



ASX ANNOUNCEMENT

10 December 2014

APA Group (ASX: APA)

Pro-rata accelerated renounceable entitlement offer letter

Attached is the letter to securityholders for the APA Group pro-rata accelerated renounceable entitlement offer.

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Australian Pipeline Limited

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About APA Group (APA)

APA is Australia's largest natural gas infrastructure business, owning and/or operating in excess of \$12 billion of energy infrastructure assets. Its gas transmission pipelines span every state and territory on mainland Australia, delivering approximately half of the nation's gas usage. APA has direct management and operational control over its assets and the majority of its investments. APA also holds minority interests in a number of energy infrastructure enterprises including SEA Gas Pipeline, Energy Infrastructure Investments and GDI.

APT Pipelines Limited is a wholly owned subsidiary of Australian Pipeline Trust and is the borrowing entity of APA Group.

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



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10 December 2014

Dear securityholder

APA Group – Pro-Rata Accelerated Renounceable Entitlement Offer

Today APA Group (ASX: APA) (**APA**) announced that it is conducting a fully underwritten, pro rata accelerated renounceable entitlement offer (**Entitlement Offer**) to eligible APA securityholders, to subscribe for 1 new APA stapled security (**New Securities**) for every 3 existing APA stapled securities held as at 7.00 pm (Sydney time) on 15 December 2014 (**Entitlement**) at an offer price of \$6.60 per New Security (**Offer Price**).

1 THE ENTITLEMENT OFFER AND THE USE OF PROCEEDS

The Entitlement Offer is expected to raise approximately A\$1.839 billion. The proceeds of the Entitlement Offer will be used by APA, along with debt financing, to fund the acquisition of the QCLNG pipeline from BG Group.

If you are an Eligible Retail Securityholder (defined below), you will be able to subscribe for 1 New Security for every 3 existing securities that you hold as at 7.00pm (Sydney time) on Monday, 15 December 2014 at the Offer Price.

New Securities issued under the Entitlement Offer will rank equally with existing APA stapled securities on issue. New Securities will be eligible for all future distributions including the FY 2015 final distribution for the half year ended June 2015. However, New Securities will not be eligible for the FY 2015 interim distribution for the half year ended December 2014. Fractional entitlements will be rounded down to the nearest whole number of New Securities.

The Entitlement Offer comprises an institutional entitlement offer and an offer to Eligible Retail Securityholders (defined below) to participate at the same Offer Price and offer ratio (**Retail Entitlement Offer**). The Entitlement Offer is being made in accordance with section 1012DAA of the *Corporations Act 2001 (Cth)* (the **Corporations Act**) (as modified by Australian Securities and Investments Commission (**ASIC**) Class Order CO 08/35), meaning that no Product Disclosure Statement needs to be prepared.

2 ELIGIBILITY CRITERIA – ELIGIBLE RETAIL SECURITYHOLDERS

'Eligible Retail Securityholders' are those persons who are registered as the holder of APA securities as at 7.00pm (Sydney time) on 15 December 2014 and:

- whose registered address on the APA register of members is in Australia or New Zealand;
- who is not in the United States and is not acting for the account or benefit of a person in the United States;
- is not invited to participate (other than as nominee, in respect of other underlying holdings) under the Institutional Entitlement Offer, and is not treated as ineligible institutional investors under the Institutional Entitlement Offer; and
- is eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

3 RETAIL OFFER BOOKLET

This letter is not an offer document but rather an advance notice of some key terms and conditions of the Retail Entitlement Offer. Full details of the Entitlement Offer are set out in an offer booklet (**Retail Offer Booklet**), copies of which will be available on the ASX website (www.asx.com.au) on 15 December 2014. Despatch of the Retail Offer Booklet is expected to be completed by 17 December 2014.

Eligible Retail Securityholders, from Wednesday, 17 December 2014, will be mailed a Retail Offer Booklet, together with a personalised entitlement and acceptance form (**Entitlement and Acceptance Form**) which contains details of the number of New Securities for which they will be entitled to subscribe under the Entitlement Offer (**Entitlement**). You should read the entire Retail Offer Booklet carefully before deciding whether to participate in the Entitlement Offer. Subject to the early acceptance process, described below, applications for New Securities must be made on the Entitlement and Acceptance Form included in, or accompanying, the Retail Offer Booklet.

The Entitlement Offer closes at 5.00pm (Sydney time) on Thursday, 15 January 2015 (**Final Retail Closing Date**). To participate, you need to ensure that you have completed your application by paying the application monies by BPAY®, or by lodging your Entitlement and Acceptance Form with your application monies paid by cheque, bank draft or money order so that they are received before the Final Retail Closing Date in the manner described in the Retail Offer Booklet.

Additionally, you have the opportunity to apply and pay for your Entitlements **before 5.00pm (Sydney time) on 19 December 2014 (Early Retail Acceptance Date)**. If you apply and pay for your Entitlements by the Early Retail Acceptance Date, your securities will be issued on 23 December 2014, which is the same date applicable to eligible institutional securityholders who took up their Entitlements on 10 and 11 December 2014.

If you wish to apply by the Early Retail Acceptance Date:

- if you are CHESS sponsored with a Holder Identification Number (HIN), you may submit your application and settle via your broker, as instructed by your broker prior to 5.00pm (Sydney time) on 19 December 2014; or
- you may submit your application via BPAY payment instruction so that cleared funds are received by no later than 5.00pm (Sydney time) on 19 December 2014.

4 CONSIDERATIONS RELEVANT TO TAKING UP YOUR ENTITLEMENT

There are a number of matters that you should consider in relation to taking up your Entitlements.

- If you choose to do nothing, or accept only part of your Entitlement, the New Securities attributable to your Entitlement that you do not take up will be offered for sale under a Retail Bookbuild (see Section 5.2 of the Retail Offer Booklet).
- Eligible Retail Securityholders who do not participate in the Retail Entitlement Offer will have their percentage holding in APA reduced. Eligible Retail Securityholders who participate in the Retail Entitlement Offer will see their percentage holding in APA stay the same (if they take up all of their Entitlement) or reduce (if they take up only part of their Entitlement).
- As with any application, you should read the Retail Offer Booklet carefully and in its entirety when it is available, together with announcements of APA on ASX.
- As the period between the date of the Retail Offer Booklet and the Early Retail Acceptance Date is relatively short, you should contact your broker, accountant or other investment adviser if you have any questions regarding the suitability of taking up your Entitlements early.
- There is no obligation to take up your Entitlements by the Early Retail Acceptance Date. If you require further time to assess whether this is an appropriate investment for you, or would prefer to make an application during the Retail Offer Period, you can accept at any time before 5.00pm (Sydney time) on 15 January 2015. Alternatively, you can elect to do nothing.
- If you take up your Entitlements by the Early Retail Acceptance Date, you will be allotted New Securities by 23 December 2014. This may enable you to trade your New Securities on-market (if you wish) earlier than would be the case if you are issued New Securities at the Final Allotment. However, there is no guarantee as to the price at which New Securities may trade.

5 STAMPING FEES

APA will pay to stockbrokers (being those entities named as full service (advisory) brokers or non-advisory brokers on the ASX website) who submit applications bearing their broker's stamp from Eligible Retail Securityholders (as defined in Section 2) a stamping fee of an amount equal to 0.50% of the application monies (inclusive of GST) paid in respect of any application, subject to a maximum of \$500 per valid application.

In addition, certain brokers may be paid a commitment fee by the Underwriters of 0.50% of the value of the commitments to deliver retail client acceptances which those brokers have provided to the Underwriters.

6 ACTION REQUIRED

As an Eligible Retail Securityholder you may take any of the following actions:

- a) take up all or part of your Entitlement by either the Early Retail Acceptance Date or the Final Retail Acceptance Date (see Section 6.3 of the Retail Offer Booklet); or
- b) do nothing (see Section 6.6 of the Retail Offer Booklet).

Your Entitlement may have value and it is important that you determine whether to (in whole or in part) take up or do nothing in respect of your Entitlement. You should ensure that you understand the tax consequences of any action that you take or of doing nothing (see Section 7 of the Retail Offer Booklet, which provides information on potential taxation implications for Australian resident and New Zealand resident securityholders).

7 KEY DATES FOR ELIGIBLE RETAIL SECURITYHOLDERS

Event	Date
Announcement of the Entitlement Offer	10 December 2014
Record Date for the Entitlement Offer	7.00pm (Sydney time) 15 December 2014
Retail Entitlement Offer opens	9.00am (Sydney time) 16 December 2014
Last day for Eligible Retail Securityholders to lodge an application via their broker or via BPAY to be allotted New Securities at the same time as eligible institutional securityholders (Early Retail Acceptance Date)	5.00pm (Sydney time) 19 December 2014
Settlement of the Institutional Entitlement Offer and Retail Entitlement Offer for applications which have been received by the Early Retail Acceptance Date (Initial Settlement Date)	22 December 2014
Ex-dividend date for FY2015 interim distribution	22 December 2014
Initial New Securities issued under the Institutional Entitlement Offer and Retail Entitlement Offer for applications which have been received by the Early Retail Acceptance Date commence trading on ASX (Initial Allotment)	23 December 2014
Despatch to securityholders of confirmation of issue for Initial Allotment	23 December 2014
Retail Entitlement Offer closes (Final Retail Closing Date)	5.00pm (Sydney time) 15 January 2015
Retail Bookbuild	20 January 2015
Settlement of remaining New Securities under Retail Entitlement Offer (Final Settlement Date)	27 January 2015
Allotment of remaining New Securities under the Retail Entitlement Offer (Final Allotment)	28 January 2015
Remaining New Securities issued under the Final Allotment commence trading on ASX	29 January 2015
Despatch to securityholders of confirmation of issue under the Final Allotment and Retail Premium (if any)	29 January 2015

This timetable is indicative only and subject to change without notice.

The commencement of quotation of New Securities is subject to confirmation from ASX.

Subject to the requirements of the Corporations Act, the ASX Listing Rules and any other applicable laws, APA, in consultation with the Underwriters, reserves the right to amend this timetable at any time, including extending the Retail Entitlement Offer Period or accepting late applications, either generally or in particular cases, without notice. You cannot, in most circumstances, withdraw an Application once it has been lodged. No cooling off rights apply to the Retail Entitlement Offer. Eligible Retail Securityholders wishing to participate in the Retail Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form as soon as possible after the Retail Entitlement Offer opens.

The offer and sale of the Entitlements and New Securities have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or the securities laws of any state or other jurisdiction of the United States, and neither the Entitlements nor New Securities may be offered, sold, pledged or otherwise transferred without registration under the U.S. Securities Act (which You acknowledge none of APA or any Lead Manager has any obligation to do or to procure) unless the Securities are offered, sold, pledged, transferred or otherwise disposed of in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and the securities laws of any state or any other jurisdiction in the United States.

If you have any questions, please call the APA Securityholder Information Line on 1800 992 312 (toll free within Australia) or +61 1800 922 312 (from outside Australia) from 8.30am to 5.30pm (Sydney time) Monday to Friday (excluding public holidays) during the Retail Entitlement Offer Period. Alternatively, you can access information about the Retail Entitlement Offer online at www.apa.com.au.

I appreciate that the Retail Entitlement Offer is happening in the Christmas/New Year period, and in a relatively short time frame. However, unfortunately the timing of the Offer was dependent on the QCLNG sale process run by BG Group, and so this has been outside of APA's control. Nevertheless the APA Board is pleased to offer this opportunity to you.

Yours sincerely



Leonard M Bleasel AM
Chairman
APA Group