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ASX Announcement

Hastings Diversified Utilities Fund (HDF)

21 August 2012

HDF – APA takeover offer recommended as superior to PPA offer

A subcommittee of independent directors of Hastings Funds Management Limited (HFML), as Responsible Entity for HDF, today advised that it has assessed the APA Group's (APA) takeover offer and unanimously recommend that HDF Securityholders accept APA's offer in the absence of a superior proposal.

The independent directors have therefore withdrawn their recommendation that HDF Securityholders accept Pipeline Partners Australia's takeover offer of $2.43 per HDF security. Pipeline Partners Australia's offer remains open for acceptance by HDF Securityholders until 7:00 pm (AEST) on 31 August 2012, unless extended or withdrawn.

Subject to meeting other offer conditions, APA's offer price is dependent on the level of HDF ownership that APA achieves, namely:

If APA achieves ownership of 90 percent or more of HDF securities and becomes entitled to proceed to compulsory acquisition, its offer will comprise $0.80 in cash and 0.390 APA securities for each HDF security, or an implied value of $2.60 per HDF security based on APA's closing price on 20 August 2012 of $4.62.

If APA achieves ownership of more than 70 percent but less than 90 percent of HDF securities, its offer will comprise $0.72 in cash and 0.390 APA securities for each HDF security, or an implied value of $2.52 per HDF security based on APA's closing price on 20 August 2012 of $4.62.

APA's offer is open for acceptance by HDF Securityholders until 7:00 pm (AEST) on 4 September 2012, unless extended or withdrawn.

As a result of the independent directors unanimously recommending APA's takeover offer in the absence of a superior proposal, HDF is liable to pay Pipeline Partners Australia the break fee of $12.3 million in accordance with the Takeover Bid Implementation Deed between HDF and Pipeline Partners Australia.

HDF Chief Executive Officer Colin Atkin said, "We are pleased the higher offer from the APA Group is recognising the value that has been built up through the hard work of the Hastings and Epic Energy team over many years for the benefit of Securityholders."

Independent Director Acceptance

The independent director that holds HDF securities has indicated that the APA offer will be accepted in respect of his HDF security holdings in the absence of a superior offer. The non-independent directors of HFML have abstained from making a recommendation to HDF Securityholders regarding the APA offer because of their potential conflict of interest.

Timetable

The independent directors expect to release a Supplementary Target's Statement shortly after APA's Supplementary Bidder's Statement is released. Detailed reasons about why HDF Securityholders should accept the APA offer, in the absence of a superior proposal, will be included in HDF's Supplementary Target's Statement.

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).

For further enquiries, please contact:

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