



ASX RELEASE

16 December 2011

Completion of the sale of 80 per cent of Allgas

APA Group (ASX:APA), Australia's largest natural gas infrastructure business, announced that it has completed the sale of 80 per cent of its gas distribution network in south east Queensland (Allgas) for \$477 million after transaction costs. The transaction was announced on 14 December 2011.

APA has sold Allgas into an APA minority-owned unlisted investment vehicle, with APA maintaining a 20 per cent equity interest, and equity partners Marubeni Corporation and RREEF, each holding a 40 per cent interest. APA remains as asset manager and operator of the network under a 10-year asset management agreement, with two 5-year extension options.

APA Managing Director Mick McCormack said: "We acquired Allgas in 2006 and have built a solid and growing gas distribution business over the years. We are not surprised that the secure revenue generated by this regulated gas business has attracted excellent long term equity investment partners in Marubeni and RREEF, as well as being supported by a leading group of banks."

The net enterprise value (after transaction costs) of the new investment vehicle is \$526 million, with equity contributions totalling \$247 million and a new three and five-year, non-recourse project debt facility of \$310 million.

The net funds released from the sale of \$477 million have been used to repay current APA debt and provide further headroom to support its growth strategy. As a result of the transaction APA's gearing is expected to reduce from 66.2% at 30 June 2011 to approximately 63%.

The value achieved after transaction costs is in line with APA's book value. On a pro-forma basis, the sale of the assets represents a FY11 EBITDA multiple of approximately 15 times.

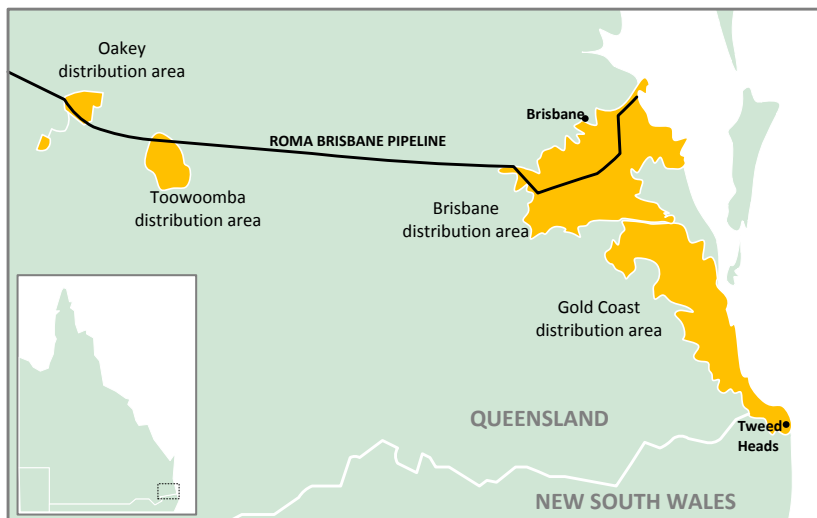
Mr McCormack said: "This transaction also demonstrates the value our co-investors continue to see in our industry skills and transparent operating model, which we apply across our assets and investments for the benefit of APA and its investment partners."



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Allgas gas distribution network, Queensland



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About APA Group (APA)

APA is Australia's largest natural gas infrastructure business, owning and/or operating more than \$8 billion of gas transmission and distribution assets. Its pipelines and assets span every state and territory on mainland Australia, delivering 50% of the nation's gas usage. Unique amongst its peers, APA has direct management and operational control over its assets and the majority of its investments. APA also holds minority interests in energy infrastructure enterprises including Envestra, SEA Gas Pipeline, Hastings Diversified Utilities Fund and Energy Infrastructure Investments.

For more information visit APA's website, www.apa.com.au