

## **ASX Announcement**

15 April 2009

# **Australian Education Trust (AET) – Unitholder Update**

## **ABC (Receivers & Managers Appointed) Update**

Australian Education Trust (AET) (ASX:AEU) provides the following update to its recent announcements in relation to its exposure to ABC Learning Centres Limited (Administrators Appointed) (Receivers and Managers Appointed) and a number of its subsidiaries (ABC).

This update addresses matters relevant to ABC's Receivers & Managers, the Trust's sales and leasing program and its financing arrangements.

### **1. Re-letting & Sales Program**

As noted in previous releases, the Trust appointed Jones Lang LaSalle to assist with the marketing and sales program for the closed centres. The program relates to 33 properties owned by the fund which has attracted a significant level of interest. Expressions of interest are currently being considered from both a sales and/or leasing perspective and management is confident of achieving a successful outcome for the Trust. An announcement regarding the results of the program will be made in the coming months as appropriate.

### **2. ABC 1**

ABC 1 centres continue operations under the control of McGrath Nicol (ABC Receiver) and Administrator, Ferrier Hodgson. The ABC1 centres owned by the Trust form part of 720 centres that are operated by ABC (Receivers & Managers Appointed). Ferrier Hodgson's administration period was due to end on 31 March 2009 and this has been extended by an application to the Federal Court until 30 September 2009. Rental continues to be paid by the Receiver in relation to these centres.

In accordance with previous advice, we understand that Receiver will embark on a sales process for the ABC1 centres around mid to late 2009.

### **3. ABC 2**

ABC 2 centres are those centres under control of PPB, the Court Appointed Receiver (CAR). The business operations of these centres continue with assistance from the Federal Government. The CAR's appointment was due to end on 31 March and has been extended to 15 May 2009.

We refer to the announcement by PPB regarding the sale process for 'ABC 2' earlier today. AET has 89 centres which are included within ABC 2. We are pleased to advise that 78 of these centres are included in Categories 1 and 2 of PPB's announcement. PPB have defined Categories 1 and 2 as operating centre businesses which have been sold (Cat.1) and businesses where a new operator has been sufficiently identified (Cat. 2). These represent approximately 90% of the value of the centres in ABC 2 owned by AET. The remaining 11 centres continue to be the focus of efforts to find long term solutions.



We note that the Government has agreed to continue to support 6 of these through to June. Management will provide a summary of the impact on the Trust upon finalisation of contracts and assignment of leases. We anticipate this will be in the first half of May.

The Directors believe this is an excellent outcome for the Trust given current market conditions and the circumstances surrounding ABC.

#### **4. ABC New Zealand**

We are advised that ABC's New Zealand business continues to trade well and that this part of the business is not in administration or receivership. However, the New Zealand ABC business shares are owned by ABC Learning Centres Limited. Accordingly, even though the ABC NZ business is not in administration, the ABC Receiver, McGrath Nicol is handling the sale as the major shareholder of the NZ business. The Trust owns 57 childcare centres in New Zealand, together with ten development site properties.

A formal sales process for the business and leasehold interests is currently being conducted and is expected to be completed before 30 June 2009. The Trust is currently involved in the sales process to ensure that the new tenant (or tenants) represents viable long term operators. In the meantime, rent continues to be paid on a monthly basis for the childcare centres.

#### **5. ABC / Neighbourhood Early Learning Centres Pty Ltd ("NELC")**

ABC/NELC centres are leased to ABC and managed by NELC. On 19 February 2009, McGrath Nicol requested an assignment of these leases to Bright Horizons Australia Childcare Pty Ltd ("BHAC"), a related entity of NELC. We are currently liaising with BHAC to ensure they represent a viable long term operator. In the meantime, rent continues to be paid on a monthly basis.

#### **6. Debt Funding /Financial Charges Ratio**

As detailed in the Trust's announcement of 27 February 2009, the Trust has entered into a standstill arrangement with its bankers to reflect the non-compliance with its Financial Charges Ratio (FCR) as at 31 December 2008. This arrangement has been extended through to 31 May 2009.

All debt providers continue to be supportive of the Trust's strategy in dealing with ABC's failure. The expectation is of a period of stability around mid 2009 when the sales program, the ABC 2/PPB process and the ABC NZ sale are all expected to be completed. The Trust's debt facility agreements are currently ABC specific and will need to be restructured to reflect the changing nature of the Trust's tenancy profile.

#### **7. Further Updates**

Management will provide further updates to the market once matters progress in relation to all of the items noted.

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