

ASX Announcement

30 May 2011

The Australian Social Infrastructure Fund Update

Austock Funds Management Limited as responsible entity of The Australian Social Infrastructure Fund (**ASIF** or **Fund**) (ASX: AZF) provides the following update in relation to the sale of securities owned by the Fund.

1. **Sale of Australian Education Trust (AET) (ASX:AEU) Units:** ASIF has sold 7.0 million AET units at 80 cents per unit for total proceeds of \$5.6 million.
2. **Sale of Becton Convertible Notes:** ASIF has sold 252,312 Becton Notes at an average price of 25 cents per note for total proceeds of \$0.06 million.

The combined proceeds of \$5.66 million will be applied to debt reduction and will reduce ASIF's total debt to \$40.5 million. Consequently, ASIF's actual Loan to Value Ratio (LVR) which excludes the value of its security portfolio will reduce from 52.5% to 46.0%. Under the terms of ASIF's debt facility its maximum LVR reduces from 57.5% to 52.5% on 30 June 2011.

The sale of the above securities is a positive outcome for ASIF as it ensures that:

- ASIF's gearing (Debt/Total Assets) will decrease to 37.0%;
- ASIF establishes headroom between its maximum 30 June 2011 LVR of 52.5% and its actual LVR of 46.0%; and
- ASIF's interest rate margin will decrease from 2.4% to 2.0%.

From 30 June 2011 ASIF's maximum LVR is fixed at 52.5% for the remaining term of its debt facility. As a result, ASIF has no further debt reduction obligations under its debt facility.

As the majority of ASIF's securities offer limited liquidity and ASIF was required to reduce its LVR, it was considered appropriate for the Fund to reduce its holding in AET which is the most liquid security it owns.

Following the completion of the sale of 7 million AET units, ASIF retains 7.7 million AET units (4.40% of AET's units on issue). At this time, it is ASIF's intention to retain these units as they are accretive to ASIF's earnings and offer the potential for capital appreciation.

The sale of the Becton Notes is consistent with ASIF's intention to progressively sell its non core property securities.

Ian Townsing
Fund Manager
The Australian Social Infrastructure Fund

For further information contact:
Lula Lioffi
Investor Relations Manager
61 3 8601 2668