APA GROUP

TAX TRANSPARENCY REPORT

2021

APA is a leading Australian energy infrastructure business. We own and/or manage and operate a portfolio of assets of around $21billion.

Our purpose is to strengthen communities through responsible energy. In fulfilling our purpose APA recognises its responsibilities to contribute to the financial well being of the communities in which we operate by paying our fair share of tax. APA is therefore committed to meeting the highest standards of tax governance. This means that APA:

- Will comply with all appropriate tax laws
- Will only undertake transactions that have a clear commercial purpose; and
- Will not enter a transaction for the purpose of avoiding tax.

As part of this commitment APA has voluntarily adopted the Board of Taxation's Tax Transparency Code and therefore releases a Tax Transparency Report for each year ended 30 June.

Tax Governance and Oversight

Responsibility for tax risk resides with the APA Board. Levels of delegated tax risk and responsibility are specified in the APA Group Executive Delegation policy and within APA's Enterprise Risk Management Framework.

APA's tax governance framework, which forms a part of APA's Enterprise Risk Management Framework, includes a documented tax policy, together with guides and procedures that are reviewed and updated annually. APA has appropriate systems, processes and controls in place to identify, monitor, manage and escalate tax risks arising from material transactions undertaken and in its business affairs generally. Controls are tested regularly to ensure they are working appropriately. APA's tax governance framework broadly complies with the ATO's governance control guidelines.

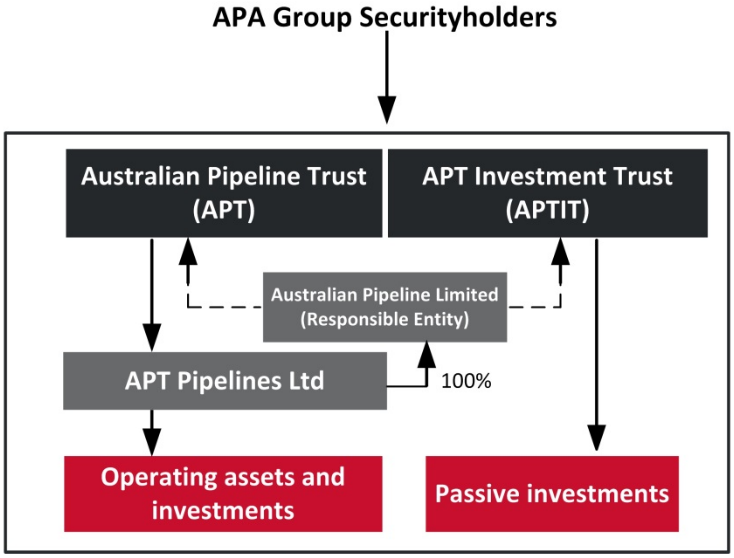
APA also maintains a formal Tax Compliance Plan which recognises required tax compliance obligations and sets out controls that are in place to ensure these are met.

APA has an experienced in-house tax team that reports six monthly to the Audit and Risk Management Committee of the Board confirming that material tax risks have been identified and dealt with in accordance with the APA Tax Policy. Additional oversight is provided by APA's internal and external auditors. In addition, APA uses a range of highly qualified external taxation advisers, typically from the "Big 4" accounting firms to provide specific advice in respect of tax risks arising in respect of material transactions.

Tax Risk Profile

Consistent with its approach to its business and recognising the need to provide sustainable shareholder value, APA considers itself to be a low risk tax payer. APA will not engage in aggressive tax planning, but will avail itself of available tax benefits, concessions, incentives and exemptions.

APA Group Structure



APA Group is a stapled trust structure comprising Australian Pipeline Trust (APT) and APT Investment Trust (APTIT). APA Group operates primarily in Australia. A single operating subsidiary (together with one dormant entity) is resident in the United States. Service fees for the United States operating subsidiary have been charged and documented using an appropriate arm's length methodology. No businesses are conducted in or through tax haven jurisdictions.

APT is a Division 6C public trading trust which is treated as if it were a company for tax purposes. APT carries on APA's active businesses and is the head of the APT tax consolidated group (APT TCG). As head of the APT TCG, APT is liable for corporate tax of 30% in respect of its business activities.

APTIT is a Division 6 "flow through" trust which owns a land asset used by APT and provides some funding to APT. Cross staple charges of rent and interest by APTIT are at appropriate arm's length market rates. Net income derived by APTIT is fully distributed annually to APA security holders on a "present entitlement" basis and is taxed in their hands at their applicable marginal tax rates.

APA Group Distributions

APA makes distributions to security holders based on available free cash flows. Distributions are made on a profits first basis. Where there are insufficient profits in any period, returns of capital are made to security holders.

Australian resident security holders are subject to income tax at their applicable tax rate on APT profit distributions received. Where tax has been paid by APT, profit distributions will include applicable franking credits which can be used by security holders to offset their tax liabilities.

Where tax has not been paid by APT, profit distributions will generally be fully taxed in the hands of resident security holders[1]. This is consistent with Australia's dividend imputation regime whereby company profits are only taxed once at a relevant security holder's applicable marginal rate.

Non-resident security holders are subject to withholding tax of up to 30% on unfranked APT profit distributions. No withholding tax is deducted from franked APT profit distributions.

APTIT profit distributions are taxed in the hands of Australian resident security holders at their applicable marginal tax rate.

Non-resident security holders are subject to withholding tax of 10% on APTIT profit distributions.

Returns of capital by APT and APTIT are "tax deferred" to security holders. This means that the amount of the capital return reduces the cost base of the units held with tax only being paid once the cost base reduces below nil or the units are sold for consideration in excess of the reduced cost base.

Distributions paid by APA during the 2021 financial year totalled $601.7 million. This comprised APT franked profit distributions of $100.7 million, APTIT profit distributions of $47.8 million and a return of capital of $453.2 million. The APTIT profit distributions were fully taxed in the hands of Australian resident security holders or were subject to withholding tax at relevant rates in the hands of non–resident security holders.

[1] Security holders should always consider their own tax position in determining assessability of APA distributions and should seek their own tax advice.

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Reconciliation of Accounting Profit to Income Tax Expense
Financial Year 2021

	$000
Profit before tax	**66,578**
Income tax expense calculated at 30%	**(19,973)**
Non-assessable trust income (APTIT)	**12,870**
Non deductible expenses[2]	**(58,447)**
Non assessable income	**(100)**
	(65,650)
Franking credits received	**1,043**
Previously unrecognised tax losses	**603**
Adjustment recognised in the current year in relation to the current tax of prior years	**90**
R&D Tax incentive	**1,020**
Income Tax Expense	**(62,894)**

Effective Tax Rate Financial Year 2021

The accounting effective tax rate for 2021 is 94.5%. (39.3% excluding significant items)

[2] Predominantly amortisation/write off of contract intangibles that are not deductible for tax

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Reconciliation from Income Tax Expense to Income Tax Payable

	$000
Profit/(loss) Before Tax	**66,578**
Adjustments made in determining income tax expense[3]	**152,256**
Adjusted Profit Before Tax	**218,834**
Accounting depreciation & amortisation	**491,888**
Impairment loss non-current asset	**249,322**
Tax depreciation	**(715,334)**
Capitalised interest deductible for tax purposes	**(16,330)**
Hedging adjustments	**(18,808)**
Revenue assessable for tax but deferred in accounts	**6,537**
Movement in provisions and accruals	**5,536**
Capital expenditure deductible for tax over 5 years	**(2,429)**
Movement in prepayments	**(827)**
Other adjustments	**9,052**
Gross Taxable Income	**227,649**
Transferred tax losses utilised	**(50,957)**
Taxable income after loss utilisation	**176,692**
Tax @ 30%	**53,008**
Imputation Credit Offset	**(1,043)**
R&D Tax Offset	**(3,681)**
Income Tax Payable in respect of the FY21 tax year	**48,283**

[3] Generally non-deductible amortisation of contract intangibles offset by non-assessable trust income (APTIT)

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The most significant tax timing difference in the above reconciliation is the capped 20 year tax life allowed by Australian tax laws to gas transmission and distribution assets. These capped lives result in accelerated tax depreciation being claimed on APA's long life pipeline assets over a 20 year effective life as opposed to an accounting effective life of, generally, around 40 years. Included in the tax depreciation claimed is $105 million of expenditure that was capitalised for accounting purposes but that is immediately deductible in 2021 for tax purposes.

Taxes Paid/Payable

The table below shows taxes paid or payable by APA either in its own capacity or on behalf of employees/contractors/customers in respect of the year ended 30 June 2021. All taxes shown are payable in Australia with the exception of $0.2 million income tax which is payable in the United States.

	$000
Corporate Income Tax[4]	48,283
Goods & Services Tax	159,182
Fringe Benefits Tax	493
Payroll Taxes	16,027
Employee Pay-As-You-Go Withholding	89,928
Land Tax	408
Excise	3,205
Total Taxes Payable/Paid	317,526

[4] Payable by 1 December 2021

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