



2 March 2018

ASX ANNOUNCEMENT

APA Group (ASX: APA)

ENTITLEMENT OFFER – NOTIFICATION TO INELIGIBLE SECURITYHOLDERS

Attached is a copy of a letter being sent today to those securityholders of APA who are ineligible to participate in the pro-rata accelerated institutional tradeable retail renounceable entitlement offer announced by APA Group (ASX: APA) on 21 February 2018.

A handwritten signature in black ink, appearing to read 'N Codevelle'.

Nevenka Codevelle
Company Secretary
Australian Pipeline Limited

For further information please contact:

Investor enquiries:

Jennifer Blake

Telephone: +61 2 9693 0097

Mob: +61 455 071 006

Email: jennifer.blake@apa.com.au

Media enquiries:

Louise Watson

Telephone: +61 2 8011 0591

Mob: +61 419 185 674

Email: lwatson@symbolstrategic.com.au

About APA Group (APA)

APA is Australia's leading energy infrastructure business, owning and/or operating in excess of \$20 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 ownership interests in a number of energy infrastructure enterprises including SEA Gas Pipeline, SEA Gas (Mortlake) Partnership, Energy Infrastructure Investments and GDI Allgas Gas Networks.

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, apa.com.au

Important Information

Nothing contained in this announcement constitutes investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the information and any action on the basis of the information.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This announcement may not be distributed or released in the United States. This announcement does not constitute an offer to sell, or a solicitation of any offer to buy, any securities in the United States. Neither the entitlements nor the new securities have been, or will be, registered under the US Securities Act of 1933, as amended (the US Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be taken up by, and the new securities may not be offered or sold to, any person in the United States or any person that is acting for the account or benefit of a person in the United States (to the extent such person is acting for the account or benefit of a person in the United States), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and any other applicable US state securities laws. The entitlements and the new securities to be offered and sold in the Retail Entitlement Offer may only be offered and sold outside the United States in 'offshore transactions' (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S. In addition, persons in the United States and persons acting for the account or benefit of persons in the United States (to the extent such persons are acting for the account or benefit of a person in the United States) will not be eligible to purchase or trade entitlements on ASX or otherwise, or take up or exercise entitlements purchased on ASX or otherwise, or transferred from another person.



2 March 2018

Dear Securityholder

APA GROUP ENTITLEMENT OFFER – NOTIFICATION TO INELIGIBLE SECURITYHOLDERS

On 21 February 2018, APA Group (**APA**)¹ announced a fully underwritten pro-rata accelerated institutional tradeable retail renounceable entitlement offer to eligible securityholders to subscribe for 1 new APA stapled security (**New Securities**) for every 17 existing APA stapled securities (**Securities**) held at 7.00pm (Sydney time) on 26 February 2018 (**Entitlement**), at an offer price of A\$7.70 per New Security (**Offer Price**) to raise approximately A\$500 million (the **Entitlement Offer**).

The Entitlement Offer comprises an offer to Eligible Institutional Securityholders (as defined below) (**Institutional Entitlement Offer**) and an offer to Eligible Retail Securityholders (as defined below) to participate on the same terms (**Retail Entitlement Offer**).

Unfortunately, according to our records, you did not satisfy the eligibility criteria for an Eligible Institutional Securityholder and do not satisfy the eligibility criteria for an Eligible Retail Securityholder. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3) of the *Corporations Act 2001* (Cth) (**Corporations Act**), APA wishes to advise you that it will not be extending the Entitlement Offer to you, and you will not be able to subscribe for New Securities under the Entitlement Offer. You will not be sent the documents relating to the Entitlement Offer.

This notice is solely to inform you about the Entitlement Offer and is not an offer to issue New Securities to you, nor is it an invitation for you to apply for New Securities. You are not required to do anything in response to this letter.

Entitlement Offer and use of proceeds

The Entitlement Offer is being made by APA without a disclosure document in accordance with sections 1012DAA and 1012DA(12A) of the *Corporations Act* as notionally modified by Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73.

It is proposed that the proceeds of the Entitlement Offer will be used to assist in the funding of APA's growth projects and capital expenditure program, the funding of the redemption of APA subordinated notes, and for other general corporate purposes.

Institutional Entitlement Offer

On 26 February 2018, APA announced that it had successfully completed the Institutional Entitlement Offer. Through the Institutional Entitlement Offer, APA has now raised gross proceeds of approximately A\$288 million.

Securityholders who were eligible to participate in the Institutional Entitlement Offer (**Eligible Institutional Securityholders**) were those:

- (a) to whom ASX Listing Rule 7.7.1(a) did not apply; and
- (b) who successfully received an offer under the Institutional Entitlement Offer (as the Underwriters determined in their discretion); and
- (c) who, if they were a nominee, were only an Eligible Institutional Securityholder to the extent that they held Securities for beneficiaries who would have been Eligible Institutional Securityholders, had they held the Securities themselves.

Retail Entitlement Offer

The Retail Entitlement Offer, which is expected to raise approximately A\$212 million, is being made to Eligible Retail Securityholders (as defined below) on the basis of 1 New Security for every 17 Securities held at 7.00pm (Sydney time) on 26 February 2018 (**Record Date**).

A retail offer booklet in relation to the Retail Entitlement Offer was lodged with the ASX on 26 February 2018 and will be sent to Eligible Retail Securityholders (as defined below).

¹ APA comprises Australian Pipeline Trust (ARSN 091 678 778) and APT Investment Trust (ARSN 115 585 441), both trusts of which Australian Pipeline Limited (ACN 091 344 704) is the trustee and responsible entity.

Securityholders who are eligible to participate in the Retail Entitlement Offer (**Eligible Retail Securityholders**) are those who:

- (a) are registered as a holder of Securities as at 7.00pm (Sydney time) on the Record Date; and
- (b) on the APA security register have a registered address in Australia or New Zealand; and
- (c) are not in the United States and are not acting for the account or benefit of persons in the United States (to the extent such person holds Securities for the account or benefit of such person in the United States); and
- (d) did not receive an offer to participate (other than as nominee) or were otherwise ineligible to participate in the Institutional Entitlement Offer; and
- (e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer.

Eligibility criteria

The restrictions upon eligibility to participate in the Entitlement Offer arise because of the legal and regulatory requirements in certain countries, the relatively small number of securityholders in certain countries, the small number of Securities that are held by securityholders in certain countries, the relatively low value of New Securities to which securityholders would otherwise be entitled in certain countries and the potential cost of complying with regulatory requirements in certain countries.

APA has determined, pursuant to ASX Listing Rule 7.7.1 (a) and section 9A(3)(a) of the Corporations Act, that it would be unreasonable to make offers under the Retail Entitlement Offer to securityholders of APA in countries other than Australia and New Zealand and, in respect of the Institutional Entitlement Offer, certain additional countries, due to the legal limitations and potential cost of complying with regulatory requirements in those countries. The Underwriters and their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents disclaim any liability in respect of any determination as to eligibility, to the maximum extent permitted by law. Securityholders who were not Eligible Institutional Securityholders and are not Eligible Retail Securityholders are ineligible to participate in the Entitlement Offer.

Unfortunately, as outlined above, you did not satisfy the eligibility criteria for an Eligible Institutional Securityholder and do not satisfy the eligibility criteria for an Eligible Retail Securityholder. Accordingly, you will not be able to subscribe for New Securities under the Entitlement Offer.

Institutional Shortfall Bookbuild

A number of New Securities equal to the number of Entitlements not taken up by Eligible Institutional Securityholders (along with those New Securities which would have been offered to ineligible institutional securityholders had they been eligible to participate) were offered for sale by the Underwriters on behalf of APA to institutional investors (which may have included Eligible Institutional Securityholders) in a bookbuild process following the Institutional Entitlement Offer (the **Institutional Shortfall Bookbuild**). The Institutional Shortfall Bookbuild was completed on 23 February 2018.

The premium over the Offer Price per New Security that was achieved under the Institutional Shortfall Bookbuild will be paid to ineligible institutional securityholders and Eligible Institutional Securityholders who did not take up all of their Entitlements in proportion to the number of New Securities represented by their Entitlements.

Any proceeds received may have Australian and overseas tax consequences, depending on individual circumstances. You should seek professional tax advice regarding the taxation of any proceeds received.

Retail Shortfall Bookbuild

APA has arranged for the Entitlements of ineligible retail securityholders to be sold on their behalf in a bookbuild process (the **Retail Shortfall Bookbuild**). If you are an ineligible retail securityholder, you will receive the premium over the Offer Price per New Security that is achieved (if any) under the Retail Shortfall Bookbuild in proportion to the number of New Securities represented by your Entitlements (**Retail Premium**). The Retail Premium (if any) will be paid to you in the same way in which distributions on your Existing Securities have previously been paid to you.

The ability to obtain a Retail Premium in connection with the Retail Shortfall Bookbuild, and the amount of any Retail Premium, is dependent on various factors, including market conditions. There is no guarantee that there will be a Retail Premium or that any particular amount of Retail Premium will be achieved. To the maximum extent permitted by law, APA, the Underwriters and each of their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents, disclaim all liability, including for negligence, for any failure to procure a Retail Premium.

Retail Entitlements trading

While the Entitlements of Eligible Retail Securityholders (**Retail Entitlements**) will be tradeable on ASX, the assignment, transfer and exercise of Retail Entitlements trading on ASX will be restricted to persons meeting certain eligibility criteria. In particular, persons in the United States and persons acting for the account or benefit of persons in the United States (to the extent such person holds Securities for the account or benefit of such person in the United States) will not be eligible to purchase or trade Retail Entitlements or to take up Retail Entitlements they acquire. If you purchase Retail Entitlements during the Entitlements trading period, but you do not meet the eligibility criteria, you will not be able to take up those Entitlements and, as a result, you may receive no value for them.

No action required

This notice is to inform you about the Entitlement Offer. This letter is not an offer to issue New Securities to you, nor an invitation for you to apply for New Securities. You are not required to do anything in response to this letter.

If you have any questions in relation to any of the above matters, please contact the APA Group Investor Information Line on 1800 992 312 (toll free within Australia) or +61 1800 992 312 (from outside Australia) at any time from 7.30am to 7.30pm (Sydney time) Monday to Friday (excluding public holidays) during the Retail Entitlement Offer period.

On behalf of the Board and management of APA, thank you for your continued interest in APA.

Yours sincerely



Nevenka Codevelle
Company Secretary
Australian Pipeline Limited

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This notice does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person who is acting for the account or benefit of any person in the United States (to the extent such person is acting for the account or benefit of a person in the United States), or in any other jurisdiction in which such an offer or solicitation would be illegal. No action has been or will be taken to register, qualify or otherwise permit a public offering of the Entitlements or the New Securities in any jurisdiction outside Australia or New Zealand. In particular, the Entitlements and the New Securities to be offered and sold in the Entitlement Offer have not been and will not be registered under the US Securities Act of 1933, as amended (**US Securities Act**), or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements offered in the Retail Entitlement Offer may only be exercised or taken up by, and the New Securities to be offered and sold in the Retail Entitlement Offer may only be offered or sold to persons that are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent such person holds Securities for the account or benefit of such person in the United States), in each case in "offshore transactions" (as defined in Rule 902(h) under the US Securities Act) in reliance on Regulation S under the US Securities Act.

The provision of this document is not, and should not be considered as, a securities recommendation or financial product advice. The information in this document is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. Before acting on the information, you should consider the appropriateness of the information, having regard to your objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your stockbroker, accountant, taxation adviser, financial adviser or other professional adviser.