

17 February 2011

Results for the Half Year Ended 31 December 2010

The Directors of the Responsible Entity, Austock Funds Management Limited (“AFML”) provide the results of The Australian Social Infrastructure Fund (ASIF or the Fund) for the half year ended 31 December 2010. ASIF is a property trust that invests in childcare property assets, commercial property and property securities.

1. Key Summary

- a. ASIF delivered a statutory net profit of \$3.1 million and an operating profit of \$1.7 million for the period ending 31 December 2010.
- b. NTA per unit increased by 10.5% to \$2.32 as at 31 December 2010 from \$2.10 as at 30 June 2010.
- c. In September 2010, ASIF entered into a new two year debt facility with the ANZ Bank for \$49.9 million. ASIF’s previous debt provider was National Australia Bank (NAB).
- d. Quarterly distributions were recommenced in September 2010. For the six months ending 31 December 2010, ASIF has paid a total of 6 cpu to Unitholders (\$1.7 million).
- e. ASIF continues to reduce debt via the progressive sale of securities and selective property assets. For the six months ending 31 December 2010, ASIF’s debt was reduced by \$2.2 million (4.4%) to \$47.7 million. As at 31 December 2010 ASIF’s gearing was 41.3% and its Loan to Value Ratio (LVR) was 54.2% versus a maximum of 57.5%.
- f. Independent valuations were carried out on 21 of ASIF’s 52 properties representing 50% of the Fund’s total assets as at 31 December 2010. The net result of these valuations was an increase of \$1.5 million or 3.4%. The weighted average passing yield of the property portfolio as at 31 December 2010 is 9.1%.
- g. The property portfolio is 100% leased as at 31 December 2010 with a weighted average lease expiry (WALE) of 9.0 years.

The table below provides a summary of ASIF’s 31 December 2010 financial position in comparison to June 2010:

Table 1 – Financial Comparison

Net Assets Position	December 2010 \$'m	30 June 2010 \$'m	Variance
Investment Properties	87.9	87.2	0.8%
Listed Securities	15.7	11.4	37.7%
Unlisted Securities	8.7	9.7	(10.3)%
Cash	2.6	4.0	(35.0)%
Other Assets	0.7	0.7	-
Total Gross Assets	115.6	113.0	2.3%
Long-Term Debt	47.3	49.9	(5.2)%
Other Liabilities	2.4	3.4	(29.4)%
Total Liabilities	49.7	53.3	(6.8)%
Total Net Assets	65.9	59.7	10.4%
Number of Units on Issue (000’s)	28,450	28,450	-
Per Unit NTA (\$)	\$2.32	\$2.10	10.5%
Gearing (Debt / Total Gross Assets)	41.3%	44.1%	2.8%

2. Asset Portfolio

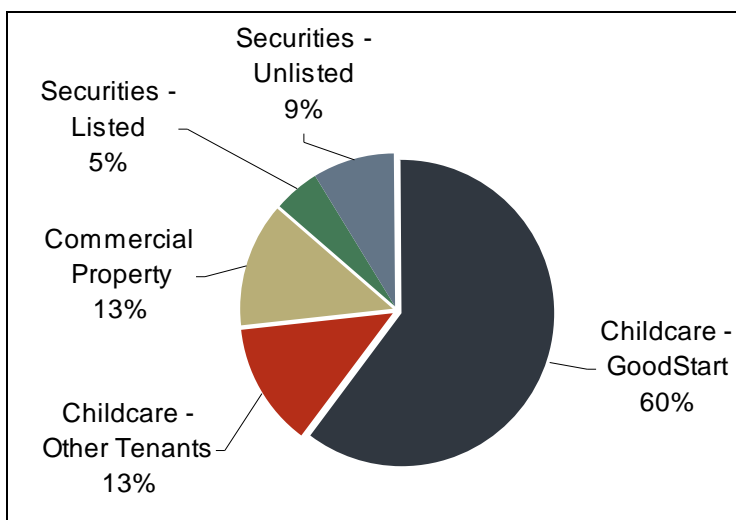
ASIF's portfolio as at 31 December 2010 is categorised as follows:

Table 2 – Asset Portfolio Summary

	No	Carrying Value \$m's	% of Total Investments
Properties			
Childcare - GoodStart	42	60.7	54.1
Childcare – other tenants	8	10.5	9.3
Glen Iris Self-Storage	1	9.5	8.5
Melton Medical Centre	1	7.2	6.4
	52	87.9	78.3
Securities			
Listed Securities:			
Australian Education Trust		12.7	11.3
Becton Convertible Notes		0.4	0.4
Australian Property Growth Fund		2.6	2.3
		<u>15.7</u>	<u>14.0</u>
Unlisted Securities:			
Stockland Direct		1.9	1.7
CIB Trust		6.8	6.0
		<u>8.7</u>	<u>7.7</u>
		24.4	21.7
TOTAL ASSETS		112.3	100.0

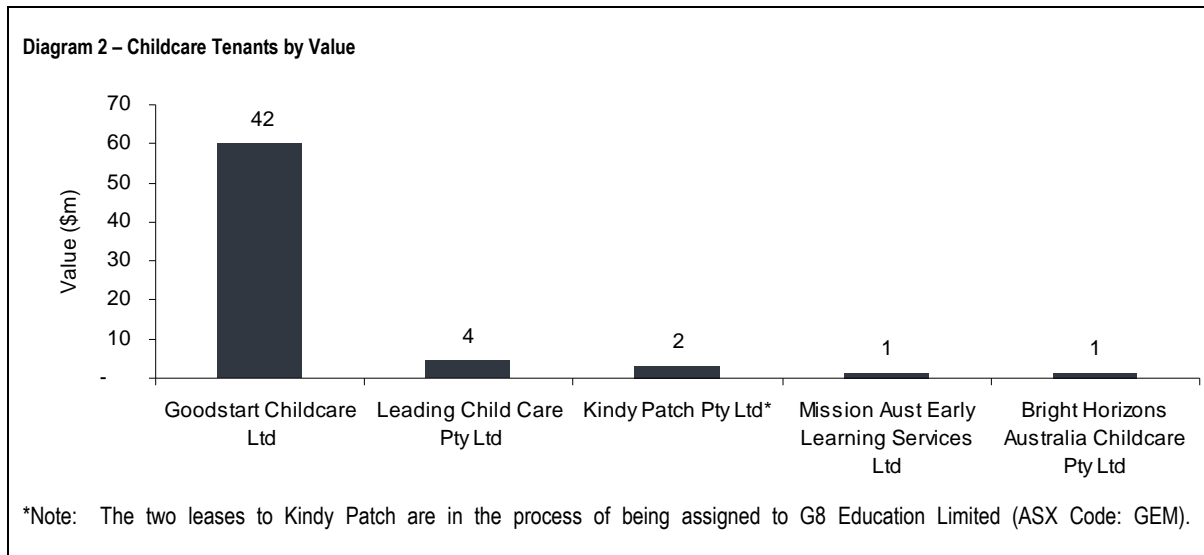
The chart below summarises ASIF's income sources for the half ending 31 December 2010:

Diagram 1 – Source of Income (For the half ending 31 December 2010)



a. Childcare Property Tenants

ASIF's Property Portfolio as at 31 December 2010 includes 50 childcare properties, which are leased to 5 tenants and have a total value of \$71.2 million. The following diagram depicts the composition of ASIF's childcare properties by tenant, value and number, as at 31 December 2010.



b. GoodStart

The not-for-profit group GoodStart Childcare Limited ("GoodStart") is the tenant of 42 of ASIF's 50 childcare properties and was the purchaser of the former ABC Learning Centres Ltd business assets. GoodStart is supported and partially funded by the Federal Government and has also sourced funding from NAB and the social capital sector. An overview of the lease arrangements with GoodStart are as follows:

- All of ASIF's leases with GoodStart, excluding one, are on a triple-net basis with all outgoings and costs of repairs and maintenance being met by GoodStart. The WALE of ASIF's leases with GoodStart is 9.9 years. ASIF's leases with GoodStart include a single 10 year option which can be exercised by either the tenant or the landlord. It is the landlord's intention to exercise these options as they fall due. The above WALE calculation is based on the assumption that these options are exercised.
- ASIF holds bank guarantees from GoodStart equivalent in value to 6 months aggregate gross rent pooled across all of the Fund's leases with GoodStart. The total value of the pooled bank guarantees currently held is \$3.6 million. ASIF can make a call or calls on the pooled bank guarantees for breaches of any lease with GoodStart for amounts greater than under the individual bank guarantee which would have been provided under the leases if not for the bank guarantees being pooled, up to a maximum individual claim of \$750,000 against any one property and subject to the overall amount of the pooled bank guarantees.

GoodStart have been in operation for approximately 10 months and we have been advised by GoodStart that they are performing slightly ahead of their budgets for the first half year and are expecting this good performance to continue through to the second half of the year.

3. Debt Funding

ASIF's two year debt facility with the Australia and New Zealand Banking Corporation Limited (ANZ) commenced on 24 September 2010 and will expire on 24 September 2012. This debt facility replaced the previous facility with NAB. The key commercial terms of the ANZ facility are as follows:

Table 3 – Debt Facility

Facility Limit:	\$49.9 million reduced to \$47.7 million following the repayment of debt
Loan to Value Ratio Maximum Investment Properties only:	Pre 30 June 2011 57.5% Post 30 June 2011 52.5%
Interest Cover Ratio:	Not to be less than 1.60 times EBIT adjusted for non-cash items
Mandatory Use of Funds:	100% of net proceeds from property sales and the first \$6 million of proceeds from the sale of securities must be applied to debt reduction

As at the 31 December 2010, ASIF complied with all of its debt covenant ratios and obligations with respect to the ANZ facility. Its LVR was 54.2% as at 31 December 2010. In order to ensure that ASIF complies with its LVR covenant at 30 June 2011, the Fund intends to sell an appropriate amount of securities, the proceeds of which will be applied to debt reduction.

ASIF's cost of debt was 7.6% pa excluding amortisation costs as at 31 December 2010. ASIF has entered into an interest rate swap for \$35 million at 5.7% per annum commencing on 24 March 2011 and ending on 24 September 2012.

4. Distribution

ASIF recommenced quarterly distributions from September 2010. For the six months ended 31 December 2010, ASIF has paid 6 cpu to Unitholders. ASIF is forecast to distribute between 12 and 14 cents per Unit for the year ending 30 June 2011. Part of this is expected to be on a tax deferred basis.

5. Financial Summary

The table below provides a comparison of the results for the half year ended 31 December 2010 and the previous corresponding half:

a. Income Statement

Table 4 – Income Statement Comparison

Half year ending 31 December (\$m's)	Notes	2010	2009
Revenue			
Property Income	1	4.7	4.6
Distributions & Dividend Income		0.6	0.5
		<u>5.3</u>	<u>5.1</u>
Expenses			
Finance Costs		1.9	1.9
Responsible Entity's Remuneration		0.6	0.6
Direct Property Expenses	1	0.8	0.7
Other Expenses		0.3	0.2
		<u>3.6</u>	<u>3.4</u>
Operating Profit			
		<u>1.7</u>	<u>1.7</u>
Change in the fair value of derivative financial instrument		(0.1)	-
Net gain/(loss) on sale of financial assets		0.2	(0.1)
Net revaluation increment of investment properties	2	1.5	-
Impairment of available-for-sale financial assets		(0.2)	(0.3)
Impairment of financial assets held at fair value through profit and loss		-	(1.0)
Impairment of loan to School Development Trusts		-	(0.8)
Net profit / (loss) for the half year		<u>3.1</u>	<u>(0.5)</u>

Notes

- Property income of \$4.7 million comprises lease income of \$4.0 million and property outgoings recovered from tenants of \$0.7 million. The Fund recovers all of its outgoings from its tenants except for \$0.1 million per annum relating to land tax in Queensland and Victoria which the Fund is unable to recover from some of its tenants.
- Independent valuations for 21 of the 52 properties owned by the Fund were undertaken at 31 December 2010. The net result of the valuations was an increase of \$1.5 million or 3.4%.

b. Balance Sheet

Table 5 – Balance Sheet Comparison

		31 Dec	30 Jun
	Notes	2010	2010
		\$m	\$m
Current assets			
Cash and cash equivalents		2.6	4.0
Trade and other receivables		0.6	0.7
Other current assets	1	13.2	9.7
Total current assets		16.4	14.4
Non-current assets			
Available-for-sale financial assets	2	11.3	12.1
Investment properties	3	87.9	86.5
Total non-current assets		99.2	98.6
Total assets		115.6	113.0
Current liabilities			
Trade and other payables		1.4	1.3
Distribution payable		0.9	2.1
Borrowings	4	-	49.9
Total current liabilities		2.3	53.3
Non-current liabilities			
Derivative financial instruments	5	0.1	-
Borrowings	4	47.3	-
Total current liabilities		47.4	53.3
Total liabilities		49.7	53.3
Net assets		65.9	59.7

Notes:

- 1) Other current assets of \$13.2 million comprises the Fund's investments in both Australian Education Trust (AET) units and Becton Convertible Notes. The increase from 30 June 2010 is primarily driven by the 60% appreciation of the AET units from 54 cents at 30 June 2010 to 86.5 cents at 31 December 2010.
- 2) Available-for-sale financial assets comprises the Fund's investments in CIB Fund, Australian Property Growth Fund and Stockland Direct Retail Trust. The movement from 30 June 2010 relates to the sale of units in AMP Capital Community Infrastructure Fund during the half.
- 3) Investment properties have increased by \$1.4 million during the half year reflecting the results of the 21 revaluations which occurred. The 21 properties valued as at 31 December 2010 represent 50% of the Fund's total direct property assets. A further 21 properties were independently valued at June 2010, with the balance of the Fund's investment properties previously valued in June 2009.
- 4) Borrowings have decreased from \$49.9 million to \$47.7 million (excluding unamortised transaction costs) as a result of net proceeds from the sale of a property of \$0.7 million and securities of \$1.5 million being applied to debt reduction
- 5) During the half, the Fund entered into an interest rate swap for \$35 million at 5.7% commencing on 24 March 2011 and ending on 24 September 2012. As at 31 December 2010, based on a subsequent easing of future market interest rate expectations, the fair value of the swap is out of the money by \$0.1 million. This is a non-cash loss.

6. Floods

ASIF owns 39 properties in Queensland, all of which are childcare centres. Only one of ASIF's properties in Queensland, being the Jindalee Childcare Centre, has been identified as being severely affected by the floods. The site will remain closed until rectification works are complete. In addition, a small number of sites have been identified as having some water damage which is relatively minor in nature.

ASIF holds insurance cover for the effect of floods on its properties however at this point, it cannot be established if the total cost of the damage to the Jindalee Childcare Centre will fall within the policy limit. ASIF's properties in Victoria and New South Wales have been unaffected by the floods in those states.

7. ASX Listing

At a Unitholders Meeting held on 10 December 2010, Unitholders considered whether to defer the 6 March 2011 listing deadline for the Fund as prescribed in the Fund's Constitution. As the resolution to defer the listing date was not passed by Unitholders and as set out in the Notice of Meeting dated 16 November 2010, the Fund is now proceeding with a compliance listing on the Australian Securities Exchange (ASX).

ASIF is expected to be listed on the ASX on 25 February 2011 at 11.00am.

8. Outlook

The successful completion of the transfer of ASIF's leases to GoodStart, the negotiation of a new two year debt facility, the progressive reduction in ASIF's gearing and the commencement of regular quarterly distributions, combine to place ASIF in a sound financial position. ASIF's gearing and LVR will be further reduced as the sale of its property securities continues and the net proceeds from the sale are applied to debt reduction.

Moving forward the aim is to position ASIF as a conservatively geared property trust which focuses on the ownership of direct property which provides regular distributions and capital growth to Unitholders.

Ian Townsing
Fund Manager
The Australian Social Infrastructure Fund

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

Further information

The Australian Social Infrastructure Fund's internet site, www.asifund.com.au is a source of information for Unitholders. It includes details of ASIF 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 Investors covering matters of relevance to the Fund.



THE AUSTRALIAN SOCIAL INFRASTRUCTURE FUND

ARSN: 094 614 874
ABN: 68 718 364 889

**Half Year Financial Report
31 December 2010**



Directors' Report	1
Auditor's Independence Declaration	5
Statement of Comprehensive Income	6
Balance Sheet	7
Cash Flow Statement	8
Statement of Changes in Equity	9
Notes to and Forming Part of the Financial Statements	10
Directors' Declaration	15
Independent Auditor's Review Report to Unitholders	16
Directory	18



The Directors of Austock Funds Management Limited the Responsible Entity (Responsible Entity) of The Australian Social Infrastructure Fund (the Fund); present their report together with the financial report of the Fund for the half year ended 31 December 2010.

Directors of the Responsible Entity

The Directors of the Responsible Entity during the period and to the date of this report comprise:

Victor David Cottren (Chairman)
 Michael Francis Johnstone
 Warner Kenneth Bastian

Principal Activities

The principal activity of the Fund during the period was investment in income producing social infrastructure assets. As at 31 December 2010, the Fund owned 50 childcare properties, a self storage facility, a medical centre and has investments in a number of property securities. Details of the Fund's portfolio are as follows:

	Note	31 Dec 2010 Carrying Value \$'000's	30 June 2010 Carrying Value \$'000
Investment Properties	4	87,942	87,192
Securities			
Listed Securities	3	15,744	11,383
Unlisted Securities	3	8,681	9,682
Cash		2,614	4,064
Other Assets		625	717
Total Gross Assets		115,606	113,038
Borrowings	5	47,304	49,883
Other Liabilities		2,411	3,470
Net Assets		65,891	59,685
Number of units on Issue		28,450	28,450
Per unit NTA (\$)		\$2.32	\$2.10



Review and Results of Operations

The result for the half year to 31 December 2010 was a net profit of \$3.1 million (2009: net loss of \$0.5 million). Excluding the impact of the non-cash movements and non-recurring transactions totalling \$1.4 million, the Fund delivered an operating profit of \$1.7 million for the half year ending 31 December 2010, compared to the corresponding period in 2009 of \$1.7 million.

Half year ending 31 December (\$m's)	2010	2009
Revenue		
Property Income	4.7	4.6
Distributions & Dividend Income	0.6	0.5
	<u>5.3</u>	<u>5.1</u>
Expenses		
Finance Costs	1.9	1.9
Responsible Entity's Remuneration	0.6	0.6
Direct Property Expenses	0.8	0.7
Other Expenses	0.3	0.2
	<u>3.6</u>	<u>3.4</u>
Operating Profit	<u>1.7</u>	<u>1.7</u>
Change in the fair value of derivative financial instrument	(0.1)	-
Net gain/(loss) on sale of financial assets	0.2	(0.1)
Net revaluation increment of investment properties	1.5	-
Impairment of available-for-sale financial assets	(0.2)	(0.3)
Impairment of financial assets held at fair value through profit and loss	-	(1.0)
Impairment of loan to School Development Trusts	-	(0.8)
Net profit / (loss) for the half year	<u>3.1</u>	<u>(0.5)</u>

Distribution

The distributions for the half year ended 31 December 2010 totalled 6.0 cents per unit (2009: nil)

Distributions paid or declared by the Fund since the end of 30 June 2010 were:

Quarter	Paid	Cents per unit	\$'000
<i>Year ending 30 June 2010</i>			
June 2010	1 July 10 and 3 Sept 10	7.7	2,191
<i>Half year ending 31 December 2010</i>			
September 2010	15 Oct 10	3.0	853
December 2010	21 Jan 11	3.0	854
		<u>6.0</u>	<u>1,707</u>
Total		13.7	3,898

Funding

As at 31 December 2010 the Fund had total assets of \$115.6 million, borrowings of \$47.7 million and net assets of \$65.9 million. The Fund's gearing level (Borrowings to total asset value) is 41.3% and the Loan to Value ratio (LVR calculated as total borrowings to investment property value) is 54.2%.

During the period, net proceeds from the sales of a property of \$0.7 million and securities of \$1.5 million were applied to debt reduction and as a result the Fund's outstanding bank debt decreased from \$49.9 million to \$47.7 million.

The Fund is progressively selling its security portfolio, with proceeds to be used to further reduce debt.

The Fund's two year debt facility with the Australia and New Zealand Banking Corporation Limited (ANZ) commenced on 24 September 2010 and will expire on 24 September 2012. This debt facility replaced the previous facility with the National Australia Bank (NAB). The key commercial terms of the ANZ facility are as follows:

- Facility Limit:
 - \$49.9 million reduced to \$47.7 million on repayment of debt
 - The facility limit reduces in accordance with the mandatory repayment requirements
- Maximum Loan to Value Ratio (LVR):
 - Pre 30 June 2011 57.5%
 - Post 30 June 2011 52.5%
- Interest Cover Ratio:
 - Not to be less than 1.60 times EBIT adjusted for non-cash items
- Mandatory:
 - 100% of net proceeds from property sales and first \$6 million of proceeds from the sale of securities must be applied to debt reduction.

As at 31 December 2010, the Fund's LVR is 54.2%. In order to ensure that the Fund complies with its LVR covenant at 30 June 2011, the Fund intends to sell an appropriate amount of securities, the proceeds of which will be applied to debt reduction.

ASIF has 28,449,729 units on issue as at 31 December 2010.

Subsequent Events

Impact of Recent Floods

The Fund owns 39 properties in Queensland, all of which are childcare centres. Only one of the Fund's properties in Queensland, being the Jindalee Childcare Centre, has been identified as being severely affected by the floods. The site will remain closed until rectification works are complete. In addition, a small number of sites have been identified as having some water damage which is relatively minor in nature.

ASIF holds insurance cover for the effect of floods on its properties however at this point, it cannot be established if the total cost of the damage to the Jindalee Childcare Centre will fall within the policy limit. ASIF's properties in Victoria and New South Wales have been unaffected by the floods in those states.

ASX Listing

At a Unitholders Meeting held on 10 December 2010, Unitholders considered whether to defer the 6 March 2011 listing deadline for the Fund as prescribed in the Fund's Constitution. As the resolution to defer the listing date, was not passed by Unitholders and as set out in the Notice of Meeting dated 16 November 2010, the Fund is now proceeding with a compliance listing on the Australian Securities Exchange (ASX).

The Fund is expected to be listed on the ASX on 25 February 2011.

Rounding of Amounts

The Fund is of a kind referred to in ASIC Class order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and the Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Auditor's Independent Declaration

A copy of the Auditor's Independence Declaration as required under section 370C of the *Corporations Act 2001* is set out on page 5.

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

A handwritten signature in black ink, appearing to read 'V. Cottren', written over a horizontal line.

Victor David Cottren
Chairman
Austock Funds Management Limited
Melbourne, 17 February 2011

Pricewaterhouse Coopers
ABN 52 780 433 757

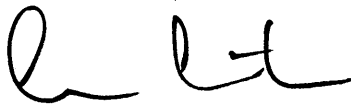
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Auditor's Independence Declaration

As lead auditor for the review of the Australian Social Infrastructure Fund for the half year ended 31 December 2010, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of the Australian Social Infrastructure Fund during the period.



Charles Christie
Partner
PricewaterhouseCoopers

Melbourne
17 February 2011

THE AUSTRALIAN SOCIAL INFRASTRUCTURE FUND
STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010



	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Revenue		
Lease income	3,953	4,079
Property outgoing recoveries	705	502
Interest income	39	42
Revaluation increment of investment properties	1,483	-
Net gain on sale of available-for-sale financial assets	168	-
Distributions and dividends	629	466
Other income	2	26
Total revenue	6,979	5,115
Expenses		
Finance costs	1,941	1,896
Other expenses	334	189
Property outgoing	749	715
Responsible entity's remuneration	593	613
Change in the fair value of derivative financial instruments	127	-
Impairment of available-for-sale financial assets	147	274
Impairment of financial assets held at fair value through profit or loss	-	1,000
Impairment of loan to School Development Trusts	-	834
Net loss on sale of available-for-sale financial assets	-	51
Net loss on sale of investment properties	6	44
Total expenses	3,897	5,616
Profit/(loss) for the half year	3,082	(501)
Other comprehensive income		
Gain/(loss) on revaluation of available-for-sale financial assets	4,831	3,483
Other comprehensive income	4,831	3,483
Total comprehensive income /(loss)	7,913	2,982
Earnings per unit	cents	cents
Basic earnings per unit	10.8	(1.8)
Diluted earnings per unit	10.8	(1.8)

The Statement of Comprehensive Income is to be read in conjunction with the accompanying notes

THE AUSTRALIAN SOCIAL INFRASTRUCTURE FUND
BALANCE SHEET
AS AT 31 DECEMBER 2010



	Note	31 Dec 2010 \$'000	30 Jun 2010 \$'000
Current assets			
Cash and cash equivalents		2,614	4,064
Trade and other receivables		625	717
Other current assets	2	13,140	9,699
Total current assets		16,379	14,480
Non-current assets			
Available-for-sale financial assets	3	11,285	12,066
Investment properties	4	87,942	86,492
Total non-current assets		99,227	98,558
Total assets		115,606	113,038
Current liabilities			
Trade and other payables		1,398	1,279
Distribution payable		886	2,191
Borrowings	5	-	49,883
Total current liabilities		2,284	53,353
Non-current liabilities			
Derivative financial instruments	6	127	-
Borrowings	5	47,304	-
Total current liabilities		47,431	53,353
Total liabilities		49,715	53,353
Net assets		65,891	59,685
Equity			
Contributed equity	7	57,420	57,420
Distribution Reserve		(1,809)	(3,184)
Available for Sale Reserve		10,280	5,449
Total equity		65,891	59,685

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

THE AUSTRALIAN SOCIAL INFRASTRUCTURE FUND
CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010



	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Cash flows from operating activities		
Cash receipts in the course of operations (inclusive of GST)	4,626	4,657
Cash payments in the course of operations (inclusive of GST)	(2,628)	(2,516)
Distributions and dividends received	637	617
Interest received	39	42
Net cash inflow/(outflow) from operating activities	2,674	2,800
Cash flows from investing activities		
Proceeds from sale of investment properties (inclusive of GST)	765	1,955
Proceeds from available for sale financial assets (inclusive of GST)	1,492	976
Loans to Schools Development Trusts	-	(658)
Net cash inflow/(outflow) from investing activities	2,257	2,273
Cash flows from financing activities		
Finance costs paid	(1,186)	(1,835)
Proceeds from borrowings	47,700	-
Repayment of borrowings	(49,883)	(2,692)
Distributions to Unitholders	(3,012)	(1,077)
Net cash inflow/(outflow) from financing activities	(6,381)	(5,604)
Net (decrease)/increase in cash held	(1,450)	(531)
Cash at beginning of half year	4,064	3,695
Cash at end of half year	2,614	3,164

The Cash Flow Statement is to be read in conjunction with the accompanying notes

THE AUSTRALIAN SOCIAL INFRASTRUCTURE FUND
 STATEMENT OF CHANGES IN EQUITY
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2010



	Units on issue \$ '000	Distribution Reserve \$'000	Available- for-sale Assets Reserve \$'000	Total \$'000
Balance at 1 July 2009	57,420	(159)	-	57,261
(Loss) attributable to Unitholders	-	(501)	-	(501)
Changes in fair value of available-for-sale financial assets	-	-	3,483	3,483
Balance at 31 December 2009	57,420	(660)	3,483	60,243
Balance at 1 July 2010	57,420	(3,184)	5,449	59,685
Gain / (Loss) attributable to Unitholders	-	3,082	-	3,082
Changes in fair value of available-for-sale financial assets	-	-	4,831	4,831
Distribution paid or provided for	-	(1,707)	-	(1,707)
Balance at 31 December 2010	57,420	(1,809)	10,280	65,891

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes

1. Statement of significant accounting policies

This general purpose interim financial report for the half-year reporting period ended 31 December 2010 has been prepared in accordance with the Australian Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

Impact of standards issued but not yet applied by the Fund

In December 2009, the AASB issued AASB9 *Financial Instruments* which addresses the classification and measurement of financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not traded. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The Fund is not adopting AASB9 in these financial statements.

2. Other current assets

	31 Dec 2010 \$'000	30 Jun 2010 \$'000
Available-for-sale assets to be sold within 12 months	13,140	8,999
Investment properties to be sold within 12 months	-	700
	13,140	9,699

3. Available for sale financial assets

	31 Dec 2010 \$'000	30 Jun 2010 \$'000
(a) Represented by:		
Units in listed property trusts		
- at market valuation	15,744	11,383
Units in unlisted property trusts		
- at Directors' valuation	8,681	9,682
Total available-for-sale financial assets	24,425	21,065
(b) Movements in available-for-sale financial assets:		
Opening balance	21,065	18,716
Disposals	(1,324)	(2,001)
Impairment of available-for-sale financial assets	(147)	(1,099)
Movement in available-for-sale financial assets reserve	4,831	5,449
Closing Balance	24,425	21,065
(c) Classification of available-for-sale financial assets:		
Total available-for-sale financial assets	24,425	21,065
Less Available-for-sale assets to be sold within 12 months (Refer Note 2)	(13,140)	(8,999)
Non-current available-for-sale financial assets	11,285	12,066

4. Investment properties

	31 Dec 2010 \$'000	30 Jun 2010 \$'000
Movement in investment properties:		
Balance at the beginning of the period	86,492	87,183
Disposal of properties	(700)	(3,319)
Movement in investment properties to be sold in 12 months	700	3,561
Movement in straight line rental account	(33)	(51)
Net revaluation Increment / (decrement)	1,483	(882)
Carrying amount at the end of the period	87,942	86,492
Comprising:		
Investment properties	87,377	85,894
Investment properties – straight line rental account	565	598
Total investment properties	87,942	86,492

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

(b) An independent valuation of a property is carried out at least once every three years. Independent valuations are prepared using both the capitalisation of net income method and the discounting of future net cash flows to their present value. Capital expenditure since valuation includes purchases of sundry properties (and associated expenses such as stamp duty, legal fees etc) and capital expenditure in respect of completed projects which has taken place since or was not included in the latest valuation of the properties.

(c) Independent valuations for 21 properties of the 52 properties owned by the Fund were undertaken at 31 December 2010. The independent valuations were prepared using both the capitalisation of net income and direct comparison method which are consistent with the requirements of the relevant Accounting Standards. The net result of the valuations was an increase of \$1.5 million or 3.4%. Market yields adopted by the valuers ranged between 8.0% and 9.75%.

The 21 properties independently valued as at 31 December 2010 represent 50% of the Fund's total direct property assets.

A further 21 properties were independently valued at June 2010, with the balance of the Fund's investment properties previously valued in June 2009.

5. Borrowings	31 Dec 2010 \$'000	30 Jun 2010 \$'000
Secured Debt Facility	47,700	49,883
Less: unamortised transaction costs	(396)	-
	47,304	49,883

During the period, net proceeds from the sales of a property of \$0.7 million and securities of \$1.5 million were applied to debt reduction and as a result the Fund's outstanding bank debt decreased from \$49.9 million to \$47.7 million.

The Fund's two year debt facility with the Australia and New Zealand Banking Corporation Limited (ANZ) commenced on 24 September 2010 and will expire on 24 September 2012. This debt facility replaced the previous facility with the National Australia Bank (NAB). The key commercial terms of the ANZ facility are as follows:

- Facility Limit:
 - \$49.9 million reduced to \$47.7 million on repayment of debt
 - The facility limit reduces in accordance with the mandatory repayment requirements
- Maximum Loan to Value Ratio (Investment Properties only):
 - Pre 30 June 2011 57.5%
 - Post 30 June 2011 52.5%
- Interest Cover Ratio:
 - Not to be less than 1.60 times EBIT adjusted for non-cash items
- Mandatory Use of Funds:
 - 100% of net proceeds from property sales and the first \$6 million of proceeds from the sale of securities must be applied to debt reduction.

As at the 31 December 2010, the Fund complied with all of its debt covenant ratios and obligations with respect to the ANZ facility.

As at 31 December 2010, the Fund's LVR is 54.2%. In order to ensure that the Fund complies with its LVR covenant at 30 June 2011, the Fund intends to sell an appropriate amount of securities, the proceeds of which will be applied to debt reduction.

6. Derivative Financial Instruments	31 Dec 2010 \$'000	30 Jun 2010 \$'000
Non-Current		
Derivative Financial Instrument – Interest Rate Swap	127	-

The Fund uses an interest rate swap to hedge its risk associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently remeasured to fair value.

The Fund has entered into an interest rate swap for \$35 million at 5.7% pa commencing on 24 March 2011 and ending on 24 September 2012.

7. Contributed Equity

	Units on issue No '000	Units on issue \$'000
Balance at 1 July 2009	28,450	57,420
Units issued during the period	-	-
Balance at 31 December 2009	28,450	57,420
Balance at 1 July 2010	28,450	57,420
Units issued during the period	-	-
Balance at 31 December 2010	28,450	57,420

8. Segment information

The Fund operates wholly within Australia and operates predominately in the one business segment of property investment, including direct property ownership and units in other property schemes. The Fund's segment is based on reports used by both management and directors in making key decisions.

9. Capital and lease commitments

(a) Capital commitments

ASIF had no capital commitments at reporting date (Nil at 30 June 2010).

(b) Lease revenue commitments

Investment properties are leased to tenants under long-term operating leases with rentals generally payable monthly. Future minimum lease payments receivable on leases of investment properties are as follows:

	31 Dec 2010 \$'000	31 Dec 2009 \$'000
Receivable:		
not later than 1 year	8,047	7,876
later than 1 year but no later than 5 years	20,131	17,076
later than 5 years	17,599	7,578
	45,777	32,530

10. Contingent liabilities

No contingent liabilities to ASIF exist of which the Responsible Entity is aware (Nil at 30 June 2010).

11. Subsequent events

Impact of Recent Floods

The Fund owns 39 properties in Queensland, all of which are childcare centres. Only one of the Fund's properties in Queensland, being the Jindalee Childcare Centre, has been identified as being severely affected by the floods. The site will remain closed until rectification works are complete. In addition, a small number of sites have been identified as having some water damage which is relatively minor in nature.

The Fund holds insurance cover for the effect of floods on its properties however at this point, it cannot be established if the total cost of the damage to the Jindalee Childcare Centre will fall within the policy limit. The Fund's properties in Victoria and New South Wales have been unaffected by the floods in those states.

ASX Listing

At a Unitholders Meeting held on 10 December 2010, Unitholders considered whether to defer the 6 March 2011 listing deadline for the Fund as prescribed in the Fund's Constitution. As the resolution to defer the listing date was not passed by Unitholders and as set out in the Notice of Meeting dated 16 November 2010, the Fund is now proceeding with a compliance listing on the Australian Securities Exchange (ASX).

The Fund is expected to be listed on the ASX on 25 February 2011.

No other matter or circumstance has arisen since 31 December 2010 that has significantly affected, or may significantly affect:

- (a) the Trust's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Trust's state of affairs in future years.

**THE AUSTRALIAN SOCIAL INFRASTRUCTURE FUND
DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**



In the opinion of the Directors of Austock Funds Management Limited, the Responsible Entity of Australian Social Infrastructure Fund ("the Fund"):

- (a) the financial statements and notes, set out on pages 6 to 14 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2010 and of its performance for the half year ended on that date.

- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

- (c) the Fund has operated during the half year ended 31 December 2010 in accordance with the provisions of the Fund Constitution (as amended).

This declaration is made in accordance with a resolution of the Directors.

Dated at Melbourne this 17th day of February 2011.

A handwritten signature in black ink, appearing to read "V. Cottren", is written over a horizontal line.

Victor David Cottren
Chairman
Austock Funds Management Limited

Independent auditor's review report to the members or unitholders of Australian Social Infrastructure Fund

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial statements of the Australian Social Infrastructure Fund (the Fund), which comprise the balance sheet as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of Austock Funds Management Limited (the Responsible Entity of the Fund) are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Fund, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

**Independent auditor's review report to the members or unitholders of
Australian Social Infrastructure Fund (continued)**

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the Fund for the half-year ended 31 December 2010 included on the Funds web site. The Fund's directors are responsible for the integrity of the Funds web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

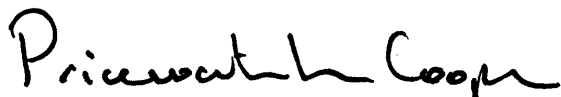
Independence

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

Conclusion

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

- (a) giving a true and fair view of the Fund's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



Charles Christie
Partner

17 Melbourne
February 2011

Responsible Entity and principal place of business of ASIF	Austock Funds Management Limited Level 12 15 William Street Melbourne VIC 3000
Directors of the Responsible Entity	Victor David Cottren (Chairman) Michael Francis Johnstone Warner Kenneth Bastian
Solicitors	Macrossans Lawyers Level 23, AMP Place 10 Eagle Street Brisbane QLD 4000
Auditor/Taxation Advisors	PricewaterhouseCoopers Freshwater Place 2 Southbank Boulevard Southbank Vic 3006
Bank	Australia & New Zealand Banking Corporation Limited Level 29 100 Queen Street Melbourne Vic 3000
Custodian	The Trust Company Limited 35 Clarence Street Sydney NSW 2000
Secretary of the Responsible Entity	Amanda Gawne/Adrian Hill Level 12 15 William Street Melbourne VIC 3000
Share Registry	Registries Limited Level 7 207 Kent Street Sydney NSW 2000
Investor Relations	Lula Lioffi Austock Funds Management Limited Level 12 15 William Street Melbourne VIC 3000 Ph: (03) 8601 2000