

ASX Announcement

Hastings Diversified Utilities Fund (HDF)

Total pages: 52

1 July 2009

Capital management initiatives

Attached is a release and presentation from HDF.

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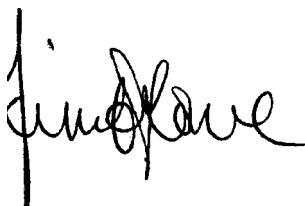
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Hastings Funds Management Limited

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Release

Hastings Diversified Utilities Fund (HDF)

Total pages: 6

1 July 2009

Capital management initiatives

The Board of Hastings Funds Management Limited in its capacity as Responsible Entity of the trusts comprising the Hastings Diversified Utilities Fund (together "HDF") today announced that HDF will undertake an issue of new stapled securities to raise approximately \$250 million of equity capital (the "Offer"), via a fully underwritten offer at \$0.90 per security (the "Offer Price"), comprising:

- Approximately \$192 million 1-for-1 non-renounceable pro-rata entitlement offer; and
- Approximately \$58 million institutional placement.

The Offer has been fully underwritten by J.P. Morgan Australia Limited and UBS AG, Australia Branch.

The Offer will strengthen HDF's balance sheet and provide HDF with a long term sustainable capital structure with additional flexibility to pursue its organic growth opportunities. The net proceeds from the Offer (after transaction costs) will be used to:

- retire HDF's loan facility (\$80 million); and
- cash cover HDF's hybrid securities, Trust-issued Adjustable Preferred Securities ("TAPS", \$110 million)

Following the Offer, HDF will have a positive net cash position at the fund level and HDF's proportionally consolidated gearing (on a look through basis) will be approximately 64%¹.

The remaining proceeds from the Offer (approximately \$50 million) are to be applied towards the proposed expansion of Epic Energy's South West Queensland Pipeline ("SWQP").

Investment Highlights

- Significant organic growth opportunities, in particular the Stage 3 expansion of Epic Energy's SWQP which has been underpinned by take-or-pay contracts with investment grade counterparties
- An offer price of \$0.90 and reconfirmed 2009 distribution guidance of 12 cents per security ("cps") represents a 24.1% discount to the last close price on 30 June 2009 and an initial annualised yield on the Offer Price of 13.3%
- 2010 distributions per security are expected to be maintained assuming a Stage 2 expansion only of Epic Energy's SWQP²
- Operating cash flows comprise contracted cash flows from Epic Energy and regulated cash flows from South East Water ("SEW")
- Strengthened balance sheet with a sustainable capital structure
- Long-life, high quality assets with strong operating performance in a challenging economic environment

¹ Gearing = Net Debt / (Net Debt + Market Capitalisation), where Market Capitalisation is closing market capitalisation on 30 June 2009 plus proceeds of the Offer

² Epic's Stage 3 expansion of the SWQP is contingent on Epic securing sufficient funding for the project on acceptable commercial terms. Should the project proceed, operating cash flow may vary depending on the final funding terms agreed



Background and Epic Energy sale process

HDF has been exploring a range of capital management initiatives to repay its HDF loan facility, cash cover TAPS at the time of redemption and provide equity capital for the expansion of the SWQP. These initiatives included the potential divestment (partial or whole) of Epic Energy and / or South East Water. In mid June 2009, HDF received a range of indicative proposals in relation to Epic Energy and subsequently shortlisted a number of parties to conduct due diligence investigations.

Independent assessment

Hastings' Independent Directors considered the indicative proposals received for Epic Energy alongside the range of other potential capital management options available to HDF.

After consideration of the options available, and having sought independent advice from Grant Samuel, the Independent Directors concluded that, on balance, the Offer is the better decision for HDF's existing securityholders. Key considerations that the Independent Directors assessed in reaching their conclusion included:

- transaction certainty
- likely pricing of a sale of Epic Energy
- HDF's future financial position
- dilutive effect of an equity raising on securityholders
- securityholders' ability to retain exposure to HDF's existing assets
- funding requirements in relation to Epic Energy's Stage 3 expansion of the SWQP

The Independent Directors also noted that the revised conditional proposal received from TCW (see ASX announcement of 26 June 2009) was at a materially lower value than other indicative offers received by HDF, and the fact that investors would have the right to re-invest a portion of the proceeds from the sale of Epic Energy did not alter the Independent Directors' conclusions described above.

Epic Energy's SWQP Expansion

As previously announced, HDF has entered into agreements with Origin and AGL to underpin the proposed expansion of the SWQP from approximately 168 TJ/day to 380 TJ/day ("Stage 3"). Epic Energy expects this expansion to generate a step change revenue growth with revenues projected to grow by 62% from 2011 to 2012. Combined with the on time and on budget commissioning of the QSN link in January 2009, Epic Energy's revenues are projected to grow by 17.6% per annum from 2008 to 2013.

Stage 3 construction costs are close to 80% contracted (excluding finance costs). Total construction costs are forecast to be approximately \$760 million (excluding finance costs) and Epic Energy has negotiated a fixed price construction contract and fixed price steel supply contract. Furthermore, an Environmental Impact Study is not required for the new pipeline.

Epic Energy has commenced discussions with its current banking syndicate and other potential banks regarding Stage 3 funding. To date these discussions have been positive. HDF is seeking to source approximately \$300 million of equity capital for the project from the following possible sources:

- Net proceeds from the current equity capital raising (approximately \$50 million available)
- Underwritten Distribution Reinvestment Plan
- Additional asset level debt (including potential mezzanine debt)

In addition, the Origin Gas Transportation Agreement ("GTA") provides Origin with the opportunity to contribute a significant proportion of the funding on market competitive terms. HDF may also consider a potential divestment of some or all of its investment in SEW following its price determination, the draft of which is due on or around 23 July 2009.

Epic Energy is targeting financial close for Stage 3 in the fourth quarter of 2009 and the project is contingent on securing sufficient funding on acceptable commercial terms. The expansion will only proceed if it is still



considered to be in the best interests of HDF securityholders and if Epic is able to secure the required funding. Should the Stage 3 expansion not proceed, Epic Energy will proceed with the smaller Stage 2 expansion (approximately \$100 million of capex) which satisfies its pre-existing commitment to AGL to ship approximately 53 TJ/day for a minimum of 12 years.

Management and Fee Structure

The current Chief Operating Officer (“COO”) of HDF, Tom Meinert, has signalled his intention to leave Hastings to pursue other opportunities at some stage after the completion of the Offer. The Chief Executive Officer of Hastings, Steve Boulton, will assume the role of acting COO of HDF with access to and support from Tom Meinert until a suitable replacement is found.

In addition, the following key persons are actively involved in HDF or its underlying assets:

- Steve Banning was appointed Managing Director and Chief Executive Officer of Epic Energy in August 2007, having previously served as General Manager Commercial for three years.
- Paul Butler is South East Water’s CEO. Prior to South East Water’s merger with Mid Kent Water in 2007, Paul Butler was CEO of Mid Kent Water.
- Steve Rankine is Hastings’ Head of UK. He was appointed in May 2008 and joined Hastings’ London office in November 2008. The London office is responsible for the direct interface with South East Water’s management team.

In addition, Hastings has decided to waive, for two years, the additional management fee they would be entitled to receive on the part of the Offer which is being used to repay the HDF loan facility of \$80 million. This amounts to a two year reduction of \$800,000 p.a. of base management fees. In addition, Hastings will rebate future base management fees paid by the TAPS Trust, which will be cash covered by the Offer, up to the first reset date.

Estimated Distribution and Distribution Guidance

Post the Offer, 2009 distribution guidance has been maintained in line with the most recent guidance of 12 cps which represents an initial 13.3% annualised yield on the Offer Price of A\$0.90 per new security. 2010 distributions per security are expected to be maintained assuming a Stage 2 expansion only of Epic Energy’s SWQP¹

Trading Update

Epic Energy trading update

Following the completion of the QSN Link, the SWQP is the key transporter of Queensland Coal Seam Methane into southern markets. Epic Energy expects to benefit from a significant increase in EBITDA in 2009 as a result of the successful commissioning of the QSN Link in January 2009 on time and on budget.

\$m	1Q2009 ²	2008A
Operating income	29.0	95.5
Operating expenses	6.8	27.5
EBITDA	22.0	68.0
EBITDA / Operating income	76.6%	71.2%

¹ Should the Stage 3 expansion of Epic’s SWQP proceed, operating cash flow per security may vary depending on the final funding terms agreed. Epic’s Stage 3 expansion of the SWQP is contingent on Epic securing sufficient funding for the project on acceptable commercial terms. Should the project proceed, operating cash flow may vary depending on the final funding terms agreed.

² Source: Epic Energy Management Accounts for the period 1 January 2009 to 31 March 2009

South East Water trading update

SEW will announce its full year results to 31 March 2009 in mid July 2009, with expected revenue growth likely to be in line with allowed tariff increases, net of a £4 million Competition Commission merger rebate. In April 2009, SEW submitted its Final Business Plan for 2010-15 (Asset Management Period 5, "AMP5") which provides the "building blocks" for the regulator's determination of allowable price increases. In its submission to the regulator, SEW:

- Adopted an open and transparent approach with the regulator, Ofwat
- Proposed average AMP5 real price increase of 5.7% p.a. - largely driven by investment program
- Circa £500m proposed AMP5 capex - step-up from AMP4 (£354m) but will develop new water resources to meet growing demand in the South East of England and align the company's maintenance spend to the industry average
- Operating costs forecast to rise primarily as a result of market or Government-led factors

Ofwat's draft determination is due on or around 23 July 2009 with the final determination due in November 2009.

Issue of New Securities

The fully underwritten Offer consists of:

- 213 million new securities issued through a non-renounceable pro-rata entitlement offer to raise \$192 million in gross proceeds (the "Entitlement Offer"); and
- 64 million new securities issued through an institutional placement to raise \$58 million in gross proceeds (the "Placement").

The following table outlines the timetable for the Offer:³

Event	Date
Trading Halt	Wednesday 1 July 2009
Institutional Offer period (Placement and Entitlement)	Wednesday 1 July 2009
Securityholder declaration forms due to Orient Capital	12.00pm Wednesday 1 July 2009
Institutional allocations advised	Wednesday 1 July 2009
Existing HDF securities recommence trading	Thursday 2 July 2009
Record Date (Entitlement Offer)	7:00pm Monday 6 July 2009
Lodge Retail Offer Documents with ASX	Tuesday 7 July 2009
Retail Offer period	Tuesday 7 - Wednesday 29 July 2009
Early Retail Offer close	Monday 13 July 2009
Institutional Entitlement Offer, early Retail Offer and Placement settlement	Tuesday 14 July 2009
Institutional Entitlement Offer, early Retail Offer and Placement allotment and trading date	Wednesday 15 July 2009
Retail Offer closes	Wednesday 29 July 2009
Retail Entitlement Offer settlement	Thursday 6 August 2009
Retail Entitlement Offer allotment date	Friday 7 August 2009
Retail Entitlement Offer shares commence trading	Monday 10 August 2009

³ All times refer to Australian Eastern Standard Time (AEST) and are subject to change without notice



Under the Entitlement Offer, eligible securityholders are invited to subscribe for 1 new HDF security for every 1 existing security held at the Record Date, at an Offer Price of \$0.90 per security. The Record Date for the Offer will be 7.00pm on Monday 6 July 2009. The Institutional Entitlement Offer will be conducted on Wednesday 1 July 2009. HDF will remain in a trading halt until completion of the Institutional Entitlement Offer and is expected to recommence trading on Thursday 2 July 2009.

The Retail Entitlement Offer will open on Tuesday 7 July 2009 and close at 5.00pm on Wednesday 29 July 2009 (AEST). The Entitlements are non-renounceable and will not be tradeable on the ASX or be otherwise transferable. Eligible retail securityholders may apply for new HDF securities in excess of the Entitlement subject to availability and at the sole discretion of HDF. Securityholders who do not take up their full Entitlement will not receive any value in respect of Entitlements they do not take up. Securityholders who are not eligible to receive Entitlements will not receive any value in respect of Entitlements they would have received had they been eligible. Securityholders will receive a retail offer booklet including a personalised Entitlement Form in relation to the Offer which will provide further details of how to participate.

New Securities will rank equally with existing securities from allotment. New Securities will not be entitled to the 2009 second quarter distribution of 3.00 cps payable on 28 July 2009 but will be entitled to all subsequent distributions.

Stock lending and other transactions

HDF has been granted a waiver by ASX so that, in determining securityholder entitlements for the Entitlement Offer, it may ignore any changes in security holdings that occur after the commencement of the trading halt in stapled securities that commenced on 1 July 2009 (other than registrations of transactions that were effected through ITS before that halt).

Accordingly, a person who is a registered HDF securityholder at the Record Date as a result of a dealing after the commencement of the trading halt in HDF securities that commenced on 1 July 2009 (other than registrations of transactions that were effected through ITS before that halt) may not be entitled to receive an entitlement under the entitlement offer.

In the event that a securityholder has existing HDF securities out on loan at the record date, the borrower will be regarded as the securityholder for the purposes of determining the entitlement (provided that those borrowed securities have not been on-sold or used to cover a short sale).

For further enquiries, please contact:

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A handwritten signature in black ink, appearing to read "Kim Rowe".

Kim Rowe
Company Secretary
Hastings Funds Management Limited



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Hastings Diversified Utilities Fund

Capital management initiatives

July 2009

Important Notice

Important notice and disclaimer

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Summary information

This presentation contains general background information about HDF and its activities current at [1 July 2009]. It is information in a summary form and does not purport to be complete or comprehensive, and does not purport to summarise all information that an investor should consider when making an investment decision. It should be read in conjunction with HDF's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

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This presentation is not financial advice or a recommendation to acquire HDF stapled securities and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek such legal, financial and/or taxation advice as they deem necessary or appropriate to their jurisdiction.

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Important Notice (cont.)

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All dollar values are in Australian dollars (\$) and financial data is presented within the financial year end of 31 December unless otherwise stated.

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In receiving this presentation, you agree to the foregoing restrictions and limitations.

Executive Summary

Executive Summary

- Hastings Diversified Utilities Fund (HDF) is to raise \$250m of equity capital via a fully underwritten offer at \$0.90 per security
 - \$192m 1-for-1 non-renounceable pro-rata entitlement offer
 - \$58m institutional placement
- Net proceeds from the equity raising (after transaction costs) will be used to establish a long term sustainable capital structure for HDF
 - retire HDF's loan facility (\$80m)
 - cash cover Trust-issued Adjustable Preferred Securities (TAPS, \$110m) *
- Remaining proceeds (circa \$50m) to be applied towards the expansion of Epic Energy's South West Queensland Pipeline (SWQP)
- Offer price of \$0.90 and reconfirmed 2009 distribution guidance of 12cps represents an initial annualised yield of 13.3%

* Hastings can trigger a redemption of 50% of the TAPS on 31 December 2009 and up to 100% on 30 June 2010 or Hastings may offer new terms to existing holders on 30 June 2008 (though holders are under no obligation to accept). There is no intention at this stage to convert any of the TAPS into ordinary securities. See Appendix A for details.

Capital Management Initiatives - background

- HDF has been exploring a range of capital management initiatives to:
 - Repay the HDF loan facility
 - Provide sufficient capital to cover the TAPS at the time of redemption
 - Provide equity capital for the expansion of the SWQP
- Included in the initiatives considered by HDF is the potential divestment (partial or whole) of Epic Energy and / or South East Water (SEW)
- In mid June 2009, HDF received a range of indicative proposals in relation to Epic Energy and subsequently shortlisted a number of parties to conduct due diligence investigations

Capital Management Initiatives – independent assessment

- Hastings' Independent Directors considered the indicative proposals received for Epic Energy alongside the range of other potential capital management options available to HDF
- After consideration of the options available, and having sought independent advice from Grant Samuel, the Independent Directors concluded that, on balance, the equity raising is the better decision for HDF. Key considerations that the Independent Directors assessed in reaching their conclusion included:
 - transaction certainty
 - likely pricing of a sale of Epic Energy
 - HDF's future financial position
 - dilutive effect of equity raising on securityholders
 - securityholders' ability to retain exposure to HDF's existing assets
 - funding requirements in relation to Epic Energy's Stage 3 expansion
- The Independent Directors also noted that the revised conditional proposal received from TCW (see announcement of 26 June 2009) was at a materially lower value than other indicative offers received by HDF, and the fact that investors would have the right to re-invest a portion of the proceeds from the sale of Epic Energy did not alter the Independent Directors' conclusions described above

Management and Fee Structure

- The current Chief Operating Officer (COO) of HDF, Tom Meinert, has signalled his intention to leave Hastings to pursue other opportunities at some stage after the completion of the capital raising. The Chief Executive of Hastings, Steve Boulton, will assume the role of acting COO of HDF with access and support from Tom Meinert until a suitable replacement is found.
- In addition, the following key persons are actively involved in HDF or its underlying assets:
 - Steve Banning was appointed Managing Director and Chief Executive Officer of Epic Energy in August 2007, having previously served as General Manager Commercial for three years.
 - Paul Butler is South East Water's CEO. Prior to South East Water's merger with Mid Kent Water in 2007, Paul Butler was CEO of Mid Kent Water.
 - Steve Rankine is Hastings' Head of UK. He was appointed in May 2008 and joined Hastings' London office in November 2008. The London office is responsible for the direct interface with South East Water's management team.
- Hastings has decided to waive for two years, the additional management fee they would be entitled to receive on the part of the equity raising which is being used to repay the HDF loan facility of \$80 million. This amounts to a two year reduction of \$800,000 p.a. of base management fees
- In addition, Hastings will rebate future base management fees paid by the TAPS Trust which will be cash covered by this equity raising up to the first reset date

Equity Raising Summary

Offer Size

- \$250 million fully underwritten equity raising
- 1 for 1 non-renounceable pro-rata entitlement offer and institutional placement
- 277 million securities to be issued
- Underwritten by J.P. Morgan Australia Limited and UBS AG, Australia Branch

Offer Price

- \$0.90 per new security
 - 13.3% yield based on the reconfirmed 2009 distribution guidance of 12cps
 - 24.1% discount to last close price on 30 June 2009
 - 13.7% discount to Theoretical Ex-Rights Price (TERP)

Institutional Offer

- Institutional Entitlement Offer of circa 66 million new securities (\$59 million in gross proceeds)
- Institutional placement of circa 64 million new securities (\$58 million in gross proceeds)
- New Securities not taken up, and those entitlements that would have been allocated to ineligible institutional securityholders, can be taken up by eligible institutional securityholders who apply for New Securities in excess of their entitlement and certain other institutional investors

Retail Offer

- Retail Entitlement Offer of circa 147 million new securities (\$133 million in gross proceeds)
- Existing securityholders will have the opportunity to subscribe for New Securities in excess of their pro-rata entitlement, subject to any scale back determined by HDF

Distribution

- New Securities will not be entitled to the 2009 second quarter distribution of 3cps payable on 28 July 2009 but will be entitled to all subsequent distributions

Investment Highlights

- ✓ Significant organic growth opportunities with the Stage 3 expansion of Epic's South West Queensland Pipeline (SWQP) underpinned by take-or-pay contracts with investment grade counterparties
- ✓ 2009 distribution guidance of 12cps maintained and represents a 13.3% initial annualised yield on the offer price.
- ✓ 2010 distributions per security expected to be maintained assuming a Stage 2 expansion only of the SWQP ⁽¹⁾
- ✓ Operating cash flows comprise contracted cash flows from Epic and regulated cash flows from SEW
- ✓ Strengthened balance sheet with a sustainable capital structure
- ✓ Long-life, high quality assets with strong operating performance in a challenging economic environment

(1) Epic's Stage 3 expansion of the SWQP is contingent on Epic securing sufficient funding for the project on acceptable commercial terms. Should the project proceed, operating cash flow may vary depending on the final funding terms agreed.

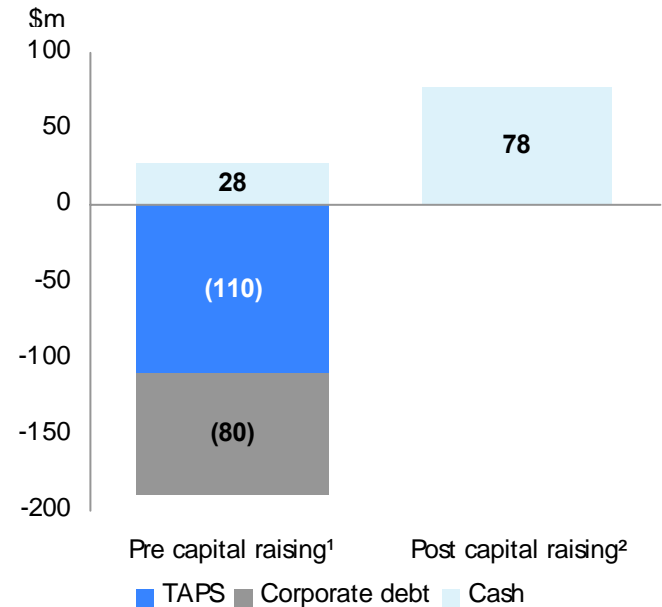
Sources and Uses of Proceeds

Sources	\$m	Uses	\$m
Equity raising	250	Repay HDF's loan facility	80
		Cash cover TAPS	110
		SWQP expansion capex	50
		Fees & expenses of offer	10
Total Sources	250	Total Uses	250

Pro-Forma HDF Debt Position

- The capital raising will provide HDF with a sustainable capital structure
 - No remaining debt at the HDF level with the HDF loan facility repaid and the TAPS hybrid fully cash covered
 - TAPS may be repaid at two upcoming dates: up to 50% on 31 Dec 2009 and up to 100% on 30 Jun 2010
 - All remaining debt secured at the asset level

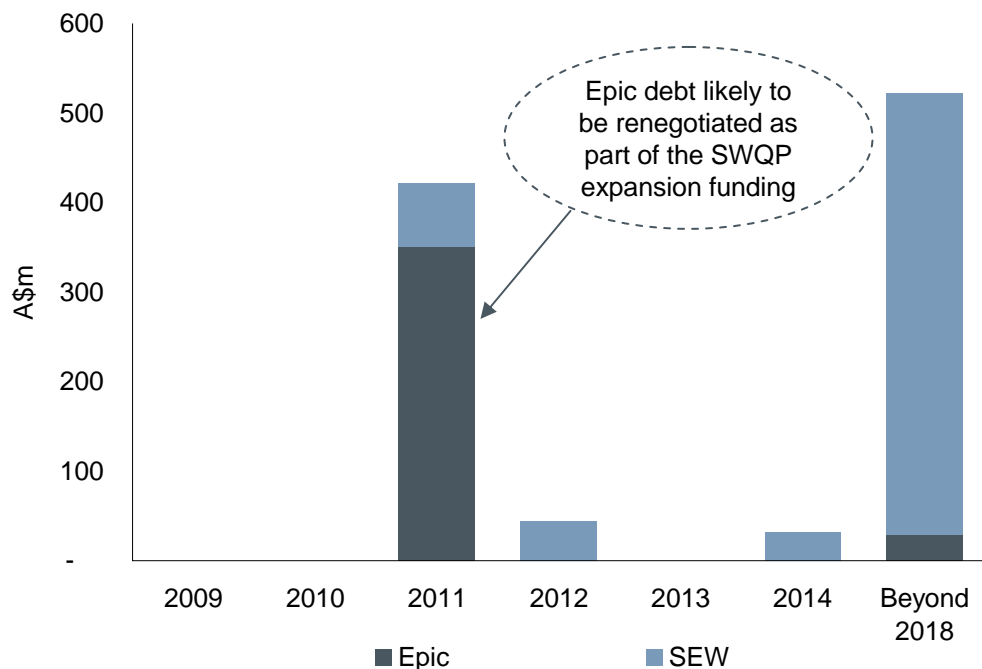
Fund level net debt pre & post capital raising



Note:

1. Represents HDF cash position as at 31 May 09
2. Net proceeds of equity raising; assumes full redemption of the TAPS

Debt Maturity Profile (Proportionally Consolidated)



- Proportionally consolidated gearing of 64%¹ post issue
- Fund level facilities (including TAPS) fully repaid or 100% cash covered from capital raising
- Asset level:
 - Long term debt maturity profile
 - No debt maturities until 2011
 - Majority of debt matures post 2018

Notes:

- Debt figures and maturities are as at 31 March 2009. For SEW, debt amounts have been calculated on a look through basis according to HDF's 38.7% economic interest and a 0.49 AUD to GBP exchange rate.
- Maturity profile excludes Epic quarterly lease repayments (total circa \$28.5m) paid until 2019 from Epic operating cash flow.

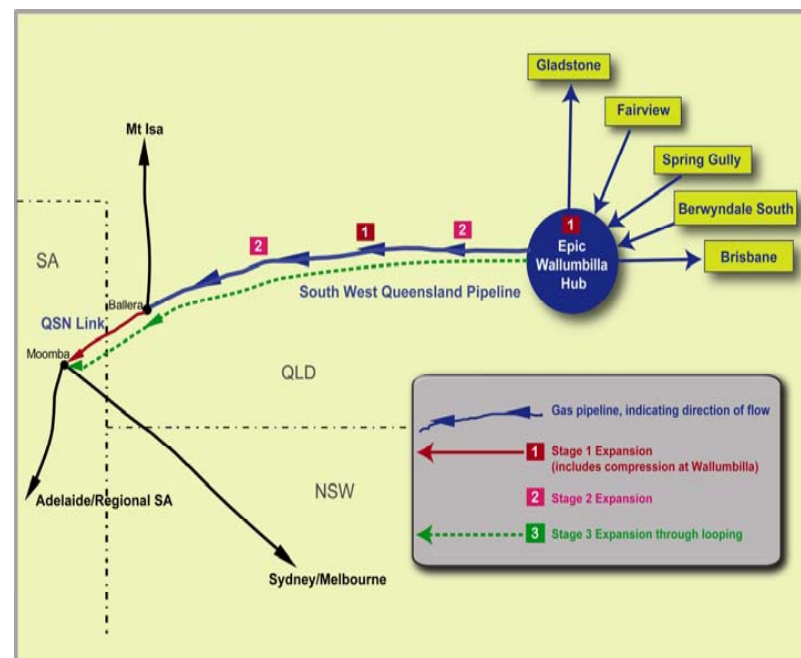
Notes:

1. Gearing = Net Debt / (Net Debt + Market Capitalisation), where Market Capitalisation is closing market capitalisation on 30 June 2009 plus proceeds of equity raising

Epic Energy – SWQP expansion

Epic Energy – SWQP Expansion Update

- In June 2009, Epic executed a conditional, long term gas transportation agreement (GTA) with Origin Energy to underpin the proposed Stage 3 expansion of the SWQP¹
- Epic has also committed to a capacity expansion (Stage 2) of the SWQP by approximately 53 TJ/day to meet its commitments with AGL (53 TJ/day over a minimum of 12 years)
 - Stage 2 capacity is to be included within the Stage 3 expansion
- Stage 3 involves the construction of a new c.935km pipeline adjacent to Epic's existing SWQP
 - Capacity increases from approximately 168 TJ/day to 380TJ/day
- Project is contingent on securing sufficient funding on acceptable commercial terms
 - Financial close is targeted for Q4 2009
- The expansion will only proceed if it is still considered to be in the best interests of HDF securityholders
 - Should the Stage 3 expansion not proceed, Epic will proceed with the Stage 2 expansion only

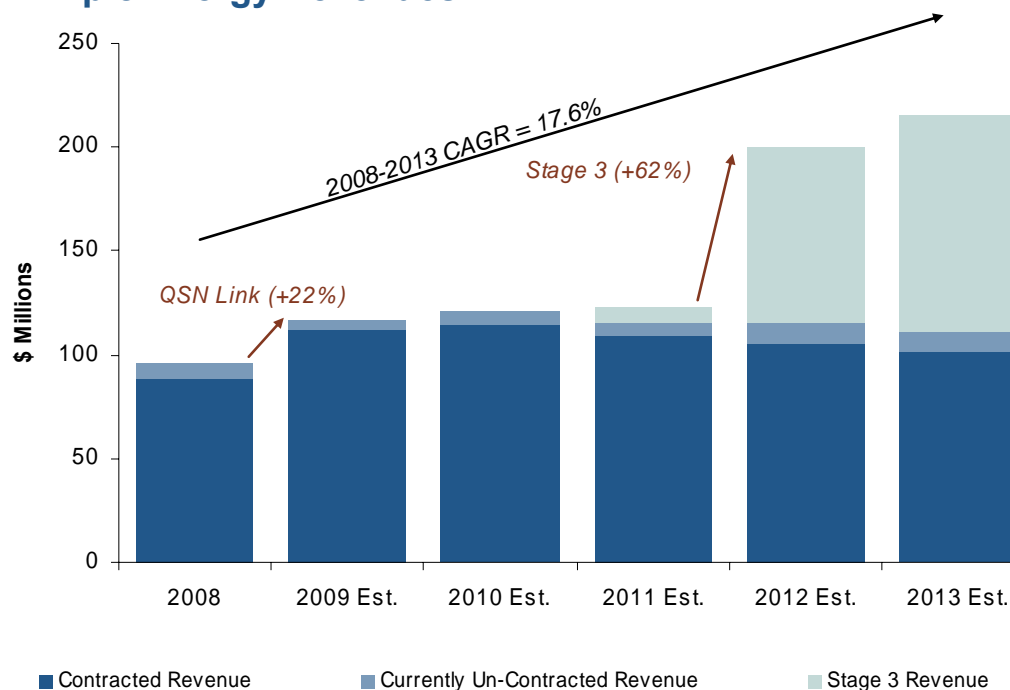


Notes:

- 1 Refer to HDF's ASX Announcement, dated 16 June 2009, for further details relating to the GTA with Origin Energy

Epic Energy – Contracted Revenues & Stage 3 Growth

Epic Energy Revenues



- Projected revenue growth of 17.6% CAGR from 2008 to 2013
- Step changes in 2009 and 2012 due to QSN Link and Stage 3 expansion projects respectively
- Stage 3 revenues are currently contracted with AGL and Origin

Notes:

- Even though gas on Stage 3 would not flow until 2012, there are some incremental revenues on MAPS associated with the Stage 3 project in 2011.

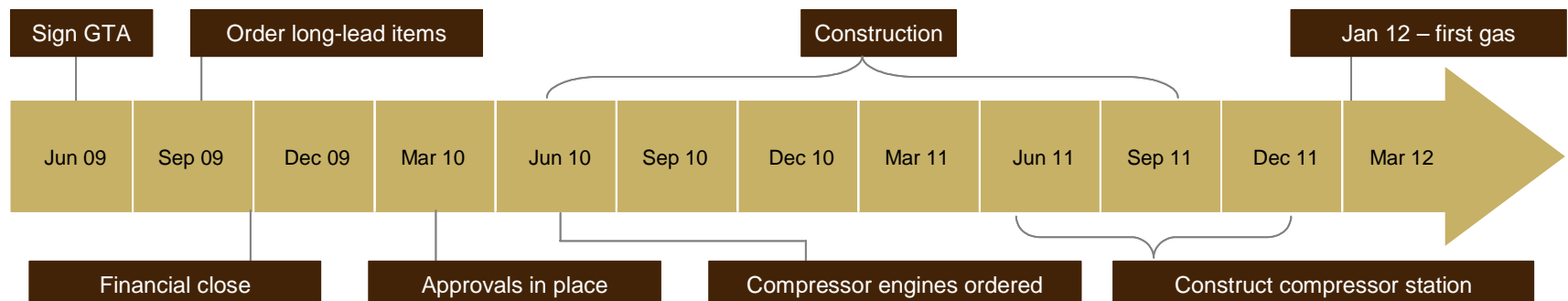
Epic Energy - Stage 3 Progress & Funding

Stage 3 expansion - progress

- Underpinning take-or-pay agreements secured¹
- Fixed price construction contract in place¹
- Fixed price steel supply contract in place¹
- Close to 80% of capital costs (excluding finance costs) locked in with contingencies included
- Environmental Impact Study not required for the new pipeline

Stage 3 expansion – funding required

- Total construction cost (excl. finance costs) c.\$760m
- Capital expenditure to be spent between 4Q 2009 and 1Q 2012



Note:

1. Contracts subject to Stage 3 expansion reaching financial close

Epic Energy – Projected Stage 3 Progress and Funding Strategy

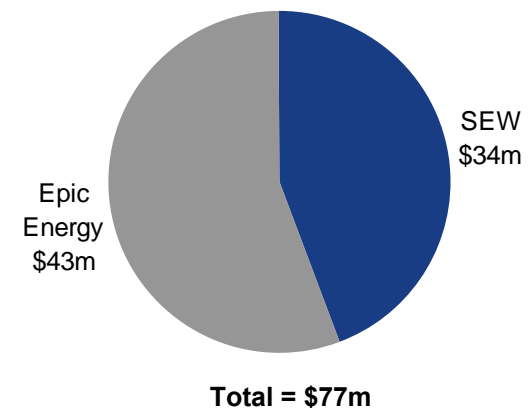
- Epic has commenced discussions with its current banking syndicate and other potential banks regarding debt finance for the expansion and discussions to date have been positive
- HDF is seeking to source approximately \$300m of equity capital for the project from the following possible sources:
 - Net proceeds from the equity capital raising (circa \$50m available)
 - Underwritten Distribution Reinvestment Plan
 - Additional asset level debt (including potential mezzanine debt)
- In addition, the Origin GTA provides Origin with the opportunity to contribute a significant proportion of the funding on market competitive terms
- HDF may also consider a potential divestment of some or all of SEW following its price determination
- Should the Stage 3 expansion not proceed, the net proceeds from the equity raising (post repayment of HDF debt and cash cover of TAPS) to be applied towards Stage 2 expansion (approximately \$100m of capex)

Asset Overview and Update

HDF overview

- HDF is a listed utility focused infrastructure fund which owns:
 - 100% of Epic Energy (“Epic”), a leading Australian gas transmission business
 - A 50% voting interest and 38.7% economic interest in South East Water (“SEW”), a regulated water business in England
- In 2008 Epic accounted for 56% of HDF’s cash inflow from assets
 - Epic’s distributions to HDF would increase in 2009 due to the QSN Link commissioning
 - Stage 3 would increase this contribution further

2008 Cash inflow to HDF (A\$m)

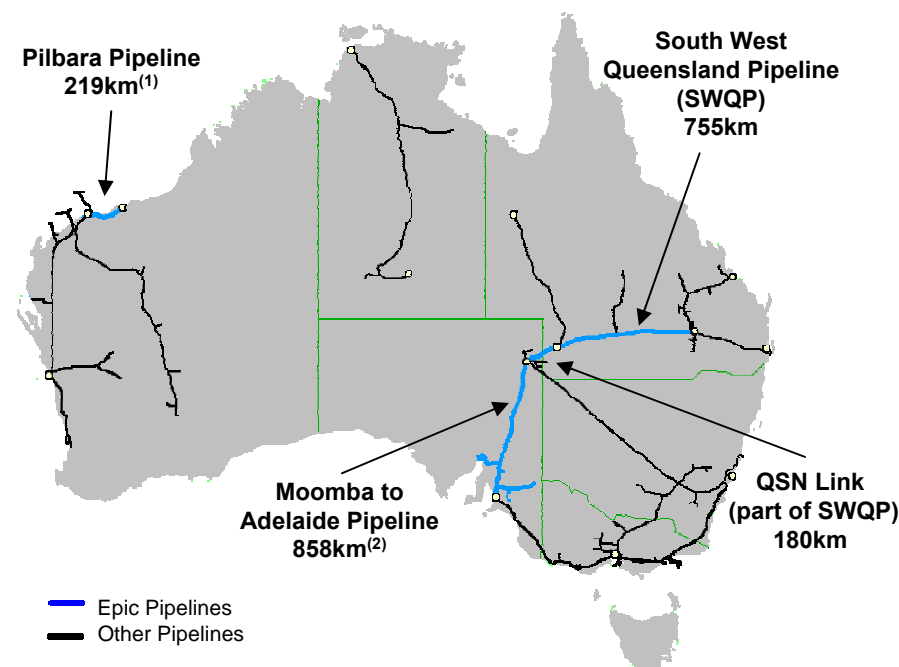


Epic Energy – Overview

Asset Snapshot	
HDF ownership	100%
Date of investment	December 2004
Equity raised for acquisition ¹	\$378.9 million

1. Equity raised via the HDF IPO with Epic Energy being the seed asset

- Owns and operates three strategic Australian gas pipeline transmission assets
- SWQP is the key transporter of Queensland Coal Seam Methane into southern markets
- Market demand for cleaner fuels should see continued demand for transportation on Epic Energy pipelines
- Significant expansion opportunities available on existing assets



(1) Mainline length, additional c.105km of laterals and extensions

(2) Mainline length, additional c.350km of laterals

Epic Energy – Solid Financial Profile

FY09 Trading Update

\$m	1Q2009 ¹	2008A
Operating income	29.0	95.5
Operating expenses	6.8	27.5
EBITDA	22.0	68.0
EBITDA / Operating Income	76.6%	71.2%

Notes:

1. Management accounts for the period 1 January 2009 to 31 March 2009

- Significant increase in EBITDA (absolute and %) expected in 2009
 - Increase driven by completion of the QSN Link pipeline in January 2009 on time and on budget
- Operating income supported by
 - Large proportion of long term take-or-pay contracts
 - Continued demand for interruptible services to supply gas fired power stations
- Current SWQP fully contracted to 2014
 - High level of contracted cover until 2022
- Stage 3 expansion capacity currently 90% contracted from 2012 to 2028

Epic Energy – Current Capital Structure

As at 31 March 2009	Committed (\$m)	Drawn (\$m) ¹	Ranking / Covenant	Maturity
Term Facility	170	170	Senior	2011
QSN Capex Facility	165	163	Senior	2011
Revolving Facility	63	18	Senior	2011
Lease	57	57	Senior	Various to 2019
Total Debt	455	407		
Gearing to book value		53%	65%	
Debt Service Coverage Ratio (DSCR)		3.2x	1.4x / 1.1x	

¹Amounts may not add due to rounding

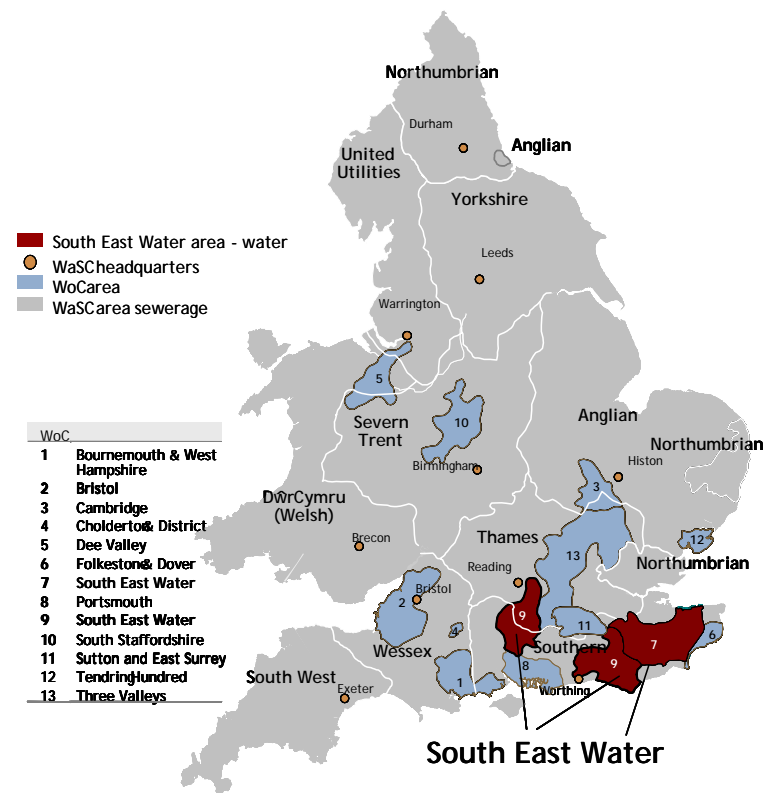
- Distribution lockup at 1.4x DSCR and default at 1.1x DSCR
- Above table does not include debt facilities required for future SWQP expansion
- Interest rates for 93% of drawn debt are hedged

SEW - Overview

Asset Snapshot	
HDF ownership	50% voting equity
Economic interest ¹	38.7% equity / loan notes 100% preferred note (£2.7m)
Regulatory Capital Value (RCV) ¹	£805m
Date of investments	Feb 05, Oct 06 & Mar 09

¹ Economic interest and regulatory capital value shown as at 31 March 2009

- Regulated monopoly with established regulatory regime
- Largely predictable usage demand
- 25 year rolling licence to supply water
- Joint ownership with Hastings managed fund, Utilities Trust of Australia (UTA)



SEW – Key financial results

1H 2009 financial results

Half Year ended 30 September	Δ	Half yr to Sep 08 (£m)	Half yr to Sep 07 (£m)
Revenue	1.6%	85.9	84.5
EBITDA	1.7%	51.1	50.2
Operating profit	3.7%	35.2	34.0
Profit before tax (PBT)	(18.2%)	13.8	16.8
Net cash generated from operations	(8.8%)	47.2	51.8

Notes:

- The financial results above relate to South East Water Limited (i.e. the merged regulated entity) only and are prepared in accordance with UK GAAP
- SEW and Mid Kent Water (MKW) were merged in December 2007. 1H09 results reflect the half year of trading to 30 September 2008 for the combined operations. Although the two businesses were not merged during the previous corresponding period, their results have been amalgamated under common accounting policies to allow this comparison for illustrative purposes
- Half year PBT impacted by higher RPI, higher LIBOR and increased capex facility drawings but effect anticipated to be mitigated in second half by falling LIBOR and lower impact of swap fair value charge

Outlook

- SEW will announce full year results to 31 March 2009 in mid July 2009
- Expected revenue growth likely to be in line with allowed tariff increases, net of £4m Competition Commission merger rebate
- Further operating spend efficiencies expected, although likely to be countered in part by higher power costs
- Net cash from operations in H1 impacted by redundancy costs arising from the merger with MKW but second half cash flow expected to improve
- SEW remains in compliance with its banking covenants

SEW – Capital Structure

As at 31 March 2009	Outstanding (£m)	Ranking / Covenant	Maturity	Hedged
Ring Fence Debt				
Fixed Rate Bonds	166	Senior	2029	Fixed
FR Bonds swapped to Index Linked	233 ⁽¹⁾	Senior	2019	Fixed (real)
Artesian Facility	206	Senior	2032/33	Fixed (real)
Capex / Working Capital	91	Senior	2011	Floating
Debentures / Finance Leases	19	Senior	Various	Fixed
Hold Co Debt				
Senior Term	56	Junior	2012	Fixed
Junior Term	40	Junior	2014	Fixed to 2010
Total Group Cash Held	66			
Net Debt as at 31 March 2009	746			
Ring Fence Net Debt to RCV @ 31 March 2009	82.2%	85.0%		
Holdco Level Net Debt to RCV @ 31 March 2009	92.5%	95.0%		

⁽¹⁾ Excludes the future RPI element of the Fair Value adjustment reflected in the SEW accounts.

- Long term debt maturities
- Significant protection against interest rate movements in place
- Due to a volatile inflationary environment, HDF contributed circa A\$30m of equity in March 2009 to SEW to ensure the company had sufficient headroom to its gearing covenants. No additional equity contributions are currently expected to be required to ensure continued compliance with SEW's banking covenants

SEW – Regulatory Reset

In April 2009, SEW submitted its Final Business Plan for 2010-15 (Asset Management Period 5, or “AMP5”) which provides the “building blocks” for the regulator’s determination of allowable price increases

- Adopted an open and transparent approach with the regulator, Ofwat
- Proposed average AMP5 real price increase (K) of 5.7% p.a. - largely driven by investment program
- c.£500m proposed AMP5 capex - step-up from AMP4 (£354m) but will develop new water resources to meet growing demand in the SE of England and align the company’s maintenance spend to the industry average
- Operating costs forecast to rise primarily as a result of market or Government-led factors
- An assumed real vanilla WACC of 6.17% (equivalent to 5.54% real post-tax) based on NERA Economic Consulting’s (NERA) assessed WACC range. NERA were commissioned by both the water industry and SEW to provide an independent assessment of WACC for the industry and Company

Timetable	Milestone
December 2007	Strategic Direction Statement
August 2008	Draft Business Plan
December 2008	Draft CIS Baseline
April 2009	Final Business Plan
July 2009	Draft Determination
November 2009	Final Determination
January 2010	Company’s acceptance decision

Offer Details

Indicative timetable

Event	Date
Trading halt	Wednesday 1 July 2009
Institutional Offer period (Placement and Entitlement)	Wednesday 1 July 2009
Securityholder declaration forms due to Orient Capital	12:00pm Wednesday 1 July 2009
Institutional allocations advised	Wednesday 1 July 2009
Existing HDF securities recommence trading (T)	Thursday 2 July 2009
Record Date (Entitlement Offer)	7:00pm Monday 6 July 2009
Retail offer period	Tuesday 7 - Wednesday 29 July 2009
Early Retail Offer close	Friday 10 July 2009
Institutional Entitlement Offer, early Retail Offer and Placement settlement (T+8)	Tuesday 14 July 2009
Institutional Entitlement Offer, early Retail Offer and Placement allotment and trading date	Wednesday 15 July 2009
Retail Offer closes	Wednesday 29 July 2009
Retail Entitlement Offer settlement	Thursday 6 August 2009
Retail Entitlement Offer allotment date	Friday 7 August 2009
Retail Entitlement Offer shares commence trading	Monday 10 August 2009

All times refer to Australian Eastern Standard Time (AEST) and are subject to change without notice

Stock lending and other transactions

- [HDF has been granted a waiver by ASX so that, in determining securityholder entitlements for the entitlement offer, it may ignore any changes in security holdings that occur after the commencement of the trading halt in stapled securities that commenced on [Wednesday 1 July 2009] (other than registrations of transactions that were effected through ITS before that halt)]¹
- Accordingly, a person who is a registered HDF securityholder at the record date as a result of a dealing after the commencement of the trading halt in HDF securities that commenced on [Wednesday 1 July 2009] (other than registrations of transactions that were effected through ITS before that halt) may not be entitled to receive an entitlement under the entitlement offer
- In the event that a securityholder has existing HDF securities out on loan at the record date, the borrower will be regarded as the securityholder for the purposes of determining the entitlement (provided that those borrowed securities have not been on-sold or used to cover a short sale)

Notes:

1. The receipt of the ASX waiver is to be confirmed prior to launch

Appendix A

TAPS

TAPS

Overview

- Trust-issued Adjustable Preferred Securities issued by a trust owned by HDF in 2005 to pay for HDF's acquisition of Mid Kent Water in February 2005
- Trade on the ASX under ticker 'TTXPA'
- TAPS holders effectively rank ahead of HDF securityholders and behind senior creditors of HDF
- Hastings receives a base management fee of 1.00% pa of TAPS Trust's market capitalisation

Distribution rate

- TAPS holders receive a cumulative, quarterly, floating rate distribution of 2.00% over the 90 day bank bill rate

Reset date

- First reset date on 30 June 2010, at which point TAPS holders may request a redemption
- The redemption can be satisfied via one of the following mechanisms (at Hastings' election)
 - redeem the TAPS for cash
 - exchange the TAPS into a variable number of ordinary HDF securities
 - resell the TAPS to a third party investor
- Hastings may choose to offer revised terms and holders may, as an alternative to the three options above, choose to accept those terms, but are not obliged to do so
- Hastings can trigger a redemption of 50% of the TAPS on 31 December 2009 (early redemption) and up to 100% on 30 June 2010

Maturity date

- Maturity date of 30 June 2015 at which point TAPS must be redeemed

Note: Refer to the TAPS PDS for full disclosure of the TAPS terms and conditions

Appendix B

Key Risk Factors

This section identifies the key risks associated with an investment in Stapled Securities in HDF (**Securities**). These risks are not exhaustive of the risks faced by a potential investor in HDF.

You should consider carefully the risks described in this section, as well as other information in this Presentation, and consult your financial or other professional adviser before making an investment decision.

If any of the following risks materialise, HDF's business, financial condition and operational results are likely to suffer. In this case, the trading price of Stapled Securities may fall and you may lose all or part of your investment, and/or the distributable income of HDF may be lower than expected or zero, with distributions being reduced, restricted while certain events subsist or cut to zero.

In this Appendix B, 'HDF' includes Epic Energy and South East Water, as relevant.

Specific risk factors that affect HDF

Debt refinancing risk

HDF is exposed to risks relating to the refinancing of its existing debt instruments and facilities (**Banking Facilities**).

It may be difficult for HDF to refinance all or some of these Banking Facilities. Further, if some or all of these Banking Facilities are refinanced, they are likely, having regard to the present state of credit markets in Australia, to be on less favourable terms than is currently the case.

Interest rate risk

HDF is subject to the risk of rising interest rates associated with its floating rate borrowings. HDF manages its interest rate risk to minimise any adverse effect of interest payments on its floating rate borrowings. HDF's interest rate hedging policy permits the use of, and HDF does use, derivative instruments such as interest rate swaps, swap options and interest rate options as hedges of interest rate exposure. HDF may have residual exposure, which may have a material adverse effect on HDF's future financial performance and position.

Foreign exchange risk

HDF acquires goods and services such as capital equipment in foreign denominated currencies and from companies outside Australia. The impact of such exchange rate risk cannot be predicted reliably. HDF manages its exchange rate risks to minimise any adverse effect on its financial position and performance. HDF's foreign exchange hedging policy permits the use of, and HDF does use, derivative instruments such as forwards, swaps, currency options and foreign currency borrowings as hedges of foreign currency. HDF may have residual exposure, which may have a material adverse effect on HDF's future financial performance and position.

HDF does not hedge the carrying value of its foreign currency denominated investment in South East Water. However HDF does hedge its direct and indirect exposure to foreign currency fluctuations arising from the cash flows of its foreign currency denominated investment in South East Water.

Continued access to credit markets

Recently, developments in global financial markets have adversely affected the liquidity of global credit markets. This has resulted in an increase in the cost of funding and in some cases a reduction in the availability of some funding sources throughout global markets, including Australia.

Access to credit markets on less favourable terms, as are presently being experienced in the global credit markets, will affect HDF's ability to refinance existing facilities on maturity and to fund its operations, undertake future projects, develop new business initiatives or respond to competitive pressures, and this may have a material adverse effect on HDF's future financial performance and position.

Key contracts

Major contracts of HDF are constantly expiring. Failure to renew such contracts, or to renew them on the same or more favourable terms, may have a material adverse effect on HDF's future financial performance and position.

Capital expenditure

The businesses carried on by HDF are capital intensive. HDF's operating and financial performance will be partly reliant on HDF's ability to effectively manage significant capital projects within required budgets and timeframes and on sufficient funding being available for the capital expenditure requirements of the business, including the maintenance and replacement of equipment to meet operational requirements. Capital expenditure requirements may impact HDF's cash flow available to service financing obligations and pay dividends or otherwise make distributions.

Counterparty credit risk

Credit risk is the risk of financial loss to HDF if a customer or counterparty to a contract or financial instrument fails to meet its contractual obligations, and arises principally from HDF's receivables from customers.

HDF's credit risk on trade and other receivables arises principally from the creditworthiness of individual customers. The financial failure of a major customer, or a number of significant customers, resulting in the failure of one or more of those customers to fully pay receivables owing to HDF may have a material adverse effect on HDF's future financial performance and position.

Litigation and document risk

HDF is exposed to potential legal and other claims or disputes in the course of its business (including contractual disputes, property damage and personal liability claims with respect to its operations).

In addition, due to the nature of its operations, it is possible that claims against HDF could arise from regulators such as the ACCC or infrastructure providers. Customers and third parties such as lessors could also make claims against HDF based on HDF failing to comply with its contractual or lease obligations.

HDF is not aware of any other material litigation in respect of HDF.

Industrial incidents and accidents

HDF's operations involve risk to both property and personnel. An industrial incident or accident, such as a pipeline disruption, may occur that results in serious injury or death, damage to property, contamination of the environment or business interruption, which may have a material adverse effect on HDF's future financial performance and position.

SEW investment structure

HDF holds a 50% voting interest in SEW and a circa 39% economic interest in SEW. The structure of HDF's investment in SEW is complex. This, combined with pre-emptive rights in favour of another investor, may restrict HDF's future dealings with SEW.

Regulated revenues

Over 90% of SEW's revenues are regulated. The regulator is presently undertaking a review of regulated revenues to take effect from 1 April 2010. The outcome of this review, and of future reviews, is uncertain.

SEW is set regulatory targets on a variety of indicators by the regulator. Risk of penalties exist if these targets are not met.

Inflation can have a material bearing on SEW's regulated revenues and on its financing commitments. Regulated water utilities in the United Kingdom are regulated in real price terms. As a consequence, SEW's revenues and regulatory capital value are exposed to movements in the Retail Price Index (RPI) in the UK. In addition, there is a difference in the indexation timing of SEW's regulatory capital value, debt and revenues. In a rapidly declining inflationary environment, there is a risk that SEW's banking covenants may be impacted and in certain instances a capital injection may be required by SEW's shareholders, including HDF.

Epic infrastructure bonds

In 1996 a subsidiary of Epic issued infrastructure bonds with a face value of \$119 million which expire in 2011. They were issued to an intermediary which issued public bonds to investors. Under a defeasance arrangement, the funds required to redeem the public bonds were advanced to a global financial institution and were invested in bonds issued by the Australian government. Upon repayment of the public bonds, the proceeds of the Australian government bonds will be used to discharge the amount due on maturity of the original infrastructure bonds. There is a risk that Epic Energy could be subject to additional costs if, prior to maturity, the tax treatment of the bonds changes or bond conditions are not met.

Government policy and regulation

The revenues of Epic's pipeline assets are at present substantially not subject to government regulation. There is a risk that they could become subject to regulation in the future. SEW's revenues are substantially regulated. There is a risk that the nature of that regulation or the way in which it is applied could be changed in the future.

Employees

Epic and SEW have significant numbers of employees. There is a risk that employees or employees of contractors could take industrial action which could disrupt their operations or that key employees may leave.

Insurance

Epic and SEW seek to adopt prudent insurance coverage however there is a risk that some coverage may not be available on acceptable terms or that policies might not respond to cover losses.

Licences and permits

Both Epic and SEW have a number of licences and permits which they require to provide their services. There is a risk that they may be lost in future, having the effect that service cannot be provided.

Pipeline bypass

There is a risk in relation to all Epic's pipelines that revenues could be lost following the construction of new pipelines which compete with Epic's pipelines or that new discoveries in strategic locations could reduce demand for Epic's services.

Pipeline integrity

Pipeline corrosion or cracking can lead to pipeline failure. The MAPS is a relatively old pipeline and may be more susceptible to this. Epic seeks to manage this risk through regular inspections.

Water pipes are susceptible to leakage outside acceptable standards requiring increased maintenance programs. SEW seeks to manage this risk through asset management planning and activities.

Other operational risks

Third party interference with HDF's assets is a significant risk. Other risks include control room error, IT/communication outage or control equipment failure.

General equity market investment risk

There are general risks associated with an investment in securities markets. Such risks may affect the value of the Stapled Securities.

The trading price of the Stapled Securities may rise above or fall below the Offer Price, depending on the financial position and operating performance of HDF.

The trading price of the Stapled Securities may also fluctuate with movements in equity capital markets in Australia and overseas. Such movements may be caused by, amongst other things, the economic conditions in Australia and overseas, investor sentiment in the local and international stock markets, consumer sentiment, changes in fiscal, monetary, regulatory and other government policies, global political and economic stability, interest and inflation rates and foreign exchange rates.

There is no guarantee that the Stapled Securities will trade at or above the Offer Price. Investors should note that the past performance of the Stapled Securities on ASX provides no guidance as to the future performance of the Stapled Securities on ASX.

Taxation risk

Changes in tax law (including in goods and services taxes and stamp duties) or changes in the way taxation laws are interpreted in the various jurisdictions in which HDF operates may impact the future tax liabilities of HDF. Under current income tax legislation, the Trust is generally not liable for Australian income tax, including capital gains tax, provided HDF distributes all of its income. Should the actions or activities of the Trust or its controlled entities cause the Trust to fall within the operative provisions of Division 6B or 6C of the Income Tax Assessment Act 1936 (Cth), the Trust may be taxed on its net income at a rate which is currently the equivalent to the corporate income tax rate of 30%.

Environmental risk

National and local environmental laws and regulations may affect HDF's operations. Standards are set by these laws and regulations regarding certain aspects of health and environmental quality, and they provide for penalties and other liabilities if such standards are breached, and establish, in certain circumstances, obligations to remediate and rehabilitate current and former facilities and locations where operations are, or were, conducted. HDF incurs costs to comply with these environmental laws and regulations and in respect of violation of them, and changes to such laws and regulations, including changes to operating licence conditions, could result in penalties and other liabilities, which may have a material adverse effect on HDF's future financial performance and position.

Occupational Health and Safety risk

HDF's employees undertake a range of operational and administrative tasks. Any failure by HDF to safely conduct its operations or otherwise to comply with the necessary occupational health and safety requirements across the jurisdictions HDF operates in could result in death or injury to personnel, contractors and/or members of the public, criminal prosecution, fines, penalties and compensation for damages as well as reputational damage to HDF, which may have a material adverse effect on HDF's future financial performance and position.

Appendix C

International Selling Restrictions

New Zealand

This presentation does not constitute a prospectus or investment statement and has not been registered, filed with or approved by any New Zealand regulatory authority under or in connection with the Securities Act 1978 (New Zealand).

This presentation is being distributed in New Zealand only to (a) persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; (b) persons who are each required to pay a minimum subscription price of at least NZ\$500,000 for the New Securities before the allotment of those New Securities; or (c) persons to whom securities may be offered in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2002. Under the institutional offer, New Securities are not being offered to any other person in New Zealand. Any investor who acquires New Securities under the institutional offer must not, in the future, sell those New Securities in a manner that will, or that is likely to, result in the sale of the New Securities being subject to the New Zealand Securities Act 1978 or that may result in HDF or its Directors incurring any liability whatsoever.

Singapore

The Offer which is the subject of this presentation is not allowed to be made to the retail public. This presentation is not a prospectus as defined in the Securities and Futures Act (Cap 289) of Singapore (the "SFA"). Accordingly statutory liability under that Act in relation to the content of prospectuses would not apply. You should consider carefully whether the investment is suitable for you.

The Offer is made in reliance on certain exemptions under the SFA, and is not made in or accompanied by a prospectus that is registered by the Monetary Authority of Singapore (the "Authority"). Conversely, this presentation has not been and will not be registered as a prospectus with the Authority. Accordingly, this presentation and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of New Securities may not be circulated or distributed, nor may New Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Sections 274 or 304 of the SFA (ii) to a relevant person pursuant to Section 275(1) or 305(1), or any person pursuant to Section 275(1A) or 305(2), and in accordance with the conditions specified in Section 275 or 305, of the SFA (as the case may be) or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where New Securities are subscribed or purchased under Sections 275 or 305 of the SFA by a relevant person which is:

- 1 a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- 2 a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, then the New Securities (as defined in Section 2 of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the New Securities pursuant to an offer made under Sections 275 or 305 except:
- 3 to an institutional investor or to a relevant person as defined in Sections 275(2) or 305(5) of the SFA, or to any person pursuant to an offer that is made on terms that such securities of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further (in the case of the corporation), the transfer of securities of that corporation arise from an offer made in accordance with the conditions specified in Section 275(1A) of the SFA;
- 4 Where no consideration is or will be given for the transfer, or
- 5 Where the transfer is by operation of law

Hong Kong

WARNING

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The New Securities have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document other than:

1 to “professional investors” as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made under that ordinance; or

2 in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap.32) of Hong Kong or which do not constitute an offer to the public within the meaning of that ordinance.

Further, no person shall issue or have in its possession for the purpose of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the New Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap.571) and any rules made under that ordinance.

The information relating to the offering contained herein may not be used other than by the person to whom it is addressed and may not be reproduced in any form or transferred to any person in Hong Kong.

The Offer is not an offer for sale to the public in Hong Kong and it is not the intention of HDF that the New Securities be offered for sale to the public in Hong Kong.

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Switzerland

The New Securities and entitlements may not be offered or sold in Switzerland except in circumstances that will not result in the offer of the New Securities or the entitlements being a public offering in Switzerland pursuant to article 652a of the Swiss Code of Obligations (“CO”) or article 3 of the Swiss Collective Investment Schemes Act (“CISA”). Accordingly, neither this presentation nor any accompanying letter or other document relating to the New Securities or the entitlements has been or will be submitted to the Swiss Financial Market Supervisory Authority FINMA and investors will not be protected by the provisions of the CO, the CISA or any other Swiss law. Neither this presentation nor any accompanying letter or other document relating to the New Securities or the entitlements constitute a prospectus pursuant to article 652a CO or any other Swiss law.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each a “Relevant Member State”), with effect from and including the date on which the Prospectus Directive was implemented in that Relevant Member State (the “Relevant Implementation Date”), there may not have been made and may not be made an offer of New Securities to the public in that Relevant Member State prior to the publication of a prospectus in relation to the New Securities which has been approved by the competent authority in the Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that there may, with effect from and including the Relevant Implementation Date, be made an offer of New Securities in that Relevant member State at any time:

1 to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

2 to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000 as shown in its last annual or consolidated accounts; or

3 in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offers of shares to the public” in relation to any New Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the New Securities to be offered so as to enable an investor to decide to purchase or subscribe to the New Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measures in each Relevant Member State.

France

Prospective investors are informed that no prospectus (including any amendment, supplement or replacement thereto) has been or will be prepared in connection with the offering of the New Securities and entitlements that has been approved by the Autorité des marchés financiers or by the competent authority of another State that is contracting party to the agreement on the European Economic Area and notified to the Autorité des marchés financiers. No prospectus subject to the approval (visa) of the French market Authority (Autorité des Marchés Financiers) has been, or will be, prepared in connection with the New Securities.

The New Securities and entitlements are not issued in the French Republic and the New Securities and entitlements may not be offered or sold nor will be offered or sold to the public in the French Republic and neither this presentation nor any other material or other material or information relating to the New Securities may be released, issued or distributed, caused to be released, issued or distributed, to the public in France, or used in connection with any offering of the New Securities to the public in France, except that the New Securities and entitlements may be offered exclusively to (i) persons licensed to provide the investment service of portfolio management for the account of third parties (personnes fournissant le service d’investissement de gestion de portefeuille pour compte de tiers) and/or (ii) qualified investors (investisseurs qualifiés) or a restricted group of investors (cercle restreint d’investisseurs) provided that the said investors act for their own account, all as defined and in accordance with Article L. 411-1 and L. 411-2 II of the French Code Monétaire et Financier and applicable regulations thereunder.

Prospective investors are informed that (i) such prospective investors may only take part in the transaction solely for their own account, as provided in Articles D. 411-1, D. 411-2, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the French Code Monétaire et Financier and (ii) the New Securities and entitlements may not be further distributed, directly or indirectly, to the public in the French Republic otherwise than in accordance with Article L. 411-1, L. 411-2 II, L. L. 412-1 and L.621-8 to L.621-8-3 of the French Code Monétaire et Financier and applicable regulations thereunder.

Germany

No offer in respect of the New Securities will be made in Germany, other than to qualified investors as defined in Sec. 2 No. 6 of the German Securities Prospectus Act (Wertpapierprospektgesetz) or in circumstances where the offer of New Securities is exempt from the publication of a prospectus according to the German Securities Prospectus Act.

Therefore, neither this presentation nor any accompanying letter or other document has been or will be submitted for approval to the Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) and accordingly no such document may be communicated to the public in Germany in any form and by any means. Any offer or solicitation within Germany made in connection with the New Securities must be in full compliance with the German Securities Prospectus Act and the German Investment Act (Investmentgesetz).

Denmark

This presentation and any accompanying documents have not been filed with or approved by the Danish Financial Supervisory Authority or any other regulatory authority in the Kingdom of Denmark. The New Securities have not been offered or sold and may not be offered, sold or delivered directly or indirectly in Denmark, unless in compliance with Chapter 6 or Chapter 12 of the Danish Act on Trading in Securities and executive orders issued pursuant thereto as amended from time to time.

Ireland

This presentation and any other materials in connection with the Offer relating to Ireland do not constitute a prospectus within the meaning of Part 5 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland. No offer of New Securities to the public is made, or will be made, that requires the publication of a prospectus pursuant to Irish prospectus law (within the meaning of Part 5 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland) in general, or in particular pursuant to the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland. No prospectus will be prepared in relation to the Offer of New Securities for the purposes of the Prospectus (Directive 2003/71/EEC) Regulations 2005 (the "Prospectus Regulations"). This presentation is being distributed to less than 100 persons in the Republic of Ireland and accordingly there is no requirement to publish a prospectus under the Prospectus Regulations.

This presentation has not been approved, reviewed or registered with the Irish Financial Services Regulatory Authority.

This presentation does not constitute investment advice or the provision of investment services within the meaning of the European Communities (Markets in Financial Instruments) Regulations 2007 of Ireland (as amended) or otherwise. HDF is not an authorised investment firm within the meaning of the European Communities (Markets in Financial Instruments) Regulations 2007 of Ireland (as amended) and the recipients of this presentation should seek independent legal and financial advice in determining their actions in respect of or pursuant to this presentation.

Sweden

HDF is not authorised under the Swedish Investment Funds Act. The New Securities are being offered to a limited number of investors and therefore this presentation and any accompanying documents have not been, and will not be, registered with the Swedish Financial Supervisory Authority under the Swedish Financial Instrument Trading Act (1991:980). Accordingly, this presentation and any accompanying documents may not be made available, nor may the New Securities otherwise be marketed and offered for sale in Sweden, other than in circumstances which are deemed not to be an offer to the public in Sweden under the Financial Instruments Trading Act.

Norway

This presentation has not been approved by, or registered with, any Norwegian securities regulators pursuant to the Norwegian Securities Trading Act of 29 June 2007, as amended. This presentation and any other materials in connection with the offer relating to Norway have not been approved or disapproved by, or registered with the Oslo Stock Exchange, the Norwegian FSA, the Norwegian Registry of Business Enterprises or any other Norwegian authority. Accordingly, neither this presentation nor any other offering material relating to the offering of the New Securities and entitlement constitutes, or shall be deemed to constitute, an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007. The New Securities and entitlements may not be offered or sold, directly or indirectly, in Norway except;

1 in respect of an offer of New Securities and entitlements addressed to investors subject to a minimum purchase of New Securities and entitlements for a total consideration of not less than €50,000 per investor;

2 to “professional investors” as defined in the Norwegian Securities Regulation of 29 June 2007 no. 876, being;

(A) legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

(B) any legal entity which is registered as a professional investor with the Oslo Stock Exchange (No. Oslo Børs) and which has two or more of; (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;

(C) any natural person which is registered as a professional investor with the Oslo Stock Exchange (No. Oslo Børs) and which has two or more of; (1) an average execution of at least ten – 10 – transactions in securities of significant volume per quarter for the last four quarters; (2) a portfolio of securities with a market value of at least €500,000; (3) worked or works, for at least one – 1 – year, within the financial markets in a position which presuppose knowledge of investing in securities;

3 to fewer than 100 natural or legal persons (other than ‘professional investors’ as defined in the Norwegian Securities Regulation of 29 June 2007 no. 876), subject to obtaining the prior consent of the underwriter for any such offer;

4 in any other circumstances provided that no such offer of New Securities and entitlements shall result in a requirement for the registration, or the publication by HDF or the underwriter of a prospectus pursuant to the Norwegian Securities trading Act of 29 June 2007.

United States

This presentation does not constitute an offer, invitation or recommendation to subscribe for or purchase any security and neither this presentation nor anything contained in it shall form the basis of any contract or commitment. In particular, this presentation is not an offer to sell, or a solicitation of an offer to buy, securities in the United States or to any person that is, or is acting for the account or benefit of, a "U.S. person" (within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended (the Securities Act)) (U.S. Person), and is not for publication or distribution in the United States or to U.S. Persons. The securities to which this document relates have not been registered, and will not be registered, under the Securities Act or the securities laws of any state or other jurisdiction in the United States, and may not be offered, sold, transferred or otherwise disposed of in the United States or to, or for the account or benefit of, U.S. Persons, except in transactions exempt from the registration requirements of the Securities Act in reliance on Regulation S thereunder. In addition, HDF is not registered as an "Investment Company" under the U.S. Investment Company Act of 1940, as amended. An offer or sale of New Securities by any dealer that is not participating in the Entitlement Offer may violate the U.S. Investment Company Act of 1940 or the registration requirements of the U.S. Securities Act.

Canada

This document may only be distributed and the New Securities may only be offered and sold in Canada or to residents thereof to "accredited investors" as defined in NI 45-106 Prospectus and Registration Exemptions

Other jurisdictions

The Stapled Securities may not be offered or sold in any other jurisdiction, except to persons to whom such offer, sale or distribution is permitted under applicable law.

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