



AET Refinances \$134m Debt on Improved Terms

- **AET's \$134 million debt refinanced to February 2016**
- **Significant long term reduction in the cost of debt**
- **Restructure of existing hedge book**
- **Increased FY13 distribution forecast from 10.3 cpu to approximately 10.6 cpu**

Folkestone Investment Management Limited (FIML) as the Responsible Entity of the Australian Education Trust (AET or the Trust) (ASX:AEU) advises that it has refinanced its \$134 million syndicated debt facility for three years to February 2016 with two of Australia's top-tier banks, the NAB and ANZ, who continue their support of the Trust. The new arrangements include improved terms, in particular margin pricing together with an extended hedging profile that will result in reduced interest costs and an improvement in future distributions.

(a) Key Terms of Refinanced Facility

The key commercial terms of the syndicated facility are as follows:

1. Facility Limit /Drawn Amount	\$134 million
2. Facility Term	3 years ending February 2016
3. Financiers	NAB & ANZ (50% equal share)
4. Maximum Loan to Value Ratio	50% of all Secured Property
5. Interest Coverage Ratio	Not to be less than 2.0x (Current ICR of 2.7x)

The key advantages of the refinanced facility are:

- debt maturity extended to February 2016;
- all in cost of debt reduced from 9.2% pa achieved in the first half of FY13 to 6.2% pa (based on the current variable interest rate), which is a combination of reduced margin, restructured hedging arrangements and a reduction to the capitalised borrowing costs being amortised; and
- the new facility gives AET added flexibility to meet its financial objectives and will have a positive long term effect on distributions.

(b) Hedging

As at 31 December 2012, AET had hedged \$120 million or 90% of its debt via an interest rate swap and a cap/collar instrument. Both of these arrangements were to mature in December 2013.

The hedging arrangements have been restructured though combining the existing positions with new longer-term positions at lower rates to derive a blended rate. This strategy provides the benefits of overall lower hedged rates whilst avoiding any dilution to capital and NTA per unit as a result of breaking those hedges.

The new hedges have a fixed rate of 4.3% pa (excluding margin and amortisation of costs) and are staggered from 1 to 5 years. For the period from March 2013 through to June 2014, 67% of the debt or \$90 million is hedged with an average of 50% hedged across the 5 years.



(c) FY13 Distribution Forecast Upgrade

Based on the new financing arrangements, AET's forecast distributable income for FY13 is now estimated to be approximately \$18.6 million, equivalent to a distribution of **10.6 cents per unit**. This is an increase of 2.9% from the previous guidance of 10.3 cents per unit.

(d) Half Year Results

Management expects to issue AET's half year results on Wednesday 13 February 2013 where a more detailed summary of the new financing arrangements will be provided.

(e) Investor Relations

Unitholders are invited to contact the Fund's Investor Relations Manager, Lula Lioffi for any further information. Boardroom is the Fund's registry and can be contacted on 1300 737 760 with respect to any queries in relation to investors unitholdings.

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.

Nick Anagnostou
Chief Executive Officer
Folkestone Investment Management Limited

Travis Butcher
Chief Financial Officer
Folkestone Investment Management Limited

For further information contact:
Lula Lioffi
Investor Relations Manager
+61 3 8601 2668

About Folkestone

Folkestone (ASX:FLK) is an ASX listed real estate investment, development and funds management company. Folkestone's on balance sheet activities focus on value-add and opportunistic real estate investments and its funds management platform, with approximately \$600 million under management, 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.