

ASX ANNOUNCEMENT

10 September 2019

**COMPETING PROPOSAL FROM OPTRUST AND ICG CONSORTIUM
FOR \$1.085 PER SHARE IN CASH
QIC MATCHING RIGHT PROCESS COMMENCED**

- **Competing Proposal of \$1.085 cash per share via scheme of arrangement received from a consortium comprising funds managed or advised by OPTrust and Infrastructure Capital Group (comprising \$1.07 per share scheme consideration and \$0.015 per share Final Dividend)**
 - **Represents an 11.3% premium to the \$0.975 total cash value per share under the Scheme Implementation Deed with QIC ("QIC SID") (comprising \$0.96 per share Scheme Consideration and \$0.015 per share Final Dividend)**
 - **The Competing Proposal values Pacific Energy equity at \$470 million and an implied enterprise value of \$535 million¹**
 - **The Competing Proposal is subject to limited conditions and is not subject to financing or due diligence conditions. The Competing Proposal has today received the required approval of Australia's Foreign Investment Review Board ("FIRB")**
 - **The Pacific Energy Board considers that the value proposition outlined in the OPTrust/ICG Consortium Competing Proposal relative to the QIC Scheme is sufficient to enable the Pacific Energy Board to determine that the Competing Proposal is a Target Superior Proposal (as defined in the QIC SID)**
 - **The Pacific Energy Board has notified QIC and commenced the matching right process. QIC has the right to submit a matching proposal for the Pacific Energy Board to consider at any time during the next 4 business days**
 - **In accordance with the process outlined in the QIC SID, the formal recommendation of Pacific Energy Directors does not change, if at all, until the completion of the matching right process. In the meantime, the Pacific Energy Board continues to recommend the QIC Scheme as announced on 24 July 2019**
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¹ Enterprise value derived from \$1.085 per share multiplied by 433.5 million fully diluted shares on issue (comprised of 430.1 million ordinary shares and 3.4 million implied net new shares from the exercise of share options and performance rights estimated using treasury stock method) and includes Pacific Energy net debt of \$65.1 million as at 30 June 2019

Overview

On 24 July 2019, Pacific Energy Limited (“**Pacific Energy**”) announced that it had entered into a Scheme Implementation Deed with QGIF Swan Bidco Pty Ltd, a subsidiary of funds managed or advised by QIC Private Capital Pty Ltd (“**QIC**”), to acquire Pacific Energy by way of a Scheme of Arrangement (the “**QIC Scheme**”). The QIC Scheme valued Pacific Energy at \$0.975 per share and all of the equity in Pacific Energy at \$422 million implying an enterprise value of \$487 million.

On 9 September, Pacific Energy received a proposal (“**Competing Proposal**”) from OPTrust Private Markets Group (“**OPTrust PMG**”), a division of OPSEU Pension Plan Trust Fund (“**OPTrust**”) and a fund managed by Infrastructure Capital Group (“**ICG**”) (together, the “**OPTrust/ICG Consortium**”) for the acquisition of all of the issued capital in Pacific Energy for a total cash value of \$1.085 per share in cash, by way of a scheme of arrangement (“**OPTrust/ICG Consortium Scheme**”). The Competing Proposal values Pacific Energy equity at \$470 million and an implied enterprise value of \$535 million.

The Pacific Energy Board considers the value premium of the Competing Proposal relative to the value of the QIC Scheme is sufficient to enable the Pacific Energy Board to notify QIC and commence the matching right process. Pacific Energy has notified QIC of the receipt of the Competing Proposal and QIC now has the right, but not the obligation, to submit a counter proposal for the Pacific Energy Board to consider at any time during the next 4 business days.

OPTrust/ICG Consortium Offer Price

Under the Competing Proposal, Pacific Energy shareholders will receive \$1.085 per share in cash, comprising \$1.07 per share to be paid by the OPTrust/ICG Consortium and a final \$0.015 per share fully-franked dividend to be paid by Pacific Energy for those Pacific Energy Shareholders who are on the Pacific Energy share register on the final dividend record date of 19 September 2019 (“**Final Dividend**”). In total this represents an 11.3% premium to the \$0.975 current total cash value of the QIC Scheme.

Under the Competing Proposal, and consistent with the Company’s announcement on 6 September 2019, Pacific Energy may pay a special dividend (“**Special Dividend**”) on or shortly before the implementation date of the OPTrust/ICG Consortium Scheme of \$0.065 per share. The total cash payments of \$1.085 per share will be reduced by the amount of the Final Dividend and the amount of any Special Dividend so that the total cash to be received by Pacific Energy Shareholders who receive both the Final Dividend and the Special Dividend and continue to hold their shares until the OPTrust/ICG Consortium Scheme record date will equal \$1.085 per share.

OPTrust/ICG Consortium Scheme Implementation Deed

Pacific Energy has held discussions with the OPTrust/ICG Consortium in relation to a scheme implementation deed (“**OPTrust/ICG Consortium SID**”). The conditions to the OPTrust/ICG Consortium SID are customary for a transaction such as this and the OPTrust/ICG Consortium SID is not subject to financing or due diligence conditions. The OPTrust/ICG Consortium has confirmed that it has today received approval from FIRB and so the FIRB condition in the OPTrust/ICG Consortium SID is deemed to be satisfied.

The OPTrust/ICG Consortium has obtained a binding debt commitment letter, and binding equity commitment letters, that in aggregate represent sufficient funding to pay the maximum amount of cash payable to Pacific Energy shareholders under the OPTrust/ICG Consortium Scheme.

The OPTrust/ICG Consortium has executed a copy of the OPTrust/ICG Consortium SID which is held in escrow for Pacific Energy to execute until 12 noon (WST) on Tuesday 17 September 2019. The OPTrust/ICG Consortium has advised Pacific Energy that if the OPTrust/ICG Consortium and Pacific Energy do not enter into the OPTrust/ICG Consortium SID by 12 noon (WST) on Tuesday 17 September 2019, the Competing Proposal will be withdrawn and will no longer be capable of acceptance.

OPTrust/ICG Consortium Break Fee

Pacific Energy has entered into a deed with the OPTrust/ICG Consortium pursuant to which, subject to certain qualifications, the OPTrust/ICG Consortium will become entitled to receive a break fee of \$2.5m from Pacific Energy in the event Pacific Energy does not enter into the OPTrust/ICG Consortium SID by 12 noon (WST) on Tuesday 17 September 2019.

Next Steps

QIC is aware of the details of the OPTrust/ICG Consortium Competing Proposal. Should QIC submit a matching proposal, the Pacific Energy Board will give that proposal due consideration.

Pacific Energy Board Recommendation and Shareholder Support

In accordance with the process outlined in the QIC SID, the formal recommendation of Pacific Energy Directors will not change, if at all, until the completion of the matching right process. In the meantime, the Pacific Energy Board continues to recommend the QIC Scheme as announced on 24 July 2019.

If there are changes to the Pacific Energy Board's recommendation during or after the completion of the matching right process, Pacific Energy will provide full details to the market of the basis for its recommendation. This is expected to occur on or around 17 September 2019.

Mr Kenneth Hall has confirmed that he maintains his intention to vote in favour of the QIC Scheme in respect of the 48.7% of Pacific Energy shares currently held or controlled by him. However, if QIC does not exercise its matching right by submitting a counter proposal that the Board determines to recommend, then subject to the Independent Expert concluding that the OPTrust/ICG Consortium Scheme is in the best interests of Pacific Energy shareholders and in the absence of a superior proposal, Mr Hall has confirmed his intention to vote such shares in favour of the OPTrust/ICG Consortium Scheme.

General / Investor / Media Enquiries

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About Pacific Energy

Pacific Energy is an ASX listed (ASX: PEA) power generation project developer and owner. Headquartered in Perth, Western Australia, Pacific Energy is focused on the development, ownership and maintenance of mine site and renewable energy power stations.

Kalgoorlie Power Systems, a wholly owned subsidiary of Pacific Energy Limited, is a leading provider of power generation infrastructure to the mining and resources sector in Australia. The business operates a build, own, maintain execution model with approximately 277MW of contracted capacity at 23 mine site locations across Australia.

Contract Power, a wholly owned subsidiary of Pacific Energy Limited, is a specialist provider to the remote power generation sector, with over 25 years' experience in the Australian build, own, operate ("BOO") market as well as in the EPC market, having completed projects in Australia, Africa and Asia.

Pacific Energy Victorian Hydro, a wholly owned subsidiary of Pacific Energy Limited, owns and operates 6MW of hydro power generation capacity located approximately 70 kilometres east of Melbourne, Victoria. The company's hydro assets commenced operation in 1992 and comprise two separate power stations located at the Cardinia Reservoir and Blue Rock Dam.

NovaPower, a wholly owned subsidiary of Pacific Energy Limited, owns and operates the 10MW Nova gas-fired power generation plant in Traralgon, Victoria. Nova is a high-efficiency/low emissions gas-fired power station which generates in quick response to electricity demand in peak periods.