

ASIF Unitholder Update

24 August 2009

Austock Funds Management Limited (AFML) the Responsible Entity of The Australian Social Infrastructure Fund (ASIF) provides the following update in relation to its exposure to ABC Learning Centres Limited (Administrators Appointed) (Receivers and Managers Appointed) and a number of its subsidiaries (ABC).

ABC was placed into voluntary administration on 6 November 2008 and the convening period for the Voluntary Administrator, Ferrier Hodgson, had been extended to 30 September 2009. The Administrator recently applied to the Federal Court to further extend the convening period to 31 March 2010.

AFML as the Responsible Entity of ASIF challenged the extension of the convening period on the basis that ASIF amongst other factors, is suffering continued financial prejudice due to the length of the administration, the Receiver's continued ability to disclaim ASIF's leases as provided under the Corporations Law and other negative factors that have adversely affected ASIF impacting directly from the continued Administration. The hearing before Justice Emmett of the Federal Court was held from 17 to 20 August 2009 with final orders made on 21 August 2009.

In summary, the orders by Justice Emmett of the Federal Court of 21 August 2009 provide that the convening period of the Administration is extended to 31 March 2010, with undertakings by the Receiver noted in the Orders of which the key issues are summarised as follows:

Undertakings by the Receivers to the Court:

1. The Receivers will commence the sale process for ABC's centres immediately.
2. The Receivers to use their best endeavours to follow a sale timetable for ABC's centres which includes completion in the first two months of 2010.

Undertakings by the Receivers to ASIF:

3. The Receivers undertake to use their best endeavours to procure a sale for all of the childcare centres operated by them from premises leased from ASIF.
4. The Receivers undertake not to disclaim leases and to continue to trade the childcare businesses at each ASIF premises until the earlier of the sale of that centre or 28 February 2010. If the childcare business has not been sold, the Receiver may cease



to use or occupy that centre after 28 February 2010 provided eight weeks notice has been given. Until that time the Receiver undertakes to pay rent and other amounts due under the lease for the premises.

5. The Receivers undertake if notice to vacate an ASIF centre is provided in accordance with the paragraph above, they will agree, if requested by AFML to transfer the business operated from the centre to a new operator nominated by AFML subject to certain conditions.
6. The sale by the Receivers of any childcare centre operated from a premises leased to ABC by ASIF will be advertised and sold on the basis of the assignment of the lease without variation, unless AFML agrees with a purchaser to vary the terms of a lease.
7. The Receiver provided undertakings regarding repair and maintenance to the centres on the premises leased by ASIF.

These outcomes provide greater short term clarity to ASIF as it provides a framework and undertakings with which the Receiver must now comply, in relation to ASIF and with regard to the sale of ABC. Unitholders should note that these terms only extend for the term of the convening period of the Administration, which at this point has been extended to 31 March 2010.

The Court awarded AFML one third of its legal costs in the matter.

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