

12 December 2008

ABC Learning Centres Update

The Australian Social Infrastructure Fund (ASIF) provides the following update to its announcement of 27 November 2008, in relation to its exposure to ABC Learning Centres Limited (Administrators Appointed) (Receivers and Managers Appointed) and a number of its subsidiaries (ABC).

The receivers of ABC, McGrathNicol, made a further announcement on 10 December 2008 regarding the on going review of the ABC business which was followed by an announcement by the Deputy Prime Minister, Julia Gillard, on behalf of the Federal Government.

The outcome of these announcements is as follows:

- 720 childcare centres will continue operation in 2009 under the control of the Receiver. An increase of 64 centres from the previous announcements.
- 241 childcare centres will continue to operate with government support. The government has committed \$34million of additional funding to keep these centres open until 31 March 2009.
- 55 childcare centres will close from 1 January 2009.

The table below summarises the effects of these announcements on ASIF's portfolio of 56 ABC childcare centres.

Category	Number of Centres	% of ASIF's Rental Income
Retained by Receiver - staying open in 2009	42	63%
Continue to operate with Government support until 31 March 2009	8	11%
Closing 1 January 2009	4	7%
Not identified on published lists. Management is seeking clarification from the Receiver.	2	3%
Total	56	84%

* the remaining 16% of ASIF's rental income is derived from non-ABC properties

The involvement by the Federal Government is welcomed and will provide support to what is an important social service currently under pressure. The Government funding arrangements provide greater certainty and allow these centres to continue operating post 31 December 2008. The Government's funding arrangements also provide an opportunity for a transitional period in which ASIF's 8 centres may be transitioned to other suitable operators post 31 March 2009.

ASIF has received a strong level of interest in its centres and it will continue to field interest from prospective occupants. Management is currently in discussions with a series of alternate operators with respect to its centres.

In regard to the 4 ASIF centres that will close on 1 January 2009, it is expected that following a marketing campaign, alternative operators or purchasers of the childcare centres will be sourced.



Of the 4 centres to be closed, 3 are located in Queensland and 1 in Western Australia.

The announcements by the Receiver and Government are positive for ASIF, as they result in ASIF maintaining the majority of its income in the short term. However there still remains uncertainty around a significant percentage of ASIF's income. Given this uncertainty and the need to conservatively position ASIF in the current challenging economic times management believes that it is in ASIF's and its unitholders best interests to maintain the current suspension of ASIF's monthly distributions.

ASIF Fund Updates will be uploaded on ASIF's website and will also be sent to unitholders via email. We are committed to keeping ASIF's investors well informed and update our website as often as possible. I strongly encourage unitholders and advisors who have not provided their email address details to do so by sending your details to llossi@austock.com

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