



23 August 2023

ASX ANNOUNCEMENT

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

APA Group (ASX: APA)
also for release to APA Infrastructure Limited (ASX: AP2)

Acquisition of Alinta Energy Pilbara and \$750 million equity raising

Leading Australian energy infrastructure business, APA Group (ASX:APA), has entered into a Share Sale Agreement with Alinta Power Cat Pty Ltd and Alinta Energy Development Pty Ltd to acquire 100% of Alinta Energy Pilbara Holdings Pty Ltd and Alinta Energy (Newman Storage) Pty Ltd (**Alinta Energy Pilbara**) for an Enterprise Value of A\$1,722 million.¹

Alinta Energy Pilbara is an energy infrastructure business underpinned by contracted operational assets (gas and solar power generation, gas transmission, battery energy storage systems (**BESS**) and electricity transmission), together with an extensive development pipeline of projects (wind, solar, gas reciprocating engines, BESS and associated electricity transmission), located in Western Australia's Pilbara region.

APA intends to raise A\$675 million through a fully underwritten 'pro-rata'² institutional placement (**Placement**) and will undertake a non-underwritten Security Purchase Plan (**SPP**) for eligible security holders to raise A\$75 million³. The proceeds will be used to partly fund the acquisition. The balance of the purchase price will be funded by new debt facilities established in connection with the acquisition⁴ of A\$993 million.

¹ Enterprise Value is the sum of the purchase price (excluding stamp duty and transaction costs) and existing net debt of A\$65 million held by Alinta Energy Pilbara. Stamp duty and transaction costs are currently estimated to be \$86 million.

² For this purpose, an eligible institutional security holder's 'pro-rata' share will be estimated by reference to APA's beneficial register on 18 August 2023, but without undertaking any reconciliation and ignoring securities that may be issued under the SPP. Accordingly, unlike in a rights issue, this may not truly reflect the participating security holder's actual pro-rata share. Nothing in this announcement gives a security holder a right or entitlement to participate in the Placement and APA has no obligation to reconcile assumed holdings (eg for recent trading or swap positions) when determining a security holder's 'pro-rata' share. Institutional security holders who do not reside in Australia or other eligible jurisdictions will not be able to participate in the Placement. See slides 37 to 41 of the Investor Presentation released by APA to the ASX today (**Investor Presentation**) for the eligible jurisdictions and selling restrictions relevant to these jurisdictions. APA and the underwriters disclaim any duty or liability (including for negligence) in respect of the determination of a security holder's 'pro-rata' share. For further details regarding the nature of the underwriting arrangements, please see risk factor 35 in Appendix 2 of the Investor Presentation.

³ APA may, in its absolute discretion, scale back applications over this amount or apply a higher cap to the SPP (and either accept applications in full or scale back applications over the higher cap).

⁴ APA has existing committed undrawn bank liquidity facilities of A\$1,600 million and has added new short term (1 year) committed undrawn bank liquidity facilities of A\$1,000 million in connection with the acquisition.

ACQUISITION HIGHLIGHTS

- The acquisition is consistent with APA's strategy to be the partner of choice in delivering infrastructure solutions for the energy transition. The resources industry has been identified as a key target customer group, given the significant forecast demand for low emission infrastructure as companies decarbonise their energy systems.
- The acquisition provides APA with a significant growth platform to develop and operate remote-grid energy solutions for Australia's resources industry, complementing APA's already strong development and operational capability in key resources areas such as Mount Isa and Gruyere. Alinta Energy Pilbara has existing long term Power Purchase Agreements (**PPAs**) with a number of Australia's most significant resources companies and an attractive pipeline of projects to bring new renewable energy solutions to market, aligned to APA's Climate Transition Plan.⁵ This includes near-term actionable projects with strong wind and solar resources in highly sought after strategic locations with strong interconnectivity to existing assets.
- The acquisition is expected to be free cash flow per security accretive in its first full financial year of ownership⁶ and value accretive⁷. APA's FY24 distribution per security (**DPS**) guidance of 56 cents per security remains unchanged after including the additional securities on issue as a result of the equity raising.⁸

"The acquisition of Alinta Energy Pilbara delivers APA a significant new growth platform in the attractive remote-grid energy sector. It's consistent with our strategy to be the partner of choice in delivering infrastructure solutions for the energy transition and links directly with our focus on customers in the resources sector," APA CEO and Managing Director Adam Watson said.

"The business is underpinned by high-quality assets and a stable base of blue-chip customers operating in one of the world's leading mining geographies."

"The acquisition is expected to deliver positive immediate and long-term benefits to security holders, and complements our existing assets in Western Australia. It allows us to leverage our existing skills in operating large-scale gas, renewables and storage infrastructure, and provides the opportunity to capitalise on the increasing need for reliable, affordable and lower emissions energy as the resources sector continues to decarbonise."

⁵ See slides 23 -24 of the Investor Presentation for more detail on the acquisition and its relationship to APA's Climate Transition Plan.

⁶ Expected to be free cash flow accretive per security (inclusive of new securities issued under the Placement and SPP) to APA's forecast free cash flow per security in the first full year of APA's ownership being FY25. Free cash flow is Operating Cash Flow adjusted for strategically significant transformation projects, less stay-in-business (**SIB**) capex. SIB capex includes operational assets lifecycle replacement costs and technology lifecycle costs. Future free cash flow accretion could be influenced by a range of factors including timing of growth projects, SIB capex and the underlying operating performance of the business.

⁷ The acquisition is expected to deliver a projected internal rate of return greater than APA's corporate weighted average cost of capital. The acquisition and the potential rate of return from it, are subject to the 'Key Risks' set out on and from slide 42 of the Investor Presentation.

⁸ Inclusive of new securities issued under the Placement and the SPP. Distribution guidance is subject to asset performance, macroeconomic factors, regulatory changes as well as timing of distributions from non-100% owned assets, with distributions to be determined at the discretion of the Board at the time.

ACQUISITION DETAILS

- Alinta Energy Pilbara's existing assets consist of 543MW of operating generation and storage assets and more than 200 kilometres of operating electricity transmission lines. The acquisition also includes an 11.8% ownership interest in the Goldfields Gas Pipeline, bringing APA's total ownership interest to 100%.
- The development pipeline includes 82MW of solar and BESS projects under construction⁹ and ~1GW+ of renewables-focused developments¹⁰.
- The weighted average contract life of the existing PPAs is approximately 7 years¹¹.
- Ongoing investment in renewables will support APA's Climate Transition Plan goals over time.
- A team of approximately 60 FTEs, with a proven track record across development, construction commissioning and operation of generation and transmission infrastructure, will be welcomed into APA's existing 2,300-plus workforce.
- Implied Enterprise Value multiple of 12.9 times forecast FY24 EBITDA¹².
- APA's credit ratings are expected to remain unchanged as a result of the acquisition.
- Financial close is subject to meeting certain conditions precedent and is expected to occur in Q4 2023. APA has received an ACCC pre-assessment and ACCC approval is not a condition of the transaction.
- APA's FY24 distribution guidance is reconfirmed at 56 cents per security¹³.

EQUITY RAISING HIGHLIGHTS

'Pro-rata' Placement

APA is undertaking a fully underwritten 'pro-rata' placement of new fully paid ordinary securities to eligible institutional investors to raise \$675 million.

New securities to be issued at A\$8.50 per security (**Placement Price**). The Placement Price represents:

- an 8.2% discount to APA's closing price of A\$9.26 on 22 August 2023; and
- an 8.7% discount to APA's 5 day VWAP of A\$9.31 up to, and including, 22 August 2023.

The Placement will result in approximately 79 million new securities being issued, representing approximately 6.7% of APA's total securities outstanding.

⁹ Includes under construction 47MW Port Hedland Solar and 35MW Port Hedland Battery.

¹⁰ See slide 65 of the Investor Presentation for more detail on the development projects' capacities and status.

¹¹ Weighted average contract life based on % revenue contribution of each revenue contract across the portfolio and remaining tenors on contracts (excluding Goldfields Gas Pipeline and contract extension options).

¹² Enterprise Value is the sum of the purchase price (excluding stamp duty and transaction costs) and existing net debt of A\$65 million held by Alinta Energy Pilbara.

¹³ Inclusive of new securities issued under the Placement and the SPP. Distribution guidance is subject to asset performance, macroeconomic factors, regulatory changes as well as timing of distributions from non-100% owned assets, with distributions to be determined at the discretion of the Board at the time.

It is intended that eligible institutional security holders who bid for up to their 'pro-rata' share of new securities under the Placement will be allocated their full bid, on a best endeavours basis¹⁴.

New Securities issued under the Placement will rank equally with existing APA securities from the date of issue. New securities will not be entitled to the FY23 final distribution because the record date for that distribution has passed.

Security Purchase Plan

Eligible APA security holders, being security holders who had a registered address in Australia or New Zealand on APA's register at 7.00pm (AEST) on 22 August 2023, will be invited to subscribe for up to A\$30,000 of new securities under the SPP at the lower of the Placement Price and a 2% discount to the 5-day VWAP of APA's securities up to, and including, the closing date of the SPP, and free of any brokerage or transaction costs.

It is intended that the SPP will raise \$75¹⁵ million. APA retains the right to accept oversubscriptions or to scale back applications at its absolute discretion. New securities issued under the SPP will rank equally with existing APA securities from the date of issue. New securities will not be entitled to the FY23 final distribution because the record date for that distribution has passed. The SPP is not underwritten.

Further details of the SPP will be set out in the SPP Offer Booklet, which will be released to ASX and made available to eligible securityholders in Australia and New Zealand on or around 31 August 2023.

Indicative Equity Raising Timetable

Event	Date
Record date for SPP (7.00pm)	Tuesday, 22 August 2023
Trading halt, announcement of FY23 results and Placement	Wednesday, 23 August 2023
Placement bookbuild	Wednesday, 23 August 2023
Announcement of the completion of the Placement	Thursday, 24 August 2023
Trading halt lifted	Thursday, 24 August 2023
Settlement of new securities issued under the Placement	Monday, 28 August 2023
Allotment and normal trading of new securities issued under the Placement	Tuesday, 29 August 2023
Expected SPP offer opening date (9.00am)	Thursday, 31 August 2023
Expected SPP offer closing date (5.00pm)	Friday, 15 September 2023
Issue and allotment of new securities under the SPP	Friday, 22 September 2023
SPP holding statements dispatched and trading of new securities issued under the SPP commences	Monday, 25 September 2023

¹⁴ Refer note 2 above.

¹⁵ APA may, in its absolute discretion, scale back applications over this amount or apply a higher cap to the SPP (and either accept applications in full or scale back applications over the higher cap)

These dates are indicative only and are subject to change without notice. All times and dates refer to times and dates in Sydney, Australia. Subject to the requirements of the Corporations Act, the ASX Listing Rules and any other applicable laws, APA has the right, with the consent of the underwriters, to amend the timetable, including extending the SPP offer period or accepting late applications (either generally or in particular cases) without notice.

Further information and securityholder enquiries

For further information on the SPP, or if you are an eligible securityholder and you want to receive a copy of the SPP Offer Booklet, please contact the APA Group Investor Information line on 1800 992 312 (toll free from within Australia) or +61 1800 992 312 (from outside Australia), from 7.30am to 7.30pm (Sydney time) Monday to Friday (excluding public holidays) during the SPP offer period, or visit APA's website at www.apa.com.au.

Analyst and Investor Briefing

Further information in relation to the acquisition of Alinta Energy Pilbara and the equity raising are set out in the Investor Presentation released by APA to the ASX today.

APA will provide a market briefing at 10.30am today, 23 August 2023. The market briefing will be webcast via the APA website at apa.com.au.

END

Authorised for release by Amanda Cheney

Company Secretary

APA Group Limited

For further information, please contact:

Investor enquiries:

Andrew Gibson

General Manager Investor Relations

Telephone: +61 3 8416 2466

Mob: +61 437 169 292

Email: Andrew.Gibson@apa.com.au

Media enquiries:

Michael Cox

Head of Media Relations & Financial Communications

Telephone: +61 2 8044 7002

Mob: +61 429 465 227

Email: Michael.Cox@apa.com.au

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, \$22 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.

NOT FOR RELEASE OR DISTRIBUTION 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.

Any securities described in this announcement 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. Accordingly, the new securities may not be offered or sold, directly or indirectly, 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, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable

securities laws of any state or other jurisdiction of the United States. The new securities to be offered and sold in the SPP may only be offered and sold outside the United States in 'offshore transactions' (as defined in Rule 902(h) under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

This announcement contains certain "forward-looking statements". The words "anticipate", "believe", "continue", "expect", "project", "forecast", "estimate", "likely", "intend", "objectives", "outlook", "should", "could", "may", "will", "target", "plan", "guidance" and other similar words or expressions are intended to identify forward-looking statements. Forward-looking statements include, but are not limited to, statements about the completion of the acquisition, statements about the future performance of APA and Alinta Energy Pilbara following completion of the acquisition, statements about estimated net synergies and scale benefits following completion of the acquisition, statements about value accretion, statements about APA's plans, future developments and strategy and statements about the outcome and effects of the equity raising and the use of proceeds from it. These statements may assume the success of APA's business strategies.

There can be no assurance that actual outcomes will not differ materially from these statements. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as predicted and their differences may be material.

Indications of, and guidance on, future earnings and financial position, distributions and performance (including, but not limited to, free cash flow, distribution guidance and committed capital expenditure are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks (including the risks set out in the "Key risks" section of the Investor Presentation released by APA to the ASX today), uncertainties and other factors, many of which are outside the control of APA, and its related bodies corporate, affiliates and advisers, and each of their respective directors, officers, partners, employees, agents, consultants, contractors, advisers, representatives and associates (together, the **Extended Parties**), that may cause actual results to differ materially from those expressed or implied in such statements.

Investors should not place undue reliance on forward-looking statements. Neither APA, the underwriters, nor any other person, gives any representation, warranty or assurance, nor will guarantee that the occurrence of the events expressed or implied in any forward-looking statement will actually occur.

The forward-looking statements are based on information available to APA as at the date of this announcement. To the maximum extent permitted by law, APA, the underwriters and each of their respective Extended Parties disclaim any responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise.

Investors are strongly cautioned not to place undue reliance on forward looking statements, particularly in light of the current economic climate and significant global volatility, uncertainty and disruption. APA disclaims any responsibility to update or revise any forward-looking statement to reflect any change in APA's financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based, except as required by law.

Investors acknowledge and agree that determination of eligibility of investors for the purposes of the Placement is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of APA and/or the underwriters. Each of APA, the underwriters and each of their respective Extended Parties disclaim any duty or liability (including for fault or negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law. The underwriters may rely on information provided by or on behalf of institutional investors in connection with managing, conducting and underwriting the Placement without having independently verified that information and the underwriters do not assume responsibility for the fairness, currency, accuracy, reliability or completeness of that information.

FINANCIAL DATA

Readers should be aware that certain financial data included in this announcement are "non-GAAP financial measures" within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended, and are not

recognised under International Financial Reporting Standards (IFRS). Non-IFRS/non-GAAP measures in this announcement are not subject to audit and include EBITDA. Readers are cautioned, therefore, not to place undue reliance on any non-IFRS/non-GAAP financial information and ratios included in this announcement.