



The Australian Social  
Infrastructure Fund  
Financial Results to  
30 June 2011

24 August 2011



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The Australian Social Infrastructure Fund  
(ASIF)

- Strategy
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**To position ASIF as a conservatively geared property trust which focuses on the ownership of direct property that provides capital growth and regular distributions to Unitholders**

# Summary of 2011 Results



- Delivered a Statutory Profit of \$7.4 million and Operating Profit of \$3.5 million
- Recommenced regular quarterly distributions
- Paid total annual distributions to Unitholders of 12.8 cpu
- Entered into a new 2 year debt facility with ANZ – Expiry 23 September 2012
- Reduced total debt from \$49.9 million to \$40.1 million, a decrease of \$9.8 million or 19.6% of debt
- Decreased LVR from 57.0% to 46.3%
- Decreased gearing from 44.2% to 37.5%
- Increased NTA from \$2.10 per unit to \$2.28 per unit, an increase of 9.0%
- Created Liquidity by listing the Fund on the ASX on 25 February 2011
- Continued the orderly selective sale of property securities. 100% of net proceeds from the security sales was applied to debt reduction

# Financial Summary



- Diversified Asset Base
- Gearing of 37%
- NTA growth of 9.0%
- NTA growth driven by an increase in the value of ASIF's property securities

	30-Jun-11	30-Jun-10
Investments	104.3	108.3
Cash and Other Assets	2.5	4.7
<b>Total Assets</b>	<b>106.8</b>	<b>113.0</b>
Debt	41.1	49.9
Other Liabilities	0.7	3.4
Total Liabilities	41.8	53.3
<b>Net Assets</b>	<b>65.0</b>	<b>59.7</b>
Number of Units on Issue (000's)	28,450	28,450
Gearing (Debt/Total Assets)	37.5%	44.2%

# Financial Operating Results

- Net Statutory Profit of \$7.4 million and an operating profit of \$3.5 million for the 12 months ended 30 June 2011
- Quarterly distributions commenced in September 2010
- For the 12 months ending 30 June 2011 12.8 cents cpu was distributed to Unitholders

Year Ending 30 June 2011 (\$m's)	2011	2010
<b>Revenue</b>		
Property Income	7.9	8.2
Distributions & Dividend Income	1.3	1.0
Property Outgoings Recoverable	1.4	0.9
Other	0.1	0.1
	<b>10.7</b>	<b>10.2</b>
<b>Expenses</b>		
Finance Costs	3.8	4.0
Responsible Entity's Remuneration	1.2	1.2
Direct Property Expenses	1.7	1.4
Other Expenses	0.5	0.5
	<b>7.2</b>	<b>7.1</b>
<b>Operating Profit</b>	<b>3.5</b>	<b>3.1</b>
Change in the fair value of derivative financial instrument	(0.3)	-
Net gain/(loss) on sale of financial assets	4.0	(0.1)
Net revaluation increment of investment properties	0.3	(0.9)
Impairment of available-for-sale financial assets	-	(1.1)
Other	(0.1)	(1.9)
<b>Net profit / (loss) for the half year</b>	<b>7.4</b>	<b>(0.9)</b>



# Debt



New 2 year debt facility with ANZ

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

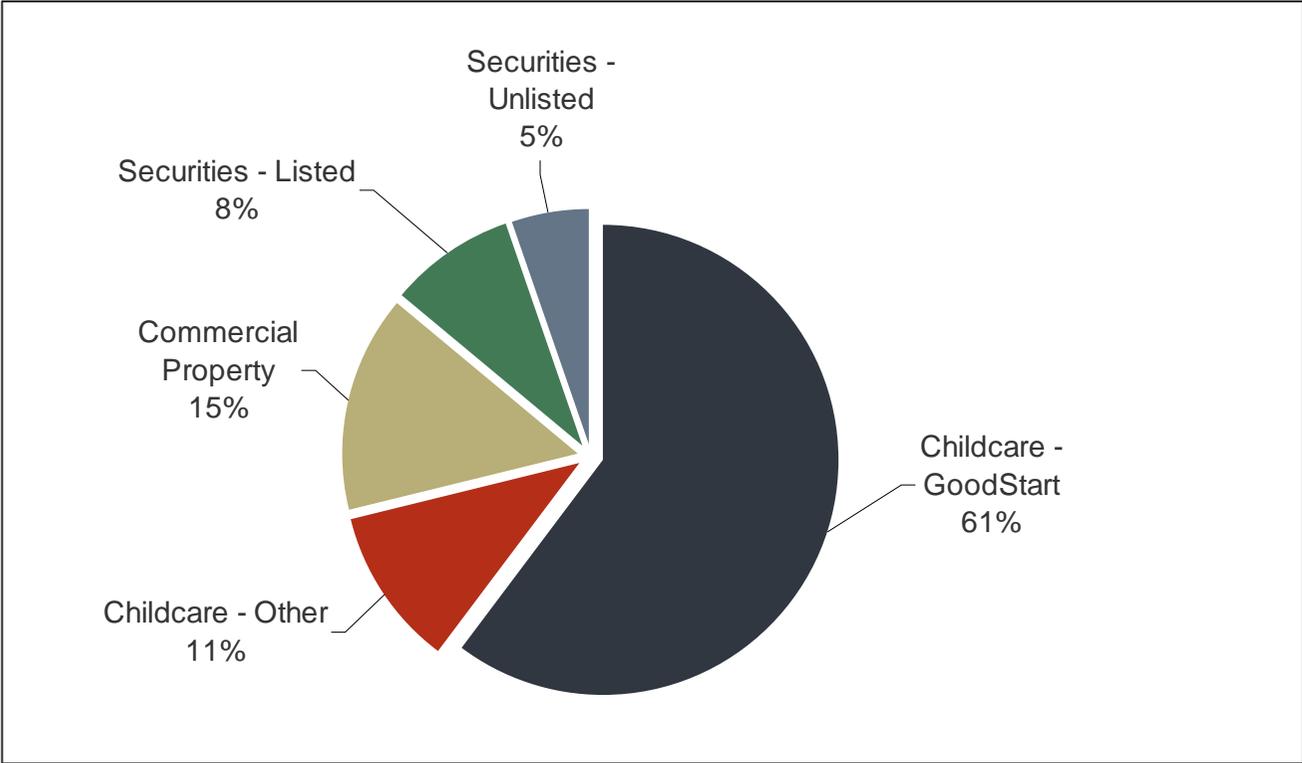
# Asset Portfolio – Summary



- 52 direct properties
- 7 separate tenants
- Listed and unlisted securities

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

# Asset Portfolio – Income Diversity



# Property Portfolio - Overview



- 100% Occupancy
- 52 direct properties
- 7 separate tenants
- No rental arrears
- Portfolio WALE of 8.4 years
- WALE of childcare properties 8.9 years
- WALE of commercial properties 6.4 years
- Bank guarantees between 3 and 6 months gross rent - total value \$3.6 million
- 2 flood damaged centres being rebuilt

# Property Portfolio - Valuations



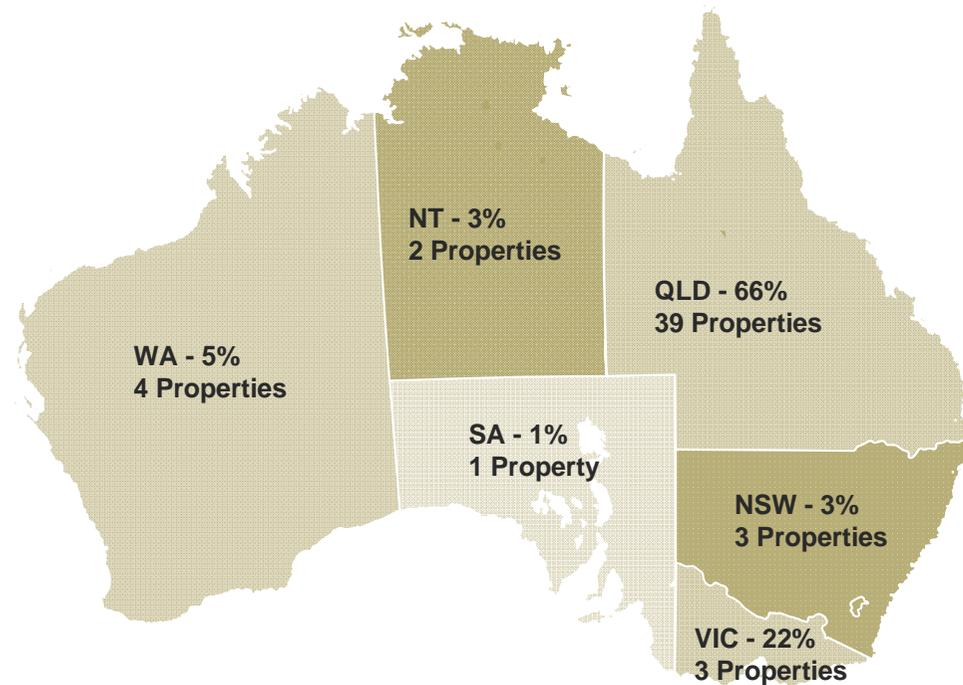
- 30 of ASIF's 52 properties were valued in the 12 months ending 30 June 11
  
- The valuations:
  - equated to 65% of the property portfolios value
  - resulted in an overall increase of 1.0% or \$0.3 million
  
- Weighted Passing Yields – (passing rent/value)

▪ Childcare	9.5%
▪ Commercial	8.7%
▪ Portfolio	9.4%

# Property Portfolio - Geographic Distribution



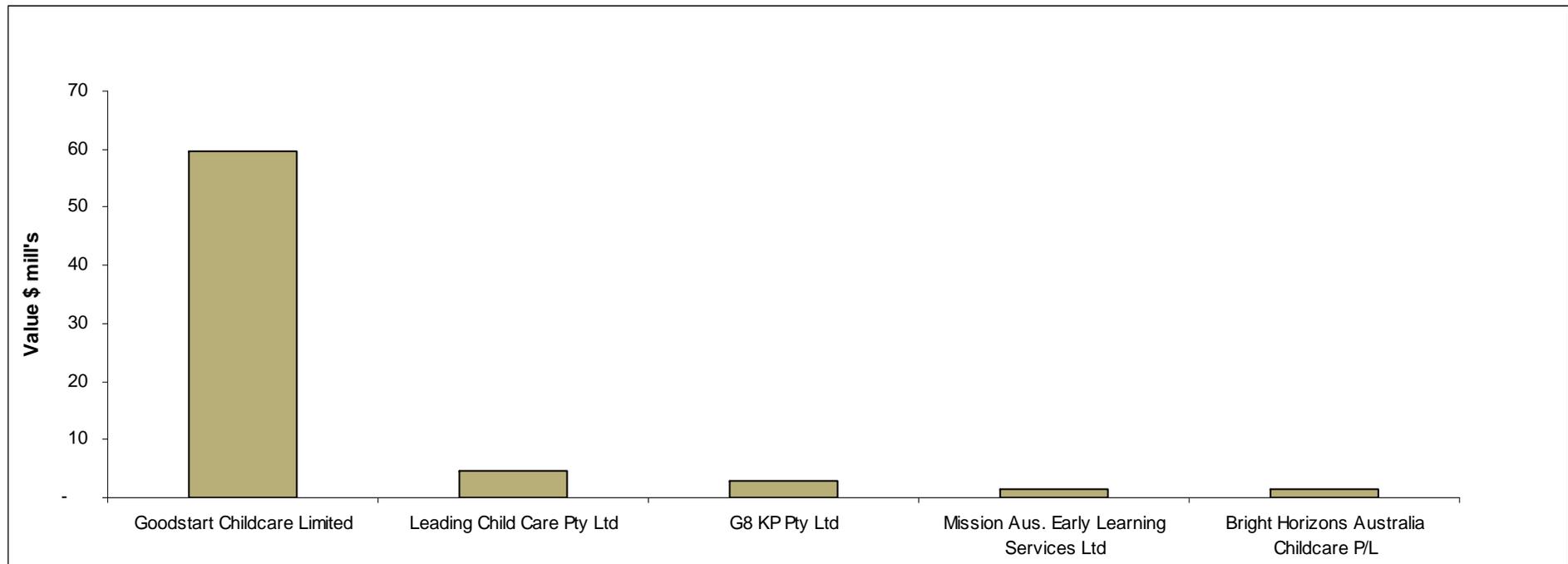
- Broad geographic spread with a Queensland and Victorian focus
- Vast majority of portfolio located in metropolitan areas
- Qld properties are all childcare properties with the majority being located in the major metropolitan areas of south-east Qld
- The 2 commercial properties are located in metropolitan Victoria



# Childcare Portfolio



- 50 childcare properties, which are leased to 5 tenants and have a total value of \$70 million
- The not-for-profit group GoodStart Childcare Limited (“GoodStart”) is the tenant of 42 of ASIF’s 50 childcare properties.
- GoodStart is a consortium of the major not-for-profit groups; Mission Australia, the Benevolent Society, Social Ventures Australia and the Brotherhood of St Laurence. GoodStart has sourced funding from the private sector in addition to NAB as secured lender and the Federal Government.
- In addition, GoodStart also receives relief from a number of taxes including payroll and income tax. The estimated annual value of these tax concessions is \$20 million pa



# Childcare Portfolio - Typical Childcare Centre

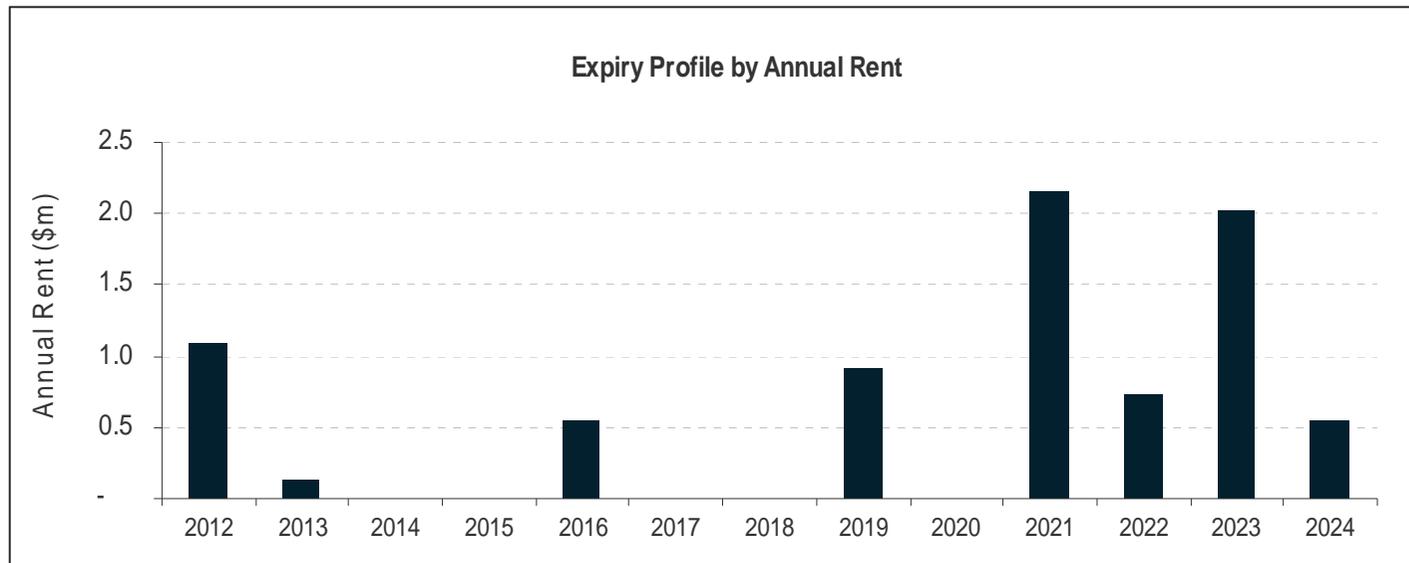


<b>Value as at 30 June 2011</b>	Value range, \$0.5 million - \$2.6 million. The average value of a childcare property is \$1.4 million
<b>Number of licensed places</b>	45-167 places per childcare property. Average number of places per centre 85
<b>Lease Term and Options</b>	Initial lease term of 10 years. One option of 10 years
<b>Net Annual Rental</b>	\$50,000 - \$247,000 per annum with an average rent per licensed childcare place of approximately \$1,565 per annum
<b>Rent Reviews</b>	Annually to CPI
<b>Passing Yield as at 30 June 2011</b>	Ranges 7.8% - 11.8%. The weighted average passing yield is 9.4%
<b>Outgoings</b>	Payable by the lessee including maintenance and capital repairs
<b>Bank Guarantees</b>	The leases to GoodStart are supported by a 6 month pooled bank guarantee. The total value of the bank guarantees held by the Fund as at 30 November 2010 is \$3.6 million
<b>Zoning</b>	Residential or Business zones
<b>Land Area</b>	Ranges between 1,195m <sup>2</sup> and 13,780m <sup>2</sup> with the average land area being approximately 3,160m <sup>2</sup>
<b>Building Size</b>	Range 300m <sup>2</sup> - 700m <sup>2</sup> . A number of the childcare properties have multiple buildings per site

# Childcare Portfolio - Lease Structure



- Triple Net Lease Structure
- Rental growth indexed annually to CPI
- The tenant is responsible for all repairs and maintenance including capital repairs
- No significant vacancy until 2021
- WALE of 8.9 years



The GoodStart leases include a single 10 year option which can be exercised by either the tenant or the landlord. It is the landlord's intention to exercise these options as they fall due. The WALE calculation is based on the assumption that these options are exercised.

## Early Termination Centres

- 4 of 42 childcare centres leased to GoodStart are subject to Early Termination clauses
- GoodStart have the ability to terminate these leases by providing 6 months written notice to the lessor
- The earliest date that GoodStart can terminate the lease is 31 May 2011
- GoodStart is required pay compensation to the lessor for losses incurred up to a maximum of two years rent
- Discussions are being held with the GoodStart regarding their intentions in relation to these centres

## Leading Child Care Pty Ltd (Leading)

- Leading leases 4 childcare centres from ASIF
- 3 of Leading's leases are due to expire in F/Y 2012
- Leading has indicated they wish to renew each lease and negotiations are underway

## Industry Overview – Long Day Care Statistics

	Dec 2010	Sep 2005
Total No. Long Day Care (LDC) Centres	5,991	4,751
No. Children Attending LDC as a % of Total Children Attending Child Care Services Australia	62.3%	57.4%
No. Children Attending (LDC)	568,080	461,626
Average No. Hours Attending LDC (per week)	26.0	19.0
National Average Occupancy Level (Percent of Places Used)	75%	77%
No. Families Using Childcare (LDC)	456,950	380,300
Childcare Benefit (max \$ pa)	\$7,500	\$4,354

Source: Department of Education, Employment and Workplace Relations (DEEWR)

## Childcare Fundamentals

- Demand is driven by rates of childbirth, immigration and population growth and the number of dual income families
- Expenditure on Childcare is an economic multiplier
- Government expenditure on Childcare Industry is estimated at 16.1 billion over next four years
- Every \$1 spent returns \$8.11 of economic benefits
- Every \$1 spent on Childcare returns \$1.86 in Taxes
- Maximum Childcare Rebate has increased by 72% to \$7,500
- Total spend on pre-school learning as % of GDP – Australia Ranks 25 in OECD

Source:

*Department of Education, Employment and Workplace Relations (DEEWR)*

*Department of Families, Housing, Community Services and Indigenous Affairs (FaHCSIA) - Social Policy Report 2004*

*Organisation for Economic Co-operation and Development (OECD) - 2005*

# Asset Portfolio – Commercial Properties



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

# Conclusion



- Total assets of \$107 million
- Current gearing at 37.5%
- Majority of income secured by long term leases
- GoodStart is developing a solid track record
- Proven NTA of \$2.28
- Continue with the selective sale of ASIF's property securities
- Pay quarterly distributions to Unitholders
- Forecast distributions between 14 and 15 cents per unit for the year ending 30 June 2012



# Q&A

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