The Australian Social Infrastructure Fund
ARSN 094 614 874

24 August 2011

Results for the Year Ended 30 June 2011

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 year ended 30 June 2011. ASIF is a property trust that invests in childcare property assets, commercial property and property securities.

1. Key Summary

a. Delivered a Statutory Profit of $7.4 million and Operating Profit of $3.5 million for the year ended 30 June 2011
b. Recommenced regular quarterly distributions
c. Paid total annual distributions to Unitholders of 12.8 cpu
d. FY12 distribution guidance of 14-15 cpu
e. Entered into a new 2 year debt facility with ANZ – Expiry 23 September 2012
f. Reduced total debt from $49.9 million to $40.1 million, a reduction of $9.8 million or 19.6%
g. Decreased LVR from 57.0% to 46.3%
h. Decreased gearing from 44.2% to 37.5%
i. Increased NTA from $2.10 per unit to $2.28 per unit, an increase of 9.0%
j. Created liquidity by listing the Fund on the ASX on 25 February 2011
k. Continued the orderly selective sale of property securities. 100% of net proceeds from the security sales were applied to debt reduction
l. WALE for the property portfolio is 8.4 years

The table below provides a summary of ASIF's 30 June 2011 financial position in comparison to June 2010:

Table 1 – Financial Comparison

	30 June 2011 $'m	30 June 2010 $'m
Investments (Property & Securities)	104.3	108.3
Cash and Other Assets	2.5	4.7
Total Assets	**106.8**	**113.0**
Debt	40.1	49.9
Other Liabilities	1.7	3.4
Total Liabilities	**41.8**	**53.3**
Net Assets	**65.0**	**59.7**
Per Unit NTA ($)	2.28	2.10
Gearing (Debt/Total Assets)	37.5%	44.2%

Responsible Entity: Austock Funds Management Limited
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Austock Property

2. Asset Portfolio

ASIF's portfolio as at 30 June 2011 is categorised as follows:

Table 2 – Asset Portfolio Summary

	No	Carrying Value $m's	% of Total Investments
Properties			
Childcare - GoodStart	42	59.5	57.1
Childcare – other tenants	8	10.5	10.1
Glen Iris Self-Storage	1	9.5	9.1
Melton Medical Centre	1	7.3	6.9
	52	**86.8**	**83.2**
Securities			
Listed Securities:			
Australian Education Trust		6.2	6.0
Australian Property Growth Fund		2.6	2.5
Unlisted Securities:			
Stockland Direct		1.9	1.8
CIB Fund		6.8	6.5
		17.5	**16.8**
Total		**104.3**	**100.0**

The not-for-profit group GoodStart Childcare Limited ("GoodStart") is the tenant of 42 of the Fund's properties. GoodStart is a consortium of the major not-for-profit groups Mission Australia, the Benevolent Society, Social Ventures Australia and the Brotherhood of St Laurence which acquired the ABC Learning Centres Limited (ABC) business. Based on preliminary financial data provided by GoodStart, since it began operation on 31 May 2010:

- Predicted earnings for the first full year of operations exceed initial budget;
- Debt repayments of its senior debt to NAB exceed initial budget; and
- Occupancy levels in the properties owned by the Fund have increased.

These are positive preliminary results for GoodStart and show stability returning to the childcare 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. 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.

- Four of the leases to GoodStart are subject to an early termination clause which enable GoodStart to terminate these leases by providing appropriate 6 months notice. The earliest GoodStart can terminate these leases is on 31 May 2012. Under the terms of the early termination agreement, ASIF is entitled to receive compensation up to a maximum of 2 years annual rent per property. Preliminary discussions with GoodStart regarding these four leases have commenced.

- 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 up to a maximum individual claim of $750,000 against any one property and subject to the overall amount of the pooled bank guarantees.

Other Tenants
ASIF has four other appropriately qualified tenants which lease the remainder of its childcare portfolio. These tenants continue to comply with their lease obligations.

Childcare Industry
After the upheaval to the childcare industry caused by ABC Receivership, the sector has shown signs of recovery and stability with the introduction of GoodStart and a number of other participants in the childcare industry.

The Federal Government continues to recognise the importance of the childcare industry in Australia with a focus on encouraging greater female participation in the workplace. The decision to not introduce a means test on the child care rebate was seen as a positive for the industry. Strong demand for childcare continues with expected growth in the industry over the coming years, driven by continued government support and a shortage of childcare places in many locations.

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 23 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	$49.1 million (subsequently reduced to $40.1 million)	
Drawn Amount	$40.1 million as at 30 June 2011	
Facility Term	2 Years expiring 23 September 2012	
Margins	Scale of margins dependant upon the Fund's LVR position	
Loan to Value Ratio (Property Only)	**Covenant** Pre 30 June 2011 - 57.5%) Post 30 June 2011 - 52.5%)	**Actual 30 June 2011** 46.3%
Interest Cover Ratio	**Covenant** Not to be less than 1.60 times EBIT) adjusted for non-cash items)	**Actual 30 June 2011** 1.95x
Mandatory Repayment	100% of net proceeds from property sales and first $6 million of proceeds from the sale of securities must be applied to debt reduction	
Hedging	$35 million fixed at 5.7% pa. Expires 23 September 2011	
Weighted Average Interest Rate as at 30 June 2011	8.1% pa	

As at the 30 June 2011, ASIF complied with all of its debt covenant ratios and obligations with respect to the ANZ facility.

4. Distribution

ASIF recommenced quarterly distributions from September 2010. For the year ended 30 June 2011, ASIF paid 12.8 cpu to Unitholders. ASIF is forecast to distribute between 14-15 cpu for the year ending 30 June 2012. 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 year ended 30 June 2011 and 30 June 2010:

a. Income Statement

Table 4 – Income Statement Comparison

Year Ended 30 June ($m's)	Notes	2011	2010
Revenue			
Property Income	1	9.3	9.1
Distributions & Dividend Income		1.3	1.0
Other		0.1	0.1
		10.7	**10.2**
Expenses			
Finance Costs		3.8	4.0
Responsible Entity's Remuneration		1.2	1.2
Direct Property Expenses	1	1.7	1.4
Other Expenses		0.5	0.5
		7.2	**7.1**
Operating Profit		**3.5**	**3.1**
Net gain/(loss) on sale of financial assets	2	4.0	(0.1)
Net revaluation increment / (decrement) of investment properties	3	0.3	(0.9)
Change in the fair value of derivative financial instrument	4	(0.3)	-
Impairment of available-for-sale financial assets		-	(1.1)
Straight line rental adjustments		(0.1)	(0.1)
Other		-	(1.8)
Net profit / (loss) for the year		**7.4**	**(0.9)**

Notes:

1) Property income of $9.3 million comprises lease income of $7.9 million and property outgoings recovered from tenants of $1.4 million. The Fund recovers all of its outgoings from its tenants except for some land tax in Queensland and Victoria ($0.1 million) and property management fees ($0.1 million).

2) During the year the Fund disposed of units in various securities resulting in a gain of $4.0 million. Securities disposed were Australian Education Trust units ($3.9 million gain), Becton Notes ($0.1 million loss) and AMP Capital Community Infrastructure Fund ($0.2 million gain).

3) During the year, 30 of the 52 properties were valued resulting in an increase of $0.3 million or 1% in the value of the properties.

4) During the year, the Fund entered into an interest rate swap for 5.7% pa commencing on 24 March 2011 and ending on 23 September 2012. As at 30 June 2011, based on a subsequent easing of future market interest rate expectations, the fair value of the swap is out of the money by $0.3 million. This is a non-cash loss.

b. Balance Sheet

Table 5 – Balance Sheet Comparison

	Notes	2011 $m	2010 $m
ASSETS			
Cash and cash equivalents		2.2	4.0
Trade and other receivables		0.3	0.7
Listed securities	1	8.8	11.4
Unlisted securities	2	8.7	9.7
Investment properties	3	86.8	87.2
Total assets		**106.8**	**113.0**
LIABILITIES			
Trade and other payables		0.7	1.2
Distribution payable		1.0	2.2
Derivative financial instruments	4	0.3	-
Borrowings	5	39.8	49.9
Total liabilities		**41.8**	**53.3**
Net assets		**65.0**	**59.7**

Notes:

1) Listed securities comprises the Fund's investment in Australian Education Trust ($6.2 million) and Australian Property Growth Fund ($2.6 million). The decrease during the year of $2.6 million is due to the partial sale of 7 million units in Australian Education Trust ($3.8 million) and Becton Notes ($0.8 million) offset by an increase in value of the remaining Australian Education Trust units of $2.0 million. The unit price of Australian Education Trust has increased from $0.54 per unit as at 30 June 2010 to $0.80 as at 30 June 2011.

2) Unlisted securities comprises the Fund's investment in CIB Fund ($6.8 million) and Stockland Direct ($1.9 million). The decrease during the year is due to the sale of the Fund's investment in AMP Capital Community Infrastructure Fund (formerly RBS Social Infrastructure Trust) of $1.0 million.

3) Investment properties have decreased by $0.4 million which reflects the disposal of one property ($0.7 million) partially offset by the property revaluation increment of $0.3 million as a result of the 30 valuations conducted during the year. The average valuation date of the portfolio is October 2010.

4) During the year, the Fund entered into an interest rate swap for 5.7% pa commencing on 24 March 2011 and ending on 23 September 2012. As at 30 June 2011, based on a subsequent easing of future market interest rate expectations, the fair value of the swap is out of the money by $0.3 million. This is a non-cash loss.

5) Borrowings have decreased from $49.9 million to $40.1 million (excluding unamortised transaction costs of $0.3 million) as a result of net proceeds from the sale of securities of $9.1 million and the sale of a property of $0.7 million being applied to debt reduction.

8. Outlook

During the past 12 months, Management has focused on further stabilising ASIF via the sale of non-core assets, reduction of debt, a new two year debt facility with the ANZ and the recommencement of quarterly distributions.

Over the next 12 months the Fund will focus on maximising returns to Unitholders which will be achieved via ongoing review of the Fund's investments and expenses. 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

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Appendix 4E

Preliminary Final Report
For the Year Ending 30 June 2011

Results for announcement to the market

Name of entity

The Australian Social Infrastructure Fund

ABN

29 094 185 092

1. Details of the reporting period

This report details the results of The Australian Social Infrastructure Fund (the "Fund") for the year ended 30 June 2011.

2. Results for announcement to the market

					$A'000
2.1	Revenue from ordinary activities	Up	47%	to	14,909
2.2	Profit (loss) from ordinary activities after tax attributable to unitholders	Up	na	to	7,388
2.3	Net profit (loss) for the year attributable to unitholders	Up	na	to	7,388

2.4 Distributions paid or declared by the Fund during the year ending 30 June 2011 are as follows:

Period	**Paid**	**Cents per unit**	**$'000**
Quarter ending 30 September 2010	15 Oct 2010	3.0	854
Quarter ending 31 December 2010	21 Jan 2011	3.0	854
Quarter ending 31 March 2011	20 Apr 2011	3.4	967
Quarter ending 30 June 2011	20 Jul 2011	3.4	967
Total		**12.8**	**3,642**

2.5 Record date for 30 June 2011 distribution – 30 June 2011

2.6 Brief explanation of the figures reported above:

Refer to Directors Report in Annual Financial Report

3. Income statement and notes

Refer to Annual Financial Report

4. Balance sheet and notes

Refer to Annual Financial Report

5. Cash flow statement and notes

Refer to Annual Financial Report

6. Details of distributions

Period	Paid	Cents per unit
Quarter ending 30 September 2010	15 October 2010	3.0
Quarter ending 31 December 2010	21 January 2011	3.0
Quarter ending 31 March 2011	20 April 2011	3.4
Quarter ending 30 June 2011	20 July 2011	3.4
Total		12.8

7. Distribution Reinvestment Plan

The Distribution Reinvestment Plan ("DRP") was suspended on 31 July 2007.

8. Statement of retained earnings

Refer to Annual Financial Report dated 24 August 2011

9. Net tangible assets per unit

	2011	2010
Net tangible asset backing per ordinary unit	$2.28	$2.10

10. Details of entities over which control has been gained or lost during the year

Nil to report.

11. Details of associates and joint venture entities

Not applicable.

12. Other significant information

Nil to report.

13. Foreign entities

Not applicable.

14. Commentary on the results for the year

14.1 Earnings per security

Refer to Annual Financial Report and ASX Announcement dated 24 August 2011

14.2 Returns to unitholders including distributions and buybacks

There were no buybacks during the financial year (2010: nil).

14.3 Significant features of operating performance

Refer to Annual Financial Report and ASX Announcement dated 24 August 2011

14.4 Results of segments

Refer to Annual Financial Report and ASX Announcement dated 24 August 2011

14.5 Discussion of trends in performance

Refer to Annual Financial Report and ASX Announcement dated 24 August 2011

14.6 Factors which have affected the results in the year or which are likely to affect results in the future, including those where the effect could not be quantified

Refer to Annual Financial Report and ASX Announcement dated 24 August 2011

15. Audit of financial statements

The report is based on audited financial statements.

16. Disputes with auditors or qualifications

Nil

Signed:

Victor David Cottren
Chairman
Dated: 24 August 2011

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The Australian Social Infrastructure Fund
ARSN 094 614 874

The Australian Social Infrastructure Fund

ABN 29 094 185 092 ARSN 094 614 874

ANNUAL FINANCIAL REPORT

30 June 2011

Austock Property

Responsible Entity:
Austock Funds Management Limited
ABN 29 094 185 092
AFSL 238506

TABLE OF CONTENTS

CORPORATE GOVERNANCE STATEMENT

The Australian Social Infrastructure Fund ("Fund") is a managed investment scheme that is registered under the *Corporations Act 2001*. Austock Funds Management Limited ("Responsible Entity") was appointed the Responsible Entity of the Fund on 12 October 2000. The Responsible Entity is a wholly-owned subsidiary of Austock Group Limited.

In accordance with ASX Listing Rule 4.10.3, set out below are the ASX Corporate Governance Council's eight principles of good corporate governance and the extent to which the Fund has sought to comply with the recommendations for each.

Principle 1: Lay solid foundations for management and oversight

The Principle requires the Fund to establish and disclose the respective roles and responsibilities of both the Board and Management.

ASX recommendation / disclosure obligation	Fund's response
1.1 Establish functions reserved to Board and those delegated to senior executives	The business of the Fund is managed under the direction of the Board of Directors of the Responsible Entity ("Board") with management of day to day operations delegated to Mr Nicholas Anagnostou, Chief Operating Officer and Mr Ian Townsing, Fund Manager. The conduct of the Board is governed by the Constitution of the Fund, Responsible Entity and the *Corporations Act 2001*. The Board meets on a regular basis and is required to discuss pertinent business developments and issues and review the operations and performance of the Fund.
1.2 Process for evaluating performance of senior executives	There are four components to evaluating the performance of senior executives. Prior to the commencement of the financial year, a budget/strategy session is held involving an Austock Group representative, the Chief Operating Officer, Fund Manager and Chief Financial Officer and a business plan is agreed for the forthcoming year. An annual performance appraisal of the Chief Operating Officer and Fund Manager is conducted by Austock Group in July and KPIs that have been agreed are filtered down to individual team members. Biannual reviews are conducted to provide formal feedback to the Chief Operating Officer and Fund Manager regarding their individual and team's performance and to plan for the next six months. Performance is regularly reviewed at monthly meetings between an Austock Group representative, the Chief Operating Officer and Fund Manager. Adopting this process, the performance of senior executives was evaluated during the financial year.
1.3 Availability of information	A copy of the Constitution of the Responsible Entity and Fund is available on the Fund's website.

Principle 2: Structure the Board to add value

The Principle requires the Fund to have a Board of effective composition, size and commitment to adequately discharge its responsibilities and duties.

It is the objective that the Board comprises directors with an appropriate mix of skills, experience and personal attributes that allow the Directors individually and the Board collectively to supervise the operations of the Fund with excellence.

CORPORATE GOVERNANCE STATEMENT (continued)

ASX recommendation / disclosure obligation	Fund's response
2.1 Majority of Board should be independent directors	The current Board comprises three directors, all of whom are independent.
2.2 Chair should be an independent director	Mr Cottren has been Chairman of the Board since 4 August 2008 and is regarded as independent. Mr Cottren is also a director of Austock Group Limited, however adopting the criteria set out in box 2.1 of the Corporate Governance Principles and Recommendations, this relationship is not considered to impair his independence.
2.3 Roles of Chair and Chief Executive Officer should not be exercised by same individual	The roles of Chairman and Chief Executive Officer are not held by the same individual. The role of Chief Executive Officer is presently vacant, however the most senior executive role is held by Mr Anagnostou, Chief Operating Officer.
2.4 Establish a Nomination Committee	Due to the small size of the Board it is not intended that a Nomination Committee be established. Responsibility for selecting, appointing, evaluating and removing directors is a matter for the full Board and Austock Group Limited.
2.5 Process for performance evaluation of Board, its committees and individual directors	The Fund does not have in place formal evaluation measures and processes for the Board, its committees and individual directors as the nature and size of the business to date has justified an informal process. A formal performance evaluation of the Board, its committees and individual directors was not undertaken during the year.
2.6.1 Information on Directors	Details of each director's relevant skills, experience and expertise, as well as their independence status and period in office are set out in the Directors' Report. The number of meetings held and attended during the year are also set out in the Directors' Report. In determining the independence of directors, the Board has adopted the criteria set out in box 2.1 of the Corporate Governance Principles and Recommendations.
2.6.2 Independent professional advice	Under the terms of the Fund's Constitution, the directors and non-executive committee members of the Responsible Entity have the right to seek independent professional advice at the Fund's expense.
2.6.3 Desired mix of skills and diversity in board membership	The Fund will include in its 2012 annual report a statement as to the mix of skills and diversity for which the Board of Directors and Austock Group is looking to achieve in membership of the Board.
2.6.4 Procedure for selection and appointment of new directors and re-election of incumbent directors / Board policy for nomination and appointment of directors	The Board does not have in place a formal policy for the nomination and appointment of directors as responsibility for selecting and appointing directors is maintained by Austock Group Limited. Nevertheless, the Board regularly reviews the composition of the Board in view of the business and strategic needs of the business and provides feedback in relation thereto to Austock Group. If it is deemed necessary to recruit additional directors, the Board will assist Austock Group in determining the skills and experience required by the additional directors. A search process is undertaken following which the Chairman and directors will interview the selected candidate(s). If a suitable candidate is found an appointment will be made. Neither the Responsible Entity's Constitution nor the ASX Listing Rules require newly appointed directors to seek election or incumbent directors to seek re-election.
2.6.5 Availability of information	A summary of the procedure for the selection and appointment of new directors is available on the Fund's website.

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 3: Promote ethical and responsible decision making

The Principle requires that the Board should actively promote ethical and responsible decision-making.

ASX recommendation / disclosure obligation	Fund's response
3.1 Establish a Code of Conduct	Directors and employees of the Responsible Entity are subject to a Code of Conduct which has been adopted by Austock Group Limited. The Board is committed to ensuring that all directors and employees act with the utmost integrity and objectivity in their dealings with all people that they come in contact with during their working life.
3.2 Establish a Diversity Policy	Directors and employees of the Responsible Entity are subject to a Diversity Policy which was adopted by Austock Group Limited on 30 May 2011. The policy outlines Austock Group's commitment to diversity and to improving gender diversity within the group.
3.3 Disclose measurable objectives for achieving gender diversity and progress towards achieving them	The Fund will disclose in its 2012 Annual Report the measurable objectives set by the Austock Group Board for achieving gender diversity and the progress made towards achieving them.
3.4 Disclose proportion of women employed in whole organisation, in senior executive positions and on the board	The Fund provides the following information in relation to the proportion of women employed within the Austock Group and Austock Property division:
3.5 Availability of information	A copy of the Austock Group Code of Conduct and Diversity Policy are available on the Fund's website.

	Austock Group	Austock Property division
Women in organisation:	23%	54%
Women in senior executive positions:	0	0
Women on the Board:	0	0

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 4: Safeguard integrity in financial reporting

This Principle requires that the Fund have a structure in place to independently verify and safeguard the integrity of its financial reporting.

ASX recommendation / disclosure obligation	Fund's response
4.1 Establish an Audit Committee	The Board has established an Audit and Compliance Committee whose responsibilities include monitoring the Responsibility Entity and the Fund's compliance with the *Corporations Act 2001*, the Fund's Constitution and Compliance Plan. This is notwithstanding that a separate compliance committee is not required under s.601JA of the *Corporations Act 2001*. The current members of the Committee are Mr Warner Bastian (Chairman), Mr Michael Johnstone and Mr David Penman, all of whom are considered independent. Mr Penman is not a member of the Board but possess a level of technical expertise appropriate for audit committee membership.
4.2 Structure of Audit Committee	The Board notes that as the Fund was not included in the S&P / All Ordinaries Index or S&P / ASX 300 Index at the time of its listing it is not required under the ASX Listing Rules to have an audit committee which complies with the recommendations in relation to composition, operation and responsibility. During the year the Committee had, at all times, three members who were independent. However, not all members were non-executive directors. Mr Penman is member of the Committee but is not a director of the Responsible Entity. Mr Penman was appointed to the Committee when there was an insufficient number of independent directors on the Board to constitute a fully independent committee.
4.3 Formal Charter	The Audit and Compliance Committee has a formal charter which sets out its responsibilities.
4.4.1 Information on Audit Committee members	The names and qualifications of the Audit and Compliance Committee members and details of meetings held and attended during the year are set out in the Directors' Report.
4.4.2 Selection and appointment of external auditor and for rotation of external audit engagement partners	The Board is responsible for appointing the external auditor. The Audit and Compliance Committee is directly responsible for making recommendations to the Board on the appointment, termination and oversight of the external auditor. In selecting an auditor, the Committee implements a selection process and makes a recommendation to the Board based on their assessment of the potential external auditor. The assessment takes into account a number of key criteria, including audit approach and methodology, internal quality control procedures, resources, key personnel and cost. The Audit and Compliance Committee is required to annually review the external auditor's performance and independence. In line with current professional standards, the external auditor is required to rotate the Fund's audit and review partners at least once every five years.
4.4.3 Availability of information	A copy of the Audit and Compliance Committee Charter and a summary of the procedure for the selection and appointment of the external auditor and for the rotation of the external audit engagement partners is available on the Fund's website.

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 5: Make timely and balanced disclosure

The Principle requires the Fund to promote timely and balanced disclosure of all material aspects concerning the Fund.

ASX recommendation / disclosure obligation	Fund's response
5.1 Establish a Continuous Disclosure Policy	A Continuous Disclosure Policy has been adopted by the Board. This policy reflects the Board's commitment to ensuring that information that is expected to have a material effect on the price or value of the Fund's securities is immediately notified to the ASX for dissemination to the market in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and ASX Listing Rules.
5.2 Availability of information	A copy of the Continuous Disclosure Policy is available on the Fund's website.

Principle 6: Respect the rights of shareholders

The Principle requires the Fund to respect the rights of Unitholders and facilitate the exercise of those rights.

ASX recommendation / disclosure obligation	Fund's response
6.1 Design a Communications Policy	A Communications Policy has been adopted by the Board, reflecting its policy that Unitholders be informed of all significant developments affecting the Fund's affairs. Information is communicated by: • dispatching annual reports to Unitholders who request to receive it; • dispatching Distribution Statements to all Unitholders which include details of distributions paid and the components of the distribution; and • maintaining a dedicated investor relations section on the Fund's website to which it posts copies of all ASX announcements, Annual Reports, Half Yearly Reports, details of corporate governance practices, presentations to Unitholders and other information of interest to investors. As a managed investment scheme, the Fund is not required to hold an annual general meeting. From time to time, however, the Fund has held Unitholders' meetings at which the auditor (at the request of the Responsible Entity) has been in attendance. During the financial year, a Unitholders' meeting was held for the specific purpose of considering whether to defer the Fund's listing. The auditor was not present at this meeting. In deciding not to hold a Unitholders' meeting at which the auditor was present and available to answer questions, the Fund has not met the aims of section 250RA of the *Corporations Act 2001* (which requires an auditor of a listed entity to attend the annual general meeting and answer questions on the audit).
6.2 Availability of information	A copy of the Communications Policy is available on the Fund's website.

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 7: Recognise and manage risk

This Principle requires the Fund to establish a sound system of risk oversight and management and internal control.

ASX recommendation / disclosure obligation	Fund's response
7.1 Establish policies for the oversight and management of material business risks	During the year, the Responsible Entity upgraded its Risk Management Program to comply with the requirements of the new Australian Standard on Risk Management (AS/NZ ISO 31000). A Compliance Program which meets the Australian Standard for Compliance Programs (AS/NZ 3806) was also implemented.
7.2 Design and implement a risk management and internal control system to manage material business risks and report thereon to Board	Day to day responsibility for risk management has been delegated to Management, with review occurring at both Responsible Entity Board level and Austock Group Board level. In accordance with the Risk Management Program, Management undertakes an exercise of identifying and prioritising its material business risks. These risks are documented in a Risk Register and, where the level of risk is considered to be above the desired level, an action plan is developed to address and mitigate the risk. Management's risk management process is reviewed by an external consultant every two years, with the last review having been undertaken in 2010. Risks, the effectiveness of mitigation strategies and the overall management system are regularly reviewed by Management to ensure changing circumstances do not alter the risk priorities. Management reports to the Board on the effectiveness of the Fund's management of its material business risks.
7.3 Assurance from Chief Executive Officer and Chief Financial Officer	The Chief Operating Officer / Fund Manager (the position of Chief Executive Officer being presently vacant) and Chief Financial Officer have certified in writing to the Board that the declaration provided in accordance with section 295A of the *Corporations Act 2001* is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.
7.4 Availability of information	A summary of the Risk Management Program is available on the Fund's website.

CORPORATE GOVERNANCE STATEMENT (continued)

Principle 8: Remunerate fairly and responsibly

This Principle requires that the Fund ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

ASX recommendation / disclosure obligation	Fund's response
8.1 Establish a Remuneration Committee	Remuneration of the Responsible Entity is dealt with comprehensively in the Fund's Constitution. Accordingly, it is considered unnecessary to maintain a Remuneration Committee. All fees and expenses of the Responsible Entity are approved by the Board.
8.2 Structure of Remuneration Committee	N/A
8.3 Distinction between structure of non-executive directors' remuneration and remuneration of directors and senior executives	Remuneration of directors and senior executives is a matter for the Board and Austock Group Limited. Directors and senior executives are paid either directly by the Responsible Entity or by entities associated with the Responsible Entity or Austock Group. Directors and employees are not provided with any remuneration by the Fund itself. A distinction is made between the structure of non-executive directors' remuneration and that of executive directors and senior executives. Non-executive directors are remunerated by way of fees in the form of cash, non-cash benefits and superannuation contributions. Executive directors and senior executives' packages generally comprise fixed, performance-based and equity-based remuneration components (the equity component being equity in Austock Group, not the Fund itself). Neither directors nor senior executives are entitled to equity interests in the Fund or any rights to or options for equity interests in the Fund as a result of remuneration provided by the Responsible Entity. A Remuneration Report, which sets out information about the remuneration of the Responsible Entity for the financial year is included in the Directors' Report. The Responsible Entity is entitled to claim asset management fees, reimbursement for all expenses reasonably and properly incurred in relation to the Fund or in performing its obligations under the Constitution and property acquisition and disposal fees.
8.4.1 Information on Remuneration Committee members	N/A
8.4.2 Schemes for retirement benefits	The Responsible Entity does not pay retirement benefits, other than superannuation, for its non-executive directors.
8.4.3 Policy on prohibiting transactions in associated products which limit the economic risk of participating in unvested entitlements under equity based remuneration schemes	Directors and employees are not remunerated by the Fund and do not receive equity in the Fund as a form of remuneration. Accordingly, it is considered unnecessary to have a policy which prohibits transactions in associated products which limit the economic risk of participating in unvested entitlements under equity based remuneration schemes.
8.4.4 Availability of information	A copy of the Constitution is available on the Fund's website.

DIRECTORS' REPORT

The Directors of Austock Funds Management Limited ("the Responsible Entity"), the Responsible Entity of The Australian Social Infrastructure Fund ("the Fund"), present their report together with the financial report of the Fund for the year ended 30 June 2011.

THE RESPONSIBLE ENTITY

The registered office and principal place of business of the Responsible Entity and the Fund is Level 12, 15 William Street, Melbourne, Victoria 3000.

Structure of Fund/Responsible Entity

Directors of the Responsible Entity

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

Name	Period of Directorship
Mr Victor David Cottren	Appointed 2 March 2007
Mr Michael Francis Johnstone	Appointed 2 March 2007
Mr Warner Kenneth Bastian	Appointed 1 March 2009
Mr Tim David Boyle	Appointed 24 March 2010, Resigned 9 July 2010

Company Secretary's Qualifications and Experience

The Fund has Joint Company Secretaries with details as follows:

- Amanda Gawne, BCom, LLB (Melbourne University), Grad Dip CSP, ACIS - Appointed 2 March 2007. Amanda has over 13 year's company secretarial experience in large private and publicly listed organisations.
- Adrian Hill, BSc, LLB (Monash University) - Appointed 15 May 2009. Adrian joined Austock Group Limited in 1998 as General Counsel. Austock Group is the parent of Austock Funds Management Limited, the Responsible Entity of The Australian Social Infrastructure Fund. During his time at Austock, Adrian has served on boards and compliance committees for funds management businesses.

Remuneration of the Responsible Entity

During the financial year the Responsible Entity received fees totalling $1.2 million (2010: $1.2 million) from the Fund. Refer to Note 17 for further information.

PRINCIPAL ACTIVITIES

The principal activity of the Fund during the financial year was investment in income producing social infrastructure assets. As at 30 June 2011 the Fund owned 50 childcare centres, a self storage facility, a medical centre and has investments in a number of property securities.

The key focus of management for the 12 month period ending 30 June 2011 has been the recommencement of quarterly distributions, repayment of debt and provision of liquidity to Unitholders.

Following the renegotiation of a new two year debt facility with ANZ which commenced on 24 September 2010, the Fund recommenced quarterly distributions in September 2010. For the year ending 30 June 2011, the Fund paid a total of 12.8 cents per unit ("cpu") to Unitholders.

During the year the Fund sold the Midvale childcare property which was the last of the properties vacated by the Receivers of ABC Learning Centres Pty Ltd. The Fund continued with the progressive orderly sale of its non-core property securities. The total proceeds from these sales were applied to debt reduction and resulted in the Fund's debt reducing from $49.9 million to $40.1 million over the year ended 30 June 2011. This represented a reduction in debt of $9.8 million or 19.6%. This reduction in debt has had a positive impact on the Fund's key debt covenants as follows:

	30 June 2011	30 June 2010
LVR	46.3%	57.0%
Gearing (debt over total assets)	37.5%	44.2%
Interest Cover Ratio (ICR)	1.95 times	1.96 times

DIRECTORS' REPORT (continued)

Following a review of liquidity options available to Unitholders, a Unitholder meeting was held which considered deferring the 6 March 2011 listing requirement as prescribed in the Fund's Constitution. Unitholders voted against deferring the listing and an application was submitted to the Australian Securities Exchange (ASX) which included the preparation and lodgement of an Information Memorandum. The Fund was listed on the ASX on 25 February 2011. Since listing on the ASX approximately 13% of the Fund's units have been traded.

Two of the Fund's Queensland childcare properties, Jindalee and Indooroopilly were damaged by the January 2011 Queensland floods. Both properties are currently being repaired with an expected completion date of 1 October 2011. On completion of the works, GoodStart will reoccupy the premises as per the terms of the existing lease. The total cost of the repairs is estimated at $0.7 million of which $0.6 million will be paid by the insurance company and $0.1 million will be paid by the Fund. During the repair period, the Fund has not received rental income from these two properties.

Details of the Fund's portfolio are as follows:

$000's	Notes	30 June 2011	30 June 2010
Investment Properties	10	86,772	87,192
Securities			
Listed Securities	8	8,824	11,383
Unlisted Securities	8	8,682	9,682
Cash	5	2,237	4,064
Trade and Other Receivables	6	315	717
Total Gross Assets		106,830	113,038
Borrowings	13	39,849	49,883
Other Liabilities		1,991	3,470
Net Assets		64,990	59,685
Number of units on Issue (000's)		28,450	28,450
Per Unit NTA ($)		2.28	2.10

As at 30 June 2011 the Fund owned the following properties:

	No of Properties	Carrying Value $000's	Carrying Value %	Current Rent (p.a) $000's	Current Rent %
Childcare Properties					
Tenanted by GoodStart	42	59,907	69%	5,669	70%
Other Tenants	8	10,125	12%	1,003	12%
Total Childcare	50	70,032	81%	6,672	82%
Commercial Properties	2	16,740	19%	1,457	18%
Total Properties	52	86,772	100%	8,129	100%

The not-for-profit group GoodStart Childcare Limited ("GoodStart") is the tenant of 42 of the Fund's properties. GoodStart is a consortium of the major not-for-profit groups Mission Australia, the Benevolent Society, Social Ventures Australia and the Brotherhood of St Laurence which acquired the ABC Learning Centres Limited (ABC) business. Based on preliminary financial data provided by GoodStart, since it began operation on 31 May 2010:

- Predicted earnings for the first full year of operations exceed initial budget;
- Debt repayments of its senior debt to NAB exceed initial budget; and
- Occupancy levels in the properties owned by the Fund have increased.

These are positive preliminary results for GoodStart and show stability returning to the childcare sector.

The remaining eight ASIF childcare properties are leased by four other appropriately qualified tenants. These tenants continue to comply with their lease obligations.

DIRECTORS' REPORT (continued)

REVIEW AND RESULTS OF OPERATIONS

The result for the year ending 30 June 2011 was a statutory net profit of $7.4 million (2010: net loss of $0.9 million). Excluding the impact of non-cash items and one-off transactions totalling $3.9 million, the Fund delivered an operating profit of $3.5 million for the year ended 30 June 2011 (2010: $3.1 million). The Fund's NTA per unit as at 30 June 2011 was $2.28 (2010: $2.10). The table below summarises the Fund's financial results.

Year Ended 30 June $000's	2011	2010
Revenue		
Lease income	7,920	8,175
Property outgoings recoverable	1,384	942
Distributions & dividends received	1,257	956
Interest income	72	94
Other income	19	-
	10,652	10,167
Expenses		
Finance costs	3,834	3,985
Responsible entity's remuneration	1,174	1,210
Direct property expenses	1,710	1,425
Other expenses	483	458
	7,201	7,078
Operating Profit	3,451	3,089
Net gain / (loss) on sale of investment property	(6)	20
Net gain / (loss) on sale of financial assets	3,977	(95)
Change in fair value of derivative instruments	(310)	-
Amortisation of lease incentive asset & liability (subtracted from lease income)	(67)	(51)
Net revaluation increment / (decrement) of investment properties	347	(882)
Impairment of available-for-sale financial assets	(4)	(1,099)
Impairment of financial assets held at fair value through profit and loss	-	(1,000)
Impairment of loan to School Development Trusts	-	(834)
Profit/(Loss) for the Year	**7,388**	**(852)**

As shown in the above table, the Fund realised a net gain of $4.0 million from the sale of its property securities. The sale of 48% of its holding (7 million units) in the Australian Education Trust (ASX:AEU) resulted in a profit of $3.9 million. The Fund also sold its total holdings in the Becton Convertible Notes and AMP Capital Community Infrastructure Fund (formerly RBS Social Infrastructure Trust).

DISTRIBUTIONS

Distributions paid for the financial year to 30 June 2011 totalled 12.8 cents per unit (2010: 7.7 cents per unit) as detailed below.

		2011	
	Paid/ payable	Cents per unit	Amount $'000
Quarter ending 30 September 2010	15 October 2010	3.0	854
Quarter ending 31 December 2010	21 January 2011	3.0	854
Quarter ending 31 March 2011	20 April 2011	3.4	967
Quarter ending 30 June 2011	20 July 2011	3.4	967
Total		**12.8**	**3,642**

Distributable income for the year ending 30 June 2011 of $3.6 million comprises operating profit of $3.4 million and other comprehensive income of $0.2 million.

DIRECTORS' REPORT (continued)

STATE OF AFFAIRS

Funding

As at 30 June 2011 the Fund had total assets of $106.8 million, debt of $40.1 million and net assets of $65.0 million. During the year net proceeds from sales of properties and securities were applied to debt reduction and as a result the Fund's outstanding bank debt decreased from $49.9 million to $40.1 million. As at 30 June 2011, the Trust complied with all of its debt covenant ratios and obligations with its LVR being 46.3% and ICR being 1.95 times.

The Fund's two year debt facility with ANZ commenced on 24 September 2010 and expires on 23 September 2012. The ANZ 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	$49.1 million (subsequently reduced to $40.1 million)
Drawn Amount	$40.1 million as at 30 June 2011
Facility Term	2 Years expiring 23 September 2012
Margins	Scale of margins dependant upon the Trust's LVR position
Maximum Loan to Value Ratio	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 Repayment	100% of net proceeds from property sales and first $6 million of proceeds from the sale of securities must be applied to debt reduction

Hedging Arrangements

As part of the new debt facility the Fund has entered into interest rate swap arrangements with ANZ, as follows:

- Notional amount $35 million;
- Fixed rate 5.7% p.a.; and
- Termination date 23 September 2012.

Distribution Reinvestment Plan

The Distribution Reinvestment Plan (DRP) was suspended on 31 July 2007.

ENVIRONMENTAL REGULATION

The Fund is not subject to any significant environmental regulations under Commonwealth, State or Territory legislation. The Directors believe that the Fund has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Fund.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to year end, there are no events that have occurred which the Directors believe significantly affect the operations of the Fund, the results of those operations, or the state of affairs of the Fund.

INTERESTS OF THE RESPONSIBLE ENTITY

Any interests of both the Responsible Entity and the Directors of the Fund are disclosed in Note 17 to the Financial Statements.

UNITS ON ISSUE

The number of units on issue in the Fund as at the end of the financial year is 28,449,729 fully paid ordinary units (2010: 28,449,729 units). No options have been granted over any unissued units in the Fund.

During the year, the Fund disposed of the units it owned in itself, which were part of the settlement of the API loan. Refer to Note 15 for further details.

DIRECTORS' REPORT (continued)

LIKELY DEVELOPMENTS

Over the next 12 months the Fund will focus on maximising returns to Unitholders which will be achieved via ongoing review of the Fund's investments and expenses. The Fund will also explore growth opportunities that may have the potential to increase Unitholder value.

INFORMATION ON DIRECTORS OF THE RESPONSIBLE ENTITY

The Directors of the Responsible Entity at the time of this report are:

Name and qualifications	Age	Experience and special responsibilities
Mr Victor (Vic) David Cottren Independent Director and Chairman Bachelor of Commerce (Melbourne) Fellow of Australian Insurance Institute Fellow of the Australian Society of Certified Practising Accountants Fellow of the Australian Institute of Company Directors	69	Vic was appointed on 2 March 2007. Vic has an extensive background in financial planning, life insurance & superannuation and investment management gained with such companies as AMP, Williams Tolhurst, Australian Eagle, Norwich Union, Investors Life Group and National Australia Bank. Vic filled various senior management posts, including chief executive and directorship positions within these companies and their subsidiaries prior to commencing his consulting business in 1995. He is a Director of Austock Group Limited and several of its subsidiaries. Vic was also appointed as a Professorial Fellow at RMIT University in 1993 with responsibility for researching and establishing Australia's first undergraduate degree in financial planning.
Mr Michael Francis Johnstone Independent Director Bachelor of Town & Regional Planning Licensed Land Surveyor Advanced Management Program (Harvard)	69	Michael was appointed on 2 March 2007. Michael has over 35 year's global experience in real estate finance, investment and development. Michael is currently a non-executive director of Dennis Family Holdings and Dennis Family Homes, a non-executive director of APN Funds Management and a member of the Investment Committee of APN Development Fund, a non-executive director and Chairman of bWired Pty Ltd, a non-executive director of National Housing Company and a non-executive director and Chairman of State Equity Group. Michael is also a member of the Audit and Compliance Committee of the Fund.
Mr Warner Kenneth Bastian Independent Director Fellow of Australian Institute of Company Directors	75	Warner was appointed on 1 March 2009. Warner is a former Managing Director of the Pharmacy Guild of Australia's insurance and finance services subsidiaries with over 50 years experience in insurance and financial services. Warner is Chairman of the Audit and Compliance Committee of the Fund. He is also an alternate Director of Austock Life Limited.

The Fund's Constitution does not require Directors to retire and seek re-election.

DIRECTORS' REPORT (continued)

DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of committees of Directors) and the number of meetings attended by each of the Directors of the Responsible Entity during the year were:

	Board Meetings	
	A	B
Mr VD Cottren (Non-Executive Chairman)	13	13
Mr MF Johnstone (Non-Executive Director)	13	13
Mr WK Bastian (Non-Executive Director) *	13	11

A - Number of meetings held during the time the Director held office during the year.
B - Number of meetings attended.

** Mr WK Bastian was granted leave of absence in respect of one of the meetings he did not attend.*
The Directors' Meeting in July 2010 was held subsequent to Mr Tim Boyle's resignation as a Director on 9 July 2010.

AUDIT AND COMPLIANCE COMMITTEE MEETINGS

The members of the Audit and Compliance Committee are:

- Mr WK Bastian (Independent Chairman)
- Mr D Penman (Independent Member)
- Mr MF Johnstone (Independent Member)

Mr Penman is not a Director of the Responsible Entity.

Details of meetings held during the year and member's attendance are as follows:

	Audit & Compliance Committee Meetings	
	A	B
Mr MF Johnstone (Independent Member)	4	4
Mr WK Bastian (Independent Chairman)	4	4
Mr D Penman (Independent Member)	4	4

A - Number of meetings held during the time the Member held office during the year.
B - Number of meetings attended.

The experience of the Audit and Compliance Committee is set out below:

Mr Warner Kenneth Bastian	See Information on Directors.
Mr Michael Francis Johnstone	See Information on Directors.
Mr David Penman	Mr Penman is a Chartered Accountant, of D Penman and Co, advising on taxation and superannuation matters with over 30 years experience in chartered accounting.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT

Remuneration of Directors of the Responsible Entity

The Responsible Entity does not have a Remuneration Committee, as the Fund's Constitution prescribes the Fund's remuneration arrangement with the Responsible Entity. In relation to remuneration of the Directors of the Responsible Entity, this is a matter for the Board and the ultimate parent entity of the Responsibility Entity.

It is the objective that the Board comprises Directors with an appropriate mix of skills, experience and personal attributes that allow the Directors individually and the Board collectively to supervise the operations of the Fund with excellence. All fees and expenses of the Responsible Entity are approved by the Board and remuneration of the Responsible Entity is dealt with comprehensively in the Fund's Constitution.

Remuneration of the Directors is paid either directly by the Responsible Entity or by entities associated with the shareholders of the Responsible Entity. The Directors are not provided with any remuneration by the Fund itself. Directors are not entitled to any equity interests in the Fund, or any rights to or options for equity interests in the Fund, as a result of the remuneration provided by the Responsible Entity.

The Responsible Entity determines remuneration levels and ensures they are competitively set to attract and retain appropriately qualified and experienced Directors and senior executives.

Loans to Directors of the Responsible Entity

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the Directors of their personally-related entities at any time during the reporting period.

DETAILS OF UNITHOLDINGS IN THE FUND

The interests of the Directors of the Responsible Entity in units of the Fund during the year are set out below:

Name	VD Cottren	MF Johnstone	WK Bastian
Opening balance of units held	112,500	-	-
Acquisitions of units	50,000	-	-
Disposals of units	-	-	-
Closing balance of units held	162,500	-	-

Refer to Note 17 of the Financial Statements for further details.

INDEMNITIES AND INSURANCE PREMIUMS FOR OFFICERS AND AUDITORS

Indemnification

Under the Fund's Constitution, the Responsible Entity, including its officers and employees, is indemnified out of the Fund's assets for any loss, damage, expense or other liability incurred by the Responsible Entity in properly performing or exercising any of its powers, duties or rights in relation the Fund.

The Fund has not indemnified any Auditor of the Fund.

Insurance Premiums

During the financial year the Responsible Entity has paid premiums totalling $3,171 in respect of its officers for liability and legal expenses and insurance contracts for the year ended 30 June 2011. The Responsible Entity has paid or agreed to pay in respect of the Fund, premiums in respect of such insurance contracts for the year ending 30 June 2011.

Such insurance contracts insure against certain liability (subject to specified exclusions) for persons who are or have been officers of the Responsible Entity.

Details of the nature of the liabilities covered or the amount of the premium paid has not been included, as such disclosure is prohibited under the terms of the contracts.

DIRECTORS' REPORT (continued)

PROCEEDINGS ON BEHALF OF RESPONSIBLE ENTITY

No person has applied for leave of Court to bring proceedings on behalf of the Responsible Entity or intervene in any proceedings to which the Responsible Entity is a party for the purpose of taking responsibility on behalf of the Responsible Entity for all or any part of those proceedings.

The Responsible Entity was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

Details of non-audit services provided to the Fund by the independent Auditor during the year ended 30 June 2011 are contained in Note 20 to the financial statements.

ROUNDING

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 INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 17.

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

Victor David Cottren
Chairman
Austock Funds Management Limited
Melbourne, 24th August 2011

AUDITOR'S INDEPENDENCE DECLARATION

pwc

Auditor's Independence Declaration

As lead auditor for the audit of The Australian Social Infrastructure Fund for the year ended 30 June 2011, 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 audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Charles Christie
Partner
PricewaterhouseCoopers

Melbourne
24 August 2011

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STATEMENT OF COMPREHENSIVE INCOME

	Note	2011 $'000	2010 $'000
Revenue			
Lease income		7,853	8,124
Property outgoing recoveries		1,384	942
Distributions and dividends	2(a)	1,257	956
Interest income	2(b)	72	94
Net property revaluation increment	10(b)	347	-
Net gain on sale of available-for-sale financial assets		3,977	-
Net gain on sale of investment properties		-	20
Other income		19	-
Total revenue		**14,909**	**10,136**
Expenses			
Finance costs	2(c)	3,834	3,985
Property outgoings		1,710	1,425
Responsible entity's remuneration		1,174	1,210
Other expenses	2(d)	483	458
Net property revaluation decrement	10(b)	-	882
Net loss on sale of investment properties		6	-
Net loss on sale of financial assets		-	95
Change in fair value of derivative financial instruments		310	-
Impairment of available-for-sale financial assets	8(b)	4	1,099
Impairment of financial assets held at fair value through profit and loss	9(a)	-	1,000
Impairment of loan to school development trusts		-	834
Total expenses		**7,521**	**10,988**
Net profit / (loss) attributable to Unitholders		**7,388**	**(852)**
Other comprehensive income			
Gain on revaluation of available-for-sale financial assets		2,053	5,449
Transfer to comprehensive income (realised)		(2,100)	-
Net gain on sale of financial assets		753	16
Other comprehensive income		**706**	**5,465**
Total comprehensive income		**8,094**	**4,613**
Earnings per unit		**Cents**	**Cents**
Basic earnings per unit	4	25.97	(2.99)
Diluted earnings per unit	4	25.97	(2.99)

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

BALANCE SHEET

	Note	2011 $'000	2010 $'000
ASSETS			
Current assets			
Cash and cash equivalents	5	2,237	4,064
Trade and other receivables	6	315	717
Other current assets	7	85	9,766
Total current assets		**2,637**	**14,547**
Non-current assets			
Available-for-sale financial assets	8	17,506	12,066
Investment properties – Straight line rental account	10	446	531
Investment properties	10	86,241	85,894
Total non-current assets		**104,193**	**98,491**
Total assets		**106,830**	**113,038**
LIABILITIES			
Current liabilities			
Trade and other payables	11	700	1,279
Distribution payable	12	981	2,191
Derivative financial instruments	14(a)	298	-
Borrowings	13	-	49,883
Total current liabilities		**1,979**	**53,353**
Non-current liabilities			
Borrowings	13	39,849	-
Derivative financial instruments	14(b)	12	-
Total non-current liabilities		**39,861**	-
Total liabilities		**41,840**	**53,353**
Net assets		**64,990**	**59,685**
EQUITY			
Contributed equity	15	58,273	57,420
Distribution reserve		1,315	(3,184)
Available-for-sale financial assets reserve		5,402	5,449
Total equity		**64,990**	**59,685**

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

STATEMENT OF CHANGES IN EQUITY

	Units on Issue	Available-for-sale financial assets reserve	Distribution reserve	Total
	$'000	$'000	$'000	$'000
Balance at 1 July 2009	**57,420**	-	(157)	57,263
Net loss attributable to Unitholders	-	-	(852)	(852)
Net gain on sale of financial assets	-	-	16	16
Distribution paid or provided for	-	-	(2,191)	(2,191)
Gain on revaluation of available-for-sale financial assets	-	5,449	-	5,449
Balance at 30 June 2010	**57,420**	**5,449**	**(3,184)**	**59,685**
Balance at 1 July 2010	**57,420**	5,449	(3,184)	59,685
Net profit attributable to Unitholders	-	-	7,388	7,388
Distribution paid or provided for	-	-	(3,642)	(3,642)
Gain on revaluation of available-for-sale financial assets	-	2,053	-	2,053
Transfer to comprehensive income (realised)	-	(2,100)	-	(2,100)
Net gain on sale of financial assets	853	-	753	1,606
Balance at 30 June 2011	**58,273**	**5,402**	**1,315**	**64,990**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT

	Note	2011 $'000	2010 $'000
Cash flows from operating activities			
Cash receipts in the course of operations (inclusive of GST)		9,552	10,067
Cash payments in the course of operations (inclusive of GST)		(4,278)	(4,308)
Distributions and dividends received		1,199	1,082
Interest received		72	94
Net cash inflow from operating activities	5(b)	**6,545**	**6,935**
Cash flows from investing activities			
Proceeds from sale of investment properties		761	3,339
Proceeds from sale of financial assets		9,091	1,922
Loan to related entity		-	(684)
Net cash inflow from investing activities		**9,852**	**4,577**
Cash flows from financing activities			
Finance costs paid		(3,629)	(3,891)
Repayment of borrowings		(9,743)	(6,170)
Distributions paid		(4,852)	(1,082)
Net cash (outflow) from financing activities		**(18,224)**	**(11,143)**
Net (decrease) / increase in cash held		**(1,827)**	**369**
Cash at the beginning of the financial year		**4,064**	**3,695**
Cash at the end of the financial year	5(a)	**2,237**	**4,064**

The above cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. Statement of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The financial statements are for the entity, The Australian Social Infrastructure Fund (the Fund). The financial statements are presented in the Australian currency.

The financial statement were authorised for issue by the directors on 24th August 2011. The directors have the power to amend and reissue the financial statements.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the *Corporations Act 2001* and the requirements of the Fund Constitution.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property and investment property.

Compliance with International Financial Reporting Standards

The financial statements of the Fund also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 1(t).

(b) Revenue and expenditure recognition

Revenue is measured at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Fund recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the entity's activities as described below. The entity bases its estimates on historical results, taking of transaction and the specifics of each arrangement.

Expenses including rates, taxes and other outgoings are brought to account on an accruals basis and any related payables are carried at cost.

All income and expenditure are stated net of the amount of goods and services tax (GST).

Revenue is recognised for the major business activities as follows:

Lease income:

Rental income due but not received at balance date is reflected in the Balance Sheet as a receivable.

Rental income from operating leases is recognised as income on a straight-line basis over the lease term, where a lease has fixed annual increases. This results in more income being recognised early in the lease term compared to the lease conditions. The difference between the lease income recognised and actual lease payments received is included in non-current receivables.

For leases where the revenue is determined with reference to market reviews, inflationary measures or other variables, revenue is not straight-lined and is recognised in accordance with the lease terms applicable for the period.

Distribution and dividend income:

Distribution and dividend income is recognised when the right to receive the income has been established.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

Interest income:

Interest income is recognised in the income statement on a time proportion basis using the effective interest rate method when earned and if not received at balance date, is reflected in the Balance Sheet as a receivable.

Responsible Entity's remuneration:

Under the Fund’s Constitution, the Responsible Entity is entitled to a management fee amounting to 1.0% p.a. of the value of assets of the Fund.

(c) Investment properties

Investment properties comprise investment interests in land and buildings (including integral plant and equipment) held for the purpose of letting to produce rental income. Property interests held under operating lease are deemed investment property.

Land and buildings comprising the investment properties are considered composite assets and are disclosed as such in the accompanying notes to the financial statements.

Investment properties acquired are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

The costs of assets constructed/redeveloped internally include the costs of materials and direct labour. Directly attributable overheads and other incidental costs including interest costs incurred during construction are also capitalised to the asset.

Valuations:

After initial recognition, investment properties 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. The Fund’s Constitution requires the Responsible Entity to have the Fund’s property investments independently valued at regular intervals. An independent valuation of a property is carried out at least once every two years. These valuations are considered by the Directors of the Responsible Entity when determining fair value. When assessing fair value, the Directors will also consider the discounted cash flow of the property, the highest and best use of the property and sales of similar properties.

Fair value is based on the price at which a property might reasonably be expected to be sold at the date of valuation, assuming:

i) a willing, but not anxious, buyer and seller on an arm’s length basis;

ii) a reasonable period in which to negotiate the sale, having regard to the nature and situation of the property and the state of the market for property of the same kind;

iii) that no account is taken of the value or other advantage or benefit, additional to market value, to the buyer incidental to ownership of the property being valued; and

iv) it only takes into account instructions given by the Responsible Entity and is based on all the information that the valuer needs for the purposes of the valuation being made available by or on behalf of the Responsible Entity.

All investment properties are considered one class of asset. Under *AASB 140: Investment Property*, adjustments to fair value are to be recognised directly in the statement of comprehensive income.

(d) Income tax

Under current income tax legislation, the Fund is not liable for Australian income tax, provided Unitholders are presently entitled to all of the Fund’s taxable income at 30 June each year and any capital gain derived from the sale of assets is fully distributed to Unitholders. Tax allowances for building, plant and equipment depreciation are distributed to Unitholders in the form of tax deferred components of distributions.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

(e) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings and amortisation of ancillary costs incurred in connection with arrangement of borrowings. Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than twelve months to get ready for their intended use or sale. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised are those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

(f) Provisions

Provisions for legal claims and make good obligations are recognised when the Fund has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(h) Financial Assets and Liabilities

Classification

The Fund classifies its financial assets in the following categories: financial assets at fair value through comprehensive income, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

The Fund's investments are classified both at fair value through comprehensive income and available-for-sale financial assets. They comprise:

- Financial instruments designated at fair value through either comprehensive income upon initial recognition

  These include financial assets and financial liabilities that are not held for trading purposes and commercial paper.

- Available-for-sale financial assets

  Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of the investment within 12 months of the end of the reporting period. Investments are designated as available-for-sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium or long term.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Fund commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value plus transaction costs for all financial assets not carried at fair value through comprehensive income. Financial assets carried at fair value through comprehensive income are initially recognised at fair value and transaction costs are expensed in comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

Measurement

Financial assets and liabilities held at fair value through profit and loss

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the Fund is the current bid price and the quoted market price for financial liabilities is the current asking price.

The fair value of financial assets and liabilities that are not traded in an active market are determined using valuation techniques. Accordingly, there may be a difference between the fair value at initial recognition and amounts determined using a valuation technique. If such a difference exists, the Fund recognises the difference in comprehensive income to reflect a change in factors, including time that market participants would consider in setting a price.

Available-for-sale financial assets

Available-for-sale financial assets are initially recognised at fair value plus transaction costs and are subsequently measured at fair value. When securities increase at fair value, the increments are recognised directly in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the statement of comprehensive income as gains and losses. Dividend income from financial assets at fair value through profit and loss is recognised in the statement of comprehensive income as part of revenue when the Fund's right to receive payments is established.

Loans & receivables

Loan assets are measured initially at fair value plus transaction costs and subsequently amortised using the effective interest rate method, less impairment losses if any. Such assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment.

If evidence of impairment exists, an impairment loss is recognised in comprehensive income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through comprehensive income.

(i) Trade and other receivables

Trade receivables are recognised at fair value, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in comprehensive income.

(j) Trade and other payables

These amounts represent liabilities for goods or services provided to the Fund prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

The distribution amount payable to Unitholders as at the end of each reporting period is recognised separately in the balance sheet when Unitholders are presently entitled to the distributable income under the Fund Constitution.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

(k) Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(l) Borrowings

Interest-bearing borrowings are initially recognised at fair value, net of transaction costs incurred. Subsequent to initial recognition, interest-bearing debt is stated at amortised cost. Any difference between proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in comprehensive income as finance costs.

Borrowings are classified as current liabilities unless the Fund has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(m) Derivatives

Derivative instruments are measured at fair value. The Fund's derivatives do not qualify for hedge accounting and therefore changes in the fair value of any derivative instrument are recognised immediately in the statement of comprehensive income.

(n) Distributions

Provision is made for the amount of any distribution declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting date.

(o) Impairment of assets

At each reporting date, the Fund reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the assets' fair value less costs to sell and value in use, is compared to the assets' carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Fund estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(p) Contributed equity

Ordinary units are classified as equity.

Incremental costs directly attributable to the issue of new units are shown in equity as a deduction, net of tax, from the proceeds.

(q) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

(r) Earnings per unit

i) Basic earnings per unit (EPU)

Basic earnings per unit is calculated by dividing:

- the profit attributable to the Unitholders, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary units outstanding during the financial year.

ii) Diluted earning per unit

Diluted earnings per unit adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary units; and
- the weighted average number of additional ordinary units that would have been outstanding assuming the conversion of all dilutive potential ordinary units.

(s) Rounding of amounts

The Fund is of a kind referred to in ASIC Class order 98/100 (as amended), issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

(t) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial report based upon historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based upon current trends and economic data, obtained both externally and within the Fund.

Key estimates - Valuation of Investment Properties

Independent valuations for 30 properties of the 52 properties owned by the Fund were valued this financial year. 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. Refer to Note 10 for further information.

Key judgements - impairment of available-for-sale financial assets:

The Fund follows the guidance in AASB 139 *Financial Instruments: Recognition and Measurement* on determining when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Directors of the Responsible Entity evaluate, among other things, the duration and extent to which the fair value of the investment is less than cost and the financial health of and near term business outlook for the investee. Refer to Note 8 for further information.

Key judgements - valuation of unlisted securities:

The fair value of unlisted securities not traded in an active market is determined by the Board by reference to the underlying net assets of the respective entities, along with any other relevant available information. Refer to Note 8 for further information.

(u) Going Concern

The Directors have prepared the financial statements on a going concern basis, which contemplates the continuity of business activities, through the realisation of assets and settlement of liabilities in the normal course of business.

The going concern basis is appropriate for the Fund based on the renegotiation of the debt facility with a maturity date of 23 September 2012, with the Fund in full compliance with its undertaking under these facilities, and the compliance listing of the Fund on the ASX.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

(v) New Accounting Standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting periods. The directors' assessment of the impact of these new standards (to the extent relevant to the Fund) and interpretations is set out below:

i) *AASB 9 Financial Instruments and AASB* 2009-11 *Amendments to Australian Accounting Standards arising from AASB9* (effective from 1 January 2013). AASB 9 Financial Instruments addresses the classification and measurement of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. When adopted, the standard will affect in particular the entity's accounting for its available-for-sale financial assets, since 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 held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in comprehensive income. The Fund has not yet decided when to adopt AASB 9.

ii) *AASB 1053 Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* (effective from 1 July 2013). On June 30 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial accounts. The Fund is listed on the ASX and is not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. The two standards will therefore have no impact on the financial statements of the entity.

iii) *Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards* (effective from 1 January 2011). In December 2009 the AASB issued a revised AASB 124 Related Party Disclosures. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Fund will apply the amended standard from 1 July 2011. When the amendments are applied, the Fund would need to disclose any transactions between its subsidiaries and its associates. However, as the Fund does not have any subsidiaries and associates, the amendment will not have any effect on the Fund's financial statements.

iv) *AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* (effective for annual reporting periods beginning on or after 1 July 2011). Amendments made to AASB 7 Financial Instruments: Disclosures in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. The Fund does not does not expect this to have any impact on the Fund's financial statements.

v) AASB 1054 Australian Additional Disclosures, AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project and AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements (effective 1 July 2011)

The AASB and NZ FRSB have issued accounting standards that eliminate most of the existing differences between their local standards and IFRS. Where additional disclosures were considered necessary, they were moved to the new standard AASB 1054. Adoption of the new rules will not affect any of the amounts recognised in the financial statements, but may simplify some of the Fund's current disclosures. The Fund intends to adopt the standards from 1 July 2011.

vi) AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (effective 1 July 2013)

In July 2011 the AASB decided to remove the individual key management personnel (KMP) disclosure requirements from AASB 124 Related Party Disclosures, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act 2001*. While this will reduce the disclosures that are currently required in the notes to the financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The *Corporations Act 2011* requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

2. Income statement items

	2011 $'000	2010 $'000
Revenue includes:		
(a) Distributions and dividends from:		
Other schemes managed by the Responsible Entity or its affiliates	930	336
External parties	327	620
	1,257	956
(b) Interest from:		
External parties	72	94
	72	94
Expenses include:		
(c) Finance costs paid/payable to:		
External parties	3,834	3,985
(d) Other expenses:		
ASX fees	75	-
Consultant fees	64	165
Custodian fees	57	57
Legal fees	69	87
Registry fees	69	40
Sundry expenses	13	25
Valuation fees	89	48

3. Distributions

Distributions were payable during the financial year as follows:

		2011		2010	
Period	Paid/ payable	Cents per unit	Amount $'000	Cents per unit	Amount $'000
Year ending 30 June 2010		-	-	7.7	2,191
Quarter ending 30 September 2010	15 October 2010	3.0	854	-	-
Quarter ending 31 December 2010	21 January 2011	3.0	854	-	-
Quarter ending 31 March 2011	20 April 2011	3.4	967	-	-
Quarter ending 30 June 2011	20 July 2011	3.4	967	-	-
Total		**12.8**	**3,642**	**7.7**	**2,191**

The Fund's quarterly distributions commenced on 1 July 2010, with distributions of 12.8 cents per unit reflecting the distributable earnings of the Fund in the year ending 30 June 2011.

4. Earnings per unit ("EPU")

	2011 cents	2010 cents
Basic EPU	25.97	(2.99)
Diluted EPU	25.97	(2.99)

The following information reflects the income and security numbers used in the calculations of basic and diluted EPU:

	Number of Units '000	Number of Units '000
Weighted average number of ordinary units used in basic EPU	28,450	28,450
Bonus element of unit options which are dilutive	-	-
Adjusted weighted average number of ordinary units used in calculating diluted EPU	**28,450**	**28,450**
	$'000	**$'000**
Earnings used in calculating basic earnings per unit	7,388	(852)
Earnings used in calculating diluted earnings per unit	**7,388**	**(852)**

There have been no conversions to, calls of, or subscriptions for ordinary units or issues of potential ordinary units since the reporting date and before the completion of this report.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

5. Cash and cash equivalents

	2011 $'000	2010 $'000
(a) Components of cash and cash equivalents		
Cash	2,237	4,064
Total cash and cash equivalents	**2,237**	**4,064**
(b) Reconciliation of profit for the year to net cash flows provided by operating activities.		
Profit /(Loss) for the year	7,388	(852)
Finance costs	3,834	3,985
Net loss / (gain) on disposal of investment properties	6	(20)
Net (gain) / loss on disposal of financial assets	(3,977)	95
Net revaluation (increment) / decrement of investment properties	(347)	882
Impairment of available-for-sale financial assets	4	1,099
Impairment of financial assets held at fair value through profit and loss	-	1,000
Impairment of loan to School Development Trusts	-	834
Change in fair value of derivative financial instruments	310	-
(Increase)/decrease in receivables	(96)	144
(Decrease)/ increase in payables	(577)	(232)
Net cash flows provided by operating activities	**6,545**	**6,935**
(c) Financing facilities		
Committed financing facilities available to the entity:		
Loan facility	40,140	49,883
Amounts utilised	40,140	49,883
Available financing facilities	-	-
Cash	2,237	4,064
Financing resources available at the end of the year	**2,237**	**4,064**
Maturity profile of financing facilities:		
Due within one year	-	49,883
Due between one year and five years	40,140	-
Due after five years	-	-

Refer to Note 13 for details on the conditions of the financing facility.

6. Trade and other receivables

	2011	2010
Other schemes managed by the Responsible Entity	192	29
Other entities	98	258
Prepayments	25	430
	315	**717**

Trade receivables are recognised at fair value less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

The $191,690 receivable from Other schemes managed by the Responsible Entity relates to a monthly distribution which is payable to the Fund from the CIB Fund of $29,340 and a quarterly distribution payable from Australian Education Trust of $162,350. Refer Note 17 for further details.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. Provision of impairment of trade receivables is used when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted off the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

The amount of any impairment loss is recognised in the Statement of Comprehensive Income. When a trade receivable for which an impairment allowance has been recognised becomes uncollectable in a subsequent period, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statement of Comprehensive Income.

Trade receivables that are past due but not impaired:

As at 30 June 2011, trade receivables of $6,508 were past due but not impaired. The ageing analysis of receivables is as follows:

	31-60 days	61-90 days	90+ days
	$'000	$'000	$'000
2011	-	-	7
2010	21	-	-

Allowance for impairment loss:

No receivables are considered to be impaired. The majority of these amounts are expected to be received in the near future.

Related party receivables:

For terms and conditions of related party receivables, refer to Note 17.

Fair value and credit risk:

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Fund's policy to transfer (on-sell) receivables to special purpose entities.

7. Other current assets

	2011 $'000	2010 $'000
Available-for-sale assets to be sold within 12 months	-	8,999
Investment properties to be sold within 12 months	-	700
Investment properties – straight line rental account	85	67
	85	**9,766**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

8. Available-for-sale financial assets

	2011 $'000	2010 $'000
Available-for-Sale Financial Assets		
(a) Represented by:		
Units in other listed property trusts managed by the Responsible Entity or its affiliates		
- at market valuation	8,824	11,383
Units in other unlisted property trusts managed by the Responsible Entity or its		
- at Directors' valuation	8,682	9,682
Total available-for-sale financial assets	**17,506**	**21,065**
Less: available-for-sale financial assets to be sold within 12 months (refer Note 7)	-	(8,999)
Carrying amount at the end of the year	**17,506**	**12,066**
(b) Movements in available-for-sale financial assets:		
Opening balance	12,066	18,716
Disposals	(5,608)	(2,001)
Impairment of available-for-sale financial assets	(4)	(1,099)
Movement in available-for-sale financial assets to be sold within 12 months	8,999	(8,999)
Gain on revaluation of available-for-sale financial assets reserve	2,053	5,449
Closing Balance	**17,506**	**12,066**

In assessing the fair value of investments held in unlisted schemes managed by the Responsible Entity or its affiliates, the unit price is determined by the entity's net assets, as disclosed in Note 1.

Listed securities are valued at the closing bid price on the last business day of the financial year.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

Reconciliation of Available-for-Sale Financial Assets

Listed Securities:

Name of Security	No of Shares/ Units	Market Valuation	Directors' Valuation	Total
2011	No'000	$'000	$'000	$'000
Australian Education Trust	7,731	6,185	-	6,185
Australian Property Growth Fund	3,887	2,639	-	2,639
Total Listed Securities		**8,824**	**-**	**8,824**

Unlisted Securities:

Name of Security	No of Shares/ Units	Market Valuation	Directors' Valuation	Total
2011	No '000	$'000	$'000	$'000
CIB Fund	3,668	-	6,822	6,822
Stockland Direct	3,000	-	1,860	1,860
Timbercorp Primary Infrastructure Fund	1,975	-	-	-
Total Unlisted Securities		**-**	**8,682**	**8,682**
Total Available-for-Sale Financial Assets		**8,824**	**8,682**	**17,506**

Listed Securities:

Name of Security	No of Shares/ Units	Market Valuation	Directors' Valuation	Total
2010	No'000	$'000	$'000	$'000
Australian Education Trust	14,731	7,955	-	7,955
Becton Convertible Notes	2,573	785	-	785
Timbercorp Primary Infrastructure Fund	1,975	-	-	-
Australian Property Growth Fund	3,887	2,643	-	2,643
Total Listed Securities		**11,383**	**-**	**11,383**

Unlisted Securities:

Name of Security	No of Shares/ Units	Market Valuation	Directors' Valuation	Total
2010	No '000	$'000	$'000	$'000
CIB Fund	3,668	-	6,748	6,748
AMP Capital Community Infrastructure Fund (formerly RBS Social Infrastructure Trust)	1,520	-	1,044	1,044
Stockland Direct	3,000	-	1,890	1,890
Total Unlisted Securities		**-**	**9,682**	**9,682**
Total Available-for-Sale Financial Assets		**11,383**	**9,682**	**21,065**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

9. Financial assets held at fair value through profit or loss

(a) Financial assets held at fair value through the profit or loss:

	2011 $'000	2010 $'000
Opening balance	-	1,000
Impairment of financial assets held at fair value through profit and loss	-	(1,000)
Closing Balance	**-**	**-**

In assessing the fair value of investments held in unlisted schemes managed by the Responsible Entity or its affiliates, the unit price is determined by the entity's net assets, as disclosed in Note 1.

Reconciliation of financial assets held at fair value through the profit or loss

(b) Unlisted Securities:

Name of Security	No of Shares/ Units 2011 No'000	Market Valuation 2011 $'000	Directors' Valuation 2011 $'000	No of Shares/ Units 2010 No'000	Market Valuation 2010 $'000	Directors' Valuation 2010 $'000
Austock Education Development Trust (Casey)	5,697	-	-	5,697	-	-
Austock Education Development Trust (Melton)	3,280	-	-	3,280	-	-
Austock Education Development Trust (Penrith)	2,850	-	-	2,850	-	-
Total Unlisted Securities		**-**	**-**		**-**	**-**

10. Investment properties

	2011 $'000	2010 $'000
(a) Investment properties - at valuation		
Total property investments	86,772	87,192
Less: straight line rental account – current (refer note 7)	(85)	(67)
Less: straight line rental account – non current	(446)	(531)
Total investment properties	**86,241**	**86,594**
Less: investment properties to be sold within 12 months (refer Note 7)	-	(700)
Carrying amount at the end of the year	**86,241**	**85,894**
(b) Movement in investment properties		
Balance at the beginning of the year - at valuation	85,894	86,534
Disposal of properties	(700)	(3,319)
Net revaluation (decrement) / increment	347	(882)
Movement in investment properties to be sold within 12 months	700	3,561
Carrying amount at the end of the year	**86,241**	**85,894**

a) Investment properties are carried at fair value. The determination of fair value is based on independent valuations.

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.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

c) Independent valuations for 30 properties of the 52 properties owned by the Fund were valued this financial year. 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 $0.2 million or 1% of the properties valued. Market yields adopted by the valuers ranged between 8.25% and 10.0%.

Net revaluation increments also include an increment due to straight line rental adjustment of $0.1 million with a corresponding decrease in straight line rental asset.

11. Trade and other payables

	2011 $'000	2010 $'000
Trade creditors	115	106
Prepaid rent	26	621
GST payable	190	191
Accruals	369	361
	700	**1,279**

Fair value and credit risk:

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Financial guarantees:

There are no financial guarantees in place.

Interest rate and liquidity risk:

Detail regarding interest rate and liquidity risk exposure is disclosed in Note 16.

12. Distribution payable

Distribution payable	981	2,191
	981	**2,191**

13. Borrowings

Current:		
Secured liabilities		
- Commercial bills at face value	-	49,883
	-	**49,883**
Non-Current:		
Secured liabilities		
- Bank loans at face value - secured	40,140	-
- Less: unamortised up front transaction costs	(291)	-
	39,849	**-**

During the year net proceeds from sales of properties and securities were applied to debt reduction and as a result the Fund's outstanding bank debt decreased from $49.9 million to $40.1 million.

The Fund's two year debt facility with ANZ commenced on 24 September 2010 and expires on 23 September 2012. The ANZ debt facility replaced the previous facility with the National Australia Bank (NAB).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

The key commercial terms of the ANZ facility are as follows:

Facility Limit	$49.1 million (subsequently reduced to $40.1 million)
Drawn Amount	$40.1 million as at 30 June 2011
Facility Term	2 Years expiring 23 September 2012
Margins	Scale of margins dependant upon the Trust's LVR position
Maximum Loan to Value Ratio	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 Repayment	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 30 June 2011, the Trust complied with all of its debt covenant ratios and obligations with its LVR being 46.3% and ICR being 1.95 times.

Hedging Arrangements

As part of the new debt facility the Fund has entered into interest rate swap arrangements with ANZ, as follows:

- Notional amount $35 million;
- Fixed rate 5.7% p.a.; and
- Termination date 23 September 2012.

Interest rate and liquidity risk:

Refer to Note 16 for information on interest rate and liquidity risk.

Fair values:

The carrying amounts of the Fund's interest-bearing liabilities approximate their fair value. The fair values have been calculated by discounting the expected future cash flows at prevailing market interest rates, depending on the loan.

Unused financing facilities:

Refer to Note 5(c) for details of unused financing facilities.

Assets pledged as security:

	2011 $'000	2010 $'000
Collateral that has been pledged for secured liabilities is as follows:		
(i) Financial assets pledged		
Cash and cash equivalents	2,237	4,064
Trade and other receivables	315	717
Other current assets	-	-
Available-for-sale financial assets	17,506	21,065
(ii) Other assets pledged		
Investment properties	86,772	87,192
Total assets pledged	**106,830**	**113,038**

Under the current ANZ facility, the principal terms and conditions with respect to the assets pledged are:

- not to materially change the nature of the Fund, without ANZ consent;
- not to make return of capital to any Unitholder, including the retained amount, without consent of ANZ;
- no new lease without ANZ prior approval;
- must immediately, on receipt of funds, repay debt by sale proceeds in relation to settlement of any Contract of Sale for any Security Property or any Security (up to an aggregate amount of $6 million).
- not dispose of any asset, without ANZ consent, except in the ordinary course of business (a disposal of securities is not in the ordinary course of business, from the Lender's perspective)
- ANZ is to be notified within 30 days of any leases being terminated or not renewed; and
- the Fund is not to enter into any further financial debt.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

Covenants:

The main covenants of the Fund's debt facility are that the Fund maintains a Loan to Value Ratio (LVR) not greater than 57.5% pre 30 June 2011 and not greater than 52.5% post 30 June 2011 and a minimum interest cover ratio of 1.6 times. The Fund is in compliance with the relevant covenants.

14. Derivative financial instruments

	2011 $'000	2010 $'000
(a) Current		
Derivative financial instruments – interest rate swaps	298	-
	298	-
(b) Non current		
Derivative financial instruments – interest rate swaps	12	-
	12	**-**

The Fund uses derivative financial instruments (comprising of interest rate swaps) to hedge its risks 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.

Refer to Note 13 for further information on this contract.

15. Contributed equity

	Units on issue No '000	Units on issue $'000
Balance at 1 July 2009	28,450	57,420
Acquisition of own units in Fund	-	-
Balance as 30 June 2010	**28,450**	**57,420**
Balance at 1 July 2010	28,450	57,420
Disposal of own units in Fund	-	853
Balance at 30 June 2011	**28,450**	**58,273**

During the year ending 30 June 2011, there were no units issued (2010: there were no units issued).

The Fund disposed of 1,031,777 of its own units, which the Fund owned as part of the settlement of the API loan for the consideration of $853,000. These units were treated as a reduction of contributed equity. Upon sale of these units, this reduction in equity is reversed. The net gain on the sale of these units is recognised in other comprehensive income. Proceeds received from the sale of these units was $1.4 million.

All units on issue rank equally for the purpose of distributions and on termination of the Fund. All units entitle the holders to one vote, either in person or by proxy, at a meeting of the Fund.

Capital management:

The Responsible Entity's objective when managing capital objective is to ensure the Fund continues as a going concern as well as to maintain optimal returns to Unitholders and benefits for other stakeholders. The Responsible Entity also aims to maintain a capital structure that ensures the lowest cost of capital available to the Fund.

The Responsible Entity has no plans at this stage to issue any further units in the Fund.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

16. Financial risk management

(a) Financial risk management policies

The Fund's financial instruments consist of deposits with banks, accounts receivable and payable, loans from banks, loans to related entities and derivatives.

The Responsible Entity manages the Fund's exposure to key financial risks in accordance with its Risk Management Plan. The objective of the plan is to support the delivery of the Fund's financial targets, whilst protecting future financial security.

During the year, the Board updated the Risk Management Program to comply with the requirements of the Australian Standard on Risk Management (AS/NZ ISO 31000). A Compliance Program which meets the Australian Standard for Compliance Programs (AS/NZ 3806) was also implemented. The updated Programs reflect the Board's commitment to identify, monitoring and mitigating risks as well as capturing opportunities. Day to day responsibility for risk management has been delegated to executive management, with review at Board level.

The Responsible Entity reviews and implements policies for managing each risk as summarised below.

(b) Risk exposures and responses

Market risk:

The Fund is exposed to interest rate, price and liquidity risks. Details are provided in the following paragraphs. There are no known exposures to other risks that are material to the financial statements.

- Interest rate risk

The exposure of interest rate risk for the Fund is primarily due to debt obligations.

The Fund has the following classes of financial assets and financial liabilities that are exposed to interest rate risk:

	2011 $'000	2010 $'000
Financial assets		
Cash and cash equivalents	2,237	4,064
	2,237	**4,064**
Financial liabilities		
Borrowings	40,140	49,883
	40,140	**49,883**
Net exposure	**(37,903)**	**(45,819)**

The weighted average interest rates relating to the above financial assets and financial liabilities were as follows:

	2011 %	2010 %
Financial assets		
Cash and cash equivalents	4.00	4.00
Financial liabilities		
Borrowings	8.13	7.04

Financial assets are not hedged and are exposed to variable interest rate risk. The Responsible Entity believes that this exposure is relatively low and does not pose a material risk to the Fund.

It is the current policy of the Responsible Entity to use a mixture of variable interest rate and interest rate swaps to manage the Fund's exposure to interest rates on interest bearing liabilities. As at 30 June 2011, interest on borrowings of $40.1 million was at a weighted average interest rate of 8.1% (excluding transaction costs). Refer to Note 13 for further information of this debt.

The Responsible Entity constantly analyses the Fund's interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate risk exposures on interest-bearing liabilities in existence at the reporting date.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

At 30 June 2011, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net profit and equity would have been affected as follows:

	Net profit		Equity	
	Increase / (decrease)		Increase / (decrease)	
	2011	2010	2011	2010
	$'000	$'000	$'000	$'000
Judgements of reasonably possible movements:				
Increase in variable interest rates of 1.00%	403	(530)	403	(530)
Decrease in variable interest rates of 0.50%	(202)	265	(202)	265

The movements in net profit are due to the net impact of higher/lower interest costs from variable rate debt and cash balances and the movements in the fair value of derivative instruments. Due to the hedging arrangements in place at 30 June 2011, with the majority of the Fund's debt hedged, increases in interest rates increase profit due to increases in the fair value of derivative financial instruments exceeding the higher interest cost on the unhedged portion. Such movements are reflected in the Statement of Comprehensive Income and Equity. As at 30 June 2010, there was no hedging in place.

- Foreign currency risk

The Fund has no exposure to foreign currency movements as it does not transact or hold assets in foreign currency.

- Price risk

The Fund is exposed to movements in the market values of property securities held, both listed and unlisted. These movements may be significant from one year to the next. A variety of factors may cause movements, such as activity in general financial markets and the state of the property market and the economy generally. The Fund has no form of hedging in place to mitigate such movements.

The following sensitivity analysis is based on the price risk exposures on securities held at the reporting date.

At 30 June 2011, if prices had moved, as illustrated in the table below, with all other variables held constant, profit and other comprehensive income would have been affected as follows:

		Net profit		Equity	
		Increase / (decrease)		Increase / (decrease)	
		2011	2010	2011	2010
		$'000	$'000	$'000	$'000
Judgements of reasonably possible movements:					
Increase in property security prices	15.00%	2,626	3,160	2,626	3,160
Decrease in property security prices	15.00%	(2,626)	(3,160)	(2,626)	(3,160)

Changes in fair value are recognised directly in equity, when there is an expected long term increment in the value of the security. Where there is an expected long term decrement in the value of the security, changes in fair value are recognised directly in the Statement of Comprehensive Income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses. For the purposes of this analysis it has been assumed that all movements are adjusted through the Statement of Comprehensive Income.

Liquidity risk:

Liquidity risk is managed by adhering to restrictions under the Fund's investment strategy from entering into contractual arrangements that produce an exposure not covered by sufficient liquid assets or a total investment exposure in excess of total Unitholders' funds. Further, the Responsible Entity ensures that sufficient cash and cash equivalents are maintained to meet the needs of the Fund through cash flow monitoring and forecasting.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities, including derivative financial instruments as at 30 June 2011. For derivative financial instruments, the market value is presented, whereas for the other obligations the respective undiscounted cash flows for the respective upcoming fiscal years are presented. Market value is not materially different from the break value. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing as at 30 June 2011.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

The remaining contractual maturities of the Fund's financial liabilities are:

	2011	2010
	$'000	$'000
6 months or sooner	1,821	53,353
6 to 12 months	158	-
1 to 5 years	40,140	-
Later than 5 years	-	-
	42,131	**53,353**

The table below reflects a maturity analysis of financial assets and financial liabilities based on management's expectations. Apparent shortfalls in cash are due to the maturity of debt facilities at various points in time. Prior to the maturity of these facilities, the Fund will either negotiate to extend the term of these facilities or arrange new facilities on terms appropriate at that time.

	6 months or sooner	6 to 12 months	1 to 5 years	Later than 5 years	Total
	$'000	$'000	$'000	$'000	$'000
2011					
Financial assets					
Cash and cash equivalents	2,237	-	-	-	2,237
Receivables	315	-	-	-	315
Available-for-sale financial assets	-	-	17,506	-	17,506
	2,552	**-**	**17,506**	**-**	**20,058**
Financial liabilities					
Payables	1,681	-	-	-	1,681
Derivatives	140	158	12	-	310
Borrowings	-	-	40,140	-	40,140
	1,821	**158**	**40,152**	**-**	**42,131**
Net Exposure	**731**		**(22,646)**	**-**	**(22,073)**
2010					
Financial assets					
Cash and cash equivalents	4,064	-	-	-	4,064
Receivables	717	-	-	-	717
Available-for-sale financial assets	8,999	12,066	-	-	21,065
	13,780	**12,066**	**-**	**-**	**25,846**
Financial liabilities					
Payables	3,470	-	-	-	3,470
Borrowings	49,883	-	-	-	49,883
	53,353	**-**	**-**	**-**	**53,353**
Net exposure	**(39,573)**		**-**	**-**	**(27,507)**

Credit risk:

Credit risk arises from the financial assets of the Fund, which comprise cash and cash equivalents, trade and other receivables, loans receivable and available for sale financial assets. The Fund's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable Note.

Receivables are generally received within 30 days. The Fund does not hold any credit derivatives to offset its credit exposure. The Fund trades only with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Fund's policy to securitise its trade and other receivables.

Fair Value measurements:

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

AASB 7 *Financial Instruments: Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

The following table present the Fund's assets and liabilities measured and recognised at fair value at 30 June 2011 and 30 June 2010.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2011				
Assets				
Available-for-sale financial assets	8,824	8,682	-	17,506
Total assets	**8,824**	**8,682**	**-**	**17,506**
Liabilities				
Derivatives used for hedging purposes	-	310	-	310
Total liabilities	**-**	**310**	**-**	**310**
2010				
Assets				
Available-for-sale financial assets	11,383	9,682	-	21,065
Total assets	**11,383**	**9,682**	**-**	**21,065**

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Fund is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (for example, unlisted securities) is determined using the latest Net Tangible Asset value of the investment. The fair value of interest rate swaps are calculated as the present value of the estimated future cash flows. The Fund uses the latest information available to the market. These instruments are included in level 2.

In the circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level 3.

Available-for-sale financial assets are initially recognised at fair value plus transaction costs and are subsequently measured at fair value. When securities are increased in fair value, the increments are recognised directly in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the Statement of Comprehensive Income as gains and losses.

The carrying amounts of bank deposits, receivables, other debtors, accounts payable, bank loans, lease liabilities and distributions payable approximate net fair value.

Net fair value of financial assets and liabilities:

Valuation approach

The net fair value of financial assets and liabilities are determined by the Fund on the following bases:

Recognised financial instruments:

Monetary financial assets and financial liabilities not readily traded in an organised financial market are valued at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. Cash flows are discounted using standard valuation techniques at the applicable market yield having regard to the timing of the cash flows. The carrying amounts of bank deposits, receivables, other debtors, accounts payable, bank loans, lease liabilities and distributions payable, approximate net fair value.

Net fair values

Recognised financial instruments:

The Fund's financial assets and liabilities included in current and non-current assets and liabilities on the Balance Sheet are carried at amounts that approximate net fair value.

Unrecognised financial instruments:

The Fund has no off-balance sheet financial instruments.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

17. Related party disclosures

Responsible Entity

The Responsible Entity of the Fund is Austock Funds Management Limited.

In accordance with the Fund's Constitution and other agreements the Responsible Entity is entitled to claim asset management fees, reimbursement for all expenses reasonably and properly incurred in relation with the Fund or in performing its obligations under the Constitution.

The following table provides the total amount of transactions that have been entered into with the Responsible Entity for the relevant financial year:

Amounts paid or payable during the year	2011 $'000	2010 $'000
Accounting fees	54	54
Acquisition/disposal of assets fees	-	65
Management fees	1,120	1,091
	1,174	**1,210**
Amounts included in accruals or payables at balance date	**170**	**190**

The names of each person holding the position of Director of the Responsible Entity during the financial year were Messrs VD Cottren (Chairman), MF Johnstone, WK Bastian and TD Boyle (resigned on 9 July 2010). No Director of the Responsible Entity received or became entitled to receive any benefit because of a contract made by the Fund with a Director or with a firm of which a Director is a member, or with an entity in which the Director has a substantial interest.

The relevant interests of each Director of the Responsible Entity (including Director related entities) acquired on the market in the unit capital of the Fund are set out under the section key management personnel of the Responsible Entity.

Custodian

The Custodian of the Fund's assets is The Trust Company Limited. The Custodian is entitled to fees for its services.

	2011 $'000	2010 $'000
Amounts paid or payable during the year		
Custodian fees	57	57
Amounts included in accruals or payables at balance date	**15**	**15**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

Investments

The fund held investments in the following schemes managed by the Responsible Entity or its affiliates:

Listed investments:

	2011	2010
Australian Education Trust		
Number of units held	7,730,980	14,730,980
Interest % held	4.4%	10.9%
Number of units disposed during the year	7,000,000	-
Value of units disposed during the year	3,780,000	
Distributions received / receivable by the fund	$577,764	-
Net fair value of investment	$6,184,784	$7,954,729
Unlisted Investments:		
CIB Fund		
Number of units held	3,667,500	3,667,500
Interest % held	15.0%	15.0%
Distributions received / receivable by the fund	$352,080	$352,080
Net fair value of investment	$6,821,550	$6,748,200
Austock Education Development Trust (Casey)		
Number of units held	5,697,400	5,697,400
Interest % held	46.7%	46.7%
Distributions received / receivable by the fund	-	-
Impairment of asset	-	$(260,000)
Net fair value of investment	-	-
Austock Education Development Trust (Melton)		
Number of units held	3,279,960	3,279,960
Interest % held	49.9%	49.9%
Distributions received / receivable by the fund	-	-
Impairment of asset	-	$(580,000)
Net fair value of investment	-	-
Austock Education Development Trust (Penrith)		
Number of units held	2,849,430	2,849,430
Interest % held	49.9%	49.9%
Distributions received / receivable by the fund	-	-
Impairment of asset	-	$(160,000)
Net fair value of investment	-	-

	2011 $'000	2010 $'000
Receivable		
Distribution from the CIB Fund	29	29
Distribution from Australian Education Trust	162	-
	191	29

The $191,690 receivable from other schemes managed by the Responsible Entity relates to a monthly distribution payable to the Fund from the CIB Fund of $29,340 and a quarterly distribution payable to the fund from the Australian Education Trust of $162,350.

Terms and conditions of transactions with related parties

All transactions between related parties were made on normal commercial terms and conditions.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

Key management personnel of the Responsible Entity

Names:

The Directors of the Responsible Entity are considered to be Key Management Personnel (KMP).

KMP			
Chairman - Non-executive			
Vic Cottren	Appointed 2 March 2007		
Executive Directors			
Tim Boyle	Appointed 24 March 2010, resigned 9 July 2010		
Non executive Directors			
Michael Johnstone	Appointed 2 March 2007		
Warner Bastian	Appointed 1 March 2009		
Other KMP	Role		
Ian Townsing	Fund Manager	Appointed	2 March 2007
Travis Butcher	Chief Financial Officer	Appointed	1 October 2008

Remuneration:

No KMP were remunerated directly by the Fund. The KMP of the Responsible Entity receive remuneration in their capacity as Directors and senior management of the Responsible Entity and these amounts are paid from an entity related to the Responsible Entity.

Units held in the Fund by Directors of the RE:

The numbers of units in the Fund held during the financial year by each Director and other KMP of the Responsible Entity, including their personally related parties, are set out below. There were no units granted during the reporting period as compensation.

	Balance at the start of the year units	Acquisitions during the year units	Disposals during the year units	Balance at the end of the year units
2011				
Directors				
Vic D Cottren				
- Lesley Ruth French	7,500	10,000	-	17,500
- Kimslead Holdings Pty Ltd	105,000	40,000	-	145,000
Total	**112,500**	**50,000**	**-**	**162,500**
2010				
Directors				
Vic D Cottren				
- Lesley Ruth French	7,500	-	-	7,500
- Kimslead Holdings Pty Ltd	105,000	-	-	105,000
Total	**112,500**	**-**	**-**	**112,500**

18. Segment reporting

The Fund operates wholly within Australia and operates predominantly in the one business segment of property investment, including direct property ownership and units in other property schemes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (Continued)

19. Lease revenue commitments

	2011 $'000	2010 $'000
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:		
Not later than 1 year	7,896	8,041
Between 1 years and 5 years	18,599	21,904
Greater than 5 years	18,007	21,220
	44,502	**51,165**

20. Auditor's remuneration

	2011 $	2010 $
Remuneration of the auditor for:		
Audit and other assurance service		
Audit or review of financial report – PricewaterhouseCoopers, Australian firm	35,007	27,500
Audit of compliance plan – PricewaterhouseCoopers, Australian firm	4,200	4,000
Taxation services		
Taxation – PricewaterhouseCoopers, Australian firm	16,662	23,825
Total auditor remuneration	**55,869**	**55,325**

21. Net tangible assets

Net tangible assets ($'000)	64,990	59,685
Units used (No'000)	28,450	28,450
Net tangible assets at carrying value per unit	$2.28	$2.10

22. Contingent liabilities

No contingent liabilities to the Fund exist of which the Responsible Entity is aware.

23. Subsequent events

The financial report was authorised on 24 August 2011 by the Board of Directors of the Responsible Entity.

There have been no other significant events since 30 June 2011 that have or may significantly affect the results and operations of the Fund.

24. Fund details

The registered office and principal place of business of the Fund is Level 12, 15 William Street, Melbourne, Victoria 3000 and the principal activity being an investor in direct property and property securities. The domicile of the Fund is Australia.

DIRECTORS' DECLARATION

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

1. the financial statements and notes, set out on pages 18 to 45 are in accordance with the *Corporations Act 2001*, including:
   i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
   ii) giving a true and fair view of the Fund's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
2. there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.
3. the Fund has operated during the year ended 30 June 2011 in accordance with the provisions of the Fund Constitution (as amended).

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Fund Manager and Chief Financial Officer required by section 295A of the *Corporations Act 2001.*

Signed in accordance with a resolution of the Directors of Austock Funds Management Limited.

Dated at Melbourne this 24th day of August 2011.

Victor David Cottren
Chairman
Austock Funds Management Limited

INDEPENDENT AUDIT REPORT

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Independent auditor's report to the members of The Australian Social Infrastructure Fund

Report on the financial report

We have audited the accompanying financial report of The Australian Social Infrastructure Fund (the Fund), which comprises the balance sheet as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of Austock Funds Management Limited, the Responsible Entity of the Fund, are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards.*

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fund 's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund 's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
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MELBOURNE VIC 3001, DX 77
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INDEPENDENT AUDIT REPORT (CONTINUED)

Auditor's opinion

In our opinion:

(a) the financial report of The Australian Social Infrastructure Fund is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Fund 's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report of The Australian Social Infrastructure Fund (the Fund) for the year ended 30 June 2011 included on The Australian Social Infrastructure Fund web site. The directors of Austock Funds Management Limited, the Responsible Entity of the Fund, are responsible for the integrity of The Australian Social Infrastructure Fund web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. 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 audited financial report to confirm the information included in the audited financial report presented on this web site.

PricewaterhouseCoopers

Charles Christie
Partner

Melbourne
24 August 2011

ADDITIONAL STOCK EXCHANGE INFORMATION

Additional Stock Exchange Information as at 26 July 2011

Number of holders of ordinary units and voting rights

There were 28,449,729 fully paid ordinary units on issue, held by 1,328 Unitholders.

The voting rights attaching to the ordinary units, set out in section 253C of the *Corporations Act 2001*, are:

(a) on a show of hands every person present who is a Unitholder has one vote; and
(b) on a poll each Unitholder present in person or by proxy or attorney has one vote for each dollar of value of the total interests they have in the Fund.

Distribution of Unitholders

Number of Units Held	Number of Unitholders
1 - 1,000	10
1,001 - 5,000	318
5,001 - 10,000	322
10,001 - 100,000	647
100,001 and over	31
Total	1,328
Holdings less than a marketable parcel	4

Substantial Unitholders

Name of Substantial Unitholder	Number
LUCRF Pty Ltd	1,500,000

Twenty Largest Unitholders

Name	Number	Fully paid percentage
J P Morgan Nominees Australia Limited	1,500,000	5.272
Cogent Nominees Pty Ltd	525,132	1.846
National Nominees Ltd	470,921	1.655
Jayrab Pty Ltd	467,089	1.642
Sandhurst Trustees Ltd	420,000	1.476
First Transnational Investment Corporation Pty Ltd	361,981	1.272
McArthur Fibreglass Pty Ltd	290,132	1.020
Stormclassic Pty Ltd	267,418	0.940
National Nominees Limited	250,411	0.880
Remon Investments Pty Ltd	200,000	0.703
Aust Executor Trustees Ltd	185,333	0.651
F S Hespe & Partners Pty Limited	180,000	0.633
Tudor Vale Holdings Pty Ltd	177,587	0.624
Catholic Church Insurances Ltd	170,000	0.598
Mr Claudio Zito & Mrs Joaquinita Zito	165,681	0.582
Redbrook Nominees Pty Ltd	160,304	0.563
Kimslead Holdings Pty Ltd	145,000	0.510
Mr Warren George Trotman & Mrs Carmel Mynetta Trotman	143,324	0.504
Acres Holdings Pty Ltd	140,000	0.492
Mr Lee Ernest Harris & Mrs Joan Elaine Harris	136,363	0.479
	6,356,676	**22.344**

On market buy back

There is no current on-market buy-back.

DIRECTORY

Responsible Entity and principal place of business of the Fund	**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
Auditors/Taxation Advisors	**PricewaterhouseCoopers** Freshwater Place 2 Southbank Boulevard Southbank Vic 3000
Bank	**Australia & New Zealand Banking Corporation Limited** Level 29, 100 Queen Street Melbourne Vic 3000
Custodian	**The Trust Company Limited** Level 15, 20 Bond Street Sydney NSW 2000
Secretary of the Responsible Entity	**Amanda Jane Gawne** Level 12, 15 William Street Melbourne VIC 3000 **Adrian Seamus Hill** Level 12, 15 William Street Melbourne VIC 3000
Unit Registry	**Boardroom Pty Limited** Level 7, 207 Kent Street Sydney NSW 2000

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