



Australian Education Trust

ARSN: 102 955 939

Fund & Portfolio Profile

As at 8 February 2012 based on half year accounts



Responsible Entity:
Austock Property Management Limited
ABN 46 111 338 937
AFSL 281544

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Purpose

This document has been prepared by Austock Property Management Limited as the Responsible Entity of the Australian Education Trust (AET or the Trust). The purpose of this document is to provide a profile of AET's portfolio and financial metrics based on audited 31 December 2011 accounts.

Disclaimer

Austock Property Management Limited ACN 111 338 937; AFSL 281544 ("APML") has issued this release in its capacity as the responsible entity of Australian Education Trust ARSN 102 855 939.

This presentation has been prepared for general information purposes only and is not an offer or invitation for subscription or purchase of, or recommendation of, securities. It does not take into account any potential investors' personal objectives, financial situation or needs. All investors are strongly advised to consult professional financial advisors whose role it is to provide professional financial advice, taking into account an individual investor's investment objectives, financial situations and particular needs.

The information in this presentation has been prepared in good faith and may contain information obtained from third party sources believed to be reliable. No representation or warranty expressed or implied is made as to, and no reliance should be placed on, the fairness, reliability, accuracy, completeness or correctness of such third party information.

Past performance is not a reliable indicator of future performance. Due care and attention has been exercised in the preparation of forecast information, however, forecasts, by their very nature, are subject to uncertainty and contingencies, many of which are outside the control of APML. Actual results may vary from any forecasts and any variation may be materially positive or negative.

All information contained in this presentation is current as at 31 December 2011 unless otherwise stated.

AET KEY METRICS

Financial Profile	As at 31 December 2011
Gross Assets	\$355.0m
Value of Investment Property	\$345.2m
Borrowings	\$135.0m
Net Assets	\$210.5m
NTA per unit	\$1.20
Gearing (Borrowings/Investment Properties)	39.1%
Bank Calculated LVR	39.6%
Alternate Use Value of Property Portfolio	59.0%
ICR (six months ending 31 December 2011)	2.7x
Property Performance	
Annualised Net Rental Income	\$34.0m
Property Yield – Freehold Properties	9.3%
Property Yield – Leasehold Properties	14.2%
Total Property Yield	9.6%
Vacancy Rate (excluding development sites)	1.2%
% Goodstart Tenancy (by number of operating properties)	59.4%
Weighted Average Lease Expiry (“WALE”) (years)	9.4
Investor Summary	As at 7 February 2012
Units on Issue	175.5m
Forecast Distribution FY12 (cents per unit)	Approx 10.0
Market Cap (based on 95.5 cents unit price)	\$167m
FY12 Forecast Distribution Yield (based on 95.5 cents per unit)	10.5%

PORTFOLIO SUMMARY

As at 31 December 2011	No of Properties	Carrying Value \$m's	Current Rent ¹ (pa) \$m's
Operating Properties			
Australia – Tenanted by Goodstart	193	221.1	22.0
Australia - Other Tenants	76	82.3	8.5
New Zealand – Kidicorp Limited	56	39.9	3.5 ²
Sub Total	325	343.3	34.0
Other non-income producing properties ³	6	1.9	-
Total Properties	331	345.2	34.0

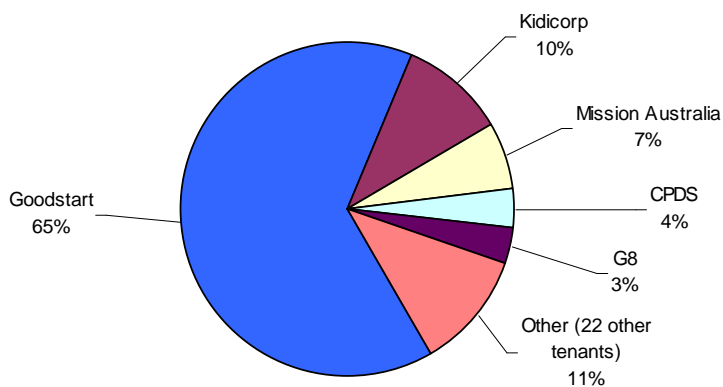
¹ Includes head-lease rent on leasehold properties of \$1.0m

² New Zealand dollar values are translated using the 31 December 2011 exchange rate of 1.3138

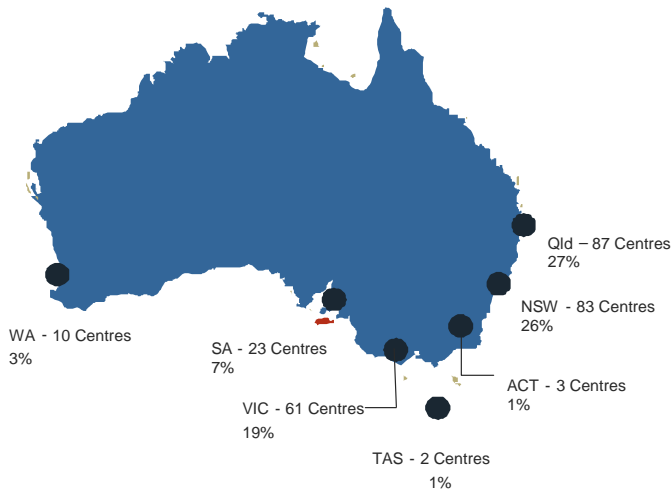
³ Non operational properties and development sites

- 193 leases to Goodstart Early Learning
- Typical tenant bank guarantee – 6 months gross rent. Goodstart Early Learning 'pooled' bank guarantee of approximately \$13.7 million extending to 2035. Total bank guarantees held of \$19.5m
- 27 tenants
- WALE of 9.4 years as at 31 December 2011
- Vacancy of 1% (excluding development sites)
- Operating properties includes 31 leasehold properties with a value of \$19.9 million
- Property yield based on existing passing rent and last valuation of 9.6% (excluding head lease rent)

AET Tenant Diversification (by rental income) as at 31 December 2011



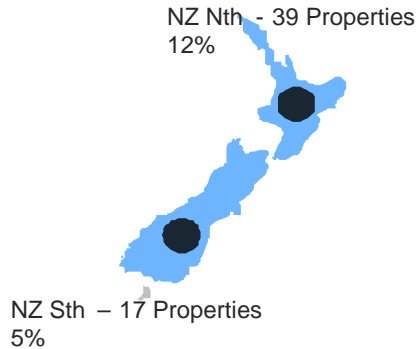
PORTFOLIO PROFILE – AUSTRALIA



Location		
Metropolitan	135	48%
Major Regional	82	31%
Regional	52	21%
Portfolio Value		
Carrying Value	\$303.4m	
% of Total Operating Investment Properties	88.4%	
Annual Rental Income	\$30.5m	

Portfolio	325 operating properties, 269 in Australia
Description	Early learning facilities providing long day care accommodation for 35-150 children. The buildings are typically designed to accommodate children from 6 weeks to 5 years of age. Typical construction material for purpose built centre - brick and concrete block walls, concrete flooring and metal clad roof.
Typical Configuration	<p>Internal: Up to five children's activity rooms with direct access to external play areas. Feature entry & foyer, central hallway, toilets for varying ages, shower, preparation areas, nursery, kitchen, ancillary staff area, reception, administration area, storage, and disabled toilet.</p> <p>External: Shade cloths to sandpits and general play areas, awning covered verandas adjoining external play areas, grass and rubber matting to external play areas, child proof fencing throughout, paving, landscaping, lighting and signage.</p> <p>Ancillary: on-site car parking spaces (required by planning regulations) in marked bays (incl. 1 disabled) ~ median 15, maximum 48.</p>
Regulatory Compliance	All tenants to meet required legislative requirements regarding building services, Occupational Health & Safety and early learning licensing requirements of each State.
Location	Typically within established residential and commercial locations featuring medium to high traffic areas, good accessibility and access to public transport.
Building Size (Gross Building Area)	<p>~ 500 square metres - Centre (min 150sqm, max 900sqm)</p> <p>~ 250 square metres - Covered Verandas/Porch</p> <p>~ 1,110 square metres - External Play Area</p>
Land Size	~ 600sqm – 9,500sqm, median 2,000sqm
Licence Details	~ 35-150, median 75 early learning places
Underlying Zoning	Typically Residential
Age	<p>~ 42% of portfolio built post 2000</p> <p>~ 58% of portfolio built prior 2000</p> <p>Purpose Built ~ 77%</p> <p>Conversion ~ 23%</p>
Leasehold	31 properties, 11.5% of portfolio
Freehold	238 properties, 88.5% of portfolio

PORTFOLIO PROFILE – NEW ZEALAND



Location		
Metropolitan	12	21%
Major Regional	26	46%
Regional	18	33%
Portfolio Value		
Carrying Value	\$39.9m	
% of Total Operating Investment Properties	11.6%	
Annual Rental Income	\$3.5m	

Portfolio	325 operating properties, 56 in New Zealand
Description	Early learning facilities providing long day care accommodation for 20-105 children. The buildings are typically designed to accommodate children from 6 weeks to 5 years of age. Purpose built construction material - brick and concrete block walls, concrete flooring, and a metal clad roof.
Typical Configuration	<p>Internal: Up to five children's activity rooms with direct access to external play areas. Feature entry & foyer, central hallway, toilets for varying ages, shower, preparation areas, nursery, kitchen, ancillary staff area, reception, administration area, storage, and disabled toilet.</p> <p>External: Shade cloths to sandpits and general play areas, awning covered verandas adjoining external play areas, astro-turf and rubber matting to external play areas, child proof fencing throughout, paving, landscaping, lighting and signage.</p> <p>Ancillary: on-site car parking spaces (required by planning regulations) in marked bays (incl. 1 disabled) ~ median 10, maximum 30.</p>
Regulatory Compliance	All tenants to meet with required legislative requirements regarding building services, Occupational Health & Safety and Early learning licensing requirements.
Location	Typically within established residential and commercial locations featuring medium to high traffic areas, good accessibility and access to public transport.
Building Size (Gross Building Area)	~ 229 square metres - Centre (min 100sqm, max 1,152sqm) ~ 50 square metres - Covered Verandas/Porch ~ 1,000 square metres - External Play Area
Land Size	~ 1,298 square metres (min 547sqm, max 10,756sqm)
Licence Details	~ 20-105, median 47 early learning places
Underlying Zoning	Typically Residential
Age	~ 21% of portfolio built post 2000 ~ 79% of portfolio built prior 2000 Purpose Built ~ 37.5% Conversion ~ 62.5%
Leasehold	0
Freehold	100%, 56 centres

CAPITAL MANAGEMENT

Debt Facility Key Commercial Terms at 31 December 2011

Facility Limit	\$137 million
Current Drawn Amount	\$135 million
Facility Term	3 Years ending December 2013
Financiers	NAB & ANZ (50% equal share)
Security	First ranking mortgages over each freehold property
Security Measures	Security Pooling based on independent specialist valuations
Margins	Scale of margins dependant upon AET's LVR position
Maximum Loan to Value Ratio	55% of Freehold & 50% of leasehold Interests
Financial Charges Ratio/Interest Cover Ratio	Not to be less 1.6x (EBITDA) measured on a six monthly basis. ICR for the 6 months ending 31 December 2011 is 2.7x
Alternate Use Ratio	Debt is not to exceed 100% of Alternate Use Values for portfolio

As at 31 December 2011, AET's current weighted average cost of debt is 8.5% pa; including amortisation of borrowing costs.

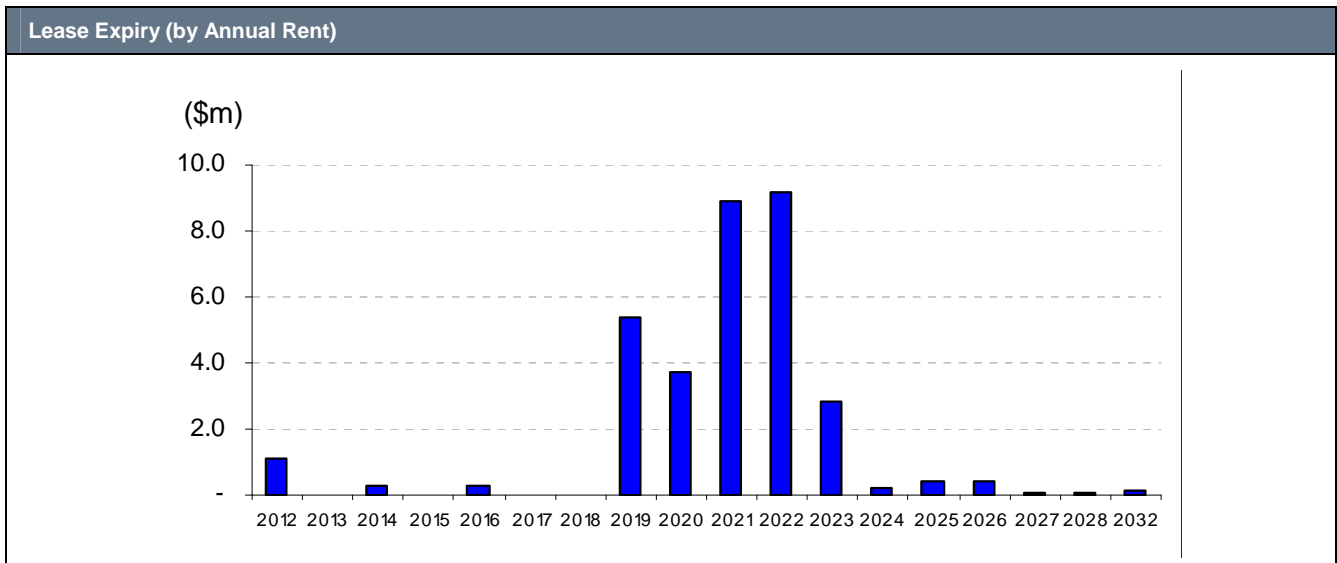
Hedging Arrangements

The Trust has entered into interest rate hedging arrangements with the financiers, as follows:

- Interest Rate Swap
 - Notional Amount \$60 million
 - Fixed Rate 5.63% pa
 - Termination Date 31 December 2013
 - Financier - NAB
- Interest Rate Cap/Collar
 - Notional Amount \$60 million
 - Cap Rate 6.00% pa
 - Collar Rate 4.90% pa
 - Termination Date 31 December 2013
 - Financier - ANZ
- Unhedged
 - \$15m
 - Rate BBSW 30-60-90 day bills

Based on drawn debt of \$135 million as at 31 December 2011, AET has hedged 89% of its interest rate exposure against adverse interest rate movements.

LEASE STRUCTURE & VACANCY PROFILE



Lease Structure

- Triple Net Lease Structure
 - Triple net leases – all costs including outgoings (and tax), except Qld land tax, payable by the tenant;
 - Rent, structural repairs, general repairs and maintenance, rates, taxes and other assessments, insurance premiums and charges and property management expenses are met by the tenant; and
 - Tenant required to redecorate/refurbish the centre once every 5 years as directed by AET (acting reasonably).
- Typical lease term from commencement; 15 years plus two 5 year options
- Rental growth indexed annually to CPI with a market review at year 11
- Most leases have a 5 year notice period regarding option take-up by tenants

Occupancy Profile

- Vacancy of 1% (excluding development sites)
- 2012 potential vacancies include guaranteed rent flow to 2014
- No significant number of vacancies until 2019
- Weighted Average Lease Expiry of 9.4 years at 31 December 2011

Typical Asset Profile

- Alternate Use value ~\$500,000 (~59% total investment value)
- Passing rental – varying from \$1,100 to \$1,750 per long day care licensed placed per annum
- Market rental – from \$1,100 to \$2,000 per long day care licensed place per annum

VALUATION METHODOLOGY

Valuation Policy

Investment properties are measured at fair value and revalued on a regular basis to ensure the carrying amount of each property does not differ materially from its fair value at the balance date. A full independent valuation of each property is carried out at least once every three years. The average weighted last valuation date for AET's assets is October 2010.

The fair value of investment property is updated to reflect market conditions at the end of a reporting period, twice annually. This represents best estimates as at the balance sheet date, and if investment property is sold in the future, the price achieved may be higher or lower than the most recent valuation.

The average carrying value per early learning property is approximately \$1 million and AET operates within a market place that remains relatively liquid with continued purchase activity.

AET does not conduct Directors valuations as an ordinary course of business. Financier Security Pool arrangements add further backing to the independent nature of AET's asset register values.

Capital & Rental Values

Each valuation assesses both capital and rental value on a mark to market basis. Rental and purchase markets exist for early learning centres on an existing use basis together with alternate uses from a capital value perspective.

Management has a conservative valuation approach with a preference for assets that are leased at market levels rather than being reliant upon any measure of over renting to maintain distribution levels to investors. This guards against any shortfall in long term cashflow and underpins the capital values in the event that a centre falls vacant.

Relative to other asset classes, research and past performance indicates that movements in value for early learning assets is more restricted than for the more traditional commercial/industrial sector; indicating a lower level of volatility for early learning asset values.

MANAGEMENT INITIATIVES

Objectives

- Continue stable distributions (forecast at 10 cents per unit for FY12)
- Key drivers of improved distribution performance:
 - Continued expense reduction
 - CPI rental increases
- Provide an attractive income yield with increasing underlying property values underpinned by long-term leases
- Maintain low gearing level (currently at 39%)
- Introduce AET to a large array of retail and institutional investors with potential to increase liquidity on the ASX which may result in an increase in unit price
- Provide best practice management and industry expertise to enable portfolio and risk management policies to maximise returns and operating efficiencies
- Further participation in industry groups
- Sale/lease of remaining non-income product properties
- Continue to engage in transparent and concise investor communications

General Investment Objectives

- Protect Unitholder interests to the maximum extent possible
- Provide Unitholders with access to real estate investment in early learning and other complimentary property asset classes, including social infrastructure
- Provide an uncomplicated property investment platform for investors
- Provide a stable, growing income stream underpinned by long-term leases
- Provide geographical diversification through asset selection
- Provide an attractive income yield with increasing underlying property values
- Provide best practice management and industry expertise to enable portfolio and risk management policies to maximise returns and operating efficiencies

Corporate Governance Policies and Procedures

- AET uses best practice management and has implemented a number of corporate governance policies and procedures. For further information, visit the Trust's website at: www.educationtrust.com.au – Corporate Governance.

MARKET & INDUSTRY PERFORMANCE

AET unit price v S&P/ASX 200 and A-REIT index from January 2010



Source: IRESS

Analysis over January 2010 – to 7 February 2012 shows AET unit price recovery as evidenced in the graph above compared to the ASX 200 and A-REIT index. Initiatives undertaken by Management in the last couple of years is reflected in the positive market sentiment for AET.

Industry Overview – Long Day Care Statistics

Australia	March 2011 ²	March 2010 ²	Sep 2005 ¹
Total No. Long Day Care (LDC) Centres	6,086	5,886	4,751
No. Children Attending LDC as a % of Total Children Attending Child Care Services	62.4%	62.0%	57.4%
No. Children Attending LDC	593,240	545,190	461,626
Average No. Hours Attending LDC (per week)	26.0	25.7	19.0
National Average LDC Occupancy Level (reported percent of places used) ⁴	74%	72%	NA
No. Families Using Childcare (LDC)	473,610	436,740	380,300
Childcare Rebate (max \$ pa)	\$7,500	\$7,500	\$4,354

Childcare Fundamentals

- Demand is driven by rates of childbirth, immigration and labour force participation of women with young children
- Government expenditure on childcare and early childhood education forecast by DEEWR in 2010 to be \$16.1 billion over the following 4 years¹
- DEEWR estimates that a family earning \$75k would have used 23.7% of their income without the subsidies compared with just 7.5% after the child care benefit and child care rebate subsidies²
- Every \$1 spent returns \$8.11 of economic benefits³
- Every \$1 spent on childcare returns \$1.86 in taxes³

Source:

¹ Department of Education, Employment and Workplace Relations (DEEWR) Report titled "State of Child Care in Australia" dated April 2010

² DEEWR Report titled "Child Care Update" dated January 2012

³ Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) - Social Policy Report 2004 / Organisation for Economic Co-operation and Development (OECD) – 2005 / Department of Education, Employment and Workplace Relations (DEEWR)

⁴ DEEWR Child Care Vacancies Qtrly March 2010 & March 2011

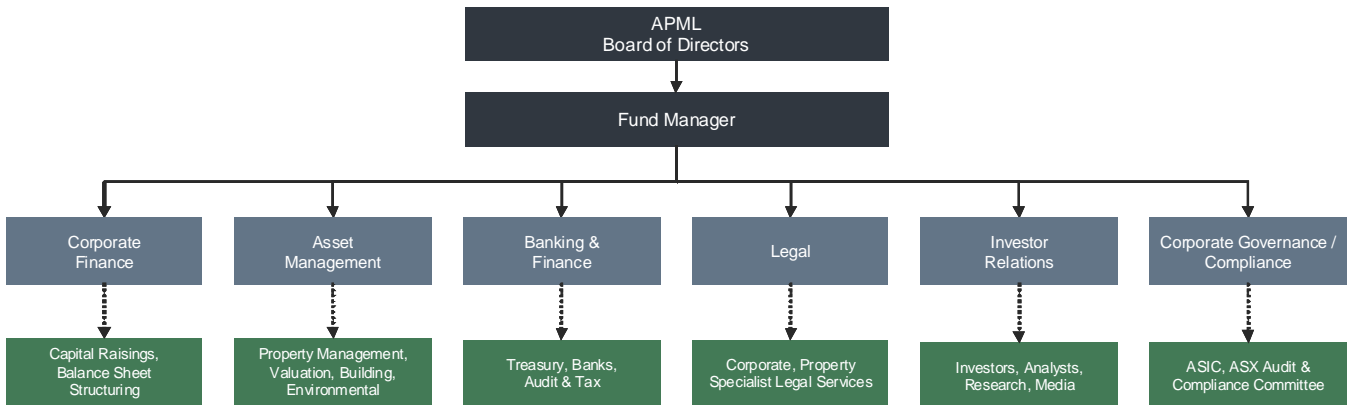
RESPONSIBLE ENTITY

Austock Property Management Limited (APML) is the Responsible Entity (RE) for the Australian Education Trust. APML holds an Australian Financial Services Licence (AFSL No. 281544) which allows the RE to administer funds at a retail and wholesale level, produce PDS's and raise funds for property investment purposes.

APML's model is based on independent decision making to ensure a high level of expertise across each investment discipline. Management delivers economies of scale and consistent systems that are aligned with Unitholder performance expectations.

Like other organisations whose core business involves the provision of professional services, APML's key asset is its people. This means quality and well-trained personnel with proven expertise within the Australian Real Estate Funds Management sector.

The key aspects of our business partnerships are transparency and accountability. We focus on trusted relationships with our partners based on defined deliverables and a long term commitment.



BOARD OF DIRECTORS

A Board of Directors with years of proven expertise in real estate, banking and finance, financial planning and investment management. A broad and multi-dimensional approach, together with significant investment experience, particularly in the banking and finance arena, ensures the Board has the necessary skills in mitigating risk and protecting capital, particularly in more difficult times.



Nicholas (Nick) Anagnostou
Executive Director & Chief Executive Officer

B.Bus (Prop), AAPI, CFM

Nick was appointed Chief Operating Officer on 4 August 2008 and then Chief Executive Officer on 11 July 2011. Nick joined Austock Property in December 2005 as Fund Manager for the Australian Education Trust. Nick has more than 20 years of experience in the Australian commercial property and funds management industries. Nick holds a Bachelor of Business in Property and is an Associate of the Australian Property Institute. He is a Certified Funds Manager, a qualified property valuer, a Licensed Estate Agent and was previously a Director of an international real estate agency where he focussed on Premium and 'A' grade office markets. He is also on the Executive Committee of Property Funds Australia.



Victor (Vic) Cottren
Chairman and Non-Executive Director

Bachelor of Commerce (Melbourne), Fellow of Australian Insurance Institute, Fellow of the Australian Society of Certified Practising Accountants, Fellow of the Australian Institute of Company Directors.

Vic was appointed on 22 December 2004. Vic has an extensive background in financial planning, life insurance & superannuation and investment management gained with such companies as AMP, Williams Tolhurst, Australian Eagle, Norwich Union, Investors Life Group and National Australia Bank. Vic filled various senior management posts, including chief executive and directorship positions within these companies and their subsidiaries prior to commencing his consulting business in 1995. He is a non-executive Director of Austock Group and several of its subsidiaries.



Michael Johnstone
Non-executive Director

Bachelor of Town & Regional Planning, Licensed Land Surveyor, Advanced Management Program (Harvard)

Michael was appointed on 22 December 2004. Michael has over 35 year's global experience in real estate finance, investment and development. Michael is currently a non-executive director of Dennis Family Holdings and Dennis Family Homes, a non-executive director of APN Funds Management and a member of the Investment Committee of APN Development Fund, a non-executive director and Chairman of bWired Pty Ltd, a non-executive director and Chairman of State Equity Group. Michael is also a member of the Audit and Compliance Committee of the Fund.

ABOUT THE MANAGER - PROPERTY INDUSTRY AWARDS

Austock Property has been fortunate to be the recipient of the following awards in 2010-2011 for the management of its funds.

2011 Property Investment Research A-REIT of the Year



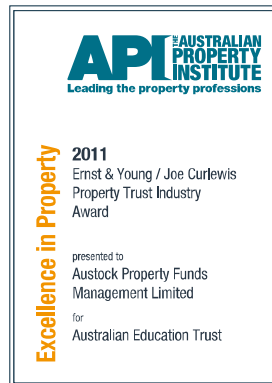
As part of the PIR Annual Australian Property Awards made to a listed real estate trust for the best financial performance, high levels of transparency a focus on intensive asset management and innovation in the property trust industry.

2011 Australian Property Institute (NSW) Excellence in Property Awards



As part of the Australian Property Institute (API) Excellence in Property Awards held by the New South Wales division of the API made to a listed or unlisted property trust or property syndicate for financial performance and innovation in the property trust industry.

2011 Australian Property Institute (VIC) Excellence in Property Awards



As part of the Australian Property Institute (API) Excellence in Property Awards held by the Victorian division of the API made to a listed or unlisted property trust or property syndicate for financial performance and innovation in the property trust industry.

2010 Australian Property Institute (NSW) Excellence in Property Awards



As part of the Australian Property Institute (NSW) Excellence in Property Awards held by the New South Wales division of the API made to a listed or unlisted property trust or property syndicate for financial performance and innovation in the property trust industry.

Austock Property Funds Management was also runner up in the 2010 Australian Property Institute (Victoria) Excellence in Property Awards.

DIRECTORY

Responsible Entity and principal place of business of the Australian Education Trust	Austock Property Management Limited Level 12, 15 William Street Melbourne VIC 3000 RE Website: www.austock.com/property/austockproperty Australian Education Trust Website: www.educationtrust.com.au
Directors of the Responsible Entity	Nicholas (Nick) James Anagnostou (Executive Director & Chief Executive Officer) Victor David Cottren (Non-Executive Chairman) Michael Francis Johnstone (Non-Executive Director)
Auditor/Tax Advisors	PricewaterhouseCoopers Freshwater Place, 2 Southbank Boulevard Southbank Vic 3006
ASX Code	AEU
Banks	National Australia Bank Limited Level 1, 330 Collins Street Melbourne VIC 3000 Australia & New Zealand Banking Corporation Limited Level 29, 100 Queen Street Melbourne Vic 3000
Custodian	The Trust Company Limited 213-217 St Pauls Terrace Brisbane Qld 4001
Secretary of the Responsible Entity	Amanda Jane Gawne/Adrian Seamus Hill Level 12, 15 William Street Melbourne VIC 3000
Share Registry	Boardroom Pty Limited Level 7, 207 Kent Street Sydney NSW 2000 Ph: 1300 737 760
Investor Relations	Lula Lioffi Austock Property Management Limited Level 12, 15 William Street Melbourne VIC 3000 Ph: (03) 8601 2668