



ASX ANNOUNCEMENT

7 March 2016

APA Group (ASX: APA)
(also for release to APT Pipelines Limited (ASX: AQH))

APA announces recommended cash offer for EPX

APA Group (ASX: APA), Australia's largest natural gas infrastructure business, today announced a recommended unconditional, all-cash, off-market takeover offer for Ethane Pipeline Income Fund (ASX: EPX) ("**Offer**") by Australian Pipelines Limited as responsible entity of Australian Pipeline Trust.

APA currently owns 6.08 per cent of EPX securities. The Offer is for all the EPX securities that APA does not already own.

EPX is an investment vehicle that owns the Moomba to Sydney Ethane Pipeline and is externally managed by APA through a Management Services Agreement. APA also provides operation and maintenance services to EPX.

All-cash consideration at a substantial premium

Under the terms of the Offer, EPX securityholders will receive A\$1.88 cash per EPX security ("**Offer Price**"). In addition, EPX securityholders will be entitled to retain the declared EPX distribution for the March 2016 quarter of 3.25 cents per EPX security if eligible on the distribution record date.

The Offer Price plus the March 2016 distribution of 3.25 cents per EPX security, represents a substantial premium of:

- 30.1% to the last closing price of EPX securities on 4 March 2016¹ of A\$1.47;
- 33.7% to the 1 week Volume Weighted Average Price ("**VWAP**") to 4 March 2016¹ of EPX securities of A\$1.43;
- 37.6% to the 1 month VWAP to 4 March 2016¹ of EPX securities of A\$1.39; and
- 31.0% to the 3 month VWAP to 4 March 2016¹ of EPX securities of A\$1.46.

The Offer Price only, which does not include the distribution declared by EPX for the March 2016 quarter, represents a premium of 27.9% to the last closing price of EPX Securities on 4 March 2016¹ of A\$1.47.

The Offer Price implies a total equity value of approximately A\$130.3m for EPX. APA will fund the Offer with a mix of existing cash reserves and debt facilities.

Unanimous recommendation by EPX independent directors

The independent directors of EPX (being Nancy Fox and Rick Coles) have unanimously agreed to recommend APA's Offer in the absence of a superior offer and subject to an Independent Expert opining that the Offer is fair and reasonable.

¹ The last trading day for EPX securities prior to the announcement of the takeover offer by APA.

Unconditional takeover offer and immediate on-market sale option for EPX securityholders

APA announces that the Offer will not be subject to any defeating conditions. Once the Offer opens, EPX securityholders will have the ability to accept the Offer immediately and will be paid the Offer Price within 5 business days from receipt of valid acceptance.

In addition, APA may acquire EPX securities on market (via its appointed broker, Citigroup Global Markets Australia Pty Limited), from today until the close of the offer period. This provides EPX securityholders with an immediate option to realise a significant cash premium for their securities. In accordance with relief granted by ASIC, APA is permitted to acquire EPX securities on market at a price of up to A\$1.9125 (equal to the Offer Price plus the March distribution amount of 3.25 cents per EPX security) until EPX securities begin trading "ex" distribution. From the "ex" date EPX securities may be acquired on market at a price up to the Offer Price.

Timing and process

The bidder's statement for the Offer ("**Bidder's Statement**") will be lodged with ASIC shortly. The off-market Offer is expected to open mid to late March.

Full details of the Offer will be set out in the Bidder's Statement which will be available on APA's website, www.apa.com.au and on the ASX website.

Rationale for the transaction

APA's Chairman, Mr Len Bleasel AM, said that APA is a natural owner of EPX and the Moomba to Sydney Ethane Pipeline and is best placed to offer full value to EPX securityholders.

"The addition of the Ethane Pipeline to APA Group's portfolio of assets will extend and further diversify APA Group's investment in related energy infrastructure. It also enables APA Group to expand our footprint into transporting alternate fuels, including potentially liquids in the longer-term, enhancing our position as an infrastructure owner in Australia's growing energy markets," Mr Bleasel said.

Governance protocols

Given APA's role in providing funds management services to EPX and operation and maintenance services to EPX's Moomba to Sydney Ethane Pipeline, APA has put in place appropriate protocols to ensure those involved in the management of EPX, or who are officers of EPX, are excluded from any of APA's deliberations in relation to the Offer.



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About APA Group (APA)

APA is Australia's largest natural gas infrastructure business, owning and/or operating around \$19 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, GDI Allgas Gas Networks and Diamantina and Leichhardt Power Stations.

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