



Joint Announcement to ASX and APX

7 April 2008

Australian Social Infrastructure Fund and the Api Fund Announce Merger Proposal

Austock Funds Management Limited (**AFML**), as the responsible entity for both the Australian Social Infrastructure Fund ARSN 094 614 874 (**ASIF**) (APX:PASIF) and the Api Fund ARSN 112 307 114 (**API**) (ASX:APR) is today announcing a proposal to merge ASIF and Api to create a hybrid property fund listed on the ASX. The proposed merger is to be implemented via a stapling of units in the two funds, subject to and conditional upon unitholder, regulatory and other approvals and rulings as required.

AFML believes that it is in the long term interest of unitholders in both funds to merge. The merged entity will have total assets of circa \$160 million and gearing of approximately 40%. AFML believes that the merger of the funds will offer the following key benefits to unitholders of each of the funds:

- increased scale, with the merged entity having total assets of approximately \$160 million and gearing of approximately 40%;
- increased diversification of asset base;
- positioning the merged fund for further growth; and
- improved liquidity due to the increased investor base and market capitalisation.

As part of the merger process AFML would delist ASIF from the Australia Pacific Exchange (APX) and seek an ASX listing for the merged fund.

Proposed Merger Terms

Following is a brief summary of the merger terms to be proposed to unitholders in each of ASIF and API:-

	Price per unit used to determine equity value	Number of Units Pre stapling	Equity Value pre stapling	% Value of Equity Stapled Entity	Number of Units post stapling per value
ASIF	\$2.50	28.45	\$71.13	80.8%	28.45
API	\$1.00	16.92	\$16.92	19.2%	6.77
Total			\$88.05	100.0%	35.22

The value of the ASIF and API units for the purpose of this stapling proposal have been determined as follows:

ASIF - \$2.50 per unit based on the following:

- ASIF's NTA per unit of approximately \$2.90 underpinned by ownership of predominantly direct real property;
- the closing price of \$1.70 for ASIF units on 19 March 2008 (being the last day of trading in ASIF prior to this announcement); and
- the one month VWAP of \$1.97 and the two month VWAP of \$2.07 for ASIF units as at 19 March 2008. The lowest traded price for ASIF units over this period being \$1.70 and the highest \$2.10.

API - \$1.00 per unit based on the following:

- the view of the value of the underlying securities in a volatile equities market;
- the closing price of \$1.15 for API units on 19 March (being the last day of trading in API prior to this announcement);
- the 10 day VWAP of \$1.067 and the one month VWAP of \$1.162 for API units as at 19 March 2008. The lowest traded price for API units over this period being \$1.00 and the highest \$1.30; and
- the net tangible assets per API unit (**NTA**) as at 31 March of \$1.02 reflecting a continued deterioration in the underlying value of API units in February and March 2008.

In the current volatile markets AFML will continue to monitor the terms of the proposed merger, and make amendments as necessary, to reflect market conditions. The final merger ratio will be set out in the merger implementation agreement, which will set out the detailed terms of the merger between the two funds and be finalised before the notices for the meetings of the funds' unitholders are sent to unitholders.

Creating a Hybrid Property Fund

The proposed merger of ASIF and API will create a diversified hybrid property fund which will own real property as well as some property securities (both listed and unlisted) consistent with the overall investment strategy.

The investment strategy will be to acquire a diversified high quality property portfolio which in emerging asset classes with these acquisitions being made via a number of established investment structures, including direct ownership, shared ownership via joint venture special purpose vehicles and the purchase of securities in unlisted property funds. It is also proposed that the merged fund will continue to hold some listed property securities.

The proposed merged fund will also continue to seek alliances with corporate partners that offer the opportunity to secure the acquisition of quality assets at realistic prices.

Benefits for ASIF Unitholders

The proposed merger has the following benefits for ASIF unitholders:

- increased scale, with the merged entity having total assets of approximately \$160 million;
- increased diversification of the asset base by including property securities that are consistent with the investment strategy and position the merged fund for growth; and
- improved liquidity assuming a successful application for the listing of the merged entity on the ASX.

The proposed merger is expected to be marginally earnings positive for ASIF unitholders.

Benefits for API Unitholders

The proposed merger has the following benefits for API unitholders:

- increased scale and diversification of the asset base will minimize the impact of the current volatile equity markets on listed property and infrastructure securities; and
- an opportunity to participate in a larger fund with growth prospects and recapture at least some of the value lost to date.

Merger Implementation

The proposed merger of ASIF and API will be implemented by the stapling of the securities of the two funds to create the merged fund.

The stapling will be achieved through the following:

- a Stapling Deed; and
- inclusion of the appropriate stapling provisions in the constitutions of each of the funds.

The proposed merger transactions will be subject to a number of conditions, including compliance with all relevant regulatory requirements, unitholder approval, any tax rulings considered necessary and an independent expert determining that the merger is in the best interests of unitholders of both funds.

AFML proposes (subject to regulatory approval) to present unitholders with a combined Notice of Meeting, Explanatory Memorandum and Product Disclosure Statement for consideration at separate unitholder meetings for ASIF and API scheduled for late May 2008.

At these meetings unitholders will be asked to approve:

- the implementation of the stapling proposal; and
- any necessary amendments to the constitutions for each trust to give effect to the stapling proposal.

Further details will be provided to unitholders in due course.

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