

# ASX Announcement

Hastings Diversified Utilities Fund (HDF)

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## Hastings defers HDF incentive fee

Hastings Funds Management Limited (Hastings), as Responsible Entity for the Hastings Diversified Utilities Fund (HDF), today announced it will defer the incentive fee payable to Hastings from HDF for the period ended 31 December 2008 until key funding issues for HDF are resolved.

Under the HDF constitution, Hastings was entitled to an incentive fee for the period to 31 December 2008 which was payable through the issue of approximately 7.2 million HDF securities (incentive fee), which would be valued at \$5.2m based on the security price at the close of business on 2 April 2009. In January 2009, Hastings announced that the securities in relation to the incentive fee would be issued in equal instalments over four quarterly periods commencing in April 2009.

Since then, HDF's security price has been adversely affected by a number of factors, which Hastings considers includes:

- investor views in relation to capital and debt issues, in particular the term of HDF's Loan Facility due to mature on 12 August 2009 and the scheduled reset date for the TAPS Trust Hybrid securities on 30 June 2010; and
- the affect of the declining UK Retail Price Index as a result of economic conditions in the UK on HDF's investment in South East Water; and
- views from the market with regard to a possible funding requirement for a stage three expansion of Epic Energy's South West Queensland pipeline should a commercial Gas Transmission Agreement be signed.

Hastings Chief Executive, Steve Boulton said "In this difficult economic climate, we are absolutely focused on addressing the key strategic issues for the fund to promote the long term interests of our investors and committed to resolving HDF's key funding issues."

Accordingly, Hastings will continue to defer the issue of securities in respect of the incentive fee until;

- both the HDF Loan Facility and TAPS Trust Hybrid are renegotiated, refinanced or repaid in a manner which the Hastings Board considers addresses HDF's current capital management requirements; and
- no earlier than July 2010 (which is after the maturity date of 30<sup>th</sup> June 2010 for the TAPS hybrid securities).

Hastings may review the deferral of the incentive fee in the event that any corporate activity in relation to HDF (such as a takeover or proposed change in responsible entity of the fund) is announced.

Mr Boulton added "We understand that we are accountable for our performance and have listened to investor views. We believe that given the current macro economic uncertainty combined with market volatility, the decision to defer the 2008 incentive fee is in the best long term interests of investors".

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A handwritten signature in black ink, appearing to read "Claire Filson". The signature is written in a cursive style with a long horizontal stroke at the bottom.

**Claire Filson**  
**Company Secretary**  
Hastings Funds Management Limited