

ASX Announcement

15 October 2021

AusNet to engage with APA following Takeovers Panel final orders

AusNet Services Ltd (**AusNet** or the **Company**) announces that it proposes to engage with APA Group (**APA**) on its indicative, non-binding and conditional proposal to acquire, by way of scheme of arrangement, all of the issued shares in AusNet for a combination of \$1.82 cash and 0.0878 APA stapled securities per share (the **Current APA Proposal**).

This follows the decision and final orders announced by the Takeovers Panel (**Panel**) earlier today in response to the application previously submitted by APA. A copy of the Panel's media release, including the final orders, was released to the ASX earlier today.

The Panel orders provide that the no-talk restriction in the Confidentiality Deed previously entered into with Brookfield in respect of its indicative proposal of \$2.50 cash per AusNet share (the **Current Brookfield Proposal**) will be of no force and effect as of 5:00pm (Melbourne time) on Tuesday 19 October 2021 (unless the Confidentiality Deed is amended to include a fiduciary out to the no-talk restriction - AusNet has decided not to pursue such an amendment).

Following that time, AusNet is free to engage with APA in relation to the Current APA Proposal, which AusNet proposes to do with a view to granting APA access to due diligence subject to the parties signing a Confidentiality Deed. This is consistent with AusNet's announcement on 21 September 2021 that it would consider the Current APA Proposal and that AusNet could engage with APA at a future time.

The AusNet Board notes that the Current APA Proposal was announced on 21 September 2021, very shortly after announcement of the Current Brookfield Proposal on 20 September 2021. The Board considers that announcement of the Current Brookfield Proposal has enhanced competitive tension and facilitated the making of the Current APA Proposal, which represents a material increase from APA's original indicative cash and scrip proposal received on 1 September 2021, which was equivalent to \$2.32 per AusNet share based on APA's closing price of \$9.11 per security on 1 September 2021. In addition, the Current APA Proposal contains a much simpler structure to that presented in APA's original proposal. The Current APA Proposal has an implied value of \$2.58 per AusNet share based on APA's closing price of \$8.63 per security on 14 October 2021.

AusNet intends to continue providing Brookfield with due diligence access in parallel with any due diligence access granted to APA. The AusNet Board is committed to continuing to act in the best interests of all shareholders by facilitating competitive tension and working towards securing a binding proposal for shareholders to consider.

The Confidentiality Deed with Brookfield contains a provision (annexed to this announcement) which provides for AusNet to reimburse Brookfield's transaction costs, up to a A\$5 million cap, in certain circumstances. This cost reimbursement was, along with exclusivity, a key condition to Brookfield's willingness to proceed with the Current Brookfield Proposal. The AusNet Board considers that agreeing to this provision was necessary to secure the opportunity presented by the Current Brookfield Proposal and to initiate the competitive tension which has occurred as a result. This provision in the Confidentiality Deed, along with the previously disclosed no shop restriction and notification of approaches obligation, is unaffected by the Panel orders and remains in force.

The AusNet Board notes that there is no certainty that either Brookfield or APA will submit a binding proposal.

AusNet will continue to keep the market informed, in accordance with its continuous disclosure obligations. In the interim **shareholders do not need to take any action**.

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

Naomi Kelly

Company Secretary

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

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Annexure – Cost reimbursement provision from AusNet/Brookfield Confidentiality Deed

1 Cost reimbursement

- (a) [AusNet] must reimburse [Brookfield] for any actual out-of-pocket costs and expenses incurred by [Brookfield] or its Affiliates during the Exclusivity Period in considering and pursuing the Proposal, including any adviser fees (but excluding any internal management fees charged by [Brookfield]), up to an aggregate cap of A\$5 million (plus any applicable GST), if:
 - (i) [Brookfield] is continuing to diligently pursue the Permitted Purpose with [AusNet] in good faith and in a timely and reasonable manner, and [AusNet] ceases to diligently pursue a Proposal on terms consistent with the Indicative Proposal Letter with [Brookfield] in good faith and in a timely and reasonable manner (including, without limitation, as evidenced by breach of clause 2 [which relates to AusNet providing due diligence access to Brookfield], by failure to progress negotiations on documentation in a timely and reasonable manner, or by [AusNet] granting due diligence to a Third Party in respect of a Competing Proposal), for any reason, during the period commencing on the date of this Deed and ending 4 weeks after the end of the Exclusivity Period; or
 - (ii) provided that [Brookfield] is continuing, or was until receipt of a notice from [AusNet] under paragraph (b)(i) of the definition of 'Exclusivity Period' [to end the Exclusivity Period] continuing, to diligently pursue the Permitted Purpose with [AusNet] in good faith and in a timely and reasonable manner, [AusNet] at any time during the term of this Deed enters into, or commits or announces an intention to enter into, an agreement in relation to a Competing Proposal, or otherwise breaches clause 12 of this Deed [being the exclusivity provisions in the Confidentiality Deed].
- (b) The parties agree and acknowledge that:
 - (i) [Brookfield]'s rights under this clause 1 represent its sole remedy against [AusNet] under or in connection with the matters contemplated by this Deed and no further cause of action will be available against, and no damages, fees, expenses or reimbursements of any kind will be payable by, [AusNet] in connection with the matters contemplated by this Deed; and
 - (ii) no amount under clause 1(a) is payable, or if it has been paid must be repaid to [AusNet] as soon as possible, if a Scheme Implementation Deed is entered into.