



Takeover Offer for Ethane Pipeline Income Fund (EPX)

7 March 2016

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Agenda

- Overview of APA's Takeover Offer
- Strategic rationale for the acquisition
- EPX Securityholder benefits

Takeover Offer summary

Transaction

- Recommended Takeover Offer for Ethane Pipeline Income Fund (EPX)
- Unanimous recommendation by the EPX independent directors, subject to no superior offer and an Independent Expert opinion that the Offer is fair and reasonable
- APA currently owns 6.08% of EPX securities
- Takeover Offer applies to all EPX securities that APA does not already own

Offer consideration

- EPX Securityholders will receive **all-cash** consideration
- Offer Price of \$1.88 per EPX Security **PLUS** retain 3.25 cents per security of declared distribution for the March 2016 quarter if eligible on the distribution record date
- Total cash consideration of \$122 million (net of APA's 6.08% securityholding) funded from APA cash and available funding sources

Conditions

- APA's offer is unconditional

Timing

- Bidder's Statement to be lodged with ASIC shortly
- Bidder's Statement dispatch to EPX Securityholders mid to late March

Strategic rationale for the Takeover Offer

- APA's core business is the ownership and operation of transmission pipeline assets
- The Ethane Pipeline acquisition offers APA the opportunity to increase its equity position in a long term ethane pipeline asset
- APA currently has an operating agreement over the Ethane Pipeline
- EPX has a long term contract in place with Qenos, which does not expire until 2030⁽¹⁾
- In the longer term, alternative for the pipeline would be to convert to transporting liquids from the prospective Cooper Basin oil fields

(1) Qenos may terminate this contract at any time by providing at least 12 months' notice provided termination cannot occur before 1 January 2019

Moomba Sydney Pipeline & Ethane Pipeline side-by-side



APA operates and maintains the Ethane Pipeline
- Quarry View Scraper Station



The proposed acquisition satisfies APA's investment criteria and delivers growth, security and value to APA securityholders

Benefits for EPX Securityholders

- Offer Price of \$1.88 per EPX Security PLUS retain 3.25 cents per security of declared distribution for the March 2016 quarter if eligible on the distribution record date
- Comparison to current trading prices:

Premium to:	Offer Price PLUS declared distribution	Offer Price only
Last closing price ⁽¹⁾	30.1%	27.9%
1 week VWAP ⁽²⁾	33.7%	31.5%
1 month VWAP	37.6%	35.3%

- Cash consideration provides certainty compared to the uncertainty of EPX's business and future distribution profile which is dependent on a single customer
- APA Group is best placed to offer full value to EPX
 - ownership and operation of transmission pipelines is APA's core business
- Unconditional offer with accelerated payment

(1) Last closing price of \$1.47 on 4 March 2016

(2) Based on the volume weighted average price of EPX Securities up to 4 March 2016, being the last trading day before the announcement of the Offer

The proposed acquisition provides EPX Securityholders with certainty and full value for their securities



For further information contact

Yoko Kosugi

Investor Relations, APA Group

Tel: +61 2 9693 0049

E-mail: yoko.kosugi@apa.com.au

or visit APA's website

www.apa.com.au

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