Australian Education Trust

2008 Half Year Results & Outlook

1 February 2008

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Typical Childcare Centres

Agenda

Fund Overview & Strategy

Financial Results

Business Overview

Investment Considerations

Fund Overview & Strategy

AET is a listed property trust that invests in child care and other properties with an educational use within Australia and New Zealand.

ABC Childcare Centres

Schools & Non-ABC Childcare Centres

- AET will predominantly invest in childcare and other properties with an educational use
- 421 properties geographically spread around Australia and New Zealand leased to ABC an ASX top 100 company
- Triple net leases, limited capex exposure and a WALE of 13 years
- Securely restructured 7 and 10 year debt. Evergreen two year facility for acquisitions
- ASX-listed with A$420 million in funds under management.*

* As at 31 December 2007

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Key Highlights in HY2008

Key achievements in the half year to 31 December 2007 include:

Increased Earnings
- Earnings increased by $6.9m (or 38%) while distributable earnings increased by $1.9m (23%) over PCP

Distributions
- Distributions for the half year were 7.4c per unit

Growth in Portfolio
- Growth in the portfolio over the period increased by 33 to 421 centres from 388 centres at 30 June or an increase of 172 for the calendar year

Portfolio Metrics Remain Sound
- No vacancy, a WALE of ~13 yrs, annual rental growth, limited capex exposure and increasing market rental levels

Secure Long Term Debt Arrangements
- Debt funding restructured in July 2007 to include seven and ten year facilities, approved funding for the acquisitions & long term interest rate hedging arrangements

Capital Management
- Raised $20m in capital and have approved new debt facilities up to $50m.

Earnings Summary

AEU's HY2008 Net Profit increased $6.95 over PCP. Distributable income and distributions per unit also increased by ~24% over PCP.

$'000	6 Mths to 31-Dec-07	Year to 30-Jun-07	6 Mths to 30-Jun-07	6 Mths to 31-Dec-06
Revenue	24,953	32,538	18,032	14,506
Unrealised Revaluation of Property	-	7,392	7,392	-
Expenses	10,384	16,390	9,505	6,885
Net Profit attributable to Unitholders	**14,569**	**23,540**	**15,919**	**7,621**
Distributable Income	**9,997**	**16,828**	**9,034**	**7,794**
Distributions	**9,988**	**17,063**	**8,994**	**8,069**
Weighted Average Units on issue ('000)	132,096	115,674	123,209	108,263
Units on Issue	134,974	123,209	123,209	123,209
Basic EPU on weighted units	11.03 c	20.35 c	12.92 c	7.04 c
Distributable EPU on weighted units	7.57 c	14.55 c	7.33 c	7.20 c
Distribution per unit	**7.40 c**	**14.60 c**	**7.30 c**	**7.30 c**
No of Childcare Centres	421	388	388	303

Note: further details of financials included in Appendix 1 and 2

Distribution Growth

Distributable Income has increased by 24% over PCP.

$'000 Prepared under A-IFRS	6 Mths to 31-Dec-07	Year to 30-Jun-07	6 Mths to 31-Dec-06	Year to 30-Jun-06
Net Profit Attributable to Unitholders	**14,569**	**23,540**	**7,621**	**16,446**
Adjusted for:				
Straight Line Lease Income	-	(1,347)	(449)	(850)
Reduction in Carrying Value of Properties	-	1,347	449	850
Unrealised Foreign Exchange Losses	-	292	-	-
Net Property Valuation Increment	-	(7,392)	-	(5,224)
Unrealised foreign exchange gains	(1,784)	-	-	-
Change in fair value of derivative financial instruments	(2,788)	-	-	-
Property Valuation Costs	-	388	173	-
Net Profit Distributable to Unitholders	**9,997**	**16,828**	**7,794**	**11,222**
Total Distributions	**9,988**	**17,063**	**8,069**	**10,976**
Distributions per Unit *	7.4 c	14.6 c	7.3 c	13.7 c

Investment Properties

The growth in centre numbers is reflected in the substantial increase in the carrying value of investment properties.

$'000 Prepared under A-IFRS	As at 31-Dec-07	As at 30-Jun-07	As at 30-Jun-06	As at 30-Jun-05
Investment Properties				
Opening Balance	368,132	224,346	102,114	121,818
Acquisition of Properties	38,491	149,167	118,234	13,827
Disposal of Properties (Carrying Value)	(2,449)	(13,981)	(376)	(33,173)
Net Revaluation Increment	-	7,392	5,224	-
Reduction in carrying value per A-IFRS	-	(1,347)	(850)	(358)
Write back of accrued rent per A-IFRS	-	2,555	-	-
Closing Balance	404,174	368,132	224,346	102,114
Carrying Value				
Investment Properties to be sold in 12 months	2,662	3,882	12,360	4,462
Investment properties - Non-Current	401,512	364,250	211,986	97,652
Total Investment Properties	404,174	368,132	224,346	102,114

The growth in centre numbers is reflected in the increase in NTA. *No revaluations were undertaken during the period.

$'000	31-Dec-07	30-Jun-07	30-Jun-06	30-Jun-05	31-Dec-04
Net Assets Attributable to Unitholders	**182,843**	**158,885**	**113,980**	**69,808**	**69,590**
Units on Issue at 30 June	134,973	123,209	98,209	74,260	74,260
NTA per Unit	$1.32	$1.29	$1.16	$0.94	$0.94

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Centre Number Growth

AET continues to grow center numbers and now holds 421 centers across the portfolio as at 31 December 2007.

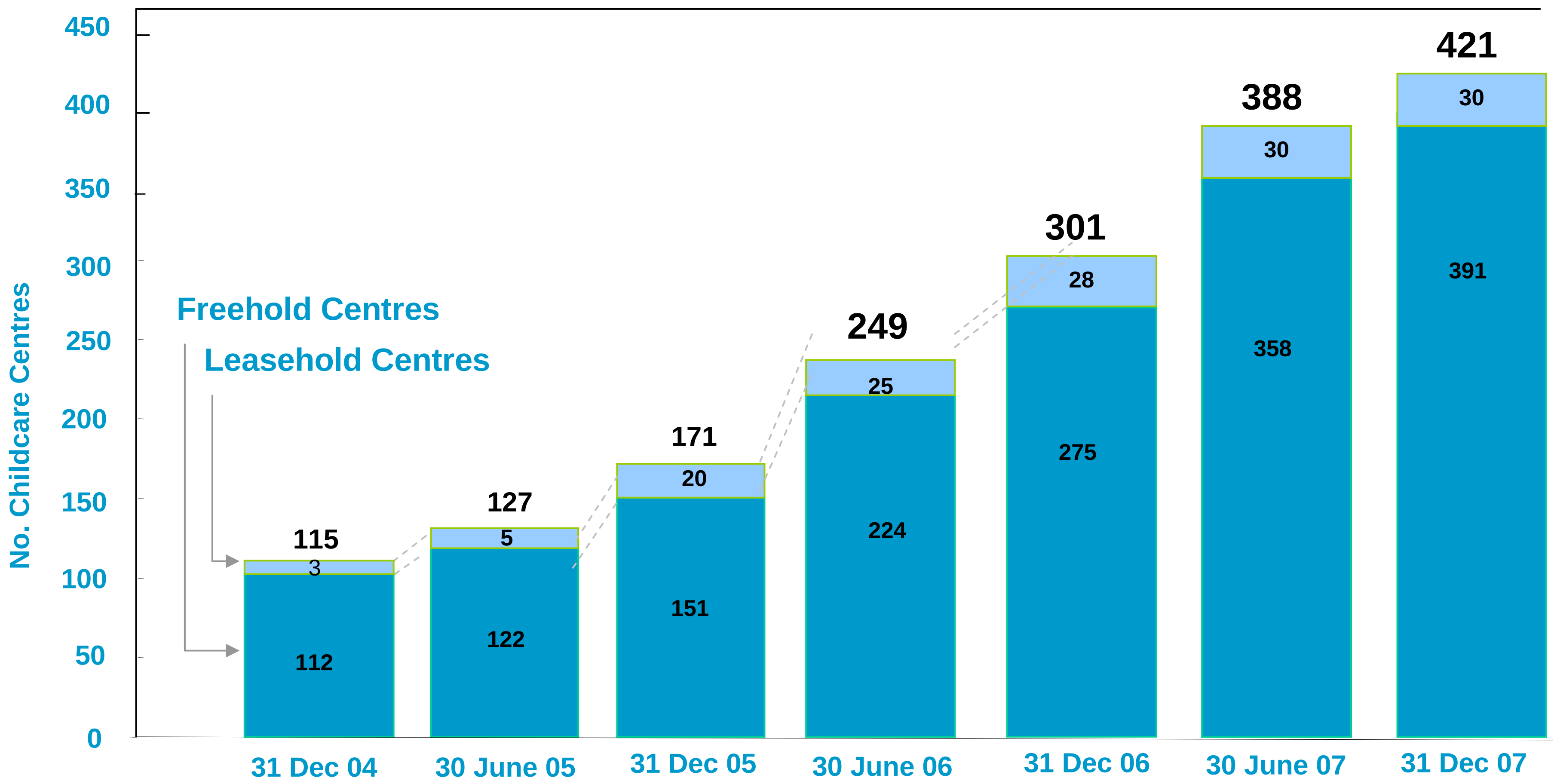
Centre Numbers as at 30 June	Total Centre Numbers	AUSTRALIA Freehold Centres	AUSTRALIA Leasehold Centres	AUSTRALIA Develop Sites	NEW ZEALAND Freehold Centres	NEW ZEALAND Develop Sites
Total Centre Properties as at 30 June 2007	388	277	30	33	41	7
Centre Properties Settled HY2008	36	19	-	8	6	3
Centre Properties Sold FY2007	(3)	(2)	-	(1)	-	-
Transfers - Completed Developments	-	4	-	(4)	-	-
Total Centre Properties as at 30 June 2007	**421**	**298**	**30**	**36**	**47**	**10**

AET had 72 properties in the pipeline as at 31 December 2007 and is expecting to increase total centre numbers in FY2008 by ~100.

Property Pipeline as at 31 December 2007	Total Centre Numbers	AUSTRALIA Freehold Centres	AUSTRALIA Leasehold Centres	AUSTRALIA Develop Sites	NEW ZEALAND Freehold Centres	NEW ZEALAND Develop Sites
Contracted	16	7	-	4	2	3
Under Negotiation	56	17	2	7	23	7
Property Pipeline as at 31 December 2007	**72**	**24**	**2**	**11**	**25**	**10**

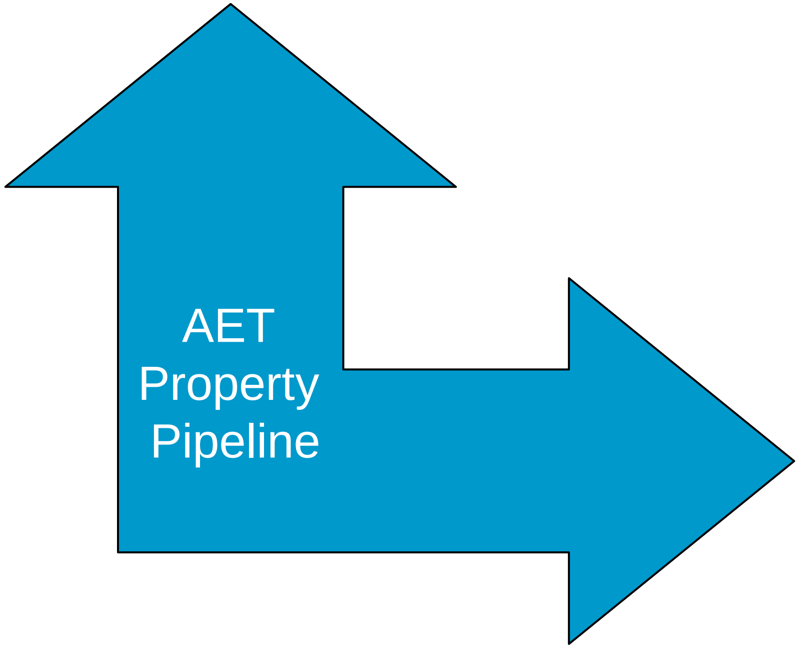
Centre Number Growth

AET centre numbers have grown significantly since the restructure of the Fund in December 2004. In the six months to 31 December 2007, 36 additional Freehold Centres (33 net of sales) were acquired.



Property Pipeline

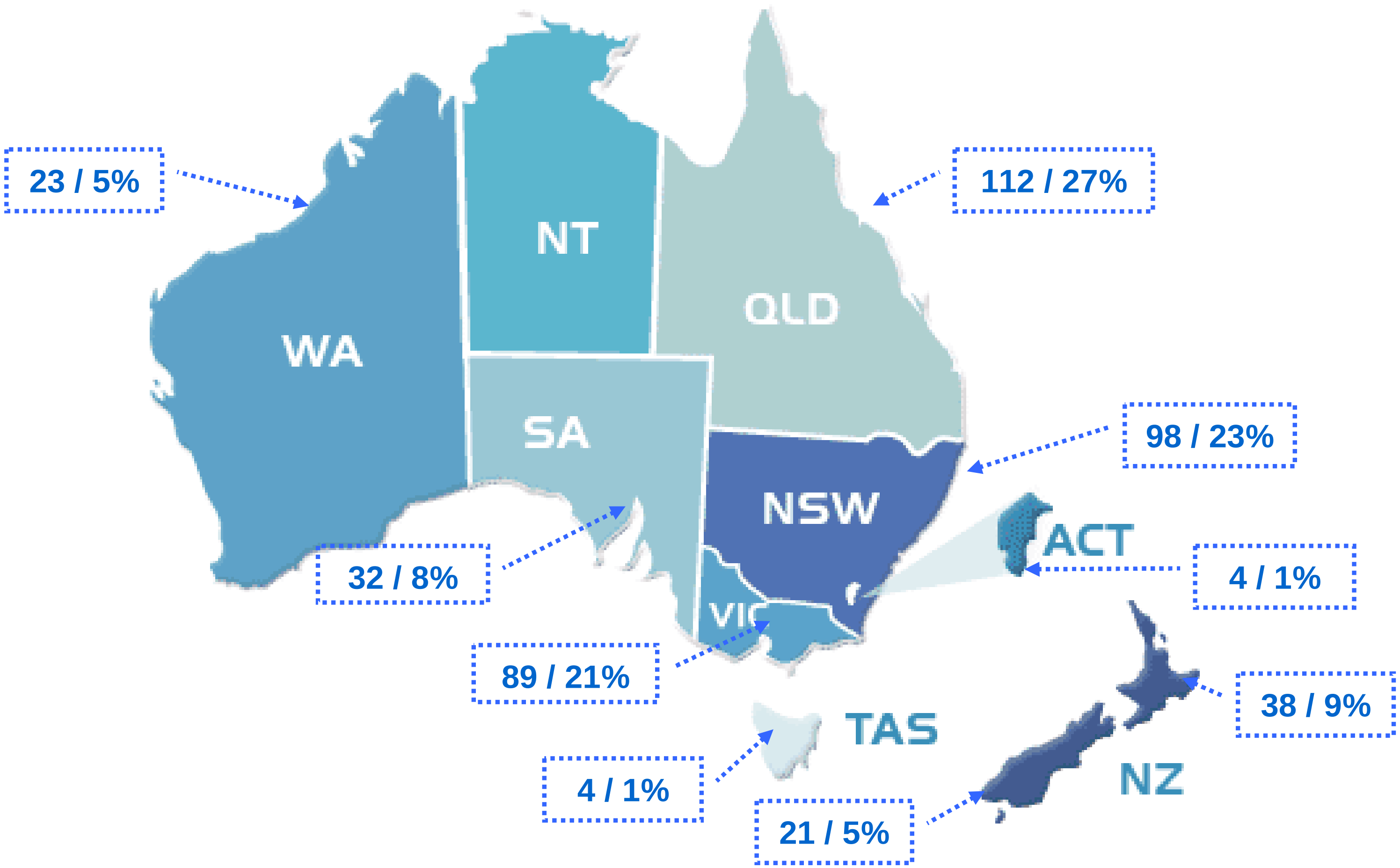
AET's pipeline of property worth over A$95m as at 31 December 2007.



- Contracts executed for 16 properties with investment value of ~$18m.
- 56 properties under negotiation with investment value of ~$77m.
- Of properties under negotiation 31 are located in New Zealand – 23 existing centres and eight development sites.
- 36 childcare centre properties purchased and three disposals settled to 31 December with investment value of ~$36m.

Property Portfolio

AET's centers are spread geographically across Australia and New Zealand and are located primarily in metropolitan & major regional centres:



*[As at 31 December 2007]

Characteristics of the Portfolio

Key Facts

- AET properties now total 7.6% of Australia's Long Day Care market
- 96% of properties leased long term to ABC

Property Data	As at 31-Dec-07	As at 30-Jun-07
Number of Properties	421	388
Weighted Average Lease Term	13.1 yrs	13.7 yrs
Average Portfolio Yield	8.55%	8.70%
Average Purchase Yield	8.09%	8.44%
Loan to Value Ratio	56.70%	59.90%
Vacancy	Nil	Nil
Average Market Rental/Place	~$1,350	~$1,300

Importantly

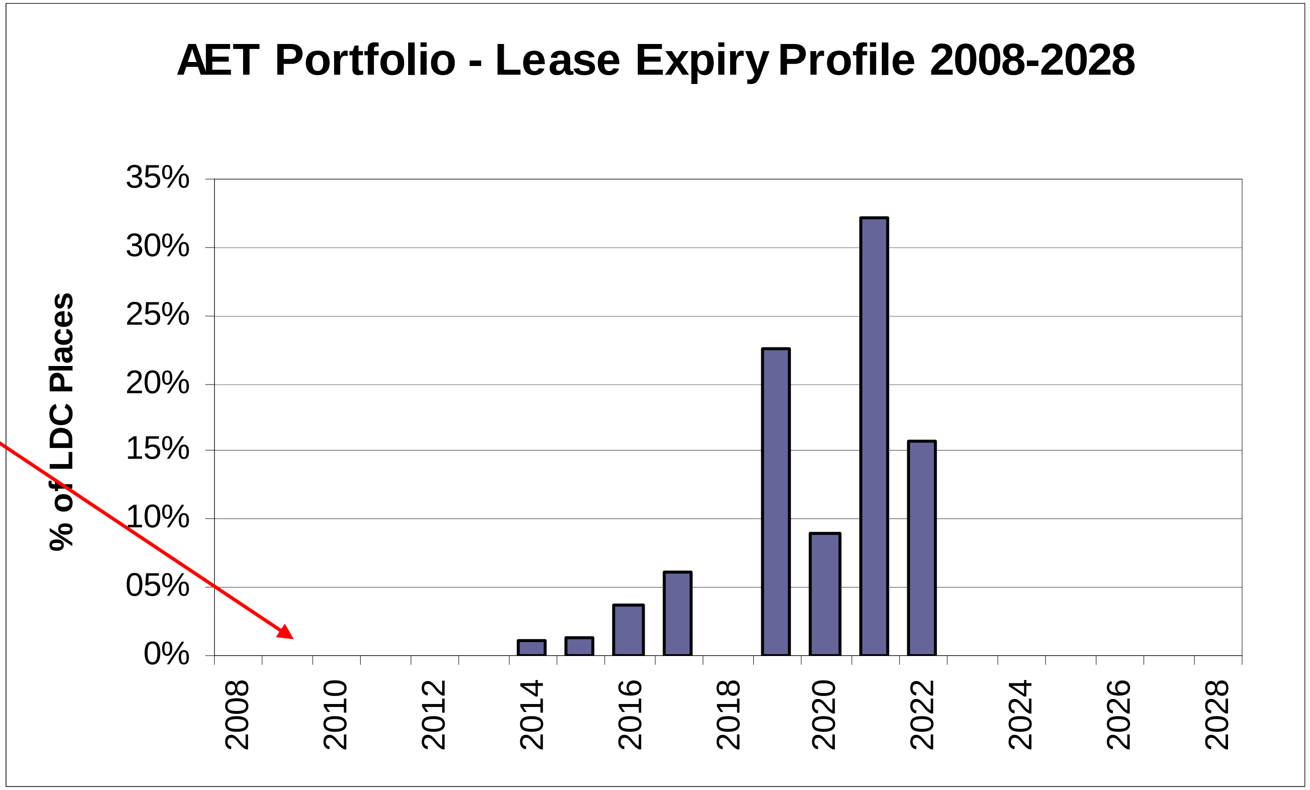
- No income exposed to development risk;
- Low risk profile, (almost zero direct exposure to discretionary spending)
- Generally increasing market rental levels

Lease Expiry Profile

AET has zero vacancy and no significant lease expiry until 2019.

1st 5 Yr

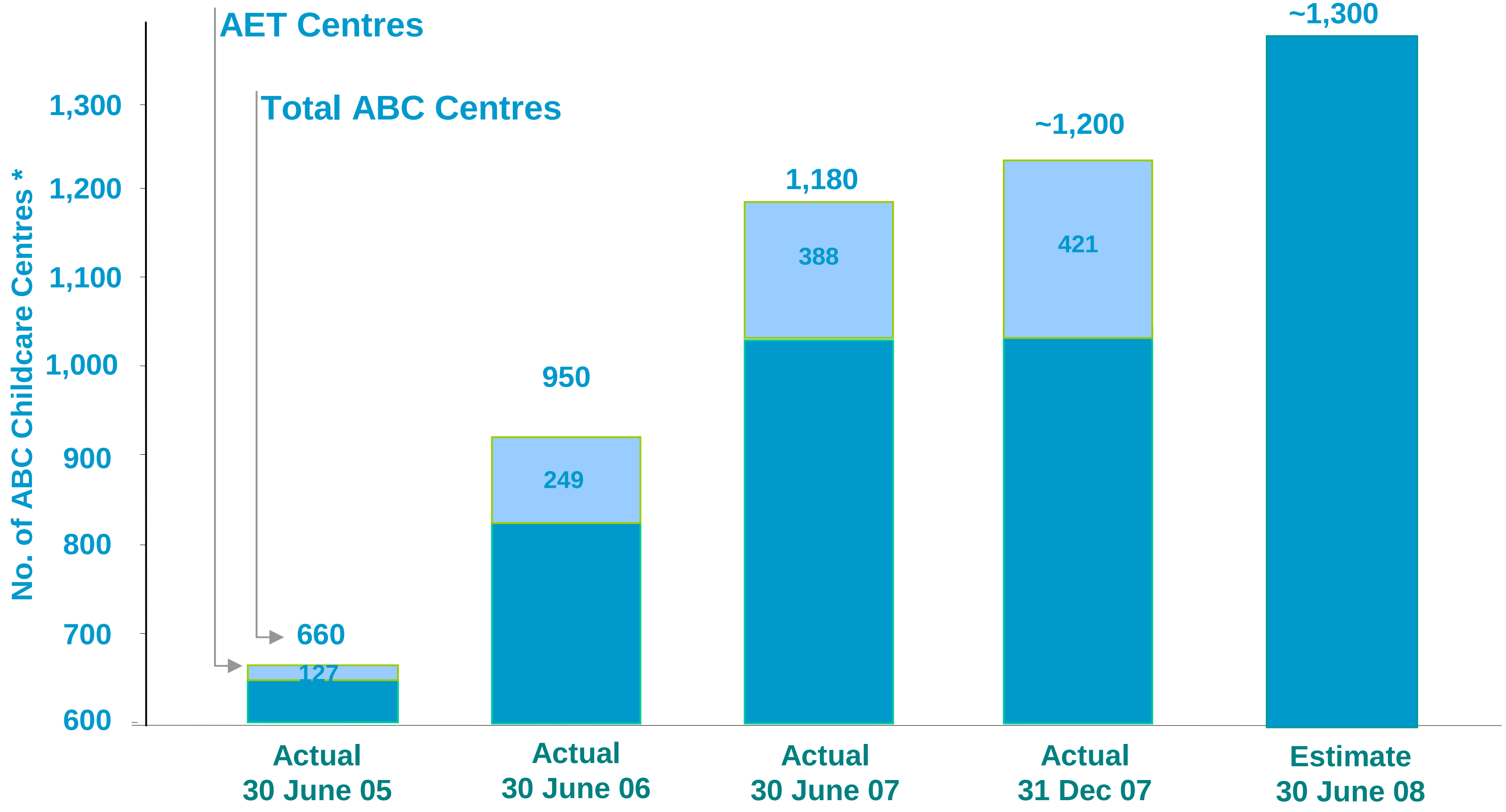
Notice Period



AET's Weighted Average Lease Expiry is approximately 13 years.

ABC Centre Growth

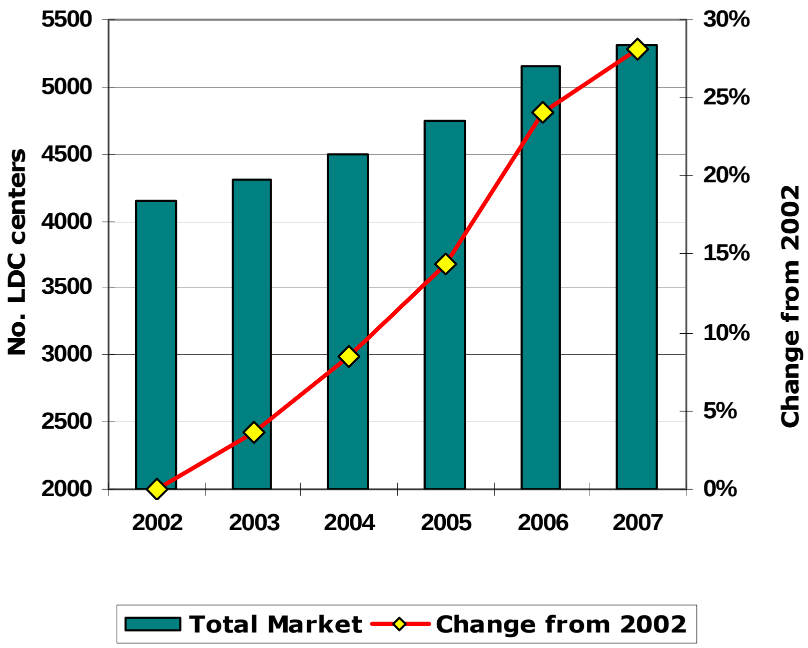
AET owns ~ 35% of ABC's Australian & NZ portfolio at 31 December 2007.



* Components of ABC centre numbers not to scale

Competitive Landscape

Total Childcare & Growth 2002-2007



Source: ABS, NCAC

- January 2008 – 5,495 regulated long day care centres in Australia
- Increase of ~ 29% since 2002
- Community centers have only increased 1% over this period
- Additional demand is being met by private operators
- 31 December 2007 – ABC operates ~ 1,200 long day care centres in Australia and NZ
- ABC has ~ 21% of the long day care market
- AET owns approx 7.5% of Australian Market and 35% of ABC's Centres

Funding Arrangements

Long Term Funding arrangements with interest rate hedges provides certainty

- July 2007 refinancing to meet three specific criteria, being
  - (i) An ability to source longer term debt facilities that better matched AET's lease and income profile;
  - (ii) Access larger and alternative debt markets; and
  - (iii) Provide flexibility with respect to sources of debt
- AET has no short term requirement to refinance existing debt
- Approved local facility for up to $50m
- Future debt requirements can be met either locally or internationally
- Weighted Average Cost of Debt is 7.3%
- $200m of $225m borrowings is hedged for an average 4.52 years
- Fully Hedged foreign currency exposure on Senior US Notes

* As at 31 December 2007

Funding Arrangements

Long Term Funding arrangements ensures AET has no short term requirement to refinance existing debt. Approved funding for up to $50m of additional debt

AET Funding Arrangements

Local Interest Bearing Debt Facilities

$82m Drawn *	$18m undrawn	$15m Facility	Up to $50m Facility
2 Yr 'Evergreen' Term Debt Facility		Standby Facility	Approved

AET has amassed headroom of approximately $30m in immediately available funds

Senior Secured Notes A$147.7m

7 Yr - $77.5m	10 Yr - $70m

Secured Notes are to be refinanced in 2014 and 2017

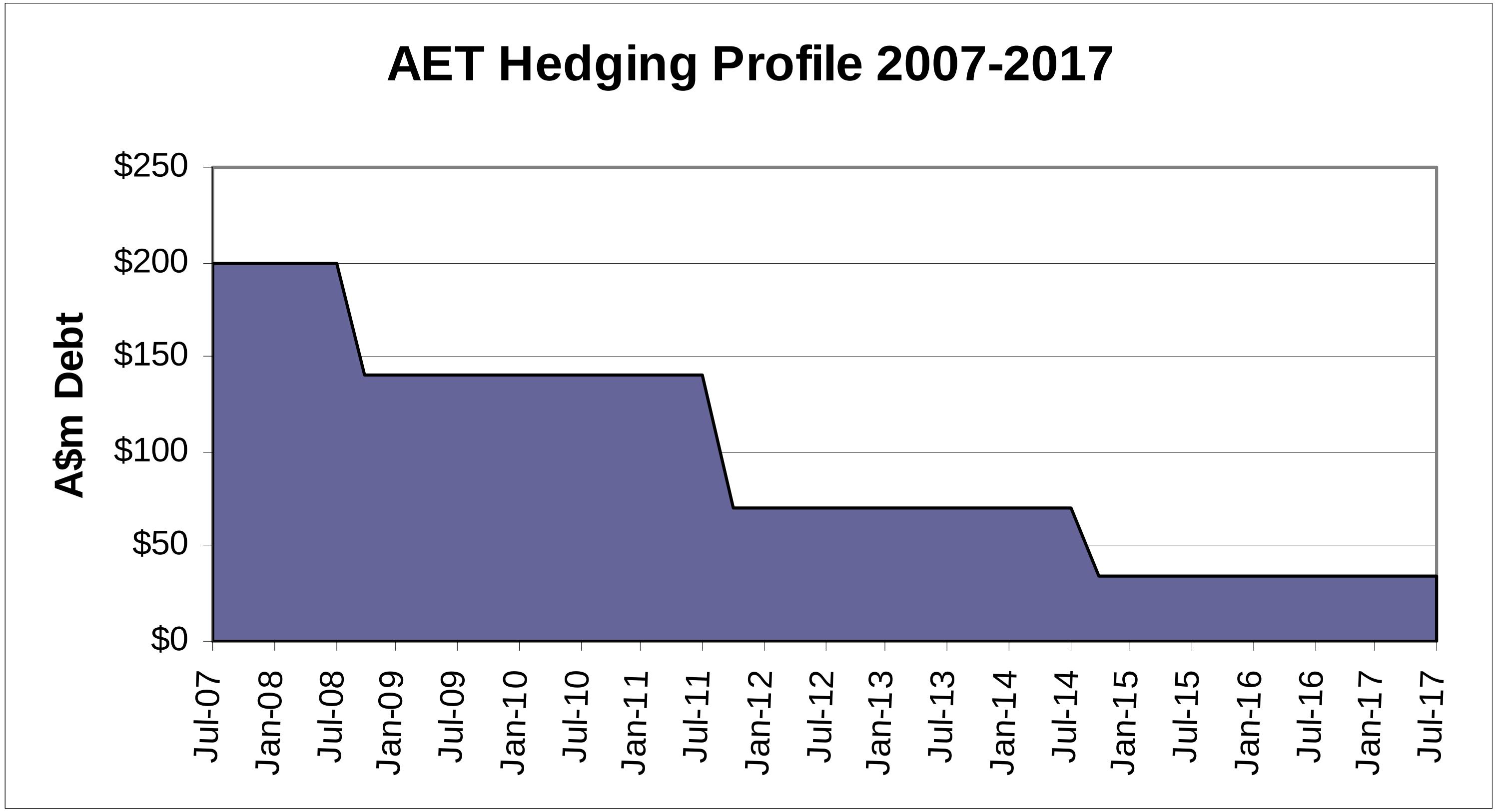
Unit Holders Funds $184.6m

$184.6m

* As at 31 December 2007

Hedge Profile

AEU entered into interest rate swaps which provide the following hedge profile ($M) for an average hedge on $200m of 4.52 years

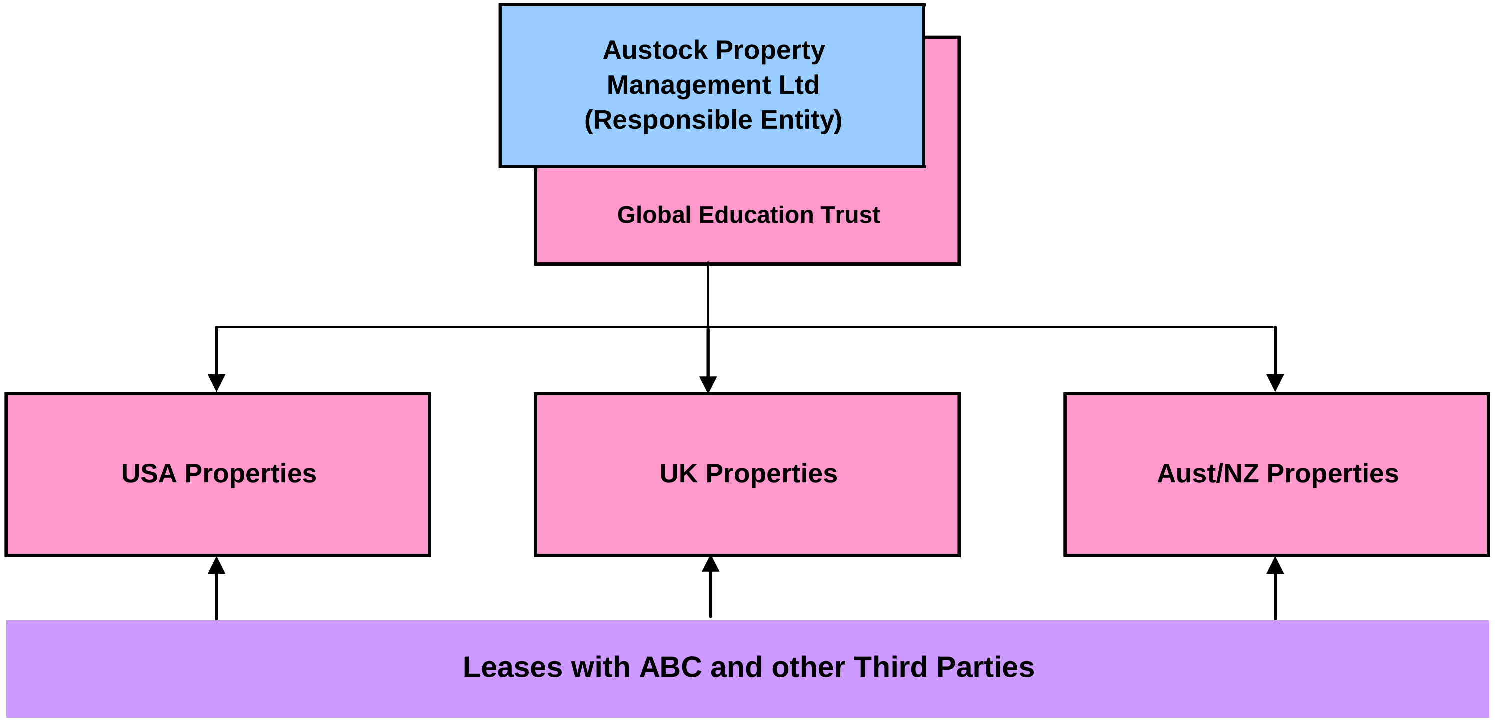


Global Education Trust

AET's participation in a larger Global Education Trust is under consideration.

- As previously announced in June 2006, APML has been working to establish a fund to hold childcare centres internationally
- APML as the Responsible Entity of the **Global Education Trust "GET"** has agreed to proceed, if feasible, with a vehicle to acquire educational property in a number of countries.
- APML is currently in negotiations to acquire childcare centres in the USA and UK with total value of approx A$250-$300m.
- Further growth through acquisition opportunities could see fund size of circa A$1bn.
- AET's involvement (if any) would need to be in the best interests of the unitholders and would require unitholder approval.

Structuring of the 'GET' could take the following form.



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Key investment considerations include:

Stable Business Model
- Secure and growing cash income stream with opportunity for capital growth

ABC Alliance
- Alliance agreement with ABC, the leading provider of child care services in Australia with 21% market share

Strong Income Profile
- No potential vacancy until 2014. Annual rental growth to CPI. 98% Triple Net Leases.

Property Fundamentals
- Quality geographic diversified properties with strong secondary market as well as alternate uses

Stable Long Term Financing Locked In
- Long term debt arrangements of between 7-10 yrs with $200m of debt hedged at an ave. 4.52 yrs

Expanding Market
- Expanding market with a committed government budget plan for the next 4 years

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Appendix 1 - Earnings

$'000 Prepared under A-IFRS	6 Mths to 31-Dec-07	Year to 30-Jun-07	6 Mths to 31-Dec-06	Year to 30-Jun-06	Year to 30-Jun-05
Revenue					
Lease Income	18,806	28,941	12,701	17,506	11,561
Straight Line Lease Adjustment	-	1,347	449	850	358
Interest Income	488	1,444	904	548	705
Foreign exchange gains	2,786	-	-	-	-
Change in fair value of derivative financial instruments	2,788	-	-	-	-
Gain on Sale of Properties	85	806	452	34	29
Net Property Revaluation Increment	-	7,392	-	5,224	-
Total Revenue	24,953	39,930	14,506	24,162	12,653
Expenses					
Finance Costs	8,611	11,209	4,942	4,623	4,080
Reduction of Carrying Value of Properties	-	1,347	449	850	358
Responsible Entity's Remuneration	1,100	1,773	805	991	721
Depreciation	-	-	-	-	505
Employee Benefit Expense on Sale of Businesses	-	-	-	-	1,080
Centre Acquisition Costs Written Off	-	-	-	-	1,135
Rent on Leasehold Properties	467	896	314	751	-
Restructure Costs	-	-	-	(250)	708
Other Expenses	225	1,165	375	535	820
Total Expenses	10,403	16,390	6,885	7,500	9,407
Net Profit before Tax & Financing Costs to Unitholders	**14,550**	**23,540**	**7,621**	**16,662**	**3,246**
Income Tax Expense and Adjustment	(19)	-	-	216	955
Net Profit Attributable to Unitholders	14,569	23,540	7,621	16,446	2,291
Distributions to Unitholders	9,988	17,063	8,069	10,976	7,463
Total Changes to Net Assets Attributable to Unitholders	**4,581**	**6,477**	**(448)**	**5,470**	**(5,172)**

- Growth in lease income reflects growth in centre numbers and annual increases
- Realised Foreign Exchange Gains of $1.0m were from the exchange of NZ$ debt for A$ debt
- Unrealised Foreign Exchange Gains and Derivative Fair Value relates to Currency and Interest Rate hedging
- Gain on Sale reflects sale of 3 properties
- Interest cost reflects weighted average cost of 7.3% as at 31 December.
- Income Tax adjustment reflects a small refund from previous years.

Appendix 2 – Balance Sheet

$'000 Prepared under A-IFRS	As at 31-Dec-07	As at 30-Jun-07	As at 30-Jun-06	As at 30-Jun-05
Current Assets				
Cash and Cash Equivalents	3,565	415	21,839	11,965
Lease Debtors	5,264	5,731	3,413	2,692
Sundry Debtors and GST	2,247	2,233	969	16,300
Trade & Other Receivables	7,511	7,964	4,382	18,992
Deposits	54	8,068	1,646	4
Prepayments	403	1,391	2,314	956
Investment Properties to be sold	2,662	3,882	12,360	4,462
Other Current Assets	3,119	13,341	16,320	5,422
Deferred Tax Assets	-	-	-	259
Total Current Assets	14,195	21,720	42,541	36,638
Non-Current Assets				
Derivative financial instruments	4,572	-	-	-
Investment Properties	401,512	364,250	211,986	97,652
Other Non-Current Assets	-	-	850	358
Total Non-Current Assets	406,084	364,250	212,836	98,010
Total Assets	420,279	385,970	255,377	134,648
Current Liabilities				
Trade & Other Payables	5,219	3,237	5,979	4,771
Distribution Payable	5,129	4,559	6,149	-
Other Current Liabilities	16	63	190	-
Current Tax Liabilities	-	-	-	(31)
Total Current Liabilities	10,364	7,859	12,318	4,740
Non-Current Liabilities				
Derivative financial instruments	1,784	-	-	-
Bank Bills at face value	229,300	220,485	130,075	60,100
Less: unrealised foreign exchange gains on Notes	(1,784)	-	-	-
less Upfront Transaction Costs	(2,723)	(1,520)	(1,022)	-
Plus Amortisation of up from Transaction Costs	495	261	26	-
Long Term Borrowings	225,288	219,226	129,079	60,100
Total Non-Current Liabilities	227,072	219,226	129,079	60,100
Total Liabilities (excluding net assets attributable to Unitholders)	237,436	227,085	141,397	64,840
Net Assets Attributable to Unitholders				
Opening Balance	158,885	113,980	69,808	74,127
Units Issued During the Period	20,000	40,000	39,176	915
Less Unit Issue Costs	(623)	(1,572)	(474)	(62)
Profit Attributable to Unitholders	14,569	23,540	16,446	2,291
Distribution Paid or Provided for	(9,988)	(17,063)	(10,976)	(7,463)
Net Assets Attributable to Unitholders	182,843	158,885	113,980	69,808
Total Liabilities	420,279	385,970	255,377	134,648

- Investment properties increased from $368m at $404m as at December 2007. Properties to be sold ($2.6m in total) are included in Other Current Assets
- Total borrowings of $229m include US Notes ($147m) and $82m drawn under term debt facility
- Unrealised Derivative Financial Instruments reflects accounting for the currency and interest rate hedges in place for the US Notes

Appendix 3 - Lease Structure

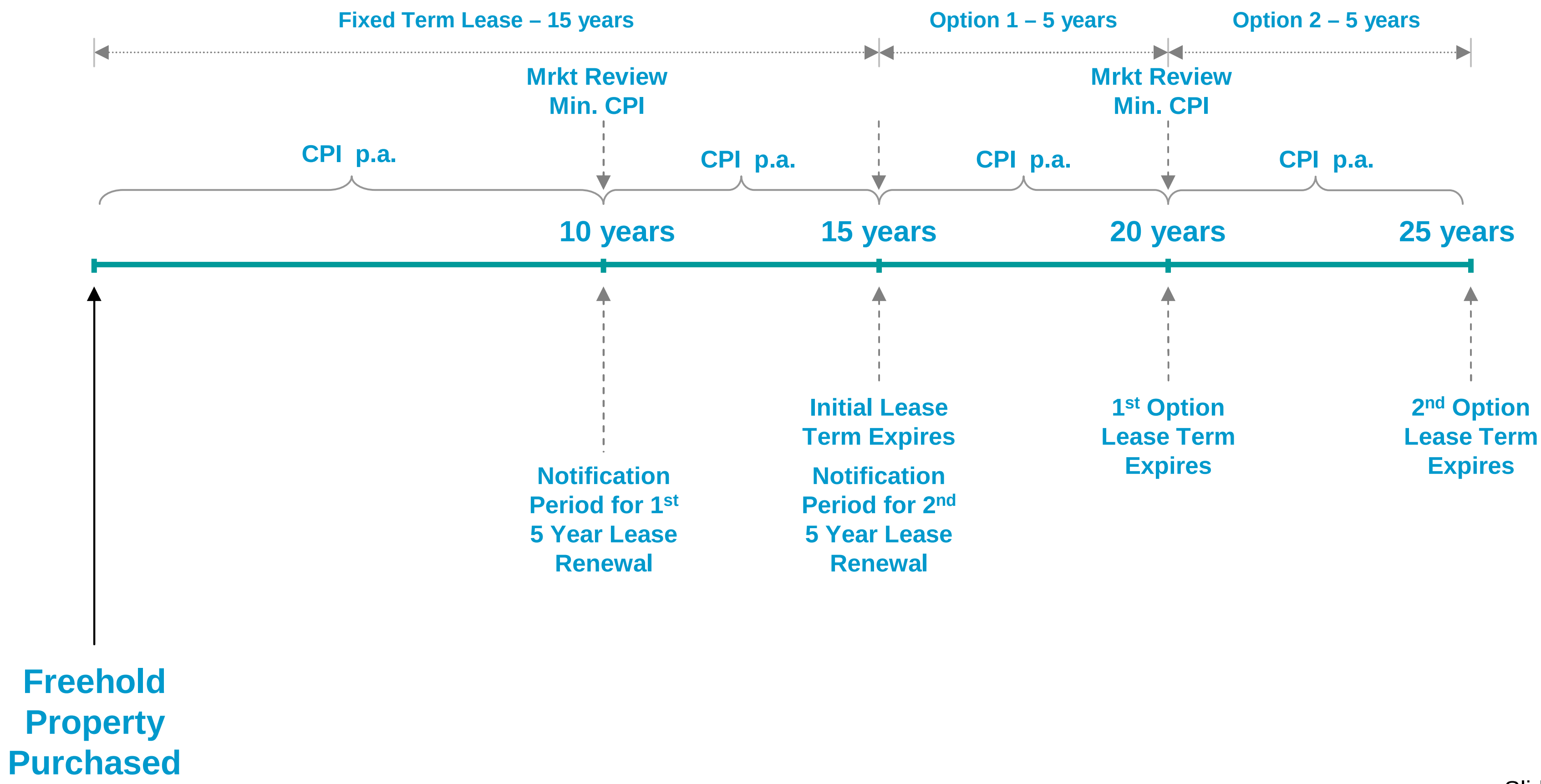
Key Freehold Leases Terms:

- Freehold lease has a minimum 15 year term applicable to all properties
- Applies to existing centres and all new freehold leases from 29 June 2007
- Options – two 5 year option periods exercisable with 5 years notice
- Diminishing fixed rental increase replaced with rent indexed annually to CPI
- December CPI was 2.96%
- Cap and collar market review in Yrs 10 & 20
- All other operative lease conditions remain the same
- Triple net lease remains (tenant is responsible for all insurance, outgoings and maintenance / structural repairs)

This revised lease structure provides greater security as well as potential for significant rental upside although with an expected short term impact on earnings due to current CPI level of ~2.5%.

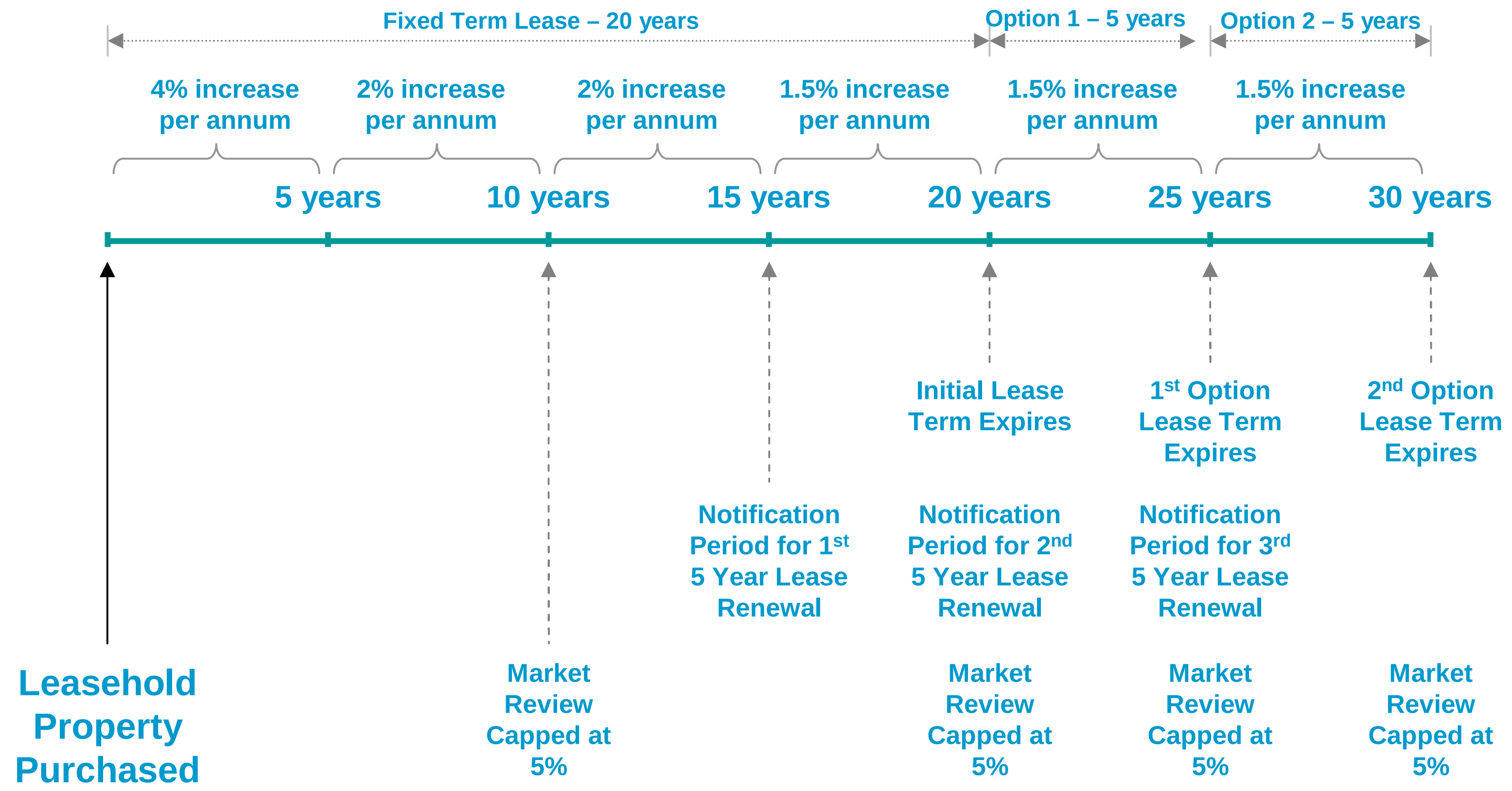
Appendix 4 – Freehold Lease

Long term leases now 15 years minimum duration on fixed terms provides security and certainty.



Appendix 5 – Leasehold - ABC Sub-Lease

Long term sub-leases with ABC match the ground lease terms for leasehold property acquisitions.



Note: Initial term of ground leases are generally 20 – 30 years.