



## Press Release

### **Outlook On La Trobe University's 'AA-' Rating Revised To Positive With Further Fiscal Consolidation**

Melbourne, Dec. 15, 2005—Standard & Poor's Ratings Services today affirmed its 'AA-/A-1+' ratings on La Trobe University. The outlook was revised to positive from stable.

"La Trobe's credit quality is likely to strength after further consolidation of its fiscal position over the next year or two," said Standard & Poor's credit analyst, Brendan Flynn, Sovereign & International Public Finance Ratings. "Current projections show healthy operating surpluses between 2005 and 2008, even against a backdrop of challenging systemic factors, such as reductions in Commonwealth government funding and potentially lackluster growth in the international student market".

The credit quality of La Trobe is supported by continued support from the Commonwealth as the key provider of funding and as steward for setting policy. By Dec. 31, 2005, about 60% of La Trobe's total revenue will come from the Commonwealth government (AAA/Stable/A-1+) via operating or research grants and students contributions. "The operating grant component, which makes up nearly half the Commonwealth funding is not affected by varying student demand because excess demand for undergraduate places in Australia means La Trobe can easily fill its student load, which is set by the government," said Mr. Flynn.

"Only if there is major slippage in the university's budgeted fiscal outcomes to a position where a operating deficit is recorded, or if the debt burden increases significantly above current forecasts, would the outlook be returned to stable," added Mr. Flynn.

Other rating factors supporting La Trobe's strong credit quality is its ability to secure a good level of income from competitive research awards, its good reputation in academic and research performance, and a robust financial profile characterized by a low debt and adequate liquidity.

Standard & Poor's also affirmed its 'AA-' rating on the fixed-rate coupon bonds issued by Medical Centre Developments Pty. Ltd. (MCD). MCD is a special-purpose vehicle incorporated for the primary purpose of constructing and owning the La Trobe University Medical Centre. The rating on the bonds fully reflect the long-term rating on La Trobe University.

#### **About Standard & Poor's**

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