



16 July 2008

Dear Unitholder

**Australian Social Infrastructure Fund and Api Fund Merger
Stapling Proposal not to Proceed**

AFML, as responsible entity for The Australian Social Infrastructure Fund ARSN 094 614 874 (*ASIF*) and the Api Fund ARSN 112 307 114 (*Api*) advises that the Stapling Proposal involving ASIF, Api and a new company Austock Diversified Property Limited (ADPL) is not proceeding as the implementation of the Stapling Proposal was conditional on, amongst other things, the approval of both ASIF and Api unitholders in separate unitholder meetings held on 14 July 2008.

Both ASIF and Api will now continue to remain separate entities, subject to any steps that AFML may take in connection with these funds in the future in its two separate capacities as the responsible entity for ASIF and as the responsible entity of Api.

You will find enclosed for your information a copy of the ASX announcement made to the market on Tuesday 15th July 2008.

All unitholders will be informed of any new developments by AFML placing the information on the respective Fund's websites at www.asifund.com.au and www.apifund.com.au

The Board and Management wish to thank ASIF and Api unitholders for their support and patience throughout this process.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Michael E. McFarlane', is written over a horizontal line.

Michael E. McFarlane
Chairman
Austock Funds Management Limited