

ASX Announcement

18 December 2008

Australian Education Trust (AET) – Distribution for Quarter Ending 31 December 2008

Distribution

The Australian Education Trust's (ASX:AET) will pay a cash distribution of 1.75 cents per ordinary unit for the quarter ending 31 December 2008.

The following dates will apply to this distribution:

Ex-distribution Date	23 December 2008
Record Date	31 December 2008
Payment Date	27 February 2009

Background to Revised Distribution Level

As detailed in previous announcements made regarding the status of AEU's major tenant, ABC Learning Centres Limited (ABC) was placed into receivership and under voluntary administration on 6 November 2008.

Management previously provided guidance in August 2008 that AEU's distribution for the FY2009 was expected to be approximately 9 cents per unit. The September quarter's distribution was 2.25 cents per unit that reflected an annualised distribution for FY2009 of 9 cents per unit. This was based upon full year earnings estimates from the Fund's lease arrangements at that time. The Fund did not foresee or have reason to allow in its forecast for losses resulting from ABC Learning Centres Limited (ABC) being placed into Administration and Receivership.

McGrath Nicol, as appointed Receiver to ABC had provided notice to AEU that a number of centres would be closing. In addition, ABC has also provided notice that construction of 25 development sites around Australia and New Zealand will no longer be proceeding (see ASX Announcements of 21 and 27 November and 11 December 2008).

These events have negatively impacted on the earnings of the Fund through a loss of existing and previously forecast future income through the closure of 24 AEU centres together with the loss of development site rental that was derived from the development sites. The resultant decrease in the distribution level reflects a re-forecasting to allow for the loss of income and additional expenses to be incurred from those ABC centres that will close on 31 December 2008. At this stage, the forecast has not allowed for any further loss of income or allowance for expenses that could be incurred as a result of any further closure of centres not already identified during FY2009, including the 87 Government assisted ABC centres that are relevant to AEU.

In addition, unpaid property expenses, payable by ABC in the pre-administration period, remained outstanding. The Fund ultimately incurred these expenses in its capacity as landowner. These broadly relate to State Land Tax (partial), Council Rates and Taxes and other property related holding expenses that would otherwise have been recoverable from, or paid by ABC under the lease agreements.



The Fund has also incurred unexpected legal expenses in assessing and protecting its position as Landlord in relation to the Receivership.

The losses have been offset to some degree through other activities of the Fund which has included gains made on the sale of investment properties, higher than expected interest revenue and reduced interest expense.

The resultant earnings guidance for FY2009, taking these matters into account is for a full year distribution to be approximately **8.0 cents per unit**. The current quarter's distribution of **1.75 cents per unit** brings the total half year distribution to 4.0 cents per unit, being consistent with the revised 8.0 cents per unit forecast for 2009.

Unaccounted for Centres

In previous announcements, it was highlighted that AEU had identified 22 centres that could not be identified in announcements made by the Receiver. Those announcements indicated which centres would close and which would remain open into 2009. To date, AEU has not had a response from the Receiver and it will continue to pursue the matter.

ABC in Administration

In relation to the appointment of an Administrator and Receiver to ABC, the Fund is represented on the Committee of Creditors. The Fund will lodge a claim as appropriate for losses incurred in the pre-administration period.

Further Updates

Management will provide further updates to the market once it has progressed its discussions with the Receiver, the Government and its appointed representative.

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For a detailed component breakdown of the distribution, please refer to AEU's website at http://www.educationtrust.com.au/investor_relations/distributions.aspx An annual tax statement with final components will be sent to unitholders in August 2009.