



MEDIA RELEASE

20 January 2012

HDF fails to provide independent expert's report to securityholders

APA Group (ASX:APA) today said it was concerning that Hastings Diversified Utilities Fund (HDF) had failed to disclose its board's view or an independent expert's report on the value of HDF in their Target's Statement released today.

APA Managing Director Mick McCormack said: "It is an extraordinary position taken by HDF to fail to give its securityholders a full and independent view of HDF's value.

"We can only assume no independent expert's report has been provided because HDF feared the report would confirm APA's Offer was within the value range.

"HDF's board has failed to give securityholders any guidance as to what an adequate value would be."

Mr McCormack said the Target's Statement also failed to provide key details to securityholders of HDF's opaque mezzanine debt facilities, including any punitive break-fees.

"APA's Offer provides HDF securityholders with an opportunity to become an investor in a significantly larger entity offering the benefits of scale and diversity, while retaining exposure to the HDF assets," he said.

The implied value of APA's Offer, currently and at the time of the announcement of the Offer, represents a substantial premium to HDF's trading price prior to the announcement of the Offer.

"Under APA's self-managed and operated business model there is no fee leakage to external managers. Consequently APA securityholders, including HDF securityholders who accept the APA Offer, benefit from the full financial performance of the business," he said.

"In the meantime, we continue to be encouraged by the feedback we have received from both HDF securityholders and pipeline customers, and look forward to engaging with the board of HDF's responsible entity to progress this transaction."

APA is currently examining the Target's Statement in detail and intends to make a full response in due course.

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About APA Group (APA)

APA is Australia's largest natural gas infrastructure business, owning and/or operating more than \$8 billion of gas transmission and distribution assets. Its pipelines and assets span every state and territory on mainland Australia, delivering 50% of the nation's gas usage. Unique amongst its peers, APA has direct management and operational control over its assets and the majority of its investments. APA also holds minority interests in energy infrastructure enterprises including Envestra, SEA Gas Pipeline, Hastings Diversified Utilities Fund and Energy Infrastructure Investments.

For more information visit APA's website, www.apa.com.au