changes in government legislation and policy in those jurisdictions in which AET operate may affect future earnings. This may include changes in stamp duty and tenancy legislation, policies in relation to land development and zoning and delays in granting of approvals or registration of subdivision plans. ■ **Forward looking statements**: There can be no guarantee that the assumptions and contingencies on which forward looking statements, opinions and estimates are based will ultimately prove to be valid or accurate. The forward looking statements, opinions and estimates depend on various factors, many of which are outside the control of AET.
AET Specific Risks	■ **Withholding tax:** Distributions from New Zealand to Australia are subject to withholding tax. Any change in the amount of withholding tax may increase or decrease the amount available for distribution in the Australian trust. AET is not aware of any adverse changes proposed to the withholding tax rates in New Zealand. ■ **Exchange rates:** The value of the Australian dollar has been subject to fluctuations with respect to the New Zealand dollar in the past and may be subject to fluctuations in the future. AET is exposed to New Zealand assets and liabilities, the value of which is denominated in NZ dollars. If the Australian dollar appreciates against the NZ dollar the value of the NZ assets in the fund less NZ dollar liabilities when converted into Australian dollars would decrease. ■ **Industry risk:** The long day care sector of the Australian childcare industry comprises a large number of childcare centres in a diverse number of locations. It is possible that an event occurring in a centre or a number of centres which may not be owned by AET (such as the outbreak of sickness or a labour relations problem), may negatively affect investor perceptions of the industry and the business of AET and its tenants.

Folkestone Funds Management

Key Risks (cont'd)

AET Specific Risks (Cont'd)	■ **Demographic structure of the Australian population:** As the underlying demand for childcare is driven by the numbers of children in the 0-4 age bracket, changes in the expected numbers of children in this bracket will have an impact on the sector. Similarly the labour force participation rate of women with children in this age bracket will be a key determinant of the market for childcare and childcare management services. ■ **Tenant concentration:** There is a risk that if one or more of AET's major tenants ceases to be a tenant, AET may not be able to find a replacement tenant prepared to lease the property on a basis which would result in the same return to AET. In addition, as 59% of AET's operating properties are leased to GoodStart Childcare Limited (GoodStart), AET is reliant on the financial strength of GoodStart. ■ **Environmental matters:** Property trusts are exposed to a range of environmental risks which may result in additional expenditure. They may be required to undertake remedial works and potentially be exposed to third party liability claims, fines and penalties, or other liabilities. ■ **Litigation and legal action**: AET may be exposed to potential litigation from investors, regulators, employees, business associates and companies. To the extent that these risks are not covered by insurance policies, litigation or the costs of responding to actual or potential litigation could have a material adverse impact on AET's financial position and earnings and the price of AET shares. ■ **Growth opportunities:** AET expects future growth will be derived from both organic and acquisition sources. The success of any future acquisitions of childcare centres or other properties will depend on a number of factors including availability, the terms of the acquisition and the financial position of the Fund. No assurance can be given that the fund will be able to successfully undertake further acquisitions of childcare centres or other properties. In addition, whilst it is AET's policy to conduct a thorough due diligence process in relation to any such acquisition risks remain that are inherent in such acquisitions. ■ **Distributions**: The payment of distributions, if any, is determined by the Board from time to time at its discretion and is dependent on the profitability and cashflow of AET's business at the time.

Folkestone Funds Management

Key Risks (cont'd)

AET Specific Risks (Cont'd)

- **Realisation of assets:** Property assets are by their nature illiquid investments. This may make it difficult to alter the balance of income sources in the short term in response to changes in economic or other conditions.
- **Refinancing requirements**: AET is exposed to risks relating to the refinancing of existing debt instruments and facilities. AET has debt facilities maturing in 2016. If AET experiences difficulty in refinancing some or all of these debt maturities, the terms on which they are refinanced are less favourable than at present, this may adversely affect AET.
- **Debt covenants**: AET's ability to meet its debt covenants is dependent on its ability to produce and sell inventory, to manage its cashflow and to operate the business in a sustainable manner. If any of these criteria are not satisfied, there is the risk that funding covenants may not be met. This would give lenders the right to take action under the facility agreements which could have an adverse impact on AET.
- **Counterparty risks**: AET deals with many counter-parties, such as tenants and other counterparties to contracts. If any of these parties fail to meet their contractual obligations, the result could have an adverse impact on AET.
- **Occupational health and safety**: Construction activity carries with it a risk of personal injury to persons engaged. If AET does not manage its OHS obligations property, AET would suffer a risk of a damages claim against it for injury as well as reputational risk, which my make it more difficult to obtain and retain highly skilled workers.
- **Fixed nature of significant costs:** Significant expenditures associated with each investment, such as funding costs, management fees and property outgoings are generally not reduced when circumstances cause a reduction in income from investment. The value of an asset owned by AET may be adversely affected if the income from the asset declines and other related expenses remain unchanged.

Folkestone Funds Management

Appendix D: Key Risks

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Key Risks (cont'd)

AET Specific Risks (Cont'd)

- **Development pipeline**: AET intends to undertake a number of developments on its new acquisitions. Real estate development carries a number of risks, including issues surrounding application of planning approvals form local authorities which can result in delays or require amendments to plans both of which may result in increased costs; breach of contract by building contractors; unforseen circumstances which cause project delays or increases to building costs. There is a risk that the forecast returns from developments may not eventuate as forecast, with a consequential adverse financial impact on AET.
- **FCF unitholder vote**: The FCF acquisition is being effected via Scheme of Arrangement and is conditional on a vote of FCF unitholders, scheduled for Monday 9 December 2013. At least 75% of the votes cast by eligible FCF unitholders must be in favour of the Scheme of Arrangement in order for the acquisition to progress. If the required number of votes are not received and the FCF acquisition does not progress, AET may need to use the capital otherwise earmarked for the FCF acquisition to repay debt and AET's earnings may be diluted in the absence of other suitable acquisition opportunities for which to deploy the capital.

Folkestone Funds Management

Appendix D: Key Risks

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Glossary

$ or cents	Australian dollars
Acquisitions	Folkestone Childcare Fund, Only About Children portfolio, standalone early learning centre (Gungahlin) and three development sites
AET	Australian Education Trust
Cap rate	Capitalisation rate
CPI	Consumer price index
Development assets	Baldivis, Marriot Waters and Epping development sites
DPU	Distribution per unit
Entitlement Offer	$25m Accelerated non-renounceable entitlement offer
Equity Raising	Fully underwritten $45m equity raising comprising a $20m Placement and a $25m Entitlement Offer
FCF	Folkestone Childcare Fund, an unlisted property fund comprising 22 early learning centres
Gearing	Net debt divided by total assets less cash
Gungahlin	Early learning centre located in Gungahlin, ACT
New Units	New AET units issued under the Equity Raising
NTA	Net tangible assets
Offer Price	$1.52 per AET unit
Only About Children portfolio	Portfolio of five early learning centres located throughout Sydney operated by Only About Children

Glossary (cont'd)

Placement	Institutional placement
REIT	Real estate investment trust
Responsible entity	Folkestone Investment Management Limited
Underwriter	Moelis Australia Advisory Pty Limited (ACN 142 008 446)
VWAP	Volume weighted average price
WALE	Weighted average lease expiry
WIP	Work in progress

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Corner Perfection and Armour Ave, Kellyville Ridge, New South Wales

Important information

4.1 Additional Information
4.2 Eligible Unitholders
4.3 Ineligible Unitholders
4.4 Additional New Units
4.5 No Cooling Off Rights
4.6 Rounding of Entitlements
4.7 No Entitlements Trading
4.8 Not Investment Advice or Financial Product Advice
4.9 Foreign Jurisdictions
4.10 Governing Law
4.11 Taxation
4.12 ASX Waivers
4.13 Underwriting, Sub-Underwriting and Control Implications
4.14 Information Availability
4.15 Forward-Looking Statements and Future Performance
4.16 Past Performance
4.17 Notice To Nominees and Custodians
4.18 Disclaimer of Representations
4.19 Privacy

4.1 Additional Information

This Retail Offer Booklet (including the ASX announcements and the Investor Presentation reproduced in it) and the accompanying personalised Entitlement and Acceptance Form have been prepared by the Responsible Entity. This Retail Offer Booklet is dated 18 November 2013.

No party other than the Responsible Entity has authorised or caused the issue of the information in this Retail Offer Booklet, or takes any responsibility for, or makes any statements, representations or undertakings in this Retail Offer Booklet.

This information is important and requires your immediate attention. You should read the information in this Retail Offer Booklet carefully and in its entirety before deciding whether to invest in New Units or Additional New Units. In particular, you should consider the risk factors outlined in the 'Key Risk Factors' section in the Investor Presentation, which is included in this Retail Offer Booklet at Section 3, any of which could affect the operating and financial performance of the Fund or the value of an investment in the Fund.

You should consult your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser to evaluate whether or not to participate in the Retail Entitlement Offer.

The Responsible Entity has applied to the ASX for the grant of official quotation of the New Units. It is expected that normal trading on the ASX will commence in relation to New Units and any Additional New Units issued under the Retail Entitlement Offer on 19 December 2013. The Responsible Entity will have no responsibility and disclaims all liability (to the maximum extent permitted by law, including for negligence) to persons who trade New Units (or Additional New Units, if any) before they are quoted on the ASX or before they receive their confirmation of issue, whether on the basis of confirmation of the allocation provided by the Responsible Entity, the Registry or otherwise. Neither the ASX nor any of its officers takes any responsibility for the contents of this Retail Offer Booklet.

4.2 Eligible Unitholders

The information in this Retail Offer Booklet contains an offer of New Units to Eligible Unitholders in Australia and New Zealand.

Eligible Unitholders are those holders of Existing Units who:

- are registered as a holder of Existing Units as at 7.00pm AEDT on the Record Date;
- have a registered address on the Fund's Unit register in Australia or New Zealand;
- are not in the United States and are not acting on behalf of a person in the United States (to the extent such person holds Existing Units on behalf of a person in the United States);
- are eligible under all applicable laws to receive an offer under the Retail Entitlement Offer without a prospectus, disclosure document, product disclosure statement or any lodgement, filing, registration or qualification; and
- did not participate in the Institutional Entitlement Offer.

The Responsible Entity may (in its absolute discretion) extend the Retail Entitlement Offer to any Unitholder in other foreign jurisdictions (excluding the United States and subject to compliance with applicable laws).

The Responsible Entity, in its absolute discretion, reserves the right to determine whether a Unitholder is an Eligible Unitholder and is therefore able to participate in the Retail Entitlement Offer, or an Ineligible Unitholder and is therefore unable to participate in the Retail Entitlement Offer. The Responsible Entity disclaims all liability to the maximum extent permitted by law in respect of any determination as to whether a Unitholder is an Eligible Unitholder or an Ineligible Unitholder.

Subject to the above, the Retail Entitlement Offer is not being extended to any Unitholders outside Australia and New Zealand.

By returning a completed Entitlement and Acceptance Form or making a payment by BPAY you will be taken to have represented and warranted that you, and each person on whose account you are acting, satisfy each of the criteria listed above. Eligible Unitholders who are nominees, trustees or custodians are therefore advised to seek independent professional advice as to how to proceed.

Persons acting as nominees for other persons must not take up any Entitlements on behalf of, or send any documents related to the Retail Entitlement Offer to, any person in the United States.

4.3 Ineligible Unitholders

The Responsible Entity, has decided that it is unreasonable to make offers under the Retail Entitlement Offer to retail investors who are holders of Existing Units and who are in the United States or are acting on behalf of a person in the United States (to the extent that such persons hold Existing Units on behalf of a person in the United States) or have registered addresses outside Australia and New Zealand, having regard to the number of such holders in those places and the number and value of the New Units that they would be offered and the cost of complying with the relevant legal and regulatory requirements in those places.

As the Retail Entitlement Offer is non-renounceable, Ineligible Unitholders' right to subscribe for New Units that would otherwise have been offered to them will lapse and Ineligible Unitholders will not receive any value for their Entitlements.

4.4 Additional New Units

Eligible Unitholders may also apply for Additional New Units in excess of their Entitlement up to a limit of $200,000 worth of Additional New Units. There is no guarantee you will receive the amount of Additional New Units applied for, if any. The allocation of any Additional New Units will be limited to $200,000 worth of Additional New Units and will be limited to the extent that there are sufficient New Units from Eligible Unitholders who do not take up their full Entitlement.

Additional New Units will only be allocated to Eligible Unitholders if and to the extent that the Responsible Entity so determines, in its absolute discretion. The Responsible Entity may apply any scale-back to applications for Additional New Units in its absolute discretion.

If you apply for Additional New Units, the Excess Amount (if any) may be treated as an application to apply for as many Additional New Units as your Excess Amount will pay for in full, up to the limit of $200,000 worth of Additional New Units.

No Additional New Units will be issued to a Unitholder as part of the Retail Entitlement Offer which will result in them increasing their voting power in the Fund above 20%.

4.5 No Cooling Off Rights

Cooling-off rights do not apply to an investment in New Units or Additional New Units. You cannot withdraw your application once it has been accepted.

4.6 Rounding of Entitlements

Where fractions arise in the calculation of Entitlements, they will be rounded up to the next whole number of New Units.

4.7 No Entitlements trading

Entitlements are non-renounceable and cannot be traded on the ASX or any other exchange, nor can they be privately transferred.

4.8 Not Investment Advice or Financial Product Advice

The Retail Entitlement Offer to which the information in this Retail Offer Booklet relates is being made in reliance on section 1012DAA of the Corporations Act. The information in this Retail Offer Booklet is not a prospectus, product disclosure statement, disclosure document or other offering document under the Corporations Act (or any other law) and has not been lodged with the Australian Securities and Investments Commission.

The information in this Retail Offer Booklet does not purport to contain all the information that you may require to evaluate a possible application for New Units or Additional New Units, nor does it contain all the information which would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with the Fund's other periodic statements and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au.

The information in this Retail Offer Booklet is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs or circumstances.

Before deciding whether to apply for New Units or Additional New Units, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. You should conduct your own independent review, investigation and analysis of Existing Units and the Retail Entitlement Offer.

If, after reading this Retail Offer Booklet, you have any questions about the Retail Entitlement Offer, you should contact your stockbroker, accountant, financial adviser, taxation adviser or other independent professional adviser.

4.9 Foreign Jurisdictions

The information in this Retail Offer Booklet has been prepared to comply with the applicable requirements of the securities laws of Australia and New Zealand.

The information in this Retail Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Retail Entitlement Offer, the Entitlements, the New Units or the Additional New Units, in any jurisdiction outside of Australia or New Zealand. Return of the personalised Entitlement and Acceptance Form or your BPAY payment will be taken by the Responsible Entity to constitute a representation by you that there has been no breach of any laws of a jurisdiction outside Australia or New Zealand.

The distribution of this Retail Offer Booklet (including an electronic copy) outside Australia and New Zealand may be restricted by law. If you come into possession of this Retail Offer Booklet, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

The New Units are not being offered to the public within New Zealand other than to existing Unitholders of the Fund with registered addresses in New Zealand to whom the offer is being made in reliance on the *Securities Act* (Overseas Companies) *Exemption Notice 2002* (New Zealand).

This Retail Offer Booklet or material accompanying it has not been registered, filed with or approved by any New Zealand regulatory authority under the *Securities Act 1978* (New Zealand). This Retail Offer Booklet or material accompanying it is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

4.10 Governing Law

The information in this Retail Offer Booklet, the Retail Entitlement Offer, and dealings in the Entitlements and the contracts formed on acceptance of the Retail Entitlement Offer pursuant to the personalised Entitlement and Acceptance Forms are governed by the law applicable in New South Wales, Australia. Each Unitholder who applies for New Units or Additional New Units submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

4.11 Taxation

Set out below is a general summary of the potential Australian tax implications of the Retail Entitlement Offer for Eligible Unitholders who are resident individuals, complying superannuation entities and companies resident of Australia for tax purposes and who hold their Units on capital account.

The summary below does not deal with the tax implications for Unitholders who are not residents of Australia for tax purposes (including residents of New Zealand). It also does not deal with the tax implications for Eligible Unitholders:

- who hold their Units (or will hold their Entitlements) as revenue assets or trading stock;
- who are banks, insurance companies, partnerships and taxpayers carrying on a business of securities trading;
- have acquired their Units for the purposes of resale at a profit;
- who change their tax residence while holding their Units; or
- all Eligible Unitholders who are exempt from income tax in Australia or are subject to Division 230 of the Income Tax Assessment Act 1997 (ie. the Taxation of Financial Arrangements).

It is intended as a general guide only and is not an authoritative or complete statement of all potential tax implications for each Eligible Unitholder.

The summary below is not advice and should not be relied on as such. It also does not take account of any individual circumstances of any particular Eligible Unitholder. Taxation is a complex area of law and the taxation consequences for each Eligible Unitholder may differ depending on their own particular circumstances.

Accordingly, Eligible Unitholders should seek specific and rely only on advice applicable to their own particular circumstances from their own financial or tax advisers.

The summary below is based on the law in effect as at the date of this Booklet. Future changes in Australian taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of an investment in Units or the holding and disposal of Units.

Issue of Entitlements

The issue of the Entitlements should not itself result in any amount being included in the assessable income of an Eligible Unitholder.

Entitlements not taken up

Any Entitlements not taken up under the Retail Entitlement Offer will lapse and the Eligible Unitholder will not receive any consideration as a result of the expiration of the Entitlements. On this basis, in these circumstances, there should not be any income tax implications for an Eligible Unitholder.

Sale of Entitlements

There is no opportunity for Eligible Unitholders to sell their Entitlements.

Exercise of Entitlements

For Eligible Unitholders who exercise their Entitlements and are allocated New Units:

- the Entitlements will cease to exist and a CGT event will occur, but any capital gain or loss made on the exercise of the Entitlements should be disregarded for tax purposes;
- the New Units acquired as a result of exercising the Entitlements will be treated for CGT purposes as having been acquired on the day on which the Entitlements are exercised; and
- the New Units should have a cost base for CGT purposes equal to the Offer Price payable by them for those New Units plus certain non-deductible incidental costs they incur in acquiring them.

New Units

Eligible Unitholders who exercise their Entitlements will acquire New Units and may acquire, in the Responsible Entity's absolute discretion and subject to scale back, Additional New Units (as applicable) up to a limit of $200,000 worth of Additional New Units.

Any future distributions made in respect of those New Units or Additional New Units will be subject to the same taxation treatment as distributions made on Existing Units held in the same circumstances.

On any future disposal of New Units or Additional New Units, Eligible Unitholders may make a capital gain or capital loss, depending on whether the capital proceeds of that disposal are more than the cost base or less than the reduced cost base of those Units.

Any capital gain arising to Eligible Unitholders who are individuals and trusts (other than trusts that are complying superannuation funds) can generally be reduced by one-half (after first offsetting available current year or carried forward net capital losses from previous years) if the New Units or Additional New Units are held for at least 12 months between the date the New Units or Additional New Units (as applicable) are acquired and the date of disposal. For Eligible Unitholders which are complying superannuation funds, any capital gain can generally be reduced by one-third (after first offsetting available current year or carried forward capital losses from previous years) if the New Units or Additional New Units are held for at least 12 months between the date the New Units or Additional New Units (as applicable) are acquired and the date of disposal. The CGT discount is not available to Eligible Unitholders that are companies.

New Units will be treated for the purposes of the CGT discount as having been acquired when the Eligible Unitholder exercised the Entitlement to subscribe for them. Additional New Units will be treated for the purposes of the CGT rules as having been acquired when the Responsible Entity issues or allots those Additional New Units.

Other Australian taxes

No GST is payable and no stamp duty should be payable in respect of the grant or exercise of the Entitlements or the acquisition of New Units or Additional New Units.

Eligible Unitholders who acquire New Units or Additional New Units should obtain their own advice in relation to the GST and stamp duty consequences, in light of their own individual facts and circumstances.

Other issues

Unitholders would have been invited to provide the Fund their Tax File Numbers (TFN) or Australian Business Number (ABN) when they first acquired their Units. If no TFN or ABN has been quoted, tax will be deducted from gross distributions made by the Fund in respect of the New Units (or Additional New Units) at the highest marginal tax rate.

4.12 ASX Waivers

In order to conduct the Equity Raising, the Responsible Entity sought certain waivers from the ASX Listing Rules. The ASX has granted the Responsible Entity waivers from ASX Listing Rules 3.2, 7.1, 7.4 and 10.11 to allow the Equity Raising to occur in accordance with the timetable set out in Section 1 of this Retail Offer Booklet and without the need to obtain the approval of Unitholders for the issue of New Units under the Equity Raising. The ASX has granted the Responsible Entity the requested waivers subject to a number of conditions including that:

- all Unitholders are offered their pro-rata share of the Retail Entitlement Offer or the Institutional Entitlement Offer (as applicable) unless ASX Listing Rule 7.7.1 would permit the Unitholder to be excluded from the Retail Entitlement Offer or the Institutional Retail Entitlement Offer (as applicable);
- New Units are offered under the Institutional Entitlement Offer and the Retail Entitlement Offer at the same price; and
- related parties of the Responsible Entity do not participate in the Institutional Entitlement Offer and the Retail Entitlement Offer beyond their pro-rata Entitlement, unless they do so pursuant to bona fida underwriting arrangements that are disclosed in this Retail Offer Booklet (see Section 4.13).

The waivers also allow the Responsible Entity to:

- ignore changes in unitholdings which occur after the imposition of the trading halt in Units (other than registrations of transactions which were effected through ASX Trade before the announcement) for the purposes of determining registered holders and registered holdings of Existing Units as at the Record Date; and
- in respect of unitholdings registered in the name of a nominee Unitholder, treat the nominee as a separate Unitholder in respect of the Units held for one or more Eligible Unitholders to permit a nominee to receive offers under the Institutional Entitlement Offer and the Retail Entitlement Offer. Offers under the Institutional Entitlement Offer will be treated as being made to the relevant nominees, even where they are made directly to the Eligible Unitholder who is an Institutional Unitholder and for whom the nominee holds the Units.

4.13 Underwriting, Sub-underwriting and Control Implications

Underwriting

On 15 November 2013, the Responsible Entity entered into an underwriting agreement with Moelis (**Underwriting Agreement**), under which Moelis has agreed to manage and underwrite the Equity Raising. Moelis will be remunerated by the Responsible Entity for providing these underwriting and offer management services at market rates and may be reimbursed for certain expenses.

In respect of the fees payable for its services, Moelis will receive an underwriting fee of up to 2.5% of the proceeds from the Equity Raising and an offer management fee of up to 1.25% of the proceeds of the Equity Raising. This means the amount of the underwriting fee may be approximately $1,125,000 and the amount of the offer management fee may be approximately $562,500. Moelis is also entitled under the Underwriting Agreement to be reimbursed by the Responsible Entity for certain costs incurred by Moelis in relation to the Equity Raising.

In accordance with the Underwriting Agreement and as is customary with these types of arrangements:

- the Responsible Entity has (subject to certain usual limitations) agreed to indemnify Moelis, its related bodies corporate and affiliates, and its directors, officers, partners, advisers and employees against any losses arising directly or indirectly in connection with, among other things, the Equity Raising, the Equity Raising information materials distributed by the Responsible Entity, or a breach by the Responsible Entity of any provision, including representation or warranty of, the Underwriting Agreement;

- the Responsible Entity and Moelis have given representations, warranties and undertakings in connection with (among other things) the conduct of the Equity Raising;
- Moelis may (in certain circumstances, including having regard to the materiality of the relevant event) terminate the Underwriting Agreement and be released from its obligations under it on the occurrence of certain events on or prior to the allotment of the New Units offered under the Retail Entitlement Offer, including (but not limited to) where:
  - in a material respect a statement contained in the Equity Raising information materials is or becomes misleading or deceptive or likely to mislead or deceive or the Equity Raising information materials omit any information they are required to contain (having regard to the relevant Corporations Act requirements);
  - the Responsible Entity ceases to be admitted to the official list of ASX or if the ASX announces that the Units will be suspended from official quotation on ASX;
  - there is an adverse change to the financial markets or political or economic conditions of key countries, or to foreign exchange rates, and certain materiality thresholds are met;
  - the ASX/S&P 300 Index is 10% or more below its level as at the day immediately preceding the date of the Underwriting Agreement, and remains so for three consecutive trading days
  - hostilities commence, or there is a major escalation of existing hostilities, involving certain key countries or a major terrorist act is perpetrated on any of those key countries, and the required materiality thresholds are met; or
  - there is a material adverse change, or event involving a prospective material adverse change, in the assets, liabilities, financial position or performance, profits, losses or prospects of the Responsible Entity.

Please note that the above is not an exhaustive list of the termination events in the Underwriting Agreement.

None of Moelis (whether in its capacity as Joint Lead Manager, or otherwise) nor any of its related bodies corporate and affiliates, nor any of their respective directors, officers, partners, employees, representatives or agents has authorised or caused the issue of this Retail Offer Booklet and takes no responsibility for any information in this Retail Offer Booklet or any action taken by you on the basis of such information, and have not made or purported to make any statement in this Retail Offer Booklet and there is no statement in this Retail Offer Booklet which is based on any statement by any of them. To the maximum extent permitted by law, Moelis (whether in its capacity as Joint Lead Manager, or otherwise) and each of its related bodies corporate and affiliates and each of their respective directors, officers, partners, employees, representatives or agents excludes and disclaims all liability, for any expenses, losses, damages or costs incurred by you as a result of your participation in the Retail Entitlement Offer and the information in this Retail Offer Booklet being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

Sub-underwriting

Folkestone Limited has agreed to sub-underwrite the Institutional Entitlement Offer and the Retail Entitlement Offer up to an amount of 3,947,368 New Units or $6 million. Folkestone Limited will receive a fee for sub-underwriting this amount of $60,000. In the event that Folkestone Limited acquires 3,947,368 New Units, then its relevant interest in the total number of Units on issue following completion of the Retail Entitlement Offer will be 1.9%.

The Australian Social Infrastructure Fund ARSN 94614874 (**ASIF**) has agreed to sub-underwrite the Institutional Entitlement Offer and the Retail Entitlement Offer up to an amount of $2 million or 1,315,789 New Units. ASIF will receive a fee for sub-underwriting this amount of $20,000. ASIF currently owns 4.4% of the Existing Units on issue. ASIF has also taken up all of its entitlements under the Institutional Entitlement Offer. In the event that ASIF acquires all of the New Units pursuant to its sub-underwriting commitment, ASIF's interest in the total number of Units on issue following the completion of the Retail Entitlement Offer will increase from 4.4% to 4.8%.

Control implications

The Retail Entitlement Offer and Institutional Entitlement Offer are structured as a pro-rata issue and if all of the Fund's existing Unitholders take up their entitlements under the Retail Entitlement Offer and Institutional Entitlement Offer, the Retail Entitlement Offer and Institutional Entitlement Offer will have no effect on the control of the Fund.

The potential effect that the issue of the New Units will have on the control of the Fund, and the consequences of that effect, will depend on a number of factors including investor demand under the Retail Entitlement Offer, the amount of any Retail Entitlement Offer Shortfall and who subscribes for any Additional New Units. The Responsible Entity does not, however, expect the Retail Entitlement Offer and Institutional Entitlement Offer to have any control implications for the Fund.

4.14 Information Availability

Eligible Unitholders in Australia and New Zealand can obtain a copy of this Retail Offer Booklet during the Offer Period by calling the Folkestone Information Line on +61 3 8601 2668 between the hours of 8.30am and 5.00pm Monday to Friday Australian Eastern Standard time (AEDT) (excluding public holidays) during the Offer Period. Persons who access the electronic version of this Retail Offer Booklet should ensure that they download and read the information in this Retail Offer Booklet in its entirety. The electronic version of this Retail Offer Booklet on the Fund's website will not include a personalised Entitlement and Acceptance Form.

A replacement Entitlement and Acceptance Form can be requested by calling the Registry on 1300 737 760 during the Offer Period. Neither this Retail Offer Booklet nor the accompanying Entitlement and Acceptance Form may be distributed to or relied upon by, persons that are in the United States or otherwise distributed in the United States.

4.15 Forward-looking Statements and Future Performance

Neither the Responsible Entity, either of the Joint Lead Managers, or any of their respective officers, employees, agents, associates or advisers, nor any other person warrants or guarantees the future performance of the New Units or Additional New Units or any return on any investment made pursuant to the information in this Retail Offer Booklet. Forward-looking statements, opinions and estimates provided in the information in this Retail Offer Booklet are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Any forward-looking statements including projections, guidance on sales, earnings, dividends, distributions, and other estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Responsible Entity and the Directors, including the risks described in the accompanying Investor Presentation, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward-looking statements in this Retail Offer Booklet.

4.16 Past Performance

Past performance and pro-forma historical financial information given in this Retail Offer Booklet is provided for illustrative purposes only and is not, and should not be relied upon as, an indication of future performance. The historical information in this Retail Offer Booklet is, or is based upon, information that has been released to the market. For further information, please see past announcements released to the ASX.

4.17 Notice to Nominees and Custodians

Nominees and custodians who hold Existing Units as nominees or custodians will have received, or will shortly receive, a letter in respect of the Retail Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to Ineligible Unitholders.

4.18 Disclaimer of Representations

No person is authorised to give any information, or to make any representation, in connection with the Retail Entitlement Offer that is not contained in this Retail Offer Booklet. Any information or representation that is not in this Retail Offer Booklet may not be relied on as having been authorised by the Responsible Entity, or its related bodies corporate, in connection with the Retail Entitlement Offer.

Except as required by law, and only to the extent so required, none of the Responsible Entity, the Directors or any other person, warrants or guarantees the future performance of the Fund or any return on any investment made pursuant to this Retail Offer Booklet.

4.19 Privacy

As a Unitholder in the Fund, the Responsible Entity and the Registry have already collected personal information about you. If you apply for New Units, the Responsible Entity and the Registry may update that personal information or collect additional personal information about you. Such information may be used to assess your acceptance of New Units, service your needs as a Unitholder, provide facilities and services that you request and carry out appropriate administration.

To do that, the Responsible Entity and the Registry may disclose your personal information for purposes related to your Unitholding to their agents, contractors or third party service providers to whom they outsource services, including to the Joint Lead Managers in order to assess your acceptance of New Units, the Registry for ongoing administration of the register, printers and mailing houses for the purposes of preparation and distribution of Unitholder information and for handling of mail, or as otherwise authorised under the *Privacy Act 1988* (Cth).

If you do not provide the Responsible Entity or the Registry with your personal information then your application may not be able to be processed. You can request access to your personal information by contacting the Fund through the Registry as follows:

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001

1300 737 760 (within Australia) or
+61 2 9290 9600 (from outside Australia)

between the hours of 8.30am and 5.00pm Monday to Friday (AEDT) (excluding public holidays) during the Offer Period.

1 Paradise Way, South Morang, Victoria

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Corner Perfection and Armour Ave, Kellyville Ridge, New South Wales

Glossary

5. Glossary
(continued)

$ or A$ or cents	Australian currency
Additional New Units	Units offered on the basis of, and under the terms of, the Retail Entitlement Offer in addition to the Entitlement of an Applicant to the extent there is any Retail Entitlement Offer Shortfall, and subject to a limit of $200,000 worth of Additional New Units
AEDT	Australian Eastern Daylight Time
AFSL	Australian Financial Services Licence
Allotment	The allocation of Units following acceptance of an Application
Applicant/s	Eligible Unitholders who submit a valid Application pursuant to the conditions set out in this Retail Offer Booklet.
Application	An application made by an Applicant using the Entitlement and Acceptance Form
Application Monies	Monies received from persons subscribing for New Units pursuant to the terms of the Retail Entitlement Offer
ARSN	Australian Registered Scheme Number
ASIC	Australian Securities & Investments Commission ABN 86 768 265 615
ASX	ASX Limited or the market operated by it as the context requires
ASX Listing Rules	The official listing rules of ASX from time to time as modified by any express written confirmation, waiver or exemption given by ASX
Australian Education Trust /AEU	Australian Education Trust ARSN 102 955 939
Board or Board of the Responsible Entity	Board of Directors of the Responsible Entity
Business Day(s)	A day other than a Saturday or Sunday on which trading banks are open for general banking business in Sydney and Melbourne and the ASX is conducting trading in Sydney and Melbourne
CGT	Capital Gains Tax
Constitution	The constitution of the Fund, as amended from time to time
Corporations Act	Corporations Act 2001 (Cth)
CRN	Customer Reference Number
Director/s	A director of the Responsible Entity
Eligible Unitholders	An Unitholder with an Australian or New Zealand registered address as at 7.00pm (AEDT) on the Record Date and which otherwise meets the criteria set out in Sections 4.2
Entitlement(s)	The entitlement of an Eligible Unitholder to take up a certain number of New Units pursuant to the Retail Entitlement Offer based on the number of Existing Units held on the Record Date
Entitlement and Acceptance Form	A personalised acceptance form accompanying this Retail Offer Booklet which Eligible Unitholders may use to apply for New Units
Equity Raising	Raising of new equity up to $45.0 million comprising the Institutional Placement, the Institutional Entitlement Offer and the Retail Entitlement Offer
Excess Amount	The amount paid by an Eligible Unitholder in excess of the amount necessary to pay in full for their full Entitlement, up to a limit of $200,000 worth of Additional New Units
Existing Unit(s)	Units on issue as at the Record Date
Folkestone Limited	Folkestone Limited ACN 004 715 226, a listed public company that is the parent company of the Responsible Entity
Folkestone Investment Management Limited	Folkestone Investment Management Limited ACN 111 338 937, AFSL 281 544
Fund	Australian Education Trust ARSN 102 955 939
FY	Financial year (1 July to 30 June)
Gross Proceeds	The aggregate of all moneys (including all rent, licence fees, outgoings and all other amounts) received from tenants and other occupants and users of the real property assets (held directly or indirectly) of the Fund

GST	Goods and services tax (Australia)
HIN	Holder identification number
Ineligible Unitholder(s)	A Unitholder who the Responsible Entity determines is not an Eligible Unitholder.
Institutional Investors	An investor (Australian and/or non-Australian) to whom offers of or invitations to subscribe for financial products can be made without the need for an ASIC-lodged disclosure document
Institutional Entitlement Offer	The accelerated non-renounceable entitlement offer to Institutional Investors at the Offer Price as announced to the ASX on 15 November 2013
Institutional Placement	The placement of New Units at the Offer Price to Institutional Investors as announced to the ASX on 15 November 2013
Investor Presentation	The investor presentation relating to the Institutional Entitlement Offer, which was released to ASX by the Responsible Entity on 15 November 2013 and is included in this Retail Offer Booklet
Joint Lead Managers	BG Capital Corporation Limited ABN 36 094 694 694 and Moelis
Moelis	Moelis Australia Advisory Pty Limited ACN 142 008 446, being the sole underwriter and bookrunner and a Joint Lead Manager of the Equity Raising
New Unit	Units offered on the basis of, and under the terms of, the Retail Entitlement Offer
NTA	Net Tangible Assets
Offer Price	$1.52 per New Unit
Offer Period	The period from 21 November 2013 to 9 December 2013, unless extended by the Responsible Entity
Record Date	7pm (AEDT) 19 November 2013
Registry	Boardroom Pty Limited
Responsible Entity	Folkestone Investment Management Limited
Retail Entitlement Offer or Offer	Offer of New Units available to Eligible Unitholders as described in this Retail Offer Booklet
Retail Entitlement Offer Shortfall	The aggregate number of New Units available to each Eligible Unitholder as part of its Entitlement under the Retail Entitlement Offer which are not taken up by the relevant Eligible Unitholder
Retail Offer Booklet	This document, the Retail Entitlement Offer Booklet dated 18 November 2013
Securities Act	United States Securities Act of 1933, as amended
SRN	Securityholder reference number
Underwriter	Moelis Australia Advisory Pty Limited ACN 142 008 446, being the sole underwriter and bookrunner and a joint lead manager of the Equity Raising
Underwriting Agreement	The underwriting agreement referred to in section 4.13
Unit(s)	A unit in the Fund
Unitholder(s)	The holder of a Unit
US	United States
US Person	As defined in Regulation S under the Securities Act
VWAP	Volume Weighted Average Price

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1 Paradise Way, South Morang, Victoria

Folkestone
Funds Management

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