

ASX Announcement

21 September 2021

AusNet receives indicative, non-binding and conditional proposal

Enclosed is an announcement made by AusNet Services Limited which is provided for the information of AusNet Services Holdings Pty Ltd noteholders.

Authorised by

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AusNet Services Ltd (**AusNet**) announces that it has today received an unsolicited, indicative, non-binding and conditional proposal from APA Group (**APA**) to acquire, by way of scheme of arrangement, all of the issued shares in AusNet for a combination of cash and 0.0878 APA stapled securities per share (the **APA Revised Indicative Proposal**).

This follows an earlier proposal made on 1 September 2021 (the **APA Original Indicative Proposal**). The APA Original Indicative Proposal was to acquire all of the issued shares of AusNet for a combination of cash and 0.0853 APA stapled securities, which was equivalent to \$2.32 per share based on APA's closing price of \$9.11 per security on 1 September 2021. The APA Original Indicative Proposal was structured as two alternative but concurrent schemes of arrangement whereby different classes of shareholders may have been delivered different forms of consideration under one of the schemes.

The Board of AusNet, in consultation with its advisers, carefully assessed the APA Original Indicative Proposal against the original Brookfield Indicative Proposals of \$2.35 all cash per share and subsequently \$2.45 and \$2.50 all cash per share (as previously announced on 20 September 2021). The Board of AusNet concluded that the APA Original Indicative Proposal was inferior in respect of price, form of consideration, structure and certainty, and that it was in the best interests of AusNet shareholders to engage with Brookfield on its proposal.

In the course of discussions with Brookfield, it became apparent that it regarded exclusive due diligence access as a key condition of its improved proposals. Accordingly, AusNet formed the view that it was in the best interests of AusNet's shareholders to provide Brookfield with the opportunity to conduct due diligence on an exclusive basis to enable it to put forward a binding offer.

As outlined in AusNet's ASX announcement on 20 September 2021 in relation to Brookfield's Indicative Proposal, AusNet has entered into a confidentiality deed with Brookfield to conduct exclusive due diligence, with the terms of such exclusivity annexed to this announcement.

The Board of AusNet agreed to this period of exclusivity in return for a materially increased indicative all cash offer price from Brookfield, as well as retaining the option to engage with other parties, including the provision of due diligence, with respect to any potential competing proposals post expiry of the exclusivity period with Brookfield.

AusNet will consider the APA Revised Indicative Proposal and has the ability to engage with APA following completion of the exclusivity period.

The Board of AusNet also notes that while it is always open for any third party to put forward non-binding, indicative, conditional and incomplete proposals for AusNet, the Board remains focused on securing a binding proposal that has strong prospects of obtaining the necessary shareholder support.

The Board of AusNet notes that there is no certainty that the Brookfield Indicative Proposal, or the provision of access to Brookfield to conduct due diligence, will result in a binding offer for AusNet or result in the entry into a scheme implementation deed.

AusNet will continue to keep the market informed, in accordance with its continuous disclosure obligations. In the meantime, **shareholders do not need to take any action** in relation to the Brookfield Indicative Proposal or the APA Revised Indicative Proposal.

AusNet is being advised by Adara Partners and Citi as financial advisers, and by Allens as legal adviser.

Naomi Kelly
Company Secretary

This announcement was authorised for release by the Board of AusNet Services Ltd.

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Annexure - Exclusivity terms from Confidentiality Deed**1 Exclusivity****1.1 Termination of existing discussions**

The Discloser represents and warrants that, as at the time of execution of this Deed, it and its Representatives are not in any negotiations or discussions, and have ceased any existing negotiations or discussions, in respect of any Competing Proposal with any person (other than, for the avoidance of doubt, the discussions with the Recipient and its Representatives in respect of the Proposal).

1.2 No shop restriction

During the Exclusivity Period, the Discloser must not, and must ensure that each of its Representatives do not, except with the prior written consent of the Recipient, directly or indirectly solicit, invite, encourage or initiate any Competing Proposal or any enquiries, negotiations or discussions with any Third Party in relation to, or that may reasonably be expected to encourage or lead to, a Competing Proposal, or communicate any intention to do any of those things.

1.3 No talk restriction

During the Exclusivity Period, the Discloser must not, and must ensure that each of its Representatives do not, except with the prior written consent of the Recipient, enter into, continue or participate in negotiations or discussions with, or enter into any agreement, arrangement or understanding with, any Third Party in relation to, or that may reasonably be expected to lead to, a Competing Proposal, even if:

- (a) the Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by the Discloser or any of its Representatives; or
- (b) the Competing Proposal has been publicly announced.

1.4 Notification of approaches

During the Exclusivity Period, the Discloser must as soon as possible (and in any event within 24 hours) give the Recipient notice in writing if it, or any of its Representatives receives a Competing Proposal. Such notice must include the identity of the relevant person making, proposing or otherwise involved in the relevant actual, proposed or potential Competing Proposal, together with all material terms and conditions of the actual, proposed or potential Competing Proposal (including price and form of consideration, conditions precedent, proposed deal protection arrangements and timetable), to the extent known to the Discloser.

1.5 Normal provision of information

Nothing in this clause 1 prevents the Discloser from:

- (a) providing information to its Representatives;
- (b) providing information to any Governmental Agency;
- (c) providing information to its auditors, customers, joint venturers and suppliers acting in that capacity in the ordinary course of business;

- (d) providing information required to be provided by law;
- (e) making presentations to brokers, portfolio investors, analysts and other third parties in the ordinary course of business; or
- (f) fulfilling its continuous disclosure obligations.

Key defined terms

Competing Proposal means any expression of interest, proposal, offer, transaction or arrangement (other than the Proposal) by or with any person pursuant to which, if the expression of interest, proposal, offer, transaction or arrangement is entered into or completed substantially in accordance with its terms, a Third Party will (other than as custodian, nominee or bare trustee):

- (a) acquire a Relevant Interest in 20% or more of the shares in, or Voting Power of 20% or more in, the Discloser;
- (b) directly or indirectly acquire, obtain a right to acquire, or otherwise obtain an economic interest in, all or a substantial part of the assets or business of the Discloser;
- (c) otherwise acquire control (within the meaning of section 50AA of the Corporations Act) of the Discloser; or
- (d) otherwise directly or indirectly acquire, merge or amalgamate with, or acquire a controlling shareholding or economic interest in, the Discloser or any of its Related Entities or in all or substantially all of their respective assets or business,

whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back or repurchase, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure, recapitalisation, establishment of a new holding company for the Discloser or other synthetic merger or any other transaction or arrangement.

Discloser means AusNet Services Ltd.

Exclusivity Period means the period:

- (a) commencing on the date of this Deed [ie. 19 September 2021]; and
- (b) ending at the earliest to occur of:
 - (i) 5.00pm (Melbourne time) on a termination date specified in a written notice given by one party to the other party that the giver of the notice wishes to cease negotiations regarding the Proposal. Any termination date specified in such a notice must be at least seven (7) days after the date notice is given to the recipient of the notice, and no such notice may be given before the date which is seven (7) weeks after the date of this Deed;
 - (i) the date on which a Scheme Implementation Deed is entered into; and
 - (ii) the date on which the Recipient gives the Discloser a notice [that the Recipient has decided to no longer progress the Proposal],

as may be extended by agreement between the parties.

Indicative Proposal Letter means the confidential and non-binding indicative proposal letter from the Recipient to the Discloser dated 30 August 2021 (as modified by the letters dated 13 and 19 September 2021 from the Recipient to the Discloser).

Proposal means a proposal under which the Recipient (or one or more Related Entities of the Recipient approved by the Discloser) will acquire 100% of the Discloser Shares pursuant to a scheme of arrangement for consideration no less than the consideration described in the Indicative Proposal Letter, or such other proposal as may be agreed between the Recipient and the Discloser.

Recipient means Brookfield Infrastructure Group (Australia) Pty Ltd.

Third Party means any person other than the following:

- (a) the Recipient or any of its Related Entities; or
- (b) a consortium, partnership, limited partnership, syndicate or other group in which the Recipient or any of its Related Entities has agreed in writing to be a participant.