

31 March 2009

RG46 DISCLOSURE NOTICE

The Australian Securities & Investments Commission (ASIC) now requires responsible entities of unlisted property funds in which retail investors invest to address eight disclosure principles which are set out in Regulatory Guide 46 *Unlisted property schemes—improving disclosure for retail investors* (RG 46). The disclosure principles are intended to assist retail investors to understand the risks associated with investing in unlisted property funds and to decide whether such investments are suitable for them.

Austock Funds Management Ltd (AFML), as responsible entity of the Australian Social Infrastructure Fund (ASIF or the Fund), has issued this document addressing the disclosure principles for the Fund.

Information included in this statement will be updated as soon as AFML becomes aware of a material change or otherwise at least every six months. Updates on the status of information relating to the disclosure principles will be available at www.asifund.com.au. Investors can request a hard copy of these updates to be sent to them by contacting AFML on + 61 3 8601 2668.

This statement has been prepared as general information only and does not take into account the investment objectives, financial situation or needs of a particular person. ASIF's half year accounts to 31 December 2008 available at www.asifund.com.au provide additional information on the Fund.

Disclosure Principle 1 - Gearing Ratio

As at 31 December 2008, the gearing ratio of the Fund is 47.4%¹.

The gearing ratio represents the extent to which the assets of a fund are financed by debt. The higher a fund's gearing ratio the greater its reliance on external liabilities (primarily borrowings) to finance the assets. A higher gearing ratio may also expose a fund to increased costs if interest rates rise or property values decrease. A highly geared fund generally has a lower asset buffer to rely upon in times of financial stress. Investors can use the gearing ratio to assess the potential risks associated with an investment in a fund in the event interest rates rise or property values decrease; and to compare the risk associated with a fund's return on investment to other similar products.

The look through gearing ratio is the ratio of a fund's net borrowings to its total assets adjusted for relevant borrowings of investments in third party funds and joint ventures.

The Fund does not have any off balance sheet financing. The Fund has investments in other listed and unlisted funds which is summarised in Disclosure Principle 4 - Portfolio Diversification of this report. Each of the funds in which ASIF holds an individual investment has a level of debt. The gearing ratio of these investments ranges between 33% and 69%. These investments total 33.6% of ASIF's total assets.

Disclosure Principle 2 - Interest Cover

As at 31 December 2008 the Fund's interest cover is 2.02 times² for the half year ending 31 December 2008. This figure indicates that the Fund currently has sufficient earnings to satisfy interest repayments. Specifically, based on current figures, the Fund could service its interest payments by 2.02 times. Having a high interest cover provides a buffer if interest rates or other expenses of the Fund increase.

¹ Calculated by dividing the Fund's total interest bearing liabilities by the total value of the assets, based on the audited financial statements dated 31 December 2008.

² The interest cover for a fund is calculated by determining its earnings before interest, tax, depreciation and amortisation (EBITDA), subtracting unrealised gains (if any) and adding unrealised losses (if any). This figure is then divided by the current interest expense (also known as the finance cost) of the fund.

Investors can use an interest cover ratio to assess a fund's ability to meet ongoing interest payments and therefore service debt. The lower the interest cover, the higher the risk a fund will not be able to meet its interest payments. A fund with a low interest cover only needs a small reduction in earnings (or a small increase in interest rates or other expenses) to be unable to meet its interest payments.

Disclosure Principle 3 - Fund Borrowing

Borrowing maturity profile

The Fund has a \$64.0 million debt facility with the National Australia Bank (NAB). The Fund's drawn down debt as at 31 December 2008 is approximately \$59.4 million. Commercial bills associated with the debt facility are rolled over on a periodic basis throughout the year. The Fund's debt facility expires on 30 June 2010.

Bill Facility Limit	Bill Draw Down Amount	Bill Facility End Date
\$20.0 million	\$20.0 million	30 June 2010
\$2.5 million	\$2.5 million	30 June 2010
\$10.0 million	\$10.0 million	30 June 2010
\$12.0 million	\$12.0 million	30 June 2010
\$19.5 million	\$14.9 million	30 June 2010
\$64.0 Million	\$59.4 million	

There are risks associated with the borrowing maturity profile of the Fund. As the Fund's borrowings mature on 30 June 2010, there is a risk refinancing will be on less favourable terms or not available at all. If the Fund cannot refinance, then it may need to sell assets on a forced sale basis with the risk that it may realise a capital loss on those assets sold. AFML uses a mixture of variable interest and interest rate hedging to manage the Fund's exposure to interest rates. The Fund has no off-balance sheet financial instruments.

Loan covenants

The Fund is not in breach of any covenants under its debt facility with the NAB. However, as investors are aware, the key tenant of the Fund's properties, ABC Learning Centres Limited (ABC) has been placed in receivership. The Fund is in ongoing dialogue with the NAB regarding ABC being in receivership and the impact this may have on the Fund's debt facility in the future.

A breach of a Loan Covenant or an Event of Default may result in a lender being able to impose a penalty or require immediate repayment of the loan, in which case the Fund may be forced to arrange alternative financing or sell assets within a short timeframe.

Ranking of investors

Investors' interests in the Fund will rank behind lenders and other creditors of the Fund. This means, if the Fund was to be wound-up, then the Fund's lenders and other creditors would be repaid first, before any capital or outstanding distributions were paid to investors.

Disclosure Principle 4 - Portfolio Diversification

Generally, the more diversified a fund's portfolio is, the lower the risk that an adverse event affecting one property or one lease will put the overall portfolio (and therefore, the Fund) at risk. The table below summarises the Fund's investments as at 31 December 2008:

	No. of Properties	Value as at 31-12-08 \$000's	% of Gross Assets	Lease Expiry Years	Occupancy %
Investment Properties					
Total Childcare Centres Leased to ABC	56	81,530	62.5 ³	13.5 ¹	89.0 ²
Self Storage	1	10,800	8.6	10.0	100.0
Medical Centre	1	6,597	5.3	6.5	100.0
Impairment as per 31-12-08 accounts		(3,183)			
Total Investment Properties	58	95,744	76.4		
Securities					
School Development Trusts		3,457	2.8	NA	NA
CIB Fund		6,981	5.6	NA	NA
Other listed Securities		9,087	7.2	NA	NA
Other unlisted Securities		6,588	5.3	NA	NA
Other Assets		3,422	2.7	NA	NA
Total Gross Assets		125,279	100.0	NA	NA

All ASIF's properties are located in Australia as detailed in the table below:

State	No. of Properties	Carrying Value as at 31 Dec 2008 \$000's*	Value as % of Property*
NSW	3	2,265	2
NT	2	2,500	3
QLD	44	67,185	68
SA	1	1,200	1
VIC	3	19,497	20
WA	5	6,280	6
Total	58	98,927	100%

*Excludes impairment.

As investors are aware, the property portfolio of the Fund has historically been focussed on the ownership of childcare properties leased to ABC. The risks associated with a high reliance on a single tenant were thought to be mitigated by the fact that ABC was a large, profitable, publicly listed company which received substantial subsidies from the Federal Government. The collapse of ABC in November 2008 has highlighted the underlying risk.

The Fund also owns units in a number of listed and unlisted property funds which enhances the Fund's diversification.

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

	No of Child Care Centres	Last Independent Valuation \$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 (ABC Receiver). The 42 ABC 1 centres owned by the Fund 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 around mid – 2009. The sales process will likely be for the business and require an assignment of existing leases. The Fund 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 PPB (the Court approved receiver). These centres are being funded by the Federal Government until 15 May 2009. PPB is conducting a formal sales process for the business and leasehold interests which is scheduled to be completed by 15 May 2009. This date has been extended from 31 March 2009 due to the complexities of the process. PPB will advise of an outcome for all ABC 2 centres by 15 April 2009 at the latest. PPB is currently assessing offers from more than 180 parties. AFML is working closely with PPB to ensure that the new tenant (or tenants) represent viable long term operators.

ABC / Neighbourhood Early Learning Centres Pty Ltd ("NELC"): The one ABC/NELC centre is 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. The Fund has 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 and AFML is currently assessing the offers received. The sixth centre is not part of the EOI campaign as it was substantially damaged by fire and is currently being rebuilt. The book value of the 5 centres to be sold or leased is approximately \$7.4 million. No rent is being received for the 5 closed centres. The annual rent on these centres was approximately \$845,000 per annum.

Up to date information on the portfolio is maintained on the Fund's website at www.asifund.com.au.

The investment strategy

The Fund is an unlisted retail property trust that primarily invests in social infrastructure assets such as childcare facilities, schools, hospitals, medical centres and self storage facilities. The Fund aims to provide investors with a secure, investment that has a low level of volatility and is underpinned by long term leases.

The main objective of the Fund is to provide investors with stable monthly tax effective distributions and capital growth over the medium to long term. To achieve this objective, the following strategy has been implemented:

- Application of and adherence to a consistent investment discipline in assessing acquisitions and disposals.
- Acquire properties that are expected to add value to the Fund's long term earnings and asset base.
- Apply appropriate debt levels to maximise returns.
- Apply hedging policies to minimise volatility in earnings and asset values.
- Apply portfolio and risk management policies to maximise returns and operating efficiencies.

Disclosure Principle 5 - Valuation policy

Investing in a property fund exposes investors to movements in the value of the fund's assets. Investors therefore need information to assess the reliability of valuations. The more reliable a valuation, the more likely the asset will return that amount when it is sold. However, any forced sale may still result in a shortfall compared to the valuation.

After initial recognition, investment properties of the Fund are measured at fair value and revalued with sufficient regularity to ensure the carrying amount of each property does not differ materially from its fair value at the reporting date. Independent valuations are performed on each property at intervals of not more than two years by registered valuers who are appropriately qualified to undertake the valuation, based on the type and locality of the property being valued. All independent valuations comply with relevant industry standards and codes. These valuations are considered by the directors of AFML when determining fair value. When assessing fair value, the directors may also consider the discounted cash flow of the property, the highest and best use of the property, sales of similar properties and general market conditions. The Fund's 31 December 2008 accounts provide additional information regarding the current value of the Fund's investments.

Disclosure Principle 6 - Related Party Transactions

Current related party transactions

The Fund holds investments in the following schemes managed by AFML or its affiliates:

- Australian Education Trust (ASX:AEU)
- CIB Fund
- Austock Education Development Trust (Casey)
- Austock Education Development Trust (Melton)
- Austock Education Development Trust (Penrith)

AFML, as responsible entity for the Fund, is entitled to receive fees in connection with the operation of the Fund. Directors of AFML are entitled to receive remuneration in their capacity as directors and senior management of AFML and these amounts are paid from an entity related to AFML. No director is remunerated directly from the Fund. Directors of AFML may also hold units in the Fund.

Austock Corporate Finance Pty Ltd (ACF), a related corporation of AFML, has been appointed to assist the Fund with current negotiations with the Receivers of ABC1 and ABC2 childcare centres and source potential new tenants for the Funds childcare centres.

More information on the Fund's related party transactions are set out in the financial statements for the Fund, which is available on the Fund's website, www.asifund.com.au.

Policy on related party transactions

As conflicts of interest may arise when the Fund invests in, makes loans to or provides guarantees in favour of related parties, AFML has a policy about managing conflicts of interest (Conflicts Management Policy). AFML's Conflicts Management Policy documents the company's approach to managing conflicts. That approach is adopted by the Board of AFML and underpins the training of staff to identify and manage potential conflicts. All identified conflicts are recorded in a conflicts register. The register also identifies what measures AFML has in place to manage the conflict. The principal mechanisms used to manage conflicts involve controlling conflicts, avoiding conflicts and disclosing conflicts. The register is regularly updated by compliance staff and reviewed by the Compliance Committee.

Disclosure Principle 7- Distribution Practices

As investors are aware, distributions for the Fund are currently suspended until 31 March 2009. The Fund's distribution policy will be reviewed in April 2009 when there is expected to be greater clarity around the future of ABC and the Fund's childcare centres. The decision to suspend distributions will be continuously monitored.

Disclosure Principle 8 - Withdrawal Rights

The Fund is illiquid and investors have no redemption facility available to them.

Fund Updates

As previously advised, 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