



Australian  
Education Trust  
ARSN 102 955 939



## Australian Education Trust Rights Issue Entitlement Offer

**3 for 10 Non-Renounceable Pro-rata Entitlement Offer  
Of Fully Paid Units In The Australian Education Trust  
At An Offer Price Of \$0.75 Per Unit**

**THE RIGHTS ISSUE ENTITLEMENT OFFER CLOSES AT 5.00PM AEST ON 18 APRIL 2011**



Responsible Entity:

Austock Property Management Limited  
ACN 111 338 937

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This is an important document which is accompanied by an Entitlement and Acceptance Form and both should be read in their entirety.

Please call your professional advisor or AET's Entitlement Offer Information Line on 1300 737 760 (within Australia) or on +612 9290 9600 (from outside Australia) at any time from 8.30am to 5.00pm (AEST) Monday to Friday if you have any questions

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# **1 CORPORATE DIRECTORY**

## **REGISTERED OFFICE**

Level 12, 15 William Street  
Melbourne, Victoria 3000  
Australia

Phone: +61 3 8601 2000  
Fax: +61 3 9200 2286  
Website: [www.austock.com.au](http://www.austock.com.au)

## **REGISTRY**

Registries Limited  
GPO Box 3993  
Sydney, NSW 2001  
Australia  
Telephone: +61 2 9290 9600  
Website: [www.registries.com.au](http://www.registries.com.au)

## **WEBSITE:**

To view annual reports, unitholder and trust information, news announcements, information on the business of AET and other historical information, visit the ASX website at [www.asx.com.au](http://www.asx.com.au). Some announcements can also be found on the website of AET at [www.educationtrust.com.au](http://www.educationtrust.com.au).

## **AET'S ENTITLEMENT OFFER INFORMATION LINE:**

Australia 1300 737 760  
International + 612 9290 9600  
Open 8.30am to 5.00pm (AEST) Monday to Friday during the Rights Issue Entitlement Offer period.

**The Rights Issue Entitlement Offer closes 5.00pm (AEST) on Monday 18 April 2011**

## 2 CHAIRMAN'S LETTER

1 April 2011

Dear Unitholder

On behalf of the Board of Austock Property Management Limited (**APML**), as the responsible entity of the Australian Education Trust (**AET** or the **Trust**), I am pleased to invite you to participate in the Non-Renounceable Rights Issue (**Rights Issue**) described in this letter. The Rights Issue is a fully underwritten 3 for 10 non-renounceable pro-rata entitlement offer of new fully paid units in AET ("**New Units**") to raise approximately \$30 million.

### Purpose & Benefits

The purpose of this Rights Issue is to further strengthen AET's balance sheet and improve the Trust's key financial metrics, through the repayment of debt. The reduction in gearing (to approximately 41%) as a result of the Rights Issue is expected to trigger a decrease in the interest margin under the Trust's debt facility by 0.4% pa. It will also create additional headroom with respect to covenants under the Trust's debt facility, providing the Trust with further stability and also the flexibility to pursue potential growth opportunities in the future.

The Rights Issue should bring AET in line with AREIT industry averages with respect to the use of debt and gearing levels. The improved financial metrics and stability of AET combined with an increase in market capitalisation, may lead to an increase in liquidity in AET units.

The Directors of AET believe that the Rights Issue is complimentary to the stabilising program that Management has undertaken over the last two years and that all of these actions have increased the certainty around future distributions for unitholders. These measures have returned AET to a stable position and with increased certainty, the Trust is now suitably placed to undertake a Rights Issue.

### Rights Issue

AET is seeking to raise approximately \$30 million of new capital through the Rights Issue at an issue price of A\$0.75 per New Unit. This represents a discount of 11.8% to the 5 day Volume Weighted Average Price (VWAP). The Directors believe the transaction is appropriate at this level and beneficial to Unitholders. It should be noted that Unitholder approval is not required to complete the transaction.

The Rights Issue is fully underwritten by Austock Securities Limited ("**Underwriter**").

### Distribution Guidance

On 10 March 2011, Management provided distribution guidance for FY12. That guidance indicated a full year's forecast distribution, subject to a number of conditions, of 9.0 to 9.2 cents per unit. The Rights Issue will have minimal effect on the FY12 forecast distribution post the Rights Issue with new forecast FY12 guidance of 8.8 cents per unit. The potential dilution by the Rights Issue is partially offset through reduced interest margins under AET's debt facility that Management has negotiated. Unitholders should also take into consideration the forecast FY12 distribution yield of 11.7% for the New Units taken up based on the issue price at \$0.75 per New Unit.

### Details of your Entitlement

As an eligible unitholder, you are entitled to apply for 3 New Units for every 10 existing AET fully paid units ("**Units**") held at 5.00pm (AEDT) on 31 March 2011 (**Record Date**) (**Entitlement**). The offer price of A\$0.75 per New Unit represents a discount of 9.6% to AET's closing Unit price of A\$0.83 on 21 March 2011 and a discount of 7.4% to the theoretical ex-rights price ("**TERP**") of A\$0.81 per Unit.

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. Management reserves the right to allocate these additional New Units as appropriate.

Unitholders resident outside Australia, New Zealand and the United Kingdom are not 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 existing issued units (other than in respect of the distribution for the quarter ending 31 March 2011).

The Offer Booklet contains a number of important documents including:

- Key dates and details of the Rights Issue;
- Instructions on how to apply for all or part of your Entitlement and additional New Units if you choose to do so;
- Relevant ASX announcements, which include a Capital Raising Investor Presentation; and
- Other important Information.

Accompanying this Offer Booklet is a personalised Entitlement and Acceptance Form which details your Entitlement, to be completed in accordance with the instructions provided on the form and the instructions in the "How to Apply" section of this Offer Booklet.

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

The Offer closes at 5:00pm (AEST) on 18 April 2011.

To participate, you need to ensure that:

- you have made your payment ("**Application Monies**") via BPAY<sup>®</sup>, cheque, money order or bank draft pursuant to the instructions that are set out on your personalised Entitlement and Acceptance Form and payment via BPAY<sup>®</sup>, cheque, money order or bank draft has been received by Registries Limited, AET's registry by 5.00pm (AEST) on 18 April 2011.

OR

- your completed personalised Entitlement and Acceptance Form, together with payment of Application Monies is received by Registries Limited, AET's share registry by 5.00pm (AEST) on 18 April 2011.

Please refer to instructions in the "How to Apply" section of the Offer Booklet for further information.

#### Further Information

Further information on the Rights Issue and AET's business is detailed in the Offer Booklet. You should read the entirety of the Offer Booklet carefully before deciding whether to participate in the Rights Issue.

Please call your professional advisor or AET's Entitlement Offer Information Line on 1300 737 760 (within Australia) or on +612 9290 9600 (from outside Australia) at any time from 8.30am to 5.00pm (AEST) Monday to Friday during the offer period of 4 April 2011 to 18 April 2011 inclusive if you have any questions.

The Directors of APML as responsible entity of the Australian Education Trust recommend that Unitholders participate in this transaction and that the transaction is in the best interests of unitholders and AET.

As an eligible Unitholder, I intend to take up this opportunity to further invest in AET.

Yours faithfully



**Victor David Cottren**  
Chairman

### 3 KEY DATES FOR THE RIGHTS ISSUE ENTITLEMENT OFFER

Event	Date
Trading Halt	Tuesday, 22 March 2011
Announcement of Rights Issue Application for quotation of New Units (Appendix 3B)	Tuesday, 22 March 2011
Notice to Unitholders containing the information required by Appendix 3B	Wednesday, 23 March 2011
AET Units quoted on an 'ex' entitlement basis	Friday, 25 March 2011
Record Date for determination of Rights Issue entitlements Record Date for determination of Distribution entitlements	Thursday, 31 March 2011
Dispatch of Rights Issue Entitlement Offer Booklet	Friday, 1 April 2011
Rights Issue Entitlement Offer – Open Date	Monday, 4 April 2011
Rights Issue Entitlement Offer – Closing Date	Monday, 18 April 2011
Deferred Settlement Trading begins	Thursday, 19 April 2011
Shortfall Notification	Wednesday, 20 April 2011
Easter and Anzac Day holidays	Friday, 22 April 2011 to Tuesday 26 April, 2011
Dispatch Date Allotment of New Units under Rights Issue	12.00noon, Thursday, 28 April 2011
Normal trading commences	Friday, 29 April 2011

All times and dates until and including 2 April 2011 refer to Australian Eastern Daylight Savings Time (AEDT) and all times and dates from and including 3 April 2011 refer to Australian Eastern Standard Time (AEST).

The above timetable is subject to change. APML, as the responsible entity of AET, in conjunction with the Underwriter and subject to the Corporations Act, the ASX Listing Rules and other applicable laws, has the right to vary any of the above dates of the Rights Issue Entitlement Offer, including extending the Rights Issue Entitlement Offer or accepting late applications, either generally or in particular cases, without notice.

Applicants are encouraged to submit their Entitlement and Acceptance Form and Application Monies as soon as possible after the Rights Issue Entitlement Offer opens.

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

#### Enquiries

If you are in doubt as to the course you should follow you should consult your stockbroker, accountant, solicitor or other independent professional adviser. If you have:

- questions on how to complete the Entitlement and Acceptance Form or take up your Entitlement; or
- you have lost your Entitlement and Acceptance Form and would like a replacement form,

please call AET's Entitlement Offer Information Line on 1300 737 760 (local call cost within Australia) or on + 612 9290 9600 (from outside Australia) at any time from 8.30am to 5.00pm (AEST) Monday to Friday during the Rights Issue Entitlement Offer period.

## 4 EQUITY RAISING ANNOUNCEMENT

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### 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.

Nick Anagnostou  
Executive Director  
Australian Education Trust

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

#### 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.

## 5 INVESTOR PRESENTATION

	 <p>Australian Education Trust ARSN 102 955 939 Capital Raising Presentation</p>	 <p>22 March 2011</p>
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## Capital Raising Overview



### Offering

- AET is undertaking a fully underwritten capital raising by way of a 3 for 10 **non-renounceable entitlement offer** to raise approximately \$30 million
- Offer price of \$0.75 per unit
  - Reflects 9.6% discount to pre announcement closing price on Monday 21 March 2011 and an FY12 yield of circa 11.7%
  - 11.8% discount to AET's 5 day VWAP as at Monday 21 March 2011
  - **Top up** facility (in addition to their entitlement) under which existing unitholders may apply for an additional number of units up to a maximum of 100,000 New Units (and subject to scale back on a pro rata basis)

### Purpose

- The funds will be used to restructure AET's balance sheet through the repayment of debt, which is expected to add further stability to the fund
- Provides AET with both balance sheet flexibility and capacity to pursue potential growth opportunities in the future
- Aligns AET's capital structure more closely with industry averages

Investors should read the **Key Risks** section as well as the **Disclaimer in Appendix A** of this Presentation, each of which contain important information regarding the Offer and AET.



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## Transaction Rationale

### ➤ Key benefits of the issue are:



#### Significantly improved financial metrics

- Reduction in gearing (borrowings / investment properties) to approximately 41% from 49.3% at 31 December 2010, moving it further in line with the industry average
- Provides additional headroom under financing facility covenants (Forecast FY12 ICR of 2.3X compared to a covenant of 1.6X)
- Raising is expected to provide balance sheet flexibility in managing and growing the fund in the future

#### Decreased Interest Margins

- Terms with debt financiers currently have a scale of margins dependent on AET's LVR position
- Reduction in LVR under the debt facility to below 45% will result in a decreased margin of 0.4%, coupled with the lower debt balance will provide a significant reduction in interest costs
- The effective cost of debt on the net proceeds raised is approximately 10.5% per annum

#### Minimal dilution of FY12 distribution

- Previous distribution guidance for FY12 was 9.0 to 9.2 cents per unit
- Post the capital raising, AET expects distributions for FY12 to be approximately 8.8 cents per unit
- Forecast FY12 distribution yield of 11.7% at the issue price

#### Increased liquidity and investor base

- Potential for increased liquidity and expansion of the AET investor base through the offer
- Financial metrics closer to industry averages expected to be attractive to a wider investor base



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## Financial Impact



- Forecast distributions for FY12 to be approximately 8.8 cents per unit post the capital raising
  - Reflects a forecast FY12 distribution yield of 11.7% at issue price
- Gearing will decrease toward the low end of AET's target range of 40-45 per cent
  - Headroom over ICR covenants, moving to 2.3x vs. covenant level of 1.6x
  - Overall gearing closer to the industry average of ~38%

### Pro forma market capitalisation and 31 December pro forma balance sheet impact<sup>1</sup>

Market Capitalisation	Gross Debt	Gearing <sup>3</sup>	NTA per unit
\$142m <sup>2</sup>	\$171m	49.3%	\$1.34
↑ \$30m	↑ (\$29m)	↑ (8.3%)	↑ (\$0.15)
\$112m	\$142m	41.0%	\$1.19

Note:

<sup>1</sup>: Assumes proceeds from the entitlement offer of approximately \$30.4 million based on the offer price (figures include assumed transaction costs of \$1.6 million)

<sup>2</sup>: Market capitalisation is based on the total number of units on issue post capital raising at the theoretical ex-rights price.

<sup>3</sup>: Gearing is calculated by borrowings / investment properties.



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## Financial Impact



Table 1: Pro-Forma Balance Sheet

(\$m's)	31 December 2010	Adjustments <sup>1</sup>	Pro-forma 31 December 2010 <sup>2</sup>
Investment Property	347.1	-	347.1
<b>Total Assets</b>	<b>353.5</b>	<b>-</b>	<b>353.5</b>
Gross Debt (Borrowings)	171.0	(28.8)	142.2
<b>Total Liabilities</b>	<b>172.7</b>	<b>(28.8)</b>	<b>143.9</b>
<b>Net Assets</b>	<b>180.8</b>	<b>28.8</b>	<b>209.6</b>
<i>Gearing<sup>3</sup></i>	49.3%	-	41.0%
Units on Issue	135.0m	40.5m	175.5m
NTA per unit	\$1.34	-	\$1.19

Note:

<sup>1</sup>: Assumes proceeds from the entitlement offer of approximately \$30.4 million based on the offer price less assumed transaction costs of \$1.6 million

<sup>2</sup>: For comparative purposes, the proforma balance sheet assumes that the Offer settles on 31 December 2010

<sup>3</sup>: Gearing is calculated by borrowings / investment properties.



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## Offer Summary



### Entitlement Offer

- 3 for 10 non-renounceable pro-rata entitlement offer to raise approximately \$30 million
- Approximately 40 million new AET units to be issued (30% of issued capital)
- Only AET unitholders registered as such at 5.00pm (AEDT) on the record date will be entitled to participate in the pro-rata entitlement offer
- The offer is fully underwritten
- Unitholders will be entitled to apply for additional new units beyond their entitlement up to a maximum of 100,000 New Units (subject to scale back on a pro rata basis)

### Offer Price

- A\$0.75 per unit
- 9.6% discount to AET's closing price on Monday 21 March 2011
- 11.8% discount to AET's 5 day VWAP for the period ending on Monday 21 March 2011
- 7.4% discount to theoretical ex-rights price (TERP)
- Attractive distribution yield on new units issued
- Forecast FY12 distribution yield of 11.7%

### Record Date

- 5.00pm (AEDT) on Thursday 31 March 2011

### Lead Manager/ Underwriter

- Austock Securities Limited has been appointed as Lead Manager and Underwriter

### Distribution Entitlement

- New units issued will rank equally for distributions with existing units after allotment. Please note that new units will not be entitled to the distribution for the quarter ending 31 March 2011



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## Offer Timetable



Table 2: Rights Issue Timetable

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

*Dates are indicative only and are subject to change.*



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## AET Overview – Portfolio Summary



Table 1: Portfolio Summary

	No of Properties	Carrying Value \$m's	Current Rent <sup>1</sup> (pa) \$m's
<b>Operating Properties</b>			
Leased to GoodStart Childcare	193	219.3	21.2
Leased to ABC New Zealand	56	40.8	3.4 <sup>2</sup>
Leased to Other Tenants	77	82.4	8.5
	<b>326</b>	<b>342.5</b>	<b>33.1</b>
<b>Other non-income producing properties</b>			
	<b>9</b>	<b>4.6</b>	<b>-</b>
<b>Total Properties as at 31 December 2010</b>	<b>335</b>	<b>347.1</b>	<b>33.1</b>

<sup>1</sup> Includes head-lease rent on leasehold properties of \$0.9 million

<sup>2</sup> New Zealand dollar values are translated using the 31 December 2010 exchange rate of 1.32

- AET is a specialist education property owner which as at 31 December 2010 owned a total of 335 childcare properties (304 freehold and 31 leasehold properties) in locations around Australia and New Zealand
- 'Pooled' bank guarantee of approx \$12.9 million extending to 2035 provided by GoodStart
- Spread of risk – 26 tenants
- Stable book values based on sales and external valuations
- Property yield based on existing passing rent and last valuation of 9.4%

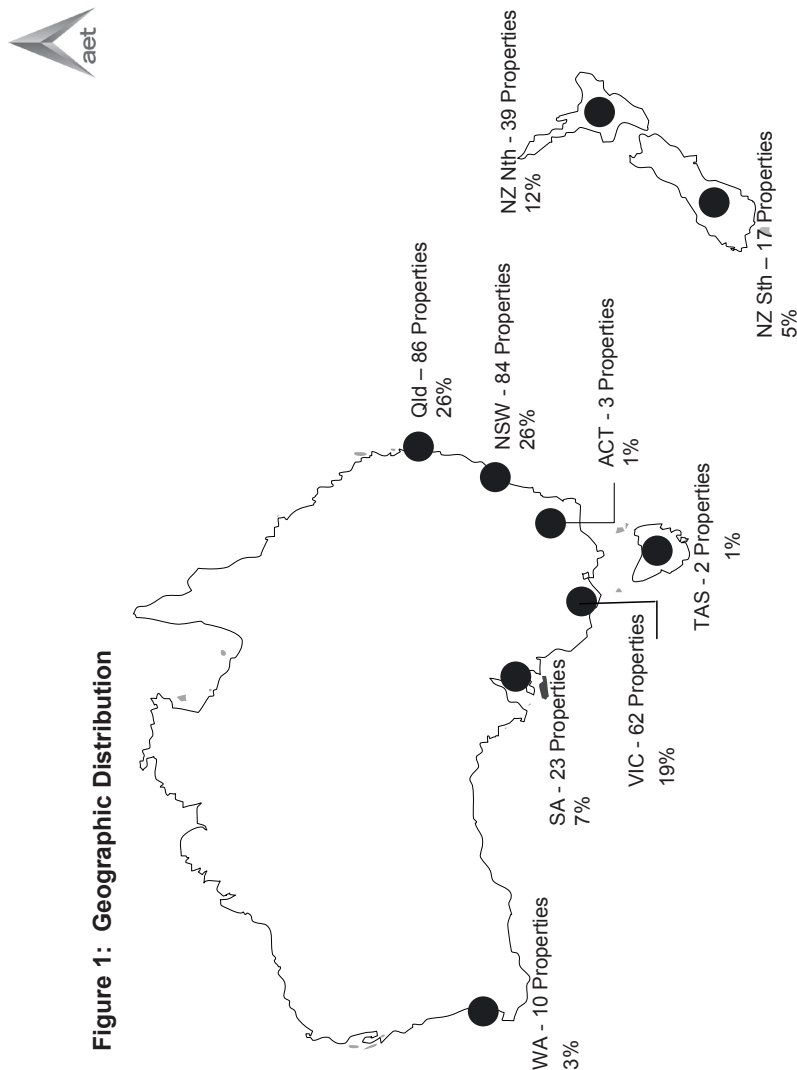


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## AET Overview - Geographic Distribution

- 326 operating properties, 270 in Australia and 56 in New Zealand
- Broad geographic spread minimising risk
- Properties are typically standalone and purpose built childcare properties
- Average individual property value of \$1.1 million
- Properties located primarily in metropolitan and major regional areas

Figure 1: Geographic Distribution



## AET – Overview Lease Structure & Vacancy Profile

### Typical Lease Structure

- Triple Net Lease Structure
- Average Lease Term 15 Years from inception
- Rental growth indexed annually to CPI
- 5 year notice period regarding option take-up
- Refurbishment provision every 5 years

### Occupancy Profile

- Existing vacancy of 1%<sup>1</sup>
- 2012 potential vacancy includes rent guarantee to 2014
- No significant vacancy until 2019
- WALE<sup>1</sup> of 10.3 years at 31 December 2010

1. Excluding development sites



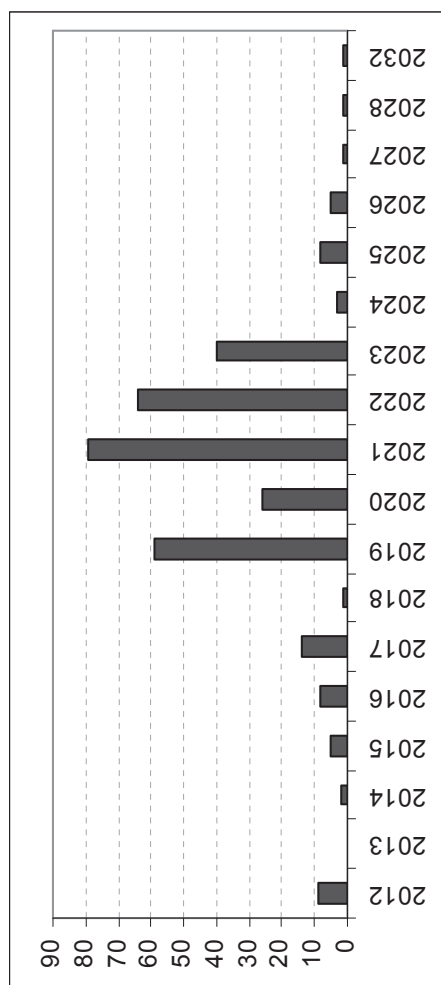
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Property

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Figure 2: Lease Expiry Schedule



## Conclusion



- AET has returned to a stable position following:
  - Assignment of leases (maintaining triple net structure) to GoodStart
  - Significant security now underpinning leases through rental guarantees
  - Wider tenant spread adds to income diversification
  - Refinancing of debt to National Australia Bank Limited and new lender Australia and New Zealand Banking Group Limited
  - Property portfolio performing with 99% occupancy<sup>1</sup> a WALE of 10.3<sup>1</sup> years and annual CPI linked rental growth
- Capital raising will be used to restructure AET's balance sheet through the repayment of debt (effective cost of debt on the net proceeds raised is approximately 10.5% per annum) which is expected to result in a further stabilisation of the Fund and decreased interest expense.
- Stable capital structure with ~84% hedging well matched to predominantly CPI linked income growth.
- Based on forecast FY12 distribution, offer price provides an attractive yield on the new issue of 11.7%.
- Minimal post raising dilution of distributions (est. 8.8 cents per unit) due to lower negotiated bank margin.

<sup>1</sup> Excluding development sites



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## Glossary




**Table 3: Glossary of Terms**

<b>AEDT</b>	Australian Eastern Daylight Savings Time
<b>AET</b>	Australian Education Trust (ARSN 102 955 939)
<b>APML</b>	Austock Property Management Limited (ACN 111 338 937), the responsible entity of AET
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	ASX Limited or a financial market operated by it
<b>CPI</b>	Consumer price index
<b>FY12</b>	Financial year ending 30 June 2012
<b>ICR</b>	Interest cover ratio
<b>LVR</b>	Loan to value ratio. This is calculated in accordance with the debt financiers guidelines and therefore may vary from the ratio of investment properties over debt (gearing ratio).
<b>NTA</b>	Net tangible assets
<b>TERP</b>	Theoretical ex-rights price
<b>VWAP</b>	Volume-weighted average price
<b>WALE</b>	Weighted average lease expiry



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Appendix A		
Key investment risks & important information		

## Key Risks



There are various risks associated with investing in AET, as with any stock market investment. Potential investors should consider whether the new units offered are a suitable investment having regard to their own personal investment objectives and financial circumstances. The main factors which may impact on the financial performance of AET and on the value of investors' unitholdings include, but are not limited to, the general and specific risks factors set out below. Many of those risk factors are outside the control of the Directors.

It is important to recognise that unit prices might fall or rise and unitholders may or may not be entitled to receive distributions. Factors affecting the operating and financial performance of AET and the market price of AET units include, but are not limited to, domestic and international economic conditions and outlook, changes in government fiscal, monetary and regulatory policies, changes in interest rates and inflation rates and variations in general market conditions and/or market conditions which are specific to a particular industry. In addition, security prices of many companies are affected by factors which might be unrelated to the operating performance of the relevant company. Such factors might adversely affect the market price of AET units.

The forward-looking information provided in this Presentation with respect to, but not limited to, earnings and distribution estimates are based on certain assumptions which are inherently subject to significant uncertainties. The actual results of AET's operations in future years may therefore differ from its current estimates.

### General economic conditions

Investment returns are affected by range of economic factors including changes in interest rates, inflation, labour markets, general sharemarket conditions, government policies (including monetary and taxation policies and other laws), fluctuations in general market prices for property and other investment products and the general state of domestic and world economies. Any prolonged downturn in the economy, particularly as it impacts on the labour markets and the demand for childcare, may adversely affect the operations of the childcare industry and may impact on a tenant's ability to meet its obligations under the lease.

### Market price

The market price of AET units may fluctuate due to various factors including general movements in interest rates, the Australian and international general investment markets, economic conditions, global geopolitical events and hostilities, investor perceptions and other factors that may affect AET's financial performance and position. The market price of AET units could trade on ASX at a price below their issue price.

### Funding, borrowings and interest rates

The real estate investment industry tends to be highly capital intensive. The ability of AET to raise funds on favourable terms for future refinancing and acquisitions depends on a number of factors including general economic, political, capital and credit market conditions. The inability of AET to raise funds on favourable terms for future acquisitions and refinancing could adversely affect its ability to acquire new properties or refinance its debt.

### Interest rates

Adverse fluctuations in interest rates, to the extent that they are not hedged or forecast, may impact AET's earnings and asset values due to any impact on property markets in which AET operates.

### Debt covenants

AET has various covenants in relation to its debt facilities, including financial charges ratio (interest cover ratio), gearing ratio, alternate use ratio and weighted average lease expiry requirements. Factors such as falls in asset values could lead to breach in debt covenants. In such an event, AET's lenders may require their loans to be repaid immediately, and may affect AET's ability to renew or extend existing borrowing facilities.



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## Key Risks (Cont.)



### **Realisation of assets**

Property assets are by their nature illiquid investments. This may make it difficult to alter the balance of income sources in the short term in response to changes in economic or other conditions.

### **Property market risks and no property sector diversification**

AET will be subject to the prevailing property market conditions in the countries and childcare industry in which it operates. Adverse changes in market sentiment or market conditions may impact AET's ability to acquire, manage or develop assets, as well as the value of AET's properties. These impacts could lead to reduction in earnings and the carrying value of assets.

### **Insurance**

Property trusts generally enter into contracts of insurance that provide a degree of protection over assets, liabilities and people. While such policies typically cover against material damage to assets, contract works, business interruption, general and professional liability and workers compensation, there are certain risks that can not be mitigated by insurance, either wholly or in part, such as nuclear, chemical or biological incidents or risks where the insurance coverage is reduced or unavailable, such as cyclones or earthquakes. Property trusts also face the risk that insurers may not be able to meet indemnity obligations if and when they fall due, which could have an adverse effect on earnings. Further, insurance may be materially detrimentally affected by any global downturn such that insurance becomes more expensive or in some cases, becomes unavailable.

### **Environmental matters**

Property trusts are exposed to a range of environmental risks which may result in additional expenditure. They may be required to undertake remedial works and potentially be exposed to third party liability claims, fines and penalties, or other liabilities.

### **Taxation implications**

Future changes in Australian taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect taxation treatment of an investment in AET units, or the holding and disposal of AET units. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which AET operates, may impact the future tax liabilities of AET.

### **Changes in accounting policy**

AET is subject to the usual business risk that there may be changes in accounting policies which have an adverse impact on AET.

### **Government policy and taxation**

Changes in relevant taxation laws, interest rates, other legal, legislative and administrative regimes, and government policies in Australia may have an adverse effect on the assets, operations and ultimately the financial performance of AET and the market price of AET units.

### **Wars, terrorism, political, economic and natural disasters**

Events may occur within or outside Australia that could impact upon the world economy, the operations of AET and the price of AET's units. For example, war, acts of terrorism, civil disturbance, political intervention and natural activities such as earthquakes, floods, fire and poor weather may have an adverse impact on the assets of AET. AET has a limited ability to insure against some of these risks.





## Key Risks (Cont.)



### **Fixed nature of significant costs**

Significant expenditures associated with each investment, such as funding costs, management fees and property outgoings are generally not reduced when circumstances cause a reduction in income from investment. The value of an asset owned by AET may be adversely affected if the income from the asset declines and other related expenses remain unchanged.

### **Change in value and income of investment properties**

Returns from investment in properties largely depend on the rental income generated from the property and the expenses incurred in its operation, including the management and maintenance of the property as well as the changes in the market value of the property. Rental income and/or the market value of properties may be adversely affected by a number of factors, including:

- a) the overall conditions in the national and local economy, including risk appetite and the funding environment;
- b) local real estate conditions, including volumes of sales and the ability to procure tenants;
- c) the perception of prospective tenants regarding attractiveness and convenience of properties and the intensity of competition with other participants in the real estate industry;
- d) the convenience and quality of properties;
- e) unforeseen capital expenditure;
- f) supply of developable land, new properties and other investment properties;
- g) investor demand/liquidity in investments; and
- h) the capitalisation rates considered appropriate by independent valuers, which may change in response to market conditions.

Tenants may default on their rent or other contractual obligations, leading to a reduction in income from, or capital losses to the value of, those properties. Additionally, it may not be possible to negotiate lease renewals or maintain existing lease terms, which may also adversely impact income and book values.

### **Litigation and disputes**

Legal and other disputes (including industrial disputes) may arise from time to time in the ordinary course of operations. Any such dispute may impact earnings or affect the value of AET's assets.

### **Dilution**

Unitholders may be diluted by issues of additional units pursuant to future capital raisings by AET. Further, the additional units may be issued at a discount to the trading price of units at the time of or in a given period prior to such issue.

### **Growth opportunities/ acquisitions**

AET expects future growth will be derived from both organic and acquisition sources. The success of any future acquisitions of childcare centres or other properties will depend on a number of factors including availability, the terms of the acquisition and the financial position of the Fund. No assurance can be given that the fund will be able to successfully undertake further acquisitions of childcare centres or other properties. In addition, whilst it is AET's policy to conduct a thorough due diligence process in relation to any such acquisition risks remain that are inherent in such acquisitions.



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## Key Risks (Cont.)



### **The regulatory environment**

The childcare industry is subject to a number of regulatory influences. Changes to state government policies on the regulation of childcare and on the structure of the early childhood education system may have a direct impact on the operation of childcare centres and therefore the properties owned by AET. A reduction in the Commonwealth government's financial assistance to the sector would reduce the affordability of childcare to parents and hence the financial viability of the lessee and ultimately the profit to AET would be adversely affected. In addition, changes in government policy, including policies on land development and delays in the granting of approvals may affect the amount and timing of AET's future profits. State government and/or council development contributions may be introduced in jurisdictions or increased, impacting land values and profitability of projects.

Other factors may also affect the financial viability for the tenant including matters such as increases in wages or other changes in workplace conditions. These factors may ultimately affect the tenant's ability to meet its obligations under the lease.

### **The early-years demographic structure of the Australian population**

As the underlying demand for childcare is driven by the numbers of children in the 0-4 age bracket, changes in the expected numbers of children in this bracket will have an impact on the sector. Similarly the labour force participation rate of women with children in this age bracket will be a key determinant of the market for childcare and childcare management services.

### **Barriers to entry and competition**

There are few formal barriers to entry in the childcare industry and increased competition may impact on occupancy and reduce revenue and profit of the tenant and its ability to meet its obligations under the lease.

### **Industry risk**

The long day care sector of the Australian childcare industry comprises a large number of childcare centres in a diverse number of locations. It is possible that an event occurring in a centre or a number of centres which may not be owned by AET (such as the outbreak of sickness or a labour relations problem), may negatively affect investor perceptions of the industry and the business of AET and its tenants.

### **Enforcement of legal rights / counterparty risks**

AET has entered into contracts which are important to the future of their businesses. Any failure by counterparties (such as tenants and other counterparties to contracts) to perform those agreements may have a material adverse effect on AET and there can be no assurance that it would be successful in enforcing any of its contractual rights through legal action. Insolvency or financial distress of AET's tenants may reduce the income received from its assets.

### **Reliance on lessee and concentration of revenue**

A tenant may be unable to honour its obligations. Any default would be likely to result in a reduction in AET's distributions, or in extreme circumstances, a failure to meet its obligations under its financing facility. There is a risk that if one or more of AET's major tenants ceases to be a tenant, AET may not be able to find a replacement tenant prepared to lease the property on a basis which would result in the same return to AET.

In addition, as 59% of AET's operating properties are leased to GoodStart Childcare Limited (**GoodStart**), AET is reliant on the financial strength of GoodStart.



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## Key Risks (Cont.)



### Exchange rates

The value of the Australian dollar has been subject to fluctuations with respect to the New Zealand dollar in the past and may be subject to fluctuations in the future. AET is exposed to New Zealand assets and liabilities, the value of which is denominated in NZ dollars. If the Australian dollar appreciates against the NZ dollar the value of the NZ assets in the fund less NZ dollar liabilities when converted into Australian dollars would decrease.

### Withholding tax

Distributions from New Zealand to Australia are subject to withholding tax. Any change in the amount of withholding tax may increase or decrease the amount available for distribution in the Australian trust. AET is not aware of any adverse changes proposed to the withholding tax rates in New Zealand.

### Forward looking statements and financial forecasts

There can be no guarantee that the assumptions and contingencies contained within forward looking statements, opinions or estimates (including projections, guidance on future earnings and estimates) will ultimately prove to be valid or accurate.



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# Disclaimer



This Presentation has been prepared by Austock Property Management Limited ACN 111 338 937 AFSL number 281544 (APML) as responsible entity of the Australian Education Trust (AET).

## Summary of information

This Presentation contains summary information about AET and its activities as at 22 March 2011. The information in this Presentation does not purport to summarise all information that an investor should consider when making an investment decision. It should be read in conjunction with AET's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at [www.asx.com.au](http://www.asx.com.au).

You acknowledge and agree that neither APML nor AET make any representations or warranties as to the currency, accuracy, reliability or completeness of their periodic and continuous disclosure announcements and/or public announcements and nor do they make any representations or warranties to you concerning the offer and whether you should participate.

## Not financial product advice

This Presentation is for information purposes only and is not a financial product or investment advice nor a recommendation to acquire AET units and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances. APML is not licensed to provide financial product advice in respect of AET units. Cooling off rights do not apply to the acquisition of AET units. You should make your own decision regarding the offer and whether to participate, based upon your own inquiries and independent advice.

## Financial data

All dollar values are in Australian dollars (A\$) and financial data is presented within the financial year ended 30 June unless otherwise stated.

## Effect of rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

## Risks of investment

An investment in AET units is subject to investment and other known and unknown risks, some of which are beyond the control of APML and/or AET, including possible loss of income and principal invested. APML and AET do not guarantee any particular rate of return or the performance of AET, nor does it guarantee the repayment of capital from AET or any particular tax treatment. In considering an investment in AET units, investors should have regard to (amongst other things) the risks and disclaimers outlined in this Presentation.

## Forward-looking statements

This Presentation contains certain "forward-looking statements" within the meaning of securities laws of applicable jurisdictions. The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "will", "should", "could", "may", "target", "plan", "consider", "foresee", "aim", "will" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements, opinions and estimates are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of APML and AET and their officers, employees, agents and associates.



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## Disclaimer (cont.)



### Forward-looking statements (cont'd)

Actual results, performance or achievements may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Investors are cautioned not to place undue reliance on projections or forward-looking statements and none of APML, AET, any of their officers or any person named in this Presentation or involved in the preparation of this Presentation makes any representation or warranty (either express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statements or any event or results expressed or implied in any forward looking statement, nor do they assume any obligation to update such information.

Investors should also have regard to the "Risks" section of this Presentation.

### Past Performance

Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

### Not an offer

This Presentation is not and should not be considered an offer or an invitation to acquire AET units or any other financial products.

Each recipient of this Presentation should make its own enquiries and investigations regarding all information included in this Presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future operations and assets of AET and the values and the impact that different future outcomes may have on AET.

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### Intermediaries – disclaimer

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- (b) for any expenses, losses, damages or costs that may be incurred by you as a result of that information being inaccurate or incomplete in any way for any reason.



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## Disclaimer (cont.)



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### New Zealand

The offer to New Zealand resident Unitholders will be made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002. Therefore, APML is not required to register a New Zealand prospectus or prepare and distribute a New Zealand investment statement to New Zealand resident Unitholders in respect of the Offer.

This presentation has been prepared to comply with the requirements of the laws of Australia. This presentation is not a New Zealand prospectus or an investment statement and has not been registered, filed with or approved by any New Zealand regulatory authority or under or in accordance with the Securities Act 1978 (New Zealand) or any other relevant law in New Zealand.

This presentation may not contain all of the information that an investment statement or a prospectus under New Zealand law is required to contain. Securities are not being offered or sold to the public within New Zealand and no member of the public in New Zealand may accept the offer made under this [presentation, other than persons to whom it is permissible for the Offer under this presentation] to be made to in reliance on the exemption from the New Zealand Securities Act 1978 (Securities Act (Overseas Companies) Exemption Notice 2002).

### United Kingdom

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## **6 HOW TO APPLY**

### **6.1 The Rights Issue Entitlement Offer**

Eligible Unitholders are being offered the opportunity to subscribe for 3 New Units for every 10 Units held at 5.00pm (AEDT) on Thursday, 31 March 2011, at the Offer Price of A\$0.75 per New Unit.

The Rights Issue Entitlement Offer is being made pursuant to provisions of the Corporations Act, as modified by ASIC Class Order 08/35, which allow rights issues and related issues to be made without a product disclosure statement. As a result, it is important for Eligible Unitholders to read and understand the information on AET and the Rights Issue Entitlement Offer made publicly available, prior to accepting all or part of their Entitlement. In particular, please read this Offer Booklet in its entirety, and refer to AET's annual reports and other announcements made available by the ASX at [www.asx.com.au](http://www.asx.com.au) and on AET's website at [www.educationtrust.com.au](http://www.educationtrust.com.au).

### **6.2 Offer is Non-Renounceable**

Eligible Unitholders can choose to accept their Entitlements in whole or in part. The New Units in respect of those Entitlements not taken up by Eligible Unitholders, and those which would have been otherwise offered to Ineligible Unitholders if they had been entitled to participate in the Rights Issue Entitlement Offer, are not able to be sold.

### **6.3 Your Entitlement**

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 3 New Units for every 10 Units you held as at the Record Date of 5.00pm (AEDT) on Thursday, 31 March 2011. Where fractions arise in the calculation of your Entitlement, they will be rounded up to the nearest whole New Unit. If you have more than one holding of Units, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding. New Units issued pursuant to the Rights Issue Entitlement Offer will be fully paid and rank equally with existing Units, including in respect of entitlement to distributions (other than the quarterly distribution payable in respect of the quarter ended 31 March 2011).

Note: the Entitlement stated on your personalised Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up where, for example, you are holding Units on behalf of a U.S. Person.

### **6.4 Nominees**

The Rights Issue Entitlement Offer is being made to all Unitholders on the register of AET at 5.00pm (AEDT) on Thursday, 31 March 2011 with an address in Australia or New Zealand or the United Kingdom, who are not Ineligible Unitholders. APML is not required to determine whether or not any registered Unitholder is acting as a nominee or the identity or residence of any beneficial owners of Units. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Rights Issue Entitlement Offer is compatible with applicable foreign laws. Any U.S. Person or any person that is acting for the account or benefit of a U.S. Person with a holding through a nominee may not participate in the Rights Issue Entitlement Offer and the nominee must not take up any Entitlement or send any materials into the United States or to any person it knows to be a U.S. Person. APML is not able to advise on foreign laws.

### **6.5 Consider the Rights Issue Entitlement Offer carefully**

Please consult with your stockbroker, accountant, solicitor or other independent professional adviser if you have any queries or are uncertain about any aspects of the Rights Issue Entitlement Offer. You should also refer to the 'Key Risks' section of this Offer Booklet, beginning on page 21 of the Investor Presentation included in this Offer Booklet.

## 6.6 Acceptance of the Rights Issue Entitlement Offer

If you decide to take up all or part of your Entitlement, please:

- complete and return the personalised Entitlement and Acceptance Form with the requisite Application Monies; or
- pay your Application Monies via Bpay®,

in accordance with the instructions set out on the personalised Entitlement and Acceptance Form and the information set out below.

Any Application Monies received for more than your final allocation of New Units (where the amount is A\$1.00 or greater) will be refunded. No interest will be paid to Applicants on any Application Monies received or refunded.

If you take no action, you will not be issued New Units. Any Entitlements that you do not take up are not able to be sold.

If you wish to accept all or part of your Entitlement, you should submit your personalised Entitlement and Acceptance Form and Application Monies so that both are received by no later than **5.00pm (AEST) on Monday, 18 April 2011** and your New Units will be allotted to you on Thursday, 28 April 2011.

### Payment by Bpay®

You can only make a payment via Bpay® if you are the holder of an account with an Australian financial institution that supports Bpay® transactions.

APML will treat you as applying for as many New Units to which you are entitled as your payment will pay for in full.

If you are paying by Bpay®, please make sure to use the specific Biller Code and unique Reference Number on the back of your personalised Entitlement and Acceptance Form. If you receive more than one personalised Entitlement and Acceptance Form, please only use the Reference Number specific to the Entitlement on that form.

Please note that should you choose to pay by Bpay®:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken, by choosing to pay by Bpay®, to have made the declarations on that Entitlement and Acceptance Form; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Units as is covered in full by your Application Monies.

**Should you choose to pay by Bpay®, it is your responsibility to ensure that your Bpay® payment is received by the Registry by no later than 5.00pm (AEST) on Monday, 18 April 2011** (subject to variation). You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment.

## 6.7 Payment by cheque, money order or bank draft or money order

For payment by cheque, money order or bank draft, you should complete your personalised Entitlement and Acceptance Form in accordance with the instructions on the form and return it accompanied by a cheque, money order or bank draft in Australian currency for the amount of the Application Monies, payable to 'Australian Education Trust' and crossed 'Not Negotiable'.

Your cheque, money order or bank draft must be:

- for an amount equal to A\$0.75 multiplied by the number of New Units that you are applying for; and
- in Australian currency drawn on a bank or financial institution in Australia.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies. If the amount of your cheque for Application Monies is insufficient to pay in full for the number of New Units you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Units as your cleared Application Monies will pay for (and to have specified that number of New Units on your personalised Entitlement and Acceptance Form). Alternatively, your application will not be accepted. The Offer is made on the condition that your cheque is honoured on its first presentation and your application will be rejected if your cheque is not honoured on its first presentation.



Cash payments will not be accepted. Receipts for payment will not be issued.

To participate in the Rights Issue Entitlement Offer, your payment must be received no later than the close of the Rights Issue Entitlement Offer, at **5.00pm (AEST) on Monday, 18 April 2011**. Unitholders who make payment via cheque or bank draft should mail their completed personalised Entitlement and Acceptance Form together with Application Monies so that they are received by 5.00pm (AEST) on Monday, 18 April 2011 using the reply paid or self-addressed envelope provided with this Offer Booklet, or mail to:

Registries Limited  
GPO Box 3993  
Sydney NSW 2001  
Australia

APML reserves the right (in its absolute discretion) to reduce the number of New Units allocated to Eligible Unitholders, or persons claiming to be Eligible Unitholders, if their claims prove to be overstated or otherwise incorrect or if they fail to provide information to substantiate their claims.

## **6.8 Application for Additional Units**

Eligible Unitholders who wish to accept their Entitlement in full and subscribe for additional Units in excess of their Entitlement may do so up to an additional maximum of 100,000 New Units (and subject to scale back on a pro rata basis) by applying in accordance with the relevant sections of their personalised Entitlement and Acceptance Form.

However, the total number of Units issued pursuant to such applications, together with all other Entitlements in respect of which Valid Applications are received, must not exceed the size of the Offer or such lesser number of Units as is agreed by the Issuer and the Underwriter, at their discretion. Accordingly, applications for additional Units may be scaled back by the Issuer on a pro rata basis.

Where an Eligible Unitholder submits an application for additional Units, it is the responsibility of the Unitholder to ensure that their Application Monies are sufficient to pay for the maximum number of Units for which they have applied. The instructions set out in this section 6 of the Offer Booklet relating to applications and to the payment of Application Monies apply to applications and payments of Application Monies for additional Units.

## **6.9 Representations by Acceptance**

The method of acceptance of the Rights Issue Entitlement Offer will depend on your method of payment being:

- by Bpay®; or
- by cheque or bank draft or money order.

By completing and returning your personalised Entitlement and Acceptance Form with Application Monies or making a payment by Bpay®, you will be deemed to have represented that you are an Eligible Unitholder.

By completing and returning your personalised Entitlement and Acceptance Form with Application Monies or making a payment by Bpay®, you will also be deemed to have represented (on your own behalf and on behalf of each person on whose account you are acting) that: (a) you are not in the United States and are neither a U.S. Person nor acting for the account or benefit of a U.S. Person; (b) you acknowledge that the New Units have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdictions in the United States, or in any other jurisdiction outside Australia and, accordingly, the New Units may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws; and (c) you have not and will not send any materials relating to the Rights Issue Entitlement Offer to any person in the United States or that is, or is acting for the account or benefit, of a U.S. Person.

## **6.10 No withdrawals**

You cannot withdraw your application once it has been accepted. Cooling off rights do not apply to an investment in New Units.

## 7 IMPORTANT INFORMATION

### NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS

This Offer Booklet (including the ASX Announcement and Investor Presentation in relation to the Entitlement Offer and the accompanying personalised Entitlement and Acceptance Form) has been prepared by Austock Property Management Limited (ACN 111 338 937). This Offer Booklet is dated 1 April 2011.

No party other than APML has authorised or caused the issue of this Offer Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Offer Booklet.

#### **This information is important and requires your immediate attention.**

You should read this Offer Booklet carefully and in its entirety before deciding whether to invest in New Units. In particular, you should consider the risk factors outlined in the 'Key Risks' section of the Investor Presentation accompanying the ASX announcement made on Tuesday, 22 March 2011 that could affect the operating and financial performance of AET or the value of an investment in AET.

You should consult your stockbroker, accountant, solicitor or other independent professional adviser to evaluate whether or not to participate in the Rights Issue Entitlement Offer.

APML has applied for the grant by ASX of official quotation of the New Units. It is expected that normal trading on the ASX will commence in relation to New Units issued under the Rights issue Entitlement Offer on Friday, 29 April 2011.

APML will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to persons who trade New Units before the New Units are listed on the official list of ASX or before they receive their confirmation of issue.

### 7.1 Eligible Unitholders

This Offer Booklet contains an offer of New Units to Eligible Unitholders in Australia and New Zealand, and to Unitholders in the United Kingdom who satisfy the conditions to receive an offer under relevant United Kingdom laws (see section 7.8), and has been prepared in accordance with section 1012DAA of the Corporations Act as modified by Australian Securities and Investments Commission Class Order 08/35.

Eligible Unitholders are those holders of Units who:

- are registered as a holder of Units as at 5.00pm (AEDT) on the Record Date, Thursday, 31 March 2011;
- have a registered address in Australia, New Zealand or the United Kingdom (except that for Unitholders in the United Kingdom only those who satisfy the conditions to receive an offer under United Kingdom securities laws will be an Eligible Unitholder);
- are not in the United States and are not 'U.S. persons' (as defined under Regulation S under the United States Securities Act of 1933, as amended) (**U.S. Persons**) or acting for the account or benefit of U.S. Persons; and
- are eligible under all applicable securities laws to receive an offer under the Rights Issue Entitlement Offer.

Unitholders who do not satisfy these criteria are Ineligible Unitholders.

### 7.2 Not investment or financial product advice

This Offer Booklet is not a product disclosure statement under the Corporations Act and has not been lodged with ASIC. It is also not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. APML is not licensed to provide financial product advice in respect of the New Units. This Offer Booklet does not purport to contain all the information that you may require to evaluate a possible application for New Units.

Before deciding whether to apply for New Units, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading this Offer Booklet, you have any questions about the Rights Issue Entitlement Offer, you should contact your stockbroker, accountant, solicitor or other independent professional adviser.

### 7.3 Taxation

Set out below is a summary of the Australian tax implications of the Rights Issue Entitlement Offer for Eligible Unitholders who are residents of Australia for tax purposes and who hold their Units as capital assets. The summary below is based on the law in effect as at the date of this Offer Booklet and applies only to those Eligible Unitholders who exercise their Entitlements and subscribe for New Units.

The summary below also does not take account of any individual circumstances of any particular Eligible Unitholder. Taxation is only one of the matters that must be considered when making a decision in relation to any Entitlements and/or New Units. Eligible Unitholders should seek specific advice applicable to their own particular circumstances from their own licensed financial or tax advisers. The summary below does not apply to Eligible Unitholders:

- who hold their Units as assets used in carrying on a business or who may carry on the business of share or unit trading, banking or investment; or
- whose Units are held through an employee plan; or
- whose Units are held as revenue assets or trading stock; or
- who are tax residents of any jurisdiction other than Australia.

#### Issue of Entitlements

Subject to the qualifications noted above, the issue of the Entitlements will not itself result in any amount being included in the assessable income of an Eligible Unitholder.

#### Exercise of Entitlements

The Unitholders will not make any capital gain or capital loss from exercising the Entitlements or subscribing for the New Units.

Eligible Unitholders who exercise their Entitlements and subscribe for New Units will acquire the New Units with a cost base for capital gains tax (CGT) purposes equal to the Offer Price payable by them for those Units plus any capital costs they incur in acquiring them.

#### New Units

##### *Taxation of income for Eligible Unitholders*

Any future distributions made in respect of New Units will be subject to the same taxation treatment as distributions made on existing Units held in the same circumstances.

##### *Taxation of disposals for Eligible Unitholders*

On any future disposal of New Units, Eligible Unitholders may make a capital gain or capital loss, depending on whether the capital proceeds of that disposal are more than the cost base or less than the reduced cost base of the New Units. The cost base of those Units is described above, but, for these purposes, the cost base should also include a reasonable apportionment of the incidental capital costs of disposal.

New Units will be treated for the purposes of the CGT rules as having been acquired when the Eligible Unitholder exercised the Entitlement to subscribe for them. Unless the New Units have been held for at least 12 months after the Eligible Unitholder exercised the Entitlement to subscribe for them, the CGT discount will not be available to reduce any income tax payable on any capital gain made by the Unitholder on disposal of the New Units.

If the New Units have been held for at least 12 months after the Eligible Unitholder exercised the Entitlement to subscribe for them, then the investor should seek further advice to confirm that the CGT discount is available to reduce any income tax payable on any capital gain made on disposal of the New Units.

##### *Taxation of a return of capital by the AET*

Where a return of capital is made by the AET, the cost base of the Eligible Unitholder's New Units for CGT purposes will be reduced by the amount of capital returned on that unit. If the amount of capital returned on a New Unit exceeds its cost base, a taxable capital gain may arise.

#### Other Australian taxes

No Australian Goods and Services Tax (GST) or stamp duty is payable in respect of the grant or exercise of the Entitlements. Eligible Unitholders may be charged GST on third party costs (such as brokerage and advisor fees) in respect of the issue or exercise of the Entitlements or the acquisition of those New Units, depending on their individual

circumstances. Eligible Unitholders may be entitled to input tax credits for such costs, but should seek individual advice in relation to their individual circumstances.

No Australian stamp duty is payable in respect of the offer of the Entitlements, the exercise of the Entitlements or the issue of the New Units upon exercise of the Entitlements.

#### **7.4 Rounding of Entitlements**

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

#### **7.5 Offer Booklet Availability**

Eligible Unitholders in Australia and New Zealand can obtain a copy of this Offer Booklet during the period of the Rights Issue Entitlement Offer by calling AET's Entitlement Offer Information Line on 1300 737 760 (local call cost from within Australia) or + 612 9290 9600 (outside Australia) at any time from 8.30am to 5.00pm (AEDT) Monday to Friday during the Rights Issue Entitlement Offer period.

Neither this Offer Booklet nor the accompanying Entitlement and Acceptance Form may be distributed to or relied upon by, persons in the United States or that are, or are acting on behalf of or for the account or benefit of, a U.S. Person.

#### **7.6 Future performance and forward looking statements**

Neither APML as the responsible entity for AET, AET, nor any other person warrants or guarantees the future performance of the New Units or any return on any investment made in such Units or on the basis of this Offer Booklet. Forward looking statements, opinions and estimates provided in the Offer Booklet are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions.

Any forward looking statements including projections, guidance on future revenues, earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of APML and the Board, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward looking statements in this Offer Booklet.

Past performance of Units provides no guidance as to future price performance.

#### **7.7 Governing law**

This Offer Booklet, the Rights Issue Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in Victoria, Australia. Each applicant for New Units submits to the non-exclusive jurisdiction of the courts of Victoria, Australia.

#### **7.8 Foreign jurisdictions**

This Offer Booklet has been prepared to comply with the requirements of the securities laws of Australia and New Zealand.

##### **New Zealand**

The offer to New Zealand resident Unitholders will be made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002. Therefore, APML is not required to register a New Zealand prospectus or prepare and distribute a New Zealand investment statement to New Zealand resident Unitholders in respect of the Offer.

This Offer Booklet has been prepared to comply with the requirements of the laws of Australia. This Offer Booklet is not a New Zealand prospectus or an investment statement and has not been registered, filed with or approved by any New Zealand regulatory authority or under or in accordance with the Securities Act 1978 (New Zealand) or any other relevant law in New Zealand.

This Offer Booklet may not contain all of the information that an investment statement or a prospectus under New Zealand law is required to contain. Securities are not being offered or sold to the public within New Zealand and no member of the public in New Zealand may accept the offer made under this Offer Booklet, other than persons to whom it is permissible for the Offer under this Offer Booklet to be made to in reliance on the exemption from the New Zealand Securities Act 1978 (Securities Act (Overseas Companies) Exemption Notice 2002).

## United Kingdom

This document has not been prepared by a person authorised under the United Kingdom Financial Services and Markets Act 2000 (FSMA) and its distribution in the United Kingdom is only being made to persons in circumstances that will not constitute a financial promotion for the purposes of section 21 of the FSMA (Financial Promotion) Order 2005 (**Order** and **Exempted Persons**). This document must not be relied on by any person who is not an Exempted Person and any investment or investment activity to which this document relates is only available to Exempted Persons. This document must not be reproduced, published or distributed (in whole or in part) by the recipient to any other person. If a recipient is in doubt about the contents of this document, the recipient should consult a person authorised by the Financial Services Authority under the FSMA, who specialises in advising on the acquisition of investments.

This document is exempt from the restrictions in the FSMA as it to be distributed only to the following persons: (i) 'investment professionals' as defined in Article 19(5) of the Order; (ii) persons who fall within any of the categories defined in Articles 49(2)(a) to (e) of the Order; or (iii) other persons to whom it may lawfully be communicated. In relation to 'investment professionals' this document is only directed at persons having professional experience in matters relating to investments and any investment activity to which it relates is only available to such persons. Any persons who do not have such professional experience in matters relating to investments (and who are not exempt high net worth entities) should not review this document or anything contained therein and are requested to the person who made it available to them.

In relation to persons described under Articles 49(2)(a) to (e) of the Order, this document is only directed at and available to such high net worth entities and persons of any other description (other than investment professionals) should not act on it.

## United States

The Entitlements and the New Units have not been, nor will be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States, persons who are U.S. Persons, or persons who are acting for the account or benefit of a U.S. Person, and the New Units may not be offered, sold or resold in the United States or for the account or benefit of, a U.S. Person, except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. State securities laws.

## Other jurisdictions

This Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Rights Issue Entitlement Offer, the Entitlements or the New Units, or otherwise permit the public offering of the New Units, in any jurisdiction other than Australia and New Zealand.

The distribution of this Offer Booklet (including an electronic copy) outside Australia and New Zealand is restricted by law. If you come into possession of this Offer Booklet, you should observe such restrictions and should seek your own advice on such restrictions.

Any non-compliance with these restrictions may contravene applicable securities laws.

## 7.9 Financial data

All dollar values in this Rights Issue Entitlement Offer Booklet are in Australian dollars (A\$).

## 7.10 Underwriting

APML, as the responsible entity of AET, entered into an underwriting agreement with Austock Securities Limited (**Underwriter**), under which the Underwriter has agreed to fully underwrite the Entitlement Offer.

As is customary with these types of arrangements:

- APML, as the responsible entity of AET, has indemnified the Underwriters and its directors, officers, employees, partners, agents and advisers against certain losses in connection with the Entitlement Offer;
- The Underwriters may terminate the underwriting agreement and be released from its obligations on the happening of certain specified events, including if:
  - ASIC issues or threatens to issue proceedings in relation to any aspect of the Entitlement Offer or commences, or threatens to commence any inquiry or investigation in relation to any aspect of the Entitlement Offer;

- the S&P/ ASX 200 index as at the close of normal trading on ASX on any three consecutive business days from and including the date of the agreement and until close of trading on the Closing Date closes at a level that is 10% or more below the level of the index as at market close on the business day before the date of the agreement;
  - approval not being granted to the official quotation of New Units on ASX;
  - a material adverse change in the financial position, business, assets, results, operations or prospects of APML as the responsible entity of AET or AET other than as disclosed to the Underwriter prior to the date of the agreement;
  - an outbreak or escalation of hostilities in Australia, whether war has been declared or not, or a significant act or acts of terrorism is perpetrated in Australia; and
  - statements in the offer documents for the Entitlement Offer are or become misleading or deceptive.
- The Underwriter will be remunerated by APML as the responsible entity of AET for providing these services at market rates and be reimbursed for certain of its expenses.
  - The Underwriter may appoint sub-underwriters to sub-underwrite the Offer.

#### **7.11 Disclaimer of representations**

No person is authorised to give any information, or to make any representation, in connection with the Rights Issue Entitlement Offer that is not contained in this Offer Booklet.

Any information or representation that is not in this Offer Booklet may not be relied on as having been authorised by APML, or its related bodies corporate in connection with the Rights Issue Entitlement Offer. Except as required by law, and only to the extent so required, none of APML or any other person, warrants or guarantees the future performance of AET or any return on any investment made pursuant to this Offer Booklet.



## 8 GLOSSARY

<b>AEDT</b>	Australian Eastern Daylight Savings Time
<b>AEST</b>	Australian Eastern Standard Time
<b>AET</b>	Australian Education Trust (ARSN 102 955 939)
<b>APML</b>	Austock Property Management Limited (ACN 111 338 937)
<b>Applicant</b>	an Eligible Unitholder who applies for New Units in the Rights Issue Entitlement Offer
<b>Application</b>	an application for New Units lodged in accordance with the instructions in this Offer Booklet and the Entitlement and Acceptance Form
<b>Application Monies</b>	a payment or payments made to subscribe for New Units
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	ASX Limited or a financial market operated by it
<b>Board</b>	the board of directors of APML
<b>Closing Date</b>	5.00pm (AEST), Monday, 18 April 2011
<b>Corporations Act</b>	Corporations Act 2001 (Cth)
<b>Eligible Unitholders</b>	has the meaning given in section 7.1
<b>Entitlement</b>	the number of New Units for which an Eligible Unitholder is entitled to subscribe under the Entitlement Offer
<b>Entitlement and Acceptance Form</b>	the personalised entitlement and acceptance form accompanying this Offer Booklet which Eligible Unitholders may use to apply for New Units
<b>Entitlement Offer</b>	the 3 for 10 non-renounceable pro rata entitlement offer to subscribe for New Units at the Offer Price set out in this Offer Booklet and the Entitlement and Acceptance Form, and announced to ASX by APML on Tuesday, 22 March 2011
<b>Entitlement Offer Period</b>	the period from and including the Opening Date until and including the Closing Date
<b>Ineligible Unitholders</b>	has the meaning given in section 7.1
<b>Investor Presentation</b>	the investor presentation relating to the Entitlement Offer included in the Offer Booklet
<b>New Unit</b>	a Unit issued under the Entitlement Offer
<b>Offer Booklet</b>	this booklet setting out the terms of the Rights Issue Entitlement Offer and other important information relating to the Rights Issue Entitlement Offer
<b>Offer Price</b>	A\$0.75 per New Unit
<b>Opening Date</b>	9.00am (AEST) on Monday, 4 April 2011
<b>Record Date</b>	5.00pm (AEDT) on Thursday, 31 March 2011
<b>Securities Act</b>	U.S. Securities Act of 1933
<b>Registry</b>	Registries Limited (ABN 14 003 209 836)
<b>Underwriter</b>	Austock Securities Limited (ACN 053 513 438)
<b>Unit</b>	a fully paid Unit in AET
<b>Unitholder</b>	a registered holder of Units
<b>U.S. Persons</b>	has the meaning given to it in section 7.1

