

HSBC Building  
Level 19  
580 George Street  
Sydney NSW 2000  
PO Box R41  
Royal Exchange NSW 1225

Phone 61 2 9693 0000  
Fax 61 2 9693 0093  
www.apa.com.au

APA Group



Australian Pipeline Ltd  
ACN 091 344 704

Australian Pipeline Trust  
ARSN 091 678 778

APT Investment Trust  
ARSN 115 585 441

3 January 2012

The Manager

Company Announcements Office  
Australian Securities Exchange  
4<sup>th</sup> Floor, 20 Bridge Street  
Sydney NSW 2000

**Electronic Lodgement**

Dear Sir or Madam

**Company Announcement: APT Pipelines Limited - Takeover bid for Hastings Diversified Utilities Fund: First Supplementary Bidder's Statement**

In accordance with section 647(3) of the Corporations Act, please find attached a copy of the supplementary bidder's statement dated 3 January 2012 ("**First Supplementary Bidder's Statement**").

The First Supplementary Bidder's Statement relates to APT Pipelines Limited's bidder's statement dated 15 December 2011 for all the stapled securities in Hastings Diversified Utilities Fund (each stapled security comprising one unit in each of HDUF Epic Trust (ARSN 109 770 961), HDUF Finance Trust (ARSN 109 770 765), and HDUF Further Investments Trust (ARSN 109 897 921)).

Yours faithfully

**Mark Knapman**  
Company Secretary

This document is the first supplementary bidder's statement ("**First Supplementary Bidder's Statement**") to the Bidder's Statement dated 15 December 2011 ("**Bidder's Statement**") issued by APT Pipelines Limited ABN 89 009 666 700 (a company wholly owned by Australian Pipeline Trust (ARSN 091 678 778)) and lodged with the Australian Securities and Investments Commission ("**ASIC**"), in relation to the offer by APT Pipelines Limited ("**Offer**") for all the stapled securities in Hastings Diversified Utilities Fund. This First Supplementary Bidder's Statement supplements, and is to be read together with, the Bidder's Statement.

## FIRST SUPPLEMENTARY BIDDER'S STATEMENT

3 January 2012

in respect of the offer by APT Pipelines Limited ABN 89 009 666 700 (a company wholly owned by Australian Pipeline Trust (ARSN 091 678 778)) for all the stapled securities in Hastings Diversified Utilities Fund

Unless the context requires otherwise, defined terms in the Bidder's Statement have the same meaning in this First Supplementary Bidder's Statement. This First Supplementary Bidder's Statement prevails to the extent of any inconsistency with the Bidder's Statement.

A copy of this First Supplementary Bidder's Statement was lodged with ASIC on 3 January 2012. Neither ASIC nor any of its officers takes any responsibility for the contents of this First Supplementary Bidder's Statement.

### 1 Implied value of Offer Consideration

Since the lodgment of the Bidder's Statement on 15 December 2011, certain events have taken place which affect the Offer Consideration, and which may affect the implied value of the Offer Consideration.

#### *Payment of APA Group distribution for period ended 31 Dec 11*

As set out in the Bidder's Statement, HDUF Securityholders are not entitled to receive any FY2012 interim APA Group distribution (announced as 17 cents for the half year ending 31 December 2011) because the APA Stapled Securities forming part of the Offer Consideration will not be issued before the record date (30 December 2011) for that distribution (see page 4, "Overview of the Offer", FAQ 14 on page 23 and section 4.4.2 "Distribution guidance" on page 51). From 22 December 2011, APA Stapled Securities have been trading "ex" this distribution - that is, the securities are now trading without the right to receive the distribution (as the record date has now passed) and as such the value of the distribution is theoretically no longer included into the APA security price.

HDUF Securityholders should be aware that this occurrence may affect the trading price of APA Stapled Securities, which may in turn affect the implied value of the Offer Consideration provided under the Offer.

Under the Offer, you will receive \$0.50 cash and 0.326 APA Stapled Securities. If the closing price of APA Stapled Securities on the day before the announcement of \$4.60 had been adjusted for the full amount of the FY2012 interim APA Group distribution of 17 cents for the half year ending 31 December 2011 (that is, the price was actually \$4.43, representing \$4.60 less 17 cents), the headline value of the Offer would be \$1.94 per HDUF Stapled Security, and the amount payable to HDUF Security Holders after also adjusting for the HDUF interim distribution of 2.5 cents per HDUF Stapled Security would be \$1.92 (instead of the \$2.00 referred to the Bidder's Statement).

On the four trading days after going ex distribution (ie, from 22 December 2011), APA Stapled Securities have closed at \$4.50, \$4.56, \$4.53 and \$4.49 which are below the closing price of APA Stapled Securities on the day before the Announcement Date being \$4.60 on which the implied Offer value of \$2.00 in the Bidder's Statement is based.

During that four day period, APA Stapled Securities have also traded intra-day as high as \$4.68 on an ex distribution basis. APA Stapled Securities have also traded as low as \$4.48 (ex) during that four day period. These prices compare to the price of \$4.60 per APA Stapled Security on which the implied Offer value of \$2.00 in the Bidder's Statement is based.

As set out in the Bidder's Statement, APA Group is not obliged to make any adjustment to the Offer Consideration if the value of APA Stapled Securities changes during the Offer Period. Accordingly, market fluctuations could favourably or adversely impact the implied value of the Offer Consideration.

#### *Reduction in Offer Consideration due to HDUF Group Distribution*

As stated in the Bidder's Statement, the value of the Offer Consideration will be reduced by the amount of any HDUF distribution which is paid to HDUF Securityholders after the Announcement Date (pages 4 & 5, "Overview of the Offer").

On 19 December 2011, HDUF Group announced that it would make a distribution of 2.5 cents per HDUF Stapled Security for the period ending 31 December 2011. As a result, the Offer Consideration will be reduced by 2.5 cents per HDUF Stapled Security. HDUF Securityholders will still receive that 2.5 cents ordinary course distribution, but will do so directly from the HDUF Group as per previous distributions, rather than from APA as part of its Offer Consideration.

#### *APA Stapled Security price as at the date of this First Supplementary Bidder's Statement*

The closing price of APA Stapled Securities on Thursday 29 December 2011 was \$4.49, giving an implied value

of the Offer Consideration of \$1.94 (after the reduction of 2.5 cents to take into account the HDUF distribution announced on 19 December 2011). This reflects:

- a 9.2% premium to the 5 day VWAP of HDUF Stapled Securities on the day before the Announcement Date of \$1.78; and
- a 16.9% premium to the 3 month VWAP of HDUF Stapled Securities on the day before the Announcement Date of \$1.66.

## 2 No CGT rollover relief

HDUF Securityholders should be aware that no capital gains tax (CGT) roll-over relief will be available for HDUF Securityholders who accept the Offer. Further information is provided in the PricewaterhouseCoopers (PwC) report at section 7 of the Bidder's Statement. As no CGT roll-over relief will be available, any resultant capital gain or loss will need to be taken into account in determining the net capital gain to be included in the assessable income of the HDUF Securityholders in the year of income in which the disposal occurs.

Further, depending on the date of acquisition and the period each HDUF Stapled Security has been held, the CGT treatment may differ amongst individual HDUF Securityholders.

The Bidder's Statement does not take into account your individual taxation situation. Before making a decision whether or not to accept the Offer, you may wish to consult with your taxation or financial adviser.

## 3 Refinancing of HDUF Group debt

As set out in section 5.2.4 of the Bidder's Statement, the APA Responsible Entity is not aware of the terms on which HDUF Group's financing arrangements have been structured and whether or not there are terms in those financing arrangements, including the Mezzanine Debt, that would affect HDUF Group becoming part of APA Group's financing arrangements.

Therefore, the Offer is conditional on the Bidder obtaining confirmation of certain information in relation to the HDUF Group's financing arrangements, including whether any amounts may become payable as a result of the Bidder acquiring a majority of the HDUF Stapled Securities or the change of the responsible entity or whether or not there are any terms in those financing arrangements that would affect HDUF Group becoming part of APA Group's financing arrangements.

If such provisions do exist, then it will be necessary for the Bidder to negotiate with HDUF and its financiers to either determine that those HDUF Group financing arrangements will remain in place or to enable new replacement financing to be arranged by the Bidder. If necessary, the Bidder believes that it has reasonable grounds to expect to be able to organise replacement financing if it is able to understand the current HDUF Group financing arrangements, those arrangements are on customary commercial terms, there are no aggregate break costs of more than \$50 million and it is able to

have satisfactory discussions with HDUF and the existing HDUF Group financiers.

APA Group's statement that it has a reasonable basis to expect to be able to organise replacement financing is based on detailed discussions with a major Australian bank. The bank has not yet committed to provide a replacement financing facility and the terms of the replacement facility have not yet been agreed. If the Bidder does organise replacement financing and waives the condition referred to above, further details of the facilities and the effect of those facilities on the APA Group will be provided at that time.

The reason that the Bidder needs to understand the current HDUF Group financings is because any replacement financing is likely to involve co-ordination with the HDUF Group and existing financiers for a number of purposes including arrangements for repayment of existing financial arrangements, the release of existing security and the provision of guarantees by entities in the HDUF Group.

If the conditions relating to the financial arrangements of the HDUF Group are not satisfied, and the Bidder is not able to organise replacement financing, those conditions may not be waived by the Bidder. In that case, the Offer may not become unconditional and therefore would not proceed.

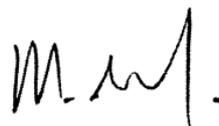
### *APA Group refinancing of HDUF Group Debt - part control of 50% - 90%*

In the event that APA Group was to acquire more than 50%, but less than 90% of HDUF as a result of the Offer, APA Group expects that HDUF Group would continue to be a separate listed entity with minority securityholders. The replacement financing facilities referred to above that the Bidder is seeking to organise will only be available if APA Group acquires 90% or more of the HDUF Stapled Securities. Accordingly, it would be for the HDUF Group to manage its financing arrangements if any of the existing financing arrangements were affected by APA Group acquiring more than 50% but less than 90% of HDUF.

## 4 Authorisation

This copy of the First Supplementary Bidder's Statement that is to be lodged with ASIC has been approved by a unanimous resolution passed by the Board of directors of the Bidder.

**Signed** by Michael McCormack for and on behalf of the Bidder in accordance with section 351 of the Corporations Act.



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**Michael McCormack**  
Director