

ASX Announcement

20 September 2021

AusNet receives indicative, non-binding and conditional proposal and will grant due diligence

AusNet Services Ltd (**AusNet**) announces that it has received an unsolicited, indicative, non-binding and conditional proposal from the infrastructure affiliate of Brookfield Asset Management (together with its affiliates and related managed vehicles, collectively, **Brookfield**) to acquire, by way of scheme of arrangement, all of the issued shares in AusNet at an indicative price of \$2.50 cash per share¹ (the **Indicative Proposal**), to be reduced to the extent that AusNet pays or declares a dividend to its shareholders prior to the implementation of the proposed transaction. The proposal was made on behalf of an open-ended infrastructure fund managed by Brookfield.

The Indicative Proposal follows the receipt of an indicative, non-binding and conditional proposal from Brookfield on 30 August 2021 at an indicative price of \$2.35¹ cash and a subsequent revised proposal at an indicative price of \$2.45¹ cash per AusNet share.

The indicative offer price of \$2.50¹ cash per share represents a premium of:

- 26% to AusNet's closing price on 17 September 2021 of \$1.98;
- 28% to the 30 day volume weighted average price of AusNet shares prior to 17 September 2021 of \$1.95; and
- 35% to the 90 day volume weighted average price of AusNet shares prior to 17 September 2021 of \$1.85

The Indicative Proposal is subject to several conditions, including due diligence, FIRB approval, unanimous support and recommendation by the Board of AusNet, and execution of a scheme implementation deed.

Following careful consideration, and consultation with its advisers, the Board of AusNet considers that it is in the best interests of AusNet's shareholders to engage further with Brookfield on the Indicative Proposal. Accordingly, AusNet has decided to provide Brookfield with the opportunity to conduct due diligence on an exclusive basis to enable it to put forward a binding offer. To this end, AusNet and Brookfield have entered into a confidentiality deed which provides for Brookfield to conduct due diligence and for the parties to negotiate a scheme implementation deed on an exclusive basis. Either party may terminate the exclusivity arrangements by giving the other 7 days' written notice. No such notice may be given earlier than 7 weeks from today.

Should Brookfield make a binding offer at \$2.50¹ per share then, subject to the parties entering into a binding scheme implementation deed on terms and conditions acceptable to AusNet, it is the AusNet Board's current intention to unanimously recommend that shareholders vote in favour of the proposal in the absence of a superior proposal and subject to an independent expert concluding that the

¹ Brookfield has indicated that this price is based on fully diluted shares on issue of 3,833,021,032, and that if the number of shares or other securities on issue, or otherwise needing to be acquired or cancelled, varies from this, it may need to recalculate the price, as it has arrived at this per share price based on a price for the overall business, spread across the shares, on the assumption noted above.

proposed transaction is in the best interests of AusNet shareholders. AusNet has conveyed the terms of the proposal to the two major shareholders, Singapore Power and State Grid.

The Board of AusNet notes that there is no certainty that the 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 has strong stand-alone growth prospects that it is well positioned to pursue. As the owner and operator of 100% of its assets, AusNet has a diversified portfolio with a regulated and contracted asset base of over \$11bn. As the incumbent primary Victorian Transmission network owner, AusNet is uniquely positioned for growth as the energy transition accelerates driven by decarbonisation.

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 Indicative Proposal received from Brookfield.

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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