



13 August 2018

Dear Securityholder

APA AND CKI CONSORTIUM ENTER INTO IMPLEMENTATION AGREEMENT

APA Group (ASX:APA) announced today that it has entered into a binding Implementation Agreement with the CKI Consortium, comprising CK Infrastructure Holdings Limited, CK Asset Holdings Limited and Power Assets Holdings Limited, to acquire 100% of APA's stapled securities for an all cash consideration of A\$11.00 per stapled security.

The transaction does not affect APA's final distribution for the 2018 financial year, which the Board expects to be 24.0 cents per stapled security, and which is expected to be paid on 12 September 2018.

You do not need to take any action at this time

The transaction is subject to a number of conditions, including regulatory approvals from the Australian Competition and Consumer Commission and the Foreign Investment Review Board, as well as approval by shareholders of CK Asset Holdings Limited and our APA Securityholders.

APA Directors believe the offer to be compelling

APA's Board of Directors believes the offer to be compelling for APA Securityholders given the premium it represents to recent trading (35.1% premium to the 3 month volume weighted average price of A\$8.14¹), attractive acquisition multiple and certainty of value provided by the 100% cash consideration.

Timing

Depending on the progress of regulatory approvals, the Board is targeting that you will receive details of the Scheme Meeting to vote on the transaction and an Explanatory Memorandum before the end of October. A meeting of APA Securityholders is targeted to be held in late November to consider the Schemes, with implementation and payment to you targeted for mid December. The Explanatory Memorandum will include a detailed explanation of the transaction, the reasons for the APA Directors' recommendation, risks of the transaction, the findings of the Independent Expert and voting information.

If the transaction is implemented at any time after 31 December 2018, in addition to the cash consideration of A\$11.00 per stapled security you will receive an additional distribution of 4.0 cents per security for each full month in calendar 2019 which elapses prior to implementation of the Schemes (up to, and including, March 2019).

You should consider the Explanatory Memorandum prior to voting at the Scheme Meeting.

Your Board unanimously recommends the transaction

APA Directors intend to vote in favour of the transaction and unanimously recommend that you vote in favour of the transaction, in the absence of a superior proposal and subject to the Independent Expert concluding that the transaction is fair and reasonable and in the best interests of APA securityholders.

If you have any further questions regarding the proposal or process, please contact the APA Group Investor Information Line 1800 992 312 (toll free within Australia) or +61 1800 992 312 (outside Australia).

¹ The volume weighted average price is based on 3 calendar months from 13 March to 12 June 2018. 12 June 2018 is the day prior to the announcement of the CKI Consortium being granted due diligence.

APA will announce its full year results for the financial year ending 30 June 2018, on 22 August and information pertaining to the results can be accessed on APA's website (www.apa.com.au), from that date.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Michael Fraser', with a stylized flourish at the end.

Michael Fraser

Chairman