

FOLD



FOLD

APA and BBI together control 14.2% of GasNet stapled securities and have determined that their best interests were served by joining together to make an offer for GasNet.

Under the terms of the offer, BBI will offer 1,545 BBI stapled securities for each GasNet stapled security. Upon successful completion of the offer, APA will acquire 50% of the joint venture bid vehicle for cash.

Because APA is paying cash for 50% of the joint venture bid vehicle, APA unitholders do not need to take any action.

APA will keep you informed as developments occur.

YEAR END TIMETABLE

Annual distribution statement	Posted with distribution advice on 30 June 2006
Full Year results – 2006	Released to market on 28 August 2006. Details of any webcast will be provided in the week before.
Annual Report – 2006	If previously requested – lodged on 29 September 2006.
Fourth and final distribution for 30 June 2006	Paid on 29 September 2006.
Annual Meeting – 2006	Scheduled to be held on 30 October 2006 at the Hotel InterContinental. Full details will be provided in the Annual Report and on our website closer to the date.

I am very proud of our achievements during this financial year. The APA Board and Management remain committed to enhancing and growing your long term investment.

Mick McCormack
Chief Executive Officer

AUSTRALIAN BRANDENBURG ORCHESTRA NATIONAL TOUR 2006 EXCLUSIVE TICKET OFFER FOR UNITHOLDERS

As unitholders are aware, Australian Pipeline Trust is the major sponsor of the Australian Brandenburg Orchestra. The Australian Brandenburg Orchestra is Australia's finest period instrument orchestra, made up of leading specialists in the performance of baroque and classical music from the 17 and 18 centuries. The Orchestra is committed to energetic and lively programming, with premiere Australian performances of seldom heard masterpieces. The musicians play from original edition scores and on instruments of the period. This energy and professionalism leads to an extremely strong partnership between our two companies, for the mutual benefit of both.

Through the long time support from the Australian Pipeline Trust, the Australian Brandenburg Orchestra has been able to extend its reach and take these seldom heard original music scores around Australia, including regional centres. As we said in the previous edition of "In the Pipeline", the Australian Pipeline Trust will once again support a national tour of this orchestra.

Discount Ticket Offer

Tickets for the national concert series will be on sale from 1st July and the first 100 Australian Pipeline Trust unitholders in each city who call and quote their SRN or HIN will receive a \$10 discount on each ticket.

Dates	Booking
Brisbane – 31 July, 2006	call QTIX on 136 246
Darwin – 2 August, 2006	call DEC on 08 8980 3333
Perth – 3 August, 2006	call BOC on 08 9484 1133
Adelaide – 6 August, 2006	call Bass on 08 8205 2220

This special offer closes on 17th July.

In addition, unitholders who take up this exclusive discount offer will also receive an invitation to a pre-concert reception in the capital city of the performance they are attending. Members of Australian Pipeline Trust's senior management team will be present and, as our guests you will have the opportunity to meet the people who run the business on a day to day basis.

For further information on the Australian Brandenburg Orchestra visit: www.brandenburg.com.au

5

FOLD

4



In the Pipeline

ISSUE 2 | 2006



Australian
Pipeline Trust

ACN 091 344 704

FOLD

FOLD



FOLD

Welcome to the second issue of In the Pipeline for 2006. Since the last "In the Pipeline", APA has continued its success in executing our strategy of targeting both gas pipelines and complementary assets which enhance our ability to increase distributions to unitholders annually by at least CPI.

As advised in our letter to you dated 12 May 2006, the Board has reintroduced the Distribution Reinvestment Plan to assist in funding future capital expenditure across the portfolio.

In this newsletter we will summarise the major outcomes achieved in the last quarter. More detailed information will be found in the releases on our website – www.pipelinetrust.com.au.

APA continues to demonstrate its long term value and its commitment to growth of the Business and returns to unitholders.

You will also find details of our exclusive offer to unitholders concerning the Australian tour of the Australian Brandenburg Orchestra.

I hope you find the content of this newsletter interesting and informative.

OPERATIONAL HIGHLIGHTS

Delivering on the strategy of investing in complementary assets. APA has successfully:

- Entered into a heads of agreement with Arrow Energy to fund, own and operate the new Daandine Power Station (Power Station) in Queensland. The 27.4 mega watt power station will cost around \$30 million and will supply power to southern Queensland by Arrow Energy through its agreement with Country Energy. Start up for the Power Station is expected by April 2007.
- Acquired Murraylink electricity transmission assets for \$153 million plus transaction costs. At 180 kms, Murraylink is the world's longest underground high voltage direct current power cable and connects Red Cliffs, Victoria to Monash in Berri (South Australia).

While this is APA's first major acquisition of a non-gas pipeline asset, the skills in asset management, operating and regulation involved in managing the Murraylink assets are similar to those needed to run a gas pipeline business. APA is able to apply our skills and asset management experience to Murraylink.

Murraylink is a regulated asset, with an approved revenue cap until 2013, which provides a fixed annual revenue stream of around \$13 million. Beyond 2013 the asset will be able to produce consistent revenue, subject to regulatory approval at that time.

The acquisition of Murraylink was funded through a one-year acquisition bridge facility. Gearing of APA has increased to 68%, still comfortably within APA's current lending covenants of 72.5%.

Delivering on our strategy to utilise and expand existing assets. APA has:

- Announced a new gas transportation arrangement to deliver gas from the Central Ranges Pipeline which links Dubbo to Tamworth in New South Wales. The gas will be delivered through APA's Moomba to Sydney Pipeline and Central West Pipeline. The term of the agreement is 10 years and transport is expected to commence in mid-2006 with APA's revenue likely to be between \$1 – 2 million per annum.

Delivering greenfields projects. APA has:

- Announced it has entered into a heads of agreement with the Northern Territory Government and Power and Water Corporation to develop an estimated mid – \$130 million gas pipeline from Wadeye, near the Bonaparte Basin, to the Amadeus Gas Pipeline. The Bonaparte Gas Pipeline will deliver gas from the Blacktip gas field to meet Northern Territory's long-term power generation requirements from 2009. The agreement for a major new pipeline development is an important step in realising APA's long-term vision of bringing northern gas into Australia.

Finalisation of the gas transportation agreement is expected before the end of the financial year.

1

FOLD



FOLD

OTHER OPERATIONAL ISSUES

Federal Court decides on Moomba to Sydney Access Arrangement.

In early June, the Full Court of the Federal Court of Australia overturned the decision of the Australian Competition Tribunal on the decision on the Moomba to Sydney Pipeline Access Arrangement.

The regulatory process began in 1999 and the competitive and regulatory environment has changed significantly since then. The Moomba to Sydney Pipeline is now partially uncovered and this decision will have no material impact on revenues.

APA is reviewing and has reserved its position on whether to appeal the decision.

AGL/Alinta Merger

APA has issued a statement stating that the reorganisation contemplated by AGL and Alinta will not shift our focus from our strategy of pursuing those assets that enhance our ability to pay increasing distributions to all our unitholders.

APA remains committed to ensuring it maintains and grows unitholder returns through carefully targeted acquisitions and organic growth.

LATE NEWS

On 19 June 2006, Babcock and Brown Infrastructure (BBI) in association with APA announced a scrip takeover offer for GasNet Australia.

GasNet Australia has a quality gas transmission pipeline system in Victoria, a pipeline in Western Australia, an LNG facility at Dandenong in Victoria, a metering business and a small engineering and project management business which operates, among other things, the SEAgas pipeline between Victoria and South Australia.

APA believes these are long life, manageable risk, stable returns assets and therefore are a natural fit for our business.

Acquisition of the GasNet assets will provide opportunities to strengthen our competitive position against the Eastern Gas Pipeline.

3