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APA Group



Australian Pipeline Ltd
ACN 091 344 704

Australian Pipeline Trust
ARSN 091 678 778

APT Investment Trust
ARSN 115 585 441

27 August 2012

The Manager
Company Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
Sydney NSW 2000

Electronic Lodgement

Dear Sir/Madam

APT Pipelines Limited - Takeover bid for Hastings Diversified Utilities Fund ("Offer") – Fifth supplementary bidder's statement

In accordance with section 647(3) of the Corporations Act, please find attached a fifth supplementary bidder's statement.

This document relates to APT Pipelines Limited's bidder's statement dated 15 December 2011 (as supplemented) 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)).

A copy of the fifth supplementary bidder's statement has been lodged with ASIC and will be given to Hastings Diversified Utilities Fund. The fifth supplementary bidder's statement will also be sent to each of the HDUF Securityholders.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Mark Knapman'.

Mark Knapman
Company Secretary

ACCEPT

APA GROUP'S INCREASED OFFER

- UNANIMOUSLY RECOMMENDED BY THE INDEPENDENT DIRECTORS OF HDUF IN THE ABSENCE OF A SUPERIOR PROPOSAL
- CASH PLUS APA STAPLED SECURITIES
- SOLID AND CONSISTENT DISTRIBUTION TRACK RECORD
- INVESTMENT IN AUSTRALIA'S LARGEST GAS INFRASTRUCTURE BUSINESS

**THE
OFFER
BY APA GROUP
TO ACQUIRE
ALL OF YOUR
STAPLED SECURITIES
IN:
HASTINGS DIVERSIFIED
UTILITIES FUND (HDUF)**

Offer by APT Pipelines Limited (Bidder)
(ABN 89 009 666 700)
(a company wholly owned by Australian Pipeline Trust
(ARSN 091 678 778))

The Offer will close at 7.00pm (Sydney time)
on 18 September 2012, unless further extended or withdrawn.



This is an important document and requires your immediate attention

This document is the fifth supplementary bidder's statement ("**Fifth 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**") on 15 December 2011, in relation to the offer by APT Pipelines Limited ("**Offer**") for all of the stapled securities in Hastings Diversified Utilities Fund.

A supplementary bidder's statement was lodged with ASIC on 3 January 2012 ("**First Supplementary Bidder's Statement**"), a second supplementary bidder's statement was lodged with ASIC on 31 January 2012 ("**Second Supplementary Bidder's Statement**"), a third supplementary bidder's statement was lodged with ASIC on 22 February 2012 ("**Third Supplementary Bidder's Statement**"), and a fourth supplementary bidder's statement was lodged with ASIC on 22 August 2012 (collectively, the "**Previous Supplements**").

This Fifth Supplementary Bidder's Statement supplements, and is to be read together with, the Bidder's Statement and the Previous Supplements.

Other than the terms defined in section 9.1 of this Fifth Supplementary Bidder's Statement, or unless the context requires otherwise, defined terms in the Bidder's Statement have the same meaning in this Fifth Supplementary Bidder's Statement. This Fifth Supplementary Bidder's Statement prevails to the extent of any inconsistency with the Bidder's Statement or the Previous Supplements.

A copy of this Fifth Supplementary Bidder's Statement was lodged with ASIC on 27 August 2012. Neither ASIC nor any of its officers takes any responsibility for the contents of this Fifth Supplementary Bidder's Statement.

Key dates

17 August 2012

Date of announcement of increased Offer Consideration

27 August 2012

Date of this Fifth Supplementary Bidder's Statement

18 September 2012

Closing Date (unless further extended or withdrawn)

Note: the Closing Date for the Offer may change as permitted by the Corporations Act.

This Offer is given by the Bidder under Part 6.5 of the Corporations Act.

Forward looking statements

This Fifth Supplementary Bidder's Statement contains certain forward looking statements which have not been based solely on historical facts, but are rather based on the Bidder's and the APA Responsible Entity's current expectations about future events and results. These forward looking statements are, however, subject to risks, uncertainties and assumptions which could cause actual events or results to differ materially from the expectations described in such forward looking statements. These factors include, amongst other things the risks identified in the "Summary of Key Risks" on page 23, section 3.3 on page 27 of this Fifth Supplementary Bidder's Statement, and section 8 of the original Bidder's Statement as well as other matters not yet known to APA Group or not currently considered material by the Bidder or the APA Responsible Entity. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement and deviations are both normal and to be expected. Except to the extent required by law, none of the Bidder, the Board, nor any member of APA Group or their respective officers or employees, any persons named in this Fifth Supplementary Bidder's Statement with their consent or any person involved in the preparation of this Fifth Supplementary Bidder's Statement, make any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement.

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How to accept the Offer

APA Group encourages all HDUF Securityholders to read this Fifth Supplementary Bidder's Statement, together with the Bidder's Statement and the Previous Supplements for further information about the Offer and APA Group.

The Offer is open for your acceptance until 7.00pm (Sydney time) on 18 September 2012, unless further extended or withdrawn. If you wish to accept the Offer, please follow the instructions set out below or in your enclosed personalised Acceptance Form.

A personalised Acceptance Form is included with this Fifth Supplementary Bidder's Statement.

You may accept the Offer at any time during the Offer Period in the manner specified below. How you accept the APA Group Offer depends on whether your HDUF Stapled Securities are in an Issuer Sponsored Holding or a CHES Holding. Your enclosed personalised Acceptance Form outlines which type of holding you have.

If you accept the Offer, you may receive the consideration under the Minimum Offer before APA Group is entitled to proceed to compulsory acquisition. If APA Group then becomes entitled to proceed to compulsory acquisition, you will receive the additional consideration offered under the 90% Offer (an extra \$0.08 cash for each HDUF Stapled Security).

The offer from Pipeline Partners Australia will lapse on 31 August 2012. If you have accepted the Pipeline Partners Australia offer, you may accept the APA Group Offer once the Pipeline Partners Australia offer has lapsed. How you accept the Offer depends on whether your HDUF Stapled Securities are in an Issuer Sponsored Holding or a CHES Holding. Your enclosed personalised Acceptance Form outlines which type of holding you have.

If you have already accepted the APA Group Offer, you do not need to do anything in order to receive the increased Offer Consideration (when that consideration becomes payable).

If you have previously withdrawn your acceptance of the APA Group Offer, you will need to complete and lodge a further Acceptance Form in order to accept the Offer and obtain the increased Offer Consideration (when that consideration becomes payable).

If you hold your HDUF Stapled Securities in an Issuer Sponsored Holding (your SRN starts with an "I")

To accept the Offer, you must complete, sign and return the enclosed personalised Acceptance Form in accordance with the instructions on it and return it to the address indicated on the form (and set out below) before the end of the Offer Period.

If you hold your HDUF Stapled Securities in a CHES Holding (your HIN starts with an "X")

To accept the Offer you must comply with the ASX Settlement Operating Rules by doing one of the following:

- instruct your Controlling Participant (usually your broker) to initiate acceptance of the Offer in sufficient time for the Offer to be accepted before the end of the Offer Period;
- complete and sign the enclosed personalised Acceptance Form and send it (together with all other documents required by the instructions on the form) directly to your Controlling Participant in sufficient time for the Offer to be accepted before the end of the Offer Period with instructions to initiate acceptance of the Offer on your behalf; or
- complete, sign and return your enclosed personalised Acceptance Form in accordance with the instructions on it and lodge it by returning it to an address indicated on the form (and set out below) so that your acceptance is received before 7.00pm (Sydney time) on the second last Business Day of the Offer Period. This will authorise the Bidder to instruct your broker or other Controlling Participant to initiate acceptance of the Offer on your behalf.

The postal and delivery addresses for completed Acceptance Forms are:

By post

Link Market Services Limited
Hastings Diversified Utilities Fund Takeover
Locked Bag A14
SYDNEY SOUTH NSW 1235

By hand

Link Market Services Limited
Hastings Diversified Utilities Fund Takeover
Level 12, 680 George Street
SYDNEY NSW 2000

Further details on how to accept the Offer are set out in section 9.4 of the Bidder's Statement.

If you have any questions about the Offer, please call the APA Offer Information Line on 1800 129 431 (callers in Australia) or +61 2 8280 7731 (callers outside Australia) between 8.30am and 5.30pm (Sydney time) on Business Days.

If you are in any doubt as to how to act, you should consult your professional adviser.

Chairman's letter



"I continue to be excited by the future for the Combined Group and look forward to receiving your acceptance and welcoming you as an APA Securityholder."

Len Bleasel AM
APA Group Chairman

Dear HDUF Securityholder

APA Group's increased Offer for your HDUF Stapled Securities – now recommended by the independent directors of the HDUF Responsible Entity

I am pleased to be writing to you once again to introduce APA Group's increased Offer to acquire all of your HDUF Stapled Securities. Also, I wish to advise that the independent directors of the HDUF Responsible Entity have unanimously recommended that you accept APA Group's Offer, in the absence of a superior proposal.

The increased Offer is materially higher than the competing takeover offer made by Pipeline Partners Australia, and represents a substantial premium to the market price of HDUF Stapled Securities before APA Group announced the Offer in December 2011. The Pipeline Partners Australia offer will lapse on 31 August 2012. If you have accepted the Pipeline Partners Australia offer, you may accept the APA Group Offer once the Pipeline Partners Australia offer has lapsed.

Increased consideration

APA Group has announced that it will increase its offer to \$0.80 in cash and 0.390 APA Stapled Securities for each HDUF Stapled Security if it becomes entitled to proceed to compulsory acquisition ("**90% Offer**").

Regardless of whether APA Group is entitled to proceed to compulsory acquisition, APA Group is now offering \$0.72 in cash and 0.390 APA Stapled Securities for each HDUF Stapled Security ("**Minimum Offer**").

If you accept the Offer, you may receive the consideration under the Minimum Offer before APA Group is entitled to proceed to compulsory acquisition. If APA Group then becomes entitled to proceed to compulsory acquisition, you will receive the additional consideration offered under the 90% Offer (an extra \$0.08 cash for each HDUF Stapled Security).

Based on the closing price of APA Stapled Securities on 16 August 2012 (the day before the announcement of the increased Offer Consideration), the implied value of the 90% Offer is \$2.63 per HDUF Stapled Security, and the implied value of the Minimum Offer is \$2.55 per HDUF Stapled Security.¹

Based on the closing price of APA Stapled Securities on 24 August 2012 (the last trading day before the date of this Fifth Supplementary Bidder's Statement), the implied value of the 90% Offer is \$2.67 per HDUF Stapled Security, and the implied value of the Minimum Offer is \$2.59 per HDUF Stapled Security.²

The implied value of APA Group's Offer is superior to the offer from Pipeline Partners Australia of \$2.43, announced on 15 August 2012, representing a premium of:

- 9.8% based on the 90% Offer,³ and
- 6.5% based on the Minimum Offer.⁴

The implied values of both the 90% Offer and Minimum Offer are above the midpoint of the value range for HDUF determined by the independent expert engaged by the HDUF Responsible Entity to review the offer from Pipeline Partners Australia, which was released to ASX on 3 August 2012.⁵

1 The increased Offer Consideration will not be reduced for any HDUF distributions paid since the Offer was announced on 14 December 2011. However, the value of the Offer Consideration will be reduced by the amount of any HDUF distribution which is paid to HDUF Securityholders after 8 August 2012. The implied value of the Offer will vary over the Offer Period – see Figures 2 and 3.

2 The implied value of the Offer will vary over the Offer Period – see Figures 2 and 3.

3 Based on the closing price of APA Stapled Securities of \$4.79 on 24 August 2012 (the last trading day before the date of this Fifth Supplementary Bidder's Statement), the implied value of the 90% Offer is \$2.67, giving a premium of 9.8% over the Pipeline Partners Australia offer.

4 Based on the closing price of APA Stapled Securities of \$4.79 on 24 August 2012 (the last trading day before the date of this Fifth Supplementary Bidder's Statement), the implied value of the Minimum Offer is \$2.59, giving a premium of 6.5% over the Pipeline Partners Australia offer.

5 Using the implied value of the 90% Offer and Minimum Offer based on the closing price of APA Stapled Securities of \$4.79 on 24 August 2012 (the last trading day before the date of this Fifth Supplementary Bidder's Statement). The implied value of the Offer will vary over the Offer Period – see Figures 2 and 3.

Using the 3 month VWAP of APA Stapled Securities on 24 August 2012 (the last trading day before the date of this Fifth Supplementary Bidder's Statement) of \$4.89, the implied value of the 90% Offer is \$2.71 and the implied value of the Minimum Offer is \$2.63.⁶

The value of APA Stapled Securities and therefore the implied value of the Offer Consideration are subject to change over the Offer Period as a result of movements in the APA Stapled Security price.

Opportunity to retain exposure to the energy infrastructure sector

The increased Offer continues to provide you with the opportunity to retain exposure to the majority of the HDUF Group assets and become an investor in a significantly larger entity offering the benefits of scale and diversity to its customers and you as a securityholder.

The Combined Group will be a bigger and broader energy infrastructure business, with a clear strategic focus on natural gas transmission and will be able to provide enhanced services to its customers to better meet their requirements.

APA Group has had a consistent focus on enhancing the value of our asset portfolio through a combination of organic growth in our core gas infrastructure business and via targeted acquisitions. This strategy has culminated in APA Group being Australia's largest natural gas infrastructure business transporting about half of all natural gas used in Australia.

With Australia's increasing demand for energy, and in particular natural gas, the Combined Group will be well positioned to grow sustainably and deliver secure and reliable financial performance to the benefit of APA Securityholders.

Furthermore APA Group intends to continue to pay distributions from operating cash flow with a view to growing distributions over the longer term. If the Offer Consideration is paid on or before 31 December 2012, HDUF Securityholders who continue to hold the APA Stapled Securities received as part of that consideration on 31 December 2012 will also receive APA Group's FY2013 interim distribution. Based on APA Group's distribution guidance for FY2013, this would be equal to approximately 6.6 cents per HDUF Stapled Security.⁷

Reduced conditionality

APA Group has waived a number of its Offer conditions. Importantly, the ACCC announced that it will not oppose the proposed acquisition of HDUF after APA Group provided an undertaking to divest the Moomba to Adelaide Pipeline System – see section 3. Following this announcement, APA Group waived its ACCC approval condition.

APA Group has now waived the conditions of its Offer relating to change of control and other matters related to HDUF's financing arrangements (conditions (i), (j) and (k) of the Offer).

APA Group would be prepared to waive condition (s) (**payments to and undertaking by the HDUF Responsible Entity**) of its Offer if the HDUF Responsible Entity agrees to limit its Performance Fee for the period ended 30 June 2012 to \$50 million, and agrees that it will not accept any Performance Fee for any period commencing on or after 1 July 2012 while the Offer remains open or APA Group has a relevant interest in more than 50% of HDUF Stapled Securities. The HDUF Responsible Entity has agreed to this in relation to the Pipeline Partners Australia offer.

APA Group has also announced an intention to waive condition (a) (**90% minimum ownership**) once it has obtained a relevant interest in more than 70% of HDUF Stapled Securities.

For more details on the status of the remaining Offer conditions, please see the section entitled "Reduced conditionality of Offer" on page 8.

APA Group encourages you to ACCEPT the increased Offer

You can ACCEPT APA Group's increased Offer immediately by following the instructions on page 1 or as set out in your personalised Acceptance Form, which is enclosed with this Fifth Supplementary Bidder's Statement. Your acceptance must be received before the Offer Period ends, which is currently scheduled to be 7.00pm (Sydney time) on 18 September 2012, unless further extended or withdrawn.

APA Group is also now offering an institutional acceptance facility for professional investors – see section 4.

If you have any questions or require additional assistance, please contact the APA Offer Information Line on 1800 129 431 (within Australia), or +61 2 9280 7731 (outside Australia), or consult your professional adviser.

As Chairman of the Board of the responsible entity of APA Group, I continue to be excited by the future for the Combined Group and look forward to receiving your acceptance and welcoming you as an APA Securityholder.

Yours sincerely



Len Bleasel AM
APA Group Chairman

6 The 3 month VWAP of APA Stapled Securities on 24 August 2012 (the last trading day before the date of this Fifth Supplementary Bidder's Statement) was \$4.89.

7 Based on APA Group's distribution guidance for the period ending 31 December 2012 and the scrip component of the Offer Consideration being 0.390 APA Stapled Securities.

Overview of the increased Offer

For each HDUF Stapled Security you will receive:⁸

Under the **90% Offer** (where APA Group becomes entitled to proceed to compulsory acquisition):

\$0.80 cash and 0.390 APA Stapled Securities.

The consideration under the 90% Offer implies a value of **\$2.67⁹** per HDUF Stapled Security.

Under the **Minimum Offer** (regardless of whether APA Group becomes entitled to proceed to compulsory acquisition):

\$0.72 cash and 0.390 APA Stapled Securities.

The consideration under the Minimum Offer implies a value of **\$2.59¹⁰** per HDUF Stapled Security.

If you accept the Offer, you may receive the consideration under the Minimum Offer before APA Group is entitled to proceed to compulsory acquisition. If APA Group then becomes entitled to proceed to compulsory acquisition, you will receive the additional consideration offered under the 90% Offer (an extra \$0.08 cash for each HDUF Stapled Security).

FIGURE 1 – IMPACT OF DISTRIBUTIONS ON THE OFFER CONSIDERATION

HDUF distributions	<ul style="list-style-type: none">• If you continue to hold HDUF Stapled Securities on the record date for any further HDUF distribution, then you will also receive that distribution from HDUF.• The increased Offer Consideration will not be reduced for any HDUF distributions paid since the Offer was announced on 14 December 2011. However, the value of the Offer Consideration will be reduced by the amount of any HDUF distribution which is paid to HDUF Securityholders after 8 August 2012.¹¹
APA Group distributions	<ul style="list-style-type: none">• If you accept the increased Offer, you will be entitled to receive any distributions paid to APA Stapled Securityholders for each APA Stapled Security you receive as part of the Offer Consideration where the APA Stapled Security is issued before the relevant record date for that distribution.• APA Group's next distribution payment is expected to be in respect of the six month period to 31 December 2012. If the Offer Consideration is paid on or before 31 December 2012 and you retain those APA Stapled Securities that you receive as part of the Offer Consideration at the record date for that distribution (31 December 2012), you will receive the FY2013 interim distribution from APA Group to be paid in March 2013.• Based on APA Group's distribution guidance for FY2013, this interim distribution is likely to be in the order of 17 cents per APA Stapled Security, equal to 6.6 cents per HDUF Stapled Security.¹² If you are not issued the APA Stapled Securities on or before 31 December 2012, you will not be entitled to the APA Group FY2013 interim distribution.

8 Foreign Securityholders will not be entitled to receive APA Stapled Securities. Instead, the APA Stapled Securities to which they would otherwise be entitled will be sold by the Nominee and the net proceeds paid to them. See section 9.5.3 of the Bidder's Statement for further information.

9 Based on the closing price of APA Stapled Securities of \$4.79 on 24 August 2012 (the last trading day before the date of this Fifth Supplementary Bidder's Statement).

10 Based on the closing price of APA Stapled Securities of \$4.79 on 24 August 2012 (the last trading day before the date of this Fifth Supplementary Bidder's Statement).

11 See section 9.2.4 of the Bidder's Statement for further information.

12 Based on APA Group's distribution guidance for the period ending 31 December 2012 and the scrip component of the Offer Consideration being 0.390 APA Stapled Securities.

Under the 90% Offer (where APA Group becomes entitled to proceed to compulsory acquisition by having a relevant interest in at least 90% of HDUF Stapled Securities):

For each HDUF Stapled Security, you will receive:

\$0.80 cash + 0.390 APA Stapled Securities.¹³

The consideration under the 90% Offer implies a value of \$2.67 per HDUF Stapled Security, comprising:

- \$0.80 cash; and
- 0.390 APA Stapled Securities with an implied value of \$1.87.¹⁴

This implied value represents a premium of:

- 50.2% to the 5 day VWAP of HDUF Stapled Securities on the day before the Announcement Date of \$1.78;
- 60.9% to the 3 month VWAP of HDUF Stapled Securities on the day before the Announcement Date of \$1.66; and
- 9.8% to the value of the offer from Pipeline Partners Australia of \$2.43.¹⁵

Under the Minimum Offer (regardless of whether APA Group becomes entitled to proceed to compulsory acquisition):

For each HDUF Stapled Security, you will receive:

\$0.72 cash + 0.390 APA Stapled Securities.¹⁶

The consideration under the Minimum Offer implies a value of \$2.59 per HDUF Stapled Security, comprising:

- \$0.72 cash; and
- 0.390 APA Stapled Securities with an implied value of \$1.87.¹⁷

This implied value represents a premium of:

- 45.7% to the 5 day VWAP of HDUF Stapled Securities on the day before the Announcement Date of \$1.78;
- 56.1% to the 3 month VWAP of HDUF Stapled Securities on the day before the Announcement Date of \$1.66; and
- 6.5% to the value of the offer from Pipeline Partners Australia of \$2.43.¹⁸

The value of APA Stapled Securities and therefore the implied value of the Offer Consideration are subject to change over the Offer Period as a result of movements in the APA Stapled Security price – see Figures 2 and 3.

¹³ Refer footnote 8.

¹⁴ Based on the closing price of APA Stapled Securities of \$4.79 on 24 August 2012 (the last trading day before the date of this Fifth Supplementary Bidder's Statement).

¹⁵ The Pipeline Partners Australia offer will lapse on 31 August 2012.

¹⁶ Refer footnote 8.

¹⁷ Based on the closing price of APA Stapled Securities of \$4.79 on 24 August 2012 (the last trading day before the date of this Fifth Supplementary Bidder's Statement).

¹⁸ Refer footnote 15.

Overview of the increased Offer continued

Value of the Offer Consideration

Figures 2 and 3 below show how the implied value of the Offer Consideration varies with changes in the APA Stapled Security price. It also shows the corresponding impact on the premium to the 5 day and 3 month VWAPs of HDUF Stapled Securities on the day before the Announcement Date, and the corresponding impact on the premium to the Pipeline Partners Australia offer.

Figures 2 and 3 are designed to assist HDUF Securityholders in assessing the value of the Offer Consideration at different APA Stapled Security prices. Figures 2 and 3 do not provide a forecast of the price at which APA Stapled Securities will trade on any relevant market including the ASX.

The Bidder 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 affect the implied value of the Offer Consideration at any particular time.

FIGURE 2 – Consideration under 90% Offer (Based on \$0.80 cash and 0.390 APA Stapled Securities if APA Group becomes entitled to proceed to compulsory acquisition)

APA Stapled Security price	Implied value of the consideration under the 90% Offer			Implied premium of the consideration under the 90% Offer ¹⁹		
	Value of APA Stapled Security	Cash	Total offer consideration	To 5 day VWAP of HDUF Stapled Securities of \$1.78	To 3 month VWAP of HDUF Stapled Securities of \$1.66	To Pipeline Partners Australia offer of \$2.43
\$4.46 Lowest closing price since 14 Dec 2011	\$1.74	\$0.80	\$2.54	43.0%	53.2%	4.5%
\$4.60	\$1.79	\$0.80	\$2.59	46.0%	56.5%	6.7%
\$4.79 Closing price on 24 Aug 2012²⁰	\$1.87	\$0.80	\$2.67	50.2%	60.9%	9.8%
\$4.80 Lower end of independent expert value range for APA Group²¹	\$1.87	\$0.80	\$2.67	50.4%	61.2%	10.0%
\$4.89 APA 3 month VWAP on 24 Aug 2012	\$1.91	\$0.80	\$2.71	52.3%	63.2%	11.3%
\$5.00 Upper end of independent expert value range for APA Group	\$1.95	\$0.80	\$2.75	54.8%	65.9%	13.2%
\$5.20	\$2.03	\$0.80	\$2.83	59.2%	70.6%	16.4%
\$5.27 Highest closing price since 14 Dec 2011	\$2.06	\$0.80	\$2.86	60.8%	72.2%	17.5%

19 VWAP of HDUF Stapled Securities is on the day before the Announcement Date.

20 The last trading day before the date of this Fifth Supplementary Bidder's Statement.

21 See the independent expert's report in the target's statement released by HDUF on 3 August 2012 in relation to the Pipeline Partners Australia offer.

FIGURE 3 – Consideration under Minimum Offer (Based on \$0.72 cash and 0.390 APA Stapled Securities regardless of whether APA Group becomes entitled to proceed to compulsory acquisition)

APA Stapled Security price	Implied value of the consideration under the Minimum Offer			Implied premium of the consideration under the Minimum Offer ²²		
	Value of APA Stapled Security	Cash	Total offer consideration	To 5 day VWAP of HDUF Stapled Securities of \$1.78	To 3 month VWAP of HDUF Stapled Securities of \$1.66	To Pipeline Partners Australia offer of \$2.43
\$4.46 Lowest closing price since 14 Dec 2011	\$1.74	\$0.72	\$2.46	38.5%	48.3%	1.2%
\$4.60	\$1.79	\$0.72	\$2.51	41.5%	51.6%	3.5%
\$4.79 Closing price on 24 Aug 2012²³	\$1.87	\$0.72	\$2.59	45.7%	56.1%	6.5%
\$4.80 Lower end of independent expert value range for APA Group²⁴	\$1.87	\$0.72	\$2.59	45.9%	56.3%	6.7%
\$4.89 APA 3 month VWAP on 24 Aug 2012	\$1.91	\$0.72	\$2.63	47.8%	58.3%	8.0%
\$5.00 Upper end of independent expert value range for APA Group	\$1.95	\$0.72	\$2.67	50.3%	61.0%	9.9%
\$5.20	\$2.03	\$0.72	\$2.75	54.7%	65.7%	13.1%
\$5.27 Highest closing price since 14 Dec 2011	\$2.06	\$0.72	\$2.78	56.3%	67.4%	14.2%

As noted above, the Offer Consideration will not be reduced for any HDUF distributions paid since the Offer was announced on 14 December 2011. However, the value of the Offer Consideration will be reduced by the amount of any HDUF distribution which is paid to HDUF Securityholders after 8 August 2012.

Annexure A to this Fifth Supplementary Bidder's Statement is the formal notice that gives effect to the increase in Offer Consideration.

22 VWAP of HDUF Stapled Securities is on the day before the Announcement Date.

23 The last trading day before the date of this Fifth Supplementary Bidder's Statement.

24 See the independent expert's report in the target's statement released by HDUF on 3 August 2012 in relation to the Pipeline Partners Australia offer.

Reduced conditionality of Offer

Since the Announcement Date, APA Group has waived a number of the Defeating Conditions set out in section 10 of the Bidder's Statement, including the following key conditions:

- condition (b) – Foreign Acquisitions and Takeovers Act – which required the Treasurer not to object under the Foreign Investment Policy to the proposed acquisition by the Bidder of HDUF;
- condition (c) – ACCC approval – which required that the Bidder receive clearance from the ACCC (see section 3 of this Fifth Supplementary Bidder's Statement for further information);
- conditions (i), (j) and (k) – HDUF financing arrangements – which related to change of control and other matters related to HDUF's financing arrangements; and
- conditions (l) and (m) – Change of control – which generally required that no person exercise any rights to terminate, vary or modify any agreement with any HDUF Group Entity (other than in relation to financing arrangements) as a result of the Offer.

As at the date of this Fifth Supplementary Bidder's Statement, the remaining Defeating Conditions are as set out in section 1 of this Fifth Supplementary Bidder's Statement.

Intentions in respect of specific conditions

APA Group has also announced an intention to waive condition (a) (**90% minimum ownership**) once it has obtained a relevant interest in more than 70% of HDUF Stapled Securities.

APA Group would be prepared to waive condition (s) (**payments to and undertaking by the HDUF Responsible Entity**) of its Offer if the HDUF Responsible Entity agrees to limit its Performance Fee for the period ended 30 June 2012 to \$50 million, and agrees that it will not accept any Performance Fee for any period commencing on or after 1 July 2012 while the Offer remains open or APA Group has a relevant interest in more than 50% of HDUF Stapled Securities. The HDUF Responsible Entity has agreed to this in relation to the Pipeline Partners Australia offer.

APA Group does not intend to rely on any of the breaches that have already occurred in relation to its other bid conditions to end its Offer where it is already aware of those breaches.

Reasons why you should ACCEPT APA Group's increased Offer

You should ACCEPT APA Group's increased Offer for the following reasons:

- 1.** The **independent directors of the HDUF Responsible Entity unanimously recommend** that you accept APA Group's increased Offer, in the absence of a superior proposal²⁵
- 2.** Receive a **substantial premium** for your HDUF Stapled Securities²⁶
- 3.** APA Group's **increased Offer is superior** to the offer from Pipeline Partners Australia²⁷
- 4.** APA Group's increased Offer is **above the midpoint** of the value range for HDUF determined by an independent expert²⁸
- 5.** Gain exposure to APA Group, which has achieved **superior total securityholder return** in excess of HDUF and the market²⁹
- 6.** Benefit from **quality management, energy industry know-how** and robust **financial capability**
- 7.** Benefit from **scale and diversity**, while **retaining exposure** to the majority of HDUF Group assets

Risks

In deciding whether to accept this Offer, you should also consider the risk factors that may affect the APA Group, the Combined Group, that arise from the Offer, and that relate to the general economy and securities market. A "Summary of Key Risks" is included at page 23 of this Fifth Supplementary Bidder's Statement. These risks are also set out in detail in section 8 of the original Bidder's Statement.

No CGT rollover relief available

You should be aware that no CGT roll-over relief will be available for HDUF Securityholders who accept the Offer. Please refer to section 6 of this Fifth Supplementary Bidder's Statement for further information.

²⁵ ASX announcement, 21 August 2012.

²⁶ The Minimum Offer is a premium of 45.7% to the 5 day VWAP of HDUF Stapled Securities of \$1.78 and a premium of 56.1% to the 3 month VWAP of \$1.66 (in each case on the day before the Announcement Date) based on the closing price of APA Stapled Securities of \$4.79 on 24 August 2012 (the last trading day before the date of this Fifth Supplementary Bidder's Statement). See Figures 2 and 3 of this section which show variations in the premium at different prices for APA Stapled Securities.

²⁷ The implied value of APA Group's Offer is superior to the offer from Pipeline Partners Australia of \$2.43, announced on 15 August 2012, representing a premium of 9.8% based on the 90% Offer, and 6.5% based on the Minimum Offer (based on the closing price of APA Stapled Securities of \$4.79 on 24 August 2012 (the last trading day before the date of this Fifth Supplementary Bidder's Statement).

²⁸ On 3 August 2012 HDUF released a target's statement in response to Pipeline Partners Australia's takeover bid for HDUF. The target's statement included an independent expert report, in which the independent expert calculated a full underlying value range for HDUF of \$2.30 - \$2.69 per HDUF Stapled Security.

²⁹ Based on total securityholder return comparisons between APA Group, HDUF and the S&P/ASX 200 Accumulation Index since HDUF listed in December 2004. Total securityholder return is the capital appreciation of the company's security price, adjusted for capital management (such as security splits or consolidations) and assuming reinvestment of distributions at the declared distribution rate per security. The period analysed is from 10 December 2004 up to and including the last trading day before the date of this Fifth Supplementary Bidder's Statement (24 August 2012). Past performance is not an indicator of future performance.

1. The independent directors of the HDUF Responsible Entity unanimously recommend that you accept APA Group's increased Offer, in the absence of a superior proposal

On 21 August 2012, HDUF announced that a subcommittee of independent directors of the HDUF Responsible Entity had assessed APA Group's increased Offer, and unanimously recommend that HDUF Securityholders accept the increased Offer in the absence of a superior proposal.

The independent director of the HDUF Responsible Entity who holds HDUF Stapled Securities has indicated that APA Group's increased Offer will be accepted in respect of that independent director's HDUF Stapled Securities in the absence of a superior offer.

As at the date of this Fifth Supplementary Bidder's Statement, no superior proposal has emerged.³⁰

³⁰ On 21 August 2012, the independent directors of the HDUF Responsible Entity withdrew their recommendation of the Pipeline Partners Australia offer and unanimously recommended that HDUF Securityholders accept the increased APA Group Offer in the absence of a superior proposal.

2.

Receive a substantial premium for your HDUF Stapled Securities

Based on the closing price of APA Stapled Securities of \$4.79 on 24 August 2012 (the last trading day before the date of this Fifth Supplementary Bidder's Statement):

- the implied value of the 90% Offer is \$2.67 per HDUF Stapled Security (comprising \$0.80 cash and 0.390 APA Stapled Securities being an implied value of \$1.87); and
- the implied value of the Minimum Offer is \$2.59 per HDUF Stapled Security (comprising \$0.72 cash and 0.390 APA Stapled Securities being an implied value of \$1.87).

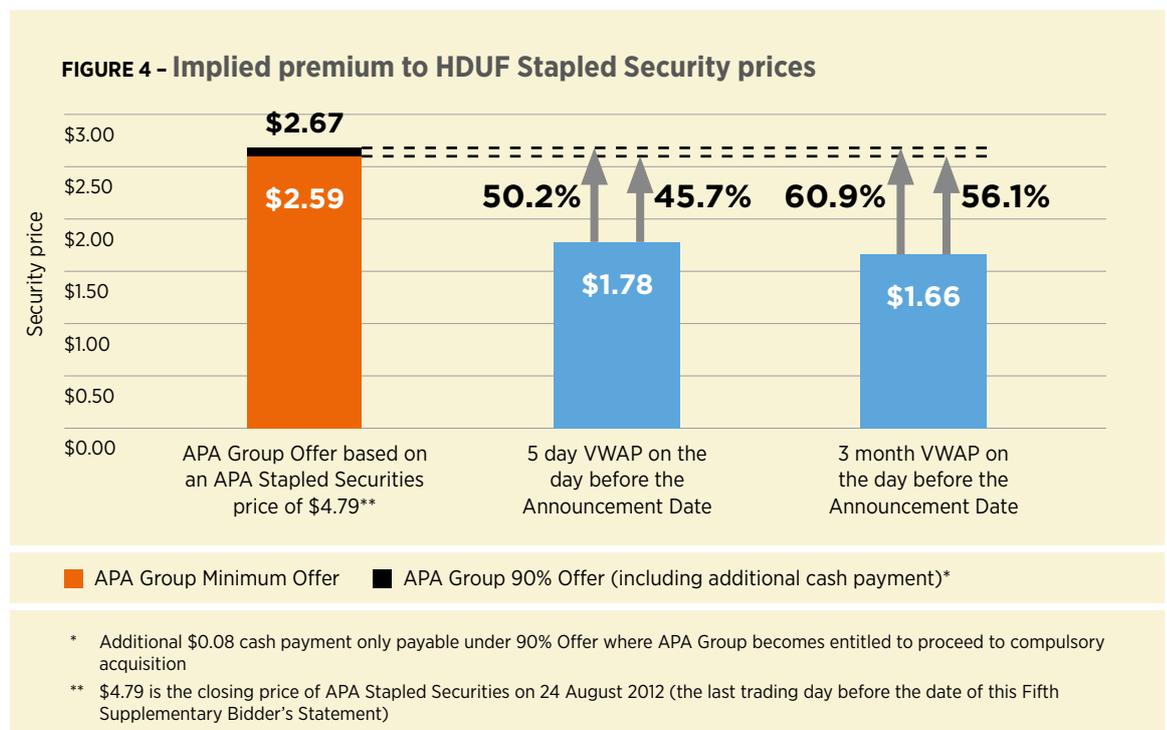
The increased Offer Consideration will not be reduced for any HDUF distributions paid since the Offer was announced on 14 December 2011. However, the value of the Offer Consideration will be reduced by the amount of any HDUF distribution which is paid to HDUF Securityholders after 8 August 2012.

The additional \$0.08 cash for each HDUF Stapled Security under the 90% Offer is only payable where APA Group becomes entitled to proceed to compulsory acquisition.

If you accept the Offer, you may receive the consideration under the Minimum Offer before APA Group is entitled to proceed to compulsory acquisition. If APA Group then becomes entitled to proceed to compulsory acquisition, you will receive the additional consideration offered under the 90% Offer (an extra \$0.08 cash for each HDUF Stapled Security).

Using the 3 month VWAP of APA Stapled Securities of \$4.89 on 24 August 2012 (the last trading day before the date of this Fifth Supplementary Bidder's Statement), the implied value of the 90% Offer is \$2.71 and the implied value of the Minimum Offer is \$2.63.

The value of APA Stapled Securities and therefore the implied value of the Offer Consideration are subject to change over the Offer Period as a result of movements in the APA Stapled Security price – see Figures 2 and 3.



The implied premium of the 90% Offer and Minimum Offer over the HDUF 5 day and 3 month VWAPs on the day before the Announcement Date and over the Pipeline Partners Australia offer at different prices for APA Stapled Securities are set out in Figures 2 and 3.

However, the value of the Offer Consideration will be reduced by the amount of any HDUF distribution which is paid to HDUF Securityholders after 8 August 2012.

3. APA Group's increased Offer is superior to the offer from Pipeline Partners Australia

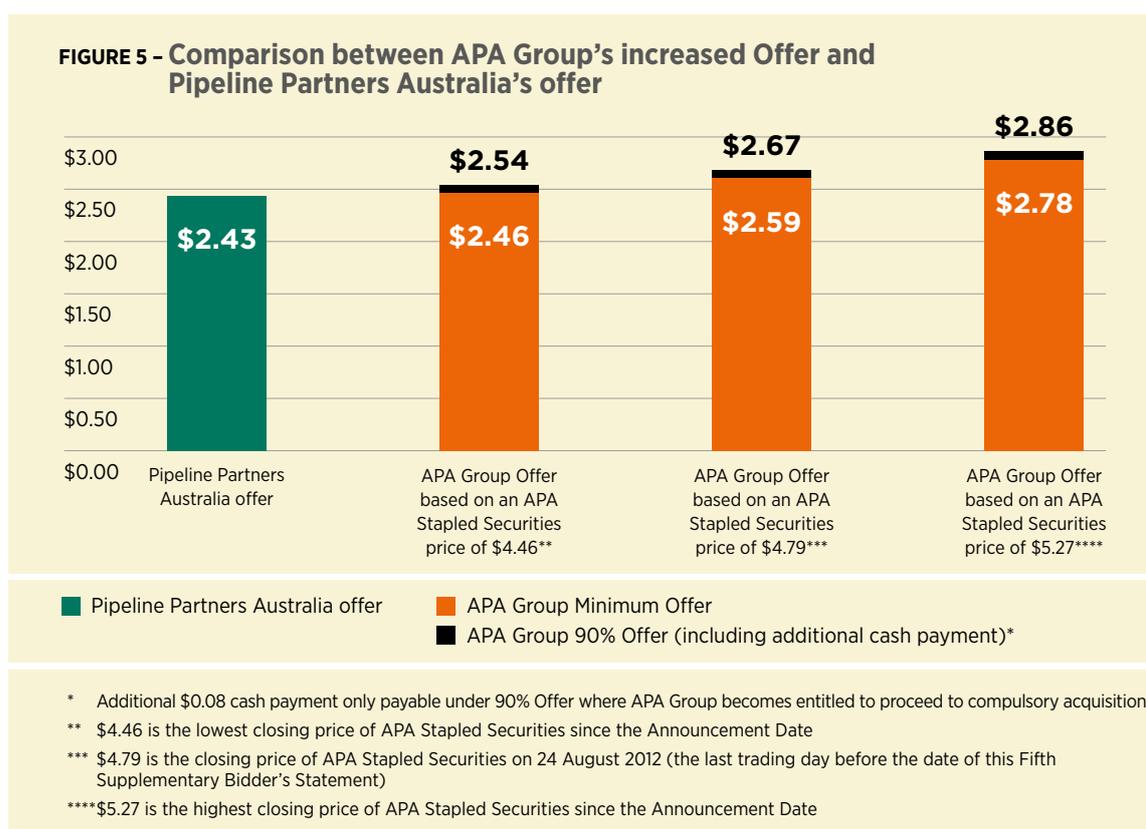
The implied value of APA Group's Offer is superior to the offer from Pipeline Partners Australia of \$2.43, announced on 15 August 2012, representing a premium of:

- 9.8%³¹ based on the 90% Offer;³² and
- 6.5%³³ based on the Minimum Offer.

The Pipeline Partners Australia offer will lapse on 31 August 2012.

Since APA Group announced its Offer on 14 December 2011, the closing prices of APA Stapled Securities have been in the range of \$4.46 - \$5.27. At all prices within that range, APA Group's Offer is greater than Pipeline Partners Australia's offer, as the implied value of the 90% Offer based on this trading price range is in the range of \$2.54 - \$2.86, and the implied value of the Minimum Offer based on this trading price range is in the range of \$2.46 - \$2.78.³⁴

The implied premium over the Pipeline Partners Australia offer at different prices for APA Stapled Securities is set out in Figures 2 and 3.



31 Based on the closing price of APA Stapled Securities of \$4.79 on 24 August 2012 (the last trading day before the date of this Fifth Supplementary Bidder's Statement) giving an implied value to the 90% Offer of \$2.67.

32 The additional consideration under the 90% Offer is only payable where APA Group becomes entitled to proceed to compulsory acquisition.

33 Based on the closing price of APA Stapled Securities of \$4.79 on 24 August 2012 (the last trading day before the date of this Fifth Supplementary Bidder's Statement) giving an implied value to the Minimum Offer of \$2.59.

34 Based on the closing price of APA Stapled Securities of \$4.79 on 24 August 2012 (the last trading day before the date of this Fifth Supplementary Bidder's Statement).

Retain investment in the energy infrastructure sector

The increased Offer also enables HDUF Securityholders to retain exposure to the majority of the HDUF Group assets³⁵ and gain exposure to the APA Group assets. HDUF Securityholders will benefit from the scale and diversity of the Combined Group and will also benefit from APA Group's quality management and internally managed fee-free structure.

HDUF Securityholders who accept the all-cash Pipeline Partners Australia offer will lose exposure to the HDUF Group assets and will be faced with risks and costs associated with reinvestment (including the risk that, depending on market conditions, any monies received from Pipeline Partners Australia may not be able to be reinvested at a similar rate of return to that obtained from an investment in HDUF).

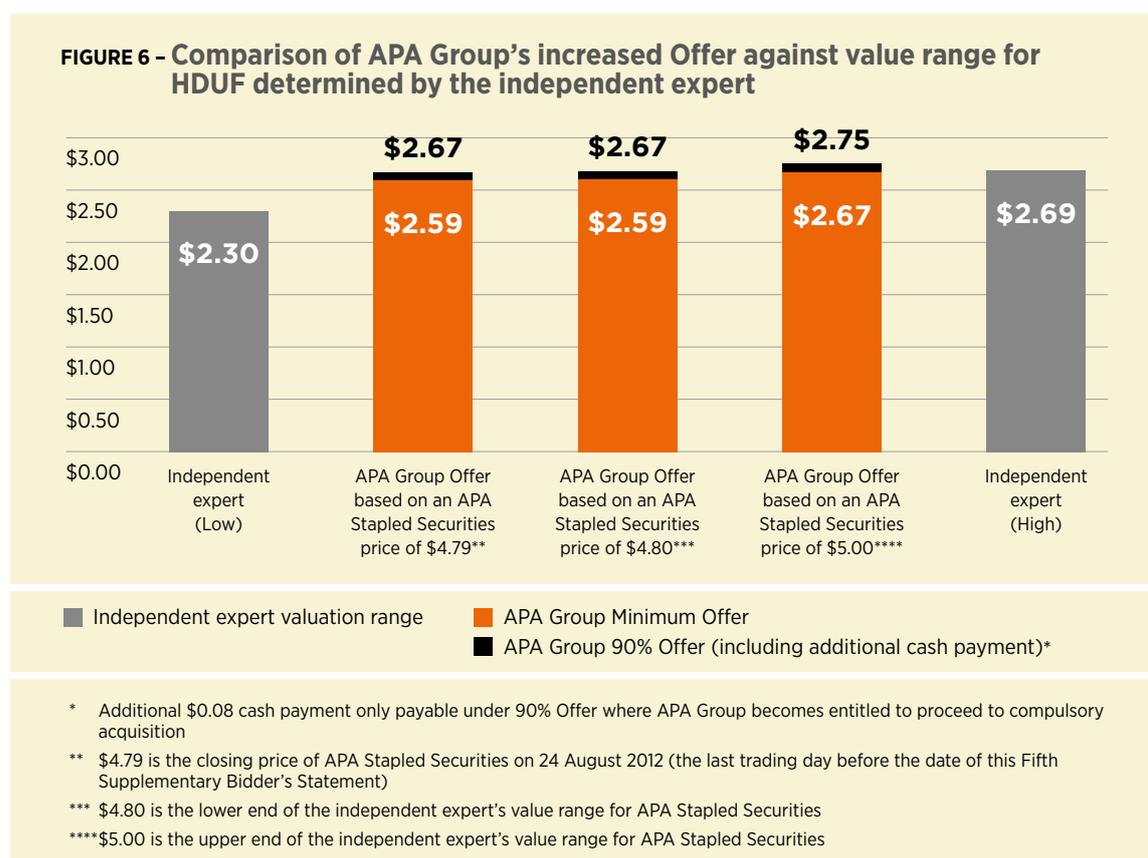
³⁵ On 19 July 2012, the ACCC announced that it would not oppose the proposed acquisition by APA Group of HDUF, on the basis of its acceptance of the ACCC Undertaking from APA Group to divest the MAPS Business. See section 3 of this Fifth Supplementary Bidder's Statement for further information.

4. APA Group's increased Offer is above the midpoint of the value range for HDUF determined by an independent expert

The implied values of the 90% Offer and the Minimum Offer are above the midpoint of the independent expert's value range for HDUF.³⁶

On 3 August 2012, the HDUF Responsible Entity released a target's statement in response to Pipeline Partners Australia's takeover bid for HDUF, which included an independent expert report. The independent expert has estimated that the full underlying equity value of HDUF, including a premium for control, is in the range of \$2.30 - \$2.69 per HDUF Stapled Security.

Further, the independent expert considers that an APA Stapled Security price of \$4.80 to \$5.00 is a reasonable estimate which encompasses the recent performance of APA Stapled Securities as well as current market conditions.



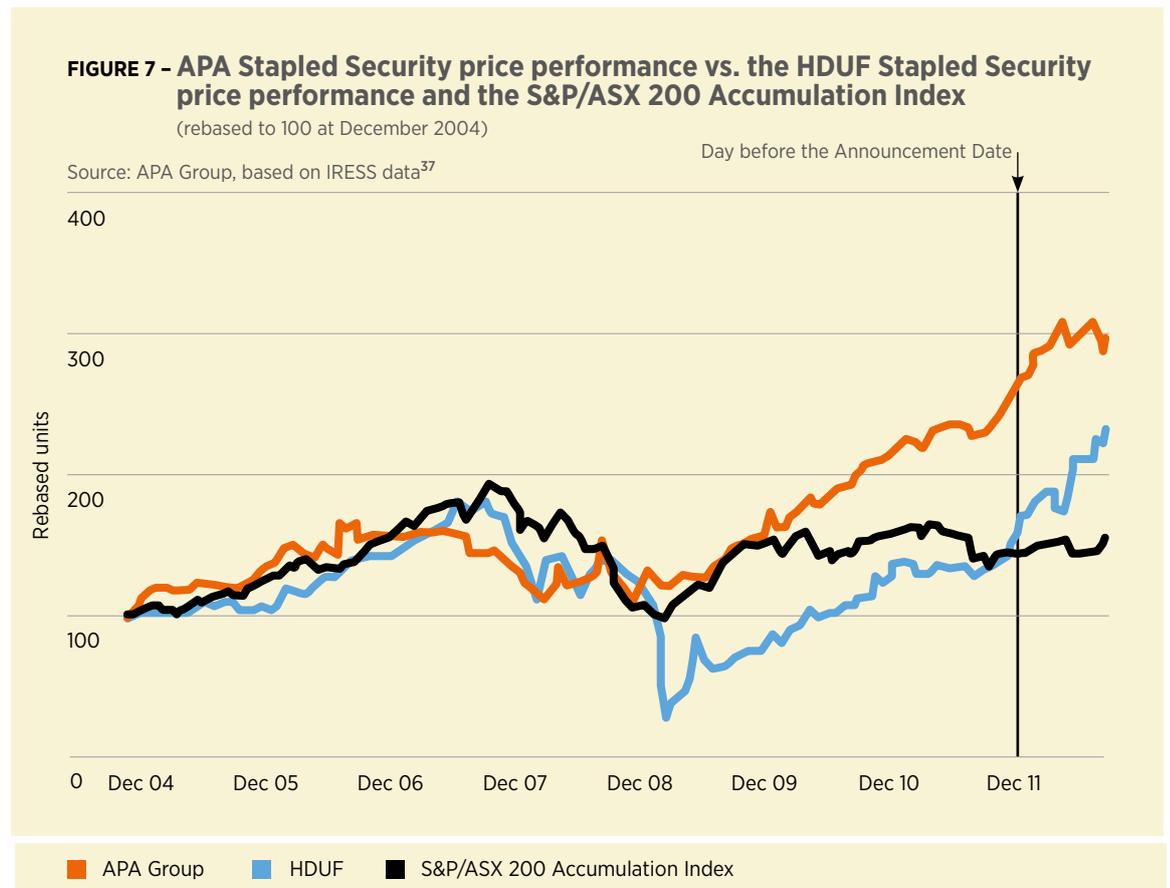
36 Using the implied value of the 90% Offer of \$2.67, and the implied value of the Minimum Offer of \$2.59, each based on the closing price of APA Stapled Securities of \$4.79 on 24 August 2012 (the last trading day before the date of this Fifth Supplementary Bidder's Statement). The implied value of the Offer will vary over the Offer Period - see Figures 2 and 3.

5.

Gain exposure to APA Group, which has achieved superior total securityholder return in excess of HDUF and the market

Total securityholder return since HDUF listing

APA Group has outperformed HDUF and the S&P/ASX 200 Accumulation Index since HDUF's listing.



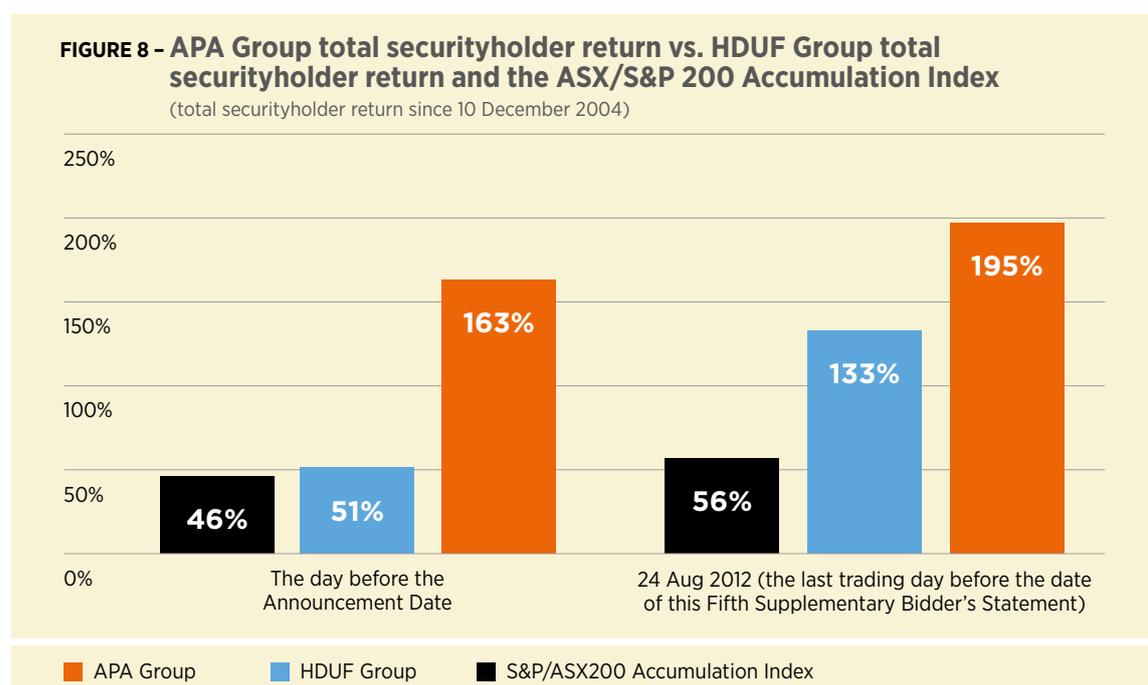
³⁷ IRESS has not consented to the use of this reference.

Reasons why you should ACCEPT APA Group's increased Offer continued

5. Gain exposure to APA Group, which has achieved superior total securityholder return in excess of HDUF and the market continued

In the period from HDUF's listing on the ASX in December 2004 to the day before the Announcement Date (prior to the recent HDUF takeover activity), APA Group delivered a total securityholder return of 163%. During the same period, HDUF achieved a total securityholder return of only 51%, and the S&P/ASX 200 Accumulation Index³⁸ achieved a total return of only 46%.³⁹

Including the recent HDUF takeover activity, APA Group continues to significantly outperform HDUF. Over the period from HDUF's listing to 24 August 2012 (the last trading day before the date of this Fifth Supplementary Bidder's Statement), APA Group delivered a total securityholder return of 195%. During the same period, HDUF achieved a total securityholder return of only 133%, and the S&P/ASX 200 Accumulation Index achieved a total return of only 56%.⁴⁰



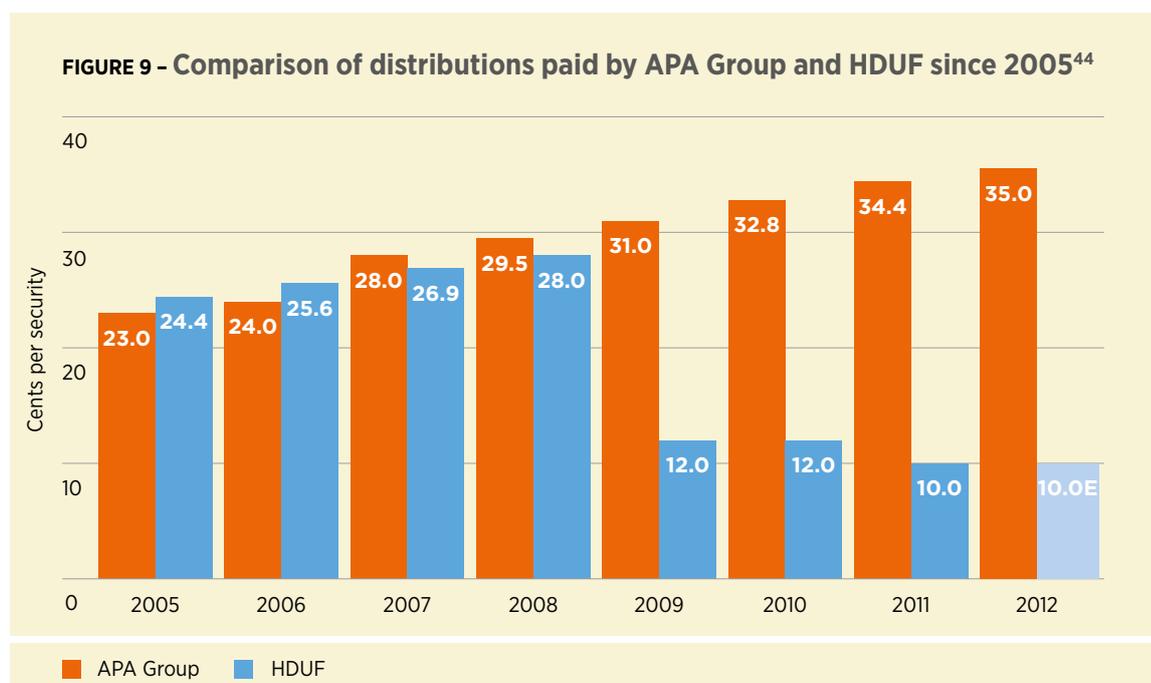
38 Similar to the calculation of total securityholder return, the S&P/ASX 200 Accumulation Index takes into account the notional security price movements, adjustment for capital management (such as security splits and consolidations) and assuming reinvestment of distributions at the declared distribution rate per security of the stocks that comprise the S&P/ASX 200 over a period of time.

39 Total securityholder return calculations for the period from HDUF's listing on 10 December 2004 to the Announcement Date use figures from APA Group, HDUF and the S&P/ASX 200 Accumulation Index as at the day before the Announcement Date. Past performance is not an indicator of future performance.

40 Total securityholder return calculations for the period from HDUF's listing on 10 December 2004 to 24 August 2012 (the last trading day before the date of this Fifth Supplementary Bidder's Statement) use figures from APA Group, HDUF and the S&P/ASX 200 Accumulation Index as at the last trading day before the date of this Fifth Supplementary Bidder's Statement. Past performance is not an indicator of future performance.

Solid distribution track record

APA Group has a solid and consistent distribution record which has increased from 23.0 cents per APA Stapled Security in 2005 to 35 cents in 2012.⁴¹ Against this, HDUF's distribution has been reduced from 24.4 cents per HDUF Stapled Security in 2005 to 10.0⁴² cents in 2012.⁴³



As confirmed to the ASX on 22 August 2012, APA Group's final distribution for the six months ending 30 June 2012 is 18 cents per stapled security. Together with the interim distribution of 17 cents paid in March 2012, distributions for FY2012 total 35 cents per security. That represents an increase of 1.7 per cent over the previous year's distributions.

If the Bidder acquires all of the HDUF Stapled Securities, APA Group intends to continue its policy of ensuring all distributions are fully covered by operating cash flows while seeking to balance the funding requirements of a growing business with the objective of increasing distributions to its securityholders.

APA Group's next distribution payment is expected to be in respect of the six month period to 31 December 2012. Based on the distribution guidance for FY2013, this interim distribution is likely to be in the order of at least 17 cents per APA Stapled Security equal to approximately 6.6 cents per HDUF Stapled Security.⁴⁵ If the Offer Consideration is paid on or before 31 December 2012, and you retain those APA Stapled Securities that you receive as part of the Offer Consideration at the record date for that distribution (31 December 2012), you will receive the APA Group FY2013 interim distribution to be paid in March 2013.

41 APA Group's FY2012 distributions of 35 cents includes the 18 cents final distribution, as confirmed to the ASX on 22 August 2012.

42 HDUF's FY2012 distributions of 10 cents is based on the annual distribution guidance HDUF provided to the ASX on 24 February 2012.

43 APA Group has a financial year end of 30 June compared to a HDUF financial year end of 31 December. For clarity and in order to provide a basis of comparison, the historical figures for APA Group and HDUF are based on figures as at their respective financial year end dates.

44 APA Group has a financial year end of 30 June compared to a HDUF financial year end of 31 December. For clarity and to provide a basis of comparison, the historical figures for APA Group and HDUF are based on figures as at their respective financial year end dates. HDUF issued approximately 277 million new securities in July 2009 as part of a 1-for-1 non-renounceable pro-rata entitlement offer and institutional placement. APA Group's FY2012 distributions of 35 cents includes the 18 cents final distribution, as announced to the ASX on 22 August 2012. HDUF's FY2012 distributions of 10 cents is based on the annual distribution guidance HDUF provided to the ASX on 24 February 2012.

45 Based on APA Group's distribution guidance for the period ending 31 December 2012 and the scrip component of the Offer Consideration being 0.390 APA Stapled Securities.

Reasons why you should ACCEPT APA Group's increased Offer continued

5. Gain exposure to APA Group, which has achieved superior total securityholder return in excess of HDUF and the market continued

FY2013 EBITDA and distribution guidance

Barring unforeseen circumstances, APA Group expects EBITDA for the full year to 30 June 2013 to be in the range of \$540 million to \$550 million. This range reflects APA's continuing business, and represents an increase of approximately 6.5% over the previous year when FY2012 EBITDA is adjusted for the sell down of the Allgas gas distribution network in December 2011. This guidance does not take into consideration the potential acquisition of HDUF.

Total distributions for the full year to 30 June 2013 are expected to be at least at the level of FY2012 distributions, that is, at least 35 cents per APA Stapled Security. Distribution guidance is expected to remain unchanged if APA Group is successful in acquiring HDUF.

6.

Benefit from quality management, energy industry know-how and robust financial capability

APA Group has proven management expertise, consistently delivering on APA Group's strategy

APA Group has extensive experience in the pipeline industry as owner and operator of an infrastructure business. With a national team of 1,400 employees, APA Group manages and operates energy infrastructure assets of approximately \$9 billion.⁴⁶

APA Group works closely with its customers to develop innovative solutions and new services in response to the dynamics of the gas market.

APA Group has a track record of successfully integrating acquisitions and enhancing its asset portfolio, including construction of new pipelines and capacity expansion of existing pipelines.

APA Group has delivered consistent strong business performance, adhering to strategy and generating value for customers and securityholders.

APA Group has consistently identified and delivered growth projects on its assets

Since listing 12 years ago, APA Group has maintained its strategy of optimising existing assets and pursuing growth opportunities.

Over the last 4 years, APA Group has invested \$900 million on growth capital expenditure, and there continues to be significant investment opportunities to support the future growth of APA Group.

In general, these projects are underpinned by firm contracts or regulatory arrangements, providing confidence in APA Group's ability to generate value for APA Securityholders.

APA Group's robust financing capability

APA Group has robust financing capability which enables it to competitively fund current and future growth opportunities for APA Group.

On 22 August 2012, APA Group announced that it had secured a total of \$600 million in new 1-year and 4-year bank commitments. When combined with APA Group's existing cash and undrawn facilities, in the event that it moves to compulsory acquisition of HDUF Stapled Securities APA Group confirms it has sufficient funding resources to fully repay all HDUF debt, fund the cash component of the Offer and retain adequate headroom in the APA Group business.

Since 30 June 2011, APA Group has secured in excess of \$2.9 billion in new bank facilities and medium term note issues, highlighting APA Group's ongoing ability to access global capital markets and the very strong support that APA Group maintains within the Australian bank syndication and bilateral markets.

APA Group has a number of programs available through which it is able to raise debt funding to complete ongoing refinancing of its debt obligations. These programs have been established in a range of jurisdictions (including Australia, North America and Europe) and give APA Group access to a wide array of markets within which to undertake ongoing refinancing of its debt obligations.

In addition, on 16 August APA Group announced it had allocated \$475 million APA Group Subordinated Notes under the Subordinated Notes Offer. The proceeds raised from the Subordinated Notes Offer will be used to support APA Group's ongoing investment in the growth of its infrastructure assets (including for the acquisition of HDUF, if it proceeds) and for general corporate purposes.

⁴⁶ APA Group owns and operates its own assets of \$4.2 billion. APA Group also operates assets of approximately \$4.7 billion owned by some of its energy investments (Envestra, SEA Gas Pipeline, GDI (EII) Pty Ltd (which owns the Allgas Distribution Network), Energy Infrastructure Investments and Ethane Pipeline Income Fund). The asset values are based on pro forma historical financial information.

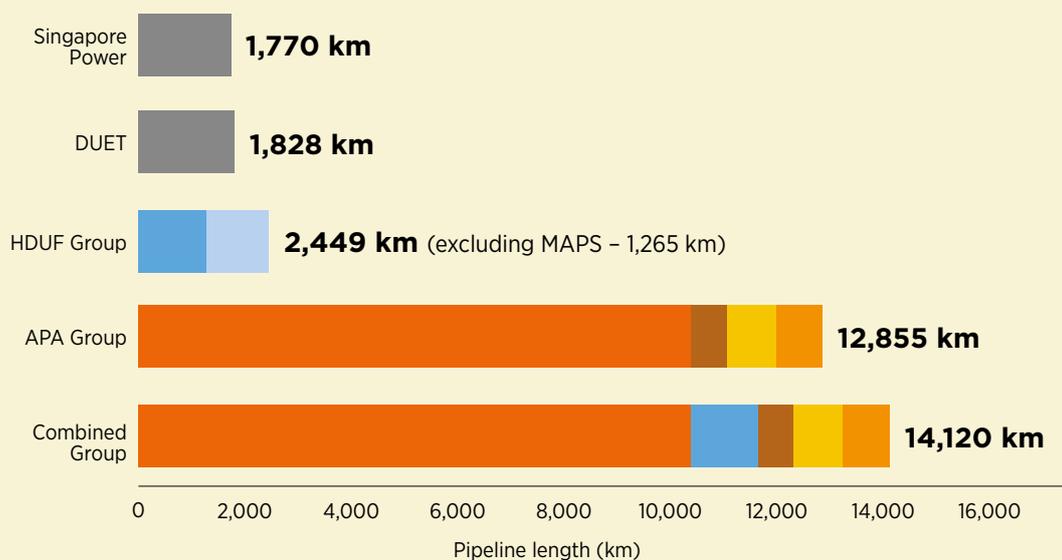
7. Benefit from scale and diversity, while retaining exposure to the majority of HDUF Group assets

The Offer provides an opportunity for HDUF Securityholders to join APA Securityholders and be part of a bigger and broader energy infrastructure business.⁴⁷ This offers the benefits of scale and diversity, whilst still retaining exposure to the majority of the HDUF Group assets.

The Combined Group will own an unrivalled interconnected gas infrastructure footprint in Australia and will own and/or operate over 14,000 kilometres of gas transmission pipelines,⁴⁸ enhancing its ability to transport gas from all connected major gas fields to all connected major gas markets across the country.

FIGURE 10 - Australia's largest natural gas transmission pipeline owners

Source: APA Group, HDUF, ESAA, Dampier to Bunbury Natural Gas Pipeline



APA ENERGY INVESTMENTS SEA Gas Envestra EII/GDI HDUF (excluding MAPS)

⁴⁷ Foreign Securityholders will not be entitled to receive APA Stapled Securities. Instead, the APA Stapled Securities to which they would otherwise be entitled will be sold by the Nominee and the net proceeds paid to them. See section 9.5.3 of the Bidder's Statement for further information.

⁴⁸ This includes pipelines operated by APA Group which are owned by one of its energy investment entities.

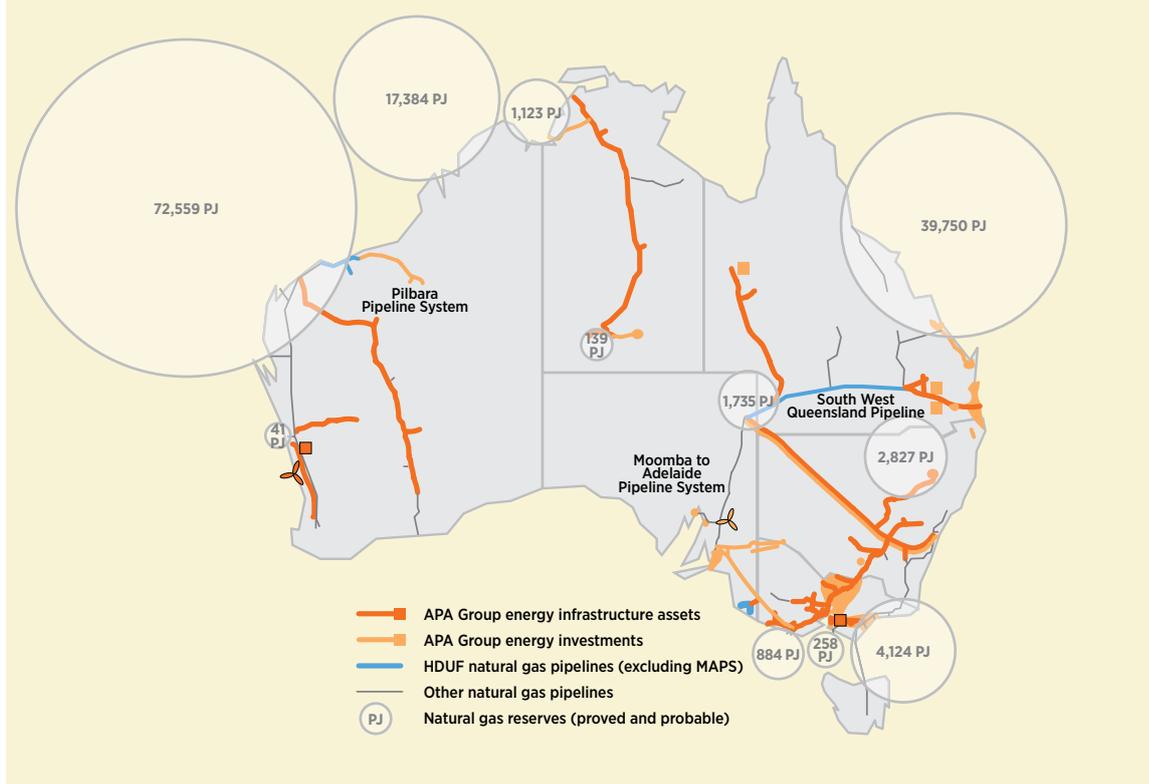
APA Group's gas infrastructure footprint is particularly important and beneficial at a time when the demand for natural gas in Australia is forecast to double over the next 20 years.⁴⁹ This provides APA Group, alone and as part of the Combined Group, access to a broad range of growth and investment opportunities.

Most importantly, while exposed to the growing gas market nationwide, APA Group will pursue projects that are expected to generate value for its securityholders and create responsive solutions to its customers' needs. This means investing in opportunities that:

- capture revenue and operational synergies;
- utilise and build on APA Group's existing knowledge and skills base; and
- offer long-term stable cash flows, further strengthening APA Group's financial position.

FIGURE 11 - APA Group exposure to major gas production sources

Source: APA Group data; EnergyQuest May 2012



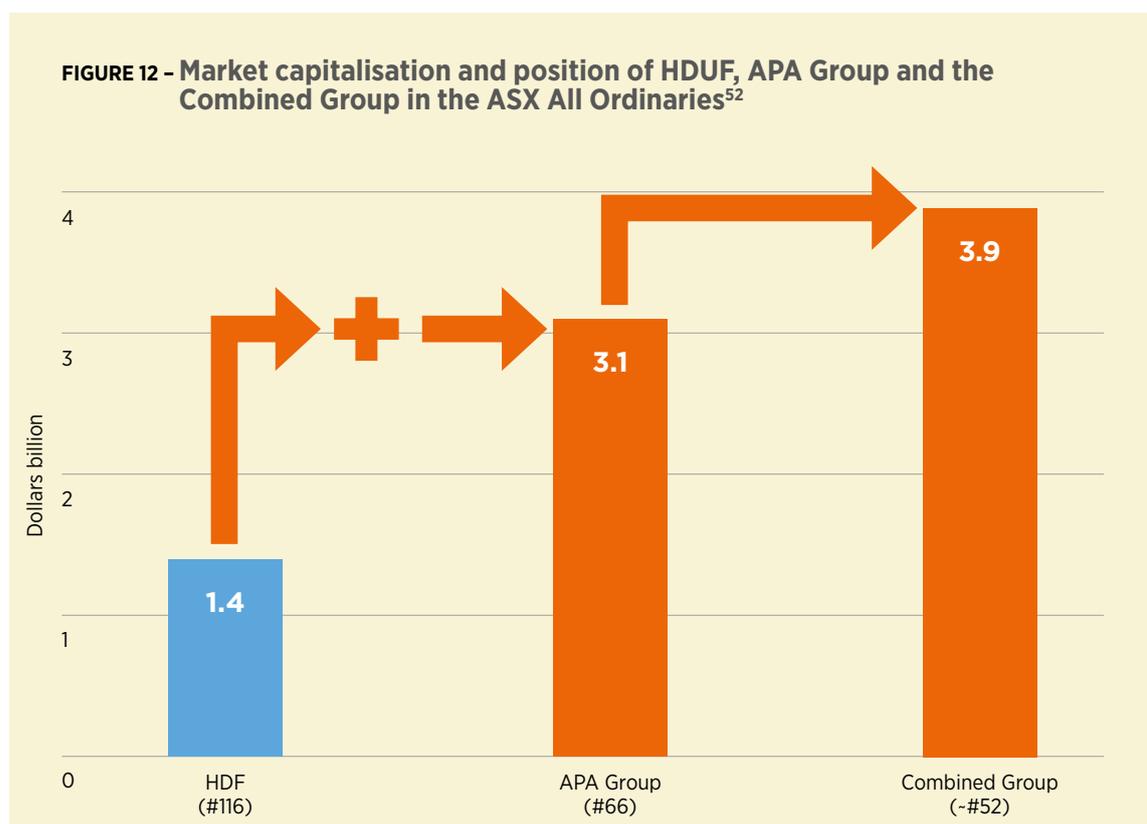
49 ABARE, "Australian energy projections to 2029-30", March 2010 (see also section 1.2 at page 25 of the Bidder's Statement).

Reasons why you should ACCEPT APA Group's increased Offer continued

7. Benefit from scale and diversity, while retaining exposure to the majority of HDUF Group assets continued

A larger Combined Group by market capitalisation

HDUF has a market capitalisation of \$1.4 billion.⁵⁰ The Combined Group, with an estimated market capitalisation of \$3.9 billion,⁵¹ is expected to be around the 52nd largest entity in the ASX All Ordinaries.



Undertaking to divest MAPS Business

As part of the ACCC's review into APA Group's proposed acquisition of HDUF, APA Group provided an undertaking to the ACCC to divest the MAPS Business. APA Group is confident that its requirement to divest the MAPS Business will not materially impact either its ability to provide an enhanced service offering to its customers, or its ongoing financial performance. Additionally, APA Group believes that the MAPS Business is an attractive asset with stable long term cash flows, and is confident that the divestment process will successfully maximise value for securityholders of the Combined Group.

50 Based on the closing price of HDUF Stapled Securities of \$2.63 on 24 August 2012 (the last trading day before the date of this Fifth Supplementary Bidder's Statement) and HDUF Stapled Securities on issue of 530,001,072.

51 The expected total securities on issue for the Combined Group is expected to be 808,376,740 which is the sum of the existing number of APA Stapled Securities on issue (644,485,583) and the APA Stapled Securities expected to be issued to HDUF Securityholders as consideration (163,891,157) under the Offer but excludes any APA Stapled Securities issued to the HDUF Responsible Entity in respect of the payment of any Performance Fee. The Combined Group market capitalisation is calculated by multiplying the expected total securities on issue by the closing price of APA Stapled Securities of \$4.79 on 24 August 2012 (the last trading day before the date of this Fifth Supplementary Bidder's Statement).

52 ASX All Ordinaries position based on market capitalisation as at 24 August 2012 (the last trading day before the date of this Fifth Supplementary Bidder's Statement).

Summary of Key Risks

Key risks

The following is a summary of risk factors which you should consider in deciding whether to accept this Offer. This list is not exhaustive and is not a substitute for a careful reading of section 8 of the original Bidder's Statement which describes both these risk factors, and other risk factors in detail. These risks could have an impact on the value of an investment in the Combined Group, or in some cases, the Offer proceeding.

You should also consider section 3 of this Fifth Supplementary Bidder's Statement in relation to APA Group's ACCC Undertaking, which describes certain risks associated with the divestment of the MAPS Business.

Economic regulation

Approximately 45% of APA Group's pro forma revenue for FY2012 (revenue excluding pass through revenue) was earned on assets subject to pricing regulation by independent national and state energy regulators. This pricing regulation provides for the regulator to determine the price and other terms for services. Costs could materially increase within a regulatory pricing period resulting in adverse impacts on earnings. Changes to the regulatory framework may also adversely affect APA Group's earnings and/or financial position and performance. This risk is addressed in more detail in section 8.2.1.1 of the original Bidder's Statement.

Bypass and competitive risk

Bypass and competitive risk occurs when a new transmission pipeline offers a gas transportation service to the same end market serviced by existing pipelines. This risk is particularly applicable to the Moomba Sydney Pipeline and the Parmelia Gas Pipeline. APA Group's future earnings could be reduced if customers purchased gas transportation services from new pipelines rather than from APA Group's existing pipelines. This risk is addressed in more detail in section 8.2.1.2 of the original Bidder's Statement.

Gas demand risk

The volume of gas that is transported by APA Group is dependent on end user demand, which is dependent on a number of variables including the relative price of gas and its competitive position with other energy sources. If the demand for gas weakens, it will adversely impact APA Group's future revenue, profits and financial position. This risk is addressed in more detail in section 8.2.1.3 of the original Bidder's Statement.

Operational risk

APA Group is exposed to a number of operational risks such as equipment failures or breakdowns, rupture of pipelines, information technology systems failures or breakdowns, employee or equipment shortages, contractor default or other unplanned interruptions. Operational disruption, or the cost of repairing or replacing damaged assets, could adversely impact APA Group's earnings. This risk is addressed in more detail in section 8.2.2.1 of the original Bidder's Statement.

Counterparty change of control risk

HDUF Group Entities may be parties to agreements that contain pre-emptive rights or change of control provisions that may be triggered if the Bidder acquires HDUF Stapled Securities representing a majority of the voting rights of HDUF. If triggered, these provisions could have negative financial consequences. This risk is addressed in more detail in section 8.3.1 of the original Bidder's Statement.

Integration and synergy risks

There is a risk that synergy benefits reasonably expected through the integration of APA Group and HDUF Group may not be realised at all or not realised to their full extent, or that they may be realised over a longer period of time than anticipated. There is also a risk that implementation and other one-off costs may be substantial or greater than reasonably anticipated. This could have a material adverse impact on the Combined Group's financial position and performance. These risks are addressed in more detail in section 8.3.2 of the original Bidder's Statement.

Fluctuation in the market value of APA Stapled Securities

The Offer Consideration includes a specified number of APA Stapled Securities as opposed to a number of APA Stapled Securities totalling a specified market value. APA Group is not obliged to make any adjustment to the Offer Consideration payable if the value of APA Stapled Securities changes during the Offer Period. Accordingly, market fluctuations could adversely affect the value of the Offer Consideration. This risk is addressed in more detail in section 8.4.2 of the original Bidder's Statement.

Contract renewal risk

A large part of APA Group's revenues are the subject of long term negotiated revenue contracts with end customers. Due to a range of factors including customer demand risk, gas supply risk, counterparty risk, by-pass and competitive risk, APA Group may not be successful in recontracting the available pipeline capacity when it comes due for contract renewal. If APA Group is unable to recontract the available pipeline capacity when it comes due for renewal, it will adversely impact APA Group's future revenue, profits and financial position. This risk is also set out in section 8.2.1.10 of the original Bidder's Statement.

Risk in relation to Offer conditions

This Offer includes a number of conditions. If these conditions are not satisfied or waived by the Bidder, then the Offer will not become unconditional. This risk is addressed in more detail in section 8.4.5 of the original Bidder's Statement and the "Reduced conditionality of Offer" section on page 8 of this Fifth Supplementary Bidder's Statement.

APA Group has announced an intention to waive condition (a) (90% minimum ownership) once it has obtained a relevant interest in more than 70% of HDUF Stapled Securities.

However, the Corporations Act prevents a bidder from waiving this condition within the last 7 days of the Offer Period. As a result, unless the condition is satisfied or waived by 7 days before the end of the Offer Period, APA Group would need to extend the Offer Period to ensure that APA Group is not prevented from waiving the condition. Any extension of this kind would give rise to withdrawal rights. APA Group also notes that it retains the right to waive condition (a) of its Offer (or any other condition) at any time prior to the last 7 days of the Offer Period. The Offer Consideration will not become payable until the conditions of the Offer have been waived or satisfied.

Other considerations

No CGT roll-over relief available

You should be aware that no CGT roll-over relief will be available for HDUF Securityholders who accept the Offer. Please refer to section 6 of this Fifth Supplementary Bidder's Statement for further information

1. Variations to the Offer

1.1 OFFER CONSIDERATION

On 17 August 2012, APA Group announced that it would increase the Offer Consideration to \$0.72 cash and 0.390 APA Stapled Securities for each HDUF Stapled Security.

APA Group has announced that it will increase its offer to \$0.80 in cash and 0.390 APA Stapled Securities for each HDUF Stapled Security if it becomes entitled to proceed to compulsory acquisition.

The increased Offer Consideration will not be reduced for any HDUF distributions paid since the Offer was announced on 14 December 2011. However, the value of the Offer Consideration will be reduced by the amount of any HDUF distribution which is paid to HDUF Securityholders after 8 August 2012.

Annexure A to this Fifth Supplementary Bidder's Statement is the formal notice that gives effect to the increase in Offer Consideration.

1.2 CLOSING DATE

The Closing Date for the Offer is now 7.00pm (Sydney time) on 18 September 2012, unless further extended or withdrawn.

1.3 WAIVER OF CONDITIONS

As at the date of this Fifth Supplementary Bidder's Statement:

- the conditions in paragraphs:
 - (b)(Foreign Acquisitions and Takeovers Act);
 - (c)(ACCC approval);
 - (i)(HDUF announcement re security constraints in financing arrangements);
 - (j)(HDUF announcement re change of control in financing arrangements);
 - (k)(change of control in financing arrangements);
 - (l)(HDUF announcement re change of control);
 - (m)(change of control);
 - (n)(HDUF announcement re contractual milestones); and
 - (o)(HDUF announcement re commencement of AGL gas transportation agreement)

of section 10 of the Bidder's Statement have been waived and, accordingly, the Offer is now free of those conditions; and

- so far as the Bidder knows, none of the other conditions of the Offer set out in section 10 of the Bidder's Statement have been fulfilled or waived and, accordingly, the Offer remains subject to those conditions.

The remaining conditions as at the date before the date of this Fifth Supplementary Bidder's Statement are as follows:

- (a)(minimum ownership);
- (d)(other regulatory approvals);
- (e)(no restraining orders);
- (f)(no material adverse effect);
- (g)(no material acquisitions, disposals or new commitments);
- (h)(remuneration payment);
- (p)(index decline);
- (q)(Other Occurrences);
- (r)(Litigation); and
- (s)(payments to and undertakings by the HDUF Responsible Entity).

Please see the section entitled "Reduced conditionality of Offer" on page 8 of this Fifth Supplementary Bidder's Statement which sets out APA Group's intentions in relation to some of those conditions.

1.4 EXTENSION OF BID TO SECURITIES ISSUED TO HDUF RESPONSIBLE ENTITY

In section 9.1 of the Bidder's Statement, APA Group stated that subject to obtaining a relief instrument in a form acceptable to the Bidder, the Offer also extends to all HDUF Stapled Securities that are issued between the Announcement Date and the end of the Offer Period in respect of any Performance Fee payable to the HDUF Responsible Entity.

A relief instrument has now been obtained from ASIC. Accordingly, for Corporations Act purposes, APA Group may now vary its Offer so that it extends to all HDUF Stapled Securities that are issued before the end of the Offer Period in respect of any Performance Fee payable to the HDUF Responsible Entity.

2. Sources of consideration

2.1 TOTAL CASH CONSIDERATION

The total Offer Consideration for the acquisition of HDUF Stapled Securities (excluding the HDUF Stapled Securities already owned by APA Group at the date of this Bidder's Statement) will be satisfied by the payment of cash and the issue of APA Stapled Securities.

The cash component of the Offer Consideration for the acquisition of the HDUF Stapled Securities to which the Offer relates is currently \$0.72 per HDUF Stapled Security. However, if APA Group becomes entitled to proceed to compulsory acquisition of the HDUF Stapled Securities, the cash component of the Offer Consideration will increase to \$0.80 per HDUF Stapled Security.

Assuming APA Group becomes entitled to proceed to compulsory acquisition of the APA Stapled Securities, the total cash amount that the Bidder would be required to pay to HDUF Securityholders under the Offer, if it acquires all of the HDUF Stapled Securities currently on issue which it does not currently own, is \$336.2 million.

This cash consideration required to meet the Bidder's obligations under the revised Offer Consideration will be met by the funding sources described in sections 2.2 and 2.3 below.

2.2 CASH FUNDING ARRANGEMENTS

To meet its funding obligations under the Offer the Bidder has available to it:

- (1) APA Group Finance Facilities, being existing syndicated and bilateral bank facilities, with an undrawn committed amount of \$1,020 million as at 24 August 2012 (the last trading day before the date of this Fifth Supplementary Bidder's Statement);
- (2) APA Group Cash Reserves of immediately available cash on hand of at least \$20 million as at 24 August 2012 (the last trading day before the date of this Fifth Supplementary Bidder's Statement); and
- (3) on 22 August 2012, APA Group announced that it had secured commitments for a total of \$600 million in new 1-year and 4-year syndicated bank facilities.

APA Group confirms that in the event that it moves to compulsory acquisition of HDUF Stapled Securities, APA Group has sufficient funding resources available to fully repay all HDUF debt whilst retaining prudent headroom for ongoing APA Group operations.

2.3 SUBORDINATED NOTES OFFER

On 16 August 2012, APA Group announced it had allocated \$475 million of Subordinated Notes for issue to investors under the Subordinated Notes Offer. The Subordinated Notes are to be issued by the Bidder, and are unsecured, subordinated and cumulative. The proceeds raised from the Subordinated Notes Offer will be used to support APA Group's ongoing investment in the growth of its infrastructure assets (including for the acquisition of HDUF, if it proceeds), and for general corporate purposes.

3. APA Group's ACCC Undertaking

3.1 ACCC UNDERTAKING

On 19 July 2012, the ACCC announced that it would not oppose the proposed acquisition by APA Group of HDUF, on the basis of its acceptance of the ACCC Undertaking from APA Group to divest the MAPS Business.

On 20 July 2012 APA Group waived the ACCC approval condition of its Offer.

The ACCC Undertaking requires that APA Group must, from when APA Group has removed the HDUF Responsible Entity and appointed a new APA Group nominated responsible entity, cause the divestiture of the MAPS Business to a purchaser approved by the ACCC.

APA Group has appointed an independent manager approved by the ACCC to manage the MAPS Business from the date it acquires effective control until the completion of the divestment.

The ACCC Undertaking also imposes obligations on APA Group relating to the protection of the MAPS Business. These include requiring that the MAPS Business be separated from APA Group and restrictions on APA Group and APA Group's employees' ability to access, use or disclose confidential information about the MAPS Business.

APA Group must also appoint and maintain an independent auditor approved by the ACCC to audit and report on APA Group's compliance with the ACCC Undertaking.

If this divestiture is not completed within a certain time period, then APA Group must appoint and maintain a divestiture agent approved by the ACCC to effect the divestiture of the unsold MAPS business. The divestiture agent must then use its best endeavours to enter into a binding agreement for the divestiture of the MAPS Business as quickly as possible to a purchaser approved by the ACCC. APA Group cannot impose any obligation on the divestiture agent to achieve a minimum price for the divestiture.

3.2 INTENTIONS OF APA GROUP IN RELATION TO ACCC UNDERTAKING IF HDUF BECOMES A PART CONTROLLED ENTITY

As set out in section 5.3 of the Bidder's Statement, if HDUF were to be a part controlled entity (where the Bidder holds 50.1% or more but less than 100% of HDUF Stapled Securities), the Bidder intends to appoint APL or another entity as the new responsible entity of HDUF (if it is in a position to do so).

In these circumstances, APA Group would still be required to comply with the ACCC Undertaking to cause the divestiture of the MAPS Business to a purchaser approved by the ACCC. The new HDUF responsible entity would be required to comply with its duty to act in the best interests of HDUF Securityholders in relation to any such divestiture.

3.3 RISKS ASSOCIATED WITH ACCC UNDERTAKING

3.3.1 Price for sale of the MAPS Business

The level of purchaser interest in the MAPS Business and other market conditions may adversely affect the price at which the MAPS Business can be sold.

If the divestiture of the MAPS Business is not completed within a certain time period, then APA Group must appoint and maintain a divestiture agent approved by the ACCC to effect the divestiture. The divestiture agent must then divest the MAPS Business as quickly as possible to a purchaser approved by the ACCC. APA Group cannot impose any obligation on the divestiture agent to achieve a minimum price for the divestiture. If this takes place, it is also possible that the MAPS Business will be sold at a price that is below the market value of the MAPS Business. This could materially and adversely affect APA Group's financial position and performance.

3.3.2 No sale of MAPS Business

There may be circumstances where APA Group is unable to comply with the requirements of the ACCC Undertaking, for example if APA Group is unable to cause the sale of the MAPS Business. In such circumstances, the ACCC may require APA Group to take action to address its competition concerns. This could materially and adversely affect APA Group's and potentially HDUF Group's operations and/or financial position and performance.

3.3.3 Capital gain on sale of MAPS Business

The divestment of the MAPS Business will be a taxable event. The tax treatment of any gain will depend on a number of factors, including whether the Bidder holds 100% of the HDUF Stapled Securities at the time of the divestment and whether there are any tax losses which would be available to reduce the tax payable on any gain.

In the event the Bidder holds 50.1% or more but less than 100% of HDUF Stapled Securities at the time of divestment of the MAPS Business, the HDUF Epic Group would realise a taxable gain if the proceeds from the divestment exceeds the tax cost base of the MAPS Business. The tax payable on that gain will be reduced by any available tax losses of the HDUF Epic Group subject to the satisfaction of the same business test. The HDUF Epic Group had carried forward tax losses of approximately \$164 million as at 31 December 2011 and may generate additional tax losses for the year ended 31 December 2012. The actual amount of tax losses available to reduce any gain realised by the HDUF Group may be a higher or lower amount in the income year of any disposal. Based on the information available, it is likely that the HDUF Epic Group will be able to satisfy the same business test in order to utilise any available losses. However, this is not certain and will depend on all the facts and circumstances relevant to the business of the HDUF Epic Group, including the business carried on by the group both before and after the divestment of the MAPS Business.

In the event that the Bidder holds 100% of the HDUF Stapled Securities before divestment of the MAPS Business, the HDUF Epic Group would become part of the APT tax consolidated group. Accordingly, the cost base of the MAPS Business would be reset. At the time of the divestment of the MAPS Business, APT would realise a taxable gain if the proceeds from the divestment exceed the reset tax cost base of the MAPS Business.

4. Institutional acceptance facility

APA Group has established an institutional acceptance facility open to professional investors (as defined in section 9 of the *Corporations Act 2001* (Cth)) (“**Eligible Institutional Securityholders**”), in order to facilitate receipt of acceptances of the Offer (“**Facility**”). The Facility has been established to facilitate receipt of acceptances of the Offer from Eligible Institutional Securityholders as APA Group recognises that some of these securityholders may be unable to accept the Offer, for example by reason of their investment mandates, until the Offer becomes or is declared unconditional.

HDUF Securityholders who are not Eligible Institutional Securityholders will not be able to participate in the Facility.

APA Group has arranged for Pacific Custodians Pty Limited to act as acceptance collection agent in relation to the Facility (“**Collection Agent**”).

Eligible Institutional Securityholders who wish to participate in the Facility or who require further information may contact the Collection Agent by email to APA@linkmarketservices.com.au or phone on (02) 8280 7522.

4.1 OPERATION OF THE FACILITY

The Facility will operate in the following way:

- (1) Eligible Institutional Securityholders may lodge acceptance instructions with the Collection Agent (in the form of Acceptance Forms and/or directions to custodians (“**Custodian Direction**”) to accept the Offer) (“**Acceptance Instructions**”) that demonstrate their intention to accept the Offer (however they will not constitute acceptances of the Offer while they are held by the Collection Agent). The Collection Agent will hold the Acceptance Instructions subject to a bare trust as Collection Agent and will not acquire a relevant interest in any of the HDUF Stapled Securities the subject of the Acceptance Instructions.
- (2) the Collection Agent must deliver:
 - (i) the Acceptance Forms to:
 - (A) in the case of Issuer Sponsored Holdings, Link Market Services Limited (as APA Group’s share registry); or
 - (B) in the case of CHES Holdings, either Link Market Services Limited (as APA Group’s share registry) or the relevant Controlling Participant (as determined by APA Group); and
 - (ii) the Custodian Directions to the relevant custodian, as soon as reasonably practicable after the Collection Agent receives written notice from APA Group (“**Confirmation Letter**”) that:
 - (iii) all outstanding Defeating Conditions have been fulfilled or waived;
 - (iv) APA Group has declared the Offer free from all Defeating Conditions; or
 - (v) APA Group will declare the Offer free from all Defeating Conditions once all the delivered Acceptance Instructions are validly processed or implemented (as appropriate).

- (3) APA Group reserves the right to declare the Offer free from all Defeating Conditions and deliver the Confirmation Letter to the Collection Agent at any time before the end of the Offer Period (subject to the Corporations Act) irrespective of the number of acceptances held by APA Group or the number of Acceptance Instructions held by the Collection Agent.
- (4) Until the Collection Agent receives the Confirmation Letter from APA Group, Eligible Institutional Securityholders will retain all rights in relation to their HDUF Stapled Securities and can withdraw their Acceptance Instructions by notice in writing to the Collection Agent.

A copy of the appointment of the Collection Agent (including the terms of the appointment) will be provided to Eligible Institutional Securityholders and may also be requested from the Collection Agent by email to APA@linkmarketservices.com.au or phone on (02) 8280 7522.

APA Group intends to apply to ASIC for a modification of subsection 624(2) of the Corporations Act such that HDUF Stapled Securities the subject of Acceptance Instructions are counted towards APA Group’s voting power in HDUF for the purposes of that sub-section. If granted, the modification has the effect that the Offer Period will be automatically extended if, within the last 7 days of the Offer Period, the aggregate number of HDUF Stapled Securities the subject of the Facility together with the number of HDUF Stapled Securities in which APA Group or an associate has a relevant interest exceeds 50% of the total number of HDUF Stapled Securities then on issue. In that event, the Offer Period would be extended so that it ends 14 days after that event.

4.2 DISCLOSURE OF ACCEPTANCE INSTRUCTIONS

Before 8.30am (Sydney, Australia time) on each Business Day, the Collection Agent will inform APA Group of the number of HDUF Stapled Securities in respect of which Acceptance Instructions have been received as at 7.30pm (Sydney, Australia time) on the previous Business Day.

Following receipt of this information, APA Group will disclose this information to ASX by 9.30am (Sydney time) on the Business Day following any movement of at least 1% in the aggregate of the number of HDUF Stapled Securities subject to the Facility and the number of HDUF Stapled Securities in which APA Group has a relevant interest, together with a breakdown of the aggregate amount between those two categories.

5. Financial information

5.1 INTRODUCTION

Pro forma financial information has been presented in this section reflecting:

- the impact of the Subordinated Notes Offer on APA Group's consolidated financial position on a stand-alone basis together with other relevant pro forma adjustments to APA Group's financial position and performance (section 5.2 below);
- pro forma adjustments to the HDUF Group (section 5.3 below); and
- the impact of the Offer on the APA Group providing investors with an indication of the scale and size of the Combined Group (section 5.4 below) considering two acquisition scenarios:
 - (1) APA Group acquires 100% of HDUF Group;
 - (2) APA Group acquires 50.1% of HDUF Group.

The Investigating Accountants have been appointed to prepare an Investigating Accountants' Report based on a review of the above detailed pro forma financial information. The Investigating Accountants' Report is set out in Annexure B.

On 22 August 2012, APA Group released their financial report for the year ended 30 June 2012, which is available on APA Group's website and is included in the Fourth Supplementary Bidder's Statement. The financial information section of this Fifth Supplementary Bidder's Statement has not been updated to include FY2012 financial information as:

- the financial position and performance of APA Group has not changed materially from 31 December 2011; and
- until HDUF Group release their 30 June 2012 half year financial report on 31 August 2012, the Bidder is unable to reflect the financial position and performance of the Combined Group for FY2012.

Once HDUF Group has released their 30 June 2012 half year financial report, the Bidder will review and assess whether a supplementary bidder's statement is required to be issued to reflect pro forma financial information for the Combined Group.

5.2 APA GROUP PRO FORMA HISTORICAL FINANCIAL INFORMATION

5.2.1 Summary APA Group pro forma historical financial information

This section 5.2 contains a summary of the following APA Group pro forma historical financial information:

- (1) pro forma historical consolidated income statements for HY2012, FY2011 and FY2010;
- (2) pro forma historical consolidated balance sheet of APA Group as at 31 December 2011; and
- (3) pro forma historical consolidated statements of operating cash flow for HY2012, FY2011 and FY2010.

5.2.2 Basis of preparation

APA Group's reported income statements, balance sheet and cash flows are disclosed in the annual report of APA Group for the year ended 30 June 2011, which includes comparatives for the year ended 30 June 2010, and in the interim financial report of APA Group for the six months ended 31 December 2011, both of which can be found at www.apa.com.au. During the six months ended 31 December 2011, APA Group completed the following significant transactions:

- (1) the sale of 80% of the Allgas Distribution Network on 16 December 2011 and the retention of a 20% equity accounted investment in the unlisted investment vehicle GDI (EII) Pty Ltd which owns the Allgas Distribution Network; and
- (2) the refinancing of \$1.45 billion of debt facilities on 3 November 2011.

In order to illustrate the financial effect of the above transactions, APA Group's reported income statements and cash flows for HY2012, FY2011 and FY2010 have been adjusted as if the sale of 80% of the Allgas Distribution Network occurred on 1 July 2009.

APA Group's reported balance sheet as at 31 December 2011 has been adjusted to reflect:

- (1) the repayment of the borrowings that were shown as a current liability at 31 December 2011 as if this had occurred on 31 December 2011; and
- (2) the issue of the Subordinated Notes pursuant to the prospectus dated 17 August 2012 as if these Subordinated Notes had been issued at 31 December 2011.

Further information on the pro forma adjustments is provided in the explanatory notes accompanying each table below.

The historical financial information below relates to APA Group on a stand-alone basis and accordingly does not reflect any impact of the Offer. The pro forma financial effect of the Offer is set out in section 5.4.

5. Financial information continued

5.2.3 APA Group's pro forma historical income statements

APA GROUP PRO FORMA HISTORICAL INCOME STATEMENT

for the six months ended 31 December 2011

A\$'000	HY2012 reported	Pro forma adjustments	HY2012 pro forma
Operating revenue excluding pass-through revenue	372,529	(29,163)	343,366
Share of net profits of joint venture entities accounted for using the equity method	16,340	(194)	16,146
Other income (including investment income)	8,264	-	8,264
Operating pass-through revenue	130,873	17,432	148,305
Total revenue excluding interest income	528,006	(11,925)	516,081
Asset operation and management expenses	(63,416)	17,627	(45,789)
Other pipeline costs – pass-through	(130,873)	(17,432)	(148,305)
Employee benefit expense	(48,707)	3,296	(45,411)
Other expenses	(6,118)	-	(6,118)
EBITDA	278,892	(8,434)	270,458
Finance costs	(134,147)	16,331	(117,816)
Finance income	2,446	-	2,446
Depreciation and amortisation expense	(56,265)	5,913	(50,352)
Profit before tax	90,926	13,810	104,736
Income tax expense	(24,906)	(1,012)	(25,918)
Minority interest other than APTIT equity holders	(3)	-	(3)
Profit after tax including interests of APTIT equity holders	66,017	12,798	78,815

APA GROUP PRO FORMA HISTORICAL INCOME STATEMENT

for the year ended 30 June 2011

A\$'000	FY2011 reported	Pro forma adjustments	FY2011 pro forma
Operating revenue excluding pass-through revenue	667,209	(55,059)	612,150
Share of net profits of joint venture entities accounted for using the equity method	23,876	562	24,438
Other income (including investment income)	16,239	-	16,239
Operating pass-through revenue	381,733	39,868	421,601
Total revenue excluding interest income	1,089,057	(14,629)	1,074,428
Asset operation and management expenses	(82,190)	15,109	(67,081)
Other pipeline costs – pass-through	(381,733)	(39,868)	(421,601)
Employee benefit expense	(114,923)	6,350	(108,573)
Other expenses	(18,102)	-	(18,102)
EBITDA	492,109	(33,038)	459,071
Finance costs	(260,004)	35,481	(224,523)
Finance income	12,932	-	12,932
Depreciation and amortisation expense	(100,350)	12,676	(87,674)
Profit before tax	144,687	15,119	159,806
Income tax expense	(35,862)	(4,535)	(40,397)
Minority interest other than APTIT equity holders	(316)	-	(316)
Profit after tax including interests of APTIT equity holders	108,509	10,584	119,093

APA GROUP PRO FORMA HISTORICAL INCOME STATEMENT

for the year ended 30 June 2010

A\$'000	FY2010 reported	Pro forma adjustments	FY2010 pro forma
Operating revenue excluding pass-through revenue	622,771	(53,963)	568,808
Share of net profits of joint venture entities accounted for using the equity method	13,687	240	13,927
Other income (including investment income)	9,224	-	9,224
Operating pass-through revenue	329,942	41,952	371,894
Total revenue excluding interest income	975,624	(11,771)	963,853
Asset operation and management expenses	(75,959)	15,089	(60,870)
Other pipeline costs – pass-through	(329,942)	(41,952)	(371,894)
Employee benefit expense	(97,859)	8,010	(89,849)
Other expenses	(11,889)	-	(11,889)
EBITDA	459,975	(30,624)	429,351
Finance costs	(243,235)	35,481	(207,754)
Finance income	13,866	-	13,866
Depreciation and amortisation expense	(91,426)	16,182	(75,244)
Profit before tax	139,180	21,039	160,219
Income tax expense	(38,672)	(6,311)	(44,983)
Minority interest other than APTIT equity holders	(150)	-	(150)
Profit after tax including interests of APTIT equity holders	100,358	14,728	115,086

5. Financial information continued

5.2.4 Pro forma adjustments

The following pro forma adjustments have been made to APA Group's reported income statements for HY2012, FY2011 and FY2010:

A\$'000	HY2012 pro forma adjustments	FY2011 pro forma adjustments	FY2010 pro forma adjustments
Allgas Distribution Network results ¹	(13,429)	(22,465)	(16,290)
Equity accounting (loss)/profit for residual investment in Allgas Distribution Network ¹	(194)	562	240
Profit on sale of the Allgas Distribution Network of \$12.1 million less transaction costs of \$22.5 million resulting in a reported loss of \$10.4 million ²	10,435	-	-
APA Group as operator of the Allgas Distribution Network ³			
• Pass-through revenue	17,432	39,868	41,952
• Pass-through costs	(17,432)	(39,868)	(41,952)
• Operator fee	667	1,541	1,608
Interest reduction – Allgas Distribution Network proceeds ⁴	16,331	35,481	35,481
Profit before tax	13,810	15,119	21,039
Income tax expense ⁵	(1,012)	(4,535)	(6,311)
Total pro forma adjustments	12,798	10,584	14,728

- The reported income statements for HY2012, FY2011 and FY2010 reflected 100% of the results of the Allgas Distribution Network up to the date of sale (16 December 2011). Post the sale of an 80% interest in this business, APA Group accounts for its residual investment as an investment in an associate. The adjustment removes the 100% result contributed in HY2012, FY2011 and FY2010. This is replaced by the pro forma equity accounted share of net profit after tax of the associate. The net profit after tax of the associate has been derived from the historical earnings of this business before interest and tax with pro forma interest calculated based on the debt structure of the unlisted vehicle and pro forma tax effect at 30%;
- The reported income statement for HY2012 includes a loss of \$10.4 million (classified as a significant item) being the profit on divestment of the Allgas Distribution Network business of \$12.1 million offset by transaction costs of \$22.5 million. The significant item has been removed from the HY2012 reported income statement on the basis that it is considered to be non-recurring;
- The increase in 'pass-through revenue', 'pass through costs' and operator fees relating to the appointment of APA Group as the operator of the Allgas Distribution Network as if this appointment had occurred on 1 July 2009;
- It has been assumed that the proceeds received on the sale of the Allgas Distribution Network business (\$478.4 million) have been utilised to reduce borrowings with effect from 1 July 2009. Accordingly, the pro forma adjustments reflect an interest saving of \$35.5 million in each of FY2011 and FY2010 and an interest saving of \$16.3 million for HY2012; and
- Income tax expense on the pro forma adjustments has been reflected at a rate of 30% less permanent differences.

5.2.5 APA Group's pro forma historical balance sheet

A\$'000	31 December 2011 reported	Debt reclassification pro forma adjustment	Subordinated Notes pro forma adjustment	31 December 2011 pro forma
Current assets				
Cash and cash equivalents	364,975	(230,000)	459,800	594,775
Receivables, inventories and other current assets	182,697	-	-	182,697
Total current assets	547,672	(230,000)	459,800	777,472
Non-current assets				
Property, plant and equipment	3,332,666	-	-	3,332,666
Equity accounted investments	522,293	-	-	522,293
Receivables and other financial assets	290,033	-	-	290,033
Goodwill and other intangible assets	600,638	-	-	600,638
Total non-current assets	4,745,630	-	-	4,745,630
Total assets	5,293,302	(230,000)	459,800	5,523,102
Current liabilities				
Trade and other payables	132,805	-	-	132,805
Provisions	54,369	-	-	54,369
Borrowings and other financial liabilities	276,281	(230,000)	-	46,281
Total current liabilities	463,455	(230,000)	-	233,455
Non-current liabilities				
Provisions	49,722	-	-	49,722
Deferred tax liabilities	299,650	-	-	299,650
Borrowings and other financial liabilities	2,832,255	-	459,800	3,292,055
Total non-current liabilities	3,181,627	-	459,800	3,641,427
Total liabilities	3,645,082	(230,000)	459,800	3,874,882
Net assets	1,648,220	-	-	1,648,220
Equity				
APT:				
Issued capital	1,161,353	-	-	1,161,353
Reserves	60,821	-	-	60,821
Retained earnings	29,034	-	-	29,034
Equity attributable to APA Securityholders	1,251,208	-	-	1,251,208
Minority interests				
APTIT	396,916	-	-	396,916
Other minority interest	96	-	-	96
Total minority interest	397,012	-	-	397,012
Total equity	1,648,220	-	-	1,648,220

5. Financial information continued

5.2.6 Pro forma adjustments

The following pro forma adjustments have been made to APA Group's reported balance sheet as at 31 December 2011:

- (1) reflecting the \$475 million raised from the issue of the Subordinated Notes less transaction costs estimated to be \$15.2 million recognised within non-current borrowings. However as noted in the prospectus for the Subordinated Notes dated 17 August 2012, APA Group has the ability to raise more or less than \$475 million under the Subordinated Notes Offer. If APA Group raises more or less than \$475 million, the actual amounts raised under the Subordinated Notes Offer will differ from those shown above. The proceeds raised from the Subordinated Notes Offer will be used to support APA Group's ongoing investment in the growth of its infrastructure assets (including for the acquisition of HDUF, if it proceeds), and for general corporate purposes; and
- (2) reflecting the settlement of \$230 million of current borrowings which were repaid on 9 January 2012 by drawing funds from cash reserves. This pro forma adjustment does not affect net assets.

The net effect of the above adjustments is no impact on the net assets.

The Allgas Distribution Network was divested on 16 December 2011 and hence there is no need to reflect any pro forma adjustments to the 31 December 2011 APA Group balance sheet in respect of the divestment.

5.2.7 APA Group's pro forma historical cash flows

APA Group has presented cash flow information below which is in abbreviated form and not a full cash flow statement as would be required to be disclosed in its interim and annual financial statements. The APA Responsible Entity considers that for purposes of this Fifth Supplementary Bidder's Statement it would be more meaningful to provide the following information on APA Group's operating cash flows and capital expenditure that has been extracted from APA Group cash flow statements for HY2012, FY2011 and FY2010.

APA GROUP PRO FORMA HISTORICAL CASH FLOWS

for the six months ended 31 December 2011

A\$'000	HY2012 reported	Pro forma adjustments	HY2012 pro forma
Receipts from customers	550,715	(11,445)	539,270
Payments to suppliers and employees	(301,540)	(5,461)	(307,001)
Dividends received	22,588	-	22,588
Proceeds from repayment of finance leases	1,464	-	1,464
Interest received	2,871	-	2,871
Interest and other costs of finance paid	(118,991)	16,331	(102,660)
Income tax paid	-	-	-
Responsible entity fees paid and other operating expenses paid	-	-	-
Net cash provided by operating activities	157,107	(575)	156,532
Net capital expenditure	(92,778)	8,404	(84,374)

APA GROUP PRO FORMA HISTORICAL CASH FLOWS

for the financial year ended 30 June 2011

A\$'000	FY2011 reported	Pro forma adjustments	FY2011 pro forma
Receipts from customers	1,165,338	(20,203)	1,145,135
Payments to suppliers and employees	(704,597)	(19,838)	(724,435)
Dividends received	45,890	-	45,890
Proceeds from repayment of finance leases	6,748	-	6,748
Interest received	6,162	-	6,162
Interest and other costs of finance paid	(229,954)	35,481	(194,473)
Income tax paid	442	-	442
Responsible entity fees paid and other operating expenses paid	-	-	-
Net cash provided by operating activities	290,029	(4,560)	285,469
Net capital expenditure	(230,786)	20,987	(209,799)

APA GROUP PRO FORMA HISTORICAL CASH FLOWS

for the financial year ended 30 June 2010

A\$'000	FY2010 reported	Pro forma adjustments	FY2010 pro forma
Receipts from customers	1,055,107	(16,487)	1,038,620
Payments to suppliers and employees	(615,697)	(15,527)	(631,224)
Dividends received	38,143	-	38,143
Proceeds from repayment of finance leases	2,875	-	2,875
Interest received	18,003	-	18,003
Interest and other costs of finance paid	(230,670)	35,481	(195,189)
Income tax paid	-	-	-
Responsible entity fees paid and other operating expenses paid	-	-	-
Net cash provided by operating activities	267,761	3,467	271,228
Net capital expenditure	(135,426)	21,006	(114,420)

5.2.8 Pro forma adjustments

The following pro forma adjustments have been made to APA Group's reported cash flows disclosed in the above tables for HY2012, FY2011 and FY2010:

A\$'000	HY2012 pro forma adjustments	FY2011 pro forma adjustments	FY2010 pro forma adjustments
Allgas Distribution Network operating cashflows ¹	(17,573)	(41,582)	(33,622)
APA Group as operator of the Allgas Distribution Network ²			
• Pass-through revenue	17,432	39,868	43,560
• Pass-through costs	(17,432)	(39,868)	(43,560)
• Operator fee	667	1,541	1,608
Interest reduction – Allgas Distribution Network proceeds ³	16,331	35,481	35,481
Total pro forma adjustments	(575)	(4,560)	3,467
Allgas Distribution Network capital expenditure ¹	8,404	20,987	21,006

1. The exclusion of the operating cash flows and payments for property, plant and equipment of Allgas Distribution Network for HY2012, FY2011 and FY2010 as if the sale of this business had occurred on 1 July 2009;
2. Inclusion of pro forma cash receipts and payments from the appointment of APA Group as the operator of the Allgas Distribution Network business; and
3. It has been assumed that the proceeds received on sale of the Allgas Distribution Network business have been utilised to reduce borrowings with effect from 1 July 2009. Accordingly, the pro forma adjustments reflect an interest saving of \$35.5 million in each of FY2011 and FY2010 and an interest saving of \$16.3 million for HY2012.

5.3 HDUF GROUP PRO FORMA HISTORICAL FINANCIAL INFORMATION

5.3.1 Summary HDUF Group pro forma historical financial information

This section 5.3 contains a summary of the following HDUF Group pro forma historical financial information:

- (1) pro forma historical consolidated income statements HY2012, FY2011 and FY2010;
- (2) pro forma historical consolidated balance sheet of HDUF Group as at 31 December 2011; and
- (3) pro forma historical consolidated statements of operating cash flow for HY2012, FY2011 and FY2010.

5.3.2 Basis of preparation

The historical financial information presented for HDUF Group in this section 5.3 has been prepared based on a review of publicly available information and should not be considered comprehensive.

Information in this Fifth Supplementary Bidder's Statement concerning HDUF Group's businesses has not been independently verified by the Bidder or the APA Responsible Entity. Subject to the Corporations Act, none of the Bidder, the Board, nor any member of APA Group or their respective officers or employees make any representation or warranty (express or implied) as to the accuracy or completeness of this information.

HDUF is a listed disclosing entity for the purposes of the Corporations Act and, as such is subject to regular reporting and disclosure obligations. Information about HDUF (including information concerning the financial position and affairs of HDUF Group) may be obtained from either HDUF's website at www.hfm.com.au/funds/hduf or the ASX website at www.asx.com.au. HDUF is required to lodge various documents with ASIC. Copies of documents lodged with ASIC by HDUF may be obtained from an ASIC office.

The historical financial information below relates to HDUF Group on a stand-alone basis and accordingly does not reflect any financial effects from the Offer which are set out in section 5.4. The historical financial information below has been derived from information reported by HDUF Group in its annual reports for the years ended 31 December 2011, 31 December 2010 and 31 December 2009, and its half year reports for the six months ended 30 June 2011, 30 June 2010 and 30 June 2009. These reports can be found at www.hfm.com.au/funds/hduf.

In order to provide comparability to APA Group's financial performance, cash flows and financial position, HDUF Group's reported financial information has been adjusted and presented as follows:

- (1) for financial performance and cash flows, to a 31 December half year basis, by deducting financial performance and cash flows for the six months to 30 June 2011 as disclosed in the half year report prepared by HDUF from the financial performance and cash flows for the full year ended 31 December 2011;
- (2) for financial performance and cash flows, to a 30 June financial year basis, by deducting financial performance and cash flows for the six months to 30 June 2010 and 30 June 2009 as disclosed in those half year reports prepared by HDUF from the financial performance and cash flows for the full years ended 31 December 2010 and 31 December 2009, respectively, and adding the financial performance and cash flows for the six months to 30 June 2011 and 30 June 2010, respectively, as disclosed in those half year reports prepared by HDUF;
- (3) for financial position, the balance sheet as at 31 December 2011 as disclosed in HDUF's annual report for the year ended 31 December 2011 has been used;
- (4) certain line items have been reclassified to align with the disclosures made by APA Group. These reclassifications do not affect EBITDA, profit after tax, net assets or key financial ratios; and
- (5) certain pro forma adjustments have been made to reflect the effect of the divestment of HDUF Group's interest in South East Water, which was divested by HDUF on 20 December 2010, and other adjustments to eliminate one-off items.

The pro forma historical financial information presented for HDUF Group in this section 5.3 cannot be taken to provide a true and fair view of financial performance, cash flows or the financial position of HDUF Group for the periods presented. APT has not had sufficient access to the financial records of HDUF to determine whether additional pro forma adjustments need to be made to restate HDUF Group's financial information as if it had always used a June year end basis for reporting purposes and as if it had used APA Group's accounting policies and classifications.

Refer to the notes following each table below for explanations of pro forma adjustments made.

5.3.3 Pro forma historical income statements for HDUF Group

HDUF GROUP PRO FORMA HISTORICAL INCOME STATEMENT

for the six months ended 31 December 2011

A\$'000	HY2012 reclassified	Pro forma adjustments	HY2012 pro forma
Operating revenue	69,771	-	69,771
Other income	421	-	421
Total Revenue excluding interest income	70,192	-	70,192
Asset operation and management expenses	(6,443)	-	(6,443)
Employee benefit expense	(9,198)	-	(9,198)
Other expenses	(62,656)	-	(62,656)
EBITDA	(8,105)	-	(8,105)
Finance costs	(41,180)	-	(41,180)
Finance income	8,103	-	8,103
Depreciation and amortisation expense	(10,895)	-	(10,895)
Profit/(loss) before tax	(52,077)	-	(52,077)
Income tax expense	(4,862)	-	(4,862)
Profit/(loss) after tax	(56,939)	-	(56,939)

Source: HDUF Group, restated by APA Group

HDUF GROUP PRO FORMA HISTORICAL INCOME STATEMENT

for the year ended 30 June 2011

A\$'000	FY2011 reclassified	Pro forma adjustments	FY2011 pro forma
Operating revenue	140,919	-	140,919
Other income ¹	(41,389)	41,389	-
Total Revenue excluding interest income	99,530	41,389	140,919
Asset operation and management expenses	(16,713)	-	(16,713)
Employee benefit expense	(16,178)	-	(16,178)
Other expenses	(38,194)	(991)	(39,185)
EBITDA	28,445	40,398	68,843
Finance costs	(39,626)	7,094	(32,532)
Finance income	18,089	(9,922)	8,167
Depreciation and amortisation expense	(21,908)	-	(21,908)
Profit/(loss) before tax	(15,000)	37,570	22,570
Income tax expense	(12,032)	(1,845)	(13,877)
Profit/(loss) after tax	(27,032)	35,725	8,693

Source: HDUF Group, restated by APA Group

1. Includes gains/(losses) on the investment in South East Water and associated derivatives.

HDUF GROUP PRO FORMA HISTORICAL INCOME STATEMENT

for the year ended 30 June 2010

A\$'000	FY2010 reclassified	Pro forma adjustments	FY2010 pro forma
Operating revenue	126,694	-	126,694
Other income ¹	(47,840)	47,840	-
Total Revenue excluding interest income	78,854	47,840	126,694
Asset operation and management expenses	(12,793)	-	(12,793)
Employee benefit expense	(16,431)	-	(16,431)
Other expenses	(11,239)	-	(11,239)
EBITDA	38,391	47,840	86,231
Finance costs	(44,830)	14,188	(30,642)
Finance income	15,773	(5,986)	9,787
Depreciation and amortisation expense	(21,169)	-	(21,169)
Profit/(loss) before tax	(11,835)	56,042	44,207
Income tax expense	(7,283)	(4,242)	(11,525)
Profit/(loss) after tax	(19,118)	51,800	32,682

Source: HDUF Group, restated by APA Group

(1) Includes gains/(losses) on the investment in South East Water and associated derivatives.

5.3.4 Reclassifications and pro forma adjustments

An explanation of the reclassifications and pro forma adjustments that have been made to the reported results is detailed below:

- (1) Reclassifications: all gains and losses on financial derivatives excluding those relating to South East Water have been reclassified from revenue and offset against finance costs.
- (2) Pro forma adjustments

	HY2012 pro forma adjustments A\$'000	FY2011 pro forma adjustments A\$'000	FY2010 pro forma adjustments A\$'000
South East Water results ¹	-	31,467	41,854
Profit on sale of fixed assets ²	-	(10,265)	-
Impairment charge ³	-	9,274	-
Interest expense reduction ⁴	-	7,094	14,188
Profit before tax	-	37,570	56,042
Income tax expense ⁵	-	(1,845)	(4,242)
Total pro forma adjustments	-	35,725	51,800

1. The South East Water investment was divested by HDUF Group on 20 December 2010. These pro forma adjustments remove the results contributed by this investment and also the net impact of the divestment. The information has been derived from segment note disclosures in HDUF's financial statements.
2. The gain on the partial disposal of the Burrup Extension Pipeline has been removed.
3. The impairment charge recorded in respect of the Pilbara Pipeline has been removed.
4. It has been assumed that the proceeds received on the divestment of the South East Water investment of \$190.7 million have been utilised to reduce borrowings with effect from 1 July 2009 to date of divestment (20 December 2010) using an assumed average cost of borrowings. Accordingly, the pro forma adjustments reflect a reduction in interest expense of \$14.2 million for FY2010 and \$7.1 million for FY2011.
5. Income tax expense on the pro forma adjustments other than the South East Water results has been recognised at the rate of 30%.

5.3.5 Pro forma historical balance sheet for HDUF Group

A\$'000	31 December 2011 reported	Pro forma adjustments	31 December 2011 pro forma
Current assets			
Cash and cash equivalents	299,795	(208,000)	91,795
Receivables, inventories and other current assets	20,613	-	20,613
Total current assets	320,408	(208,000)	112,408
Non-current assets			
Property, plant and equipment	1,551,681	-	1,551,681
Equity accounted investments	-	-	-
Receivables and other financial assets	16,310	-	16,310
Goodwill and other intangible assets	-	-	-
Total non-current assets	1,567,991	-	1,567,991
Total assets	1,888,399	(208,000)	1,680,399
Current liabilities			
Trade and other payables	103,453	-	103,453
Provisions	2,940	-	2,940
Borrowings and other financial liabilities	63,225	(58,149)	5,076
Total current liabilities	169,618	(58,149)	111,469
Non-current liabilities			
Provisions	1,444	-	1,444
Deferred tax liabilities	12,833	(24,279)	(11,446)
Borrowings and other financial liabilities	1,246,231	(68,922)	1,177,309
Total non-current liabilities	1,260,508	(93,201)	1,167,307
Total liabilities	1,430,126	(151,350)	1,278,776
Net assets	458,273	(56,650)	401,623
Equity			
Issued capital	882,943	-	882,943
Reserves	(62,433)	62,433	-
Accumulated losses	(362,237)	(119,083)	(481,320)
Total equity	458,273	(56,650)	401,623

Source: HDUF Group, restated by APA Group

5. Financial information continued

Pro forma adjustments

Pro forma adjustments made to the balance sheet are to reflect the estimated fees, swap break and make whole costs incurred subsequent to 31 December 2011 in respect of the refinancing of all HDUF Group debt facilities. The adjustment is based on the cost of \$208 million announced by HDUF in their February 2012 results presentation.

	A\$'000
Settlement of fees, swap break and make whole costs	208,000
Less: Accrual for derivative liabilities recognised at 31 December 2011	(127,071)
	80,929
Less: Income tax benefit thereon	(24,279)
	56,650
Recycling of hedge reserve to income statement	62,433
	119,083

5.3.6 Pro forma historical operating cash flows

HDUF GROUP PRO FORMA HISTORICAL OPERATING CASH FLOWS

for the six months ended 31 December 2011

A\$'000	HY2012 reclassified	Pro forma adjustments	HY2012 pro forma
Receipts from customers	76,302	-	76,302
Payments to suppliers and employees	(25,030)	-	(25,030)
Dividends received	-	-	-
Proceeds from repayment of finance leases	619	-	619
Interest received	10,293	-	10,293
Interest and other costs of finance paid	(19,363)	-	(19,363)
Income tax paid	(126)	-	(126)
Responsible entity fees paid and other operating expenses paid	(3,377)	-	(3,377)
Net cash provided by operating activities	39,318	-	39,318
Net capital expenditure	(185,361)	-	(185,361)

Source: HDUF Group, restated by APA Group

HDUF GROUP PRO FORMA HISTORICAL OPERATING CASH FLOWS

for the year ended 30 June 2011

A\$'000	FY2011 reclassified	Pro forma adjustments	FY2011 pro forma
Receipts from customers	157,079	-	157,079
Payments to suppliers and employees	(51,202)	-	(51,202)
Dividends received	-	-	-
Proceeds from repayment of finance leases	1,050	-	1,050
Interest received	15,494	(9,922)	5,572
Interest and other costs of finance paid	(27,652)	7,094	(20,558)
Income tax paid	142	-	142
Responsible entity fees paid and other operating expenses paid	(10,251)	-	(10,251)
Net cash provided by operating activities	84,660	(2,828)	81,832
Net capital expenditure	(488,062)	-	(488,062)

Source: HDUF Group, restated by APA Group

HDUF GROUP PRO FORMA HISTORICAL OPERATING CASH FLOWS

for the year ended 30 June 2010

A\$'000	FY2010 reclassified	Pro forma adjustments	FY2010 pro forma
Receipts from customers	134,755	-	134,755
Payments to suppliers and employees	(39,373)	-	(39,373)
Dividends received	-	-	-
Proceeds from repayment of finance leases	807	-	807
Interest received	14,037	(5,986)	8,051
Interest and other costs of finance paid	(33,168)	14,188	(18,980)
Income tax paid	(103)	-	(103)
Responsible entity fees paid and other operating expenses paid	(3,483)	-	(3,483)
Net cash provided by operating activities	73,472	8,202	81,674
Net capital expenditure	(182,832)	-	(182,832)

Source: HDUF Group, restated by APA Group

5.3.7 Reclassifications and pro forma adjustments

An explanation of the reclassifications and pro forma adjustments that have been made is detailed below:

- (1) Reclassifications: receipts from customers includes 'other income received', which was separately classified in the HDUF Group reported cash flow statement.
- (2) Pro forma adjustments

A\$'000	HY2012 operating cash flow pro forma adjustments	FY2011 operating cash flow pro forma adjustments	FY2010 operating cash flow pro forma adjustments
South East Water interest income ¹		(9,922)	(5,986)
Interest payments reduction ²	-	7,094	14,188
Total pro forma adjustments	-	(2,828)	8,202

1. The South East Water investment was divested by HDUF Group on 20 December 2010. This adjustment removes the operating cash flow (interest income) received from this investment. In making this adjustment it has been assumed that the interest income is received in the same financial period as it is earned.
2. It has been assumed that the proceeds received on the divestment of the South East Water investment of \$190.7 million have been utilised to reduce borrowings with effect from 1 July 2009 to date of divestment (20 December 2010) using an assumed average cost of borrowings. Accordingly, the pro forma adjustments reflect a reduction in interest paid of \$14.2 million for FY2010 and \$7.1 million for FY2011.

5. Financial information continued

5.4 COMBINED GROUP PRO FORMA HISTORICAL FINANCIAL INFORMATION

5.4.1 Combined Group overview

This section 5.4 contains pro forma historical financial information which has been prepared to illustrate the pro forma historical financial information of the Combined Group. The pro forma historical financial information has been prepared to provide investors with an indication of the scale and size of the Combined Group and the illustrative financial effect on APA Group of successfully completing the Offer. It does not necessarily illustrate the financial information that would have been prepared had APA Group acquired HDUF Group on or before 31 December 2011.

The pro forma historical financial information set out in this section should be read in conjunction with the "Summary of Key Risks" set out on page 23 of this Fifth Supplementary Bidder's Statement, other information contained in this Fifth Supplementary Bidder's Statement and the accounting policies of APA Group and HDUF Group as disclosed in their most recent financial reports.

The pro forma historical financial information contained in this section 5.4 has been derived from the financial statements of APA Group and HDUF Group which were prepared in accordance with the recognition and measurement principles of Australian Accounting Standards. It is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual report prepared in accordance with the Corporations Act.

The HDUF Group historical financial information used in the preparation of this section 5.4 is based on a review of publicly available information.

5.4.2 Assumptions regarding capital structure

For the purposes of considering the effect of the Offer on the capital structure of APA Group, the Combined Group pro forma historical financial information has been prepared considering two acquisition scenarios:

- (1) APA Group acquires 100% of HDUF Group;
- (2) APA Group acquires 50.1% of HDUF Group.

The assumed exchange ratio for each HDUF Stapled Security for each APA Stapled Security is 0.390. The table below has been calculated assuming an APA Stapled Security price of \$4.70 (the closing price of APA Stapled Securities on 16 August 2012 – the day before the announcement of the increased Offer Consideration). The number of outstanding HDUF Stapled Securities that has been assumed for the purpose of calculating the consideration is 420,233,736 which is derived as follows:

HDUF Stapled Securities on issue as at the date of this Fifth Supplementary Bidder's Statement	530,001,072
Less: HDUF Stapled Securities held by APA Group at date of Offer	(109,767,336)
	420,233,736

The cash component of the consideration under the Offer is assumed to be \$0.72 in the 50.1% scenario and \$0.80 in the 100% scenario.

The purchase consideration will be comprised as follows:

	50.1%	100%
Cash (A\$'000)	112,150	336,187
APA Stapled Securities to be issued		
Value (A\$'000)	285,514	770,288
Number of stapled securities ('000s)	60,748	163,891

APA Group has been in discussions with the ACCC in connection with the Offer. On 19 July 2012, the ACCC announced that it would not oppose the proposed acquisition by APA Group of HDUF, on the basis of its acceptance of the ACCC Undertaking from APA Group to divest the MAPS Business.

Due to an inability to obtain detailed financial information in relation to the MAPS Business no pro forma adjustments have been reflected in the Combined Group pro forma historical information in respect of the proposed divestment. The net proceeds (after transaction costs) from this divestment will be applied in the reduction of group borrowings.

5.4.3 Sources of information and pro forma adjustments

The unaudited pro forma historical financial information presented in this section 5.4 is compiled using the following sources:

- (1) for APA Group, the pro forma income statements and operating cash flows for HY2012, FY2011 and FY2010 and the pro forma balance sheet as at 31 December 2011 presented in section 5.2;
- (2) for HDUF Group, the pro forma income statements and operating cash flows for HY2012, FY2011 and FY2010 and the pro forma balance sheet as at 31 December 2011 presented in section 5.3; and
- (3) the pro forma transactions to illustrate the financial effect of the completion of the Offer utilising, in part, funds raised under the Subordinated Notes Offer.

5.4.4 Combined Group pro forma historical financial information

COMBINED GROUP PRO FORMA INCOME STATEMENT

for the six months ended 31 December 2011

A\$'000	HY2012 APA Group pro forma	HY2012 HDUF Group pro forma	Pro forma transactions (100%)	HY2012 pro forma Combined Group (100%)	Pro forma transactions (50.1%)	HY2012 pro forma Combined Group (50.1%)
Operating revenue	491,671	69,771	-	561,442	-	561,442
Other income	24,410	421	(5,488)	19,343	(5,488)	19,343
Total revenue	516,081	70,192	(5,488)	580,785	(5,488)	580,785
Asset operation and management expenses	(194,094)	(6,443)	-	(200,537)	-	(200,537)
Employee benefit expense	(45,411)	(9,198)	-	(54,609)	-	(54,609)
Other expenses	(6,118)	(62,656)	59,677	(9,097)	-	(68,774)
EBITDA	270,458	(8,105)	54,189	316,542	(5,488)	256,865
Finance costs	(117,816)	(41,180)	(12,506)	(171,502)	(4,172)	(163,168)
Finance income	2,446	8,103	-	10,549	-	10,549
Depreciation and amortisation expense	(50,352)	(10,895)	(3,562)	(64,809)	(3,562)	(64,809)
Profit before tax	104,736	(52,077)	38,121	90,780	(13,222)	39,437
Income tax expense	(25,918)	(4,862)	(11,436)	(42,216)	3,967	(26,813)
Minority interest other than APTIT equity holders interest	(3)	-	-	(3)	29,657	29,654
Profit after tax including interests of APTIT equity holders	78,815	(56,939)	26,685	48,561	20,402	42,278

5. Financial information continued

COMBINED GROUP PRO FORMA INCOME STATEMENT

for the year ended 30 June 2011

A\$'000	FY2011 APA Group pro forma	FY2011 HDUF Group pro forma	Pro forma transactions (100%)	FY2011 pro forma Combined Group (100%)	Pro forma transactions (50.1%)	FY2011 pro forma Combined Group (50.1%)
Operating revenue	1,033,751	140,919	-	1,174,670	-	1,174,670
Other income	40,677	-	(10,903)	29,774	(10,903)	29,774
Total revenue	1,074,428	140,919	(10,903)	1,204,444	(10,903)	1,204,444
Asset operation and management expenses	(488,682)	(16,713)	-	(505,395)	-	(505,395)
Employee benefit expense	(108,573)	(16,178)	-	(124,751)	-	(124,751)
Other expenses	(18,102)	(39,185)	31,399	(25,888)	-	(57,287)
EBITDA	459,071	68,843	20,496	548,410	(10,903)	517,011
Finance costs	(224,523)	(32,532)	(25,012)	(282,067)	(8,344)	(265,399)
Finance income	12,932	8,167	-	21,099	-	21,099
Depreciation and amortisation expense	(87,674)	(21,908)	(7,005)	(116,587)	(7,005)	(116,587)
Profit before tax	159,806	22,570	(11,521)	170,855	(26,252)	156,124
Income tax expense	(40,397)	(13,877)	3,456	(50,818)	7,876	(46,398)
Minority interest other than APTIT equity holders interest	(316)	-	-	(316)	(1,891)	(2,207)
Profit after tax including interests of APTIT equity holders	119,093	8,693	(8,065)	119,721	(20,267)	107,519

COMBINED GROUP PRO FORMA INCOME STATEMENT

for the year ended 30 June 2010

A\$'000	FY2010 APA Group pro forma	FY2010 HDUF Group pro forma	Pro forma transactions (100%)	FY2010 pro forma Combined Group (100%)	Pro forma transactions (50.1%)	FY2010 pro forma Combined Group (50.1%)
Operating revenue	940,702	126,694	-	1,067,396	-	1,067,396
Other income	23,151	-	(3,929)	19,222	(3,929)	19,222
Total revenue	963,853	126,694	(3,929)	1,086,618	(3,929)	1,086,618
Asset operation and management expenses	(432,764)	(12,793)	-	(445,557)	-	(445,557)
Employee benefit expense	(89,849)	(16,431)	-	(106,280)	-	(106,280)
Other expenses	(11,889)	(11,239)	5,164	(17,964)	-	(23,128)
EBITDA	429,351	86,231	1,235	516,817	(3,929)	511,653
Finance costs	(207,754)	(30,642)	(25,012)	(263,408)	(8,344)	(246,740)
Finance income	13,866	9,787	-	23,653	-	23,653
Depreciation and amortisation expense	(75,244)	(21,169)	(7,744)	(104,157)	(7,744)	(104,157)
Profit before tax	160,219	44,207	(31,521)	172,905	(20,017)	184,409
Income tax expense	(44,983)	(11,525)	9,456	(47,052)	6,005	(50,503)
Minority interest other than APTIT equity holders	(150)	-	-	(150)	(13,603)	(13,753)
Profit after tax including interests of APTIT equity holders	115,086	32,682	(22,065)	125,703	(27,615)	120,153

5.4.5 Pro forma transactions to derive the Combined Group pro forma income statements

The following pro forma transactions have been made to the income statements of the Combined Group as if they had applied from 1 July 2009:

A\$'000	HY2012 pro forma adjustment (100%)	HY2012 pro forma adjustment (50.1%)	FY2011 pro forma adjustment (100%)	FY2011 pro forma adjustment (50.1%)	FY2010 pro forma adjustment (100%)	FY2010 pro forma adjustment (50.1%)
Responsible entity management and performance fees ¹	59,677	-	31,399	-	5,164	-
HDUF distributions to APA Group ²	(5,488)	(5,488)	(10,903)	(10,903)	(3,929)	(3,929)
Depreciation on fair value uplift to property, plant and equipment ³	(3,562)	(3,562)	(7,005)	(7,005)	(7,744)	(7,744)
Interest on acquisition borrowings ⁴	(12,506)	(4,172)	(25,012)	(8,344)	(25,012)	(8,344)
Profit before tax	38,121	(13,222)	(11,521)	(26,252)	(31,521)	(20,017)
Income tax expense ⁵	(11,436)	3,967	3,456	7,876	9,456	6,005
Minority interest in HDUF profit after tax ⁶	-	29,657	-	(1,891)	-	(13,603)
Total pro forma adjustments	26,685	20,402	(8,065)	(20,267)	(22,065)	(27,615)

100% of HDUF Group acquired

1. Management fees and performance fees – Under the 100% scenario the fees previously paid to the responsible entity of the trusts that comprise HDUF are assumed to be removed on the basis that management will be internalised following the acquisition by APA Group. In the 50.1% scenario the management fees and performance fees have not been adjusted and are reflected based on the existing arrangements within HDUF Group.
2. Removal of the distributions received by APA Group from HDUF in relation to its existing 20.7% investment in HDUF.
3. Increase in depreciation expense consistent with the uplift on property, plant and equipment from the book value recorded by HDUF Group to estimated fair value based on provisional accounting for the acquisition.
4. It has been assumed that the cash component of the Offer consideration has been funded by increased borrowings with effect from 1 July 2009. Accordingly, the pro forma adjustments reflect an increase in interest expense for HY2012, FY2011 and FY2010.
5. Income tax expense on the pro forma adjustments has been recognised at the rate of 30%.

50.1% of HDUF Group acquired

6. As above, but also recognising the 49.9% minority interest's share of HDUF Group's profit for the year. This assumes that with a 50.1% ownership interest APA Group will have the capacity to control HDUF Group and therefore will be required to consolidate HDUF Group in accordance with Australian Accounting Standards.

5.4.6 APA Group statutory results for FY2012 and FY2013

The Combined Group pro forma income statements do not reflect a number of one-off impacts of the Offer as follows:

- (1) transaction costs totalling \$17.7 million for 100% scenario and \$6.9 million for 50.1% scenario will be expensed. These costs will be funded from existing cash reserves;
- (2) a one-off gain of approximately \$140.4 million (100% scenario) or \$131.6 million (50.1% scenario) will be recorded in relation to the increase in the fair value of APA Group's previously held 20.7% interest in HDUF Stapled Securities;
- (3) the results for the period will only include the acquisition of HDUF Group from the date the bidder obtains control; and
- (4) as detailed in section 5.2 the APA Group pro forma income statements do not reflect the profit on sale of APA Group's 80% interest in the Allgas Distribution Network of \$12.1 million less transaction costs of \$22.5 million resulting in a reported loss of \$10.4 million. Accordingly the Combined Group pro forma income statements also do not reflect this.

The above amounts will be reflected in the statutory accounts of APA Group for FY2012 (item 4 above) and FY2013 (items 1, 2 and 3 above).

5.4.7 Synergies

No pro forma adjustments have been made for potential synergy benefits as APA Group has not had access to sufficient information to identify, confirm and quantify all available synergies, or to assess any costs to be incurred to achieve the synergies.

5. Financial information continued

5.4.8 Combined Group Pro forma consolidated balance sheet as at 31 December 2011 - 100% and 50.1% acquisition of HDUF Group

A\$'000	31 Dec 2011 APA Group pro forma	31 Dec 2011 HDUF Group pro forma	Pro forma transactions (100%)	31 Dec 2011 pro forma Combined Group (100%)	Pro forma transactions (50.1%)	31 Dec 2011 pro forma Combined Group (50.1%)
Current assets						
Cash and cash equivalents	594,775	91,795	(365,013)	321,557	(127,259)	559,311
Receivables, inventories and other current assets	182,697	20,613	-	203,310	-	203,310
Total current assets	777,472	112,408	(365,013)	524,867	(127,259)	762,621
Non-current assets						
Property, plant and equipment	3,332,666	1,551,681	524,463	5,408,810	524,463	5,408,810
Equity accounted investments	522,293	-	-	522,293	-	522,293
Receivables and other financial assets	290,033	16,310	(225,023)	81,320	(225,023)	81,320
Goodwill and other intangible assets	600,638	-	451,616	1,052,254	292,757	893,395
Total non-current assets	4,745,630	1,567,991	751,056	7,064,677	592,197	6,905,818
Total assets	5,523,102	1,680,399	386,043	7,589,544	464,938	7,668,439
Current liabilities						
Trade and other payables	132,805	103,453	-	236,258	-	236,258
Provisions	54,369	2,940	-	57,309	-	57,309
Borrowings and other financial liabilities	46,281	5,076	-	51,357	-	51,357
Total current liabilities	233,455	111,469	-	344,924	-	344,924
Non-current liabilities						
Provisions	49,722	1,444	-	51,166	-	51,166
Deferred tax liabilities	299,650	(11,446)	(40,703)	247,501	134,426	422,630
Borrowings and other financial liabilities	3,292,055	1,177,309	-	4,469,364	-	4,469,364
Total non-current liabilities	3,641,427	1,167,307	(40,703)	4,768,031	134,426	4,943,160
Total liabilities	3,874,882	1,278,776	(40,703)	5,112,955	134,426	5,288,084
Net assets	1,648,220	401,623	426,746	2,476,589	330,512	2,380,355
Equity						
Issued capital	1,161,353	882,943	(123,811)	1,920,485	(605,632)	1,438,664
Reserves	60,821	-	(53,463)	7,358	(53,463)	7,358
Retained earnings	29,034	(481,320)	604,020	151,734	606,002	153,716
Equity attributable to APA Securityholders	1,251,208	401,623	426,746	2,079,577	(53,093)	1,599,738
Minority interests						
APTIT	396,916	-	-	396,916	-	396,916
Other minority interest	96	-	-	96	383,605	383,701
Total minority interest	397,012	-	-	397,012	383,605	780,617
Total equity	1,648,220	401,623	426,746	2,476,589	330,512	2,380,355

5.4.9 Pro forma transactions to derive the Combined Group pro forma balance sheet

The following pro forma transactions have been made for purposes of illustrating the Combined Group balance sheet as if they had applied at 31 December 2011.

- (1) Based on an implied Offer price of \$2.63 (100% scenario) and \$2.55 (50.1% scenario) per HDUF Stapled Security (each based on the closing price of APA Stapled Securities of \$4.70 on 16 August 2012 – the day before the announcement of the increased Offer Consideration), APA Group will acquire ownership of the HDUF Stapled Securities for a total consideration of \$1,106.5 million (100% scenario) or \$397.7 million (50.1% scenario). This will be funded by cash of \$336.2 million (100% scenario) or \$112.2 million in the 50.1% scenario and an issue of APA Stapled Securities of \$770.3 million or \$285.5 million respectively.
- (2) Transaction costs for the acquisition of \$17.7 million in the 100% scenario or \$6.9 million in the 50.1% scenario will be expensed. This is shown as a decrease in retained earnings above. Costs associated with the securities issued of \$11.1 million in the 100% scenario and \$8.2 million in the 50.1% scenario are offset against equity.
It has been assumed that the total transaction costs of \$28.8 million in the 100% scenario or \$15.1 million in the 50.1% scenario will be funded from existing cash reserves.
- (3) The purchase price accounting for the acquisition has been determined on a provisional basis by allocating the difference between the purchase consideration and the carrying values to property, plant and equipment and associated deferred tax balances with the remaining difference being allocated to goodwill.

The provisional purchase price accounting for the acquisition may be summarised as follows:

A\$'000	100%	50.1%
Book value of net assets acquired	401,623	401,623
Uplift in value of property, plant and equipment	524,463	524,463
Deferred tax related to increase in value of property, plant and equipment	(24,323)	(157,339)
Write back of deferred tax liability	42,113	-
Goodwill	451,616	292,757
	1,395,492	1,061,504
Less: Existing 20.7% ownership interest	(289,017)	(280,235)
Minority interest		(383,605)
Purchase consideration	1,106,475	397,664
Purchase consideration comprised of:		
• Cash	336,187	112,150
• APA Stapled Securities	770,288	285,514
	1,106,475	397,664

The pro forma adjustments made to reflect the estimated financial effect from fair value accounting for the acquisition are illustrative only and are limited to property, plant and equipment, and the deferred tax impact from these allocations. APA Group has used an estimate of fair value allocation for these items based on publicly available information. APA Group has presented this illustrative allocation as it expects that a substantial proportion of the fair value acquired relative to HDUF Group's existing book carrying amounts will be allocated to tangible non-current assets.

Australian Accounting Standards require a full allocation of fair value acquired. APA Group will undertake a formal valuation of its acquisition price subsequent to the date when the acquisition completes. Accordingly the formal valuation may give rise to material differences in values allocated to the above balance sheet line items and may also give rise to fair value being allocated to other balance sheet line items including goodwill, which in turn may materially change the consequent profit after tax impact, but will not affect cash flows.

5. Financial information continued

1. Pro forma adjustments in respect of APA Group's existing 20.7% investment in HDUF (as at 31 December 2011).

The adjustments eliminate APA Group's existing 20.7% investment in HDUF (as at 31 December 2011) which was recorded as another financial asset of \$225.0 million as at 31 December 2011 and related deferred tax balances.

A\$'000	APA Group pro forma	Pro forma transactions	Combined Group
Receivables and other financial assets	225,023	(225,023)	-
Deferred tax liabilities	(22,913)	22,913	-
Reserves	(53,463)	53,463	-

2. The HDUF Group's pro forma non-current borrowings totalling \$1,177.3 million have continued to be disclosed as a non-current liability in the Combined Group pro forma consolidated balance sheet. Although the terms of HDUF's financing arrangements are not known to APA Group, HDUF has publicly disclosed that the terms of the existing finance arrangement include market standard terms. Specifically, the terms include change of control provisions that provide lenders with the ability to review continuation of the facilities under a change of control. HDUF has disclosed that a change of control includes the situation of any person (alone or with associates) directly or indirectly acquiring a legal or beneficial interest or relevant interest in more than 75% of the securities in HDUF or HDUF Epic Trust or otherwise acquiring control of HDUF or HDUF Epic Trust. If these provisions are triggered and early repayment is demanded, then in addition to being required to repay the outstanding amount of principal and any accrued interest, it is possible certain additional payment obligations may arise. The target's statement issued by HDUF on 3 August 2012 in response to the takeover bid from Pipeline Partners Australia Pty Limited notes that if these provisions are triggered:

- it is likely that Epic would be required to 'close out' its interest rate swap positions; and
- due to falls in interest rates, many of those swaps were 'out of the money' as at 30 June 2012, such that closing them out would be likely to crystallise a payment obligation (assuming interest rates remain at 30 June 2012 levels) of approximately \$30.8 million.

However, the target's statement also goes on to note that as a result of closing out these swaps, the interest rates payable by Epic under any replacement financing would, all other things being equal, be likely to be lower. Further, it is not known to APA Group whether the terms on which the HDUF Group's financing have been structured would affect HDUF Group becoming part of APA Group's financing arrangements. If such provisions do exist then it will be necessary for APA Group to negotiate with HDUF and its financiers to either ensure that those HDUF Group financings will remain available or that new replacement financing can be arranged.

3. Issued capital reconciliation:

A\$'000	31 December 2011 pro forma Combined Group (100%)	31 December 2011 pro forma Combined Group (50.1%)
Issued capital:		
• APA Group	1,161,353	1,161,353
• HDUF Group	882,943	882,943
APA Group securities issued as part of consideration for HDUF securities	770,288	285,514
Costs associated with issue of APA Group securities	(11,156)	(8,203)
Elimination of HDUF Group issued capital on consolidation	(882,943)	(882,943)
	1,920,485	1,438,664

5.4.10 Combined Group pro forma operating cash flows for HY2012, FY2011 and FY2010

COMBINED GROUP PRO FORMA OPERATING CASH FLOWS

for the six months ended 31 December 2011

A\$'000	HY2012 APA Group pro forma	HY2012 HDUF Group pro forma	Pro forma transactions (100%)	HY2012 Combined Group pro forma (100%)	Pro forma transactions (50.1%)	HY2012 Combined Group pro forma (50.1%)
Cash flows from operating activities						
Receipts from customers	539,270	76,302	-	615,572	-	615,572
Payments to suppliers and employees	(307,001)	(25,030)	-	(332,031)	-	(332,031)
Dividends received	22,588	-	(5,488)	17,100	(5,488)	17,100
Proceeds from repayment of finance leases	1,464	619	-	2,083	-	2,083
Interest received	2,871	10,293	-	13,164	-	13,164
Interest and other costs of finance paid	(102,660)	(19,363)	(12,506)	(134,529)	(4,172)	(126,195)
Income taxes paid	-	(126)	-	(126)	-	(126)
Responsible entity fees paid and other operating expenses paid	-	(3,377)	3,377	-	-	(3,377)
Net cash provided by operating activities	156,532	39,318	(14,617)	181,233	(9,660)	186,190
Net capital expenditure	(84,374)	(185,361)	-	(269,735)	-	(269,735)

COMBINED GROUP PRO FORMA OPERATING CASH FLOWS

for the year ended 30 June 2011

A\$'000	FY2011 APA Group pro forma	FY2011 HDUF Group pro forma	Pro forma transactions (100%)	FY2011 Combined Group pro forma (100%)	Pro forma transactions (50.1%)	FY2011 Combined Group pro forma (50.1%)
Cash flows from operating activities						
Receipts from customers	1,145,135	157,079	-	1,302,214	-	1,302,214
Payments to suppliers and employees	(724,435)	(51,202)	-	(775,637)	-	(775,637)
Dividends received	45,890	-	(10,903)	34,987	(10,903)	34,987
Proceeds from repayment of finance leases	6,748	1,050	-	7,798	-	7,798
Interest received	6,162	5,572	-	11,734	-	11,734
Interest and other costs of finance paid	(194,473)	(20,558)	(25,012)	(240,043)	(8,344)	(223,375)
Income taxes paid	442	142	-	584	-	584
Responsible entity fees paid and other operating expenses paid	-	(10,251)	10,251	-	-	(10,251)
Net cash provided by operating activities	285,469	81,832	(25,664)	341,637	(19,247)	348,054
Net capital expenditure	(209,799)	(448,062)	-	(657,861)	-	(657,861)

COMBINED GROUP PRO FORMA OPERATING CASH FLOWS

for the year ended 30 June 2010

A\$'000	FY2010 APA Group pro forma	FY2010 HDUF Group pro forma	Pro forma transactions (100%)	FY2010 Combined Group pro forma (100%)	Pro forma transactions (50.1%)	FY2010 Combined Group pro forma (50.1%)
Cash flows from operating activities						
Receipts from customers	1,038,620	134,755	-	1,173,375	-	1,173,375
Payments to suppliers and employees	(631,224)	(39,373)	-	(670,597)	-	(670,597)
Dividends received	38,143	-	(3,929)	34,214	(3,929)	34,214
Proceeds from repayment of finance leases	2,875	807	-	3,682	-	3,682
Interest received	18,003	8,051	-	26,054	-	26,054
Interest and other costs of finance paid	(195,189)	(18,980)	(25,012)	(239,181)	(8,344)	(222,513)
Income taxes paid	-	(103)	-	(103)	-	(103)
Responsible entity fees paid and other operating expenses paid	-	(3,483)	3,483	-	-	(3,483)
Net cash provided by operating activities	271,228	81,674	(25,458)	327,444	(12,273)	340,629
Net capital expenditure	(114,420)	(182,832)	-	(297,252)	-	(297,252)

5.4.11 Pro forma transactions to derive the Combined Group pro forma operating cash flows

The following pro forma transactions have been made for purposes of illustrating the Combined Group operating cash flows as if they had applied from 1 July 2009:

A\$'000	HY2012 Operating Cash Flow pro forma adjustment (100%)	HY2012 Operating Cash Flow pro forma adjustment (50.1%)	FY2011 Operating Cash Flow pro forma adjustment (100%)	FY2011 Operating Cash Flow pro forma adjustment (50.1%)	FY2010 Operating Cash Flow pro forma adjustment (100%)	FY2010 Operating Cash Flow pro forma adjustment (50.1%)
Responsible entity management fees ¹	3,377	-	10,251	-	3,483	-
HDUF distributions to APA Group ²	(5,488)	(5,488)	(10,903)	(10,903)	(3,929)	(3,929)
Interest on acquisition borrowings ³	(12,506)	(4,172)	(25,012)	(8,344)	(25,012)	(8,344)
Total pro forma adjustments	(14,617)	(9,660)	(25,664)	(19,247)	(25,458)	(12,273)

1. HDUF Responsible Entity management fees have been removed in the 100% acquisition scenario on the basis that external management fees will no longer be paid in a 100% acquisition scenario. In the 50.1% scenario the management fees and Performance Fees have not been adjusted and are reflected based on the existing arrangements within HDUF Group.

2. Removal of distributions received by APA Group from HDUF in relation to its existing 20.7% investment in HDUF.

3. Additional finance costs on increased borrowings used to fund the cash component of Offer Consideration.

6. Tax considerations for HDUF Securityholders



The Board of Directors

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580 George Street
Sydney NSW 2000

Australian Pipeline Limited as responsible entity for
Australian Pipeline Trust (APT)
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APT Pipelines Limited
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21 August 2012

Dear Directors

TAX CONSIDERATIONS FOR HDUF SECURITYHOLDERS

This letter has been prepared for inclusion in the Fifth Supplementary Bidder's Statement dated on or about 21 August 2012 in relation to the Offer. Capitalised terms in this letter have the same meaning as they do in the Bidder's Statement.

This letter has been prepared for the Directors and should not be relied upon by any other party.

The purpose of this letter is to provide a broad summary of the Australian income tax, GST and stamp duty considerations for Australian resident individual HDUF Securityholders who accept the Offer. In providing this opinion PricewaterhouseCoopers has relied upon certain facts set out in the Bidder's Statement that have not been independently reviewed or verified by PricewaterhouseCoopers.

The tax information provided below is intended as a brief guide only and does not purport to be a complete analysis of the potential tax consequences of accepting the Offer. This information applies to Australian resident individual HDUF Securityholders who hold their investment on capital account, and does not apply to HDUF Securityholders who are traders or are carrying on a business which includes deriving gains from the disposal of their HDUF Stapled Securities.

This guide is not intended to be, and should not be relied upon as, personal taxation or financial advice. Accordingly, HDUF Securityholders are recommended to seek professional tax advice in relation to their own position.

The information below is based on existing tax law and established interpretations as at the date of this letter. The tax law is complex and subject to change periodically as is its interpretation by the courts and the Australian Taxation Office (ATO) and state revenue authorities (SRA). We have not sought to have our opinion ruled upon by the ATO or any SRA and therefore there is a risk that the ATO or a SRA may not agree with our opinion or aspects of it.

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6. Tax considerations for HDUF Securityholders continued



The information contained in this document does not constitute “financial product advice” within the meaning of the Corporations Act. The PricewaterhouseCoopers partnership which is providing this advice is not licensed to provide financial product advice under the Corporations Act. To the extent that this document contains any information about a “financial product” within the meaning of the Corporations Act, taxation is only one of the matters that must be considered when making a decision about the relevant financial product. This material has been prepared for general circulation and does not take into account the objectives, financial situation or needs of any recipient. Accordingly, any recipient should, before acting on this material, consider taking advice from a person who is licensed to provide financial product advice under the Corporations Act. Any recipient should, before acting on the contents of this letter, also consider the appropriateness of this material having regard to their objectives, financial situation and needs and consider obtaining independent financial advice.

1 TAXATION ON DISPOSAL OF HDUF STAPLED SECURITIES

A HDUF Stapled Security consists of a unit in HDUF Epic Trust, HDUF Finance Trust and HDUF Further Investments Trust.

The Minimum Offer consists of an exchange of one HDUF Stapled Security for 0.39 APA Stapled Security plus cash of \$0.72. If APA achieves ownership of 90% or more of the HDUF Stapled Securities and becomes entitled to proceed to compulsory acquisition, additional cash consideration of \$0.08 (i.e. in total cash of \$0.80) will be paid for each HDUF Stapled Security under the 90% Offer.

Acceptance of the Offer will involve a disposal by HDUF Securityholders of a unit in HDUF Epic Trust, HDUF Finance Trust and HDUF Further Investments Trust i.e. three disposals for CGT purposes. A CGT calculation will be required in respect of each unit held in HDUF Epic Trust, HDUF Finance Trust and HDUF Further Investments Trust.

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 Securityholder in the year of income in which the disposal occurs. A net capital loss may be carried forward until the HDUF Securityholder has realised capital gains against which the net capital loss can be offset.

The capital proceeds for the disposal of each HDUF Stapled Security should be the market value of the APA Stapled Security on the date of disposal plus the cash component of the Offer (including the additional \$0.08 paid for each HDUF Stapled Security if APA becomes entitled to proceed to compulsory acquisition). The capital proceeds received must be apportioned between HDUF Epic Trust, HDUF Finance Trust and HDUF Further Investments Trust on a reasonable basis.

It should be noted that, depending on the date of acquisition and the period held of each HDUF Stapled Security, the CGT treatment may differ amongst individual HDUF Securityholders.

The capital gain or loss is calculated separately in respect of the units in HDUF Epic Trust, HDUF Finance Trust and HDUF Further Investments Trust as follows:

- The capital gain is the excess of the capital proceeds for the disposal over the cost base of the relevant units.
- The capital loss is the shortfall of the capital proceeds for the disposal below the cost base of the relevant units.
- If the units have been held for less than 12 months this is the amount of gain or loss included in the net capital gain calculation.
- If the units have been held for 12 months or more and there is a loss, similarly this loss is included in the net capital gain calculation.
- If the units have been held for 12 months or more and there is a gain, the gain is eligible for a CGT discount (being 50% of the gain for individuals).

The ATO measures the period of 12 months for this purpose exclusive of both the acquisition date and the disposal date.



2 COST BASE OF APA STAPLED SECURITIES

Each APA Stapled Security consists of one APTIT Unit and one APT Unit.

The cost base of the APTIT Units and APT Units should be the market value of the HDUF Stapled Securities disposed of under the Offer less the cash consideration (\$0.72 under the Minimum Offer or \$0.80 under the 90% Offer), apportioned on a reasonable basis as between the APTIT Units and the APT Units.

We have been advised that APA will make information available on its website to assist HDUF Security holders with the relative market value of each APTIT Unit and APT Unit. The date of disposal of the HDUF Stapled Securities should also be the date of acquisition of the APTIT Units and APT Units.

3 TAXATION OF APA STAPLED SECURITIES

For tax purposes APTIT and APT are treated as separate entities and the holding of APTIT Units and APT Units are treated as separate investments.

3.1 Tax treatment of APTIT

APTIT should not generally be liable for income tax in any income year provided unitholders are presently entitled to all of the income of the trust in each year (which is intended to be the case).

Based on information provided, and the intention of the trustee as expressed to us, we do not consider that APTIT should be taxed in a similar manner to a company under the corporate unit trust provisions contained in Division 6B of Part III of the Income Tax Assessment Act or the public trading trust provisions in Division 6C of Part III of the Income Tax Assessment Act.

We note that the public trading trust test is an on-going one and the tax position of APTIT in any year will depend on its actual operations and activities in that year.

3.2 Tax treatment of on-going APTIT distributions

APTIT Unitholders are liable to pay tax on the full amount of their share of the taxable income of APTIT in the year in which entitlement to income from the trust arises. An APTIT Unitholder's share of the taxable income of APTIT for the year ended 30 June must therefore be included as assessable income for the financial year ending on that date. This applies irrespective of whether distributions from APTIT are paid in a subsequent year.

Distributions from APTIT may include various components, the taxation treatment of which may differ. For example, a distribution from APTIT may include a tax-deferred component, a CGT concession component, as well as net capital gains.

Tax-deferred distributions are usually attributable to returns of capital, building allowances, tax depreciation and other tax timing differences. It is the practice of the Commissioner of Taxation to treat tax-deferred distributions as not assessable when received unless and until the total tax-deferred amounts received by an APTIT Unitholder exceeds the cost base of the units in the trust. Subject to this point, for CGT purposes, amounts of tax-deferred distributions received reduce the cost base of units held for an APTIT Unitholder and therefore affect the APTIT Unitholder's capital gain/loss on disposal of their APTIT Units.

The CGT concession component of a distribution represents the CGT discount claimed by APTIT in respect of asset sales. The CGT concession component is not assessable when received by an APTIT Unitholder. Where an APTIT distribution includes a CGT concession component, there will be no reduction to the cost base of the APTIT Units held by an APTIT Unitholder for that component.

6. Tax considerations for HDUF Securityholders *continued*



The capital gain component of an APTIT distribution must be included in an APTIT Unitholder's calculation of their net capital gain. Where the distributed capital gain includes a discounted capital gain component, an APTIT Unitholder is required to "gross up" that amount by the discount applied by the trust (ie 50%). The nominal capital gain (ie the whole amount of the gain prior to discounting) is then included in the calculation of an APTIT Unitholder's net capital gain. An APTIT Unitholder may be entitled in their own right to a CGT discount as an individual.

3.3 Tax treatment of APT

APT is treated as a company for income tax purposes. Furthermore, APT Units are treated for tax purposes as a share in a company (and not an interest in a trust) and APT Unitholders treated as shareholders.

3.4 Tax treatment of on-going distributions from APT

As a company for tax purposes, APT is liable to income tax at the corporate rate (currently 30%) on its taxable income. APT will generate franking credits for the amount of tax paid and franked dividends received and these credits may be used to frank distributions paid to APT Unitholders.

Distributions to APT Unitholders will be assessable as dividends paid to shareholders in a company, ie. distributions grossed up for any franking credits are included in the APT Unitholder's assessable income in the year in which the distributions are paid. The APT Unitholder is then allowed a tax offset equal to the franking credit.

Excess franking tax offsets (i.e. excess of franking tax offsets over tax payable) are refunded to individual APT Unitholders.

To the extent that distributions are unfranked, APT Unitholders will be assessed on the unfranked distribution received and there is no franking credit available.

We have been advised by APT that it does not expect to pay franked distributions in the immediate future.

There are a number of measures that may affect the ability of an APT Unitholder to use franking credits distributed, including the holding period rule. However, an exemption from the holding period rule applies where a shareholder is entitled to total franking credits of \$5,000 or less. The holding period rule requires APT Unitholders to hold the units at risk for more than 45 days during the relevant period. Given that these rules can be complex, APT Unitholders should be aware of, and seek specific advice on, their own position.

3.5 Return of capital by APT

Amounts that are distributed to APT Unitholders may be treated as a return of capital and not assessable, but only to the extent that the amounts are not attributable to profits of APT. Such amounts will be treated as a reduction in the CGT cost base of the APT Unit. A capital gain will arise for the APT Unitholder to the extent that the return of capital (including any previous capital distributions, if relevant) exceeds the cost base of the APT Units.



3.6 Taxation on disposal of APA Stapled Securities

The disposal of an APA Stapled Security involves a disposal of an APTIT Unit and an APT Unit ie. two disposals for CGT purposes. Broadly, APA Securityholders must include any realised capital gain or loss in the calculation of their net capital gain. A net capital gain will be included in the APA Securityholder's assessable income for that year. Please refer above to the calculation of the capital gain or loss on disposal.

4 TAX FILE NUMBERS

HDUF Securityholders need not quote a Tax File Number (TFN) under the Offer. However, if a TFN is not quoted, or no appropriate TFN exemption information is provided, tax is required to be deducted from any income distribution entitlement or unfranked dividend paid at the highest marginal tax rate plus Medicare levy (currently 46.5%).

HDUF Securityholders that hold their investment as a part of their business may quote their Australian Business Number (ABN) instead of their TFN.

5 GST

The disposal of HDUF Stapled Securities and issue of APA Stapled Securities to HDUF Securityholders should not be subject to GST.

6 STAMP DUTY

Under current law, no stamp duty should be payable by HDUF Securityholders on the disposal of HDUF Stapled Securities and issue of APA Stapled Securities. Stamp duty may be payable by APA (at law) in relation to the acquisition of HDUF Stapled Securities on which it has separately been advised.

Yours faithfully

Handwritten signature of Steve Ford in black ink.

Steve Ford
Principal

Handwritten signature of Mike Davidson in black ink.

Mike Davidson
Partner

7. Other important information and consents

7.1 STATEMENTS BASED ON DOCUMENTS ANNOUNCED BY HDUF TO THE ASX

This Fifth Supplementary Bidder's Statement includes statements which are made in, or based on statements made in, documents announced to the ASX. These documents are set out in Figure 13 below. No person who has made any of these statements has consented to the statement being included in or accompanying this Fifth Supplementary Bidder's Statement in the form and context in which it is included. Requests for copies of these documents may be made by contacting the APA Offer Information Line on 1800 129 431 (callers in Australia) or +61 2 8280 7731 (callers outside Australia) between 8.30am and 5.30pm (Sydney time) on Business Days.

FIGURE 13 – Statements based on documents announced by HDUF to the ASX

Document	Date announced to ASX
HDF – APA takeover offer recommended	21 August 2012
PPA does not improve HDF offer within matching period	20 August 2012
Pipeline Partners Australia increases all cash offer for HDF	15 August 2012
HDF responds to the revised APA takeover offer	10 August 2012
Target's Statement – Pipeline Partners Australia's Offer	3 August 2012
Bidder's Statement from Pipeline Partners Aust. Pty Ltd	18 July 2012
HDF Update – PPA Proposal Received	10 July 2012
HDF Annual Results highlight strong growth from operations	24 February 2012

7.2 CONSENTING PARTIES

Each of the parties named in Figure 14 below as consenting parties:

- (1) has given and has not, before the date of this Fifth Supplementary Bidder's Statement, withdrawn its written consent to be named in this Fifth Supplementary Bidder's Statement in the form and context in which it is named;
- (2) has given and has not, before the date of this Fifth Supplementary Bidder's Statement, withdrawn its written consent to the inclusion of their respective statements and reports (where applicable) noted next to their names below, and the references to those statements and reports in the form and context in which they are included in this Fifth Supplementary Bidder's Statement;
- (3) does not make, or purport to make, any statement in this Fifth Supplementary Bidder's Statement other than those statements referred to below in respect of that party's name (and consented to by that party); and
- (4) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Fifth Supplementary Bidder's Statement.

FIGURE 14 – Consenting parties

Role	Statement
King & Wood Mallesons	Role as legal adviser
PricewaterhouseCoopers	Report of PricewaterhouseCoopers included in section 6
Macquarie	Role as financial adviser
Investigating Accountant	Role as Investigating Accountant, in relation to the Investigation Accountants' Report and any statements based on that report, and references to the audited financials of the APA Group
Link Market Services	Role as registry
Pacific Custodians Pty Ltd	Role as Collection Agent
APA Responsible Entity	Statements made by it, or statements based on statements made by it, in this Fifth Supplementary Bidder's Statement in the form and context in which they appear

8. Update to ASX announcements

Since the date of the Bidder's Statement (being 15 December 2011) the following announcements in relation to APA Group have been made to the ASX and Schedule 1 of the Bidder's Statement is updated accordingly.

The content of these announcements is available via the ASX website (www.asx.com.au).

Date	Title
24/08/2012	APA Group subordinated notes information
22/08/2012	Fourth Supplementary Bidder's Statement for HDF
22/08/2012	Final distribution information
22/08/2012	2012 Full Year Results Presentation
22/08/2012	2012 Full Year Media Release
22/08/2012	2012 Full Year Results – APP 4E
21/08/2012	HDF – APA takeover offer recommended
20/08/2012	PPA does not improve HDF offer within matching period
17/08/2012	Offer now open for APA Group Subordinated Notes
17/08/2012	APA announces a further cash increase in its offer for HDF
16/08/2012	APA allocates \$475 million Notes at a margin of 4.50%
15/08/2012	Pipeline Partners Australia increases all cash offer for HDF
10/08/2012	HDF: HDF responds to the revised APA takeover offer
09/08/2012	Appendix 3B
09/08/2012	HDF: APA announces increased offer for HDF
09/08/2012	APA Group Subordinated Notes Prospectus
09/08/2012	APA to raise \$350 million through ASX-listed notes
09/08/2012	APA increases its offer for HDF
06/08/2012	APA commences due diligence on HDF
06/08/2012	HDF: HDF grants APA due diligence
03/08/2012	HDF releases its Target's Statement in response to Pipeline
03/08/2012	HDF: Target's Statement-Pipeline Partners Australia's Offer
02/08/2012	APA notes media reports
26/07/2012	HDF: responds to APA announcement
25/07/2012	HDF: notes APA announcement
25/07/2012	Intention to increase APA's takeover offer for HDF
23/07/2012	HDF provides an update on corporate activity
20/07/2012	Notice of new date for giving status of defeating conditions
20/07/2012	Notice of waiver of offer condition
20/07/2012	Notice of extension of offer period
20/07/2012	HDF: Update ACCC decision & AFIC T/O Panel application
19/07/2012	APA Group welcomes ACCC Announcement
19/07/2012	ACCC to not oppose acq. by APA of HDF subject to divestiture
13/07/2012	HDF: response to AFIC correspondence
13/07/2012	APA notes Fourth Supplementary Target's Statement by HDF
02/07/2012	HDF: HDF update
22/06/2012	APA issues C\$300 million (A\$289.5 million) Medium Term Notes
19/06/2012	APA estimated final distribution for FY2012

8. Update to ASX announcements continued

Date	Title
15/06/2012	Presentation Growth over the long term
13/06/2012	HDF: notes ACCC decision date extended to 19 July 2012
15/05/2012	Notice concerning offer conditions for HDF
15/05/2012	Notice of variation extending offer period for HDF
15/05/2012	Notice of waiver of offer condition for HDF
15/05/2012	APA extends HDF takeover offer period
11/05/2012	HDF notes the ACCC's market inquiries
11/05/2012	APA notes ACCC's market inquiry on new undertakings package
02/05/2012	Presentation – Growth over the long term
23/04/2012	HDF: Supplementary Target's Statement, Santos Agreement
20/04/2012	HDF: Investors advised to take no action
19/04/2012	Notice concerning offer conditions for HDF
19/04/2012	Notice of variation extending offer period for HDF
17/04/2012	APA Group organisational structure changes and appointments
30/03/2012	APA Group response to ACCC Statement of Issues
30/03/2012	AXX: ACCC calls for comment on APA's proposed acquisition
22/03/2012	HDF: Investors advised to take no action re unchanged bid
19/03/2012	Notice concerning offer conditions
19/03/2012	Notice of variation extending offer period
22/02/2012	Third Supplementary Bidder's Statement for HDF
22/02/2012	Interim Distribution Information
22/02/2012	Interim Results Presentation
22/02/2012	Interim Results Media Release
22/02/2012	Interim Financial Reports
31/01/2012	Second Supplementary Bidder's Statement for HDF
24/01/2012	APA issues JPY10 billion (A\$126 million) Medium Term Notes
23/01/2012	APA Goldfields Gas Pipeline – further capacity expansions
20/01/2012	HDF: Target's Statement Media Release
20/01/2012	HDF: Target's Statement Presentation
20/01/2012	HDF: Targets Statement
09/01/2012	HDF: Letter advising investors to take no action re offer
06/01/2012	TOV: HDF – Panel Declines to Make a Declaration
06/01/2012	HDF performance fee highlights need for new ownership
05/01/2012	HDF: ASIC grants extension to lodge target's statement
03/01/2012	Despatch of Bidder's Statement completed
03/01/2012	First Supplementary Bidder's Statement
30/12/2011	Hastings Diversified Utilities Fund – Supplementary Disclosure
23/12/2011	TOV: Hastings Diversified Utilities Fund – Panel Application
22/12/2011	HDF: Letter to securityholders regarding APA Groups offer
22/12/2011	APA Expanding capacity of the Goldfields Gas Pipeline
16/12/2011	Notice of register date for sending the Bidder's Statement
16/12/2011	Completion of the sale of 80% of Allgas

9. Glossary

9.1 DEFINITIONS

Other than the terms defined below, and unless the context requires otherwise, defined terms in the Bidder's Statement have the same meaning in this Fifth Supplementary Bidder's Statement.

90% Offer	\$0.80 in cash and 0.390 APA Stapled Securities for each HDUF Stapled Security if APA Group becomes entitled to proceed to compulsory acquisition.
ACCC Undertaking	An undertaking given to the ACCC by APA Group under which APA Group has undertaken to divest the MAPS Business.
Collection Agent	Pacific Custodians Pty Ltd.
FY2013	The financial year to 30 June 2013.
HDUF Epic Group	Epic Energy Holdings Pty Limited tax consolidated group.
HY2012	The six months ended 31 December 2011.
Investigating Accountants' Report	<p>The report of the Investigating Accountant as to the historical and pro forma historical information presented in this Fifth Supplementary Bidder's Statement, as set out in Annexure B.</p> <p>This new definition of Investigating Accountants' Report in this Fifth Supplementary Bidder's Statement replaces the definition of all references to Investigating Accountants' Report in the Bidder's Statement.</p>
MAPS Business	The Moomba to Adelaide Pipeline System business.
Minimum Offer	\$0.72 cash and 0.390 APA Stapled Securities for each HDUF Stapled Security.
Offer Consideration	<p>\$0.72 cash and 0.390 APA Stapled Securities for each HDUF Stapled Security, subject to possible adjustments as set out in section 9.2.1 of the Bidder's Statement, unless you are a Foreign Securityholder.</p> <p>Foreign Securityholders will not be entitled to receive APA Stapled Securities. Instead, the APA Stapled Securities to which they would otherwise be entitled will be sold by the Nominee and the net proceeds paid to them. See section 9.5.3 of the Bidder's Statement for further information.</p> <p>APA Group has announced that it will increase the Offer Consideration to \$0.80 in cash and 0.390 APA Stapled Securities for each HDUF Stapled Security if it becomes entitled to proceed to compulsory acquisition.</p> <p>This new definition of Offer Consideration in this Fifth Supplementary Bidder's Statement replaces the definition of all references to Offer Consideration in the Bidder's Statement.</p>
Pipeline Partners Australia	Pipeline Partners Australia Pty Ltd.
Subordinated Notes	Notes offered by APA Group with terms and conditions set out in a prospectus dated 9 August 2012 (as supplemented or replaced).
Subordinated Notes Offer	The offer of Subordinated Notes for issue to investors announced on 9 August 2012.

10. Authorisation

This copy of the Fifth 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.

A handwritten signature in black ink, appearing to read 'M. McCormack', with a stylized flourish at the end.

Michael McCormack
Director

Annexure A – Notice of Variation – Increase of Offer Consideration

APT PIPELINES LIMITED (ABN 89 009 666 700) (A COMPANY WHOLLY OWNED BY AUSTRALIAN PIPELINE TRUST (ARSN 091 678 778)) (“BIDDER”)

NOTICE OF VARIATION – INCREASE OF OFFER CONSIDERATION

TO: Hastings Funds Management Limited (ABN 27 058 693 388) in its capacity as responsible entity of the Hastings Diversified Utilities Fund (“HDUF”)

Australian Securities and Investments Commission (“ASIC”)

ASX Limited (“ASX”)

Each person to whom an Offer was made

The Bidder gives notice under section 650D of the Corporations Act that its Offer for all of the HDUF Stapled Securities contained in its bidder’s statement dated 15 December 2011 (as supplemented) (“Bidder’s Statement”) is varied as follows:

- (a) by increasing the Offer Consideration under the Offer to \$0.72 cash and 0.390 APA Stapled Securities for each HDUF Stapled Security; and
- (b) the increased Offer Consideration will be reduced by all future HDUF distributions declared, paid or made after 8 August 2012 but not reduced for any HDUF distributions previously paid since the Offer was announced on 14 December 2011.

All references in the Bidder’s Statement and Acceptance Form when referring to the Offer Consideration are replaced with references to \$0.72 cash and 0.390 APA Stapled Securities for each HDUF Stapled Security.

HDUF Securityholders who have accepted the Offer do not need to do anything in order to receive the increased Offer Consideration (when that consideration becomes payable). HDUF Securityholders who have withdrawn their acceptance for the APA Offer will need to complete and lodge a further Acceptance Form in order to accept the Offer and obtain the increased Offer Consideration (when that consideration becomes payable).

The Offer was previously varied by notices under section 650D(1) of the Corporations Act dated 19 March 2012, 19 April 2012, 15 May 2012, 20 July 2012 and 27 August 2012.

All HDUF Securityholders will receive a notice informing them of the varied Offer. Unless the context requires otherwise, defined terms in the Bidder’s Statement have the same meaning in this notice.

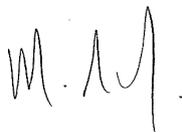
A copy of this notice was lodged with ASIC on 27 August 2012. ASIC takes no responsibility for the contents of this notice.

This notice is dated 27 August 2012.

Signed on behalf of APT Pipelines Limited (ABN 89 009 666 700).



Robert Wright
Director



Michael McCormack
Director

Annexure B – Investigating Accountants’ Report



Deloitte Touche Tohmatsu
ABN 74 490 121 060

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The Directors

APT Pipelines Limited
HSBC Building
Level 19, 580 George Street
Sydney NSW 2000

27 August 2012

Dear Directors

INVESTIGATING ACCOUNTANTS’ REPORT ON PRO FORMA HISTORICAL FINANCIAL INFORMATION

INTRODUCTION

Deloitte Touche Tohmatsu (“Deloitte”) has been engaged by the Directors of APT Pipelines Limited (“Bidder” or “the Company”) to prepare this Investigating Accountants’ Report (“Report”) for inclusion in the Fifth Supplementary Bidder’s Statement (“Bidder’s Statement”) to be issued by the Bidder in respect of the proposed acquisition of the stapled securities in Hastings Diversified Utilities Fund (“HDUF”) (the “Offer”).

Unless otherwise defined in this report, terms used in this report have the meanings given to them in the Glossary of the Bidder’s Statement.

PRO FORMA HISTORICAL FINANCIAL INFORMATION

Deloitte has been requested to prepare a report in relation to the following pro forma historical financial information, as set out in Sections 5.2, 5.3 and 5.4 of the Bidder’s Statement:

a) APA Group Pro Forma Historical Financial Information

- the pro forma historical consolidated income statements of APA Group for the six months ended 31 December 2011 and the years ended 30 June 2011 and 30 June 2010;
- the pro forma historical consolidated balance sheet of APA Group as at 31 December 2011;
- the pro forma historical consolidated cash flow statements of APA Group for the six months ended 31 December 2011 and the years ended 30 June 2011 and 30 June 2010;
- relevant notes to the above pro forma historical financial information of APA Group; and
- the pro forma adjustments and the assumptions on which they are based as described in the Bidder’s Statement,

as contained in Section 5.2 of the Bidder’s Statement, together the “APA Group Pro Forma Historical Financial Information”.

The APA Group Pro Forma Historical Financial Information has been derived from the reviewed financial statements of the APA Group for the six months ended 31 December 2011 and the audited financial statements of the APA Group for the years ended 30 June 2011 and 30 June 2010, which were reviewed or audited by Deloitte. The review and audit reports issued by Deloitte to the unitholders of the APA Group relating to those financial statements were unqualified.

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Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited.



b) HDUF Group Pro Forma Historical Financial Information

- the pro forma historical consolidated income statements of HDUF Group for the six months ended 31 December 2011 and the years ended 30 June 2011 and 30 June 2010;
- the pro forma historical consolidated balance sheet of HDUF Group as at 31 December 2011;
- the pro forma historical consolidated cash flow statements of HDUF Group for the six months ended 31 December 2011 and the years ended 30 June 2011 and 30 June 2010;
- relevant notes to the above pro forma historical financial information of HDUF Group; and
- the pro forma adjustments and the assumptions on which they are based as described in the Bidder's Statement.

as contained in Section 5.3 of the Bidder's Statement, together the "HDUF Group Pro Forma Historical Financial Information".

The HDUF Group Pro forma Historical Financial Information has been derived from the publicly available audited financial statements of the HDUF Group for the years ended 31 December 2011, 31 December 2010 and 31 December 2009 and the publicly available reviewed financial statements for the six months ended 30 June 2011, 30 June 2010 and 30 June 2009, which were audited and reviewed respectively by PwC. The audit and review reports issued by PwC to the unitholders of the HDUF Group relating to those financial statements were unqualified.

c) Combined Group Pro forma Historical Financial Information

- the pro forma unaudited consolidated income statements of the Combined Group for the six months ended 31 December 2011 and the years ended 30 June 2011 and 30 June 2010;
- the pro forma unaudited consolidated balance sheet of the Combined Group as at 31 December 2011;
- the pro forma unaudited consolidated cash flow statements of the Combined Group for the six months ended 31 December 2011 and the years ended 30 June 2011 and 30 June 2010;
- relevant notes to the above pro forma historical financial information of the Combined Group; and
- the pro forma adjustments and the assumptions on which they are based as described in the Bidder's Statement.

as contained in Sections 5.4 of the Bidder's Statement, together the "Combined Group Pro Forma Historical Financial Information".

The Combined Group Pro forma Historical Financial Information has been derived from the APA Group Pro Forma Historical Financial Information and the HDUF Group Pro Forma Historical Financial Information, after reflecting the pro forma adjustments described in Section 5.4 of the Bidder's Statement.

The APA Group Pro Forma Historical Financial Information, the HDUF Group Pro Forma Historical Financial Information and the Combined Group Pro Forma Historical Financial Information (together the "Pro forma Historical Financial Information") is presented in an abbreviated form insofar as it does not include all of the disclosures required by AIFRS applicable to annual financial reports prepared in accordance with the Corporations Act 2001.

The Directors of the Bidder are responsible for the preparation and presentation of the Pro Forma Historical Financial Information, including the APA Group Pro Forma Historical Financial Information, the HDUF Group Pro Forma Historical Financial Information and the Combined Group Pro Forma Historical Financial Information including the determination of the pro forma adjustments and the assumptions on which they have been based.

SCOPE

We have reviewed the Pro Forma Historical Financial Information in order to report whether anything has come to our attention which causes us to believe that the Pro Forma Historical Financial Information set out in the Bidder's Statement in Sections 5.2, 5.3 and 5.4, is not presented fairly in accordance with the basis of preparation as described in Sections 5.2, 5.3 and 5.4 of the Bidder's Statement.

Our review has been conducted in accordance with Australian Standard on Review Engagements (ASRE) 2405 "Review of Historical Financial Information Other than a Financial Report". We have made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:



- analytical procedures on the Pro Forma Historical Financial Information;
- a review of the extraction of the APA Group Pro forma Historical Financial Information and the HDUF Group Pro forma Historical Financial Information from the reviewed and audited APA Group financial statements and the publicly available HDUF Group financial statements respectively for the relevant periods, including a review of the preparation of the HDUF Group Pro forma Historical Financial Information on a 31 December six month period end and 30 June year-end basis;
- a review of work papers, accounting records and other documents;
- a comparison of the accounting policies adopted by APA Group and HDUF Group as disclosed in the 30 June 2011 and 31 December 2011 respective financial statements;
- a review of the pro forma adjustments and the assumptions on which they are based as described in Sections 5.2, 5.3 and 5.4 of the Bidder’s Statement; and
- enquiry of the directors and management of APA Group.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Pro Forma Historical Financial Information.

REVIEW STATEMENT

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the Pro Forma Historical Financial Information set out in the Bidder’s Statement in Sections 5.2, 5.3 and 5.4, is not presented fairly in accordance with the basis of preparation as described in Sections 5.2, 5.3 and 5.4 of the Bidder’s Statement.

SUBSEQUENT EVENTS

Apart from the matters dealt with in this Report, and having regard for the scope of our Report, nothing has come to our attention that would cause us to believe that matters arising after 31 December 2011 would require comment on, or adjustments to, the information contained in Sections 5.2, 5.3 and 5.4 of the Bidder’s Statement, or would cause such information to be misleading or deceptive.

INDEPENDENCE AND DISCLOSURE OF INTEREST

Deloitte Touche Tohmatsu does not have any interest in the outcome of the Offer other than the preparation of this Report and the provision of other related services in relation to the Offer for which normal professional fees will be received. Deloitte Touche Tohmatsu is the auditor of the APA Group.

CONSENT

Deloitte Touche Tohmatsu has consented to the inclusion of this Investigating Accountants’ Report in the Bidder’s Statement in the form and context in which it is so included, but has not authorised the issue of the Bidder’s Statement. Accordingly, Deloitte Touche Tohmatsu makes no representation regarding, and takes no responsibility for, any other documents or material in, or omissions from, the Bidder’s Statement.

Yours faithfully,

A handwritten signature in cursive script that reads "Deloitte Touche Tohmatsu".

DELOITTE TOUCHE TOHMATSU

A handwritten signature in cursive script that reads "G. Coultas".

G Coultas
Partner
Chartered Accountants

ACCEPT APA GROUP'S INCREASED OFFER

**AS UNANIMOUSLY RECOMMENDED
BY THE INDEPENDENT DIRECTORS OF HDUF
IN THE ABSENCE OF A SUPERIOR PROPOSAL**

The Offer will close at 7.00pm (Sydney time)
on 18 September 2012, unless further extended or withdrawn.

WWW.APA.COM.AU