

## ASX Announcement

22 March 2011

### AET Announces Fully Underwritten, \$30 million Non-Renounceable Rights Issue

The Directors of Austock Property Management Limited, as the responsible entity of the Australian Education Trust (**AET** or the **Trust**) (ASX:AEU), today announce that AET is undertaking a fully underwritten 3 for 10 Non-renounceable Rights Issue (**Rights Issue**) to all eligible Unitholders to raise approximately \$30 million at an offer price of **\$0.75** per New Unit.

The purpose of the Rights Issue is to strengthen AET's balance sheet and improve the Trust's key financial metrics through the repayment of debt. In addition, the Rights Issue will provide AET with balance sheet flexibility to pursue potential growth opportunities in the future.

#### Key Benefits of the Rights Issue

##### **Strengthened capital structure and improved financial metrics**

- Reduction in gearing (borrowings / investment properties) from 49.3% at 31 December 2010 to approximately 41%, moving it further in line with industry average
- Additional headroom under financing facility covenants (forecast FY12 Interest Coverage Ratio (ICR) of approximately 2.3x compared with a covenant of 1.6x)

##### **Lowered cost of debt**

- Terms with debt financiers currently have a scale of margins dependent on AET's LVR position
- Reduction in the LVR below 45% will result in a decreased interest margin of 0.4%, and coupled with the lower debt balance will provide a significant reduction in interest costs. A reduction in LVR below 40% will provide a further 0.1% reduction in interest margin.

##### **Minimal dilution of FY12 distribution**

- AET expects distributions for FY12 to be approximately 8.8 cents per unit post the Rights Issue
- Forecast FY12 distribution yield of 11.7% at the issue price

##### **Increased liquidity**

- Potential for increased liquidity and expansion of the AET investor base through the Rights Issue
- Based on the pre-announcement closing price of \$0.83 per unit, any New Units taken up under the Rights Offer will be yield accretive to your existing AET unitholding

Eligible AET unitholders will be entitled to apply for 3 new fully paid units in AET (**New Units**) for every 10 units you hold at 5:00pm (AEDT) on 31 March 2011 (the **Record Date**) (your **Entitlement**). The offer price will be **\$0.75** per New Unit representing a 9.6% discount to the closing price of AET units on 21 March 2011 and a 7.4% discount to the theoretical ex-rights price (TERP) following the Rights Issue. For eligible unitholders, it is important to note that your Entitlement is non-renounceable. This means it is personal to you and cannot be traded, transferred, assigned or otherwise dealt with. If you do not take up your Entitlement, it will lapse and you will not receive any New Units under the Rights Issue. To the extent that you do not take up your Entitlement, your interest in AET will be diluted.

Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Units.

AET's eligible unitholders will also be given the opportunity to apply for additional New Units beyond their Entitlement up to a maximum of 100,000 New Units. AET reserves the right to allocate these additional New Units as appropriate.



Unitholders resident outside Australia, New Zealand and the United Kingdom will not be eligible to participate in the Rights Issue due to securities laws restrictions on the offer of New Units in other jurisdictions. Unitholders in the United Kingdom will only be eligible to participate in the Rights Issue to the extent they satisfy the conditions to receive an offer under United Kingdom securities laws.

The New Units issued under the Rights Issue will be fully paid and will rank equally with AET's existing issued Units (other than in respect of the distribution for the quarter ending 31 March 2011) and the Trust will make an application to the ASX for official quotation of the New Units.

The Rights Issue will be fully underwritten by Austock Securities Limited who will also act as Lead Manager.

**Distribution Guidance**

New Units issued under the Rights Issue will rank equally for distributions with existing units after allotment and will be entitled to the final distribution for the quarter ending 30 June 2011. The New Units will not be entitled to the distribution for the quarter ending 31 March 2011.

The distribution per unit for the year ending 30 June 2012 is forecast to be 8.8 cents per unit and reflects a 11.7% distribution yield based on the issue price.

**Accepting the Offer**

**Unitholders eligible to participate in the Rights Issue do not need to take any action at this time.** An Offer Booklet, together with your personalised Entitlement and Acceptance Form will be mailed to the address on the Unit Register on the Record Date. If you wish to participate in the Rights Issue, follow the instructions on the Entitlement and Acceptance Form regarding the payment options by Closing Date as outlined below.

**The Closing Date for acceptance and payment is 5.00pm (AEST) on Monday, 18 April 2011.**

**Table 1 – Key Dates**

Event	Date
Announcement of Rights Issue	Tuesday 22 March 2011
Ex Date	Friday 25 March 2011
Record Date	Thursday 31 March 2011
Offer Booklet dispatched to Unitholders	Friday 1 April 2011
Offer opens	Monday 4 April 2011
Offer closes	Monday 18 April 2011
Notice for under-subscriptions to ASX	Wednesday 20 April 2011
Allotment of New Units under Rights Issue	Thursday 28 April 2011
Commencement of trading on a normal settlement basis	Friday 29 April 2011

This timetable is indicative only and subject to change. Subject to the Corporations Act and ASX Listing Rules, AET reserves the right to vary the dates and times in connection with the Rights Issue, including the closing date, without prior notice.

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Australian Education Trust

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**Further information**

Additional information regarding the Rights Issue is contained in the AET presentation released to the ASX today and the Offer Document which will be released to the ASX and mailed to eligible Unitholders on 1 April 2011. All the documents will also be available on AET's website. 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.