



8 November 2018

ASX ANNOUNCEMENT

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

CKI CONSORTIUM SCHEMES – FIRB UPDATE

APA Group (ASX: APA) (**APA**) notes the attached media release by the Australian Federal Treasurer advising his preliminary view on the trust schemes under which the CKI Consortium proposes to acquire all of the stapled securities in APA (**Schemes**).

APA will update securityholders in due course.

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

Nevenka Codevelle
Company Secretary
Australian Pipeline Limited

Further information

APA Securityholders can obtain further information by contacting the APA Group Investor Information Line on 1800 992 312 (toll free within Australia) or +61 1800 992 312 (outside Australia).

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About APA Group (APA)

APA is a leading Australian 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



THE HON JOSH FRYDENBERG MP
Treasurer

7 November 2018

MEDIA RELEASE PROPOSED ACQUISITION OF APA

Today I have advised the consortium led by CK Asset Holdings Limited (CK Group) of my preliminary view that its proposed acquisition of APA Group would be contrary to the national interest.

I have formed this view on the grounds that it would result in an undue concentration of foreign ownership by a single company group in our most significant gas transmission business. I intend to make a final decision under the formal process within two weeks.

I formed my preliminary view taking into account the significant analysis undertaken through a coordinated whole-of-government assessment and in close consultation with the Foreign Investment Review Board (FIRB) and the Critical Infrastructure Centre (the CIC), which are key sources of advice to support Government decision-making, including on investment transactions. The concentration of foreign ownership was not a question considered by the ACCC's assessment of this proposed acquisition. The FIRB was unable to reach a unanimous recommendation, expressing its concerns about aggregation and the national interest implications of such a dominant foreign player in the gas and electricity sectors over the longer term.

The APA Group is a unique company, widely held amongst investors with significant Australian ownership and management. It is by far the largest gas transmission system owner in Australia, owning 15,000 km of pipelines representing 56 per cent of Australia's gas pipeline transmission system, including 74 per cent of New South Wales and Victorian pipelines and 64 per cent in the Northern Territory. It also supplies gas for part of all mainland capital cities' consumption, gas-fired electricity generation assets and liquefied natural gas exports.

My preliminary view is not an adverse reflection on CK Group or the individual companies. CK Group companies are already a substantial investor in Australia's gas and electricity sectors and a significant provider of infrastructure services that millions of Australians rely upon. The Australian Government welcomes CK Group's investments in Australia and its broader contribution to the Australian economy.

My preliminary view reflects the size and significance of APA Group. It is about the extent to which the proposal is consistent with Australia's national interest. The application of our foreign investment policy, expressed through my preliminary view, is not discriminatory against any investor or country.

The Government remains committed to welcoming foreign investment into Australia. Foreign investment helps support jobs and rising living standards. The foreign investment framework facilitates such investment while giving assurance to the Australian community that the investment is being made in a way that does not compromise Australia's national interest. We continue to welcome any foreign investment that is not considered contrary to our national interest. As Treasurer, I consider each foreign investment proposal on its merits.

ENDS

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The Hon Josh Frydenberg MP | Treasurer | MELBOURNE