PRODUCT DISCLOSURE STATEMENT
RENOUCNEABLE RIGHTS ISSUE

2 New Units for every 7 Existing Units at $3.75 per New Unit to raise approximately $356 million
The Rights Issue closes at 5.00 pm (Sydney time) on Monday, 11 December 2006

Lead Manager and Underwriter
PRODUCT DISCLOSURE STATEMENT

IMPORTANT INFORMATION

PRODUCT DISCLOSURE STATEMENT

This document is a product disclosure statement within the meaning of section 761A of the Corporations Act for the purposes of Chapter 7 of the Corporations Act.

This Product Disclosure Statement (PDS) contains an offer to subscribe for new units in Australian Pipeline Trust ARSN 091 678 778 (APA) under a renounceable rights issue (Rights Issue). Each New Unit will be issued by Australian Pipeline Limited ABN 99 091 344 704 AFSL 239 927 (APL) in its capacity as responsible entity of APA.

This PDS also relates to the issue of units (APTIT Units) in the APT Investment Trust ARSN 115 585 441 (APTIT) by APL in its capacity as responsible entity of APTIT and sets out details of the rights and liabilities attaching to such APTIT Units.

This PDS does not constitute an offer or invitation to subscribe for APTIT Units. It has been prepared in accordance with Part 7.9 of the Corporations Act so as to enable APL to issue APTIT Units and to staple those APTIT Units to APA Units on issue at the time of issue of the APTIT Units (including APA Units issued under the Rights Issue or the DRP) as approved by the general meeting of Unitholders on 20 October 2004 (Stapling Issue).

An application for APTIT Units will be made by APL as agent and attorney for each Unitholder. No other applications for APTIT Units will be accepted by APL under or in connection with this PDS.

INVESTMENT DECISIONS

The information provided in this PDS is not investment advice and has been prepared without taking into account your individual investment objectives, financial circumstances or particular needs. You should read the whole PDS and seek independent financial and taxation advice from your financial or other professional advisers before deciding whether to apply for New Units under the Rights Issue.

DATE OF THIS PDS

This PDS is dated 16 November 2006. A copy of this PDS was lodged with the Australian Securities and Investments Commission (ASIC) on that date. Neither ASIC nor the Australian Stock Exchange Limited (ASX) nor any of their respective officers or employees takes any responsibility for the contents of this PDS. A reference in this PDS to time is a reference to Sydney time.

NO REPRESENTATIONS OTHER THAN AS SET OUT IN THIS PDS

No person is authorised to give any information or to make any representation in connection with the Rights Issue or the Stapling Issue which is not contained in this PDS. Any information or representation that is not in this PDS may not be relied on as having been authorised by APL in connection with the Rights Issue or Stapling Issue.

NO COOLING-OFF RIGHTS APPLY TO THE RIGHTS ISSUE

Cooling off rights do not apply to an investment pursuant to the Rights Issue. This means that in most circumstances, you cannot withdraw your Entitlement and Acceptance Form once it has been lodged. No cooling-off rights apply to the Stapling Issue.

OFFERING RESTRICTIONS

This PDS has been prepared to comply with the requirements of the laws of Australia. The Rights Issue is not being extended to any person whose registered address is outside of Australia or New Zealand. No offer is being made in relation to the Stapling Issue and APTIT Units will be issued to all Unitholders on the APA register at 5.00 pm (Sydney time) on the Stapling Record Date.

The distribution of this PDS in jurisdictions outside of Australia or New Zealand may be restricted by law and persons who come into possession of this PDS should seek their own advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, the New Units have not been and will not be registered under the United States Securities Act of 1933, as amended (US Securities Act) or the securities laws of any state of the United States of America (United States) and may not be offered or sold in the United States or to or for the account or benefit of US Persons except in transactions exempt from the registration requirements of the US Securities Act.

APPLYING FOR NEW UNITS

Eligible Unitholders will only be entitled to exercise their Rights and apply for New Units to which they are entitled by completing and lodging their Entitlement and Acceptance Form together with payment of Application Monies. The number of New Units to which you are entitled is shown on the Entitlement and Acceptance Form.

Applications for New Units by Eligible Unitholders under this PDS must be lodged by no later than 5.00 pm (Sydney time) on 11 December 2006 (subject to change). You do not need to apply for APTIT Units. These will be issued and stapled to APA Units as described in this PDS.

PDS AVAILABILITY

A free paper copy of this PDS is available during the Issue Period by calling the APA Information Line on (02) 8280 7132 from within Australia or +61 2 8280 7132 from outside Australia. An electronic version of this PDS is available on APAs website at www.pipelinetrust.com.au. The electronic version of this PDS is only available online to persons resident in Australia and New Zealand. Persons who access the electronic version of this PDS must ensure that they download and read the entire PDS.

FUTURE PERFORMANCE

Except as required by law and only then to the extent so required, neither APL nor any other person warrants future performance of APA or any return on any investment made pursuant to this PDS.

ENQUIRIES

If you have any questions in relation to the Rights Issue or Stapling Issue, please contact your financial or other professional advisers. If you have questions in relation to how to complete the Entitlement and Acceptance Form, please call the APA Information Line on (02) 8280 7132 from within Australia or +61 2 8280 7132 from outside Australia.

PHOTOGRAPHS AND DIAGRAMS

Some of the assets depicted in photographs and diagrams in this PDS may not be assets of APA or products or services sold by APA. Diagrams in this PDS are illustrative only and may not be drawn to scale.

DEFINITION OF TERMS

Definitions of certain terms used in this PDS appear in the Glossary.

UPDATED INFORMATION

Information about the Rights Issue or Stapling Issue may need to be updated by APL. Any updated information about the Rights Issue or Stapling Issue which is not materially adverse to investors will be made available at www.pipelinetrust.com.au. APL will provide a copy of the updated information free of charge to any person who requests a copy during the Issue Period, by calling the APA Information Line on (02) 8280 7132 from within Australia or +61 2 8280 7132 from outside Australia. Where updated information about the Rights Issue or Stapling Issue is materially adverse to investors, APL will issue a supplementary PDS in accordance with its obligations under the Corporations Act.
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KEY DETAILS AND DATES

KEY RIGHTS ISSUE STATISTICS

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Existing Units on issue</td>
<td>Approximately 332.1 million</td>
</tr>
<tr>
<td>Rights Issue ratio</td>
<td>2 for 7</td>
</tr>
<tr>
<td>New Units available under Rights Issue</td>
<td>Approximately 94.9 million</td>
</tr>
<tr>
<td>Issue Price</td>
<td>$3.75 per New Unit</td>
</tr>
<tr>
<td>Rights Issue proceeds</td>
<td>Approximately $356 million</td>
</tr>
<tr>
<td>APA Units on issue following Rights Issue (excluding APA Units issued under the DRP)</td>
<td>Approximately 427.0 million</td>
</tr>
</tbody>
</table>

KEY RIGHTS ISSUE DATES

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lodgement of PDS with ASIC</td>
<td>16 November 2006</td>
</tr>
<tr>
<td>Existing Units quoted ex-Rights and Rights trading commences</td>
<td>20 November 2006</td>
</tr>
<tr>
<td>Rights Issue Record Date for entitlements under Rights Issue</td>
<td>5.00 pm (Sydney time), 24 November 2006</td>
</tr>
<tr>
<td>Rights Issue opens</td>
<td>27 November 2006</td>
</tr>
<tr>
<td>Rights trading ends</td>
<td>4.00 pm (Sydney time), 4 December 2006</td>
</tr>
<tr>
<td>Deferred settlement trading of New Units commences</td>
<td>5 December 2006</td>
</tr>
<tr>
<td>Closing time and date for renunciations, acceptances and payment in full</td>
<td>5.00 pm (Sydney time), 11 December 2006</td>
</tr>
<tr>
<td>Allotment of New Units</td>
<td>18 December 2006</td>
</tr>
<tr>
<td>Despatch of Unitholder statements for New Units</td>
<td>19 December 2006</td>
</tr>
<tr>
<td>Deferred settlement trading of New Units ends</td>
<td>19 December 2006</td>
</tr>
<tr>
<td>Normal trading commences for New Units</td>
<td>20 December 2006</td>
</tr>
</tbody>
</table>

KEY STAPLING DATES

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
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<tbody>
<tr>
<td>Last day for trading in APA Units</td>
<td>22 December 2006</td>
</tr>
<tr>
<td>Commencement of trading in Stapled Securities on a deferred settlement basis</td>
<td>27 December 2006</td>
</tr>
<tr>
<td>Stapling Record Date</td>
<td>3 January 2007</td>
</tr>
<tr>
<td>Issue of APTIT Units and Stapling</td>
<td>4 January 2007</td>
</tr>
<tr>
<td>Despatch of Stapled Security holding statements</td>
<td>5 January 2007</td>
</tr>
<tr>
<td>Deferred settlement trading of Stapled Securities ends</td>
<td>5 January 2007</td>
</tr>
<tr>
<td>Normal trading commences for Stapled Units</td>
<td>8 January 2007</td>
</tr>
</tbody>
</table>

Note: These dates are indicative only and subject to change. APL, in consultation with the Underwriter and subject to the Corporations Act, the ASX Listing Rules and other applicable laws, has the right to vary the dates of the Rights Issue, including to extend the Rights Issue or accept early or late Entitlement and Acceptance Forms, either generally or in particular cases, without notifying you. APL, subject to the Corporations Act, the ASX Listing Rules and other applicable laws, also has the right to vary the dates associated with Stapling, either generally or in particular cases, without notifying you.

You are encouraged to submit your Entitlement and Acceptance Form as soon as possible. The commencement of quotation of New Units and Stapled Securities is subject to confirmation from ASX.
READ

Read this PDS in full, including:
- Important Information (located on the inside of the front cover);
- Section 1: Details of the Rights Issue;
- Section 2: Answers to Key Questions;
- Section 5: Establishment of APTIT and Stapling Procedures; and
- Section 8: Risk Factors.

RIGHTS ISSUE

Consider and Consult

Consider all risks and other information contained in this PDS in light of your particular investment objectives and circumstances. Consult with your financial or other professional advisers if you are uncertain.

Decide and Complete

If you have decided to exercise all or some your Rights and acquire New Units, complete the Entitlement and Acceptance Form and lodge the form together with your Application Monies with the Registry by 5.00 pm (Sydney time) on Monday, 11 December 2006.

If you have decided to transfer all or some of your Rights, you should contact your stockbroker. Closing of Rights trading on ASX occurs on Monday, 4 December 2006.

If you do nothing, your Rights will lapse.

Further information on how to exercise or transfer your Rights is set out in Section 3.

For answers to any further questions you may have, please call the APA Information Line on (02) 8280 7132 from within Australia or +61 2 8280 7132 from outside Australia.

STAPLING

Do Nothing

You do not need to do anything to be issued APTIT Units.

All Unitholders on the register at 5.00 pm (Sydney time) on the Stapling Record Date will be issued one APTIT Unit for each APA Unit (including any New Units issued pursuant to the Rights Issue and any APA Units issued under the DRP) they own on that date. An application for APTIT Units will be made by APL as attorney and agent for each Unitholder. All APTIT Units issued to Unitholders will be stapled to APA Units on a one for one basis to form Stapled Securities.

Your unitholding details will be updated automatically in a Stapled Security register upon issue of the APTIT Units.
LETTER FROM THE CHAIRMAN

16 November 2006

Dear Unitholders,

On behalf of the directors of Australian Pipeline Limited (APL) (in its capacity as responsible entity of Australian Pipeline Trust (APA)), I am pleased to invite you to participate in a renounceable Rights Issue to raise approximately $356 million for APA. The proceeds of the Rights Issue will be used to reduce gearing and provide APA with additional flexibility and financial capacity to fund future acquisitions and development opportunities and to pay the expenses of the Rights Issue.

APL is focused on growing Unitholder distributions by at least CPI annually, using a combination of skilful asset management and appropriate asset acquisitions. To this end, APA has recently acquired the Allgas gas distribution network in Queensland and has now almost completed the acquisition of all stapled securities in GasNet.

GasNet’s Victorian gas transmission business complements APA’s New South Wales gas transmission businesses and the Board considers it will augment APA’s competitive position on the eastern seaboard. Together with our recently announced participation in the FEED study for a new pipeline linking the gas fields in Queensland to the Moomba gas hub, APL believes the acquisition of GasNet will enhance our ability to provide seamless transportation services for the delivery of gas across Queensland, NSW, Victoria and the ACT. APL expects a number of benefits from its acquisition of Allgas, which currently services one of the highest economic and population growth regions in Australia (from Brisbane to northern NSW including the south coast region of Queensland). Similarly, APL believes GasNet’s Telfer Pipeline in Western Australia further enhances our already strong business in Western Australia.

On 16 November 2006, the Board announced an unfranked first interim distribution of 7.0 cents per APA Unit payable on 18 December 2006. Based on current expectations for the full year results for FY2007, APL expects to declare a 28.0 cent distribution per Stapled Security for FY2007 on the expanded issued capital base. This represents an increase of 16.7% on the 24.0 cent distribution per APA Unit for FY2006 and significantly exceeds APA’s objective to grow Unitholder distributions annually by at least CPI. The New Units will not participate in this distribution.

Unitholders at 5.00 pm (Sydney time) on 24 November 2006 with an address in Australia or New Zealand (Eligible Unitholders), will have the right to acquire 2 New Units for every 7 Existing Units, at an Issue Price of $3.75 per New Unit, which is a 18.1% discount to the last trading price on ASX on 15 November 2006. Your entitlement to New Units is set out in the Entitlement and Acceptance Form. If you do not wish to exercise your Rights to acquire some or all of these New Units, the Directors recommend that you consider transferring some or all of your Rights prior to 4.00 pm (Sydney time) on 4 December 2006, rather than allowing them to lapse.

For an outline of the procedure that you should follow to exercise your Rights and acquire New Units or to transfer your Rights, please read Section 3 “Actions Required for the Rights Issue”.

If you decide to apply for New Units, the closing time and date for acceptances and payment is 5.00 pm (Sydney time) on 11 December 2006.

Petronas Australia Pty Limited, which owns approximately 13.2% of the issued capital of APA, intends to exercise its Rights and acquire all New Units to which it is entitled under the Rights Issue. The balance of the Rights Issue is underwritten by ABN AMRO Rothschild.

To complement APL’s ongoing investment strategy, APL has created APT Investment Trust (APTIT) to act as a “pass through” trust for tax purposes and increase flexibility in paying distributions. APL intends to issue APTIT Units to all Unitholders on the APA register on 3 January 2007 and to staple those APTIT Units to APA Units. The resulting Stapled Securities will be quoted on ASX.

Section 5 sets out how we propose to give effect to the stapling process that was considered and approved at the general meeting of Unitholders held on 20 October 2004. No action is required by you in relation to the issue of APTIT Units or the Stapling.

The Directors urge you to carefully read this PDS including the risks associated with investing in New Units set out in Section 8 and the description of the Stapling in Section 5, in conjunction with publicly available information relating to APA, before deciding whether to apply for New Units.

If you have any questions in respect of the Rights Issue or Stapling, please call the APA Information Line on (02) 8280 7132 from within Australia or +61 2 8280 7132 from outside Australia.

On behalf of the Directors, I commend the Rights Issue to you.

Yours faithfully,

George Bennett
Chairman
Over the last five Financial Years, APA has had strong organic growth in revenue that has been complemented by strategic acquisitions and development of gas pipelines and complementary assets. APA’s solid operating cash flow has supported increased distributions to Unitholders. This is illustrated in the following charts.

* Significant items relate to items that are non-recurring or are not reflective of normal business operations of APA

**Note:** Total Unitholder Returns includes returns to Unitholders from both changes in APA’s unit price and distributions paid (excluding franking credits) which are assumed to be reinvested in APA Units at the unit price at the time.

Investors should be aware that past performance is not necessarily a guide to future performance and that the above data should not be treated as a forecast of future performance or expected returns of APA.
**APA HIGHLIGHTS AND KEY RISKS**

**FY2005**
**DISTRIBUTION PER APA UNIT OF 22.5 CENTS**

**FY2006**
**DISTRIBUTION PER APA UNIT OF 24.0 CENTS**

**FY2007**
**DISTRIBUTION PER APA STAPLED SECURITY EXPECTED TO GROW 16.7% TO 28.0 CENTS**

**ABOUT APA**
APA is one of Australia’s largest gas transmission businesses and also owns complementary assets including gas distribution and electricity transmission assets.

**KEY OPERATING HIGHLIGHTS FOR FY2006**
- APA achieved a 4.4% increase in pipeline transportation revenue and a 12% increase in EBITDA on the previous Financial Year
- These results included a three month revenue contribution from Murraylink and the Kogan North gas processing facility
- APA reduced operating costs as a percentage of revenue, primarily through the integration of APA’s Western Australian gas business and a reduction in charges payable to service providers
- APA committed to build the Bonaparte Gas Pipeline in the Northern Territory, which is scheduled to operate from January 2009
- APA executed an agreement to build, own and operate the Daandine power station, using coal seam gas from fields adjacent to APA’s Roma to Brisbane Pipeline

**GAS TRANSMISSION**
APA has interests in over 10,000 km of gas transmission pipelines in all mainland states and territories of Australia, including the recently acquired GasNet pipelines
These pipelines transport approximately 40% of the natural gas consumed in Australia

**GAS DISTRIBUTION**
APA acquired the Allgas gas distribution network in November 2006
This network comprises over 2,300 km of gas distribution mains and serves over 64,000 customers in south east Queensland and northern New South Wales

**ELECTRICITY TRANSMISSION**
APA acquired Murraylink in March 2006
Murraylink is a 180 km high voltage electricity transmission interconnector between South Australia and Victoria

**COMPLEMENTARY ASSETS**
Other assets of APA include:
- Kogan North gas processing facility in Queensland; and
- Mondarra gas storage facility in Western Australia
There are risks inherent in all forms of investment. In addition to the risks associated with any stock market investment which are detailed in Section 8.1, there are risks which are specific to an investment in APA, which arise out of the businesses carried on by APA and the sectors in which it operates.

The following is a list of the principal APA specific risks. This list is not exhaustive and is not a substitute for a careful reading of Section 8 which describes both these risks and the more general risks of investing in APA in more detail.

**Asset Integrity Risk** is physical risk faced by gas transmission pipelines and gas distribution systems. This risk is addressed in more detail in Section 8.2.1.

**Bypass Risk** arises when competitors replicate portions of pipelines or electricity transmission systems rather than purchasing transportation services on an existing transmission asset. This risk is faced by all transmission assets. It is most relevant to APA in regard to gas transmission pipelines and is described in more detail in Section 8.2.2.

**Competition Risk** arises because some of APA’s assets are affected by the existence of competing assets owned and operated by other parties. APA’s assets may be affected in the future by the development of new competing assets or by the expansion of existing competing assets. This risk is addressed in more detail in Section 8.2.3.

**Construction Risk** arises in the construction phase of projects and includes the failure to obtain necessary approvals, higher than budgeted construction costs and project delays. For more information, see Section 8.2.4.

**Gas Demand Risk** is a function of end user demand which in turn is dependent on a number of variables including weather and population growth. This risk is dealt with in more detail in Section 8.2.5.

**Gas Supply Risk** is the adverse effect a shortage in the availability of competitively priced gas could have on APA’s revenue. For more information, see Section 8.2.6.

**Gas Transportation Deed Risk** is that a revenue reduction under an agreement with AGL Energy will not be replaced. Details are contained in Section 8.2.7.

**Operational Risk** includes equipment failures or breakdowns, information technology systems failures or breakdowns, contractor default, unplanned interruptions, damage by third parties and unforeseen accidents. These are dealt with more fully in Section 8.2.8.

**Regulatory Risk** is the risk inherent in operating in a regulated environment including pricing. Details of this risk are in Section 8.2.9.

**Risks associated with Alinta’s investment in APA** are varied. Sections 4.9 and 8.3 more fully explain these risks.
This page has been left blank intentionally.
1.1 THE RIGHTS ISSUE

APL is offering for subscription, by way of a renounceable Rights Issue, approximately 94.9 million New Units at an Issue Price of $3.75 for each New Unit. The Issue Price is payable by Applicants in full on exercising their Rights and subscribing for New Units.

All Unitholders with a registered address in Australia or New Zealand as at 5.00 pm (Sydney time) on 24 November 2006, will have a right to 2 New Units for every 7 Existing Units.

The number of New Units to which you are entitled (that is, the number of Rights you have) is shown on the Entitlement and Acceptance Form. Fractional entitlements to New Units are rounded up to the nearest whole number of New Units.

The Rights are renounceable. This provides Eligible Unitholders who do not wish to exercise some or all of their Rights with an opportunity to transfer those Rights. See Sections 3.3, 3.4 and 3.5.

APL will accept applications for New Units until 5.00 pm (Sydney time) on 11 December 2006, or any other date APL, in consultation with the Underwriter, determines (subject to the requirements of the Corporations Act, the ASX Listing Rules and other applicable laws).

1.2 PURPOSE OF THE RIGHTS ISSUE

APL expects to raise approximately $356 million through the Rights Issue.

The proceeds will be used to reduce gearing and provide APA with additional flexibility and financial capacity to fund future acquisitions and development opportunities and to pay the expenses of the Rights Issue. See Section 11.10 for more details of the expenses of the Rights Issue.

1.3 RANKING OF NEW UNITS

The New Units will be issued fully paid and will rank equally with all other APA Units on issue from their issue date. As the New Units will be issued after the record date for the unfranked 7.0 cent distribution for the three months to 30 September 2006, the New Units will not participate in that distribution.

Details of the rights attaching to New Units are set out in Section 11.4.

1.4 ALLOTMENT OF NEW UNITS

New Units under the Rights Issue are expected to be allotted on 18 December 2006.
1.5 ASX QUOTATION

APL will apply to ASX within seven days of the date of this PDS for the official quotation of the New Units. Subject to approval being granted, quotation of the New Units is expected to commence within five business days after their date of issue. APL currently expects New Units to commence trading on ASX on a deferred settlement basis on 5 December 2006 and normal settlement basis on 20 December 2006.

1.6 PARTICIPATION OF MAJOR UNITHOLDERS AND UNDERWRITING

Petronas owns approximately 13.2% of the issued capital of APA. Petronas has undertaken to apply for all New Units to which it is entitled on the Rights Issue Record Date (Petronas Entitlement). Petronas currently owns 43,959,389 APA Units and Petronas has advised it does not intend to dispose of any APA Units prior to the Rights Issue Record Date. Accordingly, APL expects that Petronas will apply for approximately 12.6 million New Units.

A discussion of Alinta’s involvement in the Rights Issue is contained in Section 4.9.

The Underwriter, ABN AMRO Rothschild, has agreed to underwrite the Rights Issue other than the Petronas Entitlement on the terms and conditions set out in the Underwriting Agreement. A summary of the material terms of the Underwriting Agreement (including the events which may allow the Underwriter to terminate its obligations) are set out in Section 11.5.1.

1.7 HANDLING FEE

A handling fee of 1.0% of Application Monies on New Units allotted will be paid to participating organisations of ASX who submit a successful Application bearing a broker stamp, subject to a fee limit of $100 for each such Application. This fee is to be met by the Underwriter.

1.8 MARKET PRICES OF EXISTING UNITS ON ASX

An overview of the sale prices of Existing Units on ASX during the six months to 15 November 2006 are set out below:

<table>
<thead>
<tr>
<th></th>
<th>High</th>
<th>Low</th>
<th>Volume weighted average</th>
</tr>
</thead>
<tbody>
<tr>
<td>One month</td>
<td>$4.80</td>
<td>$4.32</td>
<td>$4.49</td>
</tr>
<tr>
<td>Three months</td>
<td>$5.08</td>
<td>$4.15</td>
<td>$4.78</td>
</tr>
<tr>
<td>Six months</td>
<td>$5.08</td>
<td>$4.01</td>
<td>$4.73</td>
</tr>
</tbody>
</table>

The last market sale price of APA Units on 15 November 2006 was $4.58.

1.9 TREATMENT OF OVERSEAS INVESTORS

Eligible Unitholders and Ineligible Foreign Unitholders

Only Unitholders with a registered address in Australia or New Zealand at 5.00 pm (Sydney time) on the Rights Issue Record Date will be entitled to exercise their Rights. This PDS and the Entitlement and Acceptance Form do not constitute an offer in any jurisdiction in which, or to any persons to whom, it would not be lawful to make such an offer.

The distribution of this PDS in jurisdictions outside of Australia or New Zealand may be restricted by law and persons who come into possession of this PDS should seek their own advice on and observe any such restrictions.

Eligible Unitholders holding APA Units on behalf of persons who are resident overseas (except in New Zealand) are responsible for ensuring that exercising Rights does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by APL to constitute a representation that there has been no breach of such regulations. Unitholders who are nominees are therefore advised to seek independent advice as to how they should proceed.

APL considers that it is unreasonable to extend the Rights Issue to Ineligible Foreign Unitholders, having regard to:

- the small number of Ineligible Foreign Unitholders; and
- the cost of complying with the legal and regulatory requirements in the respective overseas jurisdictions.

Accordingly, the Underwriter will hold the Rights attributable to Ineligible Foreign Unitholders and will deal with those Rights as outlined below.
Sale of Rights of Ineligible Foreign Unitholders

Rights relating to APA Units held by Ineligible Foreign Unitholders will be offered for sale on ASX during the Rights Issue Trading Period by the Underwriter and the proceeds of these sales (net of costs) will be remitted to Ineligible Foreign Unitholders.

Any sale will be made at prices and otherwise in such a manner as the Underwriter may in its absolute discretion determine. The net proceeds of the sale, if any, will be distributed to the Ineligible Foreign Unitholders in proportion to their unitholdings. Net proceeds from the sale of Rights will be paid in Australian currency.

Neither APL nor the Underwriter will be liable for a failure to sell Rights or to sell Rights at any particular price. Any Rights that have not been sold by the end of the Rights Issue Trading Period will lapse.

1.10 TAXATION CONSIDERATIONS

The taxation implications of the Rights Issue will vary depending upon the particular circumstances of each Unitholder. Accordingly, you should consult your own tax adviser as to the tax consequences for you (including your tax return reporting requirements, applicable tax laws and the effect of any proposed changes in tax laws) which arise from the Rights Issue, whether or not you participate in the Rights Issue and whether or not you sell your Rights or, being an Ineligible Foreign Unitholder, your Rights are sold as described in Section 1.9.

General tax implications for Unitholders in relation to the Rights Issue are discussed in further detail in Section 10.

1.11 RISKS

There are a number of risks associated with an investment in APA which may affect its financial performance, financial position, cash flows, distributions, growth prospects and unit price. The key risk factors identified by the Directors have been summarised in Section 8. You should read this PDS carefully and in its entirety, including Section 8 before deciding how to deal with your Rights. If you are in doubt as to the course you should follow, you should consult your financial or other professional advisers.
Outlined below are answers to some key questions about the Rights Issue and Stapling. For detailed information, refer to the Section listed on the right. This Section 2 should be read in conjunction with the remainder of the information in this PDS.

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
<th>Where to find more information – Section(s)</th>
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<tbody>
<tr>
<td><strong>GENERAL</strong></td>
<td></td>
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<tr>
<td>What is the purpose of this PDS?</td>
<td>This PDS contains an offer of APA Units pursuant to a renounceable rights issue by Australian Pipeline Limited (as responsible entity of APA) to raise approximately $356 million. This PDS also provides information to Unitholders about APTIT, the APTIT Units to be issued to Unitholders and the stapling of those APTIT Units to APA Units</td>
<td>1, 5</td>
</tr>
<tr>
<td>Contact details</td>
<td>For further contact details, refer to the Corporate Directory at the back of this PDS</td>
<td>Corporate Directory</td>
</tr>
<tr>
<td><strong>THE RIGHTS ISSUE</strong></td>
<td></td>
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<tr>
<td>What is the Rights Issue?</td>
<td>The Rights Issue is an offer of New Units on the exercise of Rights at a price of $3.75 per New Unit. Eligible Unitholders will be offered 2 New Units for every 7 Existing Units held by them on the Rights Issue Record Date</td>
<td>1</td>
</tr>
<tr>
<td>What is the purpose of the Rights Issue?</td>
<td>The Rights Issue is being conducted by APL to raise approximately $356 million. The funds raised under the Rights Issue will be used to reduce gearing and provide APA with additional flexibility and financial capacity to fund future acquisitions and development opportunities as well as to pay the expenses of the Rights Issue</td>
<td>1, 6</td>
</tr>
<tr>
<td>Question</td>
<td>Answer</td>
<td>Where to find more information – Section(s)</td>
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</table>
| **THE RIGHTS ISSUE (continued)**                                        | - Unitholders who are registered holders as at 5:00 pm (Sydney time) on the Rights Issue Record Date and who have registered addresses in Australia or New Zealand may participate in the Rights Issue. Rights are renounceable and can be transferred in the manner described in this PDS.  
- There is no offer to Ineligible Foreign Unitholders.  
- Rights relating to Units held by Ineligible Foreign Unitholders will be sold on ASX during the Rights Issue Trading Period by the Underwriter and the sale proceeds (net of costs), if any, will be remitted to Ineligible Foreign Unitholders in proportion to their unitholdings. |
| How much do I have to pay for a New Unit?                               | - The Issue Price is $3.75 per New Unit and is payable in full upon Application.                                                                                                                                                                            | 1                                           |
| What are the key dates of the Rights Issue?                             | - The Rights Issue Record Date for determining entitlements is 5:00 pm (Sydney time)  
  24 November 2006  
- You are entitled to sell your Rights on ASX between 20 November 2006 and 4 December 2006  
- Entitlement and Acceptance Forms (and accompanying Application Monies) must be received by the Registry by 5:00 pm (Sydney time) on 11 December 2006  
- New Units issued are expected to be quoted on ASX on a deferred settlement basis on 5 December 2006 and on a normal settlement basis on 20 December 2006. | Key Details and Dates, 1, 3                  |
| What are the terms of issue of New Units?                               | - The New Units will rank equally with all Existing Units from their issue date. However, as the New Units will be issued after the record date for the 7.0 cent distribution declared for the three months to 30 September 2006, the New Units will not participate in that distribution. | 1                                           |
| What are my options?                                                    | - Eligible Unitholders may take any of the following actions:  
  - exercise all of their Rights;  
  - sell all of their Rights on ASX;  
  - sell some of their Rights on ASX and exercise the balance;  
  - transfer all or some of their Rights to another person other than on ASX; or  
  - do nothing and let their Rights lapse. | 3                                           |
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<tr>
<th>Question</th>
<th>Answer</th>
<th>Where to find more information – Section(s)</th>
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<tr>
<td>THE RIGHTS ISSUE (continued)</td>
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<tr>
<td>How do I exercise my Rights?</td>
<td>If you are an Eligible Unitholder, and you wish to participate in the Rights Issue, you should complete the Entitlement and Acceptance Form enclosed with this PDS. You may exercise all or some of your Rights and you should pay the amount due in respect of the Rights you intend to exercise. If you have not received an Entitlement and Acceptance Form, please contact the Registry on (02) 8280 7132 from within Australia or +61 2 8280 7132 from outside Australia.</td>
<td>3</td>
</tr>
<tr>
<td>Can I transfer my Rights?</td>
<td>Yes. If you wish to transfer some or all of your Rights on ASX, you should contact your stockbroker. If you wish to transfer some or all of your Rights to another person other than on ASX, you should contact the APA Information Line on (02) 8280 7132 from within Australia or +61 2 8280 7132 from outside Australia to request a renunciation form. Rights trading commences on 20 November 2006. Rights sold on ASX must be sold by 4.00 pm (Sydney time) on 4 December 2006 when the Rights Issue Trading Period ends.</td>
<td>3</td>
</tr>
<tr>
<td>What happens if I do nothing with my Rights?</td>
<td>If you do nothing with all or some of your Rights, those Rights will lapse and the relevant New Units that you would have been able to subscribe for will be subscribed for by the Underwriter. You will receive nothing for your Rights if you let them lapse and your interest in APA will be diluted.</td>
<td>3</td>
</tr>
<tr>
<td>What are the taxation implications of dealing in Rights or investing in New Units?</td>
<td>Section 10 contains general information about the income tax implications, however, the tax implications of dealing with Rights and investing in APA Units will depend on Unitholders’ individual circumstances. Unitholders should obtain their own tax advice before determining how to deal with their Rights or APA Units.</td>
<td>10</td>
</tr>
<tr>
<td>Is there a cooling-off period?</td>
<td>No, there is no cooling-off period in relation to the Rights Issue. This means that, in most circumstances, you cannot withdraw your Application once it has been made. However, once the New Units are quoted on ASX, you can offer your New Units for sale.</td>
<td>11</td>
</tr>
<tr>
<td>How can further information be obtained?</td>
<td>By speaking to your financial or other professional advisers. By calling the APA Information Line on (02) 8280 7132 from within Australia or +61 2 8280 7132 from outside Australia. The APA Information Line will be open from 8.30 am until 5.30 pm (Sydney time) Monday to Friday during the Issue Period.</td>
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</tbody>
</table>
### RISKS AND DISPUTE RESOLUTION

**What are the significant risks of the Rights Issue, Stapling and APA?**
- Owning New Units will expose Unitholders to a number of risks, including risks specific to an investment in APA and risks associated with APA's investment in gas pipelines and other assets
- Potential risks include the following:
  - Asset integrity risk;
  - Bypass risk;
  - Competition risk;
  - Construction risk;
  - Gas demand risk;
  - Gas supply risk;
  - Gas Transportation Deed risk;
  - Operational risk;
  - Regulatory risk; and
  - Risks associated with Alinta’s investment in APA
- There are no significant risks associated with Stapling

**What is the dispute resolution procedure to deal with Unitholder complaints?**
- APL provides a complaints handling and dispute resolution process for Unitholders

### STAPLING

**What is APTIT?**
- APTIT is a registered managed investment scheme that was established by APL to allow the APA Group to hold investment assets with the intention that APTIT would be a “pass through” trust for tax purposes (that is, income would not be taxed at the trust level and all APTIT income would be distributed to Unitholders)
- Units in APTIT are currently held by a nominee on behalf of Unitholders (Nominee Units). Following the issue of APTIT Units to Unitholders for the purposes of Stapling, these Nominee Units will be immediately cancelled

**What assets does APTIT currently hold?**
- The only assets held by APTIT are units in GasNet Australia Investment Trust which is one of the three entities comprising GasNet

**What does the Stapling mean for me?**
- Following the Stapling, APA and APTIT will operate as a single economic group to be known as the APA Group
- The Stapling will result in Unitholders holding each APA Unit as a component of a Stapled Security (the other component being an APTIT Unit)

**How much are APTIT Units worth?**
- The issue price per APTIT Unit will be paid by APL as agent for each Unitholder utilising the proceeds of a pro-rata capital distribution of $302.0 million out of APA (Capital Distribution). Each APTIT Unit will be issued at an issue price equal to the amount of that Capital Distribution divided by the number of APA Units on issue on the Stapling Record Date
<table>
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<tr>
<th>Question</th>
<th>Answer</th>
<th>Where to find more information – Section(s)</th>
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<tbody>
<tr>
<td><strong>STAPLING (continued)</strong></td>
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</table>
| When will Stapling occur? | - Unitholders on the register at 5:00 pm (Sydney time) on 3 January 2007 will be entitled to be issued APTIT Units. These APTIT Units are expected to be issued on 4 January 2007 and to be stapled on a one to one basis to APA Units on that day so that thereafter, one APA Unit and one APTIT Unit will form a single Stapled Security  
- Each Stapled Security will trade as one security on ASX. An APA Unit will not be able to be dealt with separately from an APTIT Unit and conversely, an APTIT Unit will not be able to be dealt with separately from an APA Unit  
- An application to list APTIT and quote the Stapled Securities on ASX will be made within seven days of the date of this PDS and Stapled Securities are expected to commence trading on ASX on a deferred settlement basis on 27 December 2006 | Key Details and Dates, 5 |
| What steps am I required to take in order to be issued with APTIT Units? | - You are not required to take any steps to be issued with APTIT Units although you should read the entire PDS  
- APL in its capacity as responsible entity of APA will apply the proceeds of the Capital Distribution in subscribing for APTIT Units as agent and attorney for each Unitholder on the APA register on the Stapling Record Date. Your unitholding details will be updated automatically in a Stapled Security register upon issue of the APTIT Units | 5 |
| What are the taxation implications of Stapling? | - The Stapling process will not result in any tax liability for Unitholders  
- As a result of the Capital Distribution, the cost base of an APA Unit will decrease, with the amount of this decrease being reflected in the cost base of an APTIT Unit. Therefore, the cost base of your Stapled Securities will equal the current cost base of your current APA Units | 10 |
APA INFORMATION LINE

If you have any questions about the Rights Issue, please call the APA Information Line on (02) 8280 7132 from within Australia or +61 2 8280 7132 from outside Australia.

3.1 WHAT YOU MAY DO – CHOICES AVAILABLE

If you are an Eligible Unitholder, you may take any of the following actions:
- exercise all of your Rights (refer to Section 3.2);
- sell all of your Rights on ASX (refer to Section 3.3);
- sell some of your Rights on ASX and exercise the balance (refer to Section 3.4);
- transfer all or some of your Rights to another person other than on ASX (refer to Section 3.5); or
- do nothing and let the Rights lapse (refer to Section 3.6).

3.2 IF YOU WISH TO EXERCISE ALL OF YOUR RIGHTS

If you wish to exercise all of your Rights, you must do so in accordance with the instructions set out in the Entitlement and Acceptance Form.

If you have not received an Entitlement and Acceptance Form, please contact the APA Information Line (see above). You should forward the completed Entitlement and Acceptance Form, together with your cheque or bank draft for the Application Monies, to reach either of the following addresses:

- Postal delivery:
  Link Market Services Limited
  Locked Bag A14
  Sydney South NSW 1235
  AUSTRALIA

- Hand delivery:
  Link Market Services Limited
  Level 12, 680 George Street
  Sydney NSW 2000
  AUSTRALIA

by no later than 5.00 pm (Sydney time) on 11 December 2006.

Completed Entitlement and Acceptance Forms and Application Monies will not be accepted at APL’s registered office. Eligible Unitholders will receive a reply paid envelope when they are mailed their Entitlement and Acceptance Form and if the envelope is mailed in Australia, no postage stamp is required. If mailed outside Australia, correct postage must be affixed. Eligible Unitholders in New Zealand should mail their Entitlement and Acceptance Form early to ensure it reaches the Registry by no later than 5.00 pm (Sydney time) on 11 December 2006.
3.3 IF YOU WISH TO SELL ALL OF YOUR RIGHTS ON ASX

If you wish to sell all of your Rights on ASX, complete the section headed “Instructions to your stockbroker” on the back of the accompanying Entitlement and Acceptance Form and lodge the form with your stockbroker as soon as possible.

You can sell your Rights on ASX from 20 November 2006. All sales on ASX must be effected by 4.00 pm (Sydney time) on 4 December 2006, when Rights trading ends on ASX. If you have not received an Entitlement and Acceptance Form, please contact the APA Information Line (see above).

3.4 IF YOU WISH TO SELL SOME OF YOUR RIGHTS ON ASX AND EXERCISE THE BALANCE

If you wish to sell some of your Rights on ASX and exercise the balance, complete the section headed “Instructions to your stockbroker” on the back of the Entitlement and Acceptance Form and lodge the form, together with your cheque or bank draft for the Application Monies for the New Units for which you wish to subscribe, with your stockbroker as soon as possible. If you have not received an Entitlement and Acceptance Form, please contact the APA Information Line (see above).

Any sale of some of your Rights on ASX must be completed by 4.00 pm (Sydney time) on 4 December 2006, when Rights trading ends on ASX.

To exercise your remaining Rights, your stockbroker will need to ensure that the completed Entitlement and Acceptance Form reaches either of the following addresses:

- Postal delivery:
  Link Market Services Limited
  Locked Bag A14
  Sydney South NSW 1235
  AUSTRALIA

- Hand delivery:
  Link Market Services Limited
  Level 12, 680 George Street
  Sydney NSW 2000
  AUSTRALIA

by no later than 5.00 pm (Sydney time) on 11 December 2006.

Completed Entitlement and Acceptance Forms and Application Monies will not be accepted at APL’s registered office. A reply paid envelope is enclosed for your convenience. If the envelope is mailed within Australia, no postage stamp is required. If mailed outside Australia, correct postage must be affixed. The renunciation form, Entitlement and Acceptance Form and Application Monies should be mailed early to ensure they reach the Registry by 5.00 pm (Sydney time) on 11 December 2006.

3.5 IF YOU WISH TO TRANSFER ALL OR SOME OF YOUR RIGHTS TO ANOTHER PERSON OTHER THAN ON ASX

Eligible Unitholders may elect to transfer all or some of their Rights to another person other than on ASX provided that the purchaser is a resident of Australia or New Zealand or provides APL with comfort that APL can issue New Units to them without breaching any applicable law.

If you are an Eligible Unitholder and you wish to transfer all or some of your Rights to another person other than on ASX, forward a completed renunciation form (which can be obtained through the APA Information Line) together with the Entitlement and Acceptance Form completed by the transferee and the applicable transferee’s cheque or bank draft for the Application Monies, to reach either of the following addresses:

- Postal delivery:
  Link Market Services Limited
  Locked Bag A14
  Sydney South NSW 1235
  AUSTRALIA

- Hand delivery:
  Link Market Services Limited
  Level 12, 680 George Street
  Sydney NSW 2000
  AUSTRALIA

by no later than 5.00 pm (Sydney time) on 11 December 2006.

Completed Entitlement and Acceptance Forms and Application Monies will not be accepted at APL’s registered office. A reply paid envelope is enclosed for your convenience. If the envelope is mailed within Australia, no postage stamp is required. If mailed outside Australia, correct postage must be affixed. The renunciation form, Entitlement and Acceptance Form and Application Monies should be mailed early to ensure they reach the Registry by 5.00 pm (Sydney time) on 11 December 2006.

If the Registry receives both a completed renunciation form and a completed Entitlement and Acceptance Form in favour of the same Unitholder in respect of the same Rights, the renunciation will be given effect in priority to the acceptance.

If you are an Eligible Unitholder on the CHESS sub-register, you must contact your sponsoring broker to effect the transfer. The Registry is unable to transfer Rights either to or from a CHESS holding.
3.6 DO NOTHING AND LET THE RIGHTS LAPSE

Any Rights not exercised or sold on ASX or otherwise transferred by an Eligible Unitholder as described in this Section 3 will lapse and the relevant New Units that you would have been able to subscribe for will be subscribed for by the Underwriter. You will receive nothing for your Rights and will be diluted with respect to future earnings and net assets.

3.7 PAYMENT METHODS

The Issue Price ($3.75 per New Unit) is payable in full on exercise of your Rights (whether all or some).

Completed Entitlement and Acceptance Forms must be accompanied by a cheque or bank draft in Australian currency drawn on an Australian or New Zealand branch of an Australian financial institution for the amount required to pay for the New Units applied for on the Entitlement and Acceptance Form. Cheques or bank drafts should be made payable to “Australian Pipeline Trust Offer Account” and crossed “Not Negotiable”. Do not forward cash.

3.8 APPLICATION MONIES AND INTEREST

Until the New Units are allotted, APL will hold the Application Monies on trust for Applicants in a bank account. The account will be established and kept solely for the purpose of depositing Application Monies and retaining those funds for as long as required under the Corporations Act.

No interest will be paid to you on any Application Monies returned to you whether or not allotment takes place. Any interest earned on Application Monies will be, and will remain, the property of APA.

If quotation of the New Units is not granted by ASX within three months of the date of this PDS, Application Monies will be refunded to Applicants without interest.
4 OVERVIEW OF APA

4.1 INTRODUCTION

APA is a major Australian ASX-listed energy transmission entity with interests in over 10,000 km of natural gas pipeline infrastructure across Australia, the Murraylink underground electricity transmission cable, the Allgas distribution network, and other complementary assets including a coal seam gas processing plant and the Mondarra gas storage facility.

APA’s portfolio comprises a mix of established pipeline assets, development assets (for example, the Bonaparte Gas Pipeline) and other complementary energy infrastructure assets. It derives its revenue stream through a mix of regulated returns and negotiated revenue contracts. APA has assets in each mainland state and territory.

4.2 HISTORY OF APA

- **June 2000**: APA listed on ASX
- **February 2001**: APA acquires remaining 15% interest in the Roma to Brisbane Pipeline
- **March 2003**: APA increases interest in the Goldfields Gas Transmission Pipeline
- **August 2004**: APA acquires CMS Energy Corporation’s interest in the Parmelia Gas Pipeline and Goldfields pipeline assets in Western Australia for $206 million, increasing APA’s holding in GGT to just over 88%
- **February 2005**: APA acquires the remaining 30% interest in the Carpentaria Gas Pipeline for $98 million
- **First Quarter 2006**: APA completes construction of Kogan North central gas processing facility
- **February 2006**: APA announces expansion of Mondarra gas storage to meet demand for peak services in WA
- **March 2006**: APA acquires Murraylink for $153 million
- **April 2006**: Heads of Agreement signed with the Tipton West Joint Venture for APA to develop, own and operate the Tipton West central gas processing facilities
- **June 2006**: APA enters into an agreement to build, own and operate the Daandine gas fired power station – construction of the power station is underway
- **June 2006**: APA enters into a 25 year $400 million gas transportation agreement with Power Water Corporation (Northern Territory) and commits to develop the Bonaparte Gas Pipeline
- **August 2006**: APA announces a full cash offer of $3.10 per stapled security in GasNet. The GasNet board recommended the offer and APA is proceeding to acquire 100% of GasNet. As at 7 November 2006, APA owned 97% of stapled securities and has commenced the compulsory acquisition process for the outstanding securities
- **November 2006**: APA acquires the Allgas distribution business for $519 million
- **November 2006**: APA announces joint FEED study with Epic Energy for the Ballera to Moomba interconnect
4.3 PRINCIPAL ACTIVITIES OF APA

Gas transmission

APA is a leading owner, manager and operator of natural gas pipelines in Australia. APA owns, or has an interest in, over 10,000 km of gas transmission pipelines in all mainland states and territories of Australia. APA transports approximately 40% of the natural gas consumed in Australia.

Electricity transmission

APA owns Murraylink, which is an electricity interconnect between the South Australian and Victorian electricity grids. Murraylink includes a 180 km underground high voltage direct current cable interconnector from a site near Berri in South Australia to Red Cliffs (near Mildura) in Victoria.

The map adjacent shows the location of APA’s assets.
Gas distribution
In November 2006, APA purchased Allgas, one of the two major gas distribution businesses in Queensland. Allgas services high population growth centres in south east Queensland and northern NSW. The Allgas distribution network includes over 2,300 km of distribution mains located in Brisbane, the Gold Coast, northern NSW, Toowoomba and Oakey and is described in Section 4.5.2.

Gas processing
APA owns the Kogan North gas processing facility at Kogan, west of Brisbane and which is adjacent to the Roma to Brisbane Pipeline. Kogan North processes coal seam methane from the Kogan North gas field for transportation through the Roma to Brisbane Pipeline to CS Energy’s Swanbank E power station. The facility has been designed to process four PJ p.a. and has the capacity to be expanded as more gas is identified and produced in surrounding areas.

Gas storage
APA owns the Mondarra gas storage facility located near Dongara and adjacent to the two pipelines servicing Perth and the south west of Western Australia, including APA’s Parmelia Gas Pipeline. It is currently the only commercial underground gas storage facility in Western Australia. In response to the need for peak gas demand, APA announced on 27 February 2006 its intention to expand this facility. These expansion works have been commenced and are expected to be completed during 2007.

Electricity generation
APA has entered into contracts to construct, own and operate the Daandine gas fired power station at Kogan, adjacent to the Kogan North gas processing facility. Daandine is designed to produce 27.4 MW of electricity in base load operation. Construction of the power station has commenced and commissioning of the power station is anticipated to occur by early 2007.

4.4 EXISTING ASSETS (AS AT 30 JUNE 2006)
APA’s assets by revenue contribution for FY2006 were:
- Goldfields Gas Transmission Pipeline;
- Moomba to Sydney Pipeline;
- Carpentaria Gas Pipeline;
- Roma to Brisbane Pipeline;
- Amadeus Gas Trust; and
- Complementary Assets (including Murraylink and Kogan North).

Goldfields Gas Transmission Pipeline (GGT)
APA owns 88% of GGT, which is a 1,427 km pipeline transporting gas from the North West Shelf to the resource rich Goldfields region of Western Australia. Gas transported in the pipeline is predominantly used for power generation for mining operations. GGT has recently been expanded by the addition of compression at Paraburdoo to service Rio Tinto’s subsidiary, Hamersley Iron’s Paraburdoo mine.

Moomba to Sydney Pipeline System (MSP)
APA owns 100% of the MSP, which is a 2,029 km pipeline system transporting gas from the Moomba gas processing plant to NSW and the Australian Capital Territory. The MSP includes a number of laterals which branch off the main line to supply regional centres in NSW. Through the Interconnect, gas can also be delivered into Victoria or received from Victoria for delivery into NSW and the Australian Capital Territory. The main revenue from the MSP comes from a Gas Transportation Deed with AGL Wholesale Gas. This contract provides a predictable revenue stream from the MSP until 31 December 2006 and a measure of revenue certainty to 2016. For further information on the Gas Transportation Deed, see Section 8.2.8.

Carpentaria Gas Pipeline (CGP)
APA owns 100% of CGP, which is a 840 km pipeline transporting gas from the Ballera gas centre to customers in Mt Isa and the surrounding Carpentaria mineral province. Gas transported in the pipeline is predominantly used for power generation for mining operations.
Roma to Brisbane Pipeline (RBP)

APA owns 100% of RBP, which is a 438 km pipeline (together with the Swanbank lateral additional looping of 414 km and the 121 km Peat lateral) transporting gas from gas producing areas of southern Queensland to users in south east Queensland. The RBP also delivers gas into the Allgas and Envestra distribution systems for distribution to small industrial, commercial and domestic customers. Over time, the RBP has been expanded through the installation of six compressor stations and six stages of looping that have more than quadrupled its original capacity.

Amadeus Gas Trust (AGT)

APA owns 96% of AGT, and 100% of two laterals. AGT manages and operates the 1,681 km Amadeus Basin to Darwin Pipeline system, which transports gas from the Amadeus Basin in central Australia to Darwin and other Northern Territory towns. The pipeline is leased from a consortium of financial institutions under a leveraged operating lease that expires in 2011. Gas transported through the pipeline is predominantly used for power generation.

Other

Other assets include the Murraylink electricity transmission assets (which were acquired in March 2006) and the Kogan North gas processing facility which came into operation in March 2006. See Section 4.3. The FY2006 results for APA include only a part year revenue contribution from these assets.

4.5 ADDITIONS TO THE APA PORTFOLIO POST 30 JUNE 2006

The most significant additions to the APA portfolio since 30 June 2006 are the GasNet gas transmission business and the Allgas gas distribution business.

4.5.1 GasNet Australia Group

Background

On 22 August 2006, APL announced an intention to make a cash offer to acquire all of the stapled securities in GasNet Australia Group ("GasNet"). GasNet is a stapled structure comprising GasNet Australia Trust and GasNet Australia Investment Limited (the units and shares in which are being acquired by APA) and GasNet Australia Investment Trust (the units of which are being acquired by APTIT). The GasNet stapled securities were acquired for $3.10 per GasNet stapled security (less 11 cents per GasNet stapled security for the interim distribution paid to GasNet stapled security holders on 29 September 2006). The GasNet board recommended the APA offer and as at 7 November 2006, APA had acquired 97% of GasNet and has commenced the process to compulsorily acquire the remaining stapled securities.

Overview

GasNet owns and maintains 1,935 km of high pressure gas transmission pipelines in Victoria, which serve a total consumption base of approximately 1.4 million residential consumers and approximately 43,000 industrial and commercial users. Almost all the natural gas consumed in Victoria is transported through GasNet’s pipeline network.

The primary function of GasNet’s Victorian pipeline network is to transport gas to the major load centres in Victoria from Esso’s Longford gas treatment plant in south west Victoria (which processes gas from offshore Bass Strait gas fields), the onshore Otway Basin gas fields and underground storage in south west Victoria. In addition, GasNet owns a LNG storage facility which provides peak shaving and security of supply services for the Victorian gas transmission system and owns metering facilities and provides metering services around the state.

In June 2006, the ACCC approved a proposal by GasNet to undertake a significant capital project, the Corio loop. The ACCC approved a forecast capital cost of approximately $61.7 million for the Corio loop. The current Access Arrangement for the Victorian pipeline network expires on 31 December 2007. A revised Access Arrangement is required to be submitted to the ACCC for approval on or before 31 March 2007.

GasNet also owns and operates a 443 km pipeline from Port Hedland to the Telfer gold mine in Western Australia, and a 45 km lateral from that pipeline to the Nifty mine. Gas transported in this pipeline is predominantly used for power generation for mining operations.

Growth opportunities

The acquisition of GasNet is expected to deliver benefits to APA, including maximising the utilisation of the Interconnect, and enhancing the competitiveness of the MSP and GasNet pipeline network with the Eastern Gas Pipeline.

APL intends to use its expertise in owning, managing and operating gas transmission assets to unlock these benefits, including by upgrading capacity and developing additional services to customers such as gas storage services for peaking power stations.
4.5.2 Allgas

Background
APA acquired the Allgas gas distribution business from Energex Limited for $519 million, excluding transaction costs, on 1 November 2006. Allgas is one of two gas distribution businesses servicing south east Queensland.

Overview
The Allgas distribution system extends throughout the high growth population areas of south east Queensland and northern New South Wales. Allgas’ geographic coverage includes the Brisbane Region (south of the Brisbane River), the Western Region (encompassing the towns of Toowoomba and Oakey in Queensland), and the South Coast Region (including the Gold Coast and Tweed Heads in north east New South Wales).

For a transition period of up to 18 months after completion of the acquisition, Energex has agreed to supply Allgas with certain transitional services for business continuity. The services to be provided include IT services, franchise meter reading, call centre services, labour contracting and remote meter reading services.

Through its distribution network, Allgas delivers natural gas on behalf of gas retailers, currently Sun Retail (formerly Energex Retail) and Origin Energy. The natural gas network comprises over 2,300 km of distribution mains and supplies approximately 65,000 customers. It has a peak MDQ in excess of 35,700 GJ/d and total usage is around 10 PJ p.a.

The Allgas distribution network is regulated under the National Gas Code, and an Access Arrangement for the period to 30 June 2011 has been approved by the QCA. The Access Arrangement describes the policies, terms and conditions applying to parties seeking access to the covered gas distribution network owned by Allgas. The regulated asset base of Allgas is forecast to grow from $303 million to $447 million over the regulatory period, with a total of $144 million capital expenditure having been approved by the QCA.

Under the National Gas Code, gas distribution services are provided to retailers on terms and prices consistent with the approved access arrangement.

Growth opportunities
Allgas, like GasNet, has complementary infrastructure on which APA can leverage its core competencies. Allgas has a solid and diversified demand base which APL expects to grow strongly. This expectation is based on the rapid growth in the volume customer group and forecast customer connections in the areas serviced by the Allgas network, reflected in the significant expansion program approved by the QCA as described above.

In addition, APL considers that there is potential to further expand the existing Allgas business and develop new markets. Possible expansions include a gas transmission pipeline from Gatton (along the RBP) to transport natural gas north to the Sunshine Coast and Gympie areas, and the development of a gas distribution network at the Swanbank Enterprise Park near Ipswich. In preparation for developing the Gatton to Gympie Pipeline, Allgas obtained a pipeline licence in 1998 and holds easements or similar rights for much of the pipeline route.

4.6 APL GROWTH STRATEGY AND BUSINESS MODEL

4.6.1 Growth strategy
APL’s objective is to grow Unitholder distributions annually by at least CPI. Based on current expectations for the full year results for FY2007, APL expects to declare a 28.0 cent distribution per Stapled Security for APA for FY2007 on the expanded issued capital base. This represents an increase of 16.7% on the 24.0 cent distribution per APA Unit for FY2006.

APL’s strategy to deliver annual distribution growth to Unitholders of at least CPI is to combine:
- enhanced management of existing assets, including through expansion of those assets; and
- acquisition or development of new pipelines or complementary assets that leverage off APA’s existing assets and skills.
Enhanced management of assets
APL has a track record of delivering growth from existing assets. An example of this is the RBP, which has delivered revenue growth averaging 10% per annum since 2000. Similarly, the GCT has delivered revenue growth averaging 5% per annum since 2004.

Investors should be aware that past performance is not necessarily a guide to future performance and that the above data should not be treated as a forecast of future performance or expected returns of APA.

Acquiring and developing complementary assets
APL identifies assets which the Directors believe will enhance the APA portfolio. Two recent examples include the Allgas gas distribution business and the GasNet gas transmission business. See Sections 4.5.1 and 4.5.2.

APL continues to actively identify and evaluate potential acquisition and investment opportunities and will make appropriate acquisitions as opportunities arise. Any decision to proceed with such opportunities will be made by the Board, in conjunction with recommendations from APL management. Any such acquisitions made during the Issue Period will be announced to Unitholders and the market, in accordance with APL’s continuous disclosure policy. Details of these acquisitions will be placed on APA’s website at www.pipelinetrust.com.au.

4.6.2 Business model
APL’s business model has proved successful in assisting APA to meet its distribution objective. Key characteristics of the business model include:

- diversification of assets by:
  - nature of regulation (regulated, unregulated);
  - asset class (transmission, distribution, generation, processing, storage);
  - growth profile (low growth, medium growth, high growth);
  - development phase (mature, expanding, construction); and
- acquisition of assets which enhance value for the wider portfolio, for example:
  - the acquisition of Allgas which enhances revenues on the Roma to Brisbane Pipeline; and
  - the acquisition of GasNet which enhances the value of the Moomba to Sydney Pipeline.

4.6.3 Management and operation of assets
APL’s management team has significant industry experience and undertakes the commercial, financial, technical, operational, legal and regulatory management of APA’s assets. APL has an internalised management structure, with APL management responsible for all key decisions affecting the costs and revenues of the business. APL contracts much of the day-to-day operations and maintenance of its assets to third party operators.

4.7 DIRECTORS OF APL

Brief profiles of the directors of APL as at the date of this PDS are as follows:

Mr G H Bennett FCA
Independent Chairman
Appointed 11 February 2000.
Mr George Bennett is a company director with almost 40 years’ experience at accounting services firm KPMG.

Mr Bennett retired as National Executive Chairman of KPMG and Chairman of the KPMG Asia Pacific board in 1993. His other directorships include Brazin Limited, Fantastic Holdings Limited, Macquarie Leisure Management Limited and Macquarie Office Management Limited.

Mr Bennett is also Chairman of the APA Nominations and Remuneration Committee.

Mr M J McCormack BSurv GradDipEng MBA FAICD
Managing Director/Chief Executive Officer
Appointed Managing Director as of 1 July 2006.

Mr McCormack has been Chief Executive Officer of APL since 1 July 2005, and was appointed Managing Director on 1 July 2006. He carries overall responsibility for the performance of APA and its management team.

Mr McCormack has extensive senior management experience in the energy transmission sector in Australia, with particular focus on gas transmission pipelines, where he has worked on the development of new and existing pipelines across Australia. Mr McCormack’s entire career has been based in the energy transmission business and prior to joining APA on its float in 2000, he spent 13 years with AGL where he held a range of senior management positions within its pipeline business. Mr McCormack is the Chairman of a range of APA subsidiary companies.

Mr McCormack was appointed as a director of GasNet on 10 November 2006.

Mr McCormack is a director on the board of the Australian Pipeline Industry Association.
Mr R A Higgins  A0 BEc FAICD
Independent Non-Executive Director
Appointed 7 December 2004.

Mr Russell Higgins is a company director with extensive experience both locally and internationally in the energy sector and in economic and fiscal policy. Among his many roles, Mr Higgins was Secretary and Chief Executive Officer of the Department of Industry, Science and Resources from 1997 to 2002 and Chairman of the Australian Government’s Energy Task Force from 2003 to 2004.

Mr Higgins is the Chairman of the Co-operative Research Centre for Coal in Sustainable Development and Chairman of the CSIRO Energy Transformed Flagship Advisory Committee. He is a director of RiceGrowers Limited (trading as Sunrice) and Australian Biodiesel Group Limited. He is a former Chairman of the Snowy Mountains Council, a former Chairman of the Australian Government’s Management Improvement Advisory Committee and a former director of EFIC, CSIRO, Austrade, the Australian Industry and Development Corporation, the Australian Tourist Commission, and the Australian Sports Commission as well as a former member of the Australian Government’s Joint Economic Forecasting Group.

Mr Higgins was appointed as the Chairman of GasNet on 10 November 2006.

Mr Higgins is a member of the APA Audit and Risk Management Committee.

Mr M Muhammad  MSc
Independent Non-Executive Director
Appointed 8 March 2000.

Mr Muri Muhammad retired from Petronas in August 2002 and was re-appointed as Adviser, Gas Business in the President’s Office (Petronas) until 30 March 2005. He brings to APL 30 years’ experience in the chemicals and petroleum industry as well as expertise in the domestic and international gas transmission and distribution, gas utilisation, co-generation and conversion businesses where he has held various senior executive positions.

He was appointed Vice President for Gas Business in 1998 until his retirement in August 2002. In that role, he was involved in Petronas’ gas development projects in Iran, Algeria, Myanmar, Pakistan, Vietnam and China. He has held several directorships including Chairman of the board of Petronas’ subsidiaries and associate companies in Malaysia and abroad. He has been involved in district cooling co-generation; pipeline gas transmission and distribution; LNG production and marketing; and urea/ammonia production and marketing. He currently sits on the boards of Transportadora de Gas Del Norte of Argentina and Petronas Gas Berhad of Malaysia, both of which are gas pipeline transmission companies. He is also a member of the Malaysian Energy Commission, a Malaysian Government regulatory body.

Mr Muhammad is a member of the APA Nominations and Remuneration Committee.

Mr R J Wright  BComm FCPA
Independent Non-Executive Director
Appointed 11 February 2000.

Mr Robert Wright has over 30 years’ financial management experience, having held a number of Chief Financial Officer positions, including Finance Director of David Jones Limited. He is currently the Chairman of Dexion Limited and a director of SAI Global Limited, Super Cheap Auto Group Limited, Babcock & Brown Residential Land Partners Group and the reconstructed Harris Scarfe Australia Pty Limited.

Mr Wright was appointed as a director of GasNet on 10 November 2006.

Mr Wright is the Chairman of APA Nominations and Remuneration Committee.

Mr R M Gersbach  BBus CPA
Non-Executive Director

Mr Ross Gersbach has had a number of senior appointments over a 20 year period with AGL, covering areas such as infrastructure investments, mergers and acquisitions and strategic development across a range of energy related sectors. Mr Gersbach is currently employed by AGL Energy.

In addition to Mr Gersbach having extensive commercial experience in the natural gas pipeline sector, while at AGL he had responsibility for the management of a portfolio of infrastructure assets in the electricity and natural gas distribution networks sector.

Mr Gersbach is a member of the APA Audit and Risk Management Committee and the APA Nominations and Remuneration Committee.
4.9 ALINTA

Alinta holds approximately 35.4% of the APA Units on issue, approximately 25.4% in the name of Alinta LGA and approximately 10% in the name of Trewas.

ACCC undertakings

The ACCC has accepted undertakings from Alinta, which includes an undertaking to divest all APA Units held by Alinta and all of the shares it holds in APL, as well as any rights or options to acquire shares in APL or APA Units (3 August 2006 Undertakings). The 3 August 2006 Undertakings also require Alinta to divest the Agility contracts for the provision of operating and maintenance services on the MSP and Parmelia Gas Pipeline.

The divestments are to occur in a specified period, which period is not known to APL, and which APL does not believe has been publicly disclosed.

The 3 August 2006 Undertakings also include measures to attempt to ensure that the management and operation of APL and APA will continue to be independent from Alinta.

APL was notified on 6 November 2006 that the ACCC was considering replacement undertakings offered by Alinta (Proposed Undertakings). The ACCC had previously considered, but rejected, proposed replacement undertakings offered by Alinta on 8 September 2006. The Proposed Undertakings, if accepted, would provide Alinta with certain rights including to appoint Directors to APL and be involved in part of the management and operation of APA. The Proposed Undertakings, if accepted, would allow Alinta the right to keep its APA Units and all of its shareholding in APL (and options or rights) if, by the relevant time for disposal, APA had disposed of:

- the MSP mainline and certain lateral pipelines;
- the Parmelia Gas Pipeline (including certain lateral pipelines) and the Mondarra gas storage facility, and all equipment, employees and assets required to operate the Mondarra gas storage facility fully independently of Alinta and the Dampier to Bunbury Natural Gas Pipeline;
- any interest of APA in GasNet above 5%; and
- such additional assets that are acquired by APA if the ACCC is of the view that Alinta taking a direct or indirect 5% or more interest in those assets would have the effect, or be likely to have the effect, of substantially lessening competition in a substantial market in Australia.

The Board has no present intention to dispose of these assets. Accordingly, disposal of such assets is not certain, even if the Proposed Undertakings are accepted by the ACCC in place of the 3 August 2006 Undertakings. The period for the sale of such assets, and the proposed period for the disposal of Alinta’s unitholding in APA and all of its shareholding (and options or rights) in APL, if such assets are not sold in the specified period, under the Proposed Undertakings is not known to APL and APL does not believe it has been publicly disclosed. APL does not know if the ACCC will accept the Proposed Undertakings or any other undertakings in place of the 3 August 2006 Undertakings. The Proposed Undertakings also require Alinta to divest the Agility contracts for the provision of operating and maintenance services on the MSP and Parmelia Gas Pipeline.

Takeovers Panel and Court actions

From 16 August 2006, Alinta began acquiring APA Units through Trewas. On 18 August 2006, lawyers for APA asked Alinta to stop acquiring APA Units.

On 21 August 2006, APA made an application to the Takeovers Panel requesting a declaration of unacceptable circumstances in relation to these acquisitions by Trewas.

The Takeovers Panel made interim orders on 22 August 2006 which, among other things, prevented Alinta acquiring further APA Units. By then, Trewas had acquired approximately 10% of APA’s total issued capital (Alinta Purchases). The interim orders were varied by the Takeovers Panel on 31 August 2006 so as to
allow Alinta to participate in the placement of APA Units made on 6 September 2006.

On 3 September 2006, the Takeovers Panel made a declaration that the Alinta Purchases amounted to unacceptable circumstances.

The Takeovers Panel made final orders on 7 September 2006 preventing Alinta acquiring more APA Units.

The Takeovers Panel also made orders requiring the APA Units acquired by the Alinta Purchases and the APA Units Alinta acquired under APA’s placement on 6 September 2006 be vested in ASIC and sold by a bookbuild or into an unconditional takeover bid, as well as orders concerning the acquisition and disposal of APA Units by Alinta. These orders were stayed pending further orders by the Takeovers Panel.

The orders do not prevent Alinta making a takeover bid for all APA Units.


On 20 September 2006, the Review Panel made a declaration of unacceptable circumstances surrounding the Alinta Purchases, and on 24 September 2006, made similar orders to the initial Takeovers Panel.


Alinta’s application was dismissed on 20 October 2006, the Federal Court of Australia upholding the Review Panel’s declaration and orders.

On 6 September 2006, APA had made an application to the Federal Court of Australia for a declaration that the Alinta Purchases were in contravention of the Corporations Act and seeking a divestment order in relation to such APA Units.

This claim was also dismissed along with Alinta’s application.

Both of these actions are now the subject of appeals to the Full Federal Court of Australia as summarised below:

- by an action commenced on 24 October 2006 by Alinta, Alinta is challenging the Federal Court’s judgment and order dismissing the application and in turn upholding the orders of the Review Panel; and
- by an action commenced on 31 October 2006 by APA, APA is challenging the order of the Federal Court and the Court’s finding that the Alinta Purchases and other actions by Alinta did not contravene the Corporations Act, and is seeking disposal of up to 15.4% of issued APA Units held by Alinta.

Each of these appeals has been set down for hearing on 7 and 8 December 2006. A judgment of the Full Federal Court (and its orders) may not be handed down until the Court sits in 2007. The Courts sitting dates end on 22 December 2006 and recommence on 5 February 2007.

Based on certain undertakings offered by Alinta and Trewax (which were accepted by the Federal Court of Australia), the orders of the Takeovers Panel were stayed on 24 October 2006 pending the hearing of these appeals. Those undertakings may impact on the ability of Alinta to exercise its Rights.

Alinta may apply to the Court for a variation of those undertakings to allow it to exercise its Rights. If Alinta does so, APL does not intend to oppose a variation to those undertakings which does nothing more than allow Alinta to exercise its Rights, provided that each New Unit issued on exercise of a Right (and each APTIT Unit forming a Stapled Security with each such New Unit) becomes subject to the same orders of the Takeovers Panel, undertakings to the Court and the ultimate decision of the Court on the APA Unit to which that Right attached.

APL may apply to the Takeovers Panel or the Court to clarify or request that each APTIT Unit forming part of a Stapled Security will form part of any order and be dealt with in the same way as the APA Unit forming part of that same Stapled Security.

On 14 November 2006, lawyers for Alinta LGA foreshadowed legal proceedings involving APL, APT Pipelines Limited and their directors. At the date of this PDS, no such proceedings had been served on those parties. The legal proceedings may be in connection with the recent issue by APL of shares to APT Pipelines Limited.
5 ESTABLISHMENT OF APTIT AND STAPLING PROCEDURES

5.1 INTRODUCTION

At the annual meeting of APA held on 20 October 2004, Unitholders approved changes to the APA Constitution to enable APL to staple the securities of another entity to APA Units.

On 30 June 2005, APL established APTIT and on 12 August 2005, APTIT became a registered managed investment scheme with APL as responsible entity.

APL’s intention is that APTIT Units will be stapled to APA Units so that APA and APTIT form a single economic group. The group formed as a result of the Stapling will be named the APA Group.

At present, the only APTIT Units on issue are the Nominee Units held by a nominee on behalf of Unitholders. Immediately following the issue of APTIT Units to Unitholders for the purposes of Stapling, these Nominee Units will be cancelled and both APA and APTIT will have an equal number of units on issue. Each APTIT Unit will be stapled to an APA Unit and held by the holder of that APA Unit.

5.2 REASON FOR THE ESTABLISHMENT OF APTIT AND BENEFITS OF STAPLING

APTIT has been established by APL to act as a pass through trust for tax purposes and increase flexibility in paying distributions.

APA is a taxpaying trust which is required to pay tax on the receipt of income from its assets. As a result, Unitholders receive after-tax, franked distributions.

However, a trust can also be structured as a pass through trust. A pass through trust is not required to pay tax on its income and as a result, Unitholders in those trusts receive pre-tax, unfranked distributions.

A pass through trust distributes all of its income annually and must not:
- carry on a business other than an “eligible investment business” (generally speaking, a business, the purpose of which is to make investments in assets such as real property and financial products); or
- have a controlling interest in businesses other than “eligible investment businesses”.

APL wishes to be able to offer Unitholders the ability to receive both pre-tax and after-tax income and accordingly has established APTIT to act as a pass through trust. If APL is considering buying eligible investment businesses or non-controlling interests in other businesses, it will consider buying
those assets in APTIT as APTIT would not be expected to pay tax on the receipt of income from them. APL believes the GasNet Australia Investment Trust is an eligible investment business and hence the units in that trust have been acquired in APTIT.

From a Unitholder perspective, the difference between buying such an asset in APA and buying it in APTIT is that:

- **For Australian tax residents (not under a legal disability)**
  - APTIT is able to make a higher cash distribution out of the income it receives on the asset, but those distributions are unfranked; whereas
  - APA pays tax on the income it receives and hence is only able to make a lower cash distribution to Unitholders, though the distributions may be franked.

- **For non-Australian tax residents**
  - **Interest and dividend income**
    APL as the trustee of APTIT would be required to withhold tax on the non-residents’ share of interest and dividend income distributed (if any) at the prescribed non-resident withholding tax rates.
  - **Non interest and dividend income**
    APL as the trustee of APTIT would be assessed and will be required to pay tax on the non-residents’ share of taxable income at the prescribed non-resident withholding tax rates. Unitholders may be able to claim a credit against any Australian income tax liability.
  - **For Unitholders under a legal disability (e.g. minors)**
    APL as the trustee of APTIT would be assessed and will be required to pay tax on the Unitholders’ share of taxable income at the prescribed rates. Unitholders may be able to claim a credit against any Australian income tax liability.

In future, where the APA Group invests in immature or greenfields infrastructure assets which it does not control, the financial profile of these assets is unlikely to generate franking credits for a significant period of time. These investments are likely to generate equity returns to the APA Group via unfranked distributions (where the investment is in a non-taxpaying period) or capital returns (due to cash flows being in excess of accounting profits). In these circumstances, Unitholders may benefit from such assets being acquired in APTIT which can flow receipts from these assets to Unitholders as pre-tax or tax deferred distributions.

As franking is effectively a prepayment of personal tax, the Board believes the better approach to distributions from the APA Group is, in general terms, to maximise the pre corporate-tax distributions to Unitholders and let Unitholders deal with the taxation on the distributions according to their own personal circumstances.

APL believes that by stapling APTIT Units to APA Units, investing in eligible investment businesses and non-controlling interests in other businesses can be made through APTIT which will be beneficial to Unitholders as a whole.

### 5.3 APTIT STRUCTURE AND OPERATIONS

APTIT has not undertaken any business operations (except for its acquisition of units in GasNet Australia Investments Trust). After Stapling, APTIT will form part of the APA Group and the group will conduct its business in the same way as APA would have prior to Stapling, except that APTIT will acquire investments in eligible investment businesses and non-controlling interests in other businesses.

### 5.4 IMPLICATIONS FOR APA DISTRIBUTIONS

The Stapling will not, of itself, result in any change to the distributions made by APA, although the Stapling may result in Unitholders’ distributions having a different profile. APL believes that the growth and diversity facilitated by the Stapling will over the long term, allow APL to deliver greater value for all Unitholders through a combination of a reliable and growing yield and long term capital growth. As part of any acquisition, APL will seek to maintain or enhance distributions to Unitholders.

### 5.5 ALLOTMENT OF APTIT UNITS

APTIT Units are expected to be allotted on the Stapling Allotment Date and holding statements for the resulting Stapled Securities are expected to be despatched on 5 January 2007.

### 5.6 ASX QUOTATION

APL will apply to ASX within seven days of the date of this PDS for the listing of APTIT and the official quotation of the Stapled Securities. Subject to approval being granted, trading of the Stapled Securities is expected to commence on ASX on a deferred settlement basis on 27 December 2006 and on a normal settlement basis on 8 January 2007.
5.7 TAXATION CONSIDERATIONS

The taxation implications of the Stapling for Unitholders are discussed in further detail in Section 10.11. However, you should consult your own tax adviser as to the tax consequences for you (including your tax return reporting requirements, applicable tax laws and the effect of any proposed changes in tax laws) which arise from the issue of APTIT Units.

5.8 DISTRIBUTION STATEMENTS

Unitholders will receive a distribution statement in relation to distributions from APA and APTIT. Each distribution statement will set out the amount of distribution payable to a Unitholder in respect of a distribution period and the taxation status of this distribution.

5.9 RISKS

APL believes there are no material risks or disadvantages associated with the Stapling. Following Stapling, the APA Group will conduct its business in the same way as APA would have prior to the Stapling, except that investments in eligible investment businesses and non controlling interests in other businesses may be made through APTIT.

See Section 8 for a discussion of the risk factors associated with investing in APA generally.
6 FINANCIAL INFORMATION

6.1 OVERVIEW

This Section contains information concerning the pro forma historical financial information of the combined businesses of APA, GasNet and Allgas. It has been prepared on the basis that the acquisitions of GasNet and Allgas (Acquisitions), the Rights Issue and the stapling of APTIT Units to APA Units are completed by APL.

The pro forma combined historical financial information has been prepared in order to give investors an indication of the financial profile and the potential impact of APA acquiring GasNet and Allgas and completing the Rights Issue and Stapling.

It does not necessarily illustrate the financial position that would have been obtained or the financial performance that would have occurred had GasNet and Allgas been acquired on 1 July 2005, principally because the financial performance has not been adjusted for changes in capital structure, debt structuring, cost savings or finalisation of the acquisition accounting adjustments. Further details about the basis of preparation of the pro forma combined historical financial information are set out in Section 6.2.

The pro forma combined historical financial information included in this Section is presented in abbreviated form and does not contain all the disclosures that are necessary in an annual financial report prepared in accordance with the Corporations Act.

6.2 BASIS OF PREPARATION

The pro forma combined historical financial information has been prepared to show the net effect of the significant post balance sheet date transactions outlined below:

- the APA Institutional Placement (Placement) and the Security Purchase Plan (SPP) announced on 31 August 2006 which have been used to repay interest bearing liabilities of $227.6 million;
- the acquisitions of GasNet and Allgas for total consideration of $968.3 million, including transaction costs, which have been financed by increased interest bearing liabilities. The purchase price has been provisionally allocated to the fair values of the assets, liabilities and contingent liabilities acquired in accordance with AASB 3 “Business Combinations” (AASB 3);
- the net proceeds of the Rights Issue which will be used to repay interest bearing liabilities and the expenses of the Rights Issue; and
- the impact of the Stapling.

6.2.1 Pro forma combined historical statement of EBIT

The pro forma combined historical statement of EBIT has been presented based on the aggregation of the following:

- historical statement of EBIT for APA for the financial year ended 30 June 2006 prepared in accordance with AIFRS
extracted from the audited consolidated financial statements for the financial year ended 30 June 2006;
- pro forma historical statement of EBIT for GasNet for the year ended 30 June 2006 which is unaudited and prepared in accordance with AIFRS. This pro forma financial information has been prepared by APA management using publicly available information, including the consolidated financial reports of GasNet for the half years ended 30 June 2006 and 30 June 2005 which were subject to review and the audited consolidated financial report of GasNet for the financial year ended 31 December 2005; and
- historical statement of EBIT for Allgas for the financial year ended 30 June 2006 prepared in accordance with AIFRS which is based upon the audited consolidated financial statements of Allgas for the financial year ended 30 June 2006.

Refer specifically to Section 6.5 for the specific adjustments made relating to the pro forma combined historical statement of EBIT.

The pro forma combined historical statement of EBIT has been presented before financing activities and income tax. A full pro forma combined historical income statement is not considered to be representative of the combined businesses, and therefore has not been presented, due to the following reasons:
- the different debt and capital structures of APA, GasNet and Allgas;
- the timing of various parts of the Acquisitions and the valuation of assets, liabilities and contingent liabilities acquired;
- the impact of the Rights Issue on the gearing levels; and
- the associated taxation implications of the above.

In addition, it should be noted that the pro forma combined historical statement of EBIT does not take account of:
- any potential increases to revenue and cost savings or the expected potential revenue or costs arising from the integration of GasNet and Allgas into APA;
- the impact of finalising the carrying value of intangible assets or the magnitude of other fair value adjustments that may arise from the purchase price accounting, which may or may not, attract future significant depreciation and/or amortisation charges; and
- the associated taxation implications of the above.

6.2.2 Pro forma combined historical balance sheet

The pro forma combined historical balance sheet has been prepared based on the combination of the following:
- historical balance sheet of APA as at 30 June 2006 prepared in accordance with AIFRS extracted from the audited
- consolidated financial statements for the financial year ended 30 June 2006;
- historical balance sheet of GasNet as at 30 June 2006 prepared in accordance with AIFRS extracted from the consolidated financial report for the half year ended 30 June 2006 which was subject to review;
- historical balance sheet of Allgas as at 30 June 2006 prepared in accordance with AIFRS, extracted from the audited consolidated financial statements of Allgas for the financial year ended 30 June 2006; and
- the adjustments required to effect the Acquisitions, the Placement and SPP, and the implementation of the Rights Issue and Stapling.

6.3 PURPOSE AND EFFECT OF THE RIGHTS ISSUE ON APA

The purpose of the Rights Issue is to:
- reduce gearing and provide APA with additional flexibility and financial capacity to fund future acquisitions and development opportunities; and
- pay the expenses of the Rights Issue.

The effect of the Rights Issue will be to increase the number of APA Units on issue by approximately 94.9 million to approximately $427.0 million (excluding APA Units to be issued under the DRP) and to reduce net debt by approximately $349.0 million.

6.4 PURPOSE AND EFFECT OF STAPLING

The purpose of the Stapling is to increase flexibility in making distributions to Unitholders and will result in Unitholders holding each of their APA Units and APTIT Units as a component of a Stapled Security.

Following the Stapling, APA and APTIT will operate as a single economic group to be known as the APA Group.

For further information, see Section 5.
6.5 PRO FORMA COMBINED HISTORICAL STATEMENT OF EBIT

The table below sets out the pro forma combined historical statement of EBIT for an illustrative year, being 30 June 2006, on the basis described in Section 6.2.1.

This pro forma combined historical statement of EBIT has been prepared to provide an indication of the pro forma combined EBIT of APA including GasNet and Allgas for a full 12 month period. It does not take account of any potential revenue and cost synergies and the expected potential costs from the integration of GasNet and Allgas into APA. Accordingly, it does not purport to represent what the actual combined results would have been had the Acquisitions occurred on 1 July 2005, nor is it a forecast for APA post the Acquisitions.

Table 6.1 Pro forma combined historical statement of EBIT

<table>
<thead>
<tr>
<th>For the year ended 30 June 2006</th>
<th>APA $’000</th>
<th>GasNet $’000</th>
<th>Allgas $’000</th>
<th>Pro Forma Adjustments $’000</th>
<th>Pro Forma Result $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>373,343</td>
<td>115,890</td>
<td>39,636</td>
<td>(8,092)</td>
<td>520,777</td>
</tr>
<tr>
<td>EBITDA</td>
<td>192,363</td>
<td>85,725</td>
<td>27,693</td>
<td>7,308</td>
<td>313,089</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>(38,848)</td>
<td>(22,518)</td>
<td>(5,657)</td>
<td>(7,987)</td>
<td>(75,010)</td>
</tr>
<tr>
<td>EBIT</td>
<td>153,515</td>
<td>63,207</td>
<td>22,036</td>
<td>(679)</td>
<td>238,079</td>
</tr>
</tbody>
</table>

6.5.1 Pro forma adjustments made to pro forma combined historical statement of EBIT

The following adjustments have been made to the pro forma combined historical statement of EBIT:

- the amount credited/charged to the income statement for the financial year ended 30 June 2006 of APA in relation to the following items are non-recurring or significant in nature and have therefore been excluded from the pro forma combined historical statement of EBIT as pro forma adjustments:
  - the release of a provision as a result of a settlement reached with a customer of $3.3 million (income);
  - stress corrosion cracking expense of $11.3 million; and
  - expenditure incurred on capital projects, including the takeover bid for GasNet, of $4.1 million;
- the amount credited to the pro forma income statement for the 12 months ended 30 June 2006 of GasNet in relation to the gain on disposal of items of property, plant and equipment of $4.0 million is of a non-recurring nature and has therefore been excluded from the pro forma combined historical statement of EBIT as a pro forma adjustment;
- dividends received by APA in respect of its investment in GasNet of $0.8 million have been eliminated as a pro forma adjustment; and
- the estimate of additional depreciation and amortisation arising from the uplift in value of property, plant and equipment as a result of the preliminary purchase price accounting adjustments (refer Section 6.6) has been included as a pro forma adjustment.
## 6.6 PRO FORMA COMBINED HISTORICAL BALANCE SHEET

The table below sets out the pro forma combined historical balance sheet described in Section 6.2.2.

### Table 6.2 Pro forma combined historical balance sheet

<table>
<thead>
<tr>
<th>As at 30 June 2006</th>
<th>APA $’000</th>
<th>GasNet $’000</th>
<th>Allgas $’000</th>
<th>Acquisition Accounting $’000</th>
<th>Other Pro Forma Adjustments $’000</th>
<th>Rights Issue $’000</th>
<th>Stapling $’000</th>
<th>Pro Forma Position $’000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>13,004</td>
<td>39,200</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>52,204</td>
</tr>
<tr>
<td>Receivables</td>
<td>35,259</td>
<td>22,058</td>
<td>741</td>
<td>(9)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>58,049</td>
</tr>
<tr>
<td>Other current assets</td>
<td>12,661</td>
<td>5,266</td>
<td>117</td>
<td>250</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>18,294</td>
</tr>
<tr>
<td>Total Current Assets</td>
<td>60,924</td>
<td>66,524</td>
<td>858</td>
<td>241</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>128,547</td>
</tr>
<tr>
<td><strong>Non–Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receivables</td>
<td>10,956</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>10,956</td>
</tr>
<tr>
<td>Investments</td>
<td>23,199</td>
<td>–</td>
<td>–</td>
<td>(23,199)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>1,956,037</td>
<td>896,687</td>
<td>308,605</td>
<td>368,102</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>3,529,431</td>
</tr>
<tr>
<td>Other intangible assets including goodwill</td>
<td>4,788</td>
<td>–</td>
<td>163,338</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>168,126</td>
<td></td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>4,951</td>
<td>4,593</td>
<td>667</td>
<td>(667)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>9,544</td>
</tr>
<tr>
<td>Total Non–Current Assets</td>
<td>1,999,931</td>
<td>901,280</td>
<td>309,272</td>
<td>507,574</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>3,718,057</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>2,060,855</td>
<td>967,804</td>
<td>310,130</td>
<td>507,815</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>3,846,604</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables</td>
<td>(58,823)</td>
<td>(18,160)</td>
<td>(17,165)</td>
<td>16,731</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(77,417)</td>
</tr>
<tr>
<td>Interest bearing liabilities</td>
<td>(158,542)</td>
<td>(3,810)</td>
<td>–</td>
<td>–</td>
<td>110,000</td>
<td>52,352</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>(3,273)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(3,273)</td>
</tr>
<tr>
<td>Provisions</td>
<td>(22,848)</td>
<td>(1,583)</td>
<td>(14,159)</td>
<td>12,805</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(25,785)</td>
</tr>
<tr>
<td>Other (unearned revenue)</td>
<td>(9,275)</td>
<td>(10,433)</td>
<td>–</td>
<td>10,433</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(9,275)</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>(252,761)</td>
<td>(33,986)</td>
<td>(31,324)</td>
<td>39,969</td>
<td>110,000</td>
<td>52,352</td>
<td>–</td>
<td>(115,750)</td>
</tr>
<tr>
<td><strong>Non–Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest bearing liabilities</td>
<td>(1,055,708)</td>
<td>(646,855)</td>
<td>(968,255)</td>
<td>117,590</td>
<td>296,692</td>
<td>–</td>
<td>–</td>
<td>(2,256,536)</td>
</tr>
<tr>
<td>Other financial liabilities</td>
<td>(79,338)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(79,338)</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>(77,198)</td>
<td>(77,828)</td>
<td>(27,128)</td>
<td>(38,533)</td>
<td>780</td>
<td>2,041</td>
<td>–</td>
<td>(217,866)</td>
</tr>
<tr>
<td>Provisions</td>
<td>(2,610)</td>
<td>(1,844)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(4,454)</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>(1,780)</td>
<td>(196)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(1,976)</td>
</tr>
<tr>
<td>Total Non–Current Liabilities</td>
<td>(1,216,634)</td>
<td>(726,723)</td>
<td>(27,128)</td>
<td>(1,006,788)</td>
<td>118,370</td>
<td>298,733</td>
<td>–</td>
<td>(2,560,170)</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>(1,469,395)</td>
<td>(760,709)</td>
<td>(58,452)</td>
<td>(966,819)</td>
<td>228,370</td>
<td>351,085</td>
<td>–</td>
<td>(2,675,920)</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>591,460</td>
<td>207,095</td>
<td>251,678</td>
<td>(459,004)</td>
<td>228,370</td>
<td>351,085</td>
<td>–</td>
<td>1,170,684</td>
</tr>
<tr>
<td><strong>EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issued capital</td>
<td>505,379</td>
<td>229,607</td>
<td>11,086</td>
<td>(240,693)</td>
<td>228,370</td>
<td>351,085</td>
<td>(302,000)</td>
<td>782,834</td>
</tr>
<tr>
<td>Reserves</td>
<td>(14,510)</td>
<td>2,104</td>
<td>203,560</td>
<td>(206,145)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(14,991)</td>
</tr>
<tr>
<td>Retained profits</td>
<td>100,490</td>
<td>(24,616)</td>
<td>37,032</td>
<td>(12,166)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>100,740</td>
</tr>
<tr>
<td>Parent Entity Interest</td>
<td>591,359</td>
<td>207,095</td>
<td>251,678</td>
<td>(459,004)</td>
<td>228,370</td>
<td>351,085</td>
<td>(302,000)</td>
<td>868,583</td>
</tr>
<tr>
<td>Minority interests</td>
<td>101</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>302,000</td>
<td>302,101</td>
</tr>
<tr>
<td>Total Equity</td>
<td>591,460</td>
<td>207,095</td>
<td>251,678</td>
<td>(459,004)</td>
<td>228,370</td>
<td>351,085</td>
<td>–</td>
<td>1,170,684</td>
</tr>
</tbody>
</table>
6.6.1 Acquisition and other pro forma adjustments and the implementation of the Rights Issue and Stapling

Acquisition adjustments and assumptions

The pro forma combined historical balance sheet has been prepared assuming the following:

- the acquisitions of GasNet and Allgas for total consideration of $968.3 million, including transaction costs of $41.1 million capitalised as part of the acquisition cost, will, in the first instance, be financed by additional interest bearing liabilities;
- APA’s investment in stapled securities in GasNet as at 30 June 2006 has been eliminated;
- with the exception of property, plant and equipment, the preliminary fair value of net assets acquired of GasNet and Allgas have been determined by reference to the carrying values of the relevant assets and liabilities in the balance sheets of GasNet and Allgas as at 30 June 2006, adjusted as necessary to reflect acquisition accounting adjustments and relevant tax implications;
- the fair value of the property, plant and equipment of GasNet and Allgas has been provisionally determined by APA management;
- the excess of consideration paid over the fair value of the net assets acquired (as determined above) of GasNet has provisionally been attributed to goodwill;
- the excess of consideration paid over the fair value of the net assets acquired (as determined above) of Allgas has provisionally been attributed to indefinite life intangible assets (licences) and goodwill; and
- GasNet debt facilities, which may become technically repayable following the change in control and delisting of GasNet, and all APA’s bridging facilities, are renegotiated by APA as long term interest bearing liabilities.

The allocation of the total cost of acquisition to reflect the fair values of the assets, liabilities and contingent liabilities acquired has been provisionally determined in the pro forma information above. A formal analysis of the fair value of net assets acquired is still to be finalised. Any adjustments to these fair values, including associated tax adjustments, will have no impact on the aggregate post-acquisition net assets of APA, but could have an impact on any potential depreciation or amortisation charges in future financial periods.

Other pro forma adjustments

The following adjustments have been made to the pro forma combined historical balance sheet:

- the Placement and the SPP announced on 31 August 2006 which raised $227.6 million of additional capital, net of costs, have been reflected within the pro forma combined historical balance sheet; and
- current and non-current interest bearing liabilities have been reduced by the amount raised.

Effect of the implementation of the Rights Issue

The pro forma combined historical balance sheet has been prepared assuming the cash raised by the Rights Issue of $355.8 million, net of expenses associated with the Rights Issue of $6.8 million will be used to repay $349.0 million of interest bearing liabilities.

Effect of the implementation of Stapling

The pro forma combined historical balance sheet has been prepared assuming the following:

- APTT Units will be issued, equating to a total consideration of $302.0 million;
- the issue price will be paid by APL as agent for each Unitholder utilising the proceeds of a pro-rata capital distribution of $302.0 million from APA;
- APA’s issued capital will be reduced by $302.0 million, representing the pro-rata capital distribution; and
- APA is the acquirer and the parent under the stapling arrangements. Refer to Section 6.6.3 for more detail in this regard.

6.6.2 Acquisition accounting

Under AASB 3, all of the identifiable assets (including intangible assets), liabilities and contingent liabilities, of GasNet and Allgas must be identified and valued. The purchase price is then allocated across the fair value of these assets (including intangible assets), liabilities and contingent liabilities with any residual allocated to goodwill.

Many intangible assets that would previously have been subsumed within goodwill must be separately identified and valued. The valuation of such assets is a complex and time-consuming process that may require specialist skills and detailed information about the businesses, which is currently not available to APA. In addition, each of the identified intangible assets acquired may have a limited life and must be amortised over that life in contrast to goodwill, which is not amortised under AIFRS. The identification and valuation process will therefore be undertaken progressively over the next few months.

In addition, under AIFRS there are specific rules regarding the calculation of the fair value of assets, liabilities and contingent liabilities acquired. These rules may significantly vary the historical cost of the assets and liabilities acquired and significantly impact the profitability of the business going forward.
6.6.3 Stapling accounting

In accordance with UIG 1002 “Post-Date-of-Transition Stapling Arrangements”, APA and APTIT (the entities combining under the Stapling arrangement) are required to identify one of them as the acquirer and the parent under the stapling arrangements. For the purposes of the pro forma combined historical financial information, APA management has determined that APA is the acquirer and the parent. Accordingly, APA will continue to prepare consolidated financial statements, in accordance with the general principles in AASB 3 and AASB 127 “Consolidated and Separate Financial Statements”.

Therefore, the identifiable assets, liabilities and contingent liabilities of APTIT are recognised at their fair values. Because there is no acquisition consideration and no ownership interest being acquired by the combining entities:
- no additional goodwill is recognised; and
- the interests of the equity holders in APTIT are treated as minority interests.

6.7 DISTRIBUTIONS PER APA UNIT

Based on current expectations for the full year results, APL expects to declare a 28.0 cent distribution per Stapled Security for FY2007 on the expanded issued capital base. This represents an increase of 16.7% on the 24.0 cent distribution per APA Unit for FY2006 and significantly exceeds APL’s objective to grow unitholder distributions annually by at least CPI.

6.8 ILLUSTRATIVE CALCULATION OF EARNINGS PER APA UNIT FOR PRIOR PERIODS

Calculation of adjustment factor for earnings per APA Unit

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>APA Unit price as at Wednesday, 15 November 2006 ($)</td>
<td>4.58</td>
</tr>
<tr>
<td>Less: Interim distribution per APA Unit for the quarter ended 30 September 2006 ($)</td>
<td>0.07</td>
</tr>
<tr>
<td><strong>Adjusted APA Unit price ($)</strong></td>
<td><strong>4.51</strong></td>
</tr>
<tr>
<td>APA Units outstanding prior to the Rights Issue (million)</td>
<td>332.1</td>
</tr>
<tr>
<td>Gross proceeds raised from the Rights Issue ($ million)</td>
<td>355.8</td>
</tr>
<tr>
<td>Issue Price per New Unit ($)</td>
<td>3.75</td>
</tr>
<tr>
<td>New Units issued under the Rights Issue (million)</td>
<td>94.9</td>
</tr>
<tr>
<td><strong>APA Units outstanding after the Rights Issue (million)</strong></td>
<td><strong>427.0</strong></td>
</tr>
</tbody>
</table>

Market capitalisation of APA before the Rights Issue adjusted to exclude the value of the distribution of $0.07 per APA Unit ($ million)

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross proceeds raised from the Rights Issue ($ million)</td>
<td>355.8</td>
</tr>
<tr>
<td><strong>Theoretical adjusted market capitalisation after the Rights Issue ($ million)</strong></td>
<td><strong>1,853.6</strong></td>
</tr>
<tr>
<td>Theoretical ex-Rights Price (TERP) ($)</td>
<td>4.34</td>
</tr>
<tr>
<td>Adjustment factor (%)</td>
<td>96.3</td>
</tr>
</tbody>
</table>

1. TERP is calculated as the theoretical adjusted market capitalisation divided by APA Units on issue after the Rights Issue.
2. Adjustment factor = TERP / adjusted APA Unit price.

Based on the adjustment factor, APA’s basic earnings per APA Unit for the financial year ended 30 June 2006 of 22.43 cents per APA Unit would be restated as 21.59 cents per APA Unit.
7
INVESTIGATING ACCOUNTANTS’ REPORT
Dear Sirs

Investigating Accountants’ Report on Pro forma Combined Historical Financial Information

Deloitte Touche Tohmatsu (‘Deloitte’) has been engaged by the directors of Australian Pipeline Limited to prepare this Investigating Accountants’ Report (‘Report’) pursuant to a renounceable rights issue of ordinary units (‘APA Units’) in Australian Pipeline Trust (‘APA’) and the proposed stapling of each APA Unit to a unit in APT Investment Trust. Expressions defined in the product disclosure statement (‘PDS’) have the same meaning in this Report.

Scope

You have requested that Deloitte prepare an Investigating Accountants’ Report reviewing the pro forma historical financial information set out in tables 6.1 and 6.2 of the PDS comprising the pro forma unaudited:

- combined historical statement of EBIT of the APT Group for the year ended 30 June 2006; and
- combined historical balance sheet of the APT Group as at 30 June 2006,

(referred to collectively as the ‘Pro forma Combined Historical Financial Information’).

The Pro forma Combined Historical Financial Information has been derived from historical financial information, as described below, after adjusting for the pro forma transactions and/or adjustments described in Sections 6.5.1 and 6.6.1 of the PDS to reflect the acquisition of GasNet and Allgas, the implementation of the Rights Issue, the Stapling and other pro forma adjustments.

The APA historical financial information as set out tables 6.1 and 6.2 of the PDS has been extracted from the audited consolidated financial statements of APA for the financial year ended 30 June 2006. The financial statements of APA for the financial year ended 30 June 2006 have been audited by Deloitte in accordance with Australian Auditing Standards. The audit opinion issued to the unitholders of APA was unqualified.
The GasNet pro forma historical financial information as set out tables 6.1 and 6.2 of the PDS has been prepared by APA management using publicly available information, including the consolidated financial reports of GasNet for the half years ended 30 June 2006 and 30 June 2005 which were subject to review and the audited consolidated financial report of GasNet for the year ended 31 December 2005. The audit opinion and review statements issued to the stapled security holders of GasNet were unqualified.

The Allgas historical financial information as set out in tables 6.1 and 6.2 of the PDS has been extracted from the audited consolidated financial statements of Allgas for the year ended 30 June 2006. The audit opinion issued in relation to Allgas was unqualified.

All historical financial information is prepared in accordance with A-IFRS.

The directors of APL are responsible for the preparation and presentation of the Pro forma Combined Historical Financial Information including the determination of the pro forma adjustments.

The Pro forma Combined Historical Financial Information is presented in an abbreviated form insofar as it does not include all of the disclosures required by A-IFRS.

Scope for Review of Pro forma Combined Historical Financial Information

We have reviewed the Pro forma Combined Historical Financial Information in order to report whether anything has come to our attention which causes us to believe that the Pro forma Combined Historical Financial Information, as set out in tables in 6.1 and 6.2 of the PDS, does not present fairly the:

- pro forma combined historical statement of EBIT of the APT Group for the year ended 30 June 2006; and
- pro forma combined historical balance sheet of the APT Group as at 30 June 2006,

on the basis of the pro forma transactions and/or adjustments described in Sections 6.5.1 and 6.6.1 of the PDS, and in accordance with the recognition and measurement principles prescribed by Australian Accounting Standards, and the accounting policies adopted by APA as disclosed in the APA 30 June 2006 financial report.

Our review has been conducted in accordance with Australian Auditing Standard AUS 902 “Review of Financial Reports”. We have made such enquiries and performed such procedures as we, in our professional judgement, considered reasonable in the circumstances, including:

- a review of historical financial reports;
- a review of due diligence reports prepared in relation to the acquisitions of GasNet and Allgas;
- review of work papers, accounting records and other documents;
• a review of the pro forma transactions and/or adjustments made to the historical financial information;
• comparison of consistency in application of applicable Accounting Standards and accounting policies adopted by APA, GasNet and Allgas;
• analytical procedures applied to the financial data; and
• enquiry of directors, management and others.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Pro forma Combined Historical Financial Information.

**Review Statement on Pro forma Combined Historical Financial Information**

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the Pro forma Combined Historical Financial Information as set out in tables 6.1 and 6.2 of the PDS, does not present fairly the:

• pro forma combined historical statement of EBIT of the APT Group for the year ended 30 June 2006; and
• pro forma combined historical balance sheet of the APT Group as at 30 June 2006,

on the basis of the pro forma transactions and/or adjustments described in Sections 6.5.1 and 6.6.1 of the PDS, and in accordance with the recognition and measurement principles required by Australian Accounting Standards and the accounting policies adopted by APA as disclosed in the APA 30 June 2006 financial report.

**Subsequent Events**

Subsequent to 30 June 2006 and up to the date of this Report, nothing has come to our attention that would cause us to believe material transactions or events outside of the ordinary course of business of APA have occurred, other than matters dealt with in this Report or the PDS, which would require comment on, or adjustments to, the information contained in this Report, or which would cause such information to be misleading.

**Independence and Disclosure of Interest**

Deloitte does not have any interest in the outcome of the proposed Rights Issue or Stapling other than the preparation of this Report and other services in relation to the Rights Issue, for which normal professional fees will be received. Deloitte is the auditor of APA and from time to time, Deloitte also provides APA with certain other professional services for which normal professional fees are received.
Responsibility

Deloitte has consented to the inclusion of this Investigating Accountants’ Report in the PDS in the form and context in which it is so included, but has not authorised the issue of the PDS. Accordingly, Deloitte makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the PDS.

Yours faithfully

DELOITTE TOUCHE TOHMATSU

Samantha Lewis
Partner
Chartered Accountants
This Section discusses some of the:

- general risks of investing in the listed securities (Section 8.1);
- specific risks associated with APA and the sector in which it operates (Section 8.2); and
- the risks associated with Alinta’s investment in APA (Section 8.3).

Many of these risks are outside of the control of APA. APA employs techniques to reduce or deal with certain risks including by the use of insurance and long term contracts. These techniques can be costly, and do not mitigate all risks. They are only utilised to the extent APA thinks prudent. Even though APA management implements risk mitigation strategies to reduce risk, not all risks can be mitigated in whole or part.

You should read the whole of this PDS, carefully consider your personal circumstances and consult your financial or other professional advisers before deciding whether to exercise your Rights and apply for New Units.

8.1 GENERAL RISKS ASSOCIATED WITH INVESTING IN NEW UNITS

There are risks associated with any stock market investment. Unit prices and distributions may rise or fall and the price of APA Units might trade below or above the Issue Price. Factors which may affect the market price of APA Units include:

- general movements in Australian and international stock markets;
- investor sentiment;
- Australian and international economic conditions and outlook;
- changes in interest rates and the rate of inflation;
- changes in exchange rates;
- changes to laws, government regulation and policies;
- announcement of new technologies; and
- geo-political instability, including international hostilities and acts of terrorism.

8.2 RISKS ASSOCIATED WITH APA AND THE SECTOR IN WHICH IT OPERATES

In addition to the general risks associated with investing in the stock market, investors should be aware of specific risks inherent in investing in APA.

APA owns and operates gas transmission pipelines, a gas distribution system, a gas storage facility, a gas processing plant and a high voltage electricity transmission system. APA is also developing new assets including a gas transmission pipeline in the Northern Territory, a second gas processing plant and a gas fired power station in south east Queensland.
8.2.1 Asset integrity risk
A major physical risk faced by gas transmission pipelines and gas distribution systems is that of pipeline corrosion, including stress corrosion cracking, which can lead to pipeline failure. The only pipeline in the APA portfolio known to have stress corrosion cracking is the MSP.

8.2.2 Bypass risk
Bypass occurs when competitors replicate portions of pipelines or electricity transmission systems rather than purchasing transportation services on an existing transmission asset. This risk is faced by all transmission assets. It is most relevant to APA for gas transmission pipelines.

There is a risk that a new pipeline could offer an alternative gas transportation service to the markets currently served by a pipeline owned by APA (including the MSP and the RBP) or otherwise alter flow configurations to the detriment of these pipelines. If this were to occur, APA’s future revenue could be reduced if shippers purchased transportation services from new pipelines rather than from APA’s existing pipelines.

8.2.3 Competition risk
Some of APA’s assets are affected by the existence of competing assets owned and operated by other parties. APA’s assets may be affected in the future by the development of new competing assets or by the expansion of existing competing assets.

APA believes that certain parties may be investigating the feasibility of building and operating a gas transmission pipeline from Wallumbilla to Newcastle. Such a pipeline may compete with the MSP.

Additionally, there is the potential for new gas fields to be developed in competition with existing gas reserves. For example, the discovery of major new gas resources in eastern Australia could have a significant impact on the supply dynamics of the eastern Australian gas markets, which could result in a reduction in the quantities of gas that would otherwise have been transported through APA’s existing gas pipelines, with a resulting reduction in APA’s future revenue.

8.2.4 Construction risk
As part of growing its business, APA is developing new assets including a gas transmission pipeline in the Northern Territory, a second gas processing plant and a gas fired power station in south east Queensland. Development of these assets involves a number of typical construction risks including the failure to obtain necessary approvals, higher than budgeted construction costs and project delays.

8.2.5 Gas demand risk
The volume of gas that is transported by APA is dependent on end user demand in the regions they service. Demand is influenced by factors which include weather, economic conditions, competitive conduct, population growth, availability of adequate supplies of gas, government policy and alternative fuels or energy sources.

A reduction in end user demand may reduce APA revenues, notwithstanding that the majority of APA’s revenue for gas transmission is derived from long term contracts where the majority of the revenue is a fixed capacity charge (rather than a charge calculated by reference to volumes of gas transported or processed) and that for those pipelines where revenues reflect the regulated tariffs, a reduction in end user demand may entitle APA to seek regulatory approval to revise the regulated tariffs to ensure that the forecast level of revenue is recovered.

8.2.6 Gas supply risk
Availability of gas reserves is essential for the ongoing use of gas transmission pipelines and related assets. The availability of competitively priced reserves is dependent on the producing companies and is outside the control of APA. If there is an unforeseen shortage in the availability of competitively priced gas, APA’s revenue may be adversely affected.

There is also a risk that existing gas reserves will become depleted or cease to be competitive with alternate sources of gas. If this results in shippers sourcing their gas from alternate sources, this could result in a reduction in the quantities of gas that would otherwise have been transported through APA’s existing gas transmission pipelines, with a resulting reduction in APA’s revenue.

The majority of revenue from the MSP relates to transportation of gas from Moomba. There is a risk that Moomba may cease to retain its role as the dominant source of gas for NSW and ACT. In this case, revenues on the MSP would most likely be significantly reduced.

8.2.7 Gas Transportation Deed risk
Since 2000, a material portion (see Section 4.4) of the revenues from the MSP has derived from the Gas Transportation Deed (GTD) with AGL Wholesale Gas (a subsidiary of AGL Energy (AGLE)). Under the GTD, AGLE has paid a fixed minimum monthly amount for gas transportation with the fixed minimum monthly payments decreasing every 12 months since January 2001. From 1 January 2007, the amount of pipeline capacity reserved by AGLE will fall from that reserved under the GTD to a level sufficient to transport AGLE’s Moomba sourced gas supplies and the fixed minimum monthly payments will be renegotiated.
and replaced by charges consistent with the standard commercial MSP tariffs.

There is a risk that AGL and other shippers will not contract for capacity and at tariffs sufficient to replace the revenue otherwise foregone under the GTD.

8.2.8 Operational risk

APA is exposed to a number of operational risks including equipment failures or breakdowns, information technology systems failures or breakdowns, contractor default, unplanned interruptions, damage by third parties and unforeseen accidents.

Operational disruption could adversely impact APA’s earnings. In addition, the cost of repairing or replacing damaged assets could be considerable.

APA also faces the risk that it could be forced to suspend gas transportation due to a failure on the part of the producer of natural gas to maintain supply. Revenue and earnings may be adversely affected by either a suspension of gas production from the supplier, or a suspension of gas transportation by APA.

8.2.9 Regulatory risk

Many of APA’s assets are subject to regulatory pricing reviews. Accordingly, the financial performance of APA can be significantly affected by regulatory determinations. Should a decision be made by a regulatory body to decrease tariffs below those currently payable, the earnings of APA could be negatively affected. An adverse regulatory pricing determination may also impact negatively on the carrying value of APA’s regulated assets, which would be reassessed at the time of the pricing reset.

A proposed revised Access Arrangement for the Roma to Brisbane Pipeline has been lodged with the ACCC. The outcome of that review depends on a wide variety of factors, including the value of the initial capital base of the pipeline determined by the ACCC (which is to be set for the first time as part of this Access Arrangement), WACC, non-capital costs, new capital expenditure and depreciation profiles determined or agreed by the ACCC. It is possible that the outcome of that process will be a reduction in the level of revenues currently recoverable by GasNet.

The regulatory value for the MSP has not yet been finally determined, with a hearing before the Australian Competition Tribunal expected during 2007. As the pipeline is only partly regulated, the outcome of that determination will have little or no impact on APA’s earnings, as it will not affect the tariffs negotiated between APA and shippers for transportation services on the pipeline.

A significant review of the national gas access regime is currently underway, with draft legislation released for public comment on 7 November 2006. It is possible that the outcome of that review will be, in part or overall, less favourable to asset owners than the current regime.

In addition to access (economic) regulation, the energy industry in Australia is also regulated from an operational perspective and there are costs and risks for APA in meeting regulatory requirements. Changes in any laws, regulations or policies may have an adverse impact on APA.

8.2.10 Integration risk

As a result of the recent acquisitions of Murraylink, GasNet and Allgas, APA is integrating these new businesses into its existing operations. This exposes APA to integration risks.

The planned operational and business synergies of combining the operations of APA and the new businesses may not be realised to the levels expected, or within the timeframes desired, or at all, and the costs of integration could be greater than anticipated.

The process of integrating operations could, among other things, divert management’s attention from the activities of one or more of the businesses, as well as interrupting business momentum, and could result in the loss of key personnel.

8.2.11 Interest rates and refinancing risk

APA is exposed to movements in interest rates where funds are borrowed at a floating interest rate and are not effectively hedged or where fixed rate debt is being refinanced. There is a risk that adverse interest rate movements may affect APA’s earnings, both directly (through increased interest payments) and indirectly (through the impact on asset carrying values).

APA uses interest rate hedges that swap its exposure from floating to fixed interest rates. Excluding APA’s current acquisition bridge facilities, which must be refinanced by
31 March 2007, APA has hedged approximately 80% of its floating rate exposure at the date of this PDS.

APA has entered into various finance agreements including bridge facilities of $933 million to finance the acquisitions of Murraylink, GasNet and Allgas. The terms of these arrangements vary. The remaining terms of these facilities vary from less than six months to approximately 12 years. If the amount of funding available at the time of refinancing is lower than the amounts to be refinanced, or if the terms upon which funding can be obtained are materially worse to APA than current terms, this would have an adverse effect on APA. There is also a risk that the facilities that GasNet has in place may need to be refinanced. This is discussed more at Section 8.2.15.

8.2.12 Environmental risk

National, state and territory environmental laws and regulations affect the operations of APA’s assets. These laws and regulations set various standards regarding certain aspects of health and environmental quality, provide for penalties and other liabilities for the violation of such standards, and establish, in certain circumstances, obligations to remediate current facilities and locations where operations are, or were, previously conducted.

There is a risk that liability could be imposed on APA for damages, clean up costs or penalties in the event of discharge of prohibited substances into the environment, environmental damage caused by APA or previous owners of property or assets acquired by APA, or other non-compliance with environmental laws and regulations.

8.2.13 Investment risk

From time to time, APA may acquire infrastructure and related assets which meet APA’s investment criteria. Examples of this are the recent acquisitions of GasNet and the Allgas gas distribution business. Although the Board and APA senior management have considerable expertise in the assessment and structuring of such investments, and they engage external expert assistance as considered necessary, any final investment decision places considerable reliance on many assumptions.

APA bears the risk that these assumptions and forecasts (some of which may relate to time periods many years away), may ultimately not be realised.

There is also a risk that APA may be unable to secure further appropriate infrastructure investments on suitable terms, thereby limiting its growth to organic growth.

8.2.14 Purchase price accounting risk

Under the AIFRS business combinations standard, all of GasNet’s and Allgas’ identifiable assets, liabilities and contingent liabilities, including intangible assets, must be identified and valued. The purchase price is then allocated across the fair value of these assets, liabilities and contingent liabilities with any residual allocated to goodwill.

As noted in Section 6.6.1, the allocation of the total cost of acquisition to reflect the fair values of the assets, liabilities and contingent liabilities acquired has been provisionally determined for the purposes of this PDS. A formal analysis of the fair value of net assets acquired is still to be finalised. Any adjustments to these fair values, including associated tax adjustments, will likely have an equal and opposite impact on the other asset values recorded on acquisition. Any such adjustments could have an impact on any potential depreciation or amortisation charges in future financial periods, thereby increasing or reducing the net income of the APA Group.

In addition, future changes in accounting or financial reporting standards may adversely impact the financial performance of the APA Group.

8.2.15 GasNet specific risks

The construction of the Telfer pipeline in Western Australia was delayed due to extreme weather conditions. As a result of the delay there have been a number of claims for compensation from the construction contractor. On 16 June 2006 the construction contractor issued proceedings in the Supreme Court of Victoria against GasNet and Newcrest Mining Limited (Newcrest). While the construction contract was between GasNet and the contractor, GasNet’s contractual obligations are effectively borne by Newcrest as a result of the contractual arrangements between GasNet and Newcrest. As a result, resolution of the contractor’s claims is not expected to result in GasNet incurring a liability, although there is a risk that a Court or arbitrator could find to the contrary.

Additionally, it is possible that the financiers of the $664 million of finance facilities that GasNet has in place could require that they be paid out following the change of control of GasNet and delisting from ASX. If the amount of funding available to refinance this debt (if that becomes necessary) at the time of refinancing is lower than the amounts to be refinanced, or if the terms upon which funding can be obtained are materially worse to APA than current terms, this would have an adverse effect on APA.
8.2.16 Tax losses risk
As at 31 December 2005, GasNet Australia Trust and GasNet Australia Investments Limited have carry forward tax losses of $302.0 million and $7.3 million respectively, which are recorded in the balance sheet of GasNet at 30 June 2006 ($92.8 million tax effected). These losses are able to be transferred to the APA tax consolidated group provided that GasNet Australia Trust and GasNet Australia Investments Limited satisfy a modified version of the same business test. Whether or not the test is satisfied is a question of fact. Amongst other things, this test requires consideration of the business activities undertaken by these entities in the 12 month period ending just prior to them becoming wholly owned by the APA tax consolidated group. APL intends to undertake a detailed review of the same business test to determine the extent to which the losses can be transferred to the APA tax consolidated group.

8.2.17 Operating licenses/authorisations
APA holds a variety of licences (such as transmission pipeline licences and Aligas’ area distribution authority) to enable it to operate its core business. In the event of material non-compliance, these licenses are potentially subject to loss or forfeiture.

8.2.18 Financing requirements
APA may need further capital in the next few months depending on the outcome of discussions with its financiers and the success that APA has in bidding for further projects. If further APA Units or Stapled Securities are issued, the issue could put downward pressure on the trading price of APA Units or Stapled Securities on ASX.

8.3 RISKS ASSOCIATED WITH ALINTA’S INVESTMENT IN APA

The following are examples of what Alinta may do which may impact on the price at which APA Units or Stapled Securities trade on ASX. Alinta may:
- continue expensive legal proceedings against APA;
- commence fresh legal proceedings against APL, the Directors or APA (or an entity in the APA Group or their directors), including to delay or stop the Rights Issue;
- undertake actions to gain control of APA or APL (or replace APL as responsible entity of APA), and seek that APA pays external management fees beyond mere cost recovery (as is currently the case);
- undertake actions to gain control of APA or APL (or replace APL as responsible entity of APA), and seek to sell the MSP mainline and certain lateral pipelines, the Parmelia Gas Pipeline (and certain lateral pipelines), the Mondarra gas storage facility and at least 95% of GasNet, and possibly other assets of APA;
- be forced to, or voluntarily sell, a major parcel of APA Units or Stapled Securities (including any New Units it may take up under the Rights Issue and any APTIT Units to which those New Units are stapled) thus potentially putting downward pressure on the trading price of APA Units or Stapled Securities on the ASX;
- be forced to, or voluntarily sell, its Rights; or
- not exercise, or not be able to exercise, its Rights.

Alinta may also seek to acquire further APA Units or Stapled Securities or bid for some or all of the APA Units or Stapled Securities, which may result in you being forced to sell your APA Units or Stapled Securities under compulsion in circumstances where Alinta or its associates during or at the end of an offer period under a takeover bid have a relevant interest in at least 90% (by number) of the APA Units or Stapled Securities on issue and have acquired at least 75% (by number) of the securities that Alinta offered to acquire under the bid.

A general summary in relation to Alinta’s investment in APA is set out in Section 4.9.

There are a number of Alinta related risks in holding APA Units or acquiring Rights from a Unitholder (or from someone who has acquired the Rights from such person, and so on).

APL is unaware of Alinta’s intentions for its investment in APA, or for APA generally.
This page has been left blank intentionally.
Government regulations require APL to include the following standard consumer advisory warning. The information in the consumer advisory warning is standard across all product disclosure statements and is not specific to information on fees and costs of the APA Group.

**DID YOU KNOW?**

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from $100,000 to $80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask your fund or your financial adviser.

**TO FIND OUT MORE**

If you would like to find out more, or see the impact of fees based on your own circumstances, the ASIC website (www.fido.asic.gov.au) has a managed investment fee calculator to help you check our different fee options.

Once the Rights Issue and Stapling have been completed, Unitholders will own Stapled Securities and APA and APTIT will operate as a single economic group. However, the Corporations Act requires this Section to set out separately the details of fees and costs that will apply to APA Units and APTIT Units. Accordingly, APL recommends that when reading this Section, you consider the fees and costs described below for APA and APTIT on an aggregate basis.
### 9.1 ONGOING FEES AND EXPENSES OF APA

**Ongoing fees and expenses of APA (not including APTIT)**

This table shows fees and other costs that you may be charged. These fees and costs may be deducted from the assets of APA as a whole (not including APTIT). You should read all the information about fees and costs because it is important to understand their impact on your investment.

All fees and charges in this table are inclusive of GST and take into account expected input tax credits or reduced tax credits for GST on fees and charges.

<table>
<thead>
<tr>
<th>Type of fee or cost</th>
<th>Amount</th>
<th>How and when paid</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FEES WHEN YOUR MONEY MOVES IN OR OUT OF THE FUND</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Establishment fee</td>
<td>Nil</td>
<td>Not applicable</td>
</tr>
<tr>
<td>The fee to open your investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contribution fee</td>
<td>Nil</td>
<td>Not applicable</td>
</tr>
<tr>
<td>The fee on each amount contributed to your investment – either by you or your employer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Withdrawal fee</td>
<td>Nil</td>
<td>Not applicable</td>
</tr>
<tr>
<td>The fees on each amount you take out of your investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Termination fee</td>
<td>Nil</td>
<td>Not applicable</td>
</tr>
<tr>
<td>The fee to close your investment</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>MANAGEMENT COSTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The fees and costs for managing your investment</td>
<td>APL management fee</td>
<td>Estimated to be less than 0.55% per annum of the value of APA's total assets</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The APL management fee is calculated and accrued on a monthly basis on the last day of each month and is payable out of the assets of the APA in arrears on a quarterly basis. APL has waived its right to receive this fee to the extent that it exceeds costs incurred by APL in acting as responsible entity of APA for so long as it acts as responsible entity of APA.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>APL has waived its right to receive this fee to the extent that it exceeds costs incurred by APL in acting as responsible entity of APA for so long as it acts as responsible entity of APA.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Accordingly, based on the assumption that cost recovery out of the management fee will be split between APA and APTIT in the same proportion as the value of their respective assets bears to the assets of the APA Group as a whole, the management fee is estimated to be approximately $1.1 million (including GST) or 0.026% per annum excluding (GST) of the value of APA's total assets.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>APL recommends that you consider the fees and costs for APA and APTIT on an aggregate basis.</td>
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<tr>
<td></td>
<td></td>
<td>Paid out of the assets of APA as and when due</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>APA administration costs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>These are the costs of operating APA and are estimated to be less than 0.012% per annum of the value of APA's total assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SERVICE FEES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment switching fee</td>
<td>Nil</td>
<td>Not applicable</td>
</tr>
<tr>
<td>The fee for changing investment options</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 Based on APA's total assets of $3.6 billion, the APL management fee to which APL would be entitled without the waiver described below is estimated to be approximately $19.6 million (including GST). APL has currently waived its right to receive this fee to the extent that it exceeds costs incurred by APL in acting as responsible entity of APA for so long as it acts as responsible entity of APA. Accordingly, based on the assumption that cost recovery out of the management fee will be split between APA and APTIT in the same proportion as the value of their respective assets bears to the assets of the APA Group as a whole, the management fee is estimated to be approximately $1.1 million (including GST) or 0.026% per annum excluding (GST) of the value of APA's total assets.

2 Administration costs are those costs for which APL is entitled to be reimbursed and indemnified or have paid out of the assets of APA. These include all costs, charges, fees, expenses, commissions, liabilities, losses, damages and taxes incurred by it in relation to the proper performance of its duties and the exercise of its powers in the course of its administration or management of APA and typically include costs incurred in relation to the registry, auditor’s and legal fees, and investor communications. For the purposes of calculating the example set out above, the total administration costs of the APA Group have been split between APA and APTIT in the same proportion as to the value of their respective total assets to the APA Group’s total assets. APL recommends that you consider the fees and costs for APA and APTIT on an aggregate basis.
Example of annual fees and costs relating to APA (not including APTIT)

This table gives an example of how the fees and costs for APA can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.¹

<table>
<thead>
<tr>
<th>Example</th>
<th>Balance of $50,000 with a contribution of $5,000 during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution fees</td>
<td>Nil</td>
</tr>
<tr>
<td>For every additional $5,000 you put in, you will be charged $0</td>
<td></td>
</tr>
<tr>
<td>PLUS Management costs²</td>
<td>APL Management fees: 0.55% per annum</td>
</tr>
<tr>
<td>And, for every $50,000 you have in APA, you will be charged $281 each year</td>
<td></td>
</tr>
<tr>
<td>APA Administration costs: 0.012% per annum</td>
<td></td>
</tr>
<tr>
<td>EQUALS Cost of APA</td>
<td>If you had an investment of $50,000 at the beginning of the year and you put in an additional $5,000 during that year, you would be charged fees of $309</td>
</tr>
</tbody>
</table>

1 This example is based on an investment in APA Units. It is a requirement of law that an example of this kind be shown in this document. In practice, investors will not make ongoing contributions to APA and so the only annual cost will be APA’s administration costs (for so long as APL is responsible entity of APA). As the fees and costs of Stapled Securities will relate to both APA and APTIT, you should also consider the example set out in Section 9.2 relating to APTIT Units.

2 The annual management costs for APA as illustrated in the table comprise the administration costs, which are estimated to be 0.012% of the value of APA’s total assets and the management fees to which APL is entitled (however APL has waived that entitlement as described in footnote 3).

3 Management fees have been included in the above example to comply with the law, although APL has waived its right to be paid the management fees to the extent that the management fees exceed costs incurred by APL in acting as responsible entity of APA for so long as it is responsible entity of APA. As almost all of the shares in APL are held within the APA Group, even if the management fees were paid to APL, these fees would almost entirely remain as assets of APA and accordingly be held for the benefit of Unitholders. In practice therefore, management fees will only practically affect your investment if APL is replaced as responsible entity of APT or is no longer a member of the APA Group.
### 9.2 ONGOING FEES AND EXPENSES OF APTIT

**Ongoing fees and expenses of APTIT (not including APT)**

This table shows fees and other costs that you may be charged. These fees and costs may be deducted from the assets of APTIT. You should read all the information about fees and costs because it is important to understand their impact on your investment.

All fees and charges in this table are inclusive of GST and take into account expected input tax credits or reduced tax credits for GST on fees and charges.

<table>
<thead>
<tr>
<th>Type of Fee or Cost</th>
<th>Amount</th>
<th>How and when paid</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>FEES WHEN YOUR MONEY MOVES IN OR OUT OF THE FUND</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Establishment fee</td>
<td>Nil</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Contribute fee</td>
<td>Nil</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Withdrawal fee</td>
<td>Nil</td>
<td>Not applicable</td>
</tr>
<tr>
<td>Termination fee</td>
<td>Nil</td>
<td>Not applicable</td>
</tr>
<tr>
<td><strong>MANAGEMENT COSTS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>APL management fee</td>
<td>Estimated to be less than 0.55% per annum of the value of APTIT’s total assets</td>
<td>The APL management fee is calculated and accrued on a monthly basis on the last day of each month and is payable out of the assets of APTIT in arrears on a quarterly basis. APL has also waived its right to receive this fee to the extent that it exceeds costs incurred by APL in acting as responsible entity of APTIT for so long as APL acts as responsible entity of APTIT²</td>
</tr>
<tr>
<td>APTIT administration costs²</td>
<td>These are the costs of operating APTIT and are estimated to be less than 0.012% per annum of the value of APTIT’s total assets</td>
<td>Paid out of assets of APTIT as and when due</td>
</tr>
<tr>
<td><strong>SERVICE FEES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment switching fee</td>
<td>Nil</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

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1. Immediately following the Stapling, APTIT is expected to have total assets of $302 million, being the amount of the Capital Distribution. On that basis, the APL management fee to which APL would be entitled without the waiver described below is estimated to be approximately $1.7 million (including GST). APL has currently waived its right to receive this fee to the extent that it exceeds costs incurred by APL in acting as responsible entity of APTIT for so long as it acts as responsible entity of APTIT. Accordingly, based on the assumption that cost recovery out of the management fee will be split between APA and APTIT in the same proportion as the value of their respective assets bears to the assets of the APA Group as a whole, the management fee is estimated to be $88,000 (including GST) or 0.029% per annum (0.026% per annum excluding GST) of the value of APTIT’s total assets.

2. Administration costs are those costs for which APL is entitled to be reimbursed and indemnified or have paid out of the assets of APTIT. These include all costs, charges, fees, expenses, commissions, liabilities, losses, damages and taxes incurred by it in relation to the proper performance of its duties and the exercise of its powers in the course of its administration or management of APTIT and typically include costs incurred in relation to the registry, auditor’s and legal fees, and investor communications. For the purposes of calculating the example set out above, the total administration costs of the APA Group have been split between APA and APTIT in the same proportion as to the value of their respective total assets to the APA Group’s total assets. APA recommends that you consider the fees and costs for APA and APTIT on an aggregate basis.
Example of annual fees and costs relating to APTIT (not including APA)

This table gives an example of how the fees and costs for APTIT can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.\(^1\)

<table>
<thead>
<tr>
<th>Example</th>
<th>Balance of $50,000 with a contribution of $5,000 during the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contribution fees</td>
<td>Nil</td>
</tr>
<tr>
<td>PLUS Management costs(^2)</td>
<td>APL Management fees(^3): 0.55% per annum</td>
</tr>
<tr>
<td></td>
<td>APTIT Administration costs: 0.012% per annum</td>
</tr>
<tr>
<td><strong>EQUALS Cost of APTIT</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>If you had an investment of $50,000 at the beginning of the year and you put in an additional $5,000 during that year, you would be charged fees of $309</td>
</tr>
</tbody>
</table>

\(^1\) This example is based on an investment in APTIT Units. It is a requirement of law that an example of this kind be shown in this document. In practice, investors will not make ongoing contributions to APTIT and so the only annual cost will be APTIT’s administration costs (for so long as APL is responsible entity of APTIT). As the fees and costs of Stapled Securities will relate to both APA and APTIT, you should also consider the example set out in Section 9.1 relating to APT Units.

\(^2\) The annual management costs for APTIT as illustrated in the table comprise the administration costs, which are estimated to be 0.012% of the value of APTIT’s total assets and the management fees to which APL is entitled (however APL has waived that entitlement as described in footnote 3).

\(^3\) Management fees have been included in the above example to comply with the law, although APL has waived its right to be paid the management fees to the extent that the management fees exceed costs incurred by APL in acting as responsible entity of APTIT for so long as it is responsible entity of APTIT. As almost all of the shares in APL are held within the APA Group, even if the management fees were paid to APL, these fees would almost entirely remain as assets of APA Group and accordingly be held for the benefit of Unitholders. In practice therefore, management fees will practically only affect your investment if APL is replaced as responsible entity of APTIT or is no longer a member of the APA Group.

### 9.3 ADDITIONAL EXPLANATION OF FEES AND COSTS

#### 9.3.1 Can the fees change?

The APA Constitution and APTIT Constitution contain provisions regarding the amount of management fees described above. Accordingly, the provisions regarding management fees to which APL is entitled may only change if the constitutions are amended. This will require a special resolution of Unitholders in the relevant trust unless APL reasonably considers the change will not adversely affect members’ rights.

Although APL is entitled to receive the management fees out of APA and APTIT described above, it has waived these fees to the extent they exceed costs incurred by APL in acting as responsible entity of APA and APTIT for so long as it continues to act as responsible entity. Accordingly, fees that APL is actually paid out of each of APA and APTIT could also change if Alinta controls APL and seeks that APA and APTIT pay management fees beyond mere cost recovery.

In addition, the examples set out above include an estimate of the annual administration costs of APA and APTIT without taking into account any potential one off administration fees that may be incurred if APA or APTIT is involved in any protracted legal proceedings with Alinta.

See Sections 4.9 and 8.3 for further details of Alinta’s relationship with APA.

#### 9.3.2 GST

All fees and charges outlined in this Section 9 are quoted exclusive of GST. Where APA or APTIT will be entitled to recover a reduced input tax credit of 75% of the GST charged to APA or APTIT this has been taken into account in the amounts disclosed.
10 TAXATION IMPLICATIONS

10.1 AUSTRALIAN TAXATION IMPLICATIONS OF THE RIGHTS ISSUE

The comments in Sections 10.2 to 10.9 are intended to provide a general summary of the Australian taxation implications arising for Unitholders in respect of the Rights Issue. The comments below include an outline of the taxation consequences that may arise under the Australian capital gains tax (CGT) provisions for Unitholders in respect of their dealings in the Rights and/or the New Units.

The taxation comments below are not intended to be comprehensive and are based upon income tax legislation in force in Australia at the date of this PDS. As each Unitholder’s specific circumstances are different, Unitholders should not rely on these comments in relation to their own affairs but should consult with their tax adviser for advice applicable to their individual needs and circumstances.

The summary outlines the Australian taxation consequences for Unitholders who hold APA Units and Rights (either granted or acquired from another entity) on capital account. Please note that the comments below do not apply to Unitholders who hold APA Units and Rights (either granted or acquired from another entity) on revenue account (e.g. banks, insurance companies and taxpayers that carry on a business of trading in securities). The comments also do not apply to trustees of employee share plans.

For a discussion of the taxation implications of Stapling, see Section 10.11.

10.2 RECEIPT OF RIGHTS GRANTED

The granting of Rights by APA should not, of itself, give rise to any income tax or CGT liability to you. The Rights should constitute an asset for CGT purposes.

10.3 IF YOU EXERCISE YOUR RIGHTS

If you exercise all or some of your Rights, any capital gains or losses arising out of the exercise are disregarded, irrespective of whether the Rights were granted to you by APA or acquired from another entity.

The New Units you receive from taking up your Rights are assets for CGT purposes. You should receive a cost base for the New Units equal to the amount you paid to acquire the New Units plus any non-deductible incidental costs you incurred. If the Rights were acquired by you from another entity, the cost base of your New Units should also include the amount paid to acquire the Rights.

The New Units that you acquire as a result of exercising the Rights will be treated for CGT purposes as having been acquired by you on the date on which you exercise the Rights.
10.4 RIGHTS NOT EXERCISED – IF YOU DO NOTHING

If you allow your Rights to lapse by doing nothing, you will receive no value and you should not be subject to a CGT liability.

If you allow some or all of the Rights issued to you to lapse, you may incur a capital loss to the extent of any non-deductible incidental costs (such as seeking professional advice in respect of any decision in relation to the Rights) incurred by you in relation to the Rights. A capital loss made by you in this regard (if any) may be offset against other taxable capital gains made by you in the same or subsequent years.

If you have acquired the Rights from another entity, you will make a capital loss equal to the amount you paid for the Rights, including any non-deductible incidental costs you incurred.

10.5 DISPOSING OF YOUR RIGHTS

The comments below are restricted to those situations where the Unitholders sell their Rights.

10.5.1 Residents of Australia

If you are an Australian resident for tax purposes, and you dispose of your Rights to another entity, there will be CGT implications. The disposal will give rise to a capital gain if the capital proceeds received for the disposal of the Rights exceed your cost base of the Rights. The disposal will give rise to a capital loss if the capital proceeds received for the disposal of the Rights are less than your cost base of the Rights.

If you acquired the original APA Units in respect of which the Rights were issued at least 12 months before the date you dispose of the Rights, a CGT discount may apply to you if you are an individual, a complying superannuation fund or a trustee of certain trusts. If the CGT discount applies, the amount of the capital gain realised from the sale of the Rights should be reduced by 50% where you are an individual or the trustee of certain trusts and reduced by 33 1/3% in the case of a complying superannuation fund.

10.5.2 Non-residents of Australia

If you are a non-resident of Australia for tax purposes and you dispose of your Rights, there should not be any CGT implications unless you and your associates (if any) beneficially own or owned at any time during the period of five years preceding the sale of the Rights, 10% or more of the total APA Units on issue.

If the disposal of Rights is subject to the CGT provisions, the taxation consequences outlined above for residents of Australia would apply.

10.6 DISTRIBUTIONS

10.6.1 Residents of Australia

As APA has elected to be the head entity of a tax consolidated group, certain distributions that it pays to Unitholders are deemed to be distributions for tax purposes. Any deemed distributions paid on the New Units should be included in the Unitholder’s assessable income in the year in which they are paid, together with any franking credits attached to the distributions. A tax offset (which is essentially a tax credit against tax payable) would generally be allowed for franking credits included in assessable income.

Refunds may be available to an individual, a complying superannuation fund and a trustee of certain trusts for any excess tax offsets arising from the franking credits attached to the deemed distributions. In this regard, excess tax offsets would arise where the amount of tax payable by the Unitholder on its taxable income is less than the amount of the tax offsets arising from the franking credits.

For tax offsets to be available to Unitholders in respect of the franking credits attached to deemed distributions paid on the New Units, they must satisfy the 45 day holding period rule. In broad terms, the Unitholders would need to hold the New Units for at least 45 days without materially diminished risks of loss or opportunities for gain in order to be entitled to tax offsets for any franking credits.

10.6.2 Non-residents of Australia

Any unfranked deemed distributions paid on the New Units to Unitholders who are non-residents should, prima facie, be subject to distribution withholding tax at a rate of 30%.

However, the distribution withholding tax rate on unfranked distributions is generally reduced where the Unitholder is a resident of a country that has a double tax agreement with Australia. No withholding tax should be payable on the franked portion of any deemed distributions paid to the Unitholders.
10.7 DISPOSAL OF NEW UNITS

10.7.1 Residents of Australia

If you are an Australian resident for tax purposes and you dispose of any New Units acquired on exercising the Rights, a capital gain should arise if the capital proceeds received for the disposal of the New Units exceed your cost base of the New Units as calculated above.

The disposal may give rise to a capital loss if the capital proceeds received for the disposal of the New Units are less than your cost base of the New Units.

If you acquired the New Units in respect of which the Rights were granted at least 12 months before the date you dispose of them, a CGT discount may apply to you if you are an individual, a complying superannuation fund or a trustee of certain trusts.

If the CGT discount applies, the amount of the capital gain realised from the sale of the New Units should be reduced by 50% where you are an individual or the trustee of certain trusts and 33⅓% in the case of a complying superannuation fund.

As noted above, the acquisition date of the New Units is the date of exercise of the Rights.

10.7.2 Non-residents of Australia

If you are a non-resident of Australia for tax purposes and you dispose of any New Units acquired on exercising the Rights, there should not be any CGT implications unless you and your associates (if any) beneficially own or owned at any time during the period of five years preceding the sale of the New Units, 10% or more of the total APA Units on issue.

If the disposal of New Units is subject to the CGT provisions, the taxation consequences outlined above for residents of Australia would apply.

We note that imminent changes are proposed to the CGT rules as they apply to non-residents. In broad terms, these rules will restrict the circumstances in which non-residents will be subject to CGT on the disposal of Australian assets. Should these rules be implemented as proposed, there should not be any difference to the tax implications in respect of non-resident Unitholders who hold less than 10% of the total APA Units on issue. Unitholders who hold 10% or more of such units should consult with their tax adviser on the likely application of these proposed rules.

10.8 STAMP DUTY

No stamp duty should be payable at the time of subscription for the New Units and no stamp duty should be payable on the future disposal of the New Units at the time the New Units are quoted on the ASX.

An issue arises if the future disposal occurs at the time the New Units form part of a stapled security structure. The West Australian Administrative Decision Tribunal held in Westpac Custodian Nominees Limited v Commissioner of State Revenue [2006] WASAT 203 that a stapled trust structure did not qualify as a quoted security and accordingly was not subject to a number of stamp duty exemptions commonly afforded to listed and quoted securities.

The NSW Office of State Revenue has publicly stated that this decision will not result in the quoted status being lost, regardless of any outcome of any appeal to the decision. This may require legislative amendments. However, other revenue authorities have not, to date, followed suit with such public statements. Accordingly, a risk of duty remains until the outcome of any appeal or any further revenue authority responses to the decision.

There should, however, be no duty issue at the time of any disposal of the New Units (regardless of the above issue) provided that the unit trust is a managed investment scheme under section 601EB of the Corporations Act and, at the time of disposal:

(a) 50 or more unrelated persons are entitled to APA Units in the trust;
(b) 75% of the APA Units are held by more than 20 unrelated persons; and
(c) APA Units have been issued to the public.

10.9 GST

No Australian GST should be payable in relation to the acquisition or disposal of the Rights or the New Units. Unitholders who are registered for Australian GST may not be able to claim full input tax credits on costs related to the acquisition or disposal of the Rights or New Units. Unitholders should seek independent advice in relation to their GST position.

In respect of all other matters and transactions arising under the PDS, the Australian GST implications may vary depending upon your Australian GST registration status and residency status. You should seek independent advice in relation to your individual Australian GST position.
The following comments are intended to provide a general summary of the New Zealand taxation implications arising for Unitholders in respect of the Rights Issue.

The taxation comments below are not intended to be comprehensive and are based upon income tax legislation in force in New Zealand at the date of this PDS. As each Unitholder’s specific circumstances are different, Unitholders should not rely on these comments in relation to their own affairs but should consult with their tax adviser for advice applicable to their individual needs and circumstances.

The summary outlines the New Zealand taxation consequences for Unitholders who hold APA Units and Rights (either granted or acquired) on capital account. We note that the comments below do not apply to Unitholders who hold APA Units and Rights (either granted or acquired) on revenue account.

New Zealand does not have a CGT regime but it does tax gains where the property disposed of is held on revenue account. This includes where the APA Units or Rights are acquired for the purpose of disposal.

Currently, New Zealand resident Unitholders who hold less than 10% of the total APA Units on issue in APA are exempt from the Foreign Investment Fund (FIF) rules in New Zealand as Australia is a member of the “Grey List”. If the FIF rules applied, underlying movements in the value of the APA Units could be subject to taxation. Currently, there is legislation in Parliament which may remove this exemption in respect of certain Australian investments. We recommend that Unitholders seek advice from their advisers in respect of the implications to them of the proposed legislation.

10.10.1 Receipt of Rights granted
The granting of Rights by APA should not, of itself, give rise to any New Zealand income tax liability to you.

10.10.2 If you exercise your Rights
The exercise of all or some of your Rights should not give rise to any New Zealand income tax liability, irrespective of whether the Rights were granted to you by APA or acquired from another entity.

10.10.3 Rights not exercised – if you do nothing
If you allow your Rights to lapse by doing nothing in relation to the Rights under the Rights Issue, you will receive no value for your Rights and you should not be subject to any income tax liability in New Zealand. If you acquired your Rights and elect to do nothing, the resulting loss will not be deductible as it will be on capital account.

10.10.4 Disposing of your Rights
The sale of the Rights by Unitholders should not give rise to any New Zealand income tax liability.

10.10.5 Income distributions by APA
Any income distributions paid on the New Units to Unitholders who are individual New Zealand residents should be subject to New Zealand income tax.

Any income distributions paid on the New Units to Unitholders who are New Zealand resident companies should be exempt income to that company and therefore not subject to New Zealand company income tax. However, the company may have an obligation to make a foreign dividend withholding payment.

New Zealand resident Unitholders may be entitled to claim a tax credit against their New Zealand tax liability for any Australian withholding tax paid in relation to the income distributions under the Australia-New Zealand double tax agreement.

10.10.6 Disposal of New Units
If you dispose of any New Units acquired on exercising the Rights, you should not be subject to any New Zealand income tax liability.

10.10.7 New Zealand GST
The New Units you acquire as a result of exercising your Rights will be classified as “financial services” for New Zealand GST purposes. As such, GST of 12.5% will not apply to any application payment in consideration for the New Units issued on exercising the Rights.
10.11 TAXATION IMPLICATIONS OF STAPLING

10.11.1 Capital Distribution and cost base of APA Units

The Capital Distribution to be made by APA to Unitholders to fund the acquisition of APTIT Units is not a distribution of income of APA and therefore, subject to the CGT provisions, no amount of the Capital Distribution should be included in the assessable income of the Unitholder.

The Capital Distribution by APA will result in the cost base of each APA Unit being reduced by the amount of the distribution. As the cost base of each APA Unit, before the Capital Distribution, will exceed the Capital Distribution, the amount of the Capital Distribution will not trigger a CGT liability to the Unitholder.

10.11.2 Cost base of APTIT Units

The cost base of each APTIT Unit issued to Unitholders of APA under this PDS will be equal to the issue price for the APTIT Units (including any incidental costs of acquisition) paid by APL on behalf of Unitholders out of the proceeds of the Capital Distribution, being approximately $0.71 per APTIT Unit plus any incidental costs paid by the Unitholder in respect of the issue. The cost base of APTIT Units will be confirmed to Unitholders once those APTIT Units are issued.

10.11.3 Stapling

The effect of Stapling is to apply restrictions to the transferability of the APA Units and the APTIT Units, such that each individual security will retain its legal character without any change of beneficial ownership. As there is no change in beneficial ownership of the APA Units by simply stapling them, there will be no taxable event for CGT purposes in relation to Stapling.

10.11.4 Example

Unitholder holds 1 APA Unit which was acquired for $3.30. The Unitholder received prior distributions in respect of the APA Unit of capital totalling $0.30. The cost base of the APA Unit before Stapling was $3.00.

The Unitholder receives the Capital Distribution of $1.90 which is then applied to capitalise APTIT. The Unitholder then receives a single APTIT Unit.

The Unitholder’s tax cost base in APA is reduced by the amount of the Capital Distribution, such that the new cost base is $1.10 (being $3.30 less $0.30 less $1.90).

The Unitholder’s cost base in APTIT is $1.90 (being the amount of the Capital Distribution applied to capitalise APTIT).

The Unitholder’s total cost base for the Stapled Securities therefore remains constant.
11.1 NATURE OF THIS PDS

This document is a product disclosure statement within the meaning of section 761A of the Corporations Act. It acts as a product disclosure statement for each of the Rights Issue and for the issue of APTIT Units for the purposes of the Stapling.

In the context of the Rights Issue, section 1013FA of the Corporations Act limits the amount of information that is required to be disclosed in a product disclosure statement in relation to an offer of securities where those securities are in a class which has been continuously quoted for 12 months before the date of the product disclosure statement and ASIC has not made a determination to the contrary.

As the APA Units are continuously quoted securities and ASIC has not made a determination to the contrary under section 1013FA(3) of the Corporations Act, information is not required to be disclosed in this PDS in respect of the New Units, if the information was included in any of the following documents:

- the annual financial report lodged with ASIC by APA on 29 August 2006; and
- any continuous disclosure notice given by APA after the lodgement of the annual financial report and before the date of this PDS.

In the context of the issue of APTIT Units, this PDS cannot take advantage of section 1013FA as those APTIT Units have not yet been quoted on ASX.

11.2 REPORTING AND DISCLOSURE OBLIGATIONS

APA is a disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules.

These obligations require APL to notify ASX of information about specified events and matters concerning APA as they arise for the purposes of ASX making that information available to the stock market. In particular, APL is obliged under the ASX Listing Rules (subject to limited exceptions) to notify ASX of information concerning APA of which APL is, or becomes aware of, which a reasonable person would expect to have a material effect on the price or value of APA Units.

Further, APL is required to prepare both yearly and half yearly financial statements, a report on the operations and undertakings of APA during the relevant accounting period and an audit or review of the financial statements.

Copies of documents lodged with ASIC in relation to APA may be obtained from, or inspected at, an ASIC office.

Following Stapling, APTIT will be a disclosing entity and as a result will also be subject to the above reporting and disclosure obligations.
Information about the Rights Issue and Stapling may need to be updated by APL. Any updated information about the Rights Issue and Stapling which is not materially adverse to investors will be made available at www.pipelinetrust.com.au. APL will provide a copy of the updated information free of charge during the Issue Period to any person who requests a copy by calling the APA Information Line on (02) 8280 7132 from within Australia or +61 2 8280 7132 from outside Australia. Where updated information about the Rights Issue or Stapling is materially adverse to investors, APL will issue a supplementary product disclosure statement in accordance with its obligations under the Corporations Act.

APA will provide a copy of the following documents free of charge to any person who requests a copy during the Issue Period by calling the APA Information Line on (02) 8280 7132 from within Australia or +61 2 8280 7132 from outside Australia:

- financial statements of APA for FY2006 (being the most recent annual financial statements lodged with ASIC before the lodgement of this PDS);
- the APA Constitution;
- the APTIT Constitution; and
- any continuous disclosure notices lodged by APA with ASX after the lodgement of the annual financial statements for FY2006 and before the date of this PDS.

### 11.4 RIGHTS ATTACHING TO APA UNITS AND APTIT UNITS

#### 11.4.1 General

Both APA and APTIT are registered managed investment schemes, the responsible entity of which is APL.

The New Units will be issued fully paid and will rank equally with all other APA Units on issue from their issue date. However, as the New Units will be issued after the record date for the 7.0 cent distribution for the three months to 30 September 2006, the New Units will not participate in that distribution.

The rights and restrictions attaching to APA Units and APTIT Units are set out in the APA Constitution and the APTIT Constitution respectively. Those rights and obligations are regulated by the Corporations Act, the ASX Listing Rules and general law. A copy of the APA Constitution and the APTIT Constitution is available to any person free of charge during the Issue Period by calling the APA Information Line on (02) 8280 7132 from within Australia or +61 2 8280 7132 from outside Australia.

The key rights attaching to APA Units under the APA Constitution and the Corporations Act are summarised below. The key rights attaching to APTIT Units under the APTIT Constitution and the Corporations Act are identical (except as set out in Section 11.4.2) and for that reason have not been separately summarised.

- **Voting** – At a general meeting of APA, Unitholders present in person or by proxy, attorney or representative have one vote on a show of hands and one vote for each dollar of the value of APA Units held on a poll. Voting on resolutions is by a show of hands unless a poll is demanded, except if the resolution is a special resolution, which must be decided on a poll.

- **General meetings** – Each Unitholder is entitled to receive notice of, and except in certain circumstances, attend and vote at general meetings of APA and to receive all notices, accounts and other documents required to be sent to Unitholders under the APA Constitution or the Corporations Act.

- **Distributions** – The Directors may pay any interim or final distributions as, in their judgement, the financial position of APA justifies.

When a distribution is made, the amount payable to a Unitholder will depend on the number of APA Units (excluding amounts credited). Subject to the terms of issue of particular APA Units, Unitholders on the register at the end of a distribution period are entitled to a share in APA’s income proportionate to the number of APA Units held by them. Unless distributions are to be reinvested, APL will pay them within three months of the end of the relevant distribution period.

- **Issue and transfer of APA Units** – APL may issue, or grant options in respect of, further APA Units. Once APA Units are stapled to APTIT Units to form a Stapled Security, any issue of new APA Units must be matched by a corresponding issue of APTIT Units which are stapled to those APA Units.

Unitholders may transfer APA Units, by a proper transfer, in the manner prescribed by APL. Once APA Units are stapled to APTIT Units, a transfer of a APA Unit will only be in registrable form if it relates to, or is accompanied by, a transfer of an equal number of APTIT Units in favour of the same transferee.

APL may refuse to register a transfer of APA Units including, where the transfer is not in registrable form or where such a refusal is permitted by the ASX Listing Rules or ASX. Subject to the ASX Listing Rules and ASTC Settlement Rules, while APA is a listed entity, the Directors may suspend the registration of a transfer at such times and for such periods as deemed fit.
11.5 UNDERWRITING AGREEMENT

11.5.1 Summary of Underwriting Agreement

APA, APTIT and the Underwriter have entered into an underwriting agreement (the Underwriting Agreement) under which the Underwriter has agreed to underwrite the issue of New Units under Rights Issue (excluding the New Units for which Petronas is entitled to subscribe under the Rights Issue based on its expected holding of APA Units on the Rights Issue Record Date (Underwritten Proceeds)).

The Company must pay the Underwriter:

- an underwriting fee of 1.75% of the Underwritten Proceeds; and
- a management fee of 0.162% of the Underwritten Proceeds, where the Underwritten Proceeds is approximately $309 million (being the total proceeds of the Offer less the proceeds of the Offer attributable to the New Units for which Petronas is entitled to subscribe under the Rights Issue based on its expected holding of APA Units on the Rights Issue Record Date).

The Underwriter is also entitled to recover from APA the out of pocket expenses that it incurs in respect of the Rights Issue. In addition, APA and APTIT (the Issuers) have agreed to indemnify the Underwriter against all claims, demands, damages, loss, costs, expenses and liabilities which they may incur in connection with the Rights Issue and the Stapling Issue.

The Underwriting Agreement contains various warranties and representations and imposes various obligations on the Issuers, including in relation to the compliance of this PDS with the Corporations Act and the requirements of ASX and in relation to the conduct of the Rights Issue. The Issuers have also agreed that they will not, without the prior written consent of the Underwriter (such consent not to be unreasonably withheld), issue or agree to issue any shares or other securities in the capital of the Issuers, or grant any options in respect of shares or other securities, for the period of 180 days after the date of the Underwriting Agreement (subject to limited exceptions for issues under employee incentive schemes and distribution reinvestment plans).

Subject to certain limitations described below, the underwriting obligations of the Underwriter may be terminated by notice to the Issuers before the date on which the Underwriter is obliged to perform its obligations, upon the occurrence of certain termination events. The various termination events are as follows:

(a) (index fall) the S&P/ASX 200 Index published by ASX closes at a level that is 10% or more below its level as at 5.00 pm on the business day immediately preceding the
date of the Underwriting Agreement on a business day prior to the date of issue of the New Units (the `Reference Date`) and remains at or below that level:

(i) where the Reference Date is a date that is more than three business days before the date of issue of the New Units – for three consecutive business days; or

(ii) where the Reference Date is a date that is less than four business days before the date of issue of the New Units – for the period until 5.00 pm on the business day that is immediately prior to the date of issue of the New Units;

(b) (Supplementary PDS) the Underwriter forms the view (acting reasonably) that a supplementary product disclosure statement must be lodged with ASIC under section 1016E of the Corporations Act;

(c) (material adverse change) there is a material adverse change in the condition, financial or otherwise, or in the assets, earnings, business, results of operations, management or prospects of the Issuers and their respective subsidiaries (taken as a whole group) (the `Group`) from that described in this PDS;

(d) (ASIC action) ASIC:

(i) makes an order or interim order under section 1020E of the Corporations Act concerning this PDS;

(ii) applies for an order under Part 9.5 of the Corporations Act in relation to the Rights Issue, the Stapling Issue or the Stapling (the `Relevant Transactions`) or any document associated with a Relevant Transaction and that application is not dismissed or withdrawn within five Business Days after it is made;

(iii) holds, or gives notice of intention to hold, a hearing or investigation in relation to a Relevant Transaction or any document associated with a Relevant Transaction under the Corporations Act or the Australian Securities and Investments Commission Act 2001 (Cth); or

(iv) (A) prosecutes or gives notice of an intention to prosecute; or

(B) commences proceedings against, or gives notice of an intention to commence proceedings against, APL, the Issuers or any of their respective officers, employees or agents in relation to a Relevant Transaction or any document associated with a Relevant Transaction;

(e) (withdrawal of consent)

(i) any person (other than the Underwriter) whose consent to the issue of this PDS or any supplementary product disclosure statement is required by the Corporations Act and who has previously consented to the issue of this PDS or any supplementary product disclosure statement withdraws such consent; or

(ii) any person (other than the Underwriter) who has previously consented to the inclusion of their name or any statement in this PDS or any supplementary product disclosure statement withdraws that consent;

(f) (withdrawal of PDS) the Issuers withdraw this PDS or the invitations to apply for New Units under this PDS;

(g) (ASX approvals – Offer Securities) ASX does not approve the granting of official quotation to the Offer Securities (subject only to conditions acceptable to the Underwriter, acting reasonably) by 5.00 pm on the closing date for the Rights Issue or, if granted, the approval is subsequently withdrawn, qualified (other than by conditions acceptable to the Underwriter, acting reasonably) or withheld (or ASX indicates to APA or the Underwriter that the approval is likely to be withdrawn, qualified or withheld);

(h) (listing) APA ceases to be admitted to the official list of ASX;

(i) (suspension)

(i) trading in APA Units on the financial market operated by ASX is suspended (other than at the request of the APA and with the prior written consent of the Underwriter); or

(ii) APA Units cease to be officially quoted on ASX (other than in connection with the Stapling);

(j) (Documents) the Underwriter forms the view (acting reasonably) that:

(i) there is an omission from this PDS or any supplementary product disclosure statement of material required by the Corporations Act to be included;

(ii) any document associated with a Relevant Transaction contains a statement which is untrue, inaccurate, misleading or deceptive or likely to mislead or deceive (whether by inclusion or omission); or

(iii) any document associated with a Relevant Transaction does not contain all information required to comply with all applicable laws;

(k) (section 1021J notice) a person gives a notice to the Issuers under section 1021J(3) of the Corporations Act;

(l) (breach) an Issuer fails to comply with any of its obligations under the Underwriting Agreement, or any representation or warranty by an Issuer in the Underwriting Agreement is or becomes incorrect and, in the case of any such non-compliance or breach of representation or warranty that is capable of being remedied, the non-compliance or breach is not remedied by the relevant Issuer to the satisfaction of the Underwriter (acting reasonably) within 48 hours after the non-compliance or breach occurs;

(m) (Panel or Court orders)

(i) the Takeovers Panel makes a declaration under section 657A of the Corporations Act, an order under section 656B, 657D or 657E of the Corporations Act or a decision under section 656A or 657EA of the Corporations Act; or
(ii) any court makes an order or any other decision (including a decision under section 659A of the Corporations Act), in relation to, or in any way in connection with, a Relevant Transaction, APA or APTIT;

(n) (hostilities) in respect of any one or more of Australia, the United States of America, any member state of the European Union, Japan, Russia or the Peoples Republic of China:

(i) hostilities not presently existing commence (whether or not war has been declared);

(ii) a major escalation in existing hostilities occurs (whether or not war has been declared);

(iii) a declaration is made of a national emergency or war; or

(iv) a terrorist act is perpetrated in any of those countries or a diplomatic, military, commercial or political establishment of any of those countries elsewhere in the world;

(o) (change in law) there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of the Commonwealth of Australia or any State or Territory of Australia a new law, or the Government of Australia, or any State or Territory of Australia, the Reserve Bank of Australia, or any Minister or other Governmental Authority of Australia or any State or Territory of Australia, adopts or announces a proposal to adopt a new policy (other than a law or policy which has been announced before the date of this Agreement);

(p) (material adverse change in financial markets) any of the following occurs:

(i) any material adverse change or disruption to the political conditions or financial markets of Australia, Japan, the United Kingdom, the United States of America or the international financial markets or any change or development involving a prospective change in national or international political, financial or economic conditions,

(ii) a general moratorium on commercial banking activities in Australia, the United States of America, Japan or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries; or

(iii) trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is suspended or limited in a material respect for one day on which that exchange is open for trading;

(q) (Directors and Senior Management)

(i) a Director or any member of the senior management (see section 4.8 of this PDS) is charged with a criminal offence relating to any financial or corporate matter;

(ii) Mr Mick McCormack ceases to be employed by a member of the Group;

(iii) any regulatory body commences any public action against APL, an Issuer, any of the Directors or any member of the senior management, or announces that it intends to take any such action; or

(iv) a Director or any member of the senior management is disqualified under the Corporations Act from managing a corporation; or

(r) (unauthorised alterations) without the prior written consent of the Underwriter (such consent not to be unreasonably withheld), an Issuer alters the capital structure of APA or APTIT or either the APA Constitution or the APTIT Constitution in a manner other than as disclosed in this PDS.

An event listed in paragraphs (b), (j) or (l) to (r) above does not entitle the Underwriter to terminate the Underwriting Agreement unless, in the reasonable opinion of the Underwriter, the event:

■ has had, or is likely to have, a material adverse effect on the financial condition, financial position or financial prospects of the Group;

■ has given, or is likely to give, rise to:
  - a contravention by the Underwriter of, or the Underwriter being involved in a contravention of, the Corporations Act or any other applicable law; or
  - a liability for the Underwriter; or

■ has caused, or is likely to cause, a material reduction in the level or likely level of applications for New Units or the level or likely level of settlement of those applications.

In addition, an event listed in paragraphs (b), (d), (j), (k) or (m) does not entitle the Underwriter to terminate the Underwriting Agreement unless, in the reasonable opinion of the Underwriter, the event has caused, or is likely to cause, the issue of New Units under the Rights Issue to be delayed such that the issue date of the New Units is more than six weeks after the date specified as the issue date in the indicative timetable in this PDS.

If the Underwriting Agreement is terminated by the Underwriter as a result of the occurrence of an event referred to in paragraph (f) and at the time of termination, no other event has occurred which would in the opinion of the Underwriter (acting reasonably):

■ entitle the Underwriter to terminate this Agreement pursuant to any of the other paragraphs set out above; and
cause or be likely to cause a material reduction in the level or likely level of applications for New Units or the level or likely level of settlement of those applications, the APA must, whether or not the issue of New Units or the Stapling occurs, pay to the Underwriter the management fee and the underwriting fee referred to above.

11.6 ACCESSING INFORMATION ABOUT YOUR INVESTMENT

The APA Registry will provide Holders with a statement of their holding of APA Units following the allotment of their New Units and with a statement of their holding of Stapled Securities following the allotment of APTIT Units and the Stapling.

This holding statement will also provide details of a Holder’s Holder Identification Number (HIN) or, where applicable, the Securityholder Reference Number (SRN) for issuer sponsored Stapled Securities.

Holders will subsequently receive statements showing any changes to their holding. Certificates will not be issued.

A Holder may also access information about their investment from the Registry website at www.linkmarketservices.com.au.

11.7 COMPLAINT HANDLING PROCEDURES

The APA Constitution contains provisions which govern the procedures for dealing with complaints by Unitholders (the APTIT Constitution contains identical provisions). APL has procedures in place to properly consider and deal with any complaints received from Unitholders in accordance with AS4269 Australian Standard on Complaints Handling. APL will use reasonable endeavours to deal with and resolve complaints within a reasonable time from the date of receipt of the complaint.

If APL receives verbal complaints, it will attempt to resolve them promptly to the satisfaction of the complainant. If you have any questions or complaints, you should call the Compliance Manager of APL on (02) 9693 0000 between 9.00 am and 5.00 pm (Sydney time), Monday to Friday.

If the matter is not resolved to your satisfaction, please put your complaint in writing and either:

- email it to feedback@pipelinetrust.com.au; or
- mail it to Australian Pipeline Limited, PO Box 934, Mascot, NSW, 2020.

Please mark you correspondence with “Notice of Complaint to Compliance Manager”.

The Unitholder should provide APL with all relevant information that APL may require to properly deal with, and resolve the complaint. APL will send the Unitholder an acknowledgement of receipt of the complaint.

APL will inform the Unitholder by notice in writing of its decision in relation to the complaint and the remedies (if any) available to the Unitholder.

11.8 INVESTMENT CONSIDERATIONS

APL will comply with its obligations at law in relation to the selection, retention or realisation of any investment, including any such obligations relating to labour standards or environmental issues. APL will also comply with the normal standards of corporate governance and corporate behaviours observed by other listed entities, but will not otherwise be bound by a specific social, environmental, labour standards or ethical agenda in the selection, retention or realisation of any investment.

Cooling-off rights do not apply to an investment pursuant to the Rights Issue. This means that, in most circumstances, you cannot withdraw your Entitlement and Acceptance Form once it has been lodged. Cooling-off rights also do not apply to the issue of APTIT Units for the purposes of the Stapling.

11.9 STAPLING

11.9.1 Stapling dates

Each Unitholder that holds APA Units at the close of trading on ASX on the Stapling Record Date, will receive one APTIT Unit for each APA Unit they hold on that date. Each APTIT Unit will be allotted on the Stapling Allotment Date and immediately stapled to an APA Unit to form a single Stapled Security.

APL will apply within seven days of this PDS for the admission of APTIT to the official list of ASX and expects Stapled Securities to be quoted and commence trading on ASX on a deferred settlement basis on 27 December 2006.

On and from this date, APTIT Units will not be quoted separately on ASX and will not be able to be dealt with unless the corresponding stapled APA Units are also dealt with. Similarly, APA Units will no longer be quoted separately on ASX and will
not be able to be dealt with unless the corresponding stapled APTIT Units are also dealt with.

The Stapled Securities will trade under the same code as APA Units – “APA”.

Unitholders are not required to do anything in relation to the Stapling.

11.9.2 Application procedure

In accordance with the APA constitution, APL will act as attorney and agent for each Unitholder on the APA register as at the Stapling Record Date and will:

- apply for APTIT Units on the Unitholder’s behalf; and
- agree to be bound by the APTIT Constitution on behalf of each Unitholder.

APTIT Units will be allocated to Unitholders pro-rata to the number of APA Units held by each Unitholder as at the Stapling Record Date so that each Unitholder holds one APTIT Unit for each APA Unit held at that date.

11.9.3 Payment for APTIT Units

The issue price per APTIT Unit will be paid by APL as agent for each Unitholder utilising the proceeds of a pro-rata capital distribution of $302.0 million out of APA. Each APTIT Unit will be issued at an issue price equal to the amount of that Capital Distribution divided by the number of APA Units on issue at that time.

11.10 FEES AND EXPENSES OF THE RIGHTS ISSUE

<table>
<thead>
<tr>
<th>Fee</th>
<th>Amount</th>
<th>Recipient</th>
<th>How and when paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underwriting fee</td>
<td>1.75% of gross proceeds</td>
<td>ABN AMRO Rothschild</td>
<td>In cash from gross proceeds on the issue of New Units</td>
</tr>
<tr>
<td></td>
<td>excluding the Petronas Entitlement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management fee</td>
<td>0.162% of gross proceeds</td>
<td>ABN AMRO Rothschild</td>
<td>In cash from gross proceeds on the issue of New Units</td>
</tr>
<tr>
<td></td>
<td>excluding the Petronas Entitlement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other offer costs</td>
<td>Approximately $0.9 million</td>
<td>Various, including lawyers, accountants, printers, other providers of professional services</td>
<td>In cash upon presentation of relevant invoices</td>
</tr>
<tr>
<td>Brokerage, commission and stamp duty</td>
<td>No brokerage, commission or stamp duty is payable by applicants on allotment of New Units or APTIT Units</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

11.11 ASIC AND ASX

11.11.1 ASIC declarations and exemptions

ASIC has indicated it will grant certain modifications of, and exemptions from, the application of certain provisions of the Corporations Act in relation to the Stapling described in this PDS, namely:

- a modification of section 601GA(1)(a) to facilitate the issue of Stapled Securities at market price and to allow APL to allocate the issue price of the Stapled Security between the issue price of an APA Unit and the issue price of an APTIT Unit;
- a modification of section 601FC(1)(c) and 601FD(1)(c) to allow APL to have regard to the interests of holders of Stapled Securities as a whole and not just their interests as members of either APA or APTIT;
- a modification of Part SC.7 of the Corporations Act to allow APL to give financial benefits out of the assets of either APA or APTIT to the other and any subsidiaries of the other without approval of Stapled Security holders for as long as the Stapled Securities are stapled; and
a modification of section 1016A(2) to permit APL not to include in this PDS the application form to be filled out by it as responsible entity of APA in connection with the Stapling.

11.11.2 ASX waivers
ASX has indicated that on application by APL, subject to satisfying certain prescribed conditions, it is likely to grant the following standard stapling waivers from the ASX Listing Rules:
- in relation to APTIT, a waiver from ASX Listing Rule 1.1 Condition 7 to permit holders of APTIT Units to each hold a parcel of APTIT Units having a value of less than $2,000, on condition that those units are stapled to APA Units so that the parcel of Stapled Securities has a value of at least $2,000;
- in relation to APTIT, a waiver from ASX Listing Rule 1.1 Condition 8 in respect of satisfaction of the assets test in ASX Listing Rule 1.3, on condition that APTIT Units are stapled to APA Units and APTIT and APA together meet that test;
- in relation to APTIT, a waiver from ASX Listing Rule 2.1 Condition 2 to permit APTIT Units to have an issue price of less than 20 cents on condition that such APTIT Units are stapled to APA Units and parcels of Stapled Securities have an issue price of at least 20 cents;
- a waiver from ASX Listing Rule 8.10 to permit each of APTIT and APA to refuse to register a transfer of an APA Unit or APTIT Unit in either of them if not accompanied by a transfer of the other;
- a waiver from ASX Listing Rule 10.1 to the extent necessary to enable transfers of assets between APTIT and APA without Unitholder approval on condition that APTIT Units are Stapled to APA Units and neither APTIT nor APA has on issue any equity securities which are not stapled to equity securities of the other; and
- a waiver of ASX Listing Rule 6.24 (clause 1 of Appendix 6A) to allow the APA Group to advise ASX of an estimated distribution rate on the same day the Stapling Record Date is announced and the actual rate as soon as it becomes known.

11.12 CONSENTS
Each of the parties (referred to as a Consenting Party), who are named below:
- has not made any statement included in this PDS or any statement upon which a statement in this PDS is based;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements or omissions from this PDS other than the reference to its name and/or statement or letter included in this PDS with the consent of that Consenting Party;
- has given and not, before the lodgement of this PDS with ASIC, withdrawn its written consent to be named in this PDS in the form and context in which it is named;
- in the case of Deloitte Touche Tohmatsu has given and has not, before the lodgement of this PDS with ASIC, withdrawn its written consent to the inclusion of the Investigating Accountants’ Report in the form and context in which it appears in Section 7.

<table>
<thead>
<tr>
<th>Roles</th>
<th>Consenting Parties</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underwriter</td>
<td>ABN AMRO Rothschild</td>
</tr>
<tr>
<td>Legal Advisers</td>
<td>Chang, Pistilli &amp; Simmons Freehills</td>
</tr>
<tr>
<td>Investigating Accountants</td>
<td>Deloitte Touche Tohmatsu</td>
</tr>
<tr>
<td>Tax Advisers</td>
<td>KPMG</td>
</tr>
</tbody>
</table>

11.13 LITIGATION
Except as disclosed in this PDS, the Directors are not aware of any litigation of a material nature in progress, pending or threatened, which may significantly affect the financial position of APA.

11.14 GOVERNING LAW
This PDS and the contracts which arise on acceptance of Entitlement and Acceptance Forms are governed by the laws of New South Wales and each Applicant submits to the non-exclusive jurisdiction of the courts of New South Wales.

11.15 PRIVACY
The Entitlement and Acceptance Form requires you to provide information that may be personal information for the purposes of the Privacy Act 1988 (Cth), as amended. APL (and the Registry on its behalf) collects, holds and uses that personal information in order to assess your Application, service your needs as an investor, provide facilities and services that you request, and administer APA and APTIT.

If you do not provide the information requested of you in the Entitlement and Acceptance Form, the Registry will not be able to process your Application or administer your holding of New Units appropriately.
Under the Privacy Act 1988 (Cth), as amended, you may request access to your personal information held by (or on behalf of) APL. You can request access to your personal information by writing to, or telephoning the Registry as follows:

Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
AUSTRALIA
Telephone: (02) 8280 7132 from within Australia
or +61 2 8280 7132 from outside Australia.

11.16 DIRECTORS’ CONSENT

Each Director has given and has not withdrawn their consent to the issue of this PDS, and to its lodgement with ASIC.
This page has been left blank intentionally.
<table>
<thead>
<tr>
<th>Term</th>
<th>Meaning</th>
</tr>
</thead>
<tbody>
<tr>
<td>A$, $, dollars or cents</td>
<td>Australian currency</td>
</tr>
<tr>
<td>ABN AMRO Rothschild</td>
<td>the joint venture between ABN AMRO Equity Capital Markets Australia Limited ABN 17 000 757 111 and Rothschild Australia Limited ABN 61 008 591 768</td>
</tr>
<tr>
<td>ACCC</td>
<td>Australian Competition and Consumer Commission</td>
</tr>
<tr>
<td>Access Arrangement</td>
<td>an arrangement for access to a pipeline which is subject to the National Gas Code</td>
</tr>
<tr>
<td>Acquisitions</td>
<td>acquisition by APA of GasNet Australia Group and Allgas Energy Pty Ltd as described in this PDS</td>
</tr>
<tr>
<td>Agility</td>
<td>infrastructure, management and service provider, previously owned be AGL, now owned by Alinta LGA</td>
</tr>
<tr>
<td>AGL</td>
<td>The Australian Gas Light Company, now known as Alinta LGA Ltd ACN 052 167 405</td>
</tr>
<tr>
<td>AGL Energy or AGLE</td>
<td>AGL Energy Limited ACN 115 061 375</td>
</tr>
<tr>
<td>AGT</td>
<td>Amadeus Gas Trust</td>
</tr>
<tr>
<td>AIFRS</td>
<td>Australian equivalents to International Financial Reporting Standards</td>
</tr>
<tr>
<td>Allgas</td>
<td>Allinta Limited ACN 119 985 590, and where the context requires a wholly owned company in the Alinta Group of Companies</td>
</tr>
<tr>
<td>Alinta</td>
<td>the group of companies of which Alinta Limited ACN 119 985 590 is the ultimate holding company</td>
</tr>
<tr>
<td>Alinta LGA</td>
<td>Alinta LGA Limited (formerly called The Australian Gas Light Company) ACN 052 167 405</td>
</tr>
<tr>
<td>APA</td>
<td>Australian Pipeline Trust ARSN 091 678 778 and where the context requires, means the APA Group or means APL as the responsible entity of APA</td>
</tr>
<tr>
<td>APA Constitution</td>
<td>the constitution of APA</td>
</tr>
<tr>
<td>APA Group</td>
<td>the stapled group consisting of APA and APTIT and their respective controlled entities</td>
</tr>
<tr>
<td>APA Unit</td>
<td>one ordinary fully paid unit in Australian Pipeline Trust ARSN 091 678 778</td>
</tr>
<tr>
<td>APL</td>
<td>Australian Pipeline Limited ABN 99 091 344 704</td>
</tr>
<tr>
<td>Applicant</td>
<td>a person who has applied to subscribe for New Units by submitting an Entitlement and Acceptance Form</td>
</tr>
<tr>
<td>Application</td>
<td>an application for New Units pursuant to the Entitlement and Acceptance Form</td>
</tr>
<tr>
<td>Application Monies</td>
<td>monies received by APA in respect of Applications</td>
</tr>
<tr>
<td>APTIT</td>
<td>APT Investment Trust ARSN 115 585 441 and, where the context requires, means APL as the responsible entity of APTIT</td>
</tr>
<tr>
<td>APTIT Constitution</td>
<td>the constitution of APTIT</td>
</tr>
<tr>
<td>APTIT Unit</td>
<td>one ordinary fully paid unit in APTIT</td>
</tr>
<tr>
<td>ASIC</td>
<td>Australian Securities and Investments Commission</td>
</tr>
<tr>
<td>ASTC Settlement Rules</td>
<td>ASX Settlement and Transfer Corporation operating rules, enforceable against participants under the Corporations Act</td>
</tr>
<tr>
<td>ASX</td>
<td>Australian Stock Exchange Limited ABN 98 008 624 691</td>
</tr>
<tr>
<td>ASX Listing Rules</td>
<td>the official listing rules of ASX and any other rules of ASX which are applicable while APA is admitted to the official list of ASX, each as amended or replaced from time to time, except to the extent of any waiver granted by ASX</td>
</tr>
<tr>
<td>Board</td>
<td>the board of directors of APL</td>
</tr>
<tr>
<td>Term</td>
<td>Meaning</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Capital Distribution</td>
<td>the $302.0 million distribution of capital out of APA to be made by APL as described in Section 5, such capital distribution to be used by APL to subscribe for APTIT Units as agent and attorney for Unitholders</td>
</tr>
<tr>
<td>CGP</td>
<td>Carpentaria Gas Pipeline</td>
</tr>
<tr>
<td>CHESS</td>
<td>the Clearing House Electronic Sub-register System</td>
</tr>
<tr>
<td>Corporations Act</td>
<td>the Corporations Act 2001 (Cth)</td>
</tr>
<tr>
<td>CPI</td>
<td>Consumer Price Index</td>
</tr>
<tr>
<td>Directors</td>
<td>the directors of APL</td>
</tr>
<tr>
<td>DRP</td>
<td>The distribution reinvestment plan implemented in connection with the first interim distribution for FY2007 of 7.0 cents per APA Unit</td>
</tr>
<tr>
<td>DPU</td>
<td>distributions per APA Unit</td>
</tr>
<tr>
<td>EBIT</td>
<td>earnings before interest and tax</td>
</tr>
<tr>
<td>EBITDA</td>
<td>earnings before interest, tax, depreciation and amortisation</td>
</tr>
<tr>
<td>Eligible Unitholders</td>
<td>all Unitholders as at 5.00 pm (Sydney time) on 24 November 2006 other than Ineligible Foreign Unitholders</td>
</tr>
<tr>
<td>Entitlement and Acceptance Form</td>
<td>the personalised entitlement and acceptance form accompanying this PDS</td>
</tr>
<tr>
<td>Existing Unit</td>
<td>an APA Unit on issue at the Rights Issue Record Date</td>
</tr>
<tr>
<td>FEED</td>
<td>Front-end engineering and design</td>
</tr>
<tr>
<td>FY or Financial Year</td>
<td>a financial year to 30 June</td>
</tr>
<tr>
<td>GasNet</td>
<td>GasNet Australia Group and any controlled entity</td>
</tr>
<tr>
<td>GGT</td>
<td>Goldfields Gas Transmission Pipeline</td>
</tr>
<tr>
<td>GJ/d</td>
<td>Gigajoules per day</td>
</tr>
<tr>
<td>GTD</td>
<td>Gas Transportation Deed with AGL Wholesale Gas</td>
</tr>
<tr>
<td>Holder</td>
<td>a holder of APA Units, APTIT Units and/or Stapled Securities</td>
</tr>
<tr>
<td>Ineligible Foreign Unitholder</td>
<td>a Unitholder whose registered address is not in Australia or New Zealand</td>
</tr>
<tr>
<td>Interconnect</td>
<td>the NSW-Victoria interconnect, owned by APA (Wagga to Culcairn) and GasNet (Culcairn to Albury)</td>
</tr>
<tr>
<td>Issue Period</td>
<td>the period from the date the Rights Issue opens until the Stapling Record Date</td>
</tr>
<tr>
<td>Issue Price</td>
<td>in relation to a New Unit, $3.75 per New Unit</td>
</tr>
<tr>
<td>Kogan North</td>
<td>a gas processing facility in Queensland</td>
</tr>
<tr>
<td>LNG</td>
<td>liquefied natural gas</td>
</tr>
<tr>
<td>MDQ</td>
<td>maximum daily quantity</td>
</tr>
<tr>
<td>MSP</td>
<td>Moomba to Sydney Pipeline</td>
</tr>
<tr>
<td>Murraylink</td>
<td>an electricity transmission asset connecting Berri, South Australia to Red Cliffs, Victoria</td>
</tr>
<tr>
<td>MW</td>
<td>megawatt, which is equal to one million watts</td>
</tr>
<tr>
<td>National Gas Code</td>
<td>National Third Party Access Code for Natural Gas Pipeline Systems under the Gas Pipeline Access Law</td>
</tr>
<tr>
<td>New Units</td>
<td>new APA Units to be issued under the Rights Issue</td>
</tr>
<tr>
<td>Nominee Units</td>
<td>all the issued APTIT Units as at the date of this PDS</td>
</tr>
<tr>
<td>Term</td>
<td>Meaning</td>
</tr>
<tr>
<td>---------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>PDS</td>
<td>this product disclosure statement dated 16 November 2006</td>
</tr>
<tr>
<td>Petronas</td>
<td>means either Petronium Nasional Berhad or Petronas Australia Pty Limited ACN 064 998 867 and, where the context requires, includes their related parties</td>
</tr>
<tr>
<td>Petronas Entitlement</td>
<td>the New Units to which Petronas is entitled on the Rights Issue Record Date</td>
</tr>
<tr>
<td>PJ p.a.</td>
<td>petajoules per annum. One petajoule equals one million GJ</td>
</tr>
<tr>
<td>Placement</td>
<td>the APA Institutional Placement announced on 31 August 2006</td>
</tr>
<tr>
<td>QCA</td>
<td>Queensland Competition Authority</td>
</tr>
<tr>
<td>RBP</td>
<td>Roma to Brisbane Pipeline</td>
</tr>
<tr>
<td>Registry</td>
<td>Link Market Services Limited ACN 083 214 537 or any other person appointed as registry by APL from time to time</td>
</tr>
<tr>
<td>Right</td>
<td>the right to subscribe for a New Unit under the Rights Issue</td>
</tr>
<tr>
<td>Rights Issue</td>
<td>the offer of New Units pursuant to this PDS</td>
</tr>
<tr>
<td>Rights Issue Record Date</td>
<td>5.00 pm (Sydney time) on 24 November 2006</td>
</tr>
<tr>
<td>Rights Issue Trading Period</td>
<td>the period from 20 November 2006 up to and including 4 December 2006</td>
</tr>
<tr>
<td>SPP</td>
<td>the Security Purchase Plan announced on 31 August 2006</td>
</tr>
<tr>
<td>Stapled Security</td>
<td>one APA Unit and one APTIT Unit stapled together so that those units can only be issued and traded together</td>
</tr>
<tr>
<td>Stapling</td>
<td>the stapling of each APTIT Unit issued under this PDS to an APA Unit such that on and from the stapling of those units neither unit can be dealt with separately</td>
</tr>
<tr>
<td>Stapling Allotment Date</td>
<td>4 January 2007 or such other date as may be determined by APL in accordance with the ASX Listing Rules and the Corporations Act</td>
</tr>
<tr>
<td>Stapling Issue</td>
<td>the issue of APTIT Units for the purposes of Stapling</td>
</tr>
<tr>
<td>Stapling Record Date</td>
<td>3 January 2007 or such other date as may be determined by APL in accordance with the ASX Listing Rules and the Corporations Act</td>
</tr>
<tr>
<td>Trewas</td>
<td>Trewas Pty Limited ACN 120 111 006</td>
</tr>
<tr>
<td>TJ/d</td>
<td>terajoules per day. One terajoule equals one thousand GJ</td>
</tr>
<tr>
<td>Underwriter</td>
<td>ABN AMRO Rothschild</td>
</tr>
<tr>
<td>Underwriting Agreement</td>
<td>underwriting agreement dated 15 November 2006 between APL (in its capacity as responsible entity of APA and APTIT) and the Underwriter, as described in Section 11.5.1</td>
</tr>
<tr>
<td>Unitholder</td>
<td>a registered holder of APA Units or, where the context requires, a registered holder of a Stapled Security</td>
</tr>
<tr>
<td>United States</td>
<td>United States of America</td>
</tr>
<tr>
<td>US Persons</td>
<td>a resident of the United States</td>
</tr>
<tr>
<td>US Securities Act</td>
<td>United States Securities Act of 1933, as amended</td>
</tr>
<tr>
<td>WACC</td>
<td>Weighted average cost of capital</td>
</tr>
</tbody>
</table>
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APL
Australian Pipeline Limited
ABN 99 091 344 704
Level 5, Airport Central Tower
241 O’Riordan Street
Mascot NSW 2020

DIRECTORS OF APL
George H Bennett (Chairman)
Ross M Gersbach
Russell A Higgins AO
Muri Muhammad (alternate Wan Shamilah Saidi)
Robert J Wright
Michael J McCormack (Managing Director)

LEAD MANAGER AND UNDERWRITER
ABN AMRO Rothschild
Level 29, ABN AMRO Tower
Cnr Phillip and Bent Streets
Sydney NSW 2000

LEGAL ADVISERS
Chang, Pistilli & Simmons
Level 13 Plaza Bldg, Australia Square
95 Pitt Street
Sydney NSW 2000

INVESTIGATING ACCOUNTANTS
Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
Sydney NSW 2000

TAX ADVISERS
KPMG
10 Shelley Street
Sydney NSW 2000

APA REGISTRY
Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000

FREEHILLS
Level 32, MLC Centre
19-29 Martin Place
Sydney NSW 2000