Australian Education Trust

ASX ANNOUNCEMENT 18 February 2014

AET Results for the Half-Year Ended 31 December 2013

Folkestone Investment Management Limited (FIML) as the Responsible Entity of the Australian Education Trust (AET or the Trust) (ASX:AEU) provides the results of the Trust for the half year ended 31 December 2013. AET is an ASX listed property trust investing in early learning centre assets.

KEY HIGHLIGHTS SUMMARY

- Statutory profit of $21.3 million, up 42.9% from $14.9 million in the previous corresponding period ("pcp").
- Distributable income of $11.3 million, an increase of 29.9% on pcp.
- Distribution paid to investors of **6.0** cpu, an increase of 20.0% on pcp.
- Equity raising undertaken raising $45.0 million.
- Acquisition of Folkestone Childcare Fund (FCF) increasing portfolio by 22 properties.
- Acquired 6 established early learning properties, 4 of which settled prior to 31 December 2013.
- Development pipeline underway with 3 development sites acquired.
- NTA per unit of $1.40, an increase of 5.3%.
- 100%[1] occupancy across the portfolio.
- Forecast FY14 distribution of **12.0** cpu.

FINANCIAL SUMMARY

The table below provides a summary of AET's 31 December 2013 results in comparison to the previous corresponding period:

Half- year ending	Dec 2013	Dec 2012	Var. %
Total operating revenue	$21.1m	$20.4m	3.4%
Total operating expenses	$9.8m	$11.7m	(16.2%)
Distributable income	$11.3m	$8.7m	29.9%
Distribution (cpu)	6.0	5.0	20.0%

As at	Dec 2013	June 2013	Var. %
Total Assets	$429.4m	$368.5m	16.5%
Investment Property	$421.9m	$366.8m	15.0%
Borrowings[2]	$132.2m	$125.8m	5.1%
Net Assets	$286.6m	$233.5m	22.7%
Gearing[3]	30.8%	34.1%	(3.3%)
NTA per unit	$1.40	$1.33	5.3%

PORTFOLIO PERFORMANCE

Key portfolio performance criteria as at 31 December 2013**:**

As at	Dec 2013
Value of Investment Property	$421.9m
Annualised Net Rental Income	$40.1m
Average Lease Income Increase (year on year)	2.3%
Property Yield – Freehold Properties	9.0%
Property Yield – Leasehold Properties	12.9%
Total Property Yield	9.2%
Vacancy Rate	0.3%
Weighted Average Lease Expiry (years)	8.3

[1] *As at February 2014.*
[2] *Borrowings include bank loans and bank overdraft.*
[3] *Gearing is calculated by borrowings / total assets.*

FINANCIALS

Half year ended 31 December ($m's)	Notes	2013	2012
Revenue			
Lease income	1	18.0	17.3
Property outgoings recoverable		3.0	2.9
Other income		0.1	0.2
		21.1	**20.4**
Expenses			
Finance costs	2	4.0	6.2
Property expenses		4.2	4.0
Responsible entity's remuneration		1.1	1.1
Other expenses		0.5	0.4
		9.8	**11.7**
Distributable income		**11.3**	**8.7**
Amortisation of lease incentive asset & liability (Lease income)		(0.1)	(0.1)
Straight line rental adjustments (Lease income)		0.1	0.1
Net revaluation increment of investment properties	3	9.2	5.3
Change in fair value of derivative financial instruments		0.5	0.9
Gain/(Loss) on sale of investment properties		0.3	-
Net profit/(loss) attributable to Unitholders		**21.3**	**14.9**

Notes:

1. *Lease income is typically indexed annually to CPI, with average rental growth during the year of 2.3% per annum.*
2. *Finance costs have decreased by $2.2 million primarily due to lower interest rates during the year due to the debt refinancing on superior terms and a hedging restructure which occurred in February 2013.*
3. *Revaluation increments of $9.2 million were achieved during the period comprising a $1.1 million increment (3.1% increase) on the 36 external revaluations in Australia and a $2.0 million increment (15.5% increase) on the 15 external revaluations in New Zealand. In addition, Directors valuations were adopted for a further 129 properties resulting in an additional $7.2 million increment (4.7% increase). In relation to the four properties acquired this period, property acquisition costs (predominantly stamp duty) in excess of the fair value of the properties of $1.1 million were expensed.*

PROPERTY SUMMARY

AET's early learning centre portfolio as at 31 December 2013 is summarised as follows:

	No of Properties	Carrying Value	Current Rent (pa)[4]
Properties			
Australia	297	$371.0m	$35.8m
New Zealand	54	$50.9m	$4.3m[5]
Total Properties	**351**	**$421.9m**	**$40.1m**

PORTFOLIO PERFORMANCE

The key portfolio highlights for the period included:

- 51 properties independently re-valued, achieving an 7.6% average increase in value on previous external valuations and 6.3% on 30 June 2013 carrying value;
- Weighted average lease expiry ("WALE") increased to 8.3 years;
- Average market rental growth of 5.7% over preceding year's rent for market reviews undertaken;
- Average passing rental growth of 2.3% reflecting predominantly CPI based annual reviews; and
- Successfully re-leasing of 2 vacant properties resulting in portfolio achieving 100% occupancy.

The Trust commissioned a total of 51 independent property valuations out of a total portfolio of 351 assets during the period across Australia and New Zealand. The total increase in Australian property value was $2.1 million or 5.9% on previous external valuations and $1.1 million or 3.1% on the carrying value as at 30 June 2013 and the New Zealand increase in property value was $2.0 million (Australian dollars) or 15.5% on the carrying value as at 30 June 2013, inclusive of currency movements.

In addition to the external valuations, 99 Directors' valuations have been adopted for Australian properties, resulting in an increase of $3.9 million or 3.1%. These revaluations reflect increased rent and in relation to the NSW centres, yield compression due to the strengthening nature of that market. Directors' valuations have been adopted for 30 New Zealand properties resulting in an increase of $3.3 million (Australian dollars) or 12.3%. This is attributable to an increase in underlying values through rental increases, yield compression and an appreciation of the New Zealand dollar.

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4 *Includes head-lease rent on leasehold properties of $1.1m.*

5 *Based on NZD rent of $4.7 million at an exchange rate of 1.086 as at 31 December 2013.*

ACQUISITIONS

During the period, the Trust entered into the following transactions:

- Acquisition of 5 early learning centres in premium Sydney metropolitan locations, operated by Only About Children, of which 4 settled prior to 31 December 2013, with the final early learning centre settled in January 2014.
- Acquisition of the Folkestone Childcare Fund, an unlisted property fund comprising 22 early learning centres which settled in December 2013.
- Acquisition of a new early centre located in Canberra's growth corridor, Gungahlin which is due to settle in February 2014; and
- Acquisition of 3 development sites for new early learning centres to be constructed on a fund-through basis with lease agreements in place.

These acquisitions are consistent with the new growth phase for the Trust through the disciplined acquisition of centres that are both accretive to earnings and that add quality to the portfolio and the tenant base.

The acquisitions enhance the quality and earnings growth profile of AET's portfolio from FY15 and establish alliances with quality operators with proven track records, providing partnership opportunities for further growth.

These transactions demonstrate the ability of the Trust to complete acquisitions that combine quality underlying real estate and proven early learning operators, strengthening AET's position as the leading provider of early learning accommodation.

CAPITAL RAISING

The centre and development acquisitions have been partially funded by the $45.0 million equity raising which was successfully completed in December 2013. The equity raising comprised a $20.0 million institutional placement and a $25.0 million accelerated non-renounceable entitlement offer.

The equity raising resulted in 29,604,264 new units being issued at an issue price of $1.52.

DEBT FUNDING

Debt

The Trust's syndicated debt facility is equally split between National Australia Bank (NAB) and the Australia and New Zealand Banking Group Limited (ANZ) expiring in February 2016. The key commercial terms of the facility are as follows:

Debt Finance Summary

Facility Limit	$123 million
Drawn Facility	$123 million
Facility Maturity	February 2016
Loan to Value Ratio Covenant	50% of all Secured Property
Interest Cover Ratio Covenant	Not less than 2.0 x measured on a six month basis

Throughout the year, AET has been in compliance with all of its debt covenants, ratios and obligations.

It is expected that during the second half of the financial year, the Trust will increase the amount of the facility limit and debt to fund the acquisition of the 5 properties which have not been settled as at 31 December 2013. This will increase the Trust's gearing level which was 30.8% at 31 December 2013, but will remain well within the target gearing range of 30 – 40%.

In order to more efficiently manage its cash flow, the Trust also has a $10.0 million overdraft facility. This facility is on the same terms including margin, as the debt facility.

On acquisition of the Folkestone Childcare Fund ("FCF") in December 2013, The Trust retained FCF's debt facility with the ANZ. It is intended this facility will be rolled into the syndicated facility.

The key commercial terms of this facility are as follows:

Facility Limit	$9.2 million
Drawn Facility	$9.2 million
Facility Maturity	January 2015
Loan to Value Ratio Covenant	Less than 50%
Interest Cover Ratio Covenant	Greater than 2.0 x measured on a yearly basis

Hedging Arrangements

As at 31 December 2013, AET had $90.0 million hedged via interest rate swaps at a fixed rate of 4.3% pa (excluding margin and amortisation of costs) and, as part of the Folkestone Childcare Fund acquisition, a $4.6 million interest rate swap at a fixed rate of 2.7% pa (excluding margin and amortisation costs). Based on the current term debt of $132.2 million, AET has 71.6% of its interest rate exposure hedged against interest rate movements for the period ending 30 June 2014. The Trust has (staggered positions) hedging in place through to June 2018 with an average of 52.0% across this period.

Cost of Debt

As at 31 December 2013, the all in cost of debt is 6.1% pa, which is based on prevailing interest rates, existing swap arrangements, bank margins and amortisation of establishment fees.

DISTRIBUTIONS

The distribution forecast for the year ending 30 June 2014 is estimated to remain at **12.0** cpu. The forecast is based on continued tenant performance. To 31 December 2013, 6.0 cpu had been distributed. AET will continue to pay quarterly distributions, one month in arrears.

OUTLOOK

AET continues with its strategy to be recognised as the leading provider of early learning accommodation and in doing so, providing investors with predictable and secure long term cash-flows with the opportunity for capital growth.

AET will continue to build on its relationships with leading early learning operators in Australia and to strengthen the Trust’s profile as the “go to” landlord in the early learning sector. Sector performance is strengthening, indicated by increases in market rents well in excess of CPI. AET’s development site pipeline is expected to add further growth to earnings post FY14 as those sites are completed, in addition to enhancing AET’s overall portfolio quality and WALE.

The increase in NTA is reflective of the valuation lag associated with a 3 yearly valuation cycle, market rental growth and strong underlying demand for childcare centre investments. Accordingly, Directors valuations have been adopted on a conservative basis together with Independent valuations which provide an increase in AET’s NTA of 5.3% to $1.40 per unit.

AET’s stable financial position with nil vacancy, long term leases and secured debt financing, positions the Trust to maintain a sustainable income for investors.

Management is focused on pro-actively managing its portfolio to ensure it is positioned for future growth. Unitholders should note that any investment opportunity is assessed with respect to its consistency with the Trust’s characteristics and overall investment objectives.

Nick Anagnostou
Chief Executive Officer
Folkestone Investment Management Limited

Travis Butcher
Chief Financial Officer - Funds
Folkestone Investment Management Limited

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

(The documents attached to this release comprise the information required by ASX Listing Rule 4.3A and should be read in conjunction with the half year financial results to 31 December 2013.)

INVESTOR RELATIONS

Unitholders are invited to contact the Trust’s Investor Relations Manager, Lula Liossi for any further information. Boardroom is the Trust’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.

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

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, with approximately $700 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.

Appendix 4D

Half Year Report
For the Period Ended 31 December 2013

Name of entity:

Australian Education Trust

ABN:

58 102 955 939

1. Details of the reporting period

This report details the results of Australian Education Trust (the "Trust") for the half year ended 31 December 2013 (previous corresponding period: half year ended 31 December 2012).

2. Results for announcement to the market

			$A'000			$A'000
2.1	Revenue from ordinary activities	Up	4,491	16.8%	to	31,157
2.2	Profit (loss) from ordinary activities after tax attributable to members	Up	6,419	43.0%	to	21,350
2.3	Net profit (loss) for the period attributable to members	Up	6,419	43.0%	to	21,350
2.4	Interim Distributions – Quarter ending 31 December 2013 – 3.0 cents per unit					
2.5	Record date – 31 December 2013					
2.6	Brief explanation of the figures reported above: For further explanation of the results refer to the ASX Release and the Directors' Report of the half-year report.					

2.7	**Earnings Per Unit (EPU)**	**Dec 2013**	**Dec 2012**
	Basic earnings per unit	11.83	8.51
	Diluted earnings per unit	11.83	8.51

3. Net tangible assets per unit

	Dec 2013	Jun 2013
Net tangible asset backing per ordinary unit	$1.40	$1.33

4. Details of entities over which control has been gained or lost during the period

The Trust acquired 100% of the issued units in Folkestone Childcare Fund.

5. Details of distributions

Period	**Paid**	**Cents per unit**
Quarter ending 30 September 2013	21 October 2013	3.00
Quarter ending 31 December 2013	20 January 2014	3.00
Total		6.00

6. Distribution Reinvestment Plan

Not applicable.

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

None.

9. Disputes with auditors or qualifications

Nil

Victor David Cottren
Chairman
Folkestone Investment Management Limited
Melbourne, 18 February 2014

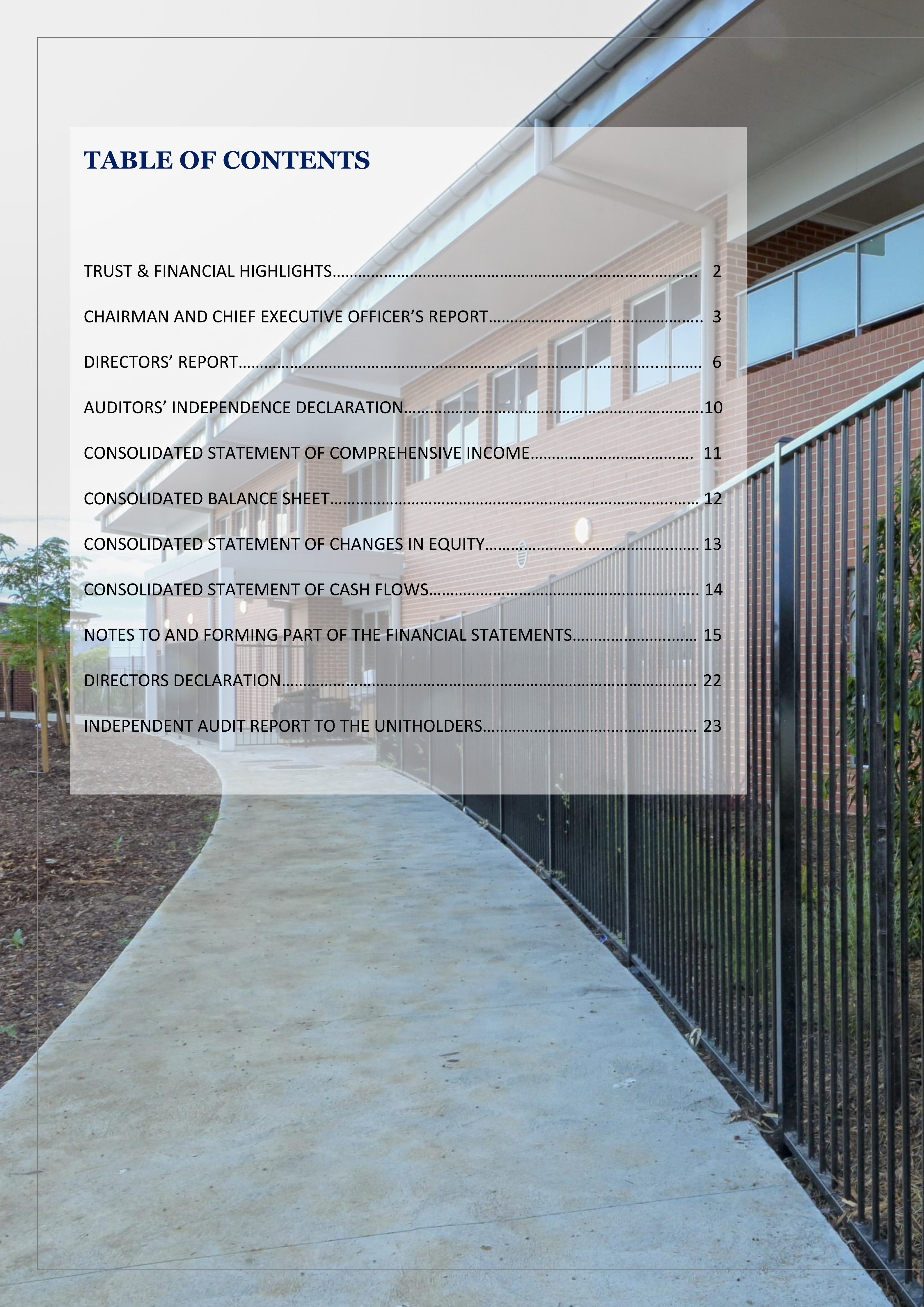
Folkestone
Funds Management

aet
Australian Education Trust
ARSN 102 955 939

Australian Education Trust

HALF YEAR FINANCIAL REPORT | 31 December 2013

Responsible Entity: Folkestone Investment Management Limited
ABN 46 111 338 937 AFSL 281544



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- Statutory profit of $21.3 million, up 42.9% from $14.9 million in the previous corresponding period ("pcp").
- Distributable income of $11.3 million, an increase of 29.9% on pcp.
- Half year distribution of 6.0 cents per unit ("cpu"), an increase of 20.0% on pcp.
- Equity raising undertaken raising $45.0 million.
- Acquisition of Folkestone Childcare Fund increasing portfolio by 22 properties.
- Acquired 6 established early learning properties, 4 of which settled prior to 31 December 2013.
- Development pipeline underway with 3 development sites acquired.
- NTA per unit of $1.40, an increase of 5.3%.
- 100%[1] occupancy across the portfolio.
- Forecast FY14 distribution of 12.0 cpu.

FINANCIAL HIGHLIGHTS

	Dec 2013	June 2013	June 2012
Total Assets	$429.4m	$368.5m	$357.5m
Investment Property	$421.9m	$366.8m	$347.4m
Gross Debt	$132.2m	$125.8m	$134.0m
Net Assets	$286.6m	$233.5m	$212.5m
Gearing	30.8%	34.1%	37.5%
Units on Issue	205.1m	175.5m	175.5m
NTA per unit	$1.40	$1.33	$1.21

[1] As at February 2014

Chairman and Chief Executive Officer's Report

The Directors of the Responsible Entity, Folkestone Investment Management Limited ("FIML") provide the results of the Australian Education Trust (AET or the Trust) for the half year ended 31 December 2013. AET is an ASX listed property trust investing in early learning property assets.

Key Operational Achievements

AET has had a successful half year delivering a statutory profit of $21.3 million, up 42.9% from the previous corresponding period ("pcp").

The Trust delivered an increase of 29.9% increase in distributable income, resulting in an increase in distributions from 5.0 to 6.0 cpu.

During the half year, the Trust benefited from the reduced cost of debt as a key driver of the improvement in distributable income.

AET's ASX performance improved significantly with a 14% total return in the six months to 31 December 2013, compared to a negative 1.5% total return for the S&P/ASX 200 A-REIT Index.

Portfolio Performance

The key portfolio highlights over the half year included:

- 51 properties independently re-valued, achieving an 7.6% average increase in value on previous external valuations and 6.3% on 30 June 2013 carrying value;
- Weighted average lease expiry ("WALE") increased from 8.2 years to 8.3 years;
- Average market rental growth of 5.7% over preceding year's rent for market reviews undertaken;
- Average passing rental growth of 2.3% reflecting predominantly CPI based annual reviews; and
- Successfully re-leasing of 2 vacant properties resulting in portfolio achieving 100% occupancy.

Property Summary

The Trust commissioned a total of 51 independent property valuations out of a total portfolio of 351 assets during the period across Australia and New Zealand. The total increase in Australian property value was $2.1 million or 5.9% on previous external valuations and $1.1 million or 3.1% on the carrying value as at 30 June 2013 and the New Zealand increase in property value was $2.0 million (Australian dollars) or 15.5%, inclusive of currency movements since 30 June 2013.

In addition to the external valuations, 99 Directors' valuations have been adopted for Australian properties, resulting in an increase of $3.9 million or 3.1%. These revaluations reflect increased rent and in relation to the NSW properties, yield compression due to the strengthening nature of that market. Directors' valuations have been adopted for 30 New Zealand properties resulting in an increase of $3.3 million (Australian dollars) or 12.3%. This is attributable to an increase in underlying values through rental increases, yield compression and an appreciation of the New Zealand dollar.

Acquisitions

During the half year, the Trust entered into the following transactions:

- Acquisition of 5 early learning centres in premium Sydney metropolitan locations, operated by Only About Children, of which 4 settled prior to 31 December 2013, with the final property settled in January 2014.
- Acquisition of the Folkestone Childcare Fund, an unlisted property fund comprising 22 early learning centres which settled in December 2013.
- Acquisition of a new early centre located in Canberra's growth corridor, Gungahlin which is expected to settle in February 2014; and
- Acquisition of 3 development sites for new early centres to be constructed on a fund-through basis with lease agreements in place.

These acquisitions are consistent with the new growth phase for the Trust through the disciplined acquisition of centres that are both accretive to earnings and that add quality to the portfolio and the tenant base.

The acquisitions enhance the quality and earnings growth profile of AET's portfolio from FY15 and establish alliances with high quality operators with proven track records, providing partnership opportunities for further growth.

These transactions demonstrate the ability of the Trust to complete acquisitions that combine quality underlying real estate and proven early learning operators, strengthening AET's position as the leading provider of early learning accommodation.

Capital Raising

The centre and development acquisitions have been partially funded by the $45.0 million equity raising which was successfully completed in December 2013. The equity raising comprised a $20.0 million institutional placement and a $25.0 million accelerated non-renounceable entitlement offer.

The equity raising resulted in 29,604,264 new units being issued at an issue price of $1.52.

Distributions

AET delivered a half year distribution of **6.0 cpu** compared to 5.0 cpu in the prior half year.

The distribution forecast for the year ending 30 June 2014 is estimated to remain at 12.0 cpu. The forecast is based on continued tenant performance. AET will continue to pay quarterly distributions, one month in arrears.

Outlook

AET continues with its strategy to be recognised as the leading provider of early learning accommodation and in doing so, providing investors with predictable and secure long term cash-flows with the opportunity for capital growth.

AET will continue to build on its relationships with leading early learning operators in Australia and to strengthen the Trust's profile as the "go to" landlord in the early learning sector. Sector performance is strengthening, indicated by increases in market rents well in excess of CPI. AET's development site pipeline is expected to add further growth to earnings post FY14 as those sites are completed, in addition to enhancing AET's overall portfolio quality and WALE.

The increase in NTA is reflective of the valuation lag associated with a 3 yearly valuation cycle, market rental growth and strong underlying demand for childcare centre investments. Accordingly, Directors valuations have been adopted on a conservative basis together with Independent valuations which provide an increase in AET's NTA of 5.3% to $1.40 per unit.

AET's stable financial position with nil vacancy, long term leases and secured debt financing, positions the Trust to maintain a sustainable income for investors.

Management is focused on pro-actively managing its portfolio to ensure it is positioned for future growth. Unitholders should note that any investment opportunity is assessed with respect to its consistency with the Trust's characteristics and overall investment objectives.

Vic Cottren
Chairman

Nick Anagnostou
Chief Executive Officer

Australian Education Trust | FINANCIAL STATEMENTS | 31 December 2013

DIRECTORS' REPORT

For the half year ended 31 December 2013

The Directors of Folkestone Investment Management Limited ("the Responsible Entity"), the Responsible Entity of the Australian Education Trust and its controlled entity ("the Trust"), present their report together with the financial report of the Trust for the half year ended 31 December 2013.

THE RESPONSIBLE ENTITY

The registered office and principal place of business of the Responsible Entity and the Trust is Level 12, 15 William Street, Melbourne Victoria 3000.

Structure of Trust/Responsible Entity

Directors of the Responsible Entity

The Directors of the Responsible Entity during the half year and to the date of this report comprise:

Name	Period of Directorship
Mr Victor (Vic) David Cottren	Appointed 22nd December 2004
Mr Michael Francis Johnstone	Appointed 22nd December 2004
Mr Nicholas (Nick) James Anagnostou	Appointed 4th August 2008
Mr Grant Bartley Hodgetts	Appointed 24th October 2012

PRINCIPAL ACTIVITIES

The Trust is a specialist early education property owner which as at 31 December 2013 owns a total of 351 early learning properties in locations around Australia and New Zealand.

During the period the Trust acquired 6 early learning centres (4 which settled prior to 31 December 2013), 3 development sites and the Folkestone Childcare Fund, which owns 22 early learning centre properties. The Trust disposed of one property, in New Zealand, during the period. As of the date of this report the Trust's 2 previously vacant properties have been re-leased and the Trust has a fully leased portfolio.

DIRECTORS' REPORT

Continued For the half year ended 31 December 2013

REVIEW AND RESULTS OF OPERATIONS

A summary of the key results during the half year are as follows:

- Distributable income* of $11.3 million, an increase of 29.9% on the previous corresponding period ("pcp"), primarily due to lower finance costs.
- Statutory profit of $21.3 million compared to a profit of $14.9 million in the pcp.
- 7.6% overall increase achieved on properties externally revalued during the half year.
- Net tangible asset (NTA) per unit increased from $1.33 at 30 June 2013 to $1.40 at 31 December 2013.
- Weighted Average Lease Expiry at 31 December 2013 of 8.3 years.
- Portfolio is 100% leased as at February 2014.
- Equity raising undertaken during the period providing net proceeds of $43.1 million which were used to fund the acquisition of the Folkestone Childcare Fund and 4 early learning centre properties.

Half Year Ending 31 December ($m's)	2013	2012
Revenue		
Lease income	18.0	17.3
Property outgoings recoverable	3.0	2.9
Other income	0.1	0.2
	21.1	**20.4**
Expenses		
Finance costs	4.0	6.2
Property expenses	4.2	4.0
Responsible entity's remuneration	1.1	1.1
Other expenses	0.5	0.4
	9.8	**11.7**
Distributable Income *	**11.3**	**8.7**
Amortisation of lease incentive asset & liability (lease income)	(0.1)	(0.1)
Straight line rental adjustments (lease income)	0.1	0.1
Net revaluation increment of investment properties	9.2	5.3
Change in fair value of derivative financial instruments	0.5	0.9
Gain/(Loss) on sale of investment properties	0.3	-
Net profit/(loss) attributable to Unitholders for the half year	**21.3**	**14.9**

** Distributable income is not a statutory measure of profit*

DIRECTORS' REPORT

Continued For the half year ended 31 December 2013

DISTRIBUTIONS

Distributions paid for the half year ended 31 December 2013 totalled 6.00 cents per unit (2012: 5.00 cents per unit).

Distributions declared by the Trust since 30 June 2013 were:

Period	Paid/ Payable	Cents per Unit	Amount $'000
Quarter ending 30 September 2013	21 October 2013	3.00	5,264
Quarter ending 31 December 2013	20 January 2014	3.00	6,152
Total		**6.00**	**11,416**

STATE OF AFFAIRS

Capital Management and Financial Position

As at 31 December 2013 the total assets of the Trust were $429.4 million, gross borrowings were $132.2 million and net assets were $286.6 million. The net tangible asset per unit is $1.40 (30 June 2013: $1.33). The Trust has gearing (Borrowings and Cash Overdraft / Total Assets) of 30.8%.

The Trust has 205,069,661 units on issue as at 31 December 2013. During the period, the Trust conducted an equity raising with 29,604,264 units issued at an issue price of $1.52.

The Trust has a syndicated debt facility with National Australia Bank (NAB) and Australia and New Zealand Bank (ANZ) expiring in February 2016.

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

Facility Limit	$123 million as at 31 December 2013
Drawn Amount	$123 million as at 31 December 2013
Facility Maturity	February 2016
Maximum Loan to Value Ratio	50% of all Secured Property
Interest Cover Ratio	Not to be less than 2.0 x measured on a six monthly basis

As at 31 December 2013, the Trust complied with all its debt covenant ratios and obligations.

It is expected that during the second half of the financial year, the Trust will increase the amount of the facility limit and debt to fund the 5 properties which have not settled as at 31 December 2013.

The Trust also has an overdraft facility with ANZ in order to more efficiently manage its working capital position.

Key commercial terms of the facility are as follows:

Facility Limit	$10 million
Drawn Amount	No amount drawn as at 31 December 2013
Maturity	February 2016
Purpose	Working capital requirements
Covenants	Same as debt facility

On acquisition of the Folkestone Childcare Fund (FCF) in December 2013, the Trust retained the Debt Facility with the ANZ. It is intended that this facility will be rolled into the syndicated facility.

The key commercial terms of this facility are as follows:

Facility Limit	$9.2 million as at 31 December 2013
Drawn Amount	$9.2 million as at 31 December 2013
Facility Maturity	January 2015
Loan to Value Ratio	Less than 50%
Interest Cover Ratio	Greater than 2.0 x measured on a yearly basis

DIRECTORS' REPORT

Continued For the half year ended 31 December 2013

Hedging Arrangements

As at 31 December 2013, The Trust has $90 million hedged via interest rate swaps at a fixed rate of 4.3% pa (excluding margin and amortisation of costs) and, as part of the FCF acquisition, a $4.6 million interest rate swap at a fixed rate of 2.7% pa (excluding margin and amortisation of costs). Based on the current term debt of $132.2 million the Trust has 71.6% of its interest rate exposure against interest rate movements for the year ending 30 June 2014. The Trust has (staggered positions) hedging in place through to June 2018 with an average of 52% across this period.

MATTERS SUBSEQUENT TO THE END OF THE PERIOD

Subsequent to period end, the Trust settled on an acquisition of one early learning centre property. Nine properties in total were acquired prior to 31 December 2013, 4 settled within the reporting period, with the other 5 to settle post period end.

There are no other events that have occurred which the Directors believe significantly affect the operations of the Trust, the results of those operations, or the state of affairs of the Trust.

ROUNDING OF AMOUNTS

The Trust is an entity of a kind referred to in Class order 98/100 (as amended) issued by the Australian Securities and Investments Commission relating to the 'rounding off' of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

AUDITOR'S INDEPENDENT DECLARATION

A copy of the auditor's independent declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10.

Signed in accordance with a resolution of the Board of Directors of the Responsible Entity.

Victor David Cottren
Chairman
Folkestone Investment Management Limited
Melbourne, 18 February 2014

AUDITORS' INDEPENDENCE DECLARATION

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Auditor's Independence Declaration

As lead auditor for the review of the Australian Education Trust for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of the Australian Education Trust and the entities it controlled during the period.

Charles Christie
PricewaterhouseCoopers

18 February 2014

Liability limited by a scheme approved under Professional Standards Legislation.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half year ended 31 December 2013

Consolidated Group	Half Year	
	31 December 2013 $'000	31 December 2012 $'000
Revenue		
Lease income	18,050	17,435
Property outgoings recoveries	3,045	2,879
Interest income	21	126
Gain on sale of investment properties	283	-
Net property revaluation increment	9,169	5,288
Change in fair value of derivative financial instruments	525	879
Realised foreign exchange gains	29	13
Other income	35	46
Total revenue	**31,157**	**26,666**
Expenses		
Finance costs	3,993	6,215
Property outgoings	3,477	3,352
Responsible Entity's remuneration	1,141	1,052
Rent on leasehold properties	687	670
Other expenses	509	446
Total expenses	**9,807**	**11,735**
Net profit/ (loss) attributable to Unitholders for the half year	**21,350**	**14,931**
Other comprehensive income	-	-
Total comprehensive income/ (loss) for the half year	**21,350**	**14,931**
Earnings per unit		
Basic earnings per unit	**11.83**	8.51
Diluted earnings per unit	**11.83**	8.51

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

Consolidated Group	Notes	31 Dec 2013 $'000	30 Jun 2013 $'000
ASSETS			
Current assets			
Cash and cash equivalents		4,815	187
Trade and other receivables		136	152
Other current assets	2	2,483	1,338
Investment properties expected to be sold within 12 months	3	-	882
Total current assets		**7,434**	**2,559**
Non-current assets			
Investment properties	3	418,593	362,653
Investment properties straight line rental asset	3	3,336	3,280
Total non-current assets		**421,929**	**365,933**
Total assets		**429,363**	**368,492**
LIABILITIES			
Current liabilities			
Trade and other payables		2,954	2,286
Distribution payable		6,177	5,107
Derivative financial instruments	4(a)	1,486	1,422
Other current liabilities		82	73
Total current liabilities		**10,699**	**8,888**
Non-current liabilities			
Borrowings	5	131,175	124,602
Derivative financial instruments	4(b)	907	1,492
Total non-current liabilities		**132,082**	**126,094**
Total liabilities		**142,781**	**134,982**
Net assets		**286,582**	**233,510**
EQUITY			
Contributed Equity		238,151	195,013
Undistributed profit		48,431	38,497
Total equity		**286,582**	**233,510**

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

As at 31 December 2013

Consolidated Group	Contributed Equity $'000	Undistributed Profit $'000	Total $'000
Consolidated Group			
Balance at 1 July 2012	195,013	17,540	212,553
Profit attributable to unitholders	-	14,931	14,931
Distribution paid or provided for	-	(8,773)	(8,773)
Balance at 31 December 2012	**195,013**	**23,698**	**218,711**
Balance at 1 July 2013	195,013	38,497	233,510
Profit attributable to unitholders	-	21,350	21,350
Units issued	44,998	-	44,998
Unit issue transaction costs	(1,860)	-	(1,860)
Distribution paid or provided for	-	(11,416)	(11,416)
Balance at 31 December 2013	**238,151**	**48,431**	**286,582**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

As at 31 December 2013

Consolidated Group	Note	31 Dec 2013 $'000	31 Dec 2012 $'000
Cash flows from operating activities			
Lease income received (inclusive of GST)		23,240	22,225
Cash payments in the course of operations (inclusive of GST)		(8,599)	(8,787)
Interest received		21	126
Finance costs paid		(3,771)	(5,887)
Net cash inflow from operating activities		**10,891**	**7,677**
Cash flows from investing activities			
Proceeds from sale of investment properties		683	-
Payments for acquisition of investment properties		(20,640)	-
Payments for acquisition of subsidiary trust, net of cash acquired	8	(16,279)	-
Net cash outflow from investing activities		**(36,236)**	**-**
Cash flows from financing activities			
Proceeds from borrowings		28,000	-
Repayment of borrowings		(30,802)	-
Proceeds from issue of units		44,998	-
Payment of issue of units costs		(1,860)	-
Distributions paid		(10,363)	(9,026)
Net cash inflow/(outflow) from financing activities		**29,973**	**(9,026)**
Net increase/(decrease) in cash held		**4,628**	**(1,349)**
Cash at the beginning of the half year		**187**	**8,850**
Cash at the end of the half year		**4,815**	**7,501**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

For the half year ended 31 December 2013

1. BASIS OF PREPARATION OF HALF YEAR REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2013 has been prepared in accordance with the Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by the Trust during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Impact of standards issued but not yet applied by the Trust

AASB9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The Trust does not expect that any adjustments will be necessary as a result of applying the revised rules.

Going Concern

The Directors have prepared the financial statements on a going concern basis, which contemplates the continuity of business activities, through the realisation of assets and settlement of liabilities in the normal course of business.

The going concern basis is appropriate for the Trust based on the debt facility having a maturity date of February 2016, and with the Trust in full compliance with its undertakings under these facilities.

2. OTHER CURRENT ASSETS

Consolidated Group	30 Dec 2013 $'000	30 June 2013 $'000
Lease incentive asset	678	696
Other Debtors	278	-
Prepayments	1,527	642
	2,483	**1,338**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Continued For the half year ended 31 December 2013

3. INVESTMENT PROPERTIES

Consolidated Group	31 Dec 2013 $'000	30 Jun 2013 $'000
Freehold properties – at valuation	395,739	346,819
Leasehold properties – at valuation	25,570	19,996
Capitalised transaction costs in relation to properties contracted and not settled	620	-
Total investment properties	421,929	366,815
Less: Investment properties expected to be sold within 12 months	-	(882)
Less: Straight line rental asset	(3,336)	(3,280)
Carrying amount at the end of the half year	**418,593**	**362,653**
Movement in investment properties:		
Balance at the beginning of the period	362,653	343,448
Acquisition of properties	46,289	-
Disposal of properties	(400)	(270)
Investment properties expected to be sold in 12 months	882	(112)
Net revaluation increment	9,169	19,587
Carrying amount at the end of the half year	**418,593**	**362,653**

Investment properties are carried at fair value. The determination of fair value is based on independent valuations where appropriate. This includes the original acquisition costs together with capital expenditure since acquisition and either the latest full independent valuation or latest independent update. Total acquisition costs include incidental costs of acquisition such as stamp duty and legal fees.

A full independent valuation of a property is carried out at least once every three years. Independent valuations are prepared using both the capitalisation of net income method and the discounting of future net cash flows to their present value.

Independent valuations as at 31 December 2013 were conducted by numerous valuers. The valuation methodologies used were capitalisation and direct comparison approaches and were consistent with the requirements of relevant Accounting Standards and property valuation guidelines.

During the half year ending 31 December 2013, 51 external property valuations were conducted, 36 in Australia and 15 in New Zealand.

Valuations on the 36 Australian properties increased by $2.1 million or 5.9% on the previous external valuations and $1.1 million or 3.1% on the carrying value as at 30 June 2013, which included Directors valuations. The 31 Australian freehold operating properties increased by $2.5 million or 7.4% (increase of $1.5 million or 4.4% on the carrying value as at 30 June 2013, which included Directors valuations) and the 5 leasehold operating properties decreased by $0.4 million or 18%.

In addition to the external valuations, 99 Directors valuations have been adopted resulting in an increment of $3.9 million, where there is evidence of an increase in value due to rental increases and in some locations yield compression since the last external valuation.

Valuations of the 15 New Zealand properties increased by $2.0 million or 15.5% on carrying value as at 30 June 2013, which included Directors valuations. This reflects both the increase in valuations of $0.8 million and an increase of $1.2 million due to a lower exchange rate than as at 30 June 2013. In New Zealand Dollars, the valuations of the New Zealand

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Continued For the half year ended 31 December 2013

3. INVESTMENT PROPERTIES (continued)

properties increased by NZD$1.0 million or 6.3% on the carrying value as at 30 June 2013, which included Directors valuations.

In addition to the New Zealand external valuations, 30 Directors valuations have been adopted resulting in an increment of $3.3 million, where there is evidence of an increase in value due to rental increase, yield compression and exchange rate movements since the last external valuation. This reflects both the increase in valuations of $0.9 million and an increase of $2.4 million due to a lower exchange rate than as at 30 June 2013. In New Zealand Dollars, the valuations of the New Zealand properties increased by NZD$1.1 million or 3.4% on the carrying value as at 30 June 2013, which included Directors valuations.

In relation to 4 properties acquired this period, property acquisition costs in excess of the fair value of the properties of $1.1 million were expensed.

4. DERIVATIVE FINANCIAL INSTRUMENTS

Consolidated Group	31 Dec 2013 $'000	30 Jun 2013 $'000
(a) Current		
Derivative financial instruments - interest rate swaps contracts	1,486	1,422
	1,486	**1,422**
(b) Non-current		
Derivative financial instruments - interest rate swaps contracts	907	1,492
	907	**1,492**

5. BORROWINGS

Consolidated Group	31 Dec 2013 $'000	30 Jun 2013 $'000
Bank loans – secured	132,200	123,000
Less: up front transaction costs	(1,382)	(1,382)
Plus: amortised up front transaction costs	357	154
	131,175	**121,772**
Bank Overdraft	-	2,830
	131,175	**124,602**

The Trust has a syndicated debt facility with National Australia Bank (NAB) and Australia and New Zealand Bank (ANZ) expiring in February 2016.

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

Facility Limit	$123 million as at 31 December 2013
Drawn Amount	$123 million as at 31 December 2013
Facility Maturity	February 2016
Maximum Loan to Value Ratio	50% of all Secured Property
Interest Cover Ratio	Not to be less than 2.0 x measured on a six monthly basis

As at 31 December 2013, the Trust complied with all its debt covenant ratios and obligations.

It is expected that during the second half of the financial year, the Trust will increase the amount of the facility limited and debt to fund the 5 properties which have not settled as at 31 December 2013.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Continued For the half year ended 31 December 2013

5. BORROWINGS (continued)

The Trust also has an overdraft facility with ANZ in order to more efficiently manage its working capital position.

Key commercial terms of the facility are as follows:

Facility Limit	$10 million
Drawn Amount	No amount drawn as at 31 December 2013
Maturity	February 2016
Purpose	Working capital requirements
Covenants	Same as debt facility

On acquisition of the Folkestone Childcare Fund (FCF) in December 2013, the Trust retained the Debt Facility with the ANZ. It is intended that this facility will be rolled into the syndicated facility.

The key commercial terms of this facility are as follows:

Facility Limit	$9.2 million as at 31 December 2013
Drawn Amount	$9.2 million as at 31 December 2013
Facility Maturity	January 2015
Loan to Value Ratio	Less than 50%
Interest Cover Ratio	Greater than 2.0 x measured on a yearly basis

Hedging Arrangements

As at 31 December 2013, The Trust has $90 million hedged via interest rate swaps at a fixed rate of 4.3% pa (excluding margin and amortisation of costs) and, as part of the FCF acquisition, a $4.6 million interest rate swap at a fixed rate of 2.7% pa (excluding margin and amortisation of costs). Based on the current term debt of $132.2 million the Trust has 71.6% of its interest rate exposure against interest rate movements for the year ending 30 June 2014. The Trust has (staggered positions) hedging in place through to June 2018 with an average of 52% across this period.

6. CONTRIBUTED EQUITY

Consolidated Group	Units on issue No ’000	Units on issue $ ’000
Balance at 1 July 2012	175,466	195,013
Units Issued	-	-
Balance at 31 December 2012	**175,466**	**195,013**
Balance at 1 July 2013	175,466	195,013
Units Issued	29,604	44,998
Transaction costs	-	(1,860)
Balance at 31 December 2013	**205,070**	**238,151**

7. SEGMENT INFORMATION

The Trust operates as one business segment being the investment in early learning properties and in one geographic segment being Asia Pacific. The Trust’s segments are based on reports used by both management and directors in making key decisions. Within the Asia Pacific geographic region, the Trust owns property both in Australia and New Zealand. Total revenue comprises revenue from Australia of $23.2 million (31 December 2012: $24.0 million) and revenue from New Zealand of $8.0 million (31 December 2012: $2.7 million). Investment properties held by the Trust comprise Australian properties of $371.0 million (30 June 2013: $320.7 million) and New Zealand properties of $50.9 million (30 June 2013: $46.1 million).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Continued For the half year ended 31 December 2013

8. BUSINESS COMBINATIONS

On 16 December 2013, The Trust acquired 100% of the issued units in Folkestone Childcare Fund (FCF) for $1.24 per unit, reflecting total equity consideration (including costs) of $16.9 million. FCF is an unlisted property fund comprising 22 early learning centre properties in Australia, primarily in Queensland. The acquisition enhances the Trust's existing portfolio by increasing the value of the property portfolio and the earnings growth profile.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	$'000
Purchase consideration	
Cash Paid	16,864

The assets and liabilities recognised as a result of the acquisition are as follows:

	Fair value $'000
Cash and cash equivalents	585
Other current assets	186
Investment properties	25,988
Trade and other payables	(702)
Distribution payable	(17)
Derivative financial instruments	(4)
Borrowings	(9,172)
	16,864

Revenue and profit contribution

The acquired business contributed revenues of $123,000 and net profit of $77,000 to the Trust for the period 16 December 2013 to 31 December 2013. If the acquisition had occurred on 1 July 2013, consolidated revenue and consolidated profit for the half year ended 31 December 2013 would have been $32.6 million and $22.1 million respectively.

Acquisition-related costs

Acquisition-related costs of $28,734 are included in other expenses in profit and loss.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Continued For the half year ended 31 December 2013

9. LEASE REVENUE COMMITMENTS

Capital Expenditure Commitments – Centre Acquisitions and Development

Estimated capital expenditure commitments contracted at balance date but not provided for:

Consolidated Group	31 Dec 2013 $'000	31 Dec 2012 $'000
not later than 1 year	13,911	-

Lease revenue commitments

Details of non-cancellable operating leases contracted but not capitalised in the financial statements are shown below:

The property leases are typically non-cancellable with a fifteen year term and rent is reviewed annually in accordance with CPI movements. Further, two five year options exist to renew the leases for further terms.

Consolidated Group	31 Dec 2013 $'000	31 Dec 2012 $'000
Receivable:		
not later than 1 year	41,529	35,137
later than 1 year but no later than 5 years	177,422	148,606
later than 5 years	161,453	152,174
	380,404	**335,917**

Leasehold property commitments

Details of non-cancellable property leases contracted for, but not capitalised in the financial statements are shown below:

The property leases are typically non-cancellable leases with a twenty year term, with rent payable quarterly or monthly in advance. Contingent rental provisions within the lease agreements require the minimum lease payments shall be increased by the minimum of CPI to a maximum of 5% pa. A right or option exists to renew the leases for a further term. The lease allows for subletting of all lease areas.

Consolidated Group	31 Dec 2013 $'000	31 Dec 2012 $'000
Payable:		
Not later than 1 year	1,110	1,082
Later than 1 year but no later than 5 years	5,025	4,896
Later than 5 years	11,556	13,556
	17,691	**19,534**

10. CONTINGENT LIABILITIES

No material contingent liabilities to the Trust exist of which the Responsible Entity is aware.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Continued For the half year ended 31 December 2013

11. EVENTS OCCURRING AFTER THE REPORTING PERIOD

The financial report was authorised on 18 February 2014 by the Board of Directors of the Responsible Entity.

Subsequent to period end, the Trust settled on an acquisition of one early learning centre property. Nine properties in total were acquired prior to 31 December 2013, 4 settled within the reporting period, with the other 5 to settle post period end.

There have been no other significant events since 31 December 2013 that have or may significantly affect the results and operations of the Trust.

DIRECTORS' DECLARATION

In the opinion of the Directors of Folkestone Investment Management Limited, the Responsible Entity of Australian Education Trust and its controlled entities ("the Trust"):

1. the financial statements and notes, set out on pages 11 to 21 are in accordance with the *Corporations Act 2001*, including:

   i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   ii) giving a true and fair view of the Trust's financial position as at 31 December 2013 and of its performance for the year ended on that date; and

2. there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and

3. the Trust has operated during the half year ended 31 December 2013 in accordance with the provisions of the Trust Constitution dated 8 July 2002 (as amended).

This declaration is made in accordance with a resolution of the Directors of Folkestone Investment Management Limited.

Dated at Melbourne this 18 February 2014

Victor David Cottren
Chairman
Folkestone Investment Management Limited

INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS

Independent auditor's review report to the unitholders of the Australian Education Trust

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of the Australian Education Trust (the Trust), which comprises the balance sheet as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Australian Education Trust (the consolidated entity). The consolidated entity comprises the Trust and the entities it controlled at the period's end of from time to time during that financial half-year.

Directors' responsibility for the half-year financial report

The directors of Folkestone Investment Management Limited (the Responsible Entity of the Trust) are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Australian Education Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

INDEPENDENT AUDIT REPORT TO THE UNITHOLDERS

Continued For the year ended 31 December 2013

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Australian Education Trust is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

Charles Christie
Partner

18 February 2014

DIRECTORY

Responsible Entity and principal place of business of the Trust	**Folkestone Investment Management Limited** Level 12 15 William Street Melbourne VIC 3000
Directors of the Responsible Entity	Victor David Cottren (Chairman) Michael Francis Johnstone Nicholas James Anagnostou Grant Bartley Hodgetts
Solicitors	**Clayton Utz** Level 15 1 Bligh Street Sydney NSW 2000
Share Registry	**Boardroom Pty Limited** Level 7, 207 Kent Street Sydney NSW 2000
Auditors/Taxation Advisors	**PricewaterhouseCoopers** Freshwater Place 2 Southbank Boulevard Southbank VIC 3006
Bank	**National Australia Bank Limited** 500 Bourke Street Melbourne VIC 3000 **Australia & New Zealand Banking Group Limited** Level 29 100 Queen Street Melbourne VIC 3000
Custodian	**The Trust Company (Australia) Limited** Level 15, 20 Bond Street Sydney NSW 2000
Secretary of the Trust	**Scott Nicholas Martin** Level 12 15 William Street Melbourne VIC 3000