Austock Property





asif
The Australian Social Infrastructure Fund
ARSN 094 614 874

Information Memorandum

Compliance Listing of
The Australian Social Infrastructure Fund

The Australian Social Infrastructure Fund
ARSN 094 614 874
Responsible Entity – Austock Funds Management Limited
ABN 29 094 185 092 AFSL 238506

CORPORATE DIRECTORY

Directors of the Responsible Entity
Vic Cottren (Chairman)
Michael Johnstone
Warner Bastian

Secretaries of the Responsible Entity
Amanda Gawne
Adrian Hill

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Lawyers
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Custodian
The Trust Company Limited
Level 4, 35 Clarence Street
Sydney, NSW 2000

Unit Registry
Registries Limited
Level 7, 207 Kent Street
Sydney, NSW 2000
Telephone: 1300 131 856

Proposed ASX Code: AZF

This document
This Information Memorandum has been prepared to facilitate the listing of The Australian Social Infrastructure Fund (ARSN 094 614 874) (the Fund or ASIF) by Austock Funds Management Limited on the ASX (Listing). Austock Funds Management Limited (ACN 094 185 092) (AFSL 238506) (AFML or the Responsible Entity) is the responsible entity of the Fund and the issuer of Units in the Fund and of this Information Memorandum.
This Information Memorandum is dated 21 December 2010.

No offer is being made by AFML
This Information Memorandum does not constitute an offer of a financial product by AFML. This document is not a product disclosure statement lodged with ASIC under Part 7.9 of the Corporations Act. It does not constitute or contain any offer of Units for subscription or purchase or any invitation to subscribe for or buy Units. However, all information that would be required under section 1013C of the Corporations Act if this Information Memorandum were a product disclosure statement offering for subscription the same number of Units for which quotation is being sought, is contained in this Information Memorandum.

The Fund has not raised capital within the 3 month period before the date of issue of this Information Memorandum and will not raise capital for 3 months after the date of issue of this Information Memorandum.

Assumptions and risk factors
In considering the prospects for the Fund, current and potential investors should consider the risks detailed in Section 6 of this Information Memorandum that could affect the performance of the Fund. You should carefully consider these risks in light of your personal investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional advice from your licensed financial advisor and taxation advisor before deciding whether to acquire or dispose of Units in the Fund.

This document contains general information only
The information provided in this Information Memorandum is not financial product advice. The Information Memorandum contains general information only. The Information Memorandum does not take into account the investment objectives, financial situation and particular needs of individual investors. Accordingly nothing in this Information Memorandum should be construed as a recommendation by AFML that an investment in Units in the Fund is appropriate for you.

Disclaimer
To the maximum extent permitted by law, none of AFML and its advisors, directors, officers or employees or any other person, firm or corporation associated with the preparation and issue of this Information Memorandum guarantees, warrants or underwrites the performance of the Fund, the repayment of capital to Unitholders, the payment of distributions to Unitholders, or any particular rate of capital or income return to Unitholders. Investments in the Fund are not deposits with or liabilities of AFML. Anticipated events may not eventuate as contemplated, and any forecast or future event is expressly subject to this qualification.

The Fund has applied to the ASX for admission to the official list and for official quotation of the Units on issue at the date of this Information Memorandum. The ASX and its officers do not take any responsibility for the contents of this Information Memorandum. The fact that the ASX may admit the Fund to its official list is not to be taken in any way as an indication of the merits of the Fund.

No unauthorised representations
No person is authorised to give any information or to make any representation in connection with this Information Memorandum, which is not contained in this Information Memorandum. Any information or representation which is not contained in this Information Memorandum may not be relied on as having been authorised by the Fund in connection with the Listing.

Glossary
Certain words and expressions used in this Information Memorandum are defined in the Glossary at the back of this document.

Questions
Questions relating to the Listing may be directed to Lula Liossi, Investor Relations Manager of AFML on (03) 8601 2668. Alternatively, you should contact your licensed financial advisor.

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Key Dates

Date of Information Memorandum - 21 December 2010

Anticipated Date of listing on ASX - 8 February 2011*

*This date is indicative only and is subject to ASX agreeing to the listing of the Fund on that day. Accordingly the actual listing date may vary from this.

Austock Property

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21 December 2010

CHAIRMAN'S LETTER

At a Unitholders meeting on 10 December 2010, Unitholders considered whether to defer the 6 March 2011 listing deadline for the Fund as prescribed in the Fund's Constitution. As the resolution to defer the listing date was not passed by Unitholders and as set out in the Notice of Meeting dated 16 November 2010, the Fund is now proceeding with a compliance listing on the ASX.

This Information Memorandum has been prepared in support of the Fund's application to the ASX for admission of the Fund to the official list of the ASX. Should this application be accepted by the ASX, the Units will trade under the ASX code: "AZF". The anticipated listing date is 8 February 2011.

Historically the Fund has been an unlisted property trust that was formed in 2001 and has focussed on investing in the social infrastructure sector. As at 30 June 2010 the Fund owned 51 childcare properties, a medical centre, a self storage facility and a portfolio of similarly focussed property securities. This Information Memorandum is provided to Unitholders to facilitate the compliance listing of the Fund on the ASX.

As at 30 November 2010 the Fund has total assets of $111.9 million and a net tangible asset value (NTA) per Unit of $2.21. This is based upon unaudited management accounts that have regard to events subsequent to the 30 June 2010 audited accounts date.

The Fund is currently paying quarterly distributions and has paid a distribution of 3 cents per Unit for the quarter ended on 30 September 2010. The Fund has also announced a 3 cents per Unit distribution for the quarter ending 31 December 2010. The Fund is forecast to distribute between 12 and 14 cents per Unit for the year ending 30 June 2011.

The listing of the Fund on the ASX should provide the Fund and Unitholders with expanded opportunities for growth as well as liquidity.

Yours sincerely

Victor Cottren
Chairman
Austock Funds Management Limited
Responsible Entity for The Australian Social Infrastructure Fund

1. Summary of Features

Issue	Summary	For More Details
Purpose of this Document	This Information Memorandum is provided to Unitholders to facilitate the compliance listing of the Fund on the ASX.	
Who is the Responsible Entity? (RE)	The Responsible Entity of the Fund is Austock Funds Management Limited (AFML), which is 100% owned by Austock Group Limited. Austock Group is an ASX listed financial services group (ASX:ACK).	Sections 3.1 and 3.3
Type of investment	The Fund is an open ended unit trust that invests in real estate both directly and indirectly through property securities. The Fund has concentrated on investing in real estate that falls within the social infrastructure sector.	Section 2
What is the Fund's investment strategy?	The Fund primarily invests in social infrastructure assets such as childcare facilities. The Fund aims to provide investors with a secure and predictable investment with a low level of volatility. This is achieved through long term lease arrangements.	Section 4.2
What are the Fund's direct property assets?	Based on the audited 30 June 2010 accounts, the Fund's direct property assets consist of 51 child care centres, a self storage facility and a medical centre which have a total value of $86.6 million.	Section 2
What are the Fund's property security assets?	As at 30 June 2010, the Fund holds investments in The Australian Education Trust, Australian Property Growth Fund, Becton Property Group, CIB Fund , AMP Capital Community Infrastructure Fund and Stockland Direct Retail Trust No 1. The total value of these assets at 30 June 2010 was $21.1 million.	Section 2
What is the Fund's size?	The Fund had total assets of $113.0 million and net assets of $59.7 million as at 30 June 2010.	Section 5.1
What is the Fund's gearing ratio?	As at 30 June 2010, the Fund's gearing ratio (gross debt/total assets) was 44.1%. As at 30 June 2009, the Fund's gearing ratio was 48.3%.	Section 5.1
Debt Facility	The Fund recently entered into a new $49.2 million secured Debt Facility (drawn $47.7 million as at 30 November 2010) with the Australia and New Zealand Banking Group Limited (ANZ). The facility matures on 24 September 2012 unless extended or renewed.	Sections 5.8 and 9.5
How often are distributions made to Unitholders?	Distributions are paid to Unitholders quarterly in arrears in the month following the end of each quarter.	Section 5.3 and 5.4
What is the expected life of the Fund?	The vesting date of the Fund is 80 years after the Fund was established. The vesting date is earlier where the Fund is delisted or suspended from trading on ASX for a continuous period of at least 3 months.	Section 9.2
What are the significant features and potential benefits of investing in the Fund?	The Fund's direct real estate assets are 100% leased on long term leases. The Fund's direct property portfolio has a weighted average lease expiry (WALE) of 9.5 years as at 30 June 2010. Benefits of investing in the Fund include a relatively predictable tax effective income flow and potential for capital growth.	Section 2
What are the key risks of investing in the Fund?	As a listed security, the price of Units may fluctuate and may not fully reflect the Fund's underlying net asset value. This may be due to various factors, including the current circumstances where many property trusts are trading at a discount to their NTA, property market aspects generally,	Section 6

Issue	Summary	For More Details
	tenant performance, movements and changes to economic conditions, financial market and stock market fluctuations. Quarterly distributions are not guaranteed and are dependent upon the Fund having sufficient cash resources and maintaining compliance with its financial covenants under its Debt Facility. The Fund is exposed to factors affecting the child care sector, which experienced challenging times during 2009-2010 with the collapse of ABC Learning Centres. The majority of the Fund's income is dependent upon its major tenant, GoodStart Childcare Limited (GoodStart) continuing to meet its lease obligations with the Fund, including the payment of rent. The key risks stated here are a summary of the potential risks of investing in the Fund and are expanded in Section 6 which should be considered in its entirety.	
What are the costs and amounts payable by the Fund?	All the costs of operating the Fund are payable out of the assets of the Fund. AFML as Responsible Entity is entitled to a Management Fee of 1% of the total assets of the Fund per annum (plus GST). There are other costs in addition to the Management Fee including administration costs, acquisition and disposal fees in administering the Fund.	Section 7
What services does the Responsible Entity provide?	The Responsible Entity is responsible for the administration and management of the Fund. This includes but is not limited to raising and management of debt; equity capital management including capital raisings and value added initiatives; investor relations and asset management.	Section 9.2
What are the costs of listing on the ASX?	All expenses in connection with the Information Memorandum and application for admission to the official list of ASX and for official quotation of the Units on the ASX are being borne by the Fund. Total expenses including professional advisory fees, printing costs and listing fees in relation to the listing and issue of the Information Memorandum are estimated to be a one-off cost of $160,000.	Section 10.13
What are the ongoing costs of listing on the ASX?	A cost of approximately $30,000 will be paid annually to the ASX. Other costs that may have been incurred and not documented in this document have been minimised and/or absorbed by AFML. AFML is the Responsible Entity for other property funds and has procedures in place which provide a high standard of compliance with ASX Listing Rules and Corporations Act which in turn mitigate risk for the Fund.	Section 10.13
What are the tax implications for investors?	An analysis of income tax implications applicable to investors is outlined in Section 8. The advice is general in nature and investors should seek their own professional taxation advice in relation to their own position.	Section 8
What procedures are in place to deal with Unitholder complaints?	AFML provides an internal complaints handling and dispute resolution process.	Section 10.10
How can further information be obtained?	By contacting AFML or your licensed financial adviser. Also refer to the Fund's website and announcements on the ASX from time to time.	

Summary of Key Financial Information

The financial information in the table below is based on the Fund's 30 June 2010 audited financial statements, a copy of which is available on the Fund's website at www.asifund.com.au. Further financial information is also included in Section 5.

Net Assets Position	30 June 2010 ($000's)	30 June 2009 ($000's)
Investment Properties	86,594	90,795
Listed Securities	11,383	7,827
Unlisted Securities	9,682	11,889
Cash	4,064	3,695
Other Assets	1,315	1,458
Total Gross Assets	**113,038**	**115,664**
Long-Term Debt	49,883	55,808
Other Liabilities	3,470	2,593
Total Liabilities	**53,353**	**58,401**
Total Net Assets	**59,685**	**57,263**
Number of Units on Issue (000's)	28,450	28,450
Per Unit NTA ($)	$2.10	$2.01
Gearing (Debt / Total Gross Assets)	44.1%	48.3%

Based on events subsequent to 30 June 2010 (set out in Section 5.2), unaudited management accounts indicate that as at 30 November 2010 the NTA per Unit was $2.21 and the Fund's gearing level was 42.6%.

2. Fund Assets

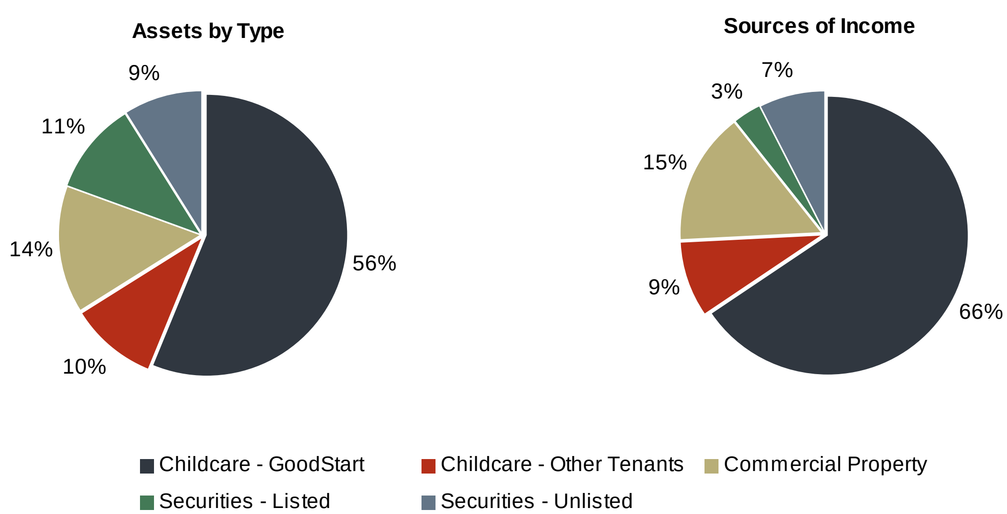
2.1. Background to the Fund

Historically the Fund has been an unlisted retail property trust that primarily invests in social infrastructure assets such as childcare facilities. The Fund was formed in 2001 to acquire a portfolio of childcare centres and has subsequently acquired a self-storage facility, a medical centre and a portfolio of property securities. As at 30 June 2010, the Fund has total assets of $113.0 million and net assets of $59.7 million.

2.2. Fund Assets

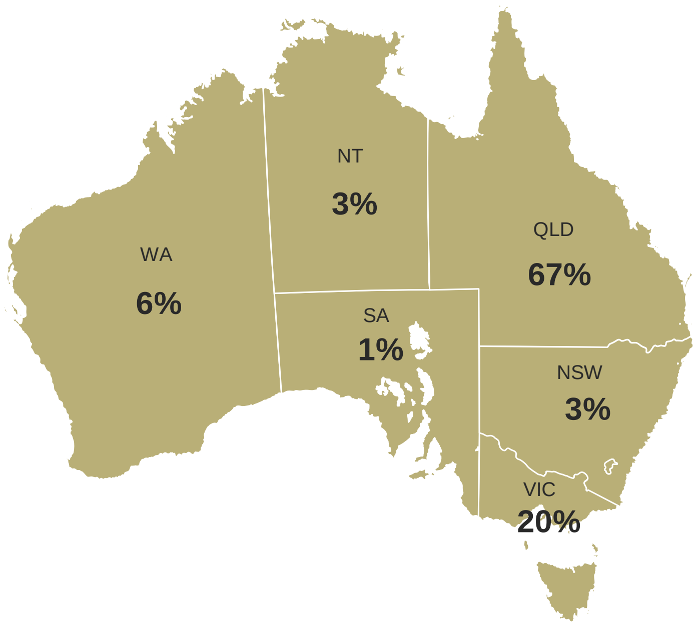
The Fund provides investors with exposure to a portfolio of social infrastructure assets on both a direct and indirect basis. As at 30 June 2010, the portfolio comprised 51 childcare centre properties; a medical centre and a self storage facility (Property Portfolio). The weighted average passing yield of the Fund's direct property assets as at 30 June 2010 is 9.25%. Indirect investments comprise a portfolio of listed and unlisted property securities (Security Portfolio).

The diagrams below summarise the Fund's asset portfolio and income sources as at 30 June 2010:

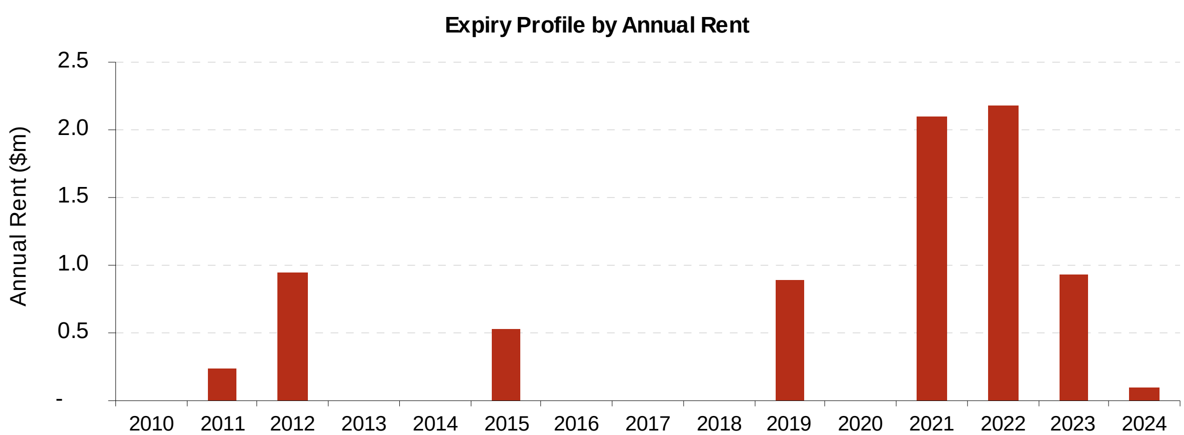


2.3. Property Portfolio

Details of the location of each property owned by the Fund are set out in Annexure 1. The Fund's geographical asset spread, by property value, is depicted in the diagram below:



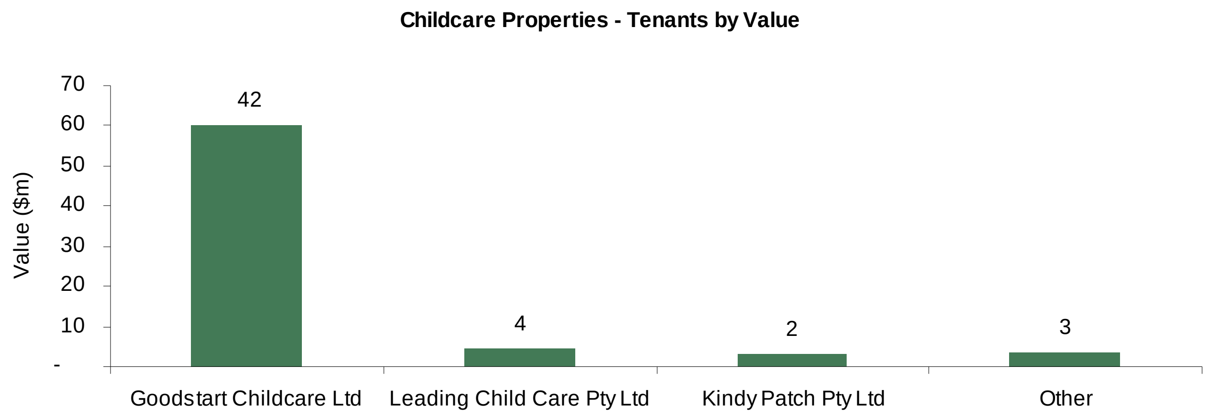
As at 30 June 2010 the Fund's Property Portfolio was 100% leased[1] with a weighted average lease expiry (WALE) of 9.5 years. It's lease expiry profile is as follows:



[1] *This excludes the Fund's property at Midvale which as at 30 June 2010 was subject to a contract of sale. Settlement of Midvale occurred in August 2010.*

2.4. Childcare Properties

The Fund's Property Portfolio as at 30 June 2010 includes 51 childcare properties, which are leased to 5 tenants and have a total value of $71.2 million. Details of the Childcare Properties are set out in Annexure 1. The following diagram depicts the composition of the Fund's childcare properties by tenant, value and number, as at 30 June 2010.



2.5. Childcare Property Characteristics

The typical childcare property owned by the Fund has the following range of attributes:

	Typical range
Value as at 30 June 2010	The value of the childcare properties range between $0.6 million and $2.6 million. The average value of a childcare property is $1.4 million.
Number of licensed places	45-167 places per childcare property. The average number of places per childcare property is 85 places. Refer to Annexure 1 for licensed place numbers on a per property basis.
Lease Term and Options	Initial lease term of 10 years. Refer to Section 9.4 for a more detailed summary of the terms of the GoodStart leases. One option of 10 years duration, which has been exercised in respect to some properties, providing maximum tenure of 20 years. The options included in the majority of the Fund's childcare property leases can be exercised by either the lessor or the lessee. The WALE for the childcare property leases as at 30 June 2010 is 9.5 years.
Net Annual Rental	$50,000 - $247,000 per annum with an average rent per licensed childcare place of approximately $1,500 per annum.
Rent Reviews	Annually to movements in the consumer price index (CPI), generally with a ratchet provision. Refer to Section 9.4 for a more detailed summary of the terms of the GoodStart leases.
Passing Yield as at 30 June 2010	Ranges between 7.8% and 11.3%. The weighted average passing yield is 9.25%.

	Typical range
Outgoings	Most outgoings must be reimbursed by the tenant, including council and water rates, land tax on a single holding basis (other than Victoria) and landlord's insurance. The lessee is responsible for all repairs and maintenance of the property.
Bank Guarantees	Bank guarantees are held by the lessor for most of the properties and range in value between 3 and 6 months gross rent. The leases to GoodStart are supported by a 6 month pooled bank guarantee. Refer to Section 9.4 for a more detailed summary of the terms of the GoodStart leases. The total value of the bank guarantees held by the Fund as at 30 November 2010 is $4.2 million.
Zoning	Residential or Business zones.
Land Area	Ranges between 1,195m^2 and 13,780m^2 with the average land area being approximately 3,160m^2.
Building Size	The majority of the childcare properties have total building areas which range between 300m^2 and 700m^2 . A number of the childcare properties have multiple buildings per site.

2.6. Profile of Major Tenant

The not-for-profit group GoodStart Childcare Limited (GoodStart) is the Fund's largest tenant. GoodStart leases 42 of the Fund's 51 childcare properties. The 42 childcare properties leased to GoodStart represent 56% of the Fund's total assets and 66% of the Fund's income as at 30 June 2010. GoodStart acquired its childcare business from ABC Learning Centres. The Fund successfully negotiated the transition of its 42 leases to GoodStart with no disruption or reduction to its rental income. These negotiations were completed on 31 May 2010. GoodStart operates approximately 670 childcare centre properties in Australia.

GoodStart is funded by both the private and social capital sectors with funding provided by several non-for-profit organisations, a private bank as first ranking secured lender and the Federal Government . In addition, GoodStart has been granted exemption from payroll tax, income tax, concessional FBT benefits and relief from one off stamp duties in some areas. These benefits are estimated by GoodStart to have a value of approximately $20 million per annum to the GoodStart business. The childcare sector in general is also supported by Government funding, including the childcare benefits and rebate schemes.

The four principal not-for-profit members represented on the GoodStart Board of Directors are Mission Australia, The Brotherhood of St Laurence, The Benevolent Society of Australia and Social Ventures Australia. These organisations are responsible for the social capital invested in GoodStart. The Fund monitors GoodStart's progress and has a framework in place to ensure adequate reporting is provided.

2.7. Commercial Property

The Fund's property portfolio includes two commercial properties which have a total value as at 30 June 2010 of $15.4 million. The key attributes of the commercial properties are described below:

	Medical Centre – Melton, Vic	Self Storage - Glen Iris, Vic
Address	 247-251 Station Road, Melton, Victoria	 2A York Road, Glen Iris, Victoria
Lessee	Idameneo (No. 123) Pty Ltd, a wholly owned subsidiary of Primary Health Care Limited	Guardian Storage Pty Ltd
Building Size	2,160 sqm	7,150 sqm
Lease Commencement Date	5 August 2005	1 May 2004
Initial Lease Term	10 Years	15 Years
Option Term	Three options, each of 5 years duration	Two options, each of 5 years duration
Rent Reviews	Annual	Annual
Basis of Rent Review	Fixed 3%	CPI, not less than 2%, not more than 4.5%
Outgoings Payable by Lessee	Council Rates Water Rates Land Tax (single holding basis)	Council Rates Water Rates Land Tax (single holding basis)
Bank Guarantee/Guarantor	Guarantor - Primary Health Care Limited	Bank guarantees equal to 6 months rental
Current Net Rent PA	$531,915	$883,861
Market Yield	8.5%	9.5%

2.8. Property Management

Colliers International provides property management services to the Fund and is paid an annual management fee. Colliers were appointed after a tender process and have established processes, procedures and practices to ensure that the Fund meets its obligations regarding building maintenance, building operations and building performance. In addition, Colliers provide support in relation to the Fund's lease and rental management. The Fund pays a monthly management fee for property management services performed by Colliers International.

2.9. Security Portfolio

The Fund owns a portfolio of listed and unlisted property securities. Their values, as at 30 June 2010 are detailed below. Please refer to Section 5.2 with respect to subsequent events.

Security Name	No of Units Owned by ASIF	% Holding	Per Unit Value $'s	Value $ 000's
Australian Education Trust (AEU)	14,730,980	10.91%	0.54	7,955
Australian Property Growth Fund (APF)	3,886,792	1.71%	0.68	2,643
Becton Property Group Convertible Notes (BECG)	2,573,240	12.23%	0.305	785
CIB Fund (CIB)	3,667,500	15.00%	1.84	6,748
AMP Capital Community Infrastructure Fund (ACCIF)	1,520,000	1.92%	0.687	1,044
Stockland Direct Retail Trust No 1 (SDRT1)	3,000,000	7.58%	0.63	1,890
Total				**21,065**

The Fund's investments in property securities provides it with flexibility to sell securities to pay down debt or invest in further direct property assets.

In addition to the above, the Fund holds a beneficial interest of 1,031,777 Units (3.6%) in itself (which were received from another fund as a result of the enforcement of a security by ASIF). The Fund intends to progressively sell these Units or otherwise cancel them, when it is in the interests of the Fund to do so. Consistent with accounting standard requirements, the value of those Units are not recorded in the accounts of the Fund as an asset.

Security	Summary
Australian Education Trust (Listed ASX:AEU)	AEU is the owner of 340 childcare properties within Australia and New Zealand. As at 30 June 2010, AEU had total assets of $369 million. Its structure and assets are very similar to the Fund. The Fund is a substantial holder of AEU units. A related party of the Fund, Austock Property Management Ltd, is AEU's responsible entity. Further information may be obtained by contacting Austock Property or at the following website: educationtrust.com.au
Australian Property Growth Fund (Listed BSX:APF)	APF has investments in commercial office, residential, retail and industrial property. As at 30 June 2010, APF had total assets of $458 million and assets under management of $1.8 billion. Further information may be obtained at the following website: apgf.com.au
Becton Property Group – Convertible Notes (Listed ASX:BECG)	Becton is a diversified property group with interests in property development, funds management and retirement villages. As at 30 June 2010, Becton had total assets of $412.5 million. Becton is undertaking a major asset sale program with proceeds from sales being applied to the reduction of debt. BECG convertible notes pay a 6 monthly coupon of 9.5% per annum. The notes expire on 30 June 2012 and have a face value of 0.65 cents. Further

	information may be obtained at the following website: becton.com.au
CIB Fund (Unlisted)	CIB is the owner of nine police stations and two law courts which are all leased to the Victorian Government. As at 30 June 2010, CIB had total assets of $68.7 million. The Responsible Entity of the Fund is also the responsible entity to CIB. Further information may be obtained by contacting Austock Property or at the following website: cibfund.com.au
AMP Capital Community Infrastructure Fund (formerly known as RBS Social Infrastructure Trust) (ACCIF) (Unlisted)	ACCIF owns four social infrastructure public private partnerships (PPPs) in Australia. The assets include; Schools II (NSW), Emergency Alerting System (Vic), Southbank Institute (Qld), Reliance Rail and Darwin Convention Centre (NT). As at 30 June 2010, the fund had total assets of $83.4 million. Further information may be obtained at the following website: ampcapital.com
Stockland Direct Retail Trust No 1 (Unlisted)	SDRT1 owns a portfolio of retail assets which include; the Pacific Pines Shopping Centre and Benowa Gardens Shopping Centre in Queensland and Tamworth Homespace, New South Wales. As at 30 June 2010, SDRT1 had total assets of $65.8 million. Further information may be obtained at the following website: stockland.com.au

In addition to the above, the Fund holds a beneficial interest of 1,031,777 Units (3.6%) in itself which were received from another fund as a result of the enforcement of a security by ASIF. The Fund intends to progressively sell these Units or otherwise cancel them, when it is in the interests of the Fund to do so. Consistent with accounting standard requirements, the value of those Units are not recorded in the accounts of the Fund as an asset.

3. Management of the Fund

3.1. Austock Group

Austock Group Limited is an independent diversified investment and financial services group listed on the ASX (stock code ASX:ACK). Founded in 1991, Austock Group comprises Corporate and Securities, Private Wealth and Investment Management businesses including Property Funds Management. Austock Group has local offices in Melbourne and Sydney in addition to international affiliations. Austock Group is a pooled development fund that invests in and develops financial services businesses under a tax-efficient structure to maximise shareholder returns via long-term, tax-free capital growth and dividends.

3.2. Austock Property

Austock Property's involvement in property funds management dates from 2000 with the creation of a number of asset specific real estate investment trusts. As holder of an Australian Financial Services Licence, Austock Property is the responsible entity of 2 listed and 2 unlisted trusts. These four trusts own over 400 properties across Australia and New Zealand as well as having indirect ownership of property through property securities.

Austock Property operates at two levels to represent unitholder interests, firstly at the funds management level and secondly at the asset management level. From a funds management perspective, its expertise in capital and stakeholder management are vital to managing investor's interests. Its experience in capital management and in particular the sourcing of finance for traditional as well as non-traditional real estate investment trusts is strong.

Its asset management capabilities reach across Australia and New Zealand to ensure the underlying property interests are enhanced via an active asset management program for each fund. Austock draws on its internal asset and facility management experience to actively add value and mitigate risk through its portfolios.

Austock Property collectively represents over 4,500 institutional and retail unitholders across its real estate investment trust platform.

Other property funds Austock Property manages	Responsible Entity	FUM ($ million) as at 30 June 2010
Listed funds		
Australian Education Trust (ASX:AEU)	Austock Property Management Limited	$369
Unlisted funds		
Austock Childcare Fund	Austock Property Management Limited	$27
CIB Fund	Austock Funds Management Limited	$69
Total		**$465**

3.3. Responsible Entity

AFML is the Responsible Entity of the Fund and is a wholly owned subsidiary of Austock Group. AFML holds an Australian Financial Services Licence and is responsible for the operation and management of the Fund. It must perform its role in accordance with its duties under the Corporations Act, the Constitution and the Fund's Compliance Plan. In exercising its powers and duties, AFML must act honestly, with care and diligence and in the best interests of Unitholders. Where there is a conflict between its own interests and that of Unitholders, it must prefer the interests of Unitholders over its own interests.

3.4. AFML Board

The Directors of AFML comprise:

Vic Cottren
Non-executive 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

Vic was appointed on 22 December 2004. 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 and several of its subsidiaries.

Michael Johnstone
Non-executive Director

Bachelor of Town & Regional Planning, Licensed Land Surveyor, Advanced Management Program (Harvard)

Michael was appointed on 22 December 2004. 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 and Chairman of State Equity Group. Michael is also a member of the Audit and Compliance Committee of the Fund.

Warner Bastian
Non-executive Director

Fellow of Australian Institute of Company Directors

Warner was appointed on 1 March 2009. Warner is the 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 and is also an alternate Director of Austock Life Limited.

3.5. AFML Management

Senior Management of AFML comprise:

Nicholas Anagnostou
Chief Operating Officer

B.Bus (Prop), AAPI

Nick is responsible for all aspects of Austock Property, with specific focus on fund and asset management operations, investment sourcing, capital raisings, stakeholder management and transactions. In addition, he is the Fund Manager for the ASX listed Australian Education Trust. Nick has more than 21 years of experience in the Australian commercial property market. He holds a Bachelor of Business in Property (Distinction) and is an Associate of the Australian Property Institute. He is a Certified Practicing Valuer and a Licensed Estate Agent. He was previously a Director of international real estate firm Jones Lang LaSalle.

Ian Townsing
Fund Manager

MBA (Melb), BBus (Prop), AAPI

Ian has over 20 years experience in commercial property with particular focus on valuations and asset and funds management. Previously he was head of property for Grand Hotel Group, an ASX listed, internally managed property trust with primary responsibility for strategy, acquisitions, disposals and management of portfolio assets. Ian has substantial experience in most facets of commercial property including property development. Ian's role within Austock Property is to manage The Australian Social Infrastructure Fund and the CIB Fund.

Travis Butcher
Chief Financial Officer

BAcc, CA, Grad Dip AFI SIA

Travis is a Chartered Accountant with over 10 years financial experience in Australia and overseas including working in London as Financial Controller with Coller Capital, a leading global investor in private equity secondaries with committed capital in excess of US$6 billion and international group Apax Partners. He previously spent 7 years working in transaction and audit services at PricewaterhouseCoopers. Travis was previously Associate Director of Austock Private Equity.

Adrian Hill
Group General Counsel & Company Secretary

BSc, LLB (Monash University)

Adrian joined Austock Group in 1998 and was appointed AEU's Compliance Officer in 2004. Adrian has over 19 years experience gained from working in a large legal practice. Before joining Austock Group, Adrian was Partner at Deacons Graham & James (now Norton Rose). Adrian is Company Secretary and Compliance Officer to all the property funds within the Austock Group.

Amanda Gawne
Company Secretary

BCom, LLB (Melbourne University)
Grad Dip CSP, ACIS

Amanda was appointed company secretary in December 2004, having joined Austock Group in April 2003. Amanda has over 13 years legal and company secretarial experience gained from working in private legal practice and large private and publicly listed organisations. Amanda is responsible for the company secretarial function for all companies within the Austock Group.

Mark Stewien
Senior Legal Counsel

BCom, LLB, Registered Legal Practitioner (Victoria)

Mark is a lawyer with over 9 years legal experience in Australia and abroad. Prior to joining the Austock Group, Mark was Senior Legal Counsel at Nakheel, a part of the Dubai World group and before that he was a Senior Associate with Baker & McKenzie in Melbourne in the commercial real estate group. Mark is Senior Legal Counsel for Austock Property.

4. Fund Policies

4.1. Audit and Compliance Committee

AFML has established an Audit and Compliance Committee whose responsibilities include monitoring the Responsible Entity and the Fund's compliance with the Corporations Act, the Constitution and the Fund's Compliance Plan.

The Audit and Compliance Committee has a formal charter which sets out its responsibilities. A copy of the Charter is available on the Fund's website.

The Audit and Compliance Committee is directly responsible for making recommendations to the Board on the appointment, termination and oversight of the external auditor.

Name and position	Experience and special responsibilities
Warner Bastian (Chairman)	See Section 3.4
Michael Johnstone (Non-executive Director)	See Section 3.4
David Penman	Qualifications – CPA. David is a Chartered Accountant, of D Penman and Co, advising on taxation and superannuation matters with over 30 years experience in chartered accounting.

4.2. Investment Objective and Strategy

The Fund primarily invests in social infrastructure assets such as childcare facilities, medical centres and self storage facilities, and also invests in securities of property owning entities. Its income is underpinned by long term leases.

The main objective of the Fund is to provide investors with stable, tax effective distributions and capital growth over the medium to long term. To achieve this objective, the Fund's strategy includes:

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

4.3. Capital Management - Policy and Objectives

The Constitution authorises AFML to borrow money, whether or not secured over the assets of the Fund. The Constitution requires that the gearing of the Fund be restricted to not more than two thirds of the value of the Fund's assets.

The Fund has used debt to partly fund the purchase of its assets in order to improve the return of equity of Unitholders.

The long-term gearing ratio of the Fund is targeted to be less than 50%. As at 30 November 2010, based on unaudited management accounts, the gearing ratio of the Fund is 42.6%.

4.4. Interest Rate Risk Management

It is the current policy of the Fund to use a mixture of variable interest rates and interest rate swaps to manage the Fund’s exposure to interest rates on interest bearing liabilities. This is necessary to ensure the Fund is protected from adverse interest rate movements, enabling the Fund to minimise volatility in earnings and distributions.

The Fund has entered into a $35m interest rate swap with ANZ commencing in 24 March 2011 at a rate of 5.7% pa concluding on 24 September 2012. Based on the drawn debt of $47.7 million as at 30 November 2010, the Fund has fixed 73% of its interest rate exposure, with the remaining 27% subject to a variable rate. Under the current Debt Facility with ANZ, the Fund is required to hedge 60% of its interest rate exposure to adverse movements.

4.5. Valuation Policy

Investment properties of the Fund are measured at fair value and revalued with sufficient regularity to ensure the carrying amount of each property does not differ materially from its fair value at the reporting date. Independent valuations of each property are performed at intervals of not more than three years by registered valuers who are appropriately qualified to undertake the valuation, based on the type and locality of the property being valued. All independent valuations comply with relevant industry standards and codes. These valuations are considered by AFML when determining fair value. When assessing fair value, AFML may also consider the discounted cash flow of the property, the highest and best use of the property, sales of similar properties and general market conditions.

4.6. Registration

The Fund is registered as a managed investment scheme under the relevant provisions of the Corporations Act and AFML has been appointed as the responsible entity to operate the Fund.

4.7. ASX Corporate Governance Standards

Listed entities are required to disclose in their annual reports the extent of their compliance with the Corporate Governance Principles and Best Practice Recommendations (the Standards), released by the ASX Corporate Governance Council. Also, they must explain why they have not adopted a particular Standard, if they consider it inappropriate in their particular circumstances. The Standards encompass matters such as Board composition, committees and compliance procedures and are designed to maximise corporate performance and accountability in the interests of investors and the broader economy.

A summary of the corporate governance regime that applies to the Fund and information about the Fund's compliance with the Standards is set out in Annexure 2.

In addition, the Fund will adopt and disclose to ASX a compliant trading policy by key management personnel prior to listing.

4.8. Australian Financial Services Licence Obligations Of AFML

As an Australian Financial Services Licensee, AFML has obligations under its Australian Financial Services Licence and under the Corporations Act.

Those obligations include ensuring that financial services are provided efficiently, honestly and fairly and that adequate arrangements are in place for the management of conflicts of interests that may arise in relation to activities under its licence. In addition, AFML must also ensure that its representatives are competent to provide the financial services under its licence, and do so complying with all legal requirements.

4.9. Board

The AFML Board meets on a regular basis and is required to discuss pertinent business developments and review the operations and performance of the Fund.

The Board has adopted a charter that sets out the role, composition and responsibilities reserved to the Board, those delegated to senior management, and those specific to the Chairman. The Board has also adopted a delegations policy which formalises and discloses the functions delegated to senior management outside the Board. The current membership of the Board is set out below.

Board Membership	Date of Appointment
Mr Vic David Cottren	Appointed 2 March 2007 - indefinite
Mr Michael Francis Johnstone	Appointed 2 March 2007 - indefinite
Mr Warner Kenneth Bastian	Appointed 1 March 2009 - indefinite

The Board considers that individually and collectively the Directors bring a level of skill, knowledge and experience that enables the Board to discharge its responsibilities. All Directors have an understanding of financial services. The extensive financial services experience within the Board spans involvement in managing a diverse range of asset management, financing and corporate advisory activities. The Board considers the Directors' diverse range of skills and experience is appropriate to discharge their responsibilities and duties.

In determining the independence of Directors, the Board has had regard to the criteria set out in the ASX Corporate Governance Council's best practice recommendations. The Board has regard to "AASB Standard 1031 – Materiality" to determine the levels of materiality. A relationship is presumed immaterial when it generates less than 5%, and presumed material when it generates more than 10%, of group revenue during a 12 month period in the absence of evidence or convincing argument to the contrary. The Board takes into account the strategic value and other aspects, including non-quantitative aspects, of the relationship in question. For the purpose of assessing the materiality of relationships between a non-executive Director and a member of the Austock Group (other than as a Director), the threshold is set according to the significance of that relationship to the Director in the context of their activities as a whole. The Board adheres to the ASX Corporate Governance Council's best practice recommendation that a majority of the Board should be independent directors and the Chairman should be an independent director.

4.10. Compliance Plan

The Fund has adopted a compliance plan which identifies the Fund's key compliance obligations and the measures in place to address them. The Compliance Plan is audited annually by the Fund's auditor, PricewaterhouseCoopers in accordance with the provisions of the Corporations Act. The Compliance Plan is the document which outlines the systems, measures and procedures that have been adopted by AFML to enable it to comply with the provisions of the Corporations Act, ASIC policy and the Constitution. It deals with a range of issues including the formation and operation of a compliance committee, comprising a majority of independent members which must meet periodically to oversee AFML's compliance activities.

Matters covered in detail in the Compliance Plan include procedures for complaints handling, the processing of applications, transfers and distributions; the monitoring and resolution of suspected breaches of the Corporations Act, accounts and record keeping, valuations, registry systems, audits, fee calculations, related party transactions, conflicts of interest and disclosure reporting requirements.

4.11. The Custodian

AFML has appointed The Trust Company Limited to act as custodian of the Fund's assets. The Custodian holds the assets of the Fund on behalf of AFML and must only act on instructions from AFML. Refer to Section 9.3 for more details concerning the Custody Agreement.

5. Key Financial Information

Set out below is a summary of the key financial position of the Fund with the totals extracted from the audited accounts for that period. A copy of the Fund's audited accounts is available on the Fund's website at www.asifund.com.au.

5.1. Summary Financial Information

Based on the most recent audited information, the net asset position of the Fund is as follows:

Net Asset Position as at:	30 June 2010 ($000's)	30 June 2009 ($000's)
Property Investments		
- Childcare – GoodStart[2]	60,277	60,530
- Childcare – Other Tenants	10,935	14,935
- Commercial Property	15,382	15,330
Total Investment Properties	86,594	90,795
Listed Securities	11,383	7,827
Unlisted Securities	9,682	11,889
Total Securities	21,065	19,716
Total Investments	**107,659**	**110,511**
Cash	4,064	3,695
Other Assets	1,315	1,458
Total Gross Assets	**113,038**	**115,664**
Long-Term Debt	49,883	55,808
Other Liabilities	3,470	2,593
Total Liabilities	**53,353**	**58,401**
Net Assets	**59,685**	**57,263**
Number of units on Issue	28,449,729	28,449,729
Gearing (Gross Debt/Total Assets)	44.1%	48.3%
Per Unit NTA ($)	2.10	2.01

[2] *The tenant was GoodStart during the financial year ended 30 June 2010 and ABC Learning Centres during the financial year ended 30 June 2009*

Earnings available for Distribution are as follows:

For the year ending:	30 June 2010 ($000's)	30 June 2009 ($000's)
Property Income	9,066	8,097
Investment Income	972	1,458
Other Income	94	1,093
Total Income	**10,132**	**10,648**
Finance Costs	3,985	4,655
Responsible Entity's Remuneration	1,210	1,407
Direct Property Expenses	1,425	275
Other Expenses	458	582
Total Expenses	**7,078**	**6,919**
Earnings Available For Distribution	**3,054**	**3,729**

Note 1: A reconciliation between earnings available for distribution to the reported profit/loss in the 30 June 2010 Annual Report is contained in Note 3 of the Annual Report which is available on the Fund's website at www.asifund.com.au.

Note 2: Events and circumstances often do not occur as expected, therefore future results may differ from the historical information shown above and the differences may be material. Consequently, AFML cannot and does not guarantee the achievement of any results. Please carefully consider the risk factors in Section 6 when considering the likely future performance of the Fund.

5.2. Subsequent Events to 30 June 2010

Between 30 June 2010 and 30 November 2010, the following events have occurred:

- One vacant investment childcare property (Midvale) has been disposed of for $0.7 million.
- Proceeds from sales of securities has realised $1.3 million primarily relating to the sale of units in AMP Capital Community Infrastructure Fund .
- The value of the Fund's holding in AEU units has increased by $2.4 million based on AEU's unit price increasing from 54 cents at 30 June 2010 to 70.5 cents at 30 November 2010.
- As at 30 June 2010, the Fund's debt facility with National Australia Bank ("NAB") was extended beyond its original expiry date of 30 June 2010 until 30 September 2010, to allow the orderly negotiation of a new longer term Debt Facility.
- Effective on 24 September 2010, the Fund entered into a new two year Debt Facility for $49.2 million with ANZ replacing the NAB facility.
- Debt has been reduced by $2.2 million to $47.7 million from $49.9 million as at 30 June 2010, which results in an unaudited gearing of 42.6% based on total assets of the Fund.

As a result of these events, the unaudited NTA per Unit of the Fund has increased by $0.11 to $2.21 as at 30 November 2010, based on unaudited management accounts.

The Fund typically undertakes valuations as at 30 June and 31 December and will keep Unitholders updated on a regular basis of any significant changes in any valuations.

The Fund intends to lodge its accounts for the half year ending 31 December 2010 with ASX no later than 28 February 2011.

Each Director confirms that he has made enquiries and that nothing has come to his attention to suggest that the Fund is not continuing to earn profit from continuing operations.

5.3. Historical Distributions

Actual for year ending 30 June	2006	2007	2008	2009	2010
Distribution (cents per Unit)	22.6	23.2	23.2	6.0	7.7
Tax deferred proportion	45%	21%	56%	0%	1%

Note 1: Events and circumstances often do not occur as expected, therefore future results may differ from the historical information shown above and the differences may be material. Consequently, AFML cannot and does not guarantee the achievement of any results. Please carefully consider the risk factors in Section 6 when considering the likely future performance of the Fund.

For further details in relation to the tax deferred proportion of distributions please refer to Section 8.1.

Due to the distribution restrictions placed on the Fund by NAB and the receivership of ABC Learning Centres, the Fund did not distribute all of the income available for distribution for the financial years ending 30 June 2009 and 2010. In these years, the Fund distributed income marginally higher than the Fund's taxable income, which was in accordance with the Fund's obligations under its Constitution.

5.4. Current Distribution

The Fund is currently paying quarterly distributions and has paid a distribution of 3 cents per Unit for the quarter ended on 30 September 2010. It has also announced a 3 cents per Unit distribution for the quarter ending 31 December 2010. The Fund is forecast to distribute between 12 and 14 cents per Unit for the year ending 30 June 2011. Part of this is expected to be on a tax deferred basis.

5.5. Distribution Policy

The Constitution requires the total taxable income of the Fund in any financial year to be distributed to Unitholders, which means that under existing taxation legislation the Fund should not be liable for income tax and therefore the taxable income of the Fund will be taxed in the hands of its individual Unitholders. It is the Fund's intention that the net income in each financial year of the Fund will be fully distributed to Unitholders.

5.6. Distribution Reinvestment Policy

The Fund's distribution reinvestment plan was suspended on 31 July 2007. It may be re-introduced if considered appropriate by AFML. Prior to any possible re–introduction, Unitholders will be advised of relevant details and will be given an opportunity to participate.

5.7. Historical Net Tangible Asset Value of Units

The net tangible asset value of the Fund's Units as at 30 June 2009 was $2.01 and as at 30 June 2010 was $2.10.

5.8. Secured Debt Facility

ANZ has provided the Fund with a Debt Facility of $49.2 million which expires on 24 September 2012. As at 30 November 2010, the amount drawn under the Debt Facility was $47.7 million.

The security granted in favour of ANZ in support of the obligations under the Debt Facility is limited to the assets of the Fund and includes real property mortgages over the relevant properties.

The Fund has given various representations, warranties, covenants and undertakings to ANZ, including in relation to its corporate status and the properties. A default regime applies to the Debt Facility and any breach of this default regime may entitle ANZ to enforce its security. The covenants include:

Maximum Loan to Value Ratio (Gross Debt/Investment Properties)	Pre 30 June 2011 of 57.5% and post 30 June 2011 of 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

For further detail, refer to Section 9.5.

6. Risks

The risk factors associated with an investment in Units in the Fund fall into the following broad categories:

- Risks associated with the Fund's property investments;
- Risks associated with the Fund's investments in securities;
- Risks associated with any investment in listed securities;
- Risks associated with investing in the Fund; and
- Other risks.

AFML considers that the summary below, which is not exhaustive, represents the significant risk factors of which potential Unitholders need to be aware. These risks, if they occur, could materially affect the value of Units, the size and timing of distributions and the underlying value of the Fund's properties.

Some risks may be unforeseen or unknown to AFML and other risks, currently believed to be immaterial, could turn out to be material.

The Directors recommend that investors examine the contents of this Information Memorandum and any future updates issued by AFML in their entirety and consult their professional advisors before deciding whether or not to buy or sell Units in the Fund.

6.1. Risks associated with the Fund's Property investments

Debt and interest rates	The Fund has an interest only Debt Facility with ANZ which as at 30 November 2010 was drawn to $47.7 million. The terms of the Fund's Debt Facility require that 60% of the Debt Facility is secured by interest rate hedges. At the date of this Information Memorandum 73% of the Debt Facility has been hedged, leaving 27% unhedged for the term of the facility. Unfavourable movements in interest rates could lead to increased costs. This could result in a reduction to the Fund's distributions, or in extreme circumstances, failure to meet interest obligations. As long term debt is renewed, changes in bank margins and interest rates may occur.
Refinancing of existing Debt Facility	The Debt Facility will need to be refinanced on or before its maturity date of 24 September 2012. There is a risk that the Fund will be unable to arrange a refinancing facility as and when required to repay the Debt Facility, or that the terms of any refinancing are less favourable to the Fund than expected.
Reliance on lessees	A tenant of the Fund may be unable to honour its obligations. A default could result in a reduction in the Fund's distributions, or in some circumstances, a failure by the Fund to meet its obligations under the Debt Facility. As 42 of the directly held investment properties are leased to GoodStart and the Fund is further exposed to GoodStart through its ownership of securities in AEU, the Fund has a material exposure to GoodStart.
Growth opportunities	The Fund expects future growth will be derived from organic sources and through new acquisitions. The success of any future property acquisitions will depend on a number of factors including availability, the terms of the acquisition and the financial position of the Fund. No assurance can be given that the Fund will be able to successfully undertake further acquisitions.
Property market	The resale value of the Properties may fall as well as rise leading to losses or gains. There is no certainty as to the state of the Australian property market during the life of the Fund and no guarantee can be given as to the resale value of the Properties should

	they be sold.
The childcare properties are illiquid assets	The childcare properties are illiquid assets and the Fund may not be able to dispose of such Properties at their fair value or in a timely manner.
Performance of investment Properties	The performance of the Fund depends upon the Fund's ability to efficiently manage the Fund's Property portfolio. There is no guarantee that existing or future investments will be successful or that any further properties will be acquired.
Unplanned capital expenditure	Unforeseen capital expenditure requirements may affect the ability of the Fund to meet its obligations to ANZ under the Debt Facility and to other creditors, as well as affecting the level of distributions to Unitholders.
General economic conditions may impact on the Fund	The operating and financial performance of the Fund is influenced by a variety of general economic and business conditions, including inflation, interest rates, access to debt and capital markets, and government fiscal, monetary and regulatory policies. In particular, movement in general economic conditions, inflation and interest rates may affect the value of the Fund's assets. Property values and, therefore, the level of growth in value of the Fund's Properties, may be affected by these factors.
Destruction of the Properties and insurance	Insurance in relation to the Fund's assets may not cover all events or all claims made. Further, appropriate cover for terrorism and other uninsurable risks may not be available, or the cover that is available may not be adequate or commercially viable.
Change in discount rates used in valuing properties	The future valuations of the properties by AFML and independent valuers appointed by AFML will be undertaken using a variety of methods, including the application of discounted cash flow analysis. The valuations will therefore be sensitive to the choice of discount rate used. The AFML Directors intend to use market determined discount rates, adjusted for the level of risk, in performing the valuations. If discount rates increase, it may lead to a reduced valuation and possibly a breach of the Fund's gearing covenants in its Debt Facility. The market's valuation of the Fund's assets will also be susceptible to movements in comparable discount rates, which may affect the Fund's financial performance, financial position, cash flows, distributions, growth prospects and Unit price.
Distributions to Unitholders may be restricted by ANZ	ANZ has the right to prevent the Fund paying cash distributions to Unitholders if certain financial covenants and other distribution tests are not met. In this situation the Directors may elect to suspend distributions or distribute Units in the Fund to Unitholders instead of cash.
Access to funding	The Fund's ability to make further investments is dependent on its ability to access funding from external sources, which may be in the form of debt, equity or quasi-equity. There can be no assurance that any such funding will be available to the Fund on favourable terms, or at all, if required by the Fund. If adequate funds are not available on acceptable terms, the Fund may not be able to take advantage of investment opportunities. This may have a material adverse effect on the Fund's financial position, financial performance, cash flows, distributions, growth prospects and Unit price.
Dilution	Future capital raisings and equity-funded acquisitions by the Fund may dilute the holdings of Unitholders. This may have a material adverse effect on the Fund's financial performance, distributions, growth prospects and Unit price.

6.2. Risks Associated with the Fund's investments in securities

Investment in listed securities	The risks outlined in Section 6.3 may also affect the Fund's investment in listed securities, including the units it holds in the Australian Education Trust.
Investment in unlisted securities	There can be no guarantee that the Fund will be able to sell its investment in unlisted securities, or that any such sale will be at an amount equivalent to the net value of the securities.

6.3. Risks associated with any investment in listed securities

The price of the Units on the ASX will fluctuate	The market price of listed securities such as the Units will be affected by numerous factors including, but not limited to, general movements in Australian and potentially international stock markets. The price of the Units will also fluctuate due to changes in the market rating of the Units relative to other listed and unlisted securities, other investment options such as debentures or interest bearing deposits and investor sentiment towards the Fund. Unitholders who wish to sell their Units may be unable to do so at an acceptable price.
Unit price may not reflect net asset value	The Units may trade on the ASX at prices that may not fully reflect the Fund's underlying net asset value. Unitholders who wish to sell their Units may be unable to do so at an acceptable price.
No guarantee of continued liquidity in the Units	There can be no guarantee that liquidity will be maintained and the number of potential buyers or sellers of the Units on the ASX at any given time may vary. This may increase the volatility of the market price of the Units and therefore affect the market price at which Unitholders are able to sell their Units. The listing of Units on the ASX should give Unitholders greater liquidity to trade through the financial market operated by the ASX than otherwise available through the Fund.

6.4. Risks associated with investing in the Fund

General economic conditions	Investment returns are affected by a range of economic factors including changes in interest rates, inflation, labour markets, general share market conditions, government policies (including monetary and taxation policies and other laws), fluctuations in general market prices for property and other investment products and the general state of domestic and world economies. A prolonged downturn in the economy will have an impact on the labour market and, in the turn, the demand for childcare. This may adversely affect the operations of the childcare industry in general and may impact on the Fund's primary tenant's (GoodStart's) ability to meet its obligations to make payments to the Fund under the leases with the Fund. This would have an adverse effect on the investment return of the Fund.
Share market conditions	Fluctuations in the price of Units will be attributable both to macro level conditions (including the performance of other stock markets, local and international economic conditions, government policy and actions) and investors' general perceptions of the market, together with sector and stock specific factors. Investors should be aware that the price of Units in the Fund may trade at higher or lower levels than the NTA per Unit as at the date of this Information Memorandum.

The regulatory environment	The childcare industry is subject to a number of regulatory influences. Changes to state government policies on the regulation of childcare and on the structure of the early childhood education system may have a direct impact on the operation of childcare centres and therefore the properties owned by the Fund. A reduction in the Commonwealth government's financial assistance to the sector may reduce the affordability of childcare to parents and hence the financial viability of the Fund's tenants and ultimately their ability to meet their obligations to the Fund under the lease agreements. AFML is not aware of any adverse changes proposed to the regulatory environment as at the date of this Information Memorandum. Other factors may also affect the financial viability of the tenants' businesses, including matters such as increases in wages or other changes in workplace conditions. These factors may ultimately affect the tenants' ability to meet their obligations to the Fund under their leases.
The early-years demographic structure of the Australian population	As the underlying demand for childcare is driven by the numbers of children in the 0-5 year age bracket, changes in the expected numbers of children in this bracket will have an impact on the childcare sector in which the main tenants of the Properties owned by the Fund operate. Similarly the labour force participation rate of women with children in this age bracket will be a key determinant of the market for childcare and childcare management services.
Barriers to entry and competition	There are few formal barriers to entry in the childcare industry and increased competition may impact on occupancy and reduce revenue and profit of the Funds' main tenants and their ability to meet their obligations to the Fund under their leases.
Industry risk	The long day care sector of the Australian childcare industry comprises a large number of childcare centres in a diverse number of locations. It is possible that an event occurring in a centre or a number of centres which may not be owned by the Fund (such as the outbreak of sickness or a labour relations problem), may negatively affect investor perceptions of the industry and the business of the Fund and its tenants.
Distributions may vary and the Fund may not be able to pay distributions	The ability of the Fund to pay quarterly distributions is dependent upon the Fund having sufficient cash resources and distributable income. Whilst the level of income derived by the Fund from year to year is expected to be relatively certain, default in payment of rent by any of the lessees of the Properties or variances in the costs of operating the Fund may affect the level of income available for distribution as well as the timing of distributions.
Units rank behind all creditors of the Fund	Unitholders will rank behind all creditors of the Fund on any winding up of the Fund. In the event of a shortfall of funds on a winding up, there is a risk that Unitholders will not receive a full (or any) return of capital.
The taxation treatment of Units in the Fund may change	A general outline of the consequences for an Australian taxpayer investing in Units is set out in Section 8. That outline is in general terms and is not intended to provide specific advice in relation to the circumstances of any particular investor. Accordingly, investors should seek independent advice in relation to their own individual taxation position. Investors should be aware that changes in Australian taxation law (including changes in interpretation or application of the law by the courts or taxation authorities in Australia) may materially affect: (a) the taxation treatment of an investment in Units, the holding or disposal of Units or the treatment of distributions; and (b) the financial performance, the financial position, cash flows, distributions, growth prospects and the quoted price of Units.

6.5. Other Risks

Unforeseen circumstances may arise in respect of the Fund	Major unforeseen circumstances may occur in respect of the Fund or its assets and affect the ability of the Fund to meet its obligations under the Debt Facility or its leases or other contracts. Such circumstances in respect of the Fund may include major litigation; significant industrial action; or other causes of business interruption.
RG46 Risk Disclosure Notice	ASIC requires responsible entities of unlisted property funds in which retail investors invest to address eight disclosure principles which are set out in Regulatory Guide 46 Unlisted property schemes - improving disclosure for retail investors (RG 46). These disclosure principles are intended to assist retail investors to understand the risks associated with investing in unlisted property funds and to decide whether such investments are suitable for them. A copy of the Fund's risk disclosure notice dated 30 September 2010 is set out in Annexure 3.

7. Fees and Costs

7.1. Consumer Advisory Warning

Before setting out the fees and other costs for the Fund, we are obliged to provide you with the following Consumer Advisory Warning:

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of two percent of your fund balance, rather than one percent, could reduce your financial return by up to 20 percent over a 30 year period (for example, reduce it from $100,000 to $80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the Fund or your financial advisor.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (fido.asic.gov.au) has a management investment fee calculator to help you check out different fee options.

7.2. Fees and other costs

This section shows fees and other costs that you may be charged. These fees and costs may be deducted from the returns on your investment or from the Fund's assets as a whole.

A description of taxes associated with the Fund's activities and your investment in the Fund are set out in the taxation summary in Section 8.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

All fees referred to in this section are inclusive of GST.

Type of Fees or Cost Fees when your money moves in and out of the Fund	Amount	How And When Paid
Establishment Fee The fee to open your initial investment	Nil	Not applicable
Contribution Fee The fee on each amount contributed to your investment	Nil	Not applicable
Withdrawal fee The fee on each amount you take out of your investment	Nil	Not applicable
Termination fee The fee to close your investment	Nil	Not applicable

Management Costs	Amount	How And When Paid
The fees and costs for managing your investment	Administration costs: the costs associated with operating the Fund. Fund expenses estimated to be between 0.4% - 0.6% of the Total Asset Value.	Paid when incurred or when reimbursement is claimed.
	Management Fee: a management fee of 1% of the Total Asset Value of the Fund. Refer to Section 7.4(a) for further details.	Paid monthly in arrears.
	Acquisition Fee: 2% of the purchase price of any real property acquired for the Fund.	Paid upon settlement of acquisition.
	Disposal Fee: 2% of the excess of net selling price above the purchase price of the real property sold by the Fund.	Paid upon settlement of property disposal.
	Termination Fee: 2% of the value of assets of the Fund.	Paid upon removal of AFML as Responsible Entity of the Fund

Services Fees	Amount	How And When Paid
Investment switching fee (the fee for changing investment options)	Nil	Not applicable

7.3. Example of Annual Fees and Costs

Example: Unitholder account balance of $50,000	Amount	How And When Paid
Contribution fees	Nil	
PLUS Management Costs	$500 pa	A management fee of 1% may be charged by AFML against the Fund based on the value of the assets in the Fund.
EQUALS Cost of the Fund	$500 pa	

7.4. Additional Explanation of Fees and Costs

(a) Administration costs and third party expenses

AFML is entitled to be reimbursed for all reasonable outgoings and disbursements in connection with the operation of the Fund and the custody of the assets of the Fund. These expenses typically include costs incurred in relation to auditors fees, borrowing costs, compliance fees, custodian fees, investor communications, legal services, property management services, unit registry services and valuation services.

(b) Management Fee

A management fee of 1% (excluding GST) of the total value of the assets of the Fund is charged by AFML as per the Constitution. The fee is calculated monthly and is payable to AFML monthly in arrears before payment of distributions. AFML's management fee based on the value of the assets of $113.0 million as at 30 June 2010 would be $1.13 million per annum.

(c) Acquisition fee

AFML is entitled to an acquisition fee of 2% of the purchase price of any real property acquired for the Fund. This fee is in respect of the identification, analysis, negotiation and co-ordination of the acquisition of the property and is only payable when the acquisition occurs.

(d) Disposal fee

AFML is entitled to a disposal fee of 2% of the excess of net selling price above the purchase price of the real property. The net selling price is the sales price of the property after deduction of agents' fees, legal fees relating to the sale, advertising and auction expenses.

(e) Termination fee

AFML is entitled to a fee of 2% of the value of the assets of the Fund if it is removed as Responsible Entity of the Fund.

(f) Related Party Transactions

Unitholders should note in addition to the fees outlined in this Information Memorandum, AFML and its related entities are entitled to fees and income from other funds in which the Fund is currently invested.

(g) GST

All fees and charges outlined in this section of the Information Memorandum are quoted exclusive of GST.

8. Taxation

The following is a summary of the general tax implications of an investment in the Units for an Australian resident individual investor who holds the Units on capital account and is based on the income tax law as at the date of this Information Memorandum. Each investor's taxation position will depend on their individual circumstances. We recommend that you consult your own professional advisor as the summary contained in this section is necessarily general in nature.

It should be noted that taxation laws can change at any time and such change may have adverse taxation consequences on the Unitholders concerned.

No immediate taxation consequences for Investors will arise from the Fund listing on the ASX. The listing process will not involve a disposal of Units for capital gains tax purposes.

8.1. Taxation of Unitholders

Under present legislation, the Fund is treated as a flow-through vehicle, and therefore the Fund is not liable to pay tax on its taxable income provided its net income is fully distributed to Unitholders.

It is intended the net income of the Fund will be fully distributed to Unitholders, however the Fund is not able to distribute losses.

Unitholders are required to include their share of the taxable income of the Fund in their own annual tax returns.

So as to assist Unitholders, the Fund will provide an annual distribution statement showing the components of a Unitholders allocation of the income of the Fund and the tax assessability of those components.

The tax deferred component results from the availability of tax deductions for capital works, depreciation of buildings fixtures and fittings.

Tax deferred amounts received by Unitholders do not constitute assessable income and will result in a reduction in cost base of the Units held by the Unitholders for tax purposes. In the event that any tax deferred amounts cumulatively exceed the cost base of the Unitholders’ Units in the Fund, a capital gain may arise to the extent of the excess in the hands of the Unitholder.

If the cost base of the Unitholders’ Units is reduced at the time of sale of the Units, then the capital gain on disposal will be assessed on the difference between the reduced cost base and the selling price. If Units have been held for 12 months or more and there is a capital gain, a discounting factor may be available to certain Unitholders. The discounting factor for Australian resident individuals is 50%.

Unitholders are advised to seek their own independent tax and accounting advice.

8.2. Goods and Services Tax

The purchase and disposal of Units in the Fund by Unitholders is not subject to GST.

8.3. Tax File Numbers

In the event, that a Unitholder has not quoted a Tax File Number (TFN), or no appropriate TFN exemption is provided, tax is required to be deducted from any income distribution entitlement at the highest marginal tax rate plus Medicare levy.

8.4. Stamp Duty

As the register of the Fund is maintained in Victoria, no marketable securities duty is payable on the transfer of Units in the Fund.

Land rich duty may be payable on the issue, redemption or transfer of Units in any Australian jurisdiction where the Fund owns land, unless the Fund is a public unit trust for the purposes of the duties legislation in the relevant jurisdictions. The Fund currently owns land in Queensland, Victoria, the Northern Territory, South Australia, Western Australia and New South Wales.

At the date of this Information Memorandum the Fund is a public unit trust in each of these states. AFML will monitor the Unit register of the Fund on an ongoing basis to ensure as best AFML can the Fund remains a public unit trust scheme in each state at all times. Whilst the Fund is a public unit trust, no land rich duty will be payable on the issue, transfer or redemption of any Units, based on the current portfolio of the Fund, under current legislation.

9. Material Documents

9.1. Summary of all Material Documents

The following is a summary of material documents relating to the Fund. This summary is not exhaustive and you should refer to (and the following is subject to) the Constitution, Corporations Act, the Listing Rules and the general law for further information about the rights attaching to Units.

The actual terms of the relevant document will prevail over this summary if there is any inconsistency. The summaries are not exhaustive, as many of the documents are lengthy and complex in nature.

Contract	Parties	Purpose	Section
Fund establishment			
Constitution of the Fund	AFML	Sets out many of the rights and obligations of Unitholders and AFML as Responsible Entity of the Fund.	Section 9.2
Property Management			
Custody Agreement	AFML and the Custodian	Sets out the rights and obligations of the Custodian, who holds the trust assets as directed by AFML.	Section 9.3
GoodStart Leases			
Childcare Properties – GoodStart	GoodStart, AFML and the Custodian	Sets out the terms of the leases of the GoodStart properties.	Section 9.4
Financing Agreements			
Debt Facility and ancillary documents (including security documents)	ANZ, AFML and the Custodian	Sets outs the terms of the Debt Facility provided by ANZ to AFML.	Section 9.5

9.2. Constitution of the Fund

The Fund has been registered as a managed investment scheme under the Corporations Act. Provisions of the Corporations Act (including the conditions of any ASIC relief) and the Listing Rules will affect the operation of the Constitution and the rights and obligations of the Unitholders. The Constitution is a legally enforceable deed. Important features of the Constitution are set out below.

(a) Authorised investments

The Constitution of the Fund authorises the investment of the Fund in:

- real property;
- securities;
- unit trusts (including Units in the Fund);

- any deposit with or any negotiable instrument accepted, endorsed or issued by, an Australian ADI, as defined in Section 9 of the Corporations Act;
- any deposit at call or for a term with, or loan, to any financial institution not referred to in the above paragraph;
- bills of exchange, promissory notes or commercial bills issued by any financial institution;
- the taking, granting, buying or selling of options in relation to any of the above; and
- any other investment determined by AFML to be an authorised investment for the purpose of the Constitution.

It is the intention of AFML that the Fund invests only in the categories of authorised investments that meet the investment objectives of the Fund.

(b) Voting rights

Subject to any special rights or restrictions for the time being attached to any class of Units, at a general meeting, each Unitholder present in person or by proxy, attorney or representative has one vote per Unit held on a show of hands or on a poll.

(c) Unitholder Rights, Meetings

Unitholders are entitled to:

- receive their share of the Fund's distributed income and capital;
- transfer their Units or have them pass to any surviving joint holder or their estate;
- receive the financial statements of the Fund and accompanying statutory reports;
- remove AFML in certain circumstances; and
- demand, attend and vote at Unitholders' meetings.

(d) Assets held on trust

The assets of the Fund are vested in and held on trust by AFML for Unitholders on the terms and subject to the conditions of the Constitution, and Responsible Entity must, if, and to the extent required by the Corporations Act, clearly identify the Assets and hold the Assets separately from the assets of AFML. Subject to its duties as trustee, AFML has an absolute discretion as to the investment of the assets of the Fund in any authorised investment.

Each Unit confers on the Unitholder an undivided interest in the assets of the Fund in the proportion that the Unit bears to the total number of Units on issue.

(e) Issue of further Units or other Instruments

Subject to the Constitution, Corporations Act, Listing Rules and any conditions of ASIC relief (if applicable), AFML may issue additional Units, set a maximum number of Units on issue, or a minimum number of Units in a Unitholding, and may vary such numbers at any time.

AFML must not issue a Unit except at an issue price determined in accordance with the Unit issue price provisions of the Constitution. Subject to the specific provisions of the Constitution relating to the issue price of Units for pari passu rights issues, distribution reinvestment and placements, the issue price of Units once quoted must be a price that is not less than 90% of the Market Price (as defined in the Constitution) on the Business Day immediately prior to the date of issue.

The issue price of Units for pari passu (proportionate) offers such as rights issues must not be less than 85% of the Market Price.

The issue price of Units for placements may vary from the prescribed application price provided that the approval of Unitholders is obtained if the number of Units to be issued pursuant to the placement, together with any related issue in the previous year, is greater than 15%.

(f) Powers and duties of AFML

The Responsible Entity has all the powers over and in respect of the Fund and the Fund's assets and liabilities, including using the assets and credit of the Fund and doing anything else on behalf of the Fund which it could exercise and do if it were the absolute and beneficial owner of the Fund and the assets.

(g) Rights and liabilities of Responsible Entity

Subject to the Corporations Act, nothing in the Constitution restricts AFML or its related bodies corporate or associates from exercising their powers and discretions, even if such persons have a direct or personal interest in the exercise of the power or discretion, or benefit from the exercise of the power or discretion or have been a Unitholder.

(h) Limitation of liability and indemnity in favour of AFML

To the extent permitted by the Corporations Act, AFML and its Directors and officers are not personally liable to any Unitholder or other person for any loss suffered in any way relating to the Fund, or for any act or failure to act in connection with the Fund or with the office of AFML or director or officer thereof, except for its own fraud, negligence or breach of trust.

AFML is entitled to be indemnified out of Fund assets for any liability incurred by it properly performing or exercising any of its powers or duties in relation to the Fund.

(i) Remuneration and expenses of AFML

AFML is entitled to be paid certain fees for its services to the Fund, the details of which are set out in Section 7.2. AFML will, in addition to such fees, be indemnified and reimbursed out of the Fund for all costs, charges and expenses properly incurred in connection with the establishment, administration, management and winding up of the Fund by AFML or its agents or the performance of their duties under the Constitution. Any transaction tax payable by AFML in respect of those costs, charges and expenses is likewise indemnifiable and reimbursable once paid.

(j) Removal and Retirement of AFML

If AFML is removed from the management of the Fund, in consideration of AFML arranging the handover of the management of the Fund to a new responsible entity, AFML will be paid out of the Fund a sum equal to 2% of the sum of the total asset value within 7 days of completion of the handover.

AFML may retire as the Responsible Entity of the Fund as permitted by law. Any proposed replacement responsible entity must execute a deed by which it undertakes to the Unitholders to carry out the obligations of the responsible entity under the Constitution.

(k) Liability of Unitholders

The liability of Unitholders is limited to the amount, if any, which remains unpaid in relation to the unpaid application monies for their Units. Unitholders do not need to indemnify AFML if there is a deficiency in the assets or meet the claim of any creditor of AFML in respect of the Fund.

(l) Transfer of Units and Withdrawal from the Fund

Unitholders may transfer Units in the manner prescribed by the Responsible Entity.

Unitholders may not withdraw from the Fund or require their holding to be purchased, re-purchased or redeemed. In certain circumstances the Manager may arrange for small holdings of less than 2,000 Units to be redeemed.

(m) Termination of the Fund

The Fund shall be terminated on the first to occur of:

(a) a resolution being passed by Unitholders to terminate the Fund;

(b) the tenth anniversary of the first Unitholder being registered (ie: 6 March 2011) unless the Fund is listed on a prescribed financial market;

(c) the Fund being delisted or suspended from trading for a continuous period of at least three months;

(d) the date on which the Responsible Entity determines that it is in the interest of Unitholders to terminate the Fund; or

(e) winding up by Court order.

Following the termination of the Fund, the Responsible Entity must as soon as possible convert the assets into money, pay the liabilities, and after making allowance for all liabilities of the Fund (actual and anticipated), pay the balance to Unitholders in accordance with the Constitution.

(n) Amendments to the Constitution

The Constitution may be amended either by a special resolution of the Unitholders or by the Responsible Entity if the Responsible Entity reasonably believes the change will not adversely affect the rights of the Unitholders.

(o) Distributions

Any distribution shall be paid within two months of the end of the relevant distribution period.

The distributable income of the Fund for each distribution period is determined by calculating the net taxable income of the Fund for that distribution period plus so much of the amount by which the income of the Fund for that distribution period exceeds the net taxable income that AFML has determined is to be distributed, less the non-cash income, plus the amount of any capital which AFML has determined is to be distributed. If AFML determines that it is not practical to distribute net income received in a distribution period, it may in its discretion treat such net income as being received in the next distribution period.

A Unitholder is entitled to a proportion of the distributions at the end of each distribution period on a pro rata basis with all other Unitholders. AFML may also make distributions of capital or income to particular Unitholders, either in cash or by way of bonus Units.

A Unit gives the Unitholder the right to participate in the division of any surplus assets or profits of the Fund on the winding up of the Fund on a pro rata basis with all other Units.

9.3. Custody Agreement

AFML and The Trust Company of Australia Limited (Custodian) have entered into a custodian agreement (Custody Agreement) under which custodial services are provided by the Custodian in respect of the assets of the Fund. The Custodian has agreed to, or warranted that it will, comply with the Corporations Act and relevant ASIC policy as they relate to its duties in respect of the assets of the Fund.

The Custodian indemnifies AFML for loss or damage suffered by AFML as a result of the Custodian breaching its obligations under the Custody Agreement. The Custodian is not liable for damage or loss caused by circumstances beyond its control, errors in AFML's instructions, compliance with AFML's instructions or any clearing agency or security depository failure, or for any special or consequential loss. The Custodian must take out and maintain appropriate insurance cover for a provider of custodian services. AFML indemnifies the Custodian for loss or damage suffered in relation to the Fund assets or the holding of such assets under the Custody Agreement.

The Custodian must not effect any transactions involving Fund assets unless it has received proper instructions from AFML. If properly instructed to do so by AFML, the Custodian is required to enter into contracts or effect transactions in relation to the assets of the Fund and to hold the assets of the Fund (including property titles and leases) on AFML's behalf. The Custodian's duties also include opening and maintaining bank accounts to hold cash, application monies in respect of Units and Fund income (such as rent), providing security in respect of the Fund assets, the maintenance of proper records, establishment and maintenance of internal controls to ensure compliance with the Custody Agreement, and the provision of reports to AFML.

The role of the Custodian, as agent of AFML, is limited to holding the assets of the Fund separate to the assets of AFML. The Custodian is not responsible for the operation of the Fund and has no liability or responsibility in respect of its investment performance. AFML is responsible for ensuring that the Custodian has all the information and proper instructions it needs to carry out its obligations.

The Custodian is entitled to payment of a prescribed fee, and to be reimbursed for administrative expenses in handling the Fund assets and for all taxes, costs, charges and expenses properly incurred by the Custodian in satisfying its obligations under the Custody Agreement.

The Custody Agreement continues until terminated. Either party may terminate the Agreement on 60 days notice and in addition, either party may immediately terminate the Custody Agreement upon the occurrence of a material breach, change of control or an insolvency event in respect of the other party.

9.4. Summary of the Fund's GoodStart Leases

Landlord

The Custodian as custodian of the Fund.

Tenant

GoodStart Childcare Limited.

Commencement Date, Term and Option Terms

The Fund entered into new leases with GoodStart on 31 May 2010 contemporaneously with the surrender of the former leases of those same properties to ABC Learning Centres. The leases were entered into for the equivalent of the unexpired remainder of the 10 year terms of the ABC Learning Centres leases, together with taking up any imminent options. This allowed new leases to be entered into without any diminution in lease tenure.

The remaining option terms can be exercised at any time by either the tenant or the landlord, with some of the first option terms having already been exercised. The landlord intends to exercise each option term unless it considers it not to be in the best interests of Unitholders. The Ultimate Expiry Date (the expiry date of the lease which would be in existence if all options to renew such lease granted in favour of the landlord, were exercised) is accordingly used for each GoodStart lease in the calculation of the WALE (as noted in the Glossary).

The leases for four properties to GoodStart are subject to rights of early termination in favour of GoodStart exercisable after two years from the commencement date of such leases if GoodStart has not been able to improve performance sufficiently. Should GoodStart exercise any such right it is required to continue to pay rent (for up to two years) until a new tenant is obtained.

Rent Review

An adjustment in accordance with movement in the applicable consumer price index (CPI) is made on each anniversary of the commencement date, including on the commencement of option terms. Except in Victoria, where legislation prevents this, the leases include a ratchet clause so the rent cannot decrease on the CPI reviews.

Outgoings

Most outgoings must be reimbursed by the tenant, including council and water rates, land tax on a single holding basis (other than Victoria) and landlord's insurance.

Repairs and Maintenance

The tenant is required to keep the premises in good repair and condition.

Permitted Use

The tenant must use the property as a childcare centre and must maintain at all times a childcare licence for the centre.

Assignment

The tenant may only assign these leases or sublet the whole or part of the premises if, before the transaction takes effect, it satisfies the landlord that the proposed new tenant or sub-tenant is financially sound.

Default

The landlord can exercise rights to re-enter or terminate the leases, on giving requisite notice, in the event of default by the tenant in compliance with lease terms.

Independence

The leases are independent.

Bank Guarantees

The Fund 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 bank guarantees currently held is $3.61 million. The Bank Guarantee Governing Deed between GoodStart and the Fund (referred to below), governs the rights and obligations of the parties in relation to the provision, use and return of the pooled bank guarantees.

GoodStart Bank Guarantee Governing Deed

The Bank Guarantee Governing Deed provides that the landlord can make a call or calls on the pooled bank guarantees for breaches of any lease with GoodStart for amounts greater than under the individual bank guarantee which would have been provided under the leases if not for the Bank Guarantee Governing Deed, up to a maximum individual claim of $750,000 against any one property and subject to the overall amount of the bank guarantees.

Deed of Consent to Mortgage of Lease

The Fund gives GoodStart's financiers a right to remedy breaches of lease before action to terminate a lease is taken. GoodStart's financiers agree to be responsible for compliance with the terms of the leases during any period the financier, or a controller appointed by the financier, is in possession of the leased premises.

GoodStart Tripartite Deed with ANZ

GoodStart has agreed, for the benefit of the Fund's financier, not to exercise any rights to terminate or suspend performance arising on a default by the Fund, without first giving the Fund's financier a right to remedy the breach. The Fund's financier has a right to receive rent and the benefit of the performance of the lease covenants by GoodStart during certain security default events.

9.5. Debt Facility

The Fund has entered into a two year Debt Facility with ANZ which expires on 24 September 2012. Key commercial terms of the facility are as follows:

Facility Limit	$49,150,000
Maximum Loan to Value Ratio	(Investment Properties only): 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.
Interest Rate Hedging	Requirement to enter into interest rate hedging arrangements with ANZ for a minimum 60% of facility limit.
Review Events	▪ AFML ceases to be Responsible Entity for ASIF; ▪ AFML fails to update ANZ with respect to listing or deferral of listing by specified dates; ▪ ASIF delisted or suspended from ASX for more than 3 days (excluding trading halt); ▪ Where tenants which account for greater than 10% and less than 15% of rent are more than 30 days in arrears and a secondary discounted LVR test is below 50%; ▪ Where tenants with greater than 15% are placed in default of any of their third party banking arrangements and a receiver/manager is appointed or GoodStart defaults under any of its third party banking arrangements; and ▪ There is a change to two or more members of GoodStart or it loses its status as a charitable entity for tax purposes or its payroll tax exemption.
Event of Default	(aside from standard clauses): Where tenants which account for greater than 15% of rent are more than 30 days in arrears.
Security	▪ Equitable mortgage of shares given by the Custodian over all of the listed and unlisted securities held by the Custodian. ▪ Fixed and Floating Charges given by the Custodian and AFML over all assets and undertakings of ASIF. ▪ Mortgage over the Properties from the Custodian.

10. Additional Information

10.1. ASX Listing and Chess

This Information Memorandum has been prepared in support of an application to the ASX for admission of the Fund to the official list of ASX, and for official quotation of the Units.

ASX has an automated transfer and settlement system for transactions in securities quoted on the exchange, under which transfers are effected in a paperless form and certificates or transfer forms are not issued or required. This system is called the Clearing House Electronic Sub-register System (CHESS).

Holdings are registered in one or two sub-registers:

- an issuer sponsored sub-register; and
- an electronic CHESS sub-register.

At least 2 trading days prior to commencement of trading of the Units on the ASX all Unitholders will be sent an issuer sponsored statement that sets out the number of Units that are registered in their name. This holding statement will also provide details of a Unitholder's Security holder Reference Number (SRN).

A Unitholder who wishes to have Units sponsored by a CHESS participant should forward their issuer sponsored statement and SRN to their broker who will transfer their holding onto the CHESS sub-register.

10.2. Consents, Disclaimers and Disclosures

PricewaterhouseCoopers has consented to being named in this Information Memorandum in the form and context in which it is named and has not withdrawn its consent before the date of this Information Memorandum. PricewaterhouseCoopers has not authorised or caused the issue of this Information Memorandum and takes no responsibility for any part of this Information Memorandum other than references to its name. PricewaterhouseCoopers will be paid a fee of not more than $10,000 for this work and has been paid fees for work undertaken in relation to the Fund for the year ended 30 June 2010, details of which are included in the Fund’s audited accounts available at www.asifund.com.au.

The Trust Company Limited has consented to being named in this Information Memorandum in the form and context in which it is named, and has not withdrawn its consent before the date of this Information Memorandum. The Trust Company Limited has not authorised or caused the issue of this Information Memorandum and takes no responsibility for any part of this Information Memorandum other than references to its name. The Trust Company Limited is entitled to received an annual fee of approximately $60,000 (plus GST) for its work.

Registries Limited has consented to being named in this Information Memorandum as share registry in the form and context in which it is named, and has not withdrawn its consent before the date of this Information Memorandum. Registries Limited has not authorised or caused the issue of this Information Memorandum and takes no responsibility for any part of this Information Memorandum other than references to its name.

Baker & McKenzie has acted as legal advisor to AFML in relation to the Listing and amendments to the Fund's Constitution. AFML estimates that it will pay approximately $55,000 exclusive of GST and disbursements to Baker & McKenzie for this work. Baker & McKenzie has consented to being named in this Information Memorandum in the form and context in which it is named, and has not withdrawn its consent before the date of this Information Memorandum. Baker & McKenzie has not authorised or caused the issue of this Information Memorandum and takes no responsibility for any part of this Information Memorandum other than references to its name.

10.3. Disclosure of Directors' Interests

Other than as stated below and elsewhere in this Information Memorandum:

(i) No amount has been paid or agreed to be paid and no benefit has been given or agreed to be given to a Director, or proposed Director to induce them to become, or qualify as, a Director;

(ii) None of the following persons:

- a Director or proposed Director of the Fund;
- each person named in this Information Memorandum as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Information Memorandum; or
- a promoter of the Fund,

holds or has held at any time in the two years before lodgement of this Information Memorandum with ASX, an interest in the formation or promotion of the Fund, property acquired or proposed to be acquired by the Fund in connection with its formation or promotion, or was paid or given or agreed to be paid or given, any amount or benefit for services provided by such persons in connection with the formation or promotion of the Fund, except as set out elsewhere in this Information Memorandum and below.

The Constitution provides that the Directors may be paid out of the Fund, as remuneration for their ordinary services as Directors, such sum as may be determined by the Fund in a general meeting. Such remuneration shall be a fixed sum and not a commission on or percentage of the operating revenue of the Fund or its profits. The sum so fixed may be divided among the Directors in such proportion as they agree from time to time, or in the absence of any agreement, equally. Presently, the Directors of the Fund receive remuneration in their capacity as Directors of AFML from an entity related to AFML and none of the Directors are remunerated directly by the Fund.

Vic Cottren, the Chairman and Non-executive Director of AFML, has received aggregate director fees in respect of his directorship of various entities within Austock Property in the two financial years up to 30 June 2010 of $116,300 in total.

Michael Johnstone, a Non-executive Director of AFML, has received aggregate director fees in respect of his directorship of various entities within Austock Property in the two financial years up to 30 June 2010 of $138,000 in total.

Warner Bastian, a Non-executive Director of AFML, has received aggregate director fees in respect of his directorship of AFML in the two financial years up to 30 June 2010 of $17,440 in total and also receives a fee of $15,000 per annum as Chairman of the Austock Property Audit and Compliance Committee (which is a Committee of both Austock Funds Management Limited and Austock Property Management Limited).

None of the Directors of the Fund or AFML currently have an interest held either directly or indirectly in Units in the Fund, except Vic Cottren who has an indirect holding of 112,500 units in the Fund. Directors may purchase additional Units by purchasing Units on the ASX and through subsequent offers made by the Fund. The holdings of all Directors will be notified to the market on the Listing of the Fund, and whenever they change.

Vic Cottren is a Director of various Austock Group companies and indirectly holds 27,700 shares in Austock Group.

No Director 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.

10.4. Austock Property Investments

As at 30 June 2010, the Fund holds investments in the following schemes managed by AFML or other entities within Austock Property:

Investment	No. of Units Held	Percentage Interest Held (%)	Value ($)
Listed Securities			
Australian Education Trust (AEU)	14,730,980	10.9	7,954,729
Unlisted Securities			
CIB Fund	3,667,500	15.0	6,748,200

The Fund receives a monthly distribution from the CIB Fund, a fund managed by Austock Property. The Fund has received distributions totalling $880,200 from the CIB Fund since 1 July 2008.

The Fund is entitled to receive a distribution from AEU, a fund managed by Austock Property. Distributions from AEU are currently suspended. The Fund has received distributions totalling $356,490 from AEU since 1 July 2008.

In addition, the Fund has investments in three property trusts managed by Austock Property (the Austock Education Development Trust (Casey), the Austock Education Development Trust (Melton) and the Austock Education Development Trust (Penrith)), which currently have no value.

10.5. Supplementary Information Memorandum

A Supplementary Information Memorandum will be issued if AFML becomes aware of any of the following matters between the issue of this Information Memorandum and the date the Units are quoted:

- a material statement in this Information Memorandum is misleading or deceptive;
- there is a material omission from this Information Memorandum;
- there has been a significant change affecting a matter included in this Information Memorandum; or
- a significant new circumstance has arisen and it would have been required to be included in the Information Memorandum.

10.6. Disclosure

The Fund is a disclosing entity under the Corporations Act and as such the Fund is subject to regular reporting and disclosure obligations. You are able to obtain from, or inspect at, an ASIC office, copies of documents lodged with ASIC in relation to the Fund. Once the Fund is admitted to the official list of the ASX, the Fund will be required to make these disclosures to ASX. Such information disclosed is accessible from the ASX's website at [asx.com.au](asx.com.au).

A person may also obtain a copy of any continuous disclosure notices given by the Fund after lodgement of the 30 June 2010 financial year financial report with ASIC and before the date of this Information Memorandum free of charge from AFML by telephoning Lula Liossi, Investor Relations Manager of AFML on (03) 8601 2668:

- Throughout the life of the Fund, AFML will maintain a register of Unitholders at its registry. The register may be inspected by any member of the public between the hours of 9.00am and 5.00pm, Monday to Friday (excluding public holidays).

10.7. Top 20 Unitholders

As at the date of this Information Memorandum there is a total of 28,449,729 Units on issue all of which are ordinary fully paid Units.

The top 20 Unitholders as at 30 November 2010 are as follows:

Holder Name	No of Units	%
JP Morgan Nominees Australia Limited	1,500,000	5.272
The Trust Company Limited	1,031,777	3.627
Cogent Nominees Pty Ltd	525,132	1.846
National Nominees Ltd	470,921	1.655
Jayrab Pty Ltd	467,089	1.642
Sandhurst Trustees Limited	435,329	1.530
Sandhurst Trustees Limited	420,000	1.476
Forty Eighth Macorp Nominees Pty Ltd	375,000	1.318
McArthur Fibreglass Pty Ltd	290,132	1.020
Mr Hymie Flekser & Mrs Maureen Flekser	238,095	0.837
Sandhurst Trustees Limited	216,716	0.762
Remon Investments Pty Ltd	200,000	0.703
Mr Daniel Vanderhorst	190,476	0.670
Foist Pty Ltd	181,818	0.639
First Transnational Investment Corporation Pty Ltd	180,163	0.633
F S Hespe & Partners Pty Limited	180,000	0.633
Catholic Church Insurances Ltd	170,000	0.598
Mr Terence Hayllar & Mr David Hayllar	167,272	0.588
Mr Claudio Zito & Mrs Joaquinita Zito	165,681	0.582
Mr Warren George Trotman & Mrs Carmel Mynetta Trotman	143,324	0.504
Total	**7,548,925**	**26.534**

There are no options on Unit classes or issue aside from ordinary fully paid Units.

10.8. Distribution of Unitholders

Unitholder spread as at 30 November 2010 is as follows:

Holdings Ranges	Holders	Total Units	%
1-1,000	9	5,035	0.018
1,001-5,000	322	1,177,703	4.140
5,001-10,000	322	2,613,895	9.188
10,001-100,000	626	16,012,671	56.284
100,001-9,999,999,999	29	8,640,425	30.371
Totals	**1,308**	**28,449,729**	**100.000**

10.9. Previous Unit Issues

Details of all issue of Units since 1 July 2005 are as follows:

For the Year Ended	Quantity	Issue Price Per Unit	Circumstance
30 June 2006	320,677	$2.73	Dividend Reinvestment Plan
30 June 2007	367,936	$2.84	Dividend Reinvestment Plan
30 June 2008	55,626	$2.85	Dividend Reinvestment Plan

10.10. Dispute Resolution

If you have a complaint about your investment in the Fund, then you are entitled to have your complaint dealt with in a proper and efficient manner. The Constitution details how complaints can be made and how the Fund must deal with those complaints. If you have a complaint, you should notify the Fund in writing at the address set out in the Corporate Directory. Once a complaint is made, the compliance officer must respond to the complaint in writing within 28 days in an attempt to resolve the issue. If a satisfactory resolution cannot be reached, then you may lodge your complaint with the Financial Ombudsman Service (FOS) which is an external complaints resolution service, or take whatever other action you believe is appropriate. The role of FOS is to provide an independent assessment of the complaint. The FOS can be contacted at follows:

GPO Box 3
MELBOURNE VIC 3001
Phone: 03 9613 7366 or 1300 780 808
Fax: 03 9613 6399

10.11. Environmental and Ethical Considerations

While AFML intends to conduct the affairs of the Fund in an ethical and sound manner, the investment criteria for the Fund do not include giving additional weight to labour standards, environmental, social or ethical considerations when making, retaining or realising an investment in the Fund.

10.12. ASX Waiver Application

The Fund has applied for a waiver from Listing Rule 6.24 in respect of compliance with item 1 of Appendix 6A, on the basis that the Fund will provide an estimated distribution to the ASX on the same day that the distribution record date is announced and will then provide the actual distribution rate as soon as it becomes known.

10.13. Expenses of Listing

All expenses in connection with the Information Memorandum and application for admission to the official list of ASX and for official quotation of the Units on the ASX are being borne by the Fund. Total expenses including professional advisory fees, printing costs and listing fees in relation to the listing and issue of the Information Memorandum are estimated to be a once-off cost of $160,000. A cost of approximately $30,000 will be paid annually in regards to the Fund's administration costs to the ASX. Other costs that may have been incurred and not documented in this document have been minimised and/or absorbed by AFML. AFML is the Responsible Entity for other property funds and has procedures in place which provide a high standard of compliance which in turn mitigate risk for the Fund.

10.14. Consent to issue of the Information Memorandum

This Information Memorandum is authorised by each of the Directors of AFML who consent to its lodgement with the ASX and its issue. This Information Memorandum has been signed by all the Directors.

Victor David Cottren

Michael Francis Johnstone

Warner Kenneth Bastian

Date: 21 December 2010

11. Glossary

In this Information Memorandum, unless the context requires otherwise, the following words and phrases have the meanings set out below:

ABC Learning Centres:	ABC Learning Centres Limited, now known as XYZ Learning Centres Limited (in liquidation)(receivers and managers appointed).
AEST:	Australian Eastern Standard Time.
AFML:	Austock Funds Management Limited (ACN 094 185 092, AFSL 238506), a company wholly owned by Austock Group.
AFSL:	Australian Financial Services Licence.
ANZ:	Australia and New Zealand Banking Group Limited.
ASIC:	Australian Securities and Investments Commission.
ASX:	Australian Securities Exchange.
Austock Group:	Austock Group Limited.
Austock Property:	The property funds management arm of Austock Group.
AEU:	Australian Education Trust.
Board:	The Board of Directors of the Responsible Entity.
Colliers or Colliers International:	Colliers International (Victoria) Pty Limited (ABN 005 032 940)
Compliance Plan:	The Compliance Plan of the Fund, as amended or replaced (see Section 4.10).
Constitution:	The deed executed by the Responsible Entity constituting the Fund as amended and replaced from time to time (see Section 9.2).
Custodian:	The Trust Company Limited
Debt Facility:	The Debt Facility provided by the ANZ for the Fund.
Directors:	The directors of AFML from time to time.
Fund:	The Australian Social Infrastructure Fund (ARSN 094 614 874).
Gearing Ratio:	Gross debt/total assets.
GoodStart:	GoodStart Childcare Limited (ACN 139 967 794)
GST:	Has the meaning it has in the GST Act.
Licensed Places:	The number of day childcare places permitted under licence granted by the relevant government authority, which such places are subject to change from time to time.
Listing:	The listing of the Fund on the ASX without any offer of Units to the public as it has a sufficient spread of Unitholders.
LVR:	Loan to valuation ratio.
NAB:	National Australia Bank Limited.
NTA:	Net Tangible Assets
PA:	Per annum
Properties:	The properties owned by the Fund from time to time including those set out in Section 2 and Annexure 1.

Responsible Entity:	The responsible entity of the Fund, Austock Funds Management Limited (ACN 094 185 092, AFSL 238506), a company wholly owned by Austock Group.
Units:	A unit in the Fund.
Unitholder:	A person (or in the case of joint holders, those persons) who is the registered holder for the time being of any Units in the Fund
WALE:	Weighted average lease expiry is the average lease term remaining to expiry across the portfolio weighted by gross rental income. Where leases contained option terms exercisable by the landlord, the expiry date adopted assumed that all landlord options were exercised.

ANNEXURE 1 – Childcare Properties

The following is a list of childcare properties owned by ASIF as at 30 June 2010.

Address	Suburb	State	Centre Name	Lessee	Licensed Places
6 Clarke Road	Anna Bay	NSW	ABC Anna Bay	GoodStart Childcare Ltd	49
103 Bloomfield Street	Gunnedah	NSW	ABC Gunnedah	GoodStart Childcare Ltd	66
20 Avocet Drive	Estella	NSW	ABC Estella	GoodStart Childcare Ltd	50
2 Bishop Street	Darwin	NT	ABC Stuart Park	GoodStart Childcare Ltd	75
1 Hedley Place	Palmerston	NT	ABC Fairway Waters	GoodStart Childcare Ltd	75
106 Helensvale Road	Helensvale	QLD	Bright Horizons Helensvale	Bright Horizons Australia Childcare (as from 1 November 2010)	82
22 Trout Street	Ashgrove	QLD	ABC Ashgrove	GoodStart Childcare Ltd	120
792 Zillmere Road	Aspley	QLD	ABC Aspley	GoodStart Childcare Ltd	74
73 Zillmere Road	Boondall	QLD	ABC Boondall	GoodStart Childcare Ltd	167
2 Silvabank Drive	Burleigh	QLD	ABC Burleigh	GoodStart Childcare Ltd	82
39 Holland Street	Capalaba	QLD	ABC Capalaba	GoodStart Childcare Ltd	64
1 Third Avenue	Crestmead	QLD	ABC Marsden	GoodStart Childcare Ltd	148
111 Mildura Drive	Helensvale	QLD	ABC Helensvale East	GoodStart Childcare Ltd	65
26 Witton Road	Indooroopilly	QLD	ABC Indooroopilly	GoodStart Childcare Ltd	93
1517 Anzac Avenue	Kallangur	QLD	ABC Kallangur West	GoodStart Childcare Ltd	71
52 Duffield Road	Kallangur	QLD	ABC Kallangur	GoodStart Childcare Ltd	91
120 Olsen Avenue	Labrador	QLD	ABC Labrador	GoodStart Childcare Ltd	84
182 Montyerey Keys Drive	Monterey Keys	QLD	ABC Monterey Keys	GoodStart Childcare Ltd	75
14-20 Burnda Street	Kirwin	QLD	ABC Townsville & Babyworld	GoodStart Childcare Ltd	131
104 Golf Links Drive	Kirwin	QLD	ABC Willows	GoodStart Childcare Ltd	72
6 Boyanda Street	Wishart	QLD	ABC Wishart	GoodStart Childcare Ltd	75
54 Santa Isobel Boulevard	Gaven	QLD	ABC Pacific Pines	GoodStart Childcare Ltd	100
10 Forest Lake Boulevard	Ellen Grove	QLD	ABC Forest Lake & Babyworld	GoodStart Childcare Ltd	134
2 Manra Way	Gaven	QLD	ABC Gavin	GoodStart Childcare Ltd	100
10 Jemima Place	Oxenford	QLD	ABC Coomera	GoodStart Childcare Ltd	148
100 Burrendah Road	Jindalee	QLD	ABC Jindalee	GoodStart Childcare Ltd	74
55-57 Poinsettia Street	Inala	QLD	ABC Richlands	GoodStart Childcare Ltd	110
18-20 Redgum Drive	Regents Park	QLD	ABC Browns Plains	GoodStart Childcare Ltd	60
86 Bridgenorth Street	Carindale	QLD	ABC Carindale	GoodStart Childcare Ltd	60
13 Almara Street	Capalaba	QLD	ABC Capalaba	GoodStart Childcare Ltd	75
Lot 700 Benjamina Street	Mount Sheridan	QLD	ABC Forest Gardens	GoodStart Childcare Ltd	100

Address	Suburb	State	Centre Name	Lessee	Licensed Places
246-250 Riverside Boulevard	Douglas	QLD	ABC Riverside Gardens	GoodStart Childcare Ltd	96
20-22 Orara Avenue	Banksia	QLD	ABC Bankia Beach	GoodStart Childcare Ltd	74
11 Beak Street	Gladstone	QLD	ABC Gladstone	GoodStart Childcare Ltd	74
18 Bainbridge Drive	Pullenvale	QLD	ABC Pullenvale	GoodStart Childcare Ltd	75
39 Ashmole Road	Redcliffe	QLD	ABC Redcliffe	GoodStart Childcare Ltd	68
33 Williams Street	Redcliffe	QLD	ABC Redcliffe Central	GoodStart Childcare Ltd	45
5-7 College Street	Mango Hill	QLD	ABC North Lakes Central	GoodStart Childcare Ltd	119
186 Preston Road	Manly	QLD	Kindy Patch Manly	Kindy Patch Pty Ltd	74
116 Benfer Road	Victoria Point	QLD	Kindy Patch Victoria Point	Kindy Patch Pty Ltd	101
43 Pope Street	Tarragindi	QLD	Leading Childcare Tarragindi	Leading Child Care Pty Ltd	57
39 Osprey Street	Thornlands	QLD	Leading Childcare Thornlands	Leading Child Care Pty Ltd	30
115 Hughes Road	Bargara	QLD	Leading Childcare Bargara	Leading Child Care Pty Ltd	75
18 Bognor Street	Tingalpa	QLD	Leading Childcare Tingalpa	Leading Child Care Pty Ltd	75
1-11 Avocet Drive	Mawson Lakes	SA	ABC Mawson Lakes	GoodStart Childcare Ltd	70
816 Main Road	Eltham	VIC	ABC Eltham	GoodStart Childcare Ltd	120
149-151 Campbell Road	Canning Vale	WA	ABC Promenades	GoodStart Childcare Ltd	85
26 Okehampton Road	Warnbro	WA	ABC Warnbro	GoodStart Childcare Ltd	47
273 Eighty Road	Baldivis	WA	ABC Baldivis	GoodStart Childcare Ltd	85
299-301 South Street	Hilton	WA	Early Learning Services Hilton	Mission Australia Early Learning Services Ltd	75
33-41 Beaconsfield Avenue	Midvale	WA	ABC Midland	Vacant (sold with settlement occurring in August 2010)	94

ANNEXURE 2 – Corporate Governance Policies

The Australian Social Infrastructure Fund (Fund) is a managed investment scheme that is registered under the Corporations Act 2001. Austock Funds Management Limited (formerly, Ceramic 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 (Board) of the Responsible Entity 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 and 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 4 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 6 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.

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.
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. Since the resignation of Mr Vin Harink on 28 July 2008, the role of Chief Executive Officer has been 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. The Board has directed the Company Secretary to produce a policy which outlines the process for performance evaluation of the Board, its committees and individual directors. That policy has yet to be adopted by the Board and implemented. A performance evaluation will be undertaken at the earliest opportunity following implementation of the policy.
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 Section 3.4. In determining the independence of directors, the Board has adopted the criteria set out in section 601JA(2) of the Corporations Act 2001.
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 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 Availability of information	A copy of the policy on Board performance evaluation will be made available on the Fund's website once adopted by the Board. A description of the procedure for the selection and appointment of new directors will also be made available on the Fund's website at this time.

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	The development of a Diversity Policy is underway.
3.3 Disclose measurable objectives for achieving gender diversity and progress towards achieving them	This information will be disclosed in the Fund's 2011 Annual Report.
3.4 Disclose proportion of women employed in organisation	This information will be disclosed in the Fund's 2011 Annual Report.
3.5 Availability of information	A copy of the Austock Group Code of Conduct is available on the Fund's website. A copy of the Diversity Policy will be made available once adopted by the Board.

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 (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. 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 possesses a level of technical expertise appropriate for audit committee membership.
4.2 Structure of Audit Committee	The Board notes that as the Fund will not be included in the S&P / All Ordinaries Index or S&P / ASX 300 Index at the time of listing it is not required to have an audit committee which complies with the Recommendations on composition, operation and responsibilities. During the year the Committee had, at all times, 3 members who were independent. However, not all members were non-executive directors. Mr Penman is a member of the Committee but is not a director of the Responsible Entity. The Board is of the view that it is preferable to have a non-compliant committee that is fully independent than to appoint non-independent directors to the 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 are set out in Section 4.1.
4.4.2 Selection and appointment of external auditor and for rotation of external audit engagement partner	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 Fund audit and review partners at least once every 5 years.
4.4.3 Availability of information	A copy of the Audit and Compliance Committee Charter is available on the Fund's website. Information on the procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners will be posted to the website shortly.

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 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 shareholders and facilitate the exercise of those rights.

ASX recommendation / disclosure obligation	Fund's response
6.1 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; ▪ 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; and 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. In the interests of containing costs, a Unitholders' meeting was not held during the financial year 30 June 2010. 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 (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.

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	The Board has adopted a Risk Management Plan, developed in accordance with the Australian Standard on Risk Management (AS/NZS 4360:2004). The policy reflects the Board's commitment to identifying, monitoring and mitigating risks as well as capturing opportunities.
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 Plan, 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. The Fund's risk management process is reviewed by an external consultant every two years, with the last review having been undertaken during 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	In relation to the Annual Accounts, the Fund Manager and Chief Financial Officer certify in writing to the Board that the declaration provided in accordance with section 295A of the Corporations Act 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 copy of the Risk Management Plan is available on the Fund's website.

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	The Board notes that as the Fund will not be included in the S&P / ASX 300 Index at the time of listing it is not required to establish a Remuneration Committee under the ASX Listing Rules. The Fund does not comply with recommendation 8.1. 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	The Fund does not comply with recommendation 8.2, for the reasons outlined immediately above.
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 from 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. Remuneration of the Responsible Entity is included in Section 7. The Responsible Entity is entitled to claim asset management fees, reimbursement for all expenses reasonably and property 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	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.

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.

ANNEXURE 3 – Risk Disclosure Notice

The Australian Social Infrastructure Fund
ARSN 094 614 874

30 September 2010

RG46 DISCLOSURE NOTICE

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

Austock Funds Management Ltd (AFML), as responsible entity of the Australian Social Infrastructure Fund (ASIF or the Fund), issues this update to the previous RG46 Notice dated 12 March 2010.

Information included in this statement will be updated as soon as AFML becomes aware of a material change or otherwise at least every six months. Updates on the status of information relating to the disclosure principles will be available at www.asifund.com.au. Investors can request a hard copy of these updates to be sent to them by contacting AFML on +613 8601 2668.

This statement has been prepared as general information only and does not take into account the investment objectives, financial situation or needs of a particular person. ASIF's annual year accounts to 30 June 2010 which are available on ASIF's website at http://www.asifund.com.au/reports_publications/annual_reports.aspx provide additional information on the Fund.

Disclosure Principle 1 - Gearing Ratio

As at 30 June 2010, the gearing ratio of the Fund is 44%[1].

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

The Fund does not have any off balance sheet financing. The Fund has investments in other listed and unlisted funds which is summarised in Disclosure Principle 4 - Portfolio Diversification of this report. Each of the listed and unlisted funds in which ASIF holds an individual investment has a level of debt. The gearing ratio of these investments ranges between 30% and 75%. These investments total 19% of ASIF's total assets.

Disclosure Principle 2 - Interest Cover

The Fund's interest cover is 1.77 times[2] for the financial year ended 30 June 2010. This figure indicates that the Fund currently has sufficient earnings to satisfy interest repayments. Specifically, based on current figures, the Fund could service its interest payments by 1.77 times. Having a high interest cover provides a buffer if interest rates or other expenses of the Fund increase.

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

[1] Calculated by dividing the Fund's total interest bearing liabilities by the total value of the assets, based on the audited financial statements dated 30 June 2010.

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

Responsible Entity: Austock Funds Management Limited
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Disclosure Principle 3 - Fund Borrowing

Borrowing maturity profile

As at 30 June 2010 the Fund had total assets of $113.0 million, debt of $49.9 million and net assets of $59.7 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 $56.1 million to $49.9 million. The Fund's First Ranking Secured Debt Facility (debt facility) with the National Australia Bank (NAB) was originally due to expire on 30 June 2010 however, the expiry date was extended until 30 September 2010, to allow the orderly negotiation of a new longer term debt facility. As at 30 September 2010 the Fund had outstanding debt of $49.15 million.

Following a review of the funding options available, the Fund has been able to negotiate a new two year debt facility for $49.15 million with ANZ. The Fund's existing debt provider NAB was also willing to renew the Fund's existing debt facility. However, after reviewing the terms offered by each bank, it was determined that the terms offered by ANZ were superior to those offered by NAB. The new debt facility with ANZ commenced on 24 September 2010 and will expire on 24 September 2012. The key commercial terms of the ANZ facility are as follows:

- 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.
- Specific Undertakings by the Borrower: by not later than 15 February 2011 the Fund must:
  - List on the ASX ; or
  - Obtain Unitholder consent to amend the Fund's Constitution to delay the wind up of Fund if it is not listed on a market until at least June 2013 ie 9 months after the expiry of the current debt facility; or
  - Obtain Unitholder consent to delete clause 45.1(2) of the Fund's Constitution. Clause 45.1(2) requires the manager to commence the winding up of the Fund on 6 March 2011 if the Fund is not listed on a market by 6 March 2011.

Loan covenants
The Fund is not in breach of any covenants under its debt facility with ANZ.

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

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

Disclosure Principle 4 - Portfolio Diversification

Generally, the more diversified a fund's portfolio is, the lower the risk that an adverse event affecting one property or one lease will put the overall portfolio (and therefore, the Fund) at risk. The table below summarises the Fund's investments as at 30 June 2010 and should be read in conjunction with the Fund's 30 June 2010 annual accounts:

Year Ending $'000	**30 June 2010**	**30-June 2009**
Investment Properties	86,594	90,795
Securities		
Listed Securities	11,383	7,827
Unlisted Securities	9,682	11,889
Cash	4,064	3,695
Other Assets	1,315	1,458
Total Gross Assets	113,038	115,664
Borrowings	49,883	55,808
Other Liabilities	3,470	2,593
Net Assets	59,685	57,263
Number of units on Issue ('000)	28,450	28,450
Per Unit NTA ($)	2.10	2.01

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ASIF's properties are categorised as follows:

Property Type	Number of Properties	Carrying Value as % of Investment Properties
Childcare		
GoodStart	42	68%
Leading	4	5%
Kindy Patch	2	3%
Mission Australia	1	2%
Other	1	2%
Total Childcare	51	80%
Self Storage	1	11%
Medical Centre	1	9%
Total Properties	53	100%

Investment Properties

Childcare

ASIF owns 50 childcare properties which continue to receive rent in accordance with the relevant leases.

Other Property

ASIF has 2 other properties in its portfolio comprising a Self Storage Facility located at Glen Iris, Victoria, leased to Guardian Storage and a Medical Centre located at Melton, Vic, leased to Primary Health Care. Rent for both properties continues to be received in accordance with the relevant leases.

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

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

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

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

Fund and Distribution Outlook

For the year ended 30 June 2010, ASIF distributed 7.7 cents per unit to Unitholders.

Following the successful assignment of ASIF's childcare leases to new tenants, the sale of the vacant centres, reduction of debt and the completion of a new debt facility with Australia and New Zealand Banking Group Limited (ANZ or the lender), ASIF is now in a position to recommence regular quarterly distributions to Unitholders. The first quarterly distribution will be payable for the quarter ending 30 September 2010.

ASIF will pay a distribution for the quarter ended 30 September 2010 of 3.0 cents per unit with the actual payment being made on 15 October 2010.

Disclosure Principle 5 - Valuation policy

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

After initial recognition, investment properties of the Fund are measured at fair value and revalued with sufficient regularity to ensure the carrying amount of each property does not differ materially from its fair value at the reporting date. Independent valuations are performed on each property at intervals of not more than two years by registered valuers who are appropriately qualified to undertake the valuation, based on the type and locality of the property being valued. All independent valuations comply with relevant industry standards and codes. These valuations are considered by the Directors of AFML when determining fair value. When assessing fair value, the directors may also consider the discounted cash flow of the property, the highest and best use of the property, sales of similar properties and general market conditions. The Fund's 30 June 2010 accounts provide additional information regarding the current value of the Fund's investments.

Disclosure Principle 6 - Related Party Transactions

Current related party transactions
The Fund holds investments in the following schemes managed by AFML or its affiliates:

- Australian Education Trust (ASX:AEU)
- CIB Fund
- School Development Trusts

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

Austock Corporate Finance Pty Ltd (ACF), a related corporation of AFML, was appointed to assist the Fund with the assignment of ASIF's 42 childcare centres to GoodStart.

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

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

Disclosure Principle 7- Distribution Practices

Following the successful assignment of ASIF's childcare leases to new tenants, the sale of the vacant centres, reduction of debt and the completion of a new debt facility with Australia and New Zealand Banking Group Limited (ANZ or the lender), ASIF is now in a position to recommence regular quarterly distributions to Unitholders. The first quarterly distribution will be payable for the quarter ending 30 September 2010.

Disclosure Principle 8 - Withdrawal Rights

Liquidity Options

ASIF has been in operation since 2001 and in that period Unitholders have had limited liquidity options. Due to the limited liquidity provided to date, there is an increasing desire for liquidity from Unitholders. ASIF's Constitution does not allow redemptions to be paid to Unitholders. ASIF's Constitution states that the winding up of the Fund must commence on the 10th Anniversary of a unitholding first being recorded on its register, unless ASIF is listed on a recognised market. The date of this 10th Anniversary is 6 March 2011. ASIF's initial Product Disclosure Statement indicated that ASIF would be listed on a market at some future time.

Accordingly, under the terms of ASIF's Constitution unless it is amended, there are two options available:

1. list the Fund on a market; or
2. commence the orderly windup of ASIF.

1. Listing on the Australian Securities Exchange (ASX)

If ASIF is to be listed on a market, the Fund Manager believes that the ASX would be the most suitable market for ASIF to list on. The listing of ASIF on the ASX would provide a number of benefits including:

- providing Unitholders with liquidity ie the ability to buy or sell units without the need for asset sales;
- complies with ASIF's obligations under its debt facility and Constitution; and
- will assist the Fund in pursuing appropriate growth opportunities and/or capital raising options.

Preliminary investigations indicate that the listing of ASIF on the ASX is readily achievable given that ASIF has in excess of 1,300 Unitholders and total assets of $113.0 million.

The traded price of the listed units will be determined by a number of factors including market sentiment and the number of buyers and sellers. It is expected that the initial traded price of the units will be less than the net tangible asset value of each unit.

2. Orderly Windup

Under the terms of ASIF's Constitution, if ASIF is not listed by 6 March 2011 the Fund is to be wound up. The winding up of ASIF occurs by the sale of the Fund's assets, repayment of bank debt, payment of fees and expenses and the return of residual capital to Unitholders. It is expected this process could take approximately 2 years.

The winding up of ASIF is an event of default under the terms of ASIF's debt facility. Additionally, ASIF is not permitted under the terms of its debt facility to return capital to Unitholders without prior written approval from the lender. Under the terms of ASIF's debt facility, an event of default allows the lender, amongst other things, to cancel the facility, demand and require immediate payment of the amount of debt outstanding and effectively take control of the assets. This would have been the same outcome under the previous NAB facility.

The potential impact of ASIF defaulting under the terms of its debt facility are as follows:

- suspension of distributions to Unitholders until all outstanding bank debt is fully repaid;
- higher operating costs due to the appointment of additional bank consultants, ie lawyers and independent experts;
- increased interest charges. Default interest rates are significantly higher than non-default interest rates; and
- commencement of an asset sales program and a requirement that the proceeds from these sales are applied to the repayment of outstanding bank debt until fully repaid. It is likely under this scenario that ASIF's higher quality assets will be sold first. This has the potential to result in Unitholders' capital being concentrated in lower quality and less liquid assets. Given the collapse of ABC Learning Centres Limited and the general caution in the current market, the sale of ASIF's assets in the current market may result in maximum value not being achieved.

Having regard to the above factors, the Fund Manager believes it is not in Unitholders best interests to commence the windup of ASIF.

After considering the merits of either listing ASIF on the ASX or commencing the orderly windup of ASIF, the Fund Manager believes that ASIF should be listed on the ASX prior to 6 March 2011.

Amending ASIF's Constitution

A third option available to ASIF is to remove or amend the obligation to commence the orderly windup of the Fund on 6 March 2011 from its Constitution. To amend ASIF's Constitution, a Unitholder meeting would be required to be held and an appropriate special resolution put to Unitholders. The process of amending the Constitution is governed by the Corporations Act and the provisions of the Constitution itself. The threshold for passing a special resolution is 75%.

Conclusion

The Fund Manager will advise Unitholders on the chosen course of action in the near future, which will be either:

1. list the Fund on the ASX; or
2. hold a Unitholder meeting at which a special resolution will be sought to amend the Fund's Constitution in relation to the windup clause.

Prior to advising Unitholders of the chosen course of action, the Fund Manager is seeking feedback from Unitholders by no later than Friday 15th October 2010, on these two options. Feedback can be provided via email at: asiffeedback@austock.com or via mail to: ASIF Feedback, Austock Funds Management Limited, Level 12, 15 William Street, Melbourne Vic 3000. The Fund Manager encourages Unitholders to submit their feedback which will assist it in making an informed decision on behalf of Unitholders.

Fund Updates

As previously advised, ASIF Fund Updates will be uploaded on ASIF's website and will also be sent to Unitholders via email. We are committed to keeping ASIF's investors well informed and update our website as often as possible. Unitholders and advisors are encouraged to provide their email address details to lliossi@austock.com.