

ASX Announcement

Hastings Diversified Utilities Fund (HDF)

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17 August 2012

APA increases cash component of takeover offer

A subcommittee of independent directors of Hastings Funds Management Limited (HFML), as Responsible Entity for HDF, today advised that it has reviewed the APA Group's (APA) increased takeover offer for HDF announced earlier today.

Subject to meeting the other offer conditions as outlined in its announcement, APA's increased offer is based on the level of ownership it achieves. If APA achieves ownership of 90 percent or more of HDF securities and becomes entitled to proceed to compulsory acquisition, its improved offer will increase by \$0.18 cash to \$0.80 in cash and 0.390 APA securities for each HDF security, or an implied value of \$2.63 per HDF security based on yesterday's closing price of \$4.70 for APA securities.

If APA achieves ownership of more than 70 percent but less than 90 percent of HDF securities, APA's offer is increased by \$0.10 cash to \$0.72 in cash and 0.390 APA securities for each HDF security, or an implied value of \$2.55 per HDF security based on yesterday's closing price of \$4.70 for APA securities.

APA has noted further reductions in a number of conditions since the announcement of its initial offer. In particular, following discussions with its own financiers, APA now intends to waive the conditions of its offer relating to change of control and other matters pertaining to HDF's financing arrangements.

As a result of their review of APA's revised offer, the independent directors have advised Pipeline Partners Australia that APA's revised offer is superior to Pipeline Partners Australia's current all cash takeover offer of \$2.43 per HDF security.

Pipeline Partners Australia has until midnight (AEST) on Tuesday, 21 August 2012 to either provide an equivalent or superior outcome for HDF Securityholders relative to the revised APA offer, in accordance with the terms of the Takeover Bid Implementation Deed between HDF and Pipeline Partners Australia.

The independent directors have not, at this time, changed or withdrawn their unanimous recommendation of Pipeline Partners Australia's offer. HDF will keep the market informed of developments as appropriate.

For more information, HDF Securityholders are advised to contact the HDF Information Line on 1800 815 610 (toll-free in Australia) or +612 8256 3357 (outside Australia).

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