



3 November 2023

ASX ANNOUNCEMENT

APA Group (ASX: APA)

APA Infrastructure Limited (ASX: AP2)

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APA GROUP SUCCESSFULLY COMPLETES AUD \$1.25B SYNDICATED TERM LOAN AND PRICES €500M IN HYBRID SUBORDINATED CAPITAL SECURITIES

Leading Australian energy infrastructure business APA Group (ASX:APA) has successfully raised AUD \$1.25 billion of senior unsecured debt via a syndicated term loan and €500 million (AUD \$824 million) in hybrid subordinated capital securities (the **issuances**).

These issuances further strengthen APA's balance sheet and provide a competitive cost of capital to fund our growth opportunities. They increase the diversity in our capital structure, delivering APA a new source of long-term funding from deep and highly liquid capital markets, and provide additional liquidity and credit rating benefits.

The issuances will, in part, replace the short-term debt facilities put in place in connection with the Alinta Energy Pilbara acquisition on 23 August 2023 as well as be used for general corporate purposes.

Post completion, the average cost of debt across APA's entire debt portfolio on an annualised basis will be 4.98%.

| Syndicated term loan | | |
|---|--------------------|---------------|
| Issuance | 7-year | 10-year |
| Issuance amount | \$750 million | \$500 million |
| Fixed AUD interest rate (swapped) | 6.75% | 7.18% |
| Hybrid capital securities | | |
| Issuance | 60-year | |
| Issuance amount | €500 million | |
| Issuance amount (swapped) | AUD ~\$823 million | |
| Fixed AUD interest rate until February 2029 (swapped) | 9.32% per annum | |

“We are pleased with the strong support from our financiers, banks, and bond investors. It illustrates the confidence the market has in APA, including the acquisition of the Alinta Pilbara business,” APA CFO Garrick Rollason said.

“This funding enables APA to pursue our growth strategy and invest in the energy transition and, ultimately, our ambition to support our customers to decarbonise their operations, particularly in remote-grid generation regions.

“We remain focussed on ensuring our debt funding is well diversified with the ability to access funds from a variety of markets.”

Syndicated Term Loan

Strong support from more than 30 new and existing financiers enabled APA to establish a new syndicated term loan facility comprised of a 7-year AUD \$750 million tranche and a 10-year \$500 million tranche. Both tranches have been swapped into fixed rates. The loan syndicate includes leading Australian and Asian banks.

Hybrid Securities

The €500 million in hybrid subordinated capital securities was also strongly supported by Euro bond investors across Europe, the UK and Asia. The offer was competitively priced and significantly oversubscribed, reinforcing support for both APA and hybrid securities. The securities will be listed on the Singapore Exchange.

Moody's and S&P are expected to treat these securities as 50 per cent equity and 50 per cent debt for the purposes of assigning credit ratings to APA's senior debt.

The tax deductibility of the hybrid and the 50 per cent equity credit applied by the rating agencies ensures the hybrid represents a competitive cost of capital. APA expects hybrids to be a long-term feature of our capital structure.

Key features of the hybrid capital securities include:

- 60-year maturity redeemable at par from the first call date in 2029 and on each interest payment date thereafter
- face value of €500 million and a coupon of 7.125% per annum up to the first call date (subject to interest rate resets and step ups if not called at that time)
- subordinated to senior debt and no equity conversion features
- swapped back in AUD to the first call date

ENDS

Authorised for release by Amanda Cheney

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About APA Group (APA)

APA is a leading Australian Securities Exchange (ASX) listed energy infrastructure business. We own and/or manage and operate a diverse, \$25 billion portfolio of gas, electricity, solar and wind assets. Consistent with our purpose to strengthen communities through responsible energy, we deliver approximately half of the nation's gas usage and connect Victoria with South Australia, Tasmania with Victoria and New South Wales with Queensland through our investments in electricity transmission assets. We also own and operate renewable power generation assets in Australia, with wind and solar projects across the country. APA Infrastructure Limited is a wholly owned subsidiary of APA Infrastructure Trust and is the borrowing entity of APA Group. For more information visit APA's website, apa.com.au.

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