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20 June 2022

ASX ANNOUNCEMENT

APA Infrastructure Limited (ASX: AP2)

APA Group enters binding agreement to sell Orbost Gas Processing Plant to Cooper Energy

Attached is an announcement made by APA Group (ASX: APA) which is provided for the information of APA Infrastructure Limited securityholders.

Authorised for release by Amanda Cheney
Company Secretary
APA Infrastructure Limited

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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, $21 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 and New South Wales with Queensland through our investments in electricity transmission assets. We are also one of the largest owners and operators of 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.

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20 June 2022

ASX ANNOUNCEMENT

APA Group (ASX: APA)

APA GROUP ENTERS BINDING AGREEMENT TO SELL ORBOST GAS PROCESSING PLANT TO COOPER ENERGY

Leading Australian energy infrastructure business APA Group (ASX: APA) today announced that it has entered into binding agreements with Cooper Energy Limited (ASX: COE) to acquire APA's Orbost Gas Processing Plant (OGPP) for between $270 million and $330 million via four instalments (Agreement).

The upfront payment to APA is $210 million followed by a series of deferred payments to APA as follows:

- A first post-completion payment of $40 million within 12 months of completion (being the date on which ownership of the OGPP transfers from APA to Cooper Energy)
- A second post-completion payment of between $20 million and $40 million within 24 months of completion
- A third post completion payment of up to $40 million within 36 months of completion.

The final amounts of the second and third post-completion payments are subject to post-completion plant performance and will be calculated at the point when APA ceases operating the OGPP.

The current book value of the OGPP is $236 million. It is expected the proceeds from the sale will exceed the current book value plus the remaining forecast capital expenditure of OGPP. Financial impacts of the sale for the year ending 30 June 2022 will be determined as part of APA's year-end processes.[1]

Proceeds will be used to support the funding of APA's organic growth pipeline and may also be used to repay debt where appropriate.

Completion of the transaction is expected to be late July 2022. The Agreement is conditional on completion of a minimum capital raising by Cooper Energy.[2] The Agreement includes agreed covenants, releases, warranties and indemnities.

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[1] The financial impact of the sale will reflect a combination of transaction costs, purchase price/accounting adjustments, and proceeds from the sale relative to the carrying value of the assets at completion of the transaction. The final financial impact of the sale will be determined over a number of future periods due to the variable and deferred components of the consideration.

[2] The Agreement may be terminated by either party if that capital raising does not complete within 60 calendar days after signing (or such later date as the parties agree). The Agreement also includes provisions for the transfer of material licences and contracts in connection with the OGPP.

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APA acquired the OGPP on 1 November 2017 and commenced commissioning operations in March 2020. Under APA's management, the plant's operation and processing capacity has steadily improved and has averaged 55.7 TJ/day in May 2022 with a maximum rate of 66 TJ/day achieved.

"We have been very pleased with the recent performance of the plant and the exceptional work done by the APA team who have worked tirelessly to achieve ongoing performance improvements," APA CEO and Managing Director Rob Wheals said.

APA will continue to operate the plant following the completion of the sale until the plant's Major Hazard Facility Licence (MHFL) is transferred to Cooper Energy. This is expected to take up to 12 months. If the process cannot be achieved within 15 months after completion of the Agreement, either APA or Cooper Energy may seek the cancellation of the MHFL, allowing Cooper Energy to pursue alternative options for operating the OGPP.

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Company Secretary
APA Group Limited

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