ASX ANNOUNCEMENT
AUSTRALIAN EDUCATION TRUST (ASX: AEU)

8 February 2012

Results for the Half Year Ended 31 December 2011

The Directors of the Responsible Entity, Austock Property Management Limited ("APML") provide the results of the Australian Education Trust (AET or the Trust) for the half year ended 31 December 2011.

(a) Key Summary

1. Distributable income of $9.2m, up $5.0m or 119% on the previous corresponding period ("pcp").
2. Upgraded FY12 distribution forecast of approximately 10.0 cpu (previous guidance of 9.6 cpu) due to continued cost reduction.
3. Unit price movement from $0.80 at 30 June 2011 to $0.92 at 31 December 2011, an increase of 15%.
4. 5% overall increase achieved on independent property valuations undertaken during the half year.
5. Gearing reduced to 39.1%. ICR for the half of 2.7x.
6. Successful assignment of New Zealand portfolio to Kidicorp Limited, the largest operator in New Zealand.
7. Weighted Average Lease ("WALE") Expiry at 31 December 2011 of 9.4 years.
8. Limited vacancy of 1% (excluding two development site assets).

(b) Financial Position

The table below provides a summary of AET's 31 December 2011 financial position in comparison to 30 June 2011.

	Dec 2011	June 2011	Variance
Total Assets	$355.0m	$353.9m	0.3%
Investment Property	$345.2m	$344.1m	0.3%[1]
Borrowings[2]	$135.0m	$140.0m	(3.6%)
Net Assets	$210.5m	$206.9m	1.7%
Number of Properties	331	333	(0.6%)
Gearing[3]	39.1%	40.7%	(1.6%)
NTA per unit	$1.20	$1.18	1.7%

(c) Property Summary

AET's early learning property portfolio as at 31 December 2011 is summarised as follows:

	No of Properties	Carrying Value $000's	Current Rent (pa) $000's[4]
Operating Properties			
Australia	269	303,392	30,481
New Zealand	56	39,921	3,518[5]
	325	**343,313**	**33,999**
Non-operational Properties			
Available for Sale / Lease	3	1,170	-
Contracted for Sale / Lease[6]	3	711	-
Total Properties as at 31 December 2011	**331**	**345,194**	**33,999**

[1] *Includes disposals and valuation changes*
[2] *Drawn debt*
[3] *Gearing is calculated by borrowings / investment properties*
[4] *Includes head-lease rent on leasehold properties of $1.0m*
[5] *Based on NZD rent of $4,622,500 at an exchange rate of 1.3138 as at 31 December 2011*
[6] *A lease is under negotiation for one property*

Responsible Entity: Austock Property Management Limited
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Email: property@austock.com **www.austock.com**

Goodstart - Tenant of 193 Early Learning Properties

The not-for-profit group Goodstart Early Learning ("Goodstart") a consortium of the major not-for-profit groups Mission Australia, the Benevolent Society, Social Ventures Australia and the Brotherhood of St Laurence is the tenant of 193 of the Trust's properties.

Key information extracted from Goodstart's 30 June 2011 Annual Report includes:

- Goodstart repaid $21.0 million of bank debt (only $6.0 million of this debt repayment was required by the lenders - an additional $15.0 million was repaid);
- Achieved positive operating cash flows of $58.1 million;
- Achieved EBITDA of $40.4 million;
- Achieved a surplus of $5.6 million; and
- Occupancy has steadily increased post 30 June 2011.

Other Tenants

The Trust has 26 appropriately qualified tenants leasing the remainder of its Australian property portfolio in addition to Goodstart. The tenants leasing 10 or more properties include: Mission Australia, Childcare Property Development Services and G8 Education Limited. Based on the review of financial data provided to us as part of their lease obligations; these tenants continue to implement operational initiatives to improve occupancies and profitability.

Kidicorp Limited (AET's new tenant in New Zealand)

On 15 November 2011 AET assigned all of the Fund's 56 New Zealand early learning centre leases (~12% of AET's portfolio by carrying value as at 31 December 2011) to Kidicorp Limited (Kidicorp). Kidicorp is the operator of over 240 early learning centre businesses in New Zealand.

Benefits of assignment to Kidicorp:

- Uninterrupted operation of all of AET's 56 New Zealand early learning centres;
- No change in rental income or entitlements, no incentive, inducement or allowance, financial or otherwise, was provided;
- A 'pooled' bank guarantee of approximately NZ$3 million was negotiated similar to AET's other major tenants;
- All transaction costs incurred by the Trust in respect of the assignments were recovered; and
- Management has recovered NZ$3 million (~A$2.4 million) from the former NZ tenant in relation to the settlement of the claim in respect to the New Zealand development sites. The proceeds were received in full and applied to debt reduction.

Non-Operational Properties

As at 31 December 2011, the Trust owns 5 Australian properties and 1 New Zealand property that are non-income producing. Two of these properties are contracted to sell with a further property currently subject to contract negotiation. New marketing campaigns have commenced in order to divest / re-lease the three remaining properties.

(d) Debt Funding

In December 2010, the Trust entered into a new syndicated debt facility with National Australia Bank (NAB) and Australia and New Zealand Bank (ANZ). The key commercial terms are:

Facility Limit as at 31 December 2011	$137 million
Drawn Amount as at 31 December 2011	$135 million
Facility Term	3 Years expiring December 2013
Financiers	NAB & ANZ (50% equal share)
Maximum Loan to Value Ratio	55% of Freehold & 50% of Leasehold Interests
Interest Cover Ratio	Not to be less 1.6x
Alternate Use Ratio	Debt is not to exceed 100% of Alternate Use Values for portfolio

AET's LVR was 39.6% as at 31 December 2011 (versus covenant ~55%) and its ICR for the 6 month period was 2.7x (versus covenant 1.60x). AET remains compliant with all of its debt covenants and obligations.

Hedging Arrangements

AET has the following hedging arrangements in place to protect the Trust against adverse interest rate movements over the term of its three year banking facility. These rates are exclusive of lender margins.

- $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.
- $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 the current drawn debt of $135 million, AET is currently hedged at 89% of its interest rate exposure against interest rate movements.

Cost of Debt

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

(e) Financial Summary

The table below provides a comparison of the results for the half year ended 31 December 2011 and the previous corresponding period:

Half year ending 31 December ($m's)	Notes	2011	2010
Revenue			
Lease income	1	16.9	16.5
Property outgoings recoverable	2	2.6	2.5
Other income	3	0.6	0.4
		20.1	19.4
Expenses			
Finance costs	4	6.0	9.9
Property expenses	2	3.5	3.8
Responsible entity's remuneration		1.0	0.9
Other expenses	5	0.4	0.6
		10.9	15.2
Distributable income		**9.2**	**4.2**
Amortisation of lease incentive asset		(0.2)	(0.2)
Straight line rental adjustments		0.2	0.2
Change in fair value of hedging instruments	6	(2.3)	-
Gain / (Loss) on sale of investment properties		-	(0.2)
Net revaluation increment / (decrement) of investment properties	7	2.5	(1.4)
Realised foreign exchange gains / (losses)		-	(2.7)
Realised losses on early termination of derivative contracts		-	(1.5)
New Zealand development site claim	8	2.4	-
Net profit / (loss) attributable to Unitholders		**11.8**	**(1.6)**

Notes

1. Lease income has increased to $16.9 million for the half ending 31 December 2011 from $16.5 million in the prior half. This is due to rental increases ($0.6 million) partially offset by reduced lease income from sold properties ($0.2 million). In Australia the annual CPI rent increase ranged between 2.7% and 3.5% with an average increase of 3.4% and for New Zealand between 1.5% and 5.3% with an average increase of 4.7%.

   Adjustments in relation to amortisation of lease incentive assets and straight line rental adjustments, which are included in lease income in the Statement of Comprehensive Income, are not included in the lease income in this analysis as they are not included in the calculation of distributable income.

2. AET receives property outgoings from its tenants on a monthly basis which is used for paying all of the property's outgoings. The property outgoings revenue of $2.6 million is fully offset by a corresponding expense of $2.6 million. Property expenses also incurred by AET include non-recoverable property outgoings in respect of land tax in Queensland and Victoria and rent payable on AET's leasehold properties. AET recently received a positive outcome which has resulted in a significant reduction in AET's annual non-recoverable property outgoings. This will result in an annual saving of approx $0.4 million in addition to a $0.2 million refund which was received in relation to the prior year.

3. Other income of $0.6 million comprises $0.2 million of interest income and $0.4 million relating to historical recoveries. Management has been able to recover previous year's costs relating to proposals for the assignment of leases in NZ of $0.2 million and unpaid rent from a previous tenant of approximately $0.2 million. Both of these items have a positive impact on the FY12 distributable income amount, however, should be viewed as one off and non-recurring for future financial years.

4. Finance costs decreased to $6.0 million for the half ending 31 December 2011 compared with $9.9 million in the prior year. This comprises both interest expense of $5.5 million and amortisation of deferred borrowing costs of $0.5 million. Interest expense decreased by $3.3 million due to the combination of:

   1. lower levels of borrowings in this period (weighted average balance of $135.7 million compared with $174.3 million in the previous half) due largely to the $30.4 million capital raising undertaken in April 2011; and

   2. lower interest rates due to the debt refinancing which occurred in December 2010. The average interest rate during the half was 7.9% pa compared with 10.1% pa in the previous half.

   Amortisation of borrowing costs relates to the capitalisation of $2.6 million in relation to establishment, legal and management fees in addition to other administration loan costs of the December 2010 refinancing which are being amortised evenly over the three year term of the debt facility.

5. Other expenses of $0.4 million include such items as registry maintenance, custodian fees, legal fees, valuation fees and consultant fees.

6. AET has two hedging arrangements in place to protect against adverse interest rate movements. As at 31 December 2011, due to a lower interest rate yield curve than when the arrangements were entered into, the fair value of the hedging arrangements were out of the money by $3.6 million. This is a negative movement of $2.3 million from the position as at 30 June 2011.

7. During the half year ending 31 December 2011, AET revalued 67 properties, 61 in Australia and 6 in New Zealand.

   Valuations of the 61 Australian properties resulted in an increase of $3.6 million or 5%, largely driven by rental increases on these properties since previous valuations and some improvement in capitalisation rates. Valuations of the 6 New Zealand properties decreased by $0.1 million or 3%, however, this was primarily due to negative exchange rate movements between the current and previous valuation dates.

   In addition, an impairment has been made with respect to four Australian properties (two closed centres, a flood impacted centre and a development site) of $0.8 million to more accurately reflect the fair value of these properties.

   The net result of the valuations was an increment of $2.5 million. AET has revalued 100% of its portfolio since 30 April 2010.

8. AET has recovered NZ$3 million (~A$2.4 million) in relation to the settlement of the claim against its former NZ tenant in respect to losses suffered by AET on the New Zealand development sites. The proceeds have been received in full and applied to debt reduction.

(f) Portfolio Performance

Key portfolio performance criteria as at 31 December 2011:

	December 2011	June 2011
Value of Investment Property (Operating Properties)	$343.3m	$341.6m
Alternate Use Value	$201.0m	$200.8m
Annualised Net Rental Income	$34.0m	$33.6m
Average Increase in Lease Rental Income year on year	3.5%	3.1%
Property Yield – Freehold Properties	9.3%	9.3%
Property Yield – Leasehold Properties	14.2%	15.0%
Total Property Yield	9.6%	9.6%
Vacancy Rate (excluding development sites)	1.2%	0.9%
Weighted Average Lease Expiry ("WALE")	9.4	10.0

(g) Key Operational Achievements

- On 15 November 2011 Management successfully assigned all of the Trust's 56 New Zealand early learning centres to Kidicorp. The assignment provided for uninterrupted operation of all AET's centres with no change in rental income or entitlements. In addition, all the Trust's transaction costs in respect of the assignments were recovered in addition to ~A$2.4 million from its former NZ tenant. This assignment was critical in securing and further protecting Unitholders' interests into the future.
- Initiatives undertaken by Management in the past 12 months have resulted in significant cost reductions and measures have been put in place to readily identify potential cost savings in the future. Management continues to actively manage cost saving opportunities across the asset portfolio in addition to Trust expenses.
- With AET back to an uncomplicated property trust model and paying regularly quarterly distributions to its Unitholders, Management approached lending institutions to include AET on their margin lending lists with some success.
- Independent research was initiated by PIR in early December 2011.
- Management successfully negotiated new insurance cover, inclusive of earthquake cover for its entire New Zealand portfolio, after a tender process seeking competitive insurance arrangements.
- AET's gearing has been reduced to 39.1% as at 31 December 2011. This has been achieved primarily through repayment of debt and increased property valuations. This is a significant milestone for AET and further enhances its attractiveness to new and existing investors.
- APML was the recipient of three industry awards for its management of AET including PIR's "A-REIT of the year" award, the Commonwealth Bank's Property Trust Award and the API's Property Trust Industry Award.

(h) Distributions

Previous FY12 distribution guidance in November 2011 was 9.6 cents per unit. Management's active cost reduction program has had a positive impact on the Fund's distribution forecast for FY12. Assuming continued tenant performance, Management is now forecasting a full year FY12 distribution of approximately **10.0 cents per unit**. This is inclusive of the two distributions already paid totaling 4.7 cents per unit. Unitholders should note that approximately 0.3 cpu of the total distribution relates to previous years' income/costs recovered and should be treated as one off items. Any future financial guidance provided by Management will be based on AET's distributable income rather than statutory profit as done previously.

(i) Outlook

AET is strongly positioned as a simple and uncomplicated property trust with a stable and predictable income stream, proven underlying property values, conservative gearing, limited vacancy rate and long-term triple net leases. With continued government support, a strong demand for childcare and expected growth in the industry over the coming years, AET is well positioned to take advantage of any growth in this sector consistent with the expectations of Unitholders.

Key areas identified for concentrated efforts include, but are not limited to:

- CPI lease growth;
- continued cost reduction and savings;
- ongoing management of tenant performance;
- continuous assessment of options regarding the Trust's debt obligations and cost of borrowings;
- active management of the portfolio's assets;
- sale/lease of the remaining non-income producing properties;
- further participation in industry groups;
- identify and engage with new investor groups to potentially increase liquidity on the ASX, which may result in minimising the discount between the ASX price and NTA; and
- continue to engage in transparent and concise investor communications.

(j) Investor Relations

The Fund's internet site, www.educationtrust.com.au provides useful information for unitholders, including a summary of the Fund's asset portfolio, access to annual and half year reports and releases made to the ASX.

Unitholders are invited to contact the Fund's Investor Relations Manager, Lula Liossi for any further information. Boardroom is the Fund's registry and can be contacted on 1300 737 760 with respect to any queries in relation to investors unitholdings.

(The documents attached to this release comprise the information required by ASX Listing Rule 4.3A and should be read in conjunction with the half year results to 31 December 2011.)

Nick Anagnostou
Chief Executive Officer
Australian Education Trust

Travis Butcher
Chief Financial Officer
Australian Education Trust

For further information contact:
Lula Liossi
Investor Relations Manager
61 3 8601 2668

Appendix 4D

Half Year Report
For the Period Ended 31 December 2011

Name of entity:

Australian Education Trust

ABN:

58 102 955 939

1. Details of the reporting period

This report details the results of Australian Education Trust (the "Trust") for the half year ended 31 December 2011 (previous corresponding period: half year ended 31 December 2010).

2. Results for announcement to the market

			$A'000			$A'000
2.1	Revenue from ordinary activities	Up	5,725	29.5%	to	25,107
2.2	Profit (loss) from ordinary activities after tax attributable to members	Up	13,463	na	to	11,844
2.3	Net profit (loss) for the period attributable to members	Up	13,463	na	to	11,844
2.4	Interim Distributions – Quarter ending 31 December 2011 – 2.45 cents per unit					
2.5	Record date – 30 December 2011					
2.6	Brief explanation of the figures reported above: For further explanation of the results refer to the ASX Release and the Directors' Report of the half-year report.					

2.7	**Earnings Per Unit (EPU)**	**Dec 2011**	**Dec 2010**
	Basic earnings per unit	6.75	(1.20)
	Diluted earnings per unit	6.75	(1.20)

3. Net tangible assets per unit

	Dec 2011	**Jun 2011**
Net tangible asset backing per ordinary unit	$1.20	$1.18

4. Details of entities over which control has been gained or lost during the period

None.

5. Details of distributions

Period	Paid	Cents per unit
Quarter ending 30 September 2011	20 October 2011	2.25
Quarter ending 31 December 2011	20 January 2012	2.45
Total		4.70

6. Distribution Reinvestment Plan

Not applicable.

7. Details of associates and joint venture entities

Not applicable.

8. Foreign entities

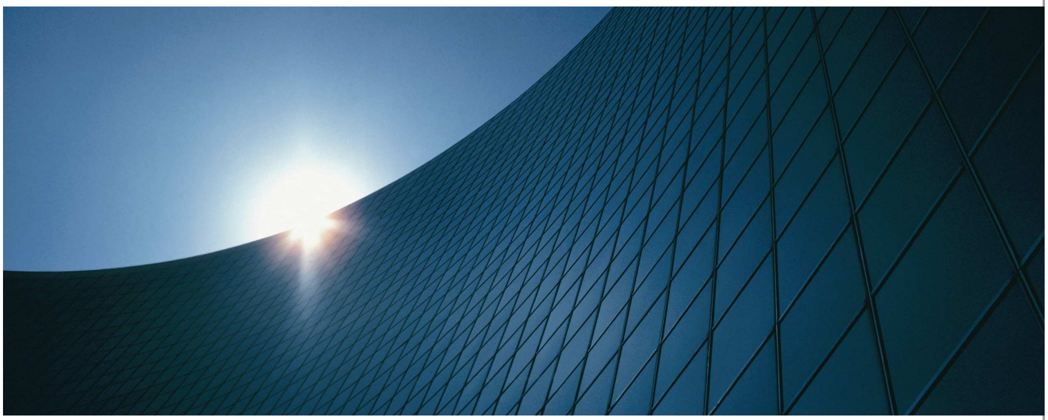
None.

9. Disputes with auditors or qualifications

Nil

Victor David Cottren
Chairman
Austock Property Management Limited
Melbourne, 8 February 2012

Australian Education Trust
ARSN 102 955 939



Australian Education Trust

ABN 58 102 955 939 ARSN 102 955 939

and Controlled Entity

HALF YEAR FINANCIAL REPORT

31 December 2011

Austock Property

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

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DIRECTORS' REPORT

The Directors of Austock Property Management Limited ("the Responsible Entity"), the Responsible Entity of the Australian Education Trust and its controlled entity ("the Trust"), present their report together with the financial report of the Trust for the half year ended 31 December 2011.

THE RESPONSIBLE ENTITY

The registered office and principal place of business of the Responsible Entity and the Trust is Level 12, 15 William Street, Melbourne Victoria 3000.

Directors of the Responsible Entity

The Directors of the Responsible Entity during the whole of the half year and to the date of this report comprise:

Name	Period of Directorship
Mr Victor David Cottren	Appointed 22 December 2004
Mr Michael Francis Johnstone	Appointed 22 December 2004
Mr Nicholas James Anagnostou	Appointed 4 August 2008

PRINCIPAL ACTIVITIES

The Trust is a specialist education property owner which as at 31 December 2011 owns a total of 331 early learning properties in locations around Australia and New Zealand. The Trust's properties are categorised as follows:

	No of Properties	Carrying Value $000's	Current Rent (pa) $000's[1]
Operating Properties			
Australia – Tenanted by Goodstart	193	221,049	21,958
Australia – Other Tenants	76	82,343	8,523
New Zealand – Tenanted by Kidicorp	56	39,921	3,518[2]
	325	**343,313**	**33,999**
Non-operational Properties			
Available For Sale/Lease	3	1,170	-
Contracted to Sell/Lease[3]	3	711	-
Total Properties as at 31 December 2011	**331**	**345,194**	**33,999**

[1] Includes head-lease rent on leasehold properties of $1.0m
[2] Based on NZD rent of $4,622,500 at an exchange rate of 1.3138
[3] At the date of this report a contract is still under negotiation for one property

DIRECTOR'S REPORT (CONTINUED)

REVIEW AND RESULTS OF OPERATIONS

A summary of the key results during the half year are as follows:

- Distributable income* of $9.2 million, an increase of 119% on the previous corresponding period ("pcp").
- Statutory profit of $11.8 million compared to a loss of $1.6 million in the pcp.
- Unit price has increased from $0.80 at 30 June 2011 to $0.92 at 31 December 2011, an increase of 15%.
- 5% overall increase achieved on properties externally revalued during the half year.
- Gearing reduced to 39.1%.
- Successful assignment of New Zealand portfolio to Kidicorp Limited, the largest operator in New Zealand.
- Weighted Average Lease Expiry at 31 December 2011 of 9.4 years.
- Limited vacancy of 1% (excluding two development site assets).

Half year ending 31 December ($m's)	2011	2010
Revenue		
Lease income	16.9	16.5
Property outgoings recoverable	2.6	2.5
Other income	0.6	0.4
	20.1	**19.4**
Expenses		
Finance costs	6.0	9.9
Property expenses	3.5	3.8
Responsible entity's remuneration	1.0	0.9
Other expenses	0.4	0.6
	10.9	**15.2**
Distributable income*	**9.2**	**4.2**
Amortisation of lease incentive asset & liability (lease income)	(0.2)	(0.2)
Straight line rental adjustments (lease income)	0.2	0.2
Change in fair value of derivative financial instruments	(2.3)	-
Net revaluation increment/(decrement) of investment properties	2.5	(1.4)
Gain / (loss) on sale of investment properties	-	(0.2)
Realised foreign exchange gain / (losses)	-	(2.7)
Realised losses on early termination of derivative contracts	-	(1.5)
Unrealised foreign exchange gain / (losses)	-	-
New Zealand development site claim	2.4	-
Net profit / (loss) attributable to Unitholders for the half year	**11.8**	**(1.6)**

** Distributable income is not a statutory measure of profit*

DIRECTOR'S REPORT (CONTINUED)

DISTRIBUTIONS

Distributions paid for the half year ended 31 December 2011 totalled 4.70 cents per unit (2010: 0.67 cents per unit).

Distributions declared by the Trust since the end of 30 June 2011 were:

	Paid/ payable	Cents per unit	Amount $'000
Quarter ending 30 September 2011	20 Oct 2011	2.25	3,948
Quarter ending 31 December 2011	20 Jan 2012	2.45	4,299
Total		**4.70**	**8,247**

FUNDING

As at 31 December 2011 the total assets of the Trust were $355 million, gross borrowings were $135 million and net assets were $210.5 million. The net tangible asset per unit is $1.20 (30 June 2011: $1.18). The Trust has gearing (Borrowings / Investment Properties) of 39.1%.

The Trust has reduced debt by $5 million since 30 June 2011, from $140 million to $135 million. This has been achieved by using the funds received from the New Zealand development site compensation claim of $2.4 million and the proceeds from the sale of two properties (one operating and one non-operating).

The Trust has 175,465,397 units on issue as at 31 December 2011. No units have been issued in this period.

In December 2010, the Trust entered into a new syndicated debt facility with National Australia Bank (NAB) and Australia and New Zealand Bank (ANZ).

The key commercial terms of the syndicated facility are as follows:

Facility Limit	$137 million as at 31 December 2011
Drawn Amount	$135 million as at 31 December 2011
Facility Term	3 Years expiring December 2013
Financiers	NAB & ANZ (50% equal share)
Maximum Loan to Value Ratio	55% of Freehold & 50% of Leasehold Interests
Interest Cover Ratio	Not to be less than 1.6x measured on a six monthly basis
Alternate Use Ratio	Debt is not to exceed 100% of Alternate Use Values for portfolio

As at 31 December 2011, the Trust complied with all its debt covenant ratios and obligations.

Hedging Arrangements

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

- Interest Rate Swap
  - Notional Amount $60 million
  - Fixed Rate 5.63% pa
  - Termination Date 31 December 2013
- Interest Rate Cap/Collar
  - Notional Amount $60 million
  - Cap Rate 6.00% pa
  - Collar Rate 4.90% pa
  - Termination Date 31 December 2013

Based on the current drawn debt of $135 million, the Trust has hedged 89% of its interest rate exposure against interest rate movements.

DIRECTOR'S REPORT (CONTINUED)

MATTERS SUBSEQUENT TO THE END OF THE PERIOD

Subsequent to period end, there are no events that have occurred which the Directors believe significantly affect the operations of the Trust, the results of those operations, or the state of affairs of the Trust.

ROUNDING OF AMOUNTS

The Trust is an entity of a kind referred to in Class order 98/100 issued by the Australian Securities and Investments Commission relating to the 'rounding off' of amounts in the Directors' report and financial report. Amounts in the Directors' report and financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

AUDITOR'S INDEPENDENT DECLARATION

A copy of the auditor's independent declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Signed in accordance with a resolution of the Board of Directors of the Responsible Entity.

Victor David Cottren
Chairman
Austock Property Management Limited
Melbourne, 8 February 2012

AUDITOR'S INDEPENDENCE DECLARATION

pwc

Auditor's Independence Declaration

As lead auditor for the review of Australian Education Trust for the half-year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of the Australian Education Trust and the entities it controlled during the period.

Charles Christie
Partner
PricewaterhouseCoopers

8/2

Melbourne
February 2012

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Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Consolidated Group	
	31 Dec 2011	31 Dec 2010
	$'000	$'000
Revenue		
Lease income	17,064	16,533
Property outgoings recoveries	2,609	2,463
Interest income	168	245
Gain on sale of investment properties	9	-
Net property revaluation increment	2,446	-
New Zealand development site claim	2,363	-
Unrealised foreign exchange gains	14	-
Other income	434	141
Total revenue	**25,107**	**19,382**
Expenses		
Finance costs	5,968	9,885
Property outgoings	2,890	3,272
Responsible Entity's remuneration	1,044	894
Rent on leasehold properties	633	581
Other expenses	440	564
Net property revaluation decrement	-	1,369
Loss on sale of investment properties	-	165
Change in the fair value of derivative financial instruments	2,288	-
Realised foreign exchange losses	-	2,690
Realised losses on derivative financial instruments	-	1,493
Unrealised foreign exchange losses	-	88
Total expenses	**13,263**	**21,001**
Net profit/(loss) attributable to Unitholders for the half year	**11,844**	**(1,619)**
Other comprehensive income	-	-
Total comprehensive income/(loss) for the half year	**11,844**	**(1,619)**
Earnings per unit	**Cents**	**Cents**
Basic earnings per unit	6.75	(1.20)
Diluted earnings per unit	6.75	(1.20)

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET

		Consolidated Group	
	Note	31 Dec 2011	30 Jun 2011
		$'000	$'000
ASSETS			
Current assets			
Cash and cash equivalents		7,415	8,582
Trade and other receivables		167	141
Other current assets	2	2,228	1,081
Investment properties expected to be sold within 12 months		1,361	2,261
Total current assets		**11,171**	**12,065**
Non-current assets			
Investment properties	3	340,784	338,964
Investment properties - Straight line rental asset	3	3,049	2,877
Total non-current assets		**343,833**	**341,841**
Total assets		**355,004**	**353,906**
LIABILITIES			
Current liabilities			
Trade and other payables		2,838	3,680
Distribution payable		4,324	3,707
Derivative financial instruments	4(a)	1,974	474
Other current liabilities		430	439
Total current liabilities		**9,566**	**8,300**
Non-current liabilities			
Borrowings	5	133,300	137,853
Derivative financial instruments	4(b)	1,654	865
Total non-current liabilities		**134,954**	**138,718**
Total liabilities		**144,520**	**147,018**
Net assets		**210,484**	**206,888**
EQUITY			
Contributed equity	6	195,013	195,013
Undistributed profit		15,471	11,875
Total equity		**210,484**	**206,888**

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Units on Issue $'000	Undistributed Profit $'000	Total $'000
Consolidated Group			
Balance at 1 July 2010	166,314	17,027	183,341
Net loss attributable to unitholders	-	(1,619)	(1,619)
Distribution paid or provided for	-	(904)	(904)
Balance at 31 December 2010	**166,314**	**14,504**	**180,818**
Balance at 1 July 2011	195,013	11,875	206,888
Net profit attributable to unitholders	-	11,844	11,844
Distribution paid or provided for	-	(8,248)	(8,248)
Balance at 31 December 2011	**195,013**	**15,471**	**210,484**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Consolidated Group 31 Dec 2011 $'000	Consolidated Group 31 Dec 2010 $'000
Cash flows from operating activities			
Cash receipts in the course of operations (inclusive of GST)		22,065	19,000
Cash payments in the course of operations (inclusive of GST)		(9,114)	(9,060)
Interest received		168	245
Finance costs paid		(5,619)	(15,912)
Net cash inflow/(outflow) from operating activities		**7,500**	**(5,727)**
Cash flows from investing activities			
Proceeds from sale of investment properties		1,803	3,945
New Zealand development site claim		2,363	-
Payments for construction of investment property damaged by flood		(631)	-
Insurance proceeds from construction of investment property damaged by flood		428	-
(Payments)/proceeds from early termination of derivative instruments		-	(768)
Net cash inflow from investing activities		**3,963**	**3,177**
Cash flows from financing activities			
Proceeds from borrowings		-	171,000
Repayment of borrowings		(5,000)	(177,036)
Distributions paid		(7,630)	(916)
Net cash outflow from financing activities		**(12,630)**	**(6,952)**
Net decrease in cash held		**(1,167)**	**(9,502)**
Cash at the beginning of the half year		**8,582**	**13,829**
Cash at the end of the half year		**7,415**	**4,327**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Basis of preparation of half year report

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2011 has been prepared in accordance with the Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by the Trust during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Impact of standards issued but not yet applied by the Trust

AASB9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The Trust does not expect that any adjustments will be necessary as a result of applying the revised rules.

2. Other current assets

	Consolidated Group	
	31 Dec 2011	30 Jun 2011
	$'000	$'000
Lease incentive asset	785	833
Prepayments	1,443	248
	2,228	**1,081**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

3. Investment properties

	Consolidated Group	
	31 Dec 2011	30 Jun 2011
	$'000	$'000
Freehold properties – at valuation	324,933	323,701
Leasehold properties – at valuation	19,870	19,381
Construction and development sites – at valuation	391	1,020
Total investment properties	345,194	344,102
Less: Investment properties expected to be sold within 12 months	(1,361)	(2,261)
Less: Straight line rental asset	(3,049)	(2,877)
Carrying amount at the end of the half year	**340,784**	**338,964**
Movement in investment properties:		
Balance at the beginning of the period	338,964	344,217
Net construction costs of investment properties damaged by flood	204	-
Disposal of properties	(1,730)	(6,014)
Investment properties to be sold in 12 months	900	3,575
Net revaluation increment/(decrement)	2,446	(2,814)
Carrying amount at the end of the half year	**340,784**	**338,964**

(a) Investment properties are carried at fair value. The determination of fair value is based on independent valuations where appropriate. This includes the original acquisition costs together with capital expenditure since acquisition and either the latest full independent valuation or latest independent update. Total acquisition costs include incidental costs of acquisition such as stamp duty and legal fees.

(b) A full independent valuation of a property is carried out at least once every three years. Independent valuations are prepared using both the capitalisation of net income method and the discounting of future net cash flows to their present value.

(c) Independent valuations as at 31 December 2011 were conducted by numerous valuers. The valuation methodologies used were capitalisation and direct comparison approaches and were consistent with the requirements of relevant Accounting Standards and property valuation guidelines.

Based on the revaluation of 67 properties this half year, the Trust has revalued 100% of its portfolio since 30 April 2010. As a result, the fair value of the operating investment property portfolio as at 31 December 2011 is entirely based on the most recent independent valuation.

Valuations on the 61 Australian properties increased by $3.6 million or 4.9% on the previous external valuations. The 50 Australian freehold operating properties values increased by $3.1 million or 5% from the previous valuations. Valuations for the 11 leasehold properties increased by $0.5 million or 6%.

In addition to the external valuations, decrements of $0.8 million were made to three non-operational properties and a reconstructed property which was affected by the floods.

Valuations of the 6 New Zealand properties decreased by $0.1 million or 2.7%, however this was due to unfavourable exchange rate movements from the date of the previous valuation. In New Zealand Dollars, the valuations of the New Zealand properties increased by NZD$0.2 million or 4%.

Net revaluation decrement also includes a decrement due to straight line rental adjustments of $0.2 million with a corresponding increase in Straight Rental Asset.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

4. Derivative financial instruments

	Consolidated Group	
	2011	2010
	$'000	$'000
(a) Current		
Derivative financial instruments - interest rate swaps & cap/collar contracts	1,974	474
	1,974	**474**
(b) Non-current		
Derivative financial instruments - interest rate swaps & cap/collar contracts	1,654	865
	1,654	**865**

5. Borrowings

	Consolidated Group	
	31 Dec 2011	30 Jun 2011
	$'000	$'000
Bank loans - secured	135,000	140,000
Less: up front transaction costs	(2,600)	(2,669)
Plus: amortised up front transaction costs	900	522
	133,300	**137,853**

In December 2010, the Trust entered into a new syndicated debt facility with National Australia Bank (NAB) and Australia and New Zealand Bank (ANZ).

The key commercial terms of the syndicated facility are as follows:

Facility Limit	$137 million as at 31 December 2011
Drawn Amount	$135 million as at 31 December 2011
Facility Term	3 Years expiring December 2013
Financiers	NAB & ANZ (50% equal share)
Maximum Loan to Value Ratio	55% of Freehold & 50% of Leasehold Interests
Interest Cover Ratio	Not to be less than 1.6x measured on a six monthly basis
Alternate Use Ratio	Debt is not to exceed 100% of Alternate Use Values for portfolio

As at 31 December 2011, the Trust complied with all its debt covenant ratios and obligations.

Hedging Arrangements

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

- Interest Rate Swap
  - Notional Amount $60 million
  - Fixed Rate 5.63% pa
  - Termination Date 31 December 2013
- Interest Rate Cap/Collar
  - Notional Amount $60 million
  - Cap Rate 6.00% pa
  - Collar Rate 4.90% pa
  - Termination Date 31 December 2013

Based on the current drawn debt of $135 million, the Trust has hedged 89% of its interest rate exposure against interest rate movements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

6. Contributed Equity

	Consolidated Group	
	Units on issue	Units on issue
	No '000	$'000
Balance at 1 July 2010	134,974	166,314
Units Issued	-	-
Balance at 31 December 2010	**134,974**	**166,314**
Balance at 1 July 2011	175,466	195,013
Units Issued	-	-
Balance at 31 December 2011	**175,466**	**195,013**

7. Segment Information

The Trust operates as one business segment being the investment in childcare properties and in one geographic segment being Asia Pacific. The Trust's segments are based on reports used by both management and directors in making key decisions. Within the Asia Pacific geographic region, the Trust owns property both in Australia and New Zealand. Total revenue comprises revenue from Australia of $17.9 million (31 December 2010: $17.1 million) and revenue from New Zealand of $4.6 million (31 December 2010: $2.0 million). Investment properties held by the Trust comprise Australian properties of $305.1 million (30 June 2011: $304.1 million) and New Zealand properties of $40.1 million (30 June 2011: $40.0 million).

8. Lease revenue commitments

	Consolidated Group	
	31 Dec 2011	31 Dec 2010
	$'000	$'000

(a) Lease revenue commitments

Details of non-cancellable operating leases contracted but not capitalised in the financial statements are shown below:

The property leases are non-cancellable with a fifteen year term and rent is reviewed annually in accordance with CPI movements. Further, two five year options exist to renew the leases for further terms.

	31 Dec 2011	31 Dec 2010
Receivable:		
not later than 1 year	34,512	33,075
later than 1 year but no later than 5 years	147,111	144,519
later than 5 years	181,223	213,358
	362,846	**390,952**

(b) Leasehold property commitments

Details of non-cancellable property leases contracted for, but not capitalised in the financial statements are shown below:

The property leases are non-cancellable leases with a twenty year term, with rent payable quarterly or monthly in advance. Contingent rental provisions within the lease agreements require the minimum lease payments shall be increased by the minimum of CPI to a maximum of 5% pa. A right or option exists to renew the leases for a further term. The lease allows for subletting of all lease areas.

	31 Dec 2011	31 Dec 2010
Payable:		
not later than 1 year	1,058	1,047
later than 1 year but no later than 5 years	4,789	4,429
later than 5 years	15,105	14,898
	20,952	**20,374**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

9. Contingent liabilities

No contingent liabilities to the Trust exist of which the Responsible Entity is aware.

10. Events occurring after the reporting period

The financial report was authorised on 8 February 2012 by the Board of Directors of the Responsible Entity.

There have been no other significant events since 31 December 2011 that have or may significantly affect the results and operations of the Trust.

DIRECTORS' DECLARATION

In the opinion of the Directors of Austock Property Management Limited, the Responsible Entity of Australian Education Trust and its controlled entities ("the Trust"):

1. the financial statements and notes, set out on pages 7 to 15 are in accordance with the *Corporations Act 2001*, including:

   i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   ii) giving a true and fair view of the Trust's financial position as at 31 December 2011 and of its performance for the year ended on that date; and

2. there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and

3. the Trust has operated during the half year ended 31 December 2011 in accordance with the provisions of the Trust Constitution dated 8 July 2002 (as amended).

This declaration is made in accordance with a resolution of the Directors of Austock Property Management Limited.

Dated at Melbourne this 8th day of February 2012.

Victor David Cottren
Chairman
Austock Property Management Limited

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE UNITHOLDERS

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Independent auditor's review report to the unitholders of Australian Education Trust

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Australian Education Trust which comprises the balance sheet as at 31 December 211, the statement of comprehensive income, statement of changes in equity, statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Australian Education Trust (the Consolidated Entity). The Consolidated Entity comprises both Australian Education Trust (the Trust) and the entities it controlled during the half-year.

Directors' responsibility for the half-year financial report

The directors of the Austock Property Management Limited (the Responsible Entity of the Trust) are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Australian Education Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE UNITHOLDERS (CONTINUED)

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Australian Education Trust is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

Charles Christie
Partner

8 Feb
Melbourne
February 2012

DIRECTORY

Responsible Entity and principal place of business of the Trust	**Austock Property Management Limited** Level 12 15 William Street Melbourne VIC 3000
Directors of the Responsible Entity	**Victor David Cottren (Chairman)** Michael Francis Johnstone Nicholas James Anagnostou
Solicitors	**Macrossans Lawyers** Level 23 AMP Place 10 Eagle Street Brisbane Qld 4000
Share Registry	**Boardroom Pty Limited** Level 7, 207 Kent Street Sydney NSW 2000
Auditors/Taxation Advisors	**PricewaterhouseCoopers** Freshwater Place 2 Southbank Boulevard Southbank Vic 3000
Bank	**National Australia Bank Limited** Level 32 500 Bourke 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 Trust	**Amanda Jane Gawne** Level 12 15 William Street Melbourne VIC 3000 **Adrian Seamus Hill** Level 12 15 William Street Melbourne VIC 3000