



## ASX Announcement

28 February 2008

### Unitholder Enquiries Regarding Australian Education Trust ("AET") and A.B.C. Learning Centres Limited ("ABC")

The Directors of Austock Property Management Limited ("APML"), the Responsible Entity of the Australian Education Trust ("AET") has received a number of enquiries from unitholders in relation to AET and the childcare centres leased to ABC Learning Centres Limited ("ABC").

As at 31<sup>st</sup> December 2007 AET owned 421 properties, all of which are located in Australia and New Zealand. All but 16 of these child care centre properties are leased to the Australian and New Zealand subsidiaries of ABC. Each property is subject to a long term lease to the ABC operating entity. AET has to date received all rent due under these leases.

ABC reported its results for the six months to 31 December 2007 this week which included earnings before interest and tax ("EBIT") of \$107.3 million from its Australian and New Zealand business. APML consider that there is nothing in those results, or anything that AET is aware of that places ABC in default under its leases of AET owned sites, or prevents ABC continuing to pay its rent and satisfy its other obligations under those leases. APML will continue to monitor the position in connection with ABC's tenant covenant strength. However, APML retains its view that the Australian and New Zealand child care markets remain strong and that steps taken by the Australian Federal Government in connection with childcare further reinforces this view.

APML believes that the Australian and New Zealand business of ABC continues to provide a strong lease covenant with consistent rental flow which also supports the valuation of AET's property portfolio. Properties owned by AET are subject to an independent valuation at least once every three years as required by the Trusts constitution. However, as a matter of practice AET seeks to have a current year valuation for 50% of all of its properties. As at 31<sup>st</sup> December 2007 AET owned property valued at \$404 million (reflecting an average portfolio rental yield of 8.55%) and units in the Trust were supported by Net Tangible Assets ("NTA") per unit of \$1.32.

At the time of releasing the AET results for the six months to 31<sup>st</sup> December 2007, the Directors of APML noted that its property assets continue to be supported by long term debt facilities. These debt facilities comprise \$82 million drawn under a two year evergreen facility provided by the Trust's bankers together with \$147.7 million of senior secured notes with terms of 7 and 10 years respectively. AET has an additional approved but unutilised debt facility up to \$50m. Of the \$229.7 million of total debt, AET has interest rate swaps in place for \$200m at an average of 4.52 years and delivering a weighted average interest rate cost at 31<sup>st</sup> December 2007 of 7.3%

As at the date of this announcement, AET does not own any child care centre properties other than in Australia and New Zealand. A recent announcement indicated APML was considering whether it would be involved in a Global Education Trust in the future. A proposal has not been finalised. Any such proposal would need to be in the best interests of unitholders and ultimately would require AET unitholder approval.

The closing unit price of AEU on Thursday 28<sup>th</sup> February of 97 cents represents a discount of ~26.5% to NTA of \$1.32. If AET's distribution for the six months to 31<sup>st</sup> December 2007 of 7.4 cents per unit was annualized, a closing unit price of 97 cents would imply a distribution yield of ~ 15.25%. As reported to the ASX over the last few days certain Directors of APML have continued to acquire units on market evidencing their faith in AET and the underlying value of its property portfolio.

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