

Australian Social Infrastructure Fund

3rd July 2007

APX Announcement

APX Code: PASIF

Investment in Private Schools

The Directors of Austock Funds Management Limited (“AFML”), the responsible entity of the Australian Social Infrastructure Fund (APX: PASIF) (“ASIF”), today announced that ASIF has acquired a minority interest in a series of unlisted wholesale trusts which have been formed to acquire and develop three private schools in Australia in conjunction with Independent Colleges Corporation Limited (“ICC”) and the Australian Education Trust (ASX: AEU) (“AET”). ICC, through its subsidiaries, is the tenant and school operator. The investment is consistent with the Fund’s strategy of investing in social infrastructure assets including those bought for development, letting and on-sale.

Background

ICC has been established to provide a non-denominational, independent educational choice for Australian students and families that exemplifies international standards of quality in pedagogical practices, learning environments and educational support systems.

Under the provisions of an alliance agreement between ICC, AFML and others, AFML and ICC will access future sites based on consideration of appropriate locations, demographics, site conditions, feasibility studies and other appropriate initial due diligence for the approval of those parties. The initial three sites have been accepted and approved by ICC and AFML.

Initial School Sites

The three initial schools are:

- ICA Casey College – located at Narre Warren South, Victoria, this College opened in early 2007 after completion of Stage 1 and the granting of accreditation. This College is a “state of the art” schooling facility with an adjunct early learning centre, which currently has 72 students enrolled. When fully completed in 2011, the school is expected to cater for up to 1,200 students. Stage 2 of the development is expected to commence shortly to allow for the opening of the additional facilities by the commencement of the 2008 school year.

- ICA Melton College – located in the North Lake Centre of the Delfin Caroline Springs development in Melton, this 2 hectare site is situated on the corner of Lancefield Drive and Gourlay Road, Caroline Springs, Victoria. Building works are scheduled to start in July 2007 with Stage 1 and the adjunct early learning centre completed in time for the commencement of the 2008 school year.
- Penrith College – located in the Delfin Ropes Crossing development in Penrith, this 27,000sqm site is situated on the corner of Hollows Parade and Beston Drive, Ropes Crossing, New South Wales. The acquisition of this property will be completed during the next six months to allow for the development of Stage 1 during 2008 in time for opening for the 2009 school year.

College Lease Terms

ICC has agreed to enter into a standard form lease with each of the three trusts for the three initial sites which reflects the following key commercial terms:

- Term – 25 years with rolling 20 year option terms;
- Rent – to be calculated as 8% of acquisition and development costs; and
- Rent reviews – annual CPI increases (minimum 2.5%) with market reviews at year 15 and on each lease renewal, and at year 10 of each renewed term.

The lease for ICA Casey College has commenced while the lease for the other two sites will commence on the completion of Stage 1 of each college.

Sale to Australian Education Trust

Each of the three trusts has, or will, enter into conditional land purchase contracts with AET such that AET will acquire:

- the land, Stage 1 and Stage 2 of ICA Casey College in June 2009;
- the land and Stage 1 of ICA Melton College in June 2009; and
- the land and Stage 1 of ICA Penrith College in June 2010.

These contracts contain a number of property, documentation and operational conditions including benchmark minimum student enrolments. A mechanism to determine the sale price has been agreed with the starting rent being 8% of the purchase price (once determined under the sale contract).

Returns to Trust Investors

ASIF has made an initial investment of \$6m and has committed to invest a further \$6m over the next 18 months. ASIF and the other investors in the three trusts will receive distributions from the net income of each trust together with a capital return on the sale of the property to AET which is currently targeted by each trust to provide an IRR of ~20% on the equity investment in the property.

Further Information

For further information please contact either of the following on (03) 8601 2000:

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