

29 April 2009

ASIF Fund Update

The Australian Social Infrastructure Fund (ASIF) provides the following unitholder update in relation to its exposure to ABC Learning Centres Limited, Administrators and Receivers Appointed (ABC) and distributions.

ABC Receivership

ASIF's 56 childcare centres were leased to ABC which was placed into receivership on 6 November 2008. Since that time, the centres have been split into various categories as follows:

	No of Childcare Centres	Carrying Value \$000's	Current Rent (pa) \$000's
Operating Properties			
ABC 1 (under the control of McGrath Nicol)	42	62,060	5,524
ABC 2 (under the control of PPB)	7	9,115	816
ABC/NELC Centres (under the control of McGrath Nicol)	1	1,400	121
Closed Centres	6	8,955	845
Total Child Care Centre Properties	56	81,530	7,306

ABC 1

ABC 1 centres remain under the control of McGrath Nicol the receiver of ABC. The 42 ABC 1 centres owned by ASIF form part of 720 centres that continue to be operated by ABC. It is understood that McGrath Nicol will embark on a sales process for these centres in due course. The sales process will likely be for the business and require an assignment of existing leases from ABC to a new tenant. ASIF has established a commercial business relationship with McGrath Nicol and rent and recoverable expenses continue to be paid on a monthly basis.

ABC 2

ABC 2 centres are under the control of a second receiver PPB who were appointed by the Federal Government. These centres were initially funded by the Federal Government until 31 March 2009. The Federal Government subsequently extended its support until 15 May 2009. To date all rent has been received for these centres.

A key undertaking of PPB has been to source new tenants for the 241 centres under their control, 7 of which are ASIF centres. On 26 February 2009, PPB announced that 180 binding offers had been received for the 241 centres under their control. A review of these offers has resulted in PPB entering into binding agreements with 3 separate tenants for ASIF's 7 ABC 2 centres. The terms offered by each of the 3 tenants are very similar to the terms of the existing leases between ASIF and ABC. Austock is currently assessing these offers and it is expected this process will be completed by late May 2009. Part of this assessment process is to ensure that each of the tenants represent viable long term tenants capable of meeting their obligations under each of the leases and obtaining National Australia Bank's (NAB) approval to assign the leases from ABC to the new tenants. NAB's approval is required under the terms of ASIF's debt facility with NAB.

ABC / Neighbourhood Early Learning Centres Pty Ltd (NELC)

ASIF has one ABC/NELC centre leased to ABC and managed by NELC. On 19 February 2009, McGrath Nicol requested an assignment of this lease to Bright Horizons Australia Childcare Pty Ltd (BHAC), a



related entity of NELC. We are currently liaising with BHAC to ensure they represent a viable long term operator. In the meantime, rent continues to be paid on a monthly basis.

Closed Centres

These 6 centres have been closed as a result of ABC being placed into receivership on 6 November 2008. ASIF appointed Jones Lang LaSalle (JLL) to manage an Expressions of Interest (EOI) process to invite interest from prospective buyers or tenants for 5 of the closed centres. EOIs closed on 25 March 2009. The sixth centre was not part of the EOI campaign as it was substantially damaged by fire and is currently being rebuilt.

To date, 3 of the 5 ASIF centres in the EOI campaign have been sold and the results are summarised in the table below. The remaining 2 centres, 10 Station Road, Burpengary and 33-41 Beaconsfield Avenue, Midvale are yet to be sold or leased.

Address	Book Value \$000's	Sale Price \$000's	Sale Price as % of Book Value
2345 Sandgate Road, Boondall	1,180	1,200	102%
83 Holmead Road, Eight Mile Plains	1,275	1,275	100%
640 Albany Creek Road, Albany Creek	1,250	975	78%
Total	3,705	3,450	93%

The net proceeds from the sale of these properties will be used to pay down debt.

Distributions

ASIF's distributions are currently suspended. In our letter to unitholders dated 16 March 2009, we advised management would review ASIF's distribution policy in April 2009 when it was expected there would be greater certainty around the outcome of the PPB process and the future of ABC 1. The PPB process is now expected to be completed in late May 2009 and there still remains a level of uncertainty around the future of ABC 1. As a result and with a view to conservatively positioning ASIF in the current challenging economic times, we believe it is in the best interests of ASIF and its unitholders to continue the suspension of monthly distributions to unitholders until 30 June 2009. ASIF's distribution policy will be reviewed in July 2009. The decision to suspend distributions will be continuously monitored.

The purpose of suspending distributions is to retain and build where possible cash reserves and to provide against further potential negative events should they occur whilst ABC remains in receivership. These external events and any impact on ASIF cannot be predicted however, prudent policy dictates that a defensive stance should be adopted.

In these challenging times, management has implemented cost-saving measures to minimise ASIF's expenditure where possible. As previously advised, ASIF 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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