

## ASX Announcement

10 March 2011

### Australian Education Trust Update

- **New Hedging Arrangements**
- **FY12 Earnings and Distribution Guidance**
- **Christchurch, New Zealand Earthquake**

The Directors of the Responsible Entity, Austock Property Management Limited provide the following update on the Australian Education Trust (AET or Trust) (ASX:AEU).

#### New Hedging Arrangements

AET has entered into new hedging arrangements to protect the Trust against adverse interest rate movements over the term of its three year banking facility, which expires in December 2013. The Trust has entered into two separate hedging arrangements totaling \$120 million commencing on 23 May 2011 which are detailed below. These rates are exclusive of lender margins.

1. A \$60 million interest rate swap at a fixed rate of 5.63% pa: This will result in AET paying a fixed interest rate, irrespective of the underlying floating interest rate environment over the term of the facility.
2. A \$60 million cap/collar arrangement that has a cap of 6% pa (maximum amount payable) and a floor of 4.9% pa (minimum amount payable) of which a premium is payable of approximately \$150,000 pa.

Based on current drawn debt of \$169.0 million, AET has hedged 71% of its interest rate exposure against adverse interest rate movements. These hedging arrangements were factored into the most recent earnings and distribution guidance for FY11 released on 17 February 2011 as part of the 31 December results announcement.

#### FY12 Earnings and Distribution Guidance

Based on the new hedging arrangements which enhance earnings predictability, AET's forecast net operating profit for FY12 is estimated to be between \$12.1 million and \$12.4 million, an increase of approximately 20% over the upper end of previous FY11 earnings guidance (\$10.25 million). This is equivalent to a distribution of between 9.0 cents and 9.2 cents per unit for FY12. The increase over FY11 is due to lower cost of debt over the full year and CPI rental increases (assumed 2.5% pa) consistent with AET's lease arrangements. This forecast assumes ongoing tenant performance and operating expenses consistent with Management's forecasts.



## Christchurch, New Zealand Earthquake

AET owns 14 properties that were identified as potentially being within areas that have been affected by the earthquake in Christchurch on 22 February 2011. These properties represent approximately 4% of AET's entire portfolio by number as at 31 December 2010.

All properties have now been inspected and in accordance with the Ministry of Education's requirements regarding the condition and safety of each centre, the tenant has provided a registered builder's and/or structural engineer's assessment to the Ministry of Education. All properties have been deemed structurally safe for occupation and properties that are not currently trading, are expected to recommence trading in the near future.

AET holds appropriate insurance cover for damage and destruction including damage caused by earthquakes. The insurance also includes coverage for loss of rent as a result of earthquake damage. Management holds a Certificate of Currency that confirms that the tenant of the properties also carries Business Interruption ("Loss of Income") insurance. Management will ensure that as part of its asset management activities, any minor damage to the properties that may have resulted from the earthquake will be dealt with appropriately.

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### Further information

The Australian Education Trust internet site, [www.educationtrust.com.au](http://www.educationtrust.com.au) is a source of information for unitholders. It includes details of AET and its Manager, announcements, current activities and historical information. The site provides access to annual and half-year reports and also contains releases made to the Australian Securities Exchange covering matters of relevance to investors.