The Australian Social Infrastructure Fund (ASX : AZF)

Full Year Results Presentation

30 June 2012

Austock Property

Contents

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Full Year Highlights

Operating Results

- Distributable income of $4.1 million, an increase of 17% on the previous corresponding period (“pcp”)
- Distribution paid to investors of 14.5 cpu, compared to 12.8 cpu in FY12, an increase of 13%
- Forecast distribution for FY13 of 17 to 18 cpu, a forecast increase on the pcp of 20%
- Statutory profit of $2.4 million compared to a profit of $7.4 million in the pcp
- NTA steady at $2.26 ($2.28 FY11), following 4% increase in valuations across 15 properties offset by impairments to five properties in addition to the APGF and SDRT1 securities

Capital Management

- Debt facility with ANZ renewed and extended through to December 2014, with a further one year option
- Gearing reduced to 35.6%
- Interest coverage ratio of 2.6 times

Property Portfolio

- Weighted Average Lease Expiry (“WALE “) of 8.2 years with 100% occupancy across direct property portfolio
- Goodstart elected to terminate 3 out of 4 early learning property leases in December 2012
- Average lease rental increase (like for like) of 3.2% over FY12

Market Performance

- Unit price increase from $1.40 at 30 June 2011 to $1.79 at 30 June 2012, an increase of 28%
- Total return (capital and income) to unitholders for FY12 of 38%
- Trading gap to NTA decreased from 38% to 21%

Financial Results – Income Statement

- Improved performance driven through reduction in operating expenditure of $0.8 million
- Reduced finance costs, saving $0.5 million as a result of lower levels of debt and lower interest rates
- 2.5% increase in lease income primarily due to leases being CPI indexed
- Other expenses reduced by $0.2 million

($m's)	Year Ended 30 June 2012	Year Ended 30 June 2011	Variance $	Variance %
Revenue				
Lease income	8.1	7.9	0.2	2.5%
Recoverable property outgoings	1.3	1.4	(0.1)	(7.1%)
Distributions and dividends received	1.1	1.3	(0.2)	(15.4%)
Other income	-	0.1	(0.1)	(100.0%)
Total revenue	**10.5**	**10.7**	**(0.2)**	**(1.9%)**
Expenses				
Finance costs	3.3	3.8	(0.5)	(13.2%)
Recoverable outgoings / rent	1.3	1.4	(0.1)	(7.1%)
Non-recoverable property outgoings	0.3	0.3	-	-
Responsible Entity's remuneration	1.2	1.2	-	-
Other expenses	0.3	0.5	(0.2)	(40.0%)
Total Expenses	**6.4**	**7.2**	**(0.8)**	**(11.1%)**
Distributable Income	**4.1**	**3.5**	**0.6**	**17.1%**
Distribution (CPU)	14.5	12.8	1.7	13.3%
Net Profit to Unitholders	**2.4**	**7.4**	**(5.0)**	**(67.6%)**

Financial Results – Balance Sheet

Change in NTA per unit principally due to:

- Increase in independent valuation for 15 properties of $0.8 million
- Revaluation increment of $0.8 million for two properties following re-building after flood damage
- Impairment of $1.8 million to book value for five properties (refer page 11)
- Impairment of $1.8 million to book value of two securities, offset by gains in AET of $1.6 million (refer page 12)
- Further mark to market losses in financial derivatives of $0.1 million

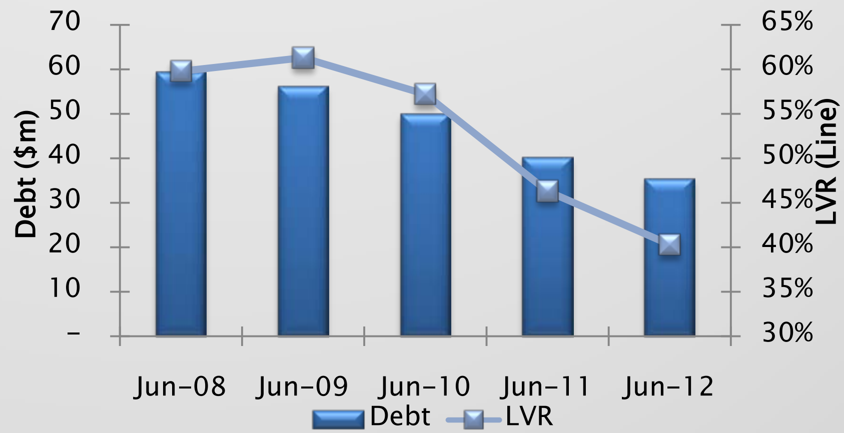
($m's)	Year Ended 2012 $	Year Ended 2011 $	Variance $	Variance %
Key Balance Sheet Items				
Total Assets	103.0	106.8	(3.8)	(3.6%)
Investment Property	85.2	86.8	(1.6)	(1.8%)
Borrowings	36.6	40.1	(3.5)	(8.7%)
Net Assets	64.4	65.0	(0.6)	(0.9%)
Gearing*	35.6%	37.5%	1.9%	-
Units on Issue (number)	28.5	28.5	-	-
NTA per unit	$2.26	$2.28	$0.02	(0.9%)

* Gearing is calculated by total borrowings / investment properties

Capital Management - Debt

- New debt facility with ANZ during FY12 for 3 year term with a one year option
- Reduced debt by $3.5 million in the year
- LVR (bank calculated) gearing reduced to 40.3%, compared with covenant of 52.5%
- ICR for 12 months ending 30 June 2012 of 2.6x, compared with covenant of 1.6x
- Overdraft facility entered into with ANZ during the period to more efficiently manage working capital

Facility Limit	$35.65 million (fully drawn)
Facility Maturity	December 2014, with an option for one further year at ASIF's election
LVR Covenant	52.5% (100% of secured property values and 50% value of Australian Education Trust units)
Hedging	Fund originated policy as agreed with ANZ
Cost of Debt	Current all in cost of debt is 7.9% pa based on existing swap arrangements, bank margin and amortisation of establishment fees
Overdraft	$2 million ($1 million drawn)



Austock Property

Capital Management - Hedging

- The Fund has an weighted average of 67% of debt hedged for FY13 at an average rate of 4.54%.
- Due to the continued low interest rate environment, a decrease in borrowing costs is forecast for FY13 following the $35 million swap maturing in September 2012. With the forward starting hedges and based on an assumed market interest rate of 4.0% pa the all-in borrowing cost from September 2012 would reduce from 7.9% to 6.2%p.a. The interest saving reflected in guidance for the remainder of FY13 of $0.5 million.
- The hedging profile of the Fund as at 30 June 2012 is as follows:

Period	Hedged Amount ($'000)	Hedged Rate	% Hedged
FY13			
July 2012 - September 2012	*35,000*	*5.70%*	*98%*
September 2012 - June 2013	*20,000*	*3.86%*	*56%*
July 2012 - June 2013 (weighted average)	23,750	4.54%	67%
FY14			
July 2013 - June 2014	10,000	3.98%	28%
FY15			
July 2014 - June 2015	5,000	3.99%	14%

Austock Property

Property Portfolio – Key Metrics

- Property portfolio book value $85.2 million
- 51 properties, comprising 49 early learning centres, a self storage facility and a medical centre
- Portfolio has 100% occupancy
- Net annualised rental income of $8.2 million
- 1 property sold during the year with proceeds applied to debt reduction
- Rental growth per property averaged 3.2% during the year
- Average portfolio yield of 9.6% based on passing rent and most recent valuation

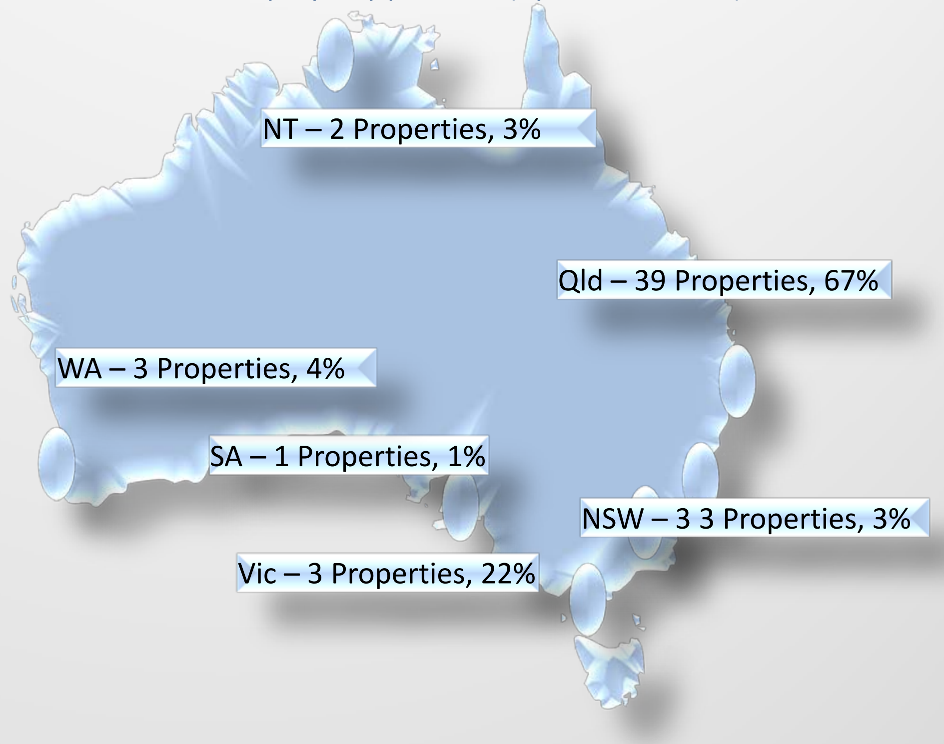
	No of Properties	Carrying Value $000's	Current Rent (pa) $000 's	Average Property Yield
Operating Properties				
- Tenanted by Goodstart	42	60,070	5,846	9.7%
- Other Tenants	7	8,415	839	10.0%
Total Childcare	49	68,485	6,685	9.8%
Commercial Properties	2	16,740	1,504	9.0%
Total Properties as at 30 June 2012	**51**	**85,225**	**8,189**	**9.6%**

Property Portfolio - Tenant Profile

Tenant	Properties	Proportion (by income)
Goodstart Early Learning	42	71%
Leading Childcare	4	5%
G8 Education (ASX: GEM)	2	4%
Bright Horizons Australia Childcare	1	2%
Guardian Storage	1	11%
Primary Health (ASX: PRY)	1	7%

- Early learning place average occupancy for FY12 across the Fund's centres of approximately 70% (of tenant's reporting)
- Goodstart is the largest operator of early learning centres in Australia with 653 centres. Goodstart continues to perform in accordance with financial forecasts and has reinvested in Fund properties during period.
- All tenant's have been in compliance with key lease covenants

% of entire property portfolio (by rental income)



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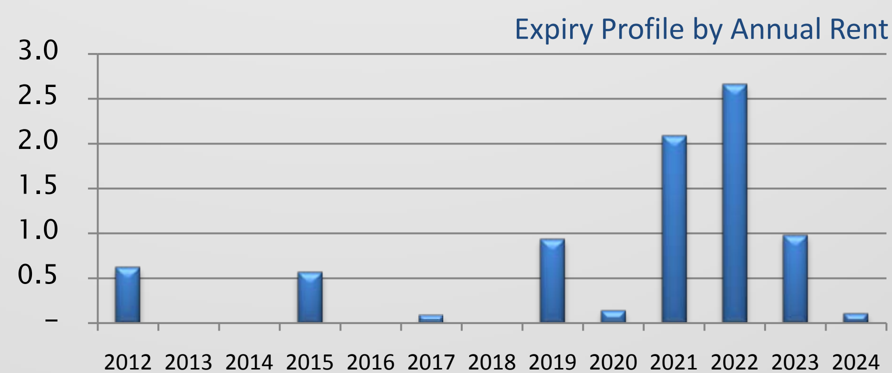
Property Portfolio – Lease Profile

- Triple net leases with limited capital expenditure exposure for the Fund
- Rental growth indexed annually to CPI – average increase of 3.2% across portfolio for FY12
- Occupancy of 100%
- 8.2 year weighted average lease (WALE) expiry (by rental income). Only small decrease from WALE of 8.4 years from prior period, due to renewal and extension of five leases
- Typical early learning centre lease has two terms of 10 years, with second term exercisable by either party
- Goodstart has elected to terminate 3 out of a possible 4 early learning property leases effective December 2012. Goodstart is obligated to pay compensation for losses incurred by the Fund for an amount equal to up to two years rent.
- Tenants typically provide bank guarantees for 6 months gross rent, with the Fund holding a total of $4.5 million in bank guarantees.



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Property Portfolio – Valuations

- Properties independently valued on a 3 year rolling basis
- Average last valuation date of May 2011
- Average early learning centre value of $1.4m
- Alternate use value for early learning centres of approximately 58.3% (assumes highest and best use as an early learning centre could not be continued)

Property Valuations as at 30 June 2012

- Proven property values with a 4% increase on properties independently valued this year
- Valuations during this year comprised 15 early learning properties all located in Queensland
- Revaluation increment of $0.8 million for two properties following re-building after flood damage
- Impairment of $1.9 million across five properties, which relates to 3 properties for which Goodstart has exercising rights to terminate the leases early and 2 properties leased to Leading where the rental was reduced to market on renewals during the period

Austock Property

Securities Portfolio

- Portfolio of holdings in four property securities with book value of $17.4m, being 17% of ASIF's total assets.
- Holding value of Australian Property Growth Fund (APGF) and Stockland Direct Retail Trust No.1 (SDRT1) securities written-down to reflect funds being in effective wind-up or seeking to enter wind-up during the year. Management continues to seek a suitable opportunity to divest those securities in the medium term.
- CIB Fund distribution reinvested during FY12 and expected to be reinvested inFY13. The reinvestment of the distribution is to fund a periodic capital works program across the whole portfolio of police stations and court houses, which is expected to be completed by the end of FY13.

	No Units $000's	Carrying Value 2012 $000's	Carrying Value 2011 $000's	% Movement
Listed Securities				
Australian Education Trust (ASX: AEU)	7,731	7,808	6,185	26%
Australian Property Growth Fund (NSX: APF)	3,887	1,477	2,639	(44%)
Unlisted Securities				
Stockland Direct Retail Trust No.1 (SDRT1)	3,000	1,230	1,860	(34%)
CIB Fund	3,873	6,856	6,822	4%
		17,371	**17,506**	**(1%)**

Austock Property

Funding for early learning under the Liberal/Labour Governments has been steady and continues to support industry revenue

Early learning businesses are influenced by:

- increased Government funding cap from 30% to 50% in 2009 for the family rebate
- limited supply in many locations
- industry exhibiting growth in demand over recent years due to “baby boom”
- rise in workforce participation rate of women with dependent children will have a positive effect on early learning
- increase in population of children aged under 10 in the next 5 years which will have a positive effect on demand for early learning services
- early learning is one of the 5 Australian businesses forecast to grow substantially over the next couple of years
- the early learning industry is forecast to grow through to 2017-18 to reach $12.6 billion

Source: IbisWorld Industry Report July 2012

Improvement in the FY13 distribution forecast driven by rental growth and lower finance costs

FY12 – distribution of 14.5 cpu

- Paid quarterly
- 25% tax deferred
- Fully paid from income

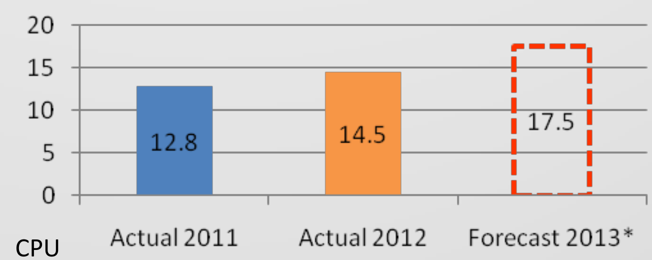
FY13 – forecast distribution of 17-18 cpu

- Payable quarterly
- Tax deferred component expected to be consistent with FY12
- Fully paid from income
- FY13 impacted by:
  - Non-cash CIB Fund distribution not to be distributed (impact of 1.2 cpu)
  - Interest rate swap at 5.7% expires Sept'12 (impact of 0.4 cpu)

ASIF outperformed the A-REIT and S&P ASX Index with a 38% total return for the year

AZF Unit Price v S&P/ASX 200 and A-REIT Index

AZF A-REIT Index 200 S&P ASX 200 Source: IRESS



Note: Forecast FY13 uses mid-point of forecast of 17-18 cpu

12 Month Outlook

- Distribution forecast for FY13 of 17 to 18 cpu, which is a forecast increase in distribution on the prior year of approximately 20%
- Current low cash rate environment will continue to highlight the relative attraction of ASIF's distribution yield
- CPI increases to rent will drive earnings growth from the property portfolio. Current, relatively low inflation rate may be offset by carbon tax effect (if any)
- Seek the best possible outcome for the three Goodstart early learning properties with leases due to expire December 2012
- Continue to pursue a suitable liquidity event with respect to the Fund's investments in the APGF and SDRT1 securities
- Current discount to NTA provides opportunity for capital growth in ASIF's units

Management Focus

- Reducing the trading price discount to NTA remains a key driver of the Fund's strategy
- Maintain current discipline with regard to conservative gearing, maximising distributable income through decreasing non-recoverable expenses, growing rental income and other capital management initiatives that increase value
- Continue to promote the Fund to institutions and research houses with a view to building further demand for the units
- Continue to investigate and evaluate opportunities to encourage an increase in liquidity of the fund's listed units and facilitate further earnings growth. This includes exploring suitable opportunities for growth in the social infrastructure sector with a focus on quality real estate and backed by well capitalised tenants that add long term unitholder value
- Ensure that ASIF's NTA reflects the underlying fair value of each of the properties and securities
- Maintain a business model which is based on transparency and high corporate governance standards
- Ensure ASIF's activities remain 'true to the label' and reflect investors' expectations

Transition of the Austock Property Funds Management Platform

On 9 July 2012, Austock Group Limited ("Austock") announced that it had reached agreement to sell its property funds management platform to Folkestone Limited (ASX:FLK). Austock will not be receiving a shareholding in Folkestone as part of its consideration for the sale.

Austock announced that as part of its decision making, it had considered:

- The future prospects of the platform and how the value for unitholders could be further progressed
- Austock Group's ability to provide capital resources to, when appropriate, grow the platform to the benefit of investors
- The potential that a predatory approach from interests deemed incompatible with the role and duties of a Responsible Entity, may seek control of the management of the funds

Criteria:

The Responsible Entity's Board of Directors considered a number of options, including internalisation, with specific criteria based on the best outcome for Fund unitholders, as follows:

- The best platform for management of the fund i.e. internal or external management
- Would a transaction invoke changes to the strategy and focus of the Fund?
- Would transaction costs be borne by unitholders and would this affect value?
- In the event of a change, whether an incoming manager have the same objectives and approach to respecting Unitholders interests and corporate governance standards

Transition of the Austock Property Funds Management Platform

Management evaluated the feasibility of internalization as part of its deliberations.

It concluded that it would not be economically feasible for the following reasons:

- Increased overall costs. Expected employee, occupancy and trading costs would exceed the existing (and foreseeable) management expense, even after potential cost savings were applied
- Reduced financial metrics. Internalisation was forecast to be decretive to distribution in year 1 by ~17%;
- Existing economies of scale would be lost. These are derived by appropriate cost sharing across the wider Austock Property platform
- Establishment expenses would be significant
- Unitholders currently benefit from the allocation of extra resources from the Responsible Entity when necessary

It was determined that the most efficient use of unitholders capital was to maintain the existing structure.

The Move to Folkestone

The transition of the ownership of the manager to Folkestone Limited (ASX:FLK) remains subject to approval by Austock shareholders, with a meeting due on 12 September 2012.

From a unitholder perspective, the transition will provide:

- No changes to the focus of the Fund
- Maintenance of the Independent RE Board of Directors and Audit & Compliance Committee, although these may be strengthened over time
- Continuity of management and operations. Management will transition with the RE to Folkestone
- No costs of the move are applicable to the Fund
- Continued objectives with regard to respecting unitholder interests and Corporate Governance standards
- A positive alignment with a company which focuses solely on property and property funds management
- A stronger profile and presence within the Australian property market
- Strengthened capability through additional real estate and funds management experience

QUESTIONS

ASIF Investment Summary

- ASIF is a listed property trust focused on investing in direct property and property securities within the social infrastructure sector in Australia
- Conservatively geared with significant headroom in bank ICR and LVR covenants
- Direct property occupancy of 100%
- Limited capital expenditure exposure due to mainly triple net lease structure
- Long term weighted average lease expiry of 8.2 years
- Pays partially tax deferred quarterly distributions to unitholders, 100% from income
- Attractive income yield with prospect of capital growth over time
- Provides unitholders with a secure, growing income stream and long-term capital growth through investing in direct property.
- Simple and uncomplicated business model with proven underlying property values
- Continued sector support from government
- Best practice management and industry expertise applied to portfolio and risk management strategies to maximise returns and operating efficiencies

Responsible Entity: Austock Funds Management Limited ("AFML")

AFML's model is based on independent decision making to ensure a high level of expertise across each investment discipline. Management delivers economies of scale and consistent systems that are aligned with unitholder performance expectations. AFML holds an Australian Financial Services Licence which allows it to administer funds at a retail and wholesale level, produce PDS's and raise funds for property investment purposes.

Independent Board of Directors:

Victor Cottren – Chairman & Independent Non-Executive Director
Michael Johnston – Independent Non-Executive Director
Warner Bastian – Independent Non-Executive Director

Senior Management:

Mark Stewien – Fund Manager
Travis Butcher – Chief Financial Officer
Nicholas Anagnostou – COO & CEO, Austock Property

Company Secretary:

Amanda Gawne – Company Secretary
Adrian Hill – Company Secretary

Further Information & Disclaimer

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