

The Australian Social Infrastructure Fund



Financial Results Presentation
For the Half Year Ended 31 December 2013

Contents

Mark Stewien

Fund Manager

Travis Butcher

Chief Financial Officer

- Performance Overview
- Financial Results to December 2013
- Capital Management
- Property Portfolio
- Securities Portfolio
- Market Performance
- Outlook
- Appendices
- Further Information

Performance Overview











About ASIF

- The Australian Social Infrastructure Fund (“ASIF or the Fund”) aims to provide Unitholders with a secure, growing income stream and long-term capital growth through primarily investing in direct property in the social infrastructure sector.

Key Highlights for the Half Year

- Distributable income of \$2.8 million, an increase of 16.7% on the previous corresponding period (“pcp”)
- Distribution paid to investors of 9.5 cpu, an increase of 11.8% on pcp
- NTA per unit of \$2.56 as at 31 December 2013 (30 June 2013: \$2.48 per unit)
- 100% occupancy across direct property portfolio
- FY14 distribution forecast upgraded to **20.0 cpu** (17.6 cpu in FY13)

Financial Results to December 2013

For the Half Year Ended	December 2013	December 2012	Change from December 2012
Operating Revenue	\$5.2m	\$5.3m	 1.9%
Operating Expenses	\$1.5m	\$1.6m	 6.3%
Finance Costs	\$0.9m	\$1.3m	 30.8%
Distributable Income	\$2.8m	\$2.4m	 16.7%
Distribution	9.5 cpu	8.5 cpu	 11.8%
Net Profit ¹	\$3.2m	\$3.3m	 1.7%
As at	December 2013	June 2013	Change from June 2013
Total Assets	\$109.7m	\$107.3m	 2.2%
Debt ²	\$34.9m	\$34.8m	 0.3%
NTA per Unit	\$2.56	\$2.48	 3.2%
Gearing ³	31.8%	32.4%	 0.6%

¹ Refer to page 7 of the Half-Year Report for a reconciliation between distributable income and net profit

² Borrowings includes cash overdraft

³ Gearing is calculated by debt / total assets

Capital Management - Banking

As at 31 December 2013

Facility Limit	\$34.3 million (fully drawn)
Facility Maturity	December 2014, with an option for one further year at ASIF's election at least 90 days prior to termination date
LVR Covenant	52.5% (100% of secured property values and 50% value of Australian Education Trust units)
ICR Covenant	1.6x
Cost of Debt	Current all in cost of debt is 5.4% pa based on existing swap arrangements, bank margin and amortisation of establishment fees
Overdraft	\$2 million (\$0.6 million drawn)

- ICR for 12 months ending 31 December 2013 of 4.0x compared with covenant of 1.6x
- LVR of 37.9% compared with covenant of 52.5%
- Look to refinance the debt facility during the year, but have the option to extend for 1 year

Capital Management - Hedging

- The Fund has 41% of its debt hedged for FY14 at an average rate of 3.74% pa.
- Fund's policy is to hedge on a rolling staggered basis with a focus on certainty of interest costs in the short term.

Period	Hedged Amount (\$'m)	Hedged Rate (pa)	% of Debt Hedged
FY14			
Jan 2014 - June 2014	14.0	3.74%	41%
FY15			
July 2014 - June 2015	9.0	3.62%	26%
FY16			
July 2015 - June 2016	4.0	3.15%	12%

Property Portfolio

	No of Properties	Carrying Value \$m	Current Rent (pa) \$m	Average Property Yield
Early Learning Centres	47	67.5	6.4	9.5%
Medical Centre & Self Storage Properties	2	17.7	1.6	8.8%
Total as at 31 December 2013	49	85.2	8.0	9.4%

- 100% occupancy across direct property portfolio
- 7.3 year weighted average lease (WALE) expiry (by rental income)
- Rental growth averaged 2.4% during the year
- Average portfolio yield of 9.4% (based on passing rent and most recent valuation)
- Disposal of 1 early learning centre which resulted in gain of \$0.3 million
- Properties independently valued on a 3 year rolling basis
- 1 early learning centre independently valued¹ - increase of \$40,000 or 3.0%

¹ A number of property valuations otherwise scheduled for this half year were brought forward for revaluation in the second half of FY13

Securities Portfolio

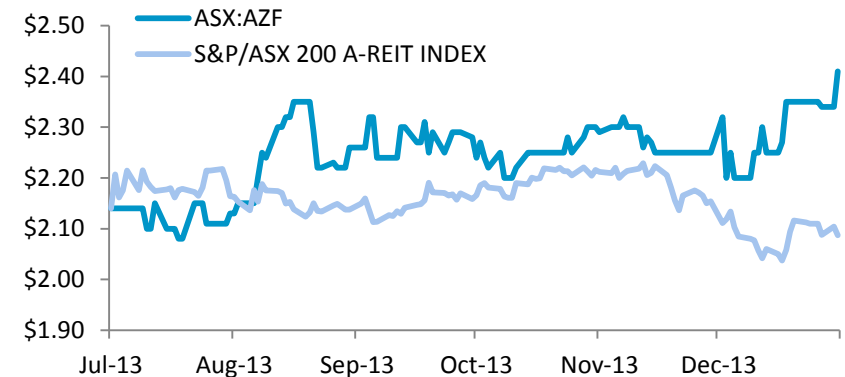
	No Units 000's	Carrying Value December 2013 \$m	Carrying Value June 2013 \$m	Movement %
Listed Securities				
Australian Education Trust (ASX: AEU)	9,035	13.7	10.6	29%
Australian Property Growth Fund	3,886	0.4	0.5	(20%)
Unlisted Securities				
Stockland Direct Retail Trust No.1 (SDRT1)	3,000	1.8	1.5	20%
CIB Fund	4,092	7.5	7.2	4%
Total		23.4	19.8	18%

- Portfolio of holdings in four property securities with book value of \$23.4 million - 22% of ASIF's total assets.
- Increase in AET's carrying value reflects the additional investment of \$2.0 million in addition to a unit price increase from \$1.38 to \$1.52 during the half year.
- Following completion of major capital works, CIB Fund to re-commence distributions for second half of FY14.

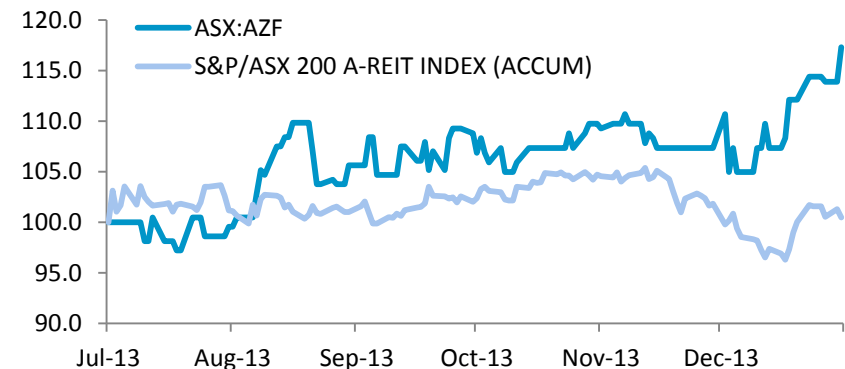
Market Performance

- The 6 month total return for ASIF was 17%, compared to a negative 1.5% total return for the S&P/ASX 200 A-REIT Index.
- ASIF's market capitalisation has increased steadily since listing in February 2011:
 - June 2011 - \$40m
 - June 2012 - \$51m
 - June 2013 - \$61m
 - December 2013 - \$69m

ASIF Unit Price v A-REIT Index – Last 6 months

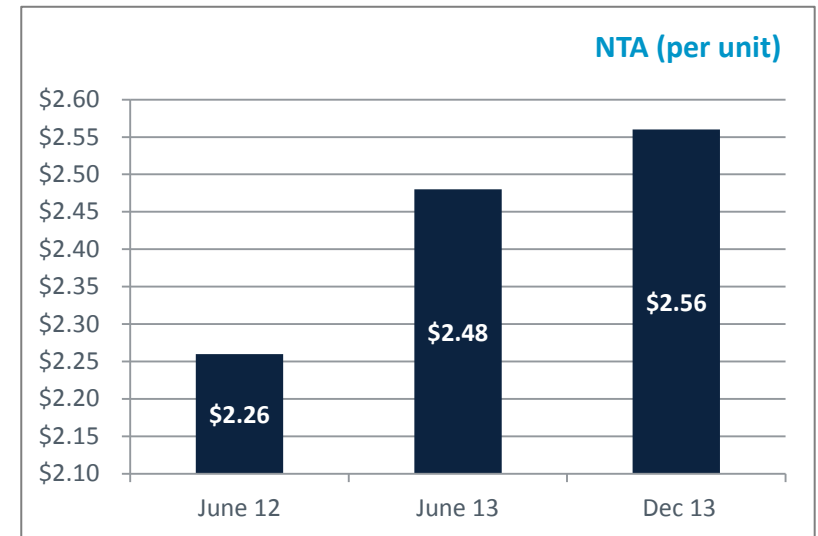
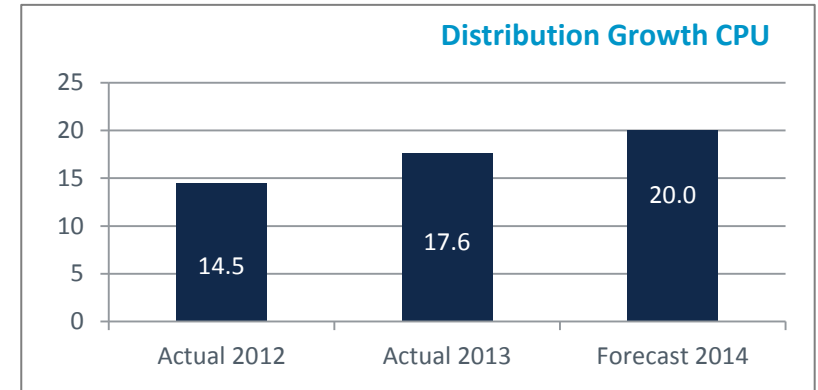


ASIF Total Return v A-REIT Index - Last 6 months



Outlook

- Distribution forecast for FY14 increased from 19.0 cpu to 20.0 cpu, an increase on the pcp of 13.6%.
- All of ASIF's portfolio properties and each security (aside from the small APGF holding) are now producing income for the Fund.
- Future increases will predominantly be derived from CPI based annual indexation of rent.
- Unit price backed by NTA of \$2.56 up 13.3% from June 2012.
- Competitive cost of debt of 5.4% p.a. with refinance to be explored.
- Continue to explore opportunities for disciplined and sensible acquisitions of social infrastructure assets to enhance the portfolio and as a catalyst for future growth.
- Aim to further diversify portfolio away from present focus on income from Queensland early learning centres including assess opportunities to recycle capital into new assets in the social infrastructure space.

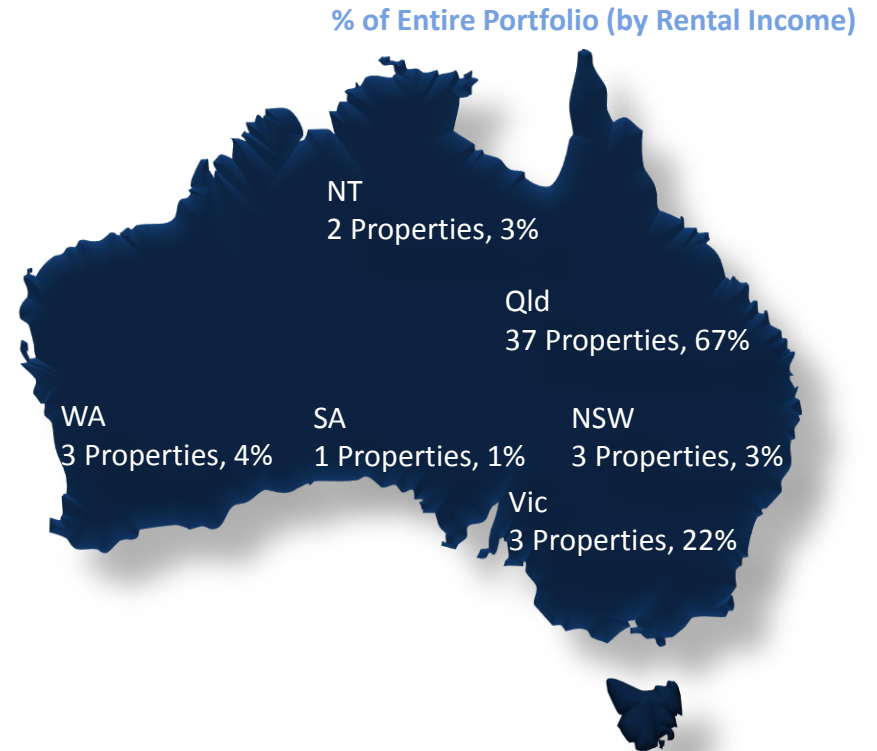


Appendices



Direct Property Portfolio - Tenant Profile - Appendix 1

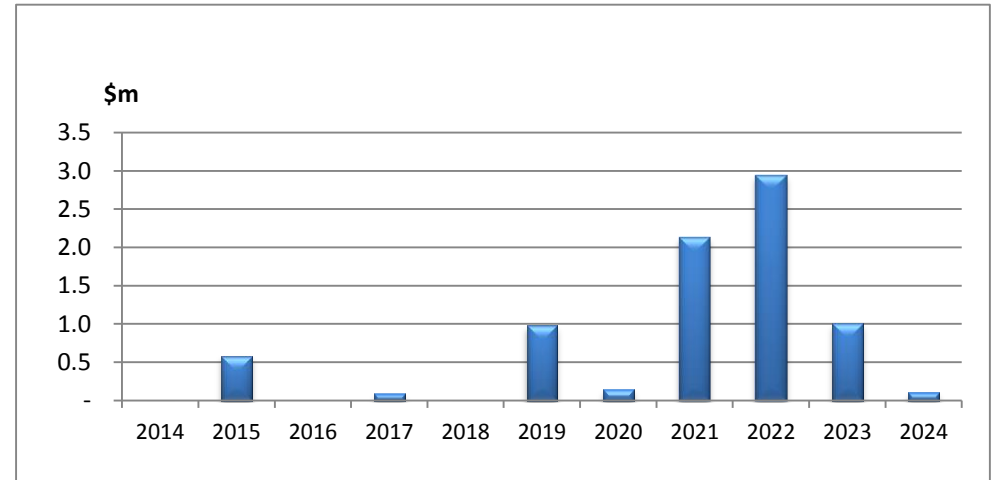
- Goodstart Early Learning, a not-for-profit organisation, is the tenant of 39 of ASIF's early learning centres. Goodstart is the largest operator of early learning centres in Australia with around 641 centres.
- Properties spread throughout Australia with a focus on Queensland.
- The Fund holds bank guarantees from its tenants to the value of approximately \$4.8 million.
- The Fund's medical centre and self storage facility are located in Victoria.



Property Portfolio – Lease Profile - Appendix 2

- Triple net leases with limited capital expenditure exposure for the Fund
- Rental growth typically indexed annually to CPI – average increase of 2.4% across portfolio for the year
- Occupancy of 100%
- Initial lease term for the early learning centres was typically 20 years (an initial 10 year term and a 10 year option exercisable by either party). These leases typically have now commenced that further 10 year option term.
- 7.3 year weighted average lease (WALE) expiry (by rental income)

Expiry Profile by Annual Rent



QUESTIONS

Further Information & Disclaimer

The Australian Social Infrastructure Fund

ASX Code: AZF

Website: www.asifund.com.au

Responsible Entity:

Folkestone Real Estate Management Limited

ABN: 29 094 185 092 AFSL: 238506

Level 12, 15 William Street

Melbourne Vic 3000

Independent Board of Directors:

Vic Cottren - Chairman & Independent Non-Executive Director

Michael Johnstone - Independent Non-Executive Director

Warner Bastian - Independent Non-Executive Director

Senior Management:

Mark Stewien – Fund Manager

Travis Butcher – Chief Financial Officer

Company Secretary:

Scott Martin

Investor Relations:

Lula Lioffi

Phone: +61 3 8601 2668

Email: lloffi@folkestone.com.au

Registry:

Boardroom Pty Limited

PO Box R67, Royal Exchange NSW 1223

Telephone: 1300 131 856 or +61 2 9290 9600

E-mail: enquiries@boardroomlimited.com.au

Website: www.boardroomlimited.com.au

This paper has been published for information purposes only. The information contained in this paper is of a general nature only and does not constitute financial product advice. This presentation has been prepared without taking account of any person's objectives, financial situation or needs. Because of that, each person should, before acting on this presentation, consider its appropriateness, having regard to their own objectives, financial situation and needs. You should consult a professional investment adviser before making any decision regarding a financial product.

In preparing this presentation the author has relied upon and assumed, without independent verification, the accuracy and completeness of all information available from public sources or which has otherwise been reviewed in preparation of the paper. The information contained in this paper is current as at the date of this paper and is subject to change without notice. Past performance is not an indicator of future performance.

Neither Folkestone Limited, nor any of their associates, related entities or directors, give any warranty as to the accuracy, reliability or completeness of the information contained in this paper. Except insofar as liability under any statute cannot be excluded, Folkestone Limited and its associates, related entities, directors, employees and consultants do not accept any liability for any loss or damage (whether direct, indirect, consequential or otherwise) arising from the use of this paper.

If a product managed by Folkestone Limited or its associates is acquired, Folkestone Limited or its associates and related entities may receive fees and other benefits.

Folkestone Limited

Level 10, 60 Carrington Street

Sydney NSW 2000

T: +612 8667 2800

www.folkestone.com.au

Folkestone Real Estate Management Limited

Level 12, 15 William Street

Melbourne, VIC 3000

T: +613 8601 2092

enquiries@folkestone.com.au