Appendices

Lead Manager
ABN AMRO Rothschild

Co Lead Manager
J B Were & Son

Co Managers
BNP Equities (Australia) Limited
Ord Minnett Corporate Finance Limited
Salomon Smith Barney Australia Securities Pty Limited

Australian
Pipeline Trust

DISCLAIMER

These Appendices and the Offer Document are dated 5 May 2000 and were lodged with the ASIC on that date. These Appendices may only be read in conjunction with the Offer Document and for no other purpose. These Appendices do not constitute an offer or invitation to subscribe for Units.

Unless otherwise indicated, photographs and schematic drawings appearing in these Appendices and the Offer Document do not depict properties or equipment owned or used by the Trust or an activity conducted by the Trust.

GLOSSARY

Certain terms and abbreviations used in these Appendices and the Offer Document have defined meanings which are explained in the Glossary.

The financial amounts in these Appendices and the Offer Document are expressed in Australian currency terms unless otherwise stated. Unless otherwise stated, all data contained in charts, graphs and tables is as at 5 May 2000. All numbers are rounded unless otherwise indicated.

Contents

1/ Investigating Accountants' Report

Deloitte Touche Tohmatsu

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1217 Australia

DX 10087SSE
Telephone (02) 9322 7000
Facsimile (02) 9322 7019
www.deloitte.com.au

3 May 2000

The Directors
Australian Pipeline Limited
Level 5, Airport Central Tower
241 O'Riordan Street
MASCOT NSW 2020

Dear Sirs

INVESTIGATING ACCOUNTANTS' REPORT

Introduction

We have prepared this report and its annexures for inclusion in the Appendices to the Offer Document to be dated on or about 5 May 2000, for the issue of 146.4 million Units in the Australian Pipeline Trust (the "Trust").

References made and terminology used in this report have the same meaning as set out in the Glossary.

Background Information

The Trust was established in February 2000 and has issued 10 Units at the date of this report. The Trust has not traded up to the date of this report.

The Trust will use the net proceeds from the issue of 244 million Units in the Trust to acquire all of the issued share capital of APT Pipelines Limited ("APT Pipelines") and advance funds to APT Pipelines. Directly or indirectly through its controlled entities APT Pipelines owns substantially all of The Australian Gas Light Company's ("AGL") gas transmission assets. Following completion of all proposed transactions the Trust will have an interest in a number of pipelines, the most significant of which are:

> 100% of the Moomba to Sydney Pipeline;
> 85% of the Roma to Brisbane Pipeline;
> 70% of the Carpentaria Pipeline; and
> a 45% equity interest in SCP Investments No 1 Pty Limited ("SCP") which in turn holds an 88.2% interest in the Goldfields Gas Pipeline.

Scope of Report

You have requested that we prepare an Investigating Accountants' Report reviewing the following historical financial information:

> the pro forma consolidated historical operating results of the Trust and its controlled entities, following the completion of all the proposed transactions, for the financial years ended 30 June 1998 and 30 June 1999 and the six months ended 31 December 1998 and 31 December 1999. The pro forma consolidated historical operating results are presented on a basis consistent with the ongoing business to be conducted by the Trust and its controlled entities. These pro forma consolidated historical operating results are set out in Annexure A to this report; and
> the pro forma consolidated balance sheet of the Trust and its controlled entities as at 31 December 1999 and Notes thereto, assuming completion of all the proposed transactions as at that date, which is set out in Annexure B to this report.

The pro forma historical financial information has been prepared by the Directors based on the accounting policies set out in Note 2 to Annexure B of this report.

Deloitte Touche Tohmatsu is the auditor of APT Pipelines and all of its controlled entities. The historical financial information in respect of those APT Pipelines controlled entities upon which the pro forma information is based has been audited or reviewed by Deloitte Touche Tohmatsu for each of the financial years ended 30 June 1998 and 30 June 1999 and the six months ended 31 December 1998 and 31 December 1999.

For the purposes of this report, we have reviewed the pro forma historical financial information in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the pro forma historical financial

information is not presented fairly in accordance with Australian Accounting Standards, other mandatory professional reporting requirements, being Urgent Issues Group Consensus Views and the accounting policies described in Note 2 to Annexure B of this report.
Our review of the attached pro forma historical financial information has been conducted in accordance with Australian Auditing Standards applicable to review engagements. Our review was limited primarily to enquiries of AGL management and its advisers, examination of audited or reviewed financial statements, review of the pro forma transactions and supporting documentation, reviews of other auditors' workpapers, analytical procedures applied to the financial data and the evaluation of accounting policies.
These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and accordingly we do not express an audit opinion.

Statement

Based on our review, which is not an audit, nothing has come to our attention which causes us to believe that the pro forma historical financial information set out in Annexures A and B does not present fairly:

> the pro forma consolidated historical operating results of the Trust and its controlled entities following completion of all the proposed transactions, presented on a basis consistent with the accounting policies and ongoing business to be conducted, for the years ended 30 June 1998 and 30 June 1999 and the six months ended 31 December 1998 and 31 December 1999; and

> the pro forma consolidated balance sheet of the Trust and its controlled entities as at 31 December 1999, assuming completion of all the proposed transactions.

Subsequent Events

Subsequent to 31 December 1999 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 the economic entity have occurred other than the matters dealt with in this report, the Offer Document and Appendices, which would require comment on, or adjustment to, the information contained in this report, or which would cause the information to be misleading.

Yours faithfully

Deloitte Touche Tohmatsu

ANNEXURE A

PRO FORMA CONSOLIDATED HISTORICAL OPERATING RESULTS

1. Basis of Preparation of Pro Forma Consolidated Historical Operating Results

The Trust is proposing to issue 244 million Units to raise approximately $488 million.
The funds raised from the issue of Units will be used to acquire all of the issued share capital of APT Pipelines and advance funds to APT Pipelines, which either directly, or indirectly, through its controlled entities, owns substantially all of AGL's Australian gas transmission assets. Following its acquisition by the Trust, APT Pipelines will acquire the remaining 23.52% interest in East Australian Pipeline Limited ("EAPL") which it does not presently own, resulting in APT Pipelines owning 100% of EAPL.
Prior to acquisition by the Trust, APT Pipelines and its controlled entities have been subject to significant restructuring, whereby all entities, assets and liabilities not involved with gas pipeline ownership have been transferred to other companies within the AGL group.
The Trust was not in existence in prior financial periods and its only investment, APT Pipelines, did not exist in its proposed form. Consequently, in order to present historical consolidated financial information for the Trust and its controlled entities on a basis comparable with the proposed operations, management, financial and ownership structure, the Trust has made certain adjustments to the historical financial information of APT Pipelines.
The pro forma historical results (including disclosure of revenue) are presented before interest income, interest expense and income tax. The extent and nature of the pro forma adjustments required and the fact that the Trust will operate under a different capital structure, mean that it is not possible to separately identify net interest expense and income tax expense relating to the consolidated pro forma historical operating results. For the same reasons it is not feasible to present historical cash flow information.

2. Pro Forma Consolidated Historical Operating Results for the years ended 30 June 1998 and 30 June 1999 and the six months ended 31 December 1998 and 31 December 1999

The following table sets out the pro forma consolidated historical operating results of the Trust and its controlled entities for the years ended 30 June 1998 and 30 June 1999 and the six months ended 31 December 1998 and 31 December 1999.
The significant adjustments made in arriving at the pro forma consolidated historical operating results are set out in Note 3. The accounting policies used in the preparation of the historical operating results are the same as those set out in Note 2 to Annexure B of this report.

THE TRUST AND ITS CONTROLLED ENTITIES
PRO FORMA CONSOLIDATED HISTORICAL OPERATING RESULTS

	6 months ended 31 Dec 1998 $'000	6 months ended 31 Dec 1999 $'000	Year ended 30 June 1998 $'000	Year ended 30 June 1999 $'000
Total revenue*	103,570	115,663	189,068	211,039
Operating profit before interest, depreciation, amortisation and taxation*	54,884	61,523	93,593	113,062
Depreciation and amortisation	(11,499)	(12,722)	(20,274)	(23,213)
Operating profit before interest and taxation	43,385	48,801	73,319	89,849
* Includes equity accounted profit after income tax of associate (refer Annexure B, Note 18)	2,397	2,803	2,301	4,794

3. Adjustments to Pro Forma Consolidated Historical Operating Results

The pro forma consolidated historical operating results for the years ended 30 June 1998 and 30 June 1999 and the six months ended 31 December 1998 and 31 December 1999 are the adjusted historical operating results of the entities that the Trust will acquire. The following significant adjustments have been made to the consolidated historical operating results of these entities:

(a) Establishment of the Trust and Ownership of APT Pipelines

The pro forma consolidated historical operating results have been prepared as if the Trust had been in existence and had owned all of the issued share capital of APT Pipelines since 1 July 1997. Consequently the pro forma consolidated historical operating results include the financial performance of the Trust, APT Pipelines and its controlled entities.

(b) Ownership of EAPL

The Trust will have beneficial ownership of 100% of EAPL following completion of all the proposed transactions. Consequently, the pro forma consolidated historical operating results have been prepared as if EAPL was wholly owned from 1 July 1997.

(c) Ownership Interest in SCP

On 23 December 1998, APT Pipelines acquired a 45% ownership interest in SCP, which in turn owned a 62.7% interest in the Goldfields Gas Pipeline. On 26 March 1999, SCP increased its ownership interest in the Goldfields Gas Pipeline to 88.2%. Through its ownership of APT Pipelines, the Trust will continue to hold a 45% interest in SCP. The pro forma consolidated historical operating results have been prepared as if this interest had been held since 1 July 1997.

(d) Depreciation

Pursuant to Australian accounting standards, the acquisition by the Trust of APT Pipelines will result in the assets and liabilities of APT Pipelines and its controlled entities (in particular, the gas transmission pipelines) being restated to their fair values at the date of acquisition. In addition, on acquisition by the Trust, APT Pipelines and its controlled entities will:

> assess the estimated useful lives of the gas transmission pipelines; and
> adopt a "units of throughput" basis for the determination of depreciation.

The depreciation expense reflected in the pro forma consolidated historical operating results has been determined by applying this depreciation methodology to the fair value of the gas transmission pipelines at the date of acquisition by the Trust throughout the entire period for which historical information is presented.

(e) Disposal of Certain Entities to AGL

Prior to acquisition by the Trust, APT Pipelines will transfer its ownership of certain controlled entities to other companies within the AGL group. Accordingly, the operating results, assets and liabilities of these entities have been excluded from the pro forma consolidated historical information.

(f) Technical and Commercial Terms

Historically, APT Pipelines and its controlled entities have been responsible for the operation and maintenance of the gas transmission pipelines in which they have had an ownership interest, as well as certain pipelines owned by other parties. It is proposed that on acquisition of APT Pipelines, the Trust will contract with AGL for it to provide operational and management services to the Trust's gas transmission assets. AGL will charge the Trust a fee for the technical and marketing services in respect of the Trust's assets.

The pro forma consolidated historical operating results have been adjusted to reflect the terms of the proposed agreements with AGL as if they had applied since 1 July 1997 and to exclude the revenues and associated costs of the pre-existing operating agreements.

(g) Expenses Associated with being a Listed Entity

The pro forma consolidated historical operating results reflect the inclusion of an estimate of expenses associated with the Trust operating as a stand alone entity listed on the ASX. Relevant expenses include Directors' fees, executive salaries, registry costs, ASX listing fees, office costs and other expenses.

(h) Constructed Pipelines

In the period for which pro forma consolidated historical operating results have been presented, a number of newly constructed pipelines owned by APT Pipelines and its controlled entities commenced operations. The financial results from the operation of these pipelines have been included in the pro forma consolidated historical operating results as from the date on which the pipelines commenced operations, as follows:

> Carpentaria Pipeline – April 1998
> Central West Pipeline – August 1998
> Cannington Lateral – September 1998
> Mt Isa Lateral – September 1998
> Midwest Pipeline – November 1999.

ANNEXURE B

THE TRUST AND ITS CONTROLLED ENTITIES
PRO FORMA CONSOLIDATED BALANCE SHEET

	Note	31 December 1999 $'000
Current assets		
Cash		3,543
Inventories		800
Receivables	3	30,441
Total current assets		34,784
Non-current assets		
Inventories		2,269
Investments	4	128,239
Property, plant and equipment	5	1,172,855
Other	6	28,698
Total non-current assets		1,332,061
Total assets		1,366,845
Current liabilities		
Accounts payable	7	25,459
Borrowings	8	11,674
Provisions	9	6,151
Other	10	3,347
Total current liabilities		46,631
Non-current liabilities		
Borrowings	11	754,078
Provisions	12	87,574
Other	13	2,562
Total non-current liabilities		844,214
Total liabilities		890,845
Net assets		476,000
Equity		
Units on issue	14	476,000
Total equity		476,000

Notes to and forming part of the pro forma consolidated balance sheet are set out on the following pages.

ANNEXURE B

NOTES TO THE PRO FORMA CONSOLIDATED BALANCE SHEET

1. Basis for Preparation of the Pro Forma Consolidated Balance Sheet

The pro forma consolidated balance sheet has been prepared based on information extracted from the consolidated financial statements of APT Pipelines and its controlled entities for the six months ended 31 December 1999, in respect of which Deloitte Touche Tohmatsu have issued an unqualified independent review report.

The pro forma consolidated balance sheet as at 31 December 1999 has been prepared as if the following proposed transactions had taken place at 31 December 1999:

	Pro Forma $'000
APT Pipelines disposes of certain entities to AGL (net assets disposed)	16,901
All entities to be acquired distribute to AGL available retained earnings up to 31 December 1999	41,115
The Trust issues a total of 244 million Units at an issue price of $2.00 per Unit	488,000
Issue costs are written off against the proceeds from the issue of the Units	12,000
The Trust acquires from AGL:	
• a portion of the debt owing to AGL by APT Pipelines	116,146
• 100% of the issued share capital of APT Pipelines	359,854
	476,000
APT Pipelines acquires the remaining 23.52% interest in EAPL which it does not presently own, so that APT Pipelines owns 100% of EAPL	110,544
The Trust obtains new debt funding which is used to repay intercompany funding previously provided by AGL and retire pre-existing borrowing facilities	750,000
Front end fees in relation to the new debt facilities are capitalised	8,450
Estimated capital expenditure from 31 December 1999 to acquisition date (to be reimbursed to AGL by the Trust)	3,000

2. Summary of Significant Accounting Policies

(a) Basis of Accounting

The pro forma consolidated balance sheet as at 31 December 1999 and the pro forma consolidated historical operating results for the years ended 30 June 1998 and 30 June 1999 and the six months ended 31 December 1998 and 31 December 1999 have been drawn up in accordance with accounting policies prescribed in Australian accounting standards, the requirements of the Trust Deed and other mandatory professional reporting requirements, being Urgent Issues Group Consensus Views.

This report does not comply with all the disclosure requirements set out in the Corporations Law, applicable Australian accounting standards and Urgent Issues Group Consensus Views but in our opinion contains adequate information for the purpose of the Offer Document.

Assets have been taken up at cost which is determined on the basis of the fair value of the consideration given in exchange for those assets.

ANNEXURE B

(b) Principles of Consolidation

The pro forma consolidated historical financial information has been prepared in accordance with Accounting Standard AASB 1024 "Consolidated Accounts" by combining the financial statements of all the entities that comprise the economic entity, being the Trust and the entities which it is proposing to acquire.

In preparing the pro forma consolidated historical financial information, all intercompany balances and transactions and unrealised profits arising within the economic entity are eliminated in full.

(c) Investments

Investments in associates are shown at cost plus the economic entity's share of the post-acquisition undistributed profits and reserves of the associates. The results of associates are accounted for by the equity method.

Interests in unincorporated joint ventures are recognised by including in the financial statements, under the appropriate categories, the relevant proportion of joint venture revenue, costs, assets and liabilities.

(d) Property, Plant and Equipment

Items of property, plant and equipment are brought to account at cost, or where applicable, the fair value of assets acquired on the purchase of controlled entities. For major items, cost includes, where applicable, borrowing and other costs incurred during construction. Where carrying values exceed recoverable amounts, items of property, plant and equipment are revalued by Directors to the recoverable amounts.

(e) Depreciation

Property, plant and equipment, other than freehold land and leasehold improvements, are depreciated at rates which provide for the write down of these assets from cost or valuation over the anticipated period of their expected useful lives, as follows:

	Useful Life	Basis
Buildings	50 years	Straight line
Compressors	up to 25 years	Straight line
Pipelines	up to 60 years	Throughput
Other Plant and Equipment	3 – 10 years	Straight line

Leasehold improvements are amortised over the periods of the relevant leases or the expected useful lives of the improvements, whichever is the shorter.

(f) Taxation

The liability method of tax effect accounting is applied. Under this method, income tax expense is based on operating profit adjusted for any permanently non allowable and non assessable items.

Timing differences, which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit and taxable income, are brought to account at prevailing tax rates, as either a provision for deferred income tax or as a future income tax benefit.

ANNEXURE B

Future income tax benefits relating to tax losses are not brought to account unless there is virtual certainty of realisation of the benefits. In bringing to account such losses, it is assumed that no adverse change will occur in income tax legislation, that the Trust and its relevant controlled entities will derive sufficient future assessable income to enable the benefits to be realised and that those entities will continue to comply with the conditions of deductibility imposed by law.

	$'000
3. Receivables (current)	
Trade debtors	27,907
Prepayments	2,534
	30,441
4. Investments (non-current)	
Shares in associates – not quoted on stock exchange:	
At cost (Note 18)	128,239
5. Property, Plant and Equipment (non-current)	
Freehold land and buildings – at cost	6,187
Plant and equipment – at cost:	
Pipelines	1,145,245
Other assets	20,850
	1,166,095
Capitalised leased assets – at cost	573
	1,166,668
	1,172,855
6. Other Assets (non-current)	
Right to receive net pipeline tariffs	8,403
Deferred expenditure	2,085
Future income tax benefits*	6,737
Capitalised borrowing costs	8,450
Other	3,023
	28,698

* Includes future income tax benefits of $2.8 million attributable to tax losses carried forward as an asset

7. Accounts Payable (current)	
Trade payables	25,459

	$'000
8. Borrowings (current)	
Unsecured	
Lease liabilities (Note 15)	224
Bank borrowings	11,450
	11,674
9. Provisions (current)	
Taxation	6,133
Employee entitlements	18
	6,151
10. Other (current)	
Unearned revenue	3,347
11. Borrowings (non-current)	
Unsecured	
Bank borrowings	751,898
Other unsecured	
Other borrowings	1,645
Lease liabilities (Note 15)	535
	754,078

Debt Facilities	Term $'000	Revolving $'000
Amounts used	695,000	68,348
Amounts unused	–	81,652
	695,000	150,000

APT Pipelines will have two debt facilities with a group of three banks. Both facilities have a five year term from the date of execution. The interest rate on both facilities is set at a margin over the relevant Bank Bill Bid Rate. However, APT Pipelines is required under the terms of the facility to hedge a minimum of 60% of the debt outstanding under the term debt facility for a period of five years. APT Pipelines has arranged to enter into the following hedge contracts from the date of acquisition:

	Average Interest Rate %	Notional Principal Amount $'000
Less than 1 year	–	–
1 to 5 years	6.96	50,000
5 years or more	7.12	400,000
		450,000

ANNEXURE B

	$'000
12. Provisions (non-current)	
Deferred income tax	87,562
Employee entitlements	12
	87,574
13. Other (non-current)	
Unearned revenue	2,562
14. Units on Issue	
244,000,000 Units, fully paid	488,000
Issue costs	(12,000)
	476,000

15. Lease Commitments

Finance Leases

Estimated lease commitments	
Due within one year	276
Due between one and five years	354
Due after five years	220
	850
Less future finance charges	(91)
Present value of lease payments	759
Less due within one year (Note 8)	224
Non current liability (Note 11)	535

Non cancellable Operating Leases

Aggregate amounts contracted for at balance date not reflected in the financial statements:

AMADEUS GAS TRUST (a)	
Due within one year	17,597
Due between one and five years	70,383
Due after five years	172,216
	260,196

(a) The Northern Territory Government has guaranteed a minimum income in respect of the Amadeus Gas Trust sufficient to meet the above operating lease commitments.

OTHER	
Due within one year	1,384
Due between one and five years	4,539
Due after five years	2,114
	8,037
	268,233

16. Contingent Liabilities

	$'000
Bank guarantees in respect of the economic entity	51

17. Material Interests in Unincorporated Joint Ventures

Joint Venture	Interest of Economic Entity %	Principal Activity
Carpentaria Pipeline	70	Gas pipeline operation – Queensland
Midwest Pipeline	50	Gas pipeline operation – Western Australia
Roma to Brisbane Pipeline	85	Gas pipeline operation – Queensland

The economic entity's share of the assets and liabilities of the joint ventures is included in the balance sheet under the following classifications:

	$'000
Current assets	
Cash	422
Receivables	1,263
Other	95
Total current assets	1,780
Non current assets	
Property, plant and equipment	
– pipelines	336,320
– other assets	5,897
Total non current assets	342,217
Total assets	343,997
Current liabilities	
Accounts payable	2,208
Total current liabilities	2,208
Total liabilities	2,208
Net investment in joint ventures	341,789

18. Major Associate

Name of Associate	Principal Activities of Associate	Economic Entity's Ownership Interest in Associate %	Economic Entity's Carrying Amount of Investment in Associate $'000	Reporting Date of Associate
SCP Investments (No 1) Pty Limited	Transmission of natural gas	45.0	128,239	30 June

Summarised Assets and Liabilities of Associate

Name of Associate	Assets $'000	Liabilities $'000
SCP Investments (No 1) Pty Limited	569,285	327,465

Summarised Profit and Loss Statement of Associate

	Six months to 31 Dec 1998 $'000	Six months to 31 Dec 1999 $'000	Year ended 30 June 1998 $'000	Year ended 30 June 1999 $'000
Share of operating profit before income tax	4,291	4,908	4,467	8,581
Share of income tax	(1,894)	(2,105)	(2,166)	(3,787)
Share of profit after income tax	2,397	2,803	2,301	4,794

The Trust is not aware of any significant events or transactions which have occurred after 31 December 1999 which could materially affect the financial position or operating performance of the associate for the next financial year.

Except where appropriate adjustments have been made, the Trust is not aware of any dissimilar accounting policies adopted by an associate that would materially affect the amounts determined as being the economic entity's share of the net assets, the profit or loss and the reserves of the associate.

19. Segment Reporting

The principal activity of the Trust and those entities which it is proposed the Trust will acquire is investment in gas transmission assets, initially all within Australia.

20. Economic Dependency

AGL Wholesale Gas is a significant customer of the Trust, in respect of the transportation of gas in the Moomba to Sydney Pipeline system.

2/ Independent Taxation Opinion

Greenwoods & Freehills
Pty Limited A.C.N. 003 146 852

Office Address
Level 35
MLC Centre
Martin Place
Sydney NSW 2000

Postal Address
GPO Box 4162
Sydney NSW 1044
Australia
DX 482
Telephone (02) 9225 5955
Fax (02) 9221 6516

3 May 2000

The Directors
Australian Pipeline Limited
Level 5, Airport Central Tower
241 O'Riordan Street
MASCOT NSW 2020

Dear Sirs

INDEPENDENT TAXATION OPINION

The following is taxation advice in relation to the Offer Document lodged under the Corporations Law, dated on or around 5 May 2000, relating to the issue of Units in Australian Pipeline Trust (the "Trust"). This advice is based upon the understanding that the Offer will be undertaken in accordance with the draft documentation provided, and that the assumptions and representations made therein are fair and reasonable.

This letter outlines the Australian taxation consequences of investing in Units. This advice is primarily relevant in respect of Australian resident Unitholders who will hold Units on capital account. Investors who hold Units as trading stock or as part of a profit making undertaking or scheme will be assessable on any gain realised upon subsequent disposal of the rights or Units under the ordinary provisions of the *Income Tax Assessment Act 1936* and the *Income Tax Assessment Act 1997* (collectively referred to as the "Act").

This advice is based upon the law, and proposed changes to the law, as at the date of this advice. Due to the diversity of potential investors, the advice is general in nature. We advise that all investors should seek independent tax advice from their own professional advisers in light of their particular circumstances before deciding whether to invest.

References made and terminology used in this letter has the same meaning as defined in the Glossary.

1. THE OFFER

The Trust is an entity which has been formed to acquire substantially all of The Australian Gas Light Company's ("AGL") Australian gas transmission pipeline interests. The Trust has been created pursuant to a Constitution dated 18 February 2000. A total of 146.4 million Units is being made available to the public under the Offer. In addition to this, AGL has undertaken to subscribe for at least 73.2 million Units and Petronas Australia Pty Limited ("Petronas Australia") has agreed to subscribe for 24.4 million Units.

It should be noted that the law with regard to the taxation of trusts and beneficiaries is currently the subject of proposed taxation reforms. The details of the reforms, which will generally apply after 1 July 2001, have not yet been finalised at the date of this advice. For the purposes of the following advice, we have described the tax treatment flowing to the Trust and Unitholders under the existing law (ie until 1 July 2001) and, to the extent possible, the anticipated tax treatment following the implementation of the proposed tax reforms (ie from 1 July 2001).

2. ASSUMPTION

For the purposes of this advice, it has been assumed that there will be no distributions made by the Trust before 1 July 2000.

3. TAXATION OF THE TRUST

3.1 Until 1 July 2001

Trust income is taxed under the provisions of Division 6 of Part III of the Act, unless the provisions of either Division 6B (Corporate Unit Trusts) or Division 6C (Public Trading Trusts) apply. We consider that Division 6B will apply to the Trust, on the basis that AGL Proprietors are given a preference or advantage to subscribe for Units. In the event that Division 6B did not apply to the Trust, we consider that Division 6C would apply in the alternative, on the basis that the Trust will be carrying on a trading business. The tax consequences for the Trust will be the same irrespective of whether Division 6B or Division 6C applies in that the trustee of the Trust will be subject to tax. In particular, the trustee will be assessable on the net income of the Trust at the corporate tax rate, and distributions of profits to Unitholders will be treated for tax purposes as dividends.

Note that the corporate rate of tax for the 1999-2000 income year is 36%, to be reduced to 34% for the 2000-2001 income year.

3.2 From 1 July 2001

Following the recent Ralph Review, the Government has accepted, in general terms, the recommendation to introduce a unified entity regime under which most trusts will be taxed as companies from 1 July 2001. Given that the Trust will be subject to tax at the company tax rate under the existing law until this time, there should be no significant implications for the Trust. There are, however, consequences for Unitholders arising from reform measures that have been accepted or are under consideration (discussed below).

Note that the corporate rate of tax is to be further reduced to 30% for the 2001-2002 income year.

4. TAXATION OF RESIDENT UNITHOLDERS

4.1 Until 1 July 2001

(a) Distribution of Net Income

Profits distributed by the Trust during an income year to a resident Unitholder (an individual, superannuation fund, company or trust) must be included in the Unitholder's assessable income for that income year. For tax purposes the distribution is treated as a dividend. If a Unitholder is a trustee of a trust, then the taxation implications for the trustee will depend upon the underlying trust deed. Currently, if the beneficiaries of the Trust are presently entitled to the income of the Trust, then the distribution will be assessed to the beneficiaries. If no beneficiaries are presently entitled, then the trustee will be liable to tax on the distribution.

(b) Franked Distributions and Imputation Credits

The Trust is required to pay the corporate rate of tax on its taxable income, giving rise to franking credits. Any distribution that the Trust then pays out of this taxed income may be franked at a rate nominated by the Trust. The Trust may also distribute to its Unitholders any franked dividends that it receives. The taxation implications of the distribution in the hands of the Unitholder, however, will depend upon the situation and status of the Unitholder.

(1) Individuals and Superannuation Funds

Trust distributions received by individuals or superannuation funds will be included in the Unitholder's assessable income. If franked, the imputation credit attaching to the distribution will also be included in the Unitholder's assessable income, but may then be offset against the Unitholder's tax liability. Individuals and superannuation funds will be entitled to a refund of any excess imputation credits.

(2) Companies

Distributions received by companies from the Trust will be grossed up by the amount of the imputation credit attaching to the distribution. A corresponding credit equal to the amount of the gross up will then be available to offset the tax payable on the distribution or on other income.

(3) Trustees

A trustee will only be entitled to imputation credits attaching to a distribution if the trustee is liable to tax on the distribution. If beneficiaries are presently entitled, then the imputation credits will flow through to the beneficiaries.

(4) 45-Day Rule

At present, in order to be eligible for franking credit benefits, a Unitholder would be required to hold Units for at least 45 days materially at risk. The 45 day holding period is to be reduced, however, with effect from 1 July 2000 to a shorter period (yet to be nominated by the Commonwealth).

(c) Return of Capital

Pursuant to the provisions of Division 6B and Division 6C, any distribution by the Trust, to the extent that the Trust has profits, will be treated as a dividend. Any excess over profits which is distributed by the Trust will be regarded as a return of capital to Unitholders. In the event that the Trust returns capital to its Unitholders, the repayment of capital will reduce the Unitholder's cost base in the Units held.

(d) Disposal of Units

Upon disposal of Units, Unitholders may be liable for capital gains tax if they realise a capital gain. Unitholders will realise a capital gain if the capital proceeds on disposal exceed the original cost base (reduced by any return of capital amounts). From 1 October 1999, there is no longer any indexation of cost bases. The summary below assumes that the Unitholder has no capital loss to offset against capital gains.

(1) Individuals and Complying Superannuation Funds

Individuals will be liable for capital gains tax on 50% of the capital gain realised on disposal of Units, provided that they have held the Units for at least one year. Complying superannuation funds will be liable for capital gains tax on two thirds of the capital gain realised upon sale of Units that have been held for at least one year. If, at the time of disposal, the Units have been held for less than one year, then both individuals and complying superannuation funds will be liable for capital gains tax on the full amount of the capital gain.

(2) Corporate Unitholders
Corporate Unitholders will be taxed on the full extent of any capital gains.

(3) Trustees
Trustees will only be liable for capital gains tax on the full amount of the capital gain arising in respect of Units held for at least one year if no beneficiaries are presently entitled to the capital proceeds on disposal. If beneficiaries are presently entitled, then the net income of the Trust will only include 50% of the capital gain where the Units have been held for at least one year. The capital gain will effectively flow through the Trust to be taxable in the hands of the beneficiaries according to their particular status. That is, the beneficiary's proportionate share of the discounted capital gain from the Trust will be grossed up by a factor of 100%. Where the beneficiary is an individual, complying superannuation fund or trust, that amount may in turn be subject to discounted capital gains tax treatment in the hands of the beneficiary (ie liable to tax on one-half or two thirds, as applicable).

(4) Capital Losses
All Unitholders will realise a capital loss if their cost base for the Units (reduced by any capital repayments) exceeds the capital proceeds received on disposal. They may be entitled to offset the capital loss against any capital gain realised in that income year or future income years. Note, however, that a capital loss cannot be offset against a revenue gain.

4.2 From 1 July 2001

(a) Profits First Rule
Under the proposed unified entity regime, distributions from the Trust will be subject to the profits first rule, meaning that any distributions will be treated as income where available profits exist. For the purposes of the profits first rule, the concept of profits will be broader than that which currently applies under Division 6B and Division 6C such that it will include not only accounting profits but also unrealised profits. Should the distribution exceed such profits, the balance will be treated as being capital in nature.
To the extent that distributions are out of previously taxed profits, they will be able to be franked as under the existing law.

(b) Franked Distributions and Imputation Credits
The tax treatment of such distributions in the hands of beneficiaries should be generally the same as under the existing law, except that following 1 July 2001 most trusts will be subject to tax as if they were companies.

(c) Return of Capital
The implications for Unitholders of a return of capital, determined in accordance with the profits first rule described above, should be the same as under the existing law.

(d) Capital Gains Tax on Disposal
The capital gains tax implications for Unitholders arising from a disposal of Units should be generally the same as under the existing law, except that following 1 July 2001 most trusts will be subject to tax as if they were companies.

4.3 Tax File Number

From 1 July 2000, the new Pay As You Go system will commence. Under these provisions, if a Unitholder does not quote a TFN or claim an exemption, then Australian Pipeline Limited ("APL") must withhold an amount of tax from distributions, unless the payment is less than an amount prescribed in the regulations. However, APL is not required to withhold an amount for tax if the Unitholder makes the investment in the course or furtherance of an enterprise and the Unitholder quotes its Australian Business Number to APL before the distribution becomes payable.

5. TAXATION OF NON RESIDENT INVESTORS

We note that the distribution of these Appendices and the Offer Document outside Australia may be restricted by law. Any potential investor who comes into possession of these Appendices or the Offer Document should seek advice on and observe any such restrictions. We further note that the Units will not be registered under the United States Securities Act, and thus may not be offered or sold in the United States for the benefit of United States residents.

5.1 Income

Franked distributions paid by the Trust to a non resident Unitholder will not be subject to withholding tax. Unfranked distributions, however, will be subject to dividend withholding tax at a rate of up to 30%. Where a double taxation agreement is in force between Australia and the non resident's country, the withholding rate is generally reduced to 15% and the non resident may be entitled to a foreign tax credit for the Australian withholding tax deducted.

5.2 Capital Gains Tax on Disposal

Again, the taxation consequences to a non resident Unitholder will be determined in accordance with any relevant double taxation agreement and other provisions. However, a non resident Unitholder will generally only be subject to capital gains tax on the disposal of Units where the Unitholder (and any associates) held 10% or more of the Units in the five years immediately preceding disposal.

Yours faithfully

Greenwoods & Freehills Pty Limited

per:

Mark Ferrier
Director

3/ Natural Gas Market Forecasts

3 May 2000

The Directors
Australian Pipeline Limited
Level 5, Airport Central Tower
241 O'Riordan Street
MASCOT NSW 2020

Dear Sirs

NATURAL GAS MARKET FORECASTS

INTRODUCTION

ACIL Consulting Pty Limited ("ACIL") was asked to prepare a report for inclusion in the Appendices to be dated on or about 5 May 2000 issued by Australian Pipeline Limited ("APL") in connection with the offering of Units in Australian Pipeline Trust (the "Trust"). The purpose of the report is to provide a guide as to the reasonableness of APL's gas transportation demand forecasts, natural gas reserves to sustain those transportation forecasts and the influence of regulations expected to affect the forecasts.
References made and terminology used in this report have the same meaning as defined in the Glossary.

Identity of ACIL

ACIL is an established Australian firm operating in Canberra, Sydney, Melbourne and Brisbane. ACIL provides high quality economic, policy and strategic analysis and advice to clients in business and government, specialising in the analysis of markets, their competitive dynamics and their regulation.

ACIL is a market leader in:
> modelling gas and coal markets and supplies;
> regulatory, policy and commercial analyses for the energy industries;
> emissions permit trading and greenhouse policy and strategy; and
> modelling electricity prices, generator dispatch and interconnector flows.

Scope of Work

ACIL's scope of work was to assess the reasonableness of:
> APL's gas transportation throughput forecasts, including comment on bypass risk; and
> the adequacy of natural gas reserves and the reasonableness of the supply scenarios to sustain the forecast volumes to be transported through the pipelines.

ACIL's review was limited to the major pipelines: the Moomba to Sydney Pipeline system, the Central West Pipeline, the Carpentaria Pipeline, the Roma to Brisbane Pipeline, the Goldfields Gas Pipeline and the Midwest Pipeline.

INDUSTRY BACKGROUND

The assets being acquired by the Trust need to be viewed in the context of the prospects for natural gas in relevant Australian energy markets, evolving competition in pipeline transmission and between rival gas supply sources, and regulatory encouragement for free and open competition.

Gas Demand Patterns

Primary energy consumption trends reported and forecast by ABARE suggest that:
> coal (black and brown), which is the largest source of primary energy in Australia and has achieved steady growth in consumption over the past 20 years, is not expected to make further inroads;
> petroleum products, the second-ranked source of primary energy, have achieved only slow growth over the past 20 years, and that is expected to continue; and
> natural gas, by contrast, has grown very strongly, from a virtually zero base in 1970 to almost 20% of current primary energy demand.

According to ABARE, by 2015 gas will account for around 29% of total primary energy (up 9%), with coal's share falling to 32%.

ABARE's projections were overoptimistic about the penetration of gas into electricity generation markets in the early years of the new decade. Recent experience in the National Electricity Market has confirmed a very large overhang of excess (low cost) coal fired generation capacity which will not be absorbed for some years yet. Nonetheless, this is principally a matter of timing, and ABARE estimates of gas use in power generation longer term are generally accepted as being reasonable.

There is little doubt that gas is competitive with coal as a preferred fuel for new power stations. Modern combined cycle gas turbine stations are less capital intensive, quicker to build, and achieve economies of scale at much smaller increments of capacity. In an uncertain and volatile electricity market these are decided advantages. As well, gas fired plant is more environmentally benign and is suitable for installation in urban areas, adjacent to or nearby markets for both power and heat. Most importantly, gas fired generation emits much lower levels of greenhouse gases, a consideration which is expected to be prominent as government measures are introduced to ensure compliance with the Kyoto Protocol.

Around 57% of total gas consumption in Australia is for industrial purposes. ABARE expects that proportion will be maintained over the coming decade. Little coal or oil is used in industry in areas where gas is available. The importance of the electricity generation sector in the overall gas market is growing. At present, approximately 22% of total gas consumed is for power generation (and gas holds a 14% share of the power generation market). ABARE expects gas' share of the total market to increase to 25% by 2010 when gas will account for 26% of primary energy used for power generation.

Growth of gas demand in the residential sector, on the other hand, is expected to be slow, but the commercial market is projected to continue to grow strongly. Both are expected to become less important as a proportion of total gas sales.

Natural gas is expected to make inroads into the market for transport fuels, as the efficacy of operating natural gas vehicles is demonstrated, not only in urban areas but also on major transport routes. Heavy vehicles (trucks and buses) are a key target of the many government and industry initiatives aimed at improving urban air quantity and reducing greenhouse gas emissions. Government environmental programs can also be expected to stimulate natural gas use in passenger vehicles.

Greenhouse strategies now being formulated indicate a clear direction towards an increasing cost burden being imposed on higher carbon fuels, either in the form of taxes or permit costs or as a consequence of preferential treatment afforded to renewables. Natural gas will not avoid these imposts but, compared to coal and petroleum, is likely to gain some competitive advantage (natural gas in combustion emits less than 60% of the carbon dioxide of black coal).

In the period beyond calendar 2008, the first Kyoto commitment year, the stringency of measures designed to curb greenhouse gas emissions growth can be expected to intensify. This will coincide with the time that market growth should have mopped up surplus generating capacity and with the time that many natural gas pipelines have uncontracted capacity available.

Gas Transmission Market Overview

Compared with the interconnected gas transmission grids of Europe and North America, Australia's natural gas transmission pipelines are widely separated, with discrete western, central and eastern components.

The only interstate sales gas pipelines at present are East Australian Pipeline Limited's ("EAPL's") Moomba to Sydney Pipeline, and the interconnector between it and the Victorian transmission pipeline system. EAPL owns the section of the interconnector between Young and Culcairn. A wet gas pipeline connects the south west Queensland fields to the Moomba gas plant. A further interstate connection – the Eastern Gas Pipeline connecting the Gippsland Basin gas fields of Victoria to Sydney – is scheduled to be commissioned during the second half of 2000.

In subsequent years, pipelines are likely to be required to haul gas into south east Australia from Papua New Guinea, the Timor Sea and, ultimately, the North West Shelf. The Otway Basin offshore gasfields may be developed to add to Victorian supply. A possible pipeline between Victoria and Tasmania is currently being evaluated.

These links, in conjunction with a regulatory regime designed to ensure third party access, will add substantial depth to Australia's natural gas market. They afford opportunity for gas users in most parts of the country to procure gas from a diversity of suppliers who, correspondingly, will be afforded a diversity of customers to negotiate with. The more complex network will enhance the security of gas supplies and should provide the flexibility needed for gas fired power stations to operate effectively as "merchant" (arbitrage) plant. This will realise efficiencies in both electricity and gas.

Gas Supply and Pipeline Scenarios

While there is no question about the adequacy of gas supplies to satisfy eastern state markets in the short to medium term, there is considerable uncertainty about prospective market shares by producing field and, where more than one route exists, by transmission pipeline. The size of the market and market shares will depend importantly and increasingly on price.

The rate of commissioning of proposed new gas fired power stations, the major source of gas market growth, is highly dependent on whether gas is competitive. Longer term, supplies will be needed from much further afield but economies of scale and high prospective rates of capacity utilisation should ensure gas costs are contained. Competition is expected to be vigorous.

Negotiations to commit the PNG Gas Pipeline, which The Australian Gas Light Company ("AGL") has the right to build in partnership with Petroliam Nasional Berhad, are at an advanced stage. If ambitions are realised, the project will transform the gas market in Queensland and promote gas fired electricity to a prominent position in a State until now almost totally reliant on coal. Papua New Guinea gas will also have much wider ramifications given the possibility that it will be competitive at Moomba, the head of EAPL's major pipeline.

Gas from the Timor Sea is expected to provide the next major tranche of gas. This will be needed by about 2008 if gas fired power generation capacity in south east Australia is commissioned as APL, ABARE and others forecast. The arrival of Timor Sea gas in

(necessary) substantial quantities would confirm Moomba's position as the regional gas hub – irrespective of the route by which the gas is delivered to Moomba – and this will enhance the worth of the pipelines from Moomba to southern markets.

ACIL's model of gas supply and demand balances has been used to attempt to replicate APL's throughput forecasts within a national context, including in the context of markets not directly covered by the forecasts.

Our modelling indicates that additional sources of supply, such as Papua New Guinea gas, are needed to match the growth forecast by APL (and by ACIL for markets outside New South Wales) in gas demand for power generation (which is in part dependent directly upon Papua New Guinea gas becoming available). Timor Sea gas is likely to be required not long afterwards, assuming a Darwin gas project is realised. (Scenarios can be designed, of course, to advance, defer or switch these dates – and all carry implications for the size of the market and for flows in particular pipelines.) This particular projection has South Australian Cooper Basin production declining steadily from about 2004, and Gippsland output falling from about 2018. The combination of circumstances requires gas from North West Shelf from about that time.

The results do highlight, by our assessments, that price will be a critical variable in determining the size of future gas markets. If the gas industry can achieve significant cost reductions and is prepared to pass these on to customers, very substantial increases in the size of the gas market can be anticipated. This, in turn, will help to realise the economies of scale which are a key to those cost reductions.

GAS TRANSPORTATION FORECASTS

The following sections address the reasonableness of the throughput forecasts in respect of the principal pipelines and pipeline systems proposed to be owned by the Trust.

The Moomba to Sydney Pipeline system and Central West Pipeline

EAPL owns and operates natural gas transmission pipelines serving gas consumers in New South Wales and the Australian Capital Territory and, since the completion in 1998 of the interconnection between Wagga Wagga and Culcairn, in Victoria also.

ACIL was provided with the forecasts for flows in this system through to 2020. The gas demand forecasts are shown in Section 5.1 of the Offer Document.

The Trust has executed the Gas Transportation Deed with AGL Wholesale Gas Limited ("AGL Wholesale Gas"), which effectively includes a minimum bill provision that extends to 2016. The Trust has contracted at a reduced level from 2007 to 2016, though no supply contract has yet been concluded by AGL with producers. The Gas Transportation Deed provides an assured revenue stream to 2007 and a measure of revenue certainty to 2016.

ACIL's review of the gas throughput forecast suggests to us that it is, overall, reasonable. It aligns reasonably well with other authoritative and publicly available forecasts after due allowance is made for the entry of new gas suppliers competing in the New South Wales and Australian Capital Territory markets and opportunities to market gas from the EAPL system into Victoria are recognised.

The forecast of gas demand by industrial and commercial customers in New South Wales and Australian Capital Territory is consistent with other forecasts and is considered realistic. Forecast residential gas demand could be a little low, though this is a minor component of total demand.

The main element of market uncertainty relates to the timing of new gas fired power generation facilities in the state. There is little doubt about their establishment in the long term, though there is a clear risk they may not be commissioned as early as anticipated. In all the circumstances, we believe this forecast is reasonable.

The APL estimates of the market likely to be captured by its new competitor, the Eastern Gas Pipeline, are considered reasonable. The possibility of a competitive threat to the Moomba to Sydney Pipeline in the form of a Brisbane to Sydney link does exist, but such a threat is unlikely because adequate commitments of gas for the long term are not readily foreseen. Irrespective of the source of possible future threats, the Moomba to Sydney Pipeline is in an excellent position to deter any additional (and rational) new entrant, particularly as Cooper Basin and south west Queensland gas producers will have every incentive to price competitively. In addition, once markets in the south east of the continent require, as forecast, large new quantities of gas for power generation, it seems certain that the Moomba to Sydney Pipeline is perfectly positioned to carry Timor Sea and, later, North West Shelf gas to market.

ACIL is satisfied that the forecasts are appropriately cognisant of market and bypass risks generally, that prospective gas supplies are adequate to meet these forecasts, and that regulatory developments likely to influence the quantity component of the revenue equation have been reasonably anticipated.

Queensland Pipelines

The APL forecasts examined by ACIL in respect of the Roma to Brisbane Pipeline and Carpentaria Pipeline are shown in Sections 5.2 and 5.3 respectively of the Offer Document.

The Roma to Brisbane Pipeline

The Roma to Brisbane Pipeline runs 440 km from Wallumbilla to Brisbane. It has a continuous capacity of about 30 PJ/A and plans are in place to increase capacity in the near future.

The Roma to Brisbane Pipeline is protected by long-term contracts rising to 117 TJ/d by 2007, 80-83 TJ/d up to 2012 and 17 TJ/d to close to 2020. Achievement of additional demand above contracted quantities will be influenced by other pipeline developments (mainly the PNG Gas Pipeline), power generation developments in the vicinity of Brisbane and future levels of gas demand in the southern states.

There is a possibility that flows in the Roma to Brisbane Pipeline could be low or reversed after about 2012 if the PNG Gas Pipeline is extended to Brisbane. The outcome would be dependent on relative prices of south west Queensland and Papua New Guinea gas.

The pipeline would, nevertheless, have value as an interconnector in this period. This value could be for transmitting gas for power generation in the Brisbane region or for providing

transmission to exploit opportunities in coal seam methane and additional gas that might be marketed into Brisbane. As an interconnector, the pipeline would also provide the opportunity to optimise the management of supply risks to Brisbane and southern markets.

The Carpentaria Pipeline

The Carpentaria Pipeline runs 840 km from Ballera in south west Queensland to Mt Isa. The pipeline supplies gas to the Mica Creek power station south of Mt Isa, WMC Resources' fertiliser plant at Phosphate Hill and the BHP mine at Cannington. It is well positioned to take gas from the Bonaparte Basin (Timor Sea) to southern markets via a connection from the Amadeus Gas Pipeline. The timing of that possible development is a key factor in assessing flows, if not revenues, in the longer term.

ACIL considers the forecasts of demand are reasonable. They do not include the likely possibility of flow reversal to deliver Timor Sea gas to southern states after around 2010. If this occurs there is potential for significantly greater demand for capacity than included in the forecasts. There would, however, be a period of transition where lower flows might be expected. The existing contracts would protect revenue up to 2013 and provide a basis for negotiation to protect cash flow over a transition period.

The regulatory and supply risks are not significant to the achievement of the quantity forecasts.

The Goldfields Gas Pipeline and Midwest Pipeline

The APL forecasts examined by ACIL in respect of the Goldfields Gas Pipeline and Midwest Pipeline are show in Sections 5.5 and 5.6 respectively of the Offer Document.

Goldfields Gas Pipeline

The Goldfields Gas Pipeline runs 1,378 km from Yarraloola in the north west to Kalgoorlie. The pipeline passes through several mineral-producing areas including Newman, Plutonic, Wiluna, Mt Keith, Leinster, Leonora and Kalgoorlie.

The Goldfields Gas Pipeline has a current capacity of 100 TJ/d that can be increased to 169 TJ/d with additional compression. There are considerable economies of scale available from investment in additional compression and looping.

The Goldfields Gas Pipeline is currently contracted for a total maximum daily quantity of 81 TJ/d. Of this, 73 TJ/d is contracted to 2013 and 11.6 TJ/d to 2016.

APL's forecasts of demand growth increase total capacity requirements to 169 TJ/d from 2005 to 2010. This growth is attributed to growth from existing contracts (30 TJ/d), further development of laterite projects (19 TJ/d), conversion of existing projects (17 TJ/d) and demand from new projects (15 TJ/d). The total demand is in excess of the pipeline's fully compressed capacity. The owner would have the option of selling interruptible services above this amount.

ACIL has examined the end use markets and potential in the region and consider that APL's growth forecasts, together with renewal of existing contracts, are a reasonable estimate of possible future demand for gas in the Goldfields region.

The potential growth in the market may bring competitive pressure from alternate pipeline proposals. One such proposal is currently under consideration. The owner of the Goldfields Gas Pipeline should be in a position to price sufficiently competitively to ensure its market position is maintained.

Subject to these qualifications, the forecasts for capacity demand are considered reasonable. ACIL considers that the economic and regulatory risks are minimal and that gas supplies are adequate to meet the forecast demand.

The Midwest Pipeline

The Midwest Pipeline is jointly owned by AGL and Western Power Corporation. It runs 365 km from the Dampier to Bunbury natural gas pipeline to the Windimurra vanadium project. The pipeline has a total capacity of 50 TJ/d.

The pipeline was constructed in 1999 with the general aim of supplying gas for electricity generation in the Murchison region. The impetus for developing the pipeline at that time was the demand for competitive power for the new mine at Windimurra.

ACIL considers that the demand forecasts are reasonable and that market risks, while tangible, are minimal. The pipeline is not currently subject to the Code. It may be required to comply with the Code at some time in the future. This is not considered a material risk in relation to the quantity forecasts. Gas supplies are considered adequate.

OVERALL CONCLUSION

ACIL's task was to conduct an independent review of APL's throughput forecasts. It encompassed sufficient detail and sufficient emphasis on the elements of most importance to the quantity forecasts to allow a reliable assessment to be made.

Overall, and subject to the normal uncertainties surrounding market demand forecasts, ACIL has concluded that the throughput forecasts are reasonable.

In reviewing prospective gas supplies to meet these forecasts, ACIL has concluded that supplies are adequate.

RELIANCE AND DISCLAIMER

ACIL's professional advice is prepared for the exclusive use of the directors of AGL and the Directors of APL (the addressees) and for the purposes specified. The report is supplied in good faith and reflects the knowledge, expertise and experience of the consultants involved. ACIL accepts no responsibility whatsoever for any loss occasioned by any person acting or refraining from action as a result of reliance on the report, other than the addressees.

In conducting the analysis in the report ACIL has endeavoured to use what it considers is the best information available at the date of publication, including information supplied by the client. ACIL's approach is to develop analyses from first principles, on the basis of logic and available knowledge. Unless stated otherwise, ACIL does not warrant the accuracy of any forecast or prediction in the report. Although ACIL exercises reasonable care when making forecasts and predictions, factors in the process such as future market behaviour are uncertain and cannot be forecast or predicted reliably.

Yours sincerely

ACIL Consulting Pty Limited

John Daley
Director

4/ Independent Engineering Report

SINCLAIR KNIGHT MERZ

369 Ann Street
Brisbane QLD 4000
PO Box 246
Spring Hill QLD 4004
Australia
Telephone: +61 7 3844 7100
Facsimile: +61 7 3844 7301
http://www.skm.com.au

3 May 2000

The Directors
Australian Pipeline Limited
Level 5, Airport Central Tower
241 O'Riordan Street
MASCOT NSW 2020

Dear Sirs

INDEPENDENT ENGINEERING REPORT

INTRODUCTION

Sinclair Knight Merz Pty Limited ("SKM") was asked to prepare a report for inclusion in the Appendices to be issued by Australian Pipeline Limited ("APL") dated on or about 5 May 2000 in connection with the offering of Units in the Australian Pipeline Trust (the "Trust"). SKM was engaged to prepare an Independent Engineer's Report (the "Report") on the fitness for purpose of a number of pipelines owned, or partially owned, by The Australian Gas Light Company ("AGL"). This letter summarises the findings of the Report.

The Report was conducted as a desktop review of each of the following pipelines (the "Pipelines"):

New South Wales:

> Moomba to Sydney natural gas pipeline and associated lateral pipelines to Lithgow, Bathurst, Orange, Wagga Wagga, Griffith, Culcairn and Canberra; and
> Central West Pipeline from Marsden to Dubbo.

Queensland:

> Roma to Brisbane Pipeline including associated looping;
> Carpentaria Pipeline and Mt Isa Lateral; and
> Cannington lateral.

Northern Territory:

> Mataranka Lateral; and
> Yimuyn Manjerr Lateral.

Western Australia:

> Goldfields Gas Pipeline;
> Midwest Pipeline;
> Westfime Lateral; and
> Wiluna Lateral.

References made and terminology used in this report have the same meaning as defined in the Glossary.

Scope of Work

SKM's scope of work covered the following issues:

> review condition of the Pipelines and potential impact upon system efficiency and delivery risk;
> review operating and maintenance regime and confirm its acceptability given the condition of the Pipelines;
> comment on operating and maintenance practices;
> comment on the reasonableness of the forecast capital expenditure paying particular attention to the condition of the Pipelines and ability to supply future gas demand;
> comment on the reasonableness of the forecast operating costs;
> review and comment on any engineering issues that are present in each of the Pipelines;
> comment on compliance with licence requirements;
> comment on any known environmental issues; and
> comment on compliance with engineering codes and standards.

Background

SKM is an independent employee owned, multidisciplinary, technology consulting group with a team of about 2,500 people in offices across Australia, New Zealand, the Pacific, South East Asia and Europe. The SKM team includes professional engineers, planners, economists, scientists and project managers, along with technical and administrative staff. SKM offers technical consultancy, engineering design, specialist expertise, planning, feasibility and project and construction management services across seven broad markets: Environment, Infrastructure, Minerals and Industrial, Energy, Buildings, Advisory and Spatial. The SKM project team formed for the operational due diligence consisted of experienced engineering professionals in specialist fields such as gas pipeline operations and project management, rotating machinery, cathodic protection, corrosion, and environment.

Summary of Findings

Based on SKM's review of the information presented, interviews with AGL staff and the inspection of selected records and facilities, SKM found that AGL has a sound knowledge of the technical issues, has suitable operating practices, and has safety and environmental awareness consistent with a prudent operator.

There were no issues that directly exceeded the materiality limits adopted by the Australian Pipeline Trust Due Diligence Committee; however, there are some that have varying levels of consequence associated with them. It was evident that AGL has knowledge of the issues and generally has a management or mitigation strategy in place.

Given that the pipelines form part of an operating system varying in age, the general condition of the pipelines as reported and found, is as would be expected.

The forecast operating costs and capital expenditure were reviewed and found to be reasonable in view of AGL's operating practices.

PIPELINES OVERVIEW

SKM has been advised by AGL Infrastructure Management Pty Limited ("AGLIM") that it will provide operating services to the Trust. SKM has reviewed the key management processes under which AGLIM operates, including safety and the environment. The key processes are set out below.

Safety

Lifeguard is the management system used throughout AGL to manage its health, safety and environment programs. It is the structure within which a commitment to health, safety and environment can be demonstrated through planning, procedures, implementation, maintenance and review.

Each business unit within AGL must comply with a number of mandatory internal and external requirements in developing its management system, which is subject to audit.

Our review revealed a record of one lost time injury over the last year, which was associated with a vehicle accident.

Our review found that simulated desktop and field emergency drills are conducted regularly and according to pipeline licence requirements.

Environmental

Environmental management compliance is included in Lifeguard.

The operation and maintenance of the facilities is according to each state's relevant environmental legislation and the respective pipeline licences with some minor exceptions of which AGL is aware.

Odorant addition is a requirement at locations on or offtakes from the pipelines. In some instances this is under the direct control of AGL and managed accordingly. However, in a number of locations odorant addition takes place on the AGL asset but under the control of third parties. This affects AGL's control of a potential accidental spillage due to the performance of the third party.

In reviewing the Pipelines SKM was not made aware and did not become aware of any significant groundwater or soil contamination.

Recent projects have included mandatory environmental management plans and have been audited against these.

Management Practices

Based on the interviews with AGL staff, the inspection of the records and facilities and a review of the documents provided, AGL is considered to be a prudent pipeline operator. Our review found that technical issues are addressed by in house engineers and when considered appropriate, by external subject matter specialists. It was also apparent that maintenance scheduling is firstly on the basis to provide supply continuity and secondly to address the recommended requirements of the equipment.

At this point in time, each asset is managed on a stand alone basis reflecting the historical acquisition of the assets. This leads to some inefficiencies such as separate control centres and duplication of procedures. This has been recognised by AGL by the introduction of a program aimed at standardisation. The establishment of the Trust should facilitate commonality and efficiency across the assets.

There is a wide spread in age of the Pipelines. For the earlier assets there is a shortfall in the availability of pipeline material construction records. This issue is being addressed.

Each of the pipelines is governed by a licence. These licences have varying conditions in accordance with the state in which they are issued. Our review found that compliance with the conditions is managed effectively and as required by the licences.

AGL has initiated a process of risk assessment which is mandatory for new projects. The risk assessment process has been extended to cover existing assets.

GENERAL ISSUES

Linepack and Gas Balance

The ownership and accounting of linepack varies significantly between assets. Given that the quantity of linepack is in the order of 2.5 PJ (around 2 PJ is AGL's share) for all the systems under consideration, there is a need to account for linepack ownership. Similarly, the provision of system use gas and responsibility for unaccounted gas also varies from pipeline to pipeline. AGL has systems in place to manage these issues.

Gas Quality

Our review indicated that AGL monitors the gas quality at receipt points into its pipelines.

Impact of Other Embedded Infrastructure

In some cases the asset shares its easement with other facilities. In other cases there are facilities owned by others, embedded within a compound such as compressors and meter delivery stations. There is a risk of damage to the AGL asset if the third party facility fails.

Stress Corrosion Cracking

Stress corrosion cracking is an environmentally influenced cracking process that occurs by the synergistic effects of susceptible steel exposed to a moderately corrosive environment and tensile stress. Depending on the effective length and depth of the cracks and the steel toughness, a critical flaw may either result in a leak or rupture at the operating pressure. The key parameters for stress corrosion cracking to occur include the environment, an electrochemical potential, static or cyclic tensile stresses, and temperature. All four of these parameters must have appropriate values or be in a particular range for stress corrosion cracking to occur and continue to grow. Alternatively, mitigation of stress corrosion cracking can be achieved by modification of one or more of these parameters.

Given the potential for failure as a result of stress corrosion cracking, its mitigation is essential. Based on the information reviewed, it is apparent that AGL is diligent in its consideration of stress corrosion cracking issues.

Reference to stress corrosion cracking is made in this report in the relevant pipeline or lateral sections.

INDUSTRY ISSUES

Standards and Codes

Over the period of the construction of the pipeline assets considered, applicable codes and standards have changed. Whilst the construction of an asset was completed to the then relevant code, it may not meet the current code. This is acceptable from a design and compliance point of view, as the code changes are not retrospective. However, this can lead to a need for some modifications as the assets are upgraded.

Sulphur Deposition

The Australian pipeline industry is beginning to experience sulphur deposition in the higher pressure systems (typically above 10 MPa), which occurs where there is a pressure drop. The cause of the problem is not well understood and is being researched within the industry. The sulphur deposition occurs with gases well within inlet sulphur specifications. The long term effects are not known but in the worst case there could be an impact on both integrity and capacity and, as a minimum, increased maintenance costs.

AGL is proactive with its research into this issue. The pipelines in the pressure range of current concern are the Carpentaria Pipeline and the Goldfields Pipeline where these issues are being managed.

CAPACITY

The prepared model for APL by AGL of flow throughput is based on actual field data and sophisticated programming to give accurate flow predictions. The throughput forecasts have assumed high equipment availability, non consecutive peak day possibilities and not all contracted maximum demand occurring coincidentally. This is consistent with current AGL operating practice. This also has potential to lead to an exposure in the form of a supply shortfall. This exposure is currently managed by contractual and load shedding arrangements.

A major impact on capacity is the gas heating value. Whilst the heating values used are currently valid, there is scope for these to be varied within the gas specification with essentially a proportional impact on capacity.

COSTS

The forecast operating costs and capital expenditure were reviewed and found to be reasonable in view of AGL's operating practices.

Capital Costs

Three aspects of capital costs were reviewed: capital expenditure to support the existing business, future project capital expenditure, and scheduled capital expenditure to meet forecast demand.

Capital Expenditure to Support Existing Business

The forecast expenditure for each pipeline included an operating capital component. From an operational and engineering perspective, the method adopted to forecast operating capital is considered to be reasonable. The operating capital does not include the service components.

Projected Capital Costs

There are very few committed expansion programs. The projected costs for new pipelines and potential compression installations are in line with industry benchmarking and costs incurred for similar projects by AGL.

Scheduling of Capital

Based on an overview of the estimates of indicative capital for the predicted volumes, the model data is generally consistent with the information provided for the expansion of individual assets. Where there is more than one development capital program, AGL has taken the lowest cost approach. This is consistent with proven AGL practices utilising minimum redundancy cases.

Operating Costs

The pipeline operating costs, excluding gas use, were reviewed and found to be in line with AGL's own benchmark study and Australian industry experience.

Operating costs for future expansion (as contained in the asset models) are consistent with the information provided to SKM and are based on sound engineering principles. SKM has been advised that the allocation of compressor fuel costs is consistent with current and likely future contract arrangements, which vary between assets.

ACCESS

Native Title

We were not made aware of any restrictions on access which might affect the operation and maintenance of the Pipelines resulting from Native Title claims.

Access to Facilities

In general, there has been a good relationship with the landowners where the Pipelines are located.

ASSET LIFE

The SKM scope of work did not include an assessment of the asset life but a review of the approach taken by AGL in determining the asset life.

Various methods have been used to forecast the life of each pipeline. There is no pipeline industry acknowledged common approach in establishing asset life.

One approach reviewed was to set the criteria as "all pipelines built after 1970 will be deemed to have a life of 80 years". Other methods used the design basis for the pipeline, the licence term and remnant life assessments. These approaches are consistent with our experience.

MOOMBA TO SYDNEY PIPELINE SYSTEM

Stress Corrosion Cracking

Our review identified that there has been one failure on the main Moomba to Sydney Pipeline in 1982 attributed to stress corrosion cracking. Mitigation measures targeted to prevent future stress corrosion cracking have been implemented. There is some evidence of potential stress corrosion cracking in localised areas that will need to be continually monitored, even though testing to date has not indicated any stress corrosion cracking concerns.

Pipeline Integrity

Our review revealed that there are no significant pipeline integrity issues at present that pose a threat to continued safe operation of the pipeline as long as the present high level of integrity management and sophisticated monitoring is maintained. The measures taken to safeguard the integrity of the pipeline are consistent with prudent engineering practice and technology available to monitor, locate, identify, and mitigate stress corrosion cracking, corrosion on pipelines, and dents.

With regard to corrosion, our review revealed that there has never been a corrosion related failure. A number of corrosion features have been found and repaired during follow up dig investigations.

Coating Condition

As the coating condition deteriorates additional protective current is required. Cost effective configurations of the cathodic protection system can be incorporated to maintain the pipeline.

Looping Integrity

The first 10 km of the pipeline is duplicated by looping. This section can not be internally inspected but could be removed from service without effecting the capacity of the system. The pipeline integrity is being managed by survey inspections for external corrosion.

Laterals

Our review revealed that there are no reported or apparent significant issues with the laterals or branches off the Moomba to Sydney Pipeline to Young to Wagga, Wagga to Culcairn, Junee to Griffith, Dalton to Canberra, and the Central West Pipeline.

GOLDFIELDS GAS PIPELINE

Pipeline Integrity

This pipeline has been in service for three years and no significant integrity issues have been reported. This pipeline has a high level of cathodic protection and monitoring to manage known coating defects.

Compression

The reciprocating compressor units at the two compressor stations have experienced vibration problems since commissioning. Our review found that this has resulted in three vibration induced fatigue failures of piping and fittings.

Engineering studies conclude that changing the discharge pulsation bottles and installing secondary pulsation bottles immediately downstream of each unit will reduce the vibration levels to acceptable limits. Further vibration assessment post-installation is planned to determine the effectiveness of the mitigation program.

This pipeline capacity is dependent on compression.

End User Obligations

An issue unique to Western Australia is the requirement of the pipeline owner to demonstrate to the Office of Energy that any downstream user has fitness for purpose design and installation. We were advised that all end users have been contacted to make them aware of their obligations, and to request evidence that they have engineering and maintenance procedures in place to meet the Office of Energy requirements.

WESTLIME AND WILUNA LATERALS

No significant issues have been reported on these laterals.

MIDWEST PIPELINE

This pipeline has been reported as successfully commissioned but at the time of our review, was not in service. A coating defect survey dated 28 March 2000 is being analysed to establish the pipeline integrity.

A brief review of the construction monthly reports suggested no major issues were encountered during construction and no issues of significance have been reported as outstanding.

NORTHERN TERRITORY PIPELINES

No material issues have been reported.

ROMA TO BRISBANE PIPELINE

Coating Condition

The protective coating on the original 250 millimetre pipeline has deteriorated to a considerable extent but the cathodic protection system is still providing a good level of protection. This is evident by the reduced number of defects reported from the most recent pigging survey. It is difficult to determine how long the cathodic protection system will remain effective as the coating deteriorates further, however, the issue is being appropriately managed and monitored.

The coating is very poor in the section immediately downstream of Wallumbilla and refurbishment using a method such as a distributed impressed current system is required. If the pipeline integrity cannot be economically maintained, this 10 km section can be removed from service with only minor modifications, and with an insignificant impact on system capacity.

Pipeline Integrity

There have been a number of defects reported and these have been satisfactorily managed and maintained.

Looping

Approximately 50% of the main 273 millimetre pipeline is looped or duplicated. The loops are placed across all sections to take advantage of the existing compression.

In its current configuration, some of the loop sections cannot be internally inspected and therefore pipeline integrity cannot be assured until the system is fully looped.

Design MAOP

For some short sections of the 273 millimetre mainline the MAOP of 7,145 kPa does not necessarily comply with the code under which it was constructed nor the current code. This has been researched by AGL who are comfortable with the operating pressures.

Compression

The compression facilities appear to be well managed and are considered to be adequate for continued operation based on forecast capacities and budgets, reliability, effective operations and maintenance strategies, mitigation of potential issues and favourable operating profiles. The pipeline capacity relies on all units being available with no allowance for compression redundancy.

Exposed Pipe Section

A metropolitan section of the pipeline is exposed at Bulimba Creek in Brisbane. Until the rectification program is complete, which is scheduled for the end of May 2000, there is potential for accidental or other third party damage to occur.

CARPENTARIA PIPELINE AND LATERALS

Carpentaria Pipeline

There are some very slow gas leaks on two monolithic insulation joints. These are inside a fenced compound and are being monitored and a repair strategy is in place. No material issues have been identified.

Cannington Lateral, Mica Creek Meter Station and Mount Isa Lateral

These are all new pipelines and no issues of significance were reported.

DISCLOSURES AND DISCLAIMERS

The Report prepared by SKM was a desktop review limited in its extensiveness and did not constitute an exhaustive assessment of facilities, systems, construction practices, operations, maintenance and design. It did not include the service aspects of the business such as communications and mobile support equipment.

The work undertaken by SKM was conducted in conjunction with the management of AGL and included limited site visits. AGL provided a significant amount of written material produced both internally by AGL and its subsidiaries and externally by other parties for review by SKM. There were a number of meetings and discussions with AGL representatives in management, operations and maintenance, technical support and environmental management positions.

SKM makes no claim that AGL, in its operation of the Pipelines, is in complete compliance, in all material aspects, with any or all relevant legislation or, with any or all licences or permits that it holds.

SKM has undertaken consulting services from time to time for AGL and its subsidiaries. Projects in progress or conducted by SKM on behalf of AGL and its subsidiaries are declared in the Report, and over the last two years have amounted to fees to SKM in the order of $193,344.

DECLARATION

Sinclair Knight Merz Pty Limited is an engineering consultancy and its involvement in the preparation of the Offer Document and Appendices is limited solely to the preparation of this report and the letter in the Offer Document.

Yours faithfully

Sinclair Knight Merz Pty Limited

DLA Hunter
Principal

KL Spicer
Project Manager

5/ Independent Regulatory Review Report

Deloitte Touche Tohmatsu

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1217 Australia

DX 10087SSE
Telephone 612 9322 7000
Facsimile 612 9322 7019
www.deloitte.com.au

3 May 2000

The Directors
Australian Pipeline Limited
Level 5, Airport Central Tower
241 O'Riordan Street
MASCOT NSW 2020

Dear Sirs

INDEPENDENT REGULATORY REVIEW REPORT

1. Introduction

We have prepared this Independent Regulatory Review Report for inclusion in the Appendices to the Offer Document to be dated on or about 5 May 2000 for the issue of 146.4 million Units in the Australian Pipeline Trust (the "Trust"). Our report has reviewed the reasonableness of the assumptions upon which the Reference Tariff and contract tariff projections for the years ending 30 June 2001 and 30 June 2002 are based. Australian Pipeline Limited ("APL") has used this information to estimate the revenue projections in respect of certain regulated pipelines as follows:

> the Moomba to Sydney Pipeline system;
> the Carpentaria Pipeline;
> the Roma to Brisbane Pipeline;
> the Goldfields Gas Pipeline;
> the Central West Pipeline; and
> the Amadeus Gas Pipeline.

We have also included the following pipeline which is currently unregulated as part of our report:

> the Midwest Pipeline.

Together we have referred to these seven pipeline systems in our report as the "Regulated Pipeline". References made and other terminologies used in this report have the same meaning as set out in the Glossary.

2. Background

In Australia many infrastructure assets, such as gas transmission and distribution systems are subject to independent regulation. This is done in order to limit the ability of the system owner to charge uncompetitive tariffs on the basis that the owner has no direct competition for its service and it is usually inefficient and costly to replicate systems.

A key part of the regulation of gas transmission pipelines is that each pipeline must have an Access Arrangement (or access principles in Queensland) approved by the relevant regulator. The Code sets out the requirements for an Access Arrangement and the criteria on which the regulator must accept or reject a proposed Access Arrangement.

An Access Arrangement sets out the terms and conditions under which third parties can use the unutilised capacity of the pipeline for the transportation of gas. In particular it outlines the Reference Tariff that is payable in respect of Reference Services. The Access Arrangement also sets out the service levels that the owner must provide.

To obtain approval for an Access Arrangement, the owner of the regulated asset must lodge a proposed Access Arrangement with the regulator. An issues paper is released by the regulator outlining what it considers are the major issues with the proposed Access Arrangement and seeking public submissions concerning those issues. After receiving public submissions the regulator releases a draft determination, which outlines the amendments it requires to the proposed Access Arrangements before it will approve them. Submissions from the public and the owner are received on the draft determination, before a final Access Arrangement is agreed.

The main regulatory body is the ACCC. It is progressively assuming the oversight responsibility for all gas transmission pipeline regulation in Australia and it is already controlling the Access Arrangement process for the Moomba to Sydney, Central West and Amadeus Gas pipelines. A number of the regulators are currently state based, with a proposed Access Arrangement submitted with the Western Australian Office of Gas Access Regulation ("OffGAR") for the Goldfields Gas Pipeline and approved access principles for the Carpentaria and Roma to Brisbane pipelines by the Minister for Mines and Energy, Queensland.

The Code permits a regulated pipeline to charge a Reference Tariff (based on expected volumes) to cover:

> operating expenditure;

> a return of capital (depreciation); and

> a return on capital (a WACC applied to the asset base).

This is referred to in the Code as a cost of service regulation, whereby the variables used to determine the Reference Tariff are determined in the Access Arrangement determination process. The key variables are as follows:

Key Variable	Description
WACC	The WACC is determined based on prevailing market conditions for the cost of debt and the cost of equity at the time of an Access Arrangement submission. The WACC compensates the owner for the level of risk associated with the pipeline.
IAB	The IAB is determined during the determination of the first Access Arrangement. The Code specifies that the IAB should fall between the DAC and DORC valuation. Asset stranding is a risk if during a later review the regulator determines that a pipeline's optimal size has decreased. In regulatory periods subsequent to the first, the closing asset base from the prior period (including capital expenditure during that period) is used as the opening balance, except where the regulator determines that there are stranded assets.
Expenditure	Operating and capital expenditure that is considered efficient and not excessive is included.
Depreciation	There are a number of depreciation methods that can be applied. The most commonly used methods are the straight line, the units of production and to a lesser extent the economic and "kinked" depreciation methodologies. Economic depreciation allows "under recoveries" in initial years (that is, operating losses are capitalised to increase the IAB) when a pipeline may be building volumes and allows it to recover those amounts in the later years of the pipeline's life. Kinked depreciation is effectively straight line depreciation; however, an asset's useful life is assymetrically apportioned between the first half and the second half of its remaining useful life. APL has determined that 5/8 of the asset base is to be depreciated over the first half and 3/8 of the asset base is to be depreciated over the second half of the asset's remaining useful life. The placement of this "kink" is arbitrary but tends to result in depreciation expense that is similar to the units of production depreciation methodology.
Volume	To determine the Reference Tariff, expected volumes must be applied to determine whether the total revenue is within the allowed levels.

Each of these variables is subject to intense scrutiny by the regulator when proposed Access Arrangements are submitted and uncertainty as to a final Reference Tariff remains until the final Access Arrangement is approved by the regulator. Regulatory risk will also occur when Access Arrangements come up for review (typically every five years). Changes in the above variables can have a significant impact on the revenue derived by a pipeline.

3. Scope of Report

We have reviewed:

> the reasonableness of the Reference Tariff projections for the years ending 30 June 2001 and 30 June 2002 used by APL. This included an assessment of the methodology and the appropriateness of the key variables used to calculate the Reference Tariff projections, including, amongst other things, the IAB and the application of an appropriate WACC for each Regulated Pipeline;

> the reasonableness of the contract tariff projections for the years ending 30 June 2001 and 30 June 2002 used by APL. This included reviewing existing contracts with third parties to assess the appropriateness and term of any contract tariff used by APL; and

> whether the Reference Tariff projections for the years ending 30 June 2001 and 30 June 2002 used by APL are consistent with the Code as formulated by the ACCC and/or the framework established by the relevant state based regulator.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. Our review was limited to enquiries of APL and The Australian Gas Light Company ("AGL") management concerning the status of submissions made to each relevant regulator, issues raised by the relevant regulators in respect of these submissions as well as general correspondence with each regulator. Our procedures included examination on a test basis, of evidence supporting each of the variables that are used to calculate the Reference Tariff projections used by APL as well as examining determinations made by regulators in respect of other non AGL owned Australian gas pipelines. In addition, we have examined:

> the detailed report prepared by ACIL Consulting Pty Limited ("ACIL Report") concerning forecast throughput of gas and general market conditions concerning the demand for gas in respect of each Regulated Pipeline; and

> the detailed report prepared by Sinclair Knight Merz Pty Limited ("SKM Report") concerning the "fitness for purpose" of each Regulated Pipeline and SKM's assessment of certain operating and capital expenditure assumptions.

In our report we have relied on the ACIL Report for forecast gas throughput and general market conditions concerning the demand for gas and the SKM Report for forecast operating and capital expenditure assumptions in respect of each Regulated Pipeline. To the extent we have used these two reports in assessing the reasonableness of the Reference Tariff projections, we disclaim all responsibility for the information contained in the ACIL Report and the SKM Report.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
This independent regulatory review is limited to the matters detailed above and is not a review of the forecast financial information detailed in Section 8 of the Offer Document. All responsibility for any financial information concerning the Regulated Pipelines disclosed in these Appendices or the Offer Document is that of the management and the Directors.

4. Statement

Based on our review, which is not an audit, nothing has come to our attention, which causes us to believe that in respect of the years ending 30 June 2001 and 30 June 2002:

i) the Reference Tariff projections used by APL for each Regulated Pipeline determined by reference to the key variables referred to in the Annexure are not reasonable;
ii) the contract tariff projections used by APL for each Regulated Pipeline (as applicable) and based specifically on current contractual arrangements are not reasonable;
iii) the methodology used to calculate the Reference Tariff projections is not in compliance with the National Access Code; and
iv) the methodology used to calculate the Reference Tariff projections is inappropriate.

The actual Reference Tariffs that will be applicable for the Regulated Pipelines could be different to the Reference Tariff projections used by APL. No final Access Arrangements exist in respect of the Regulated Pipelines except for the Carpentaria and the Roma to Brisbane pipelines, which have access principles in place. However, once Queensland adopts the Code, these access principles can be derogated. Accordingly, we express no opinion as to whether the Reference Tariff projections will be achieved.

Yours faithfully

Deloitte Touche Tohmatsu

5. ANNEXURE – THE REGULATED PIPELINES

5.1 Moomba to Sydney Pipeline

5.1.1 Status of Regulation

The Moomba to Sydney Pipeline is currently seeking ACCC approval for its proposed Access Arrangement. East Australian Pipeline Limited ("EAPL") submitted a proposed Access Arrangement and accompanying information to the ACCC on 5 May 1999. The ACCC subsequently released an issues paper on 4 June 1999 and EAPL provided additional information on 28 October 1999. At this stage EAPL is waiting for the ACCC to release its draft determination, which may not be available at the time of listing of the Trust, before further submissions are made and the ACCC approves the final Access Arrangement.

5.1.2 WACC

In light of EAPL's Access Arrangement submission to the ACCC and the particular characteristics of the Moomba to Sydney Pipeline and through comparisons with recent regulatory decisions on the WACC in respect of similar Australian pipelines, the projections of WACC are within a reasonable range.

5.1.3 IAB

The ORC has been independently assessed by an engineering firm, Venton & Associates, and has been used as the basis for determining the DORC value. Whilst the depreciation methodology used to determine the DORC (straight line) is within the requirements of the Code, the ACCC has questioned its appropriateness given that the Trust is proposing to change its policy to the kinked depreciation method for regulatory purposes as detailed below in 5.1.4.
Taking into account the considerations of the Code and the requirement for the IAB to be within the bounds of the pipeline's DAC and DORC and notwithstanding the current concerns being expressed by the ACCC, the IAB assumed in the tariff calculations is within a reasonable range.

5.1.4 Operating Expenditure, Capital Expenditure and Depreciation Expense

The operating and capital expenditure forecasts were compared to estimates reviewed in the SKM Report and benchmarked to other similar pipelines. In particular, the capital expenditure forecasts include relevant amounts to cover additional compressor capacity necessary to meet increased demand levels and associated increases in operating costs as new facilities are built.
The policy for determining the depreciation expense against the IAB will change in respect of pipeline assets from the previous straight line methodology to the kinked depreciation methodology, whereas all other assets will continue to be depreciated on a straight line basis.

5.1.5 Volumes

The throughput volumes for the Moomba to Sydney Pipeline have been reviewed in the ACIL Report. The volumes included in the tariff calculations for the Moomba to Sydney Pipeline are consistent with the ACIL reviewed forecasts.

5.1.6 Tariffs
As noted in Section 5.1.5 of the Offer Document and as detailed above, a conservative set of variables has been adopted by the Directors in determining an appropriate Reference Tariff for the Moomba to Sydney Pipeline. These variables are within a reasonable range. However, significant contractual arrangements exist for the Moomba to Sydney Pipeline for between five and ten years. The appropriate contractual tariff has been used as a basis for the calculation of contractual revenue and the regulated tariff has only been used for forecast non-contracted volumes.

5.2 Carpentaria Pipeline

5.2.1 Status of Regulation
The Carpentaria Pipeline has existing approved access principles, which will not expire until 2023. The access principles cover capacity of up to 172 TJ per day. Once Queensland adopts the Code, an agreement exists to derogate these access principles. The access principles prescribe the Carpentaria Pipeline tariffs until 2023 and thus provide a high level of comfort in the regulatory projections used for the years ending 30 June 2001 and 30 June 2002.

5.2.2 Volumes
The throughput volumes for the Carpentaria Pipeline have been reviewed in the ACIL Report. The volumes included in the tariff calculations for the pipeline are consistent with the ACIL reviewed forecasts.

5.2.3 Tariffs
As indicated above, the access principles set the starting tariffs. The access principles also specify that tariffs will be increased by 75% of the CPI on a quarterly basis. These tariffs have been applied against forecast volume.

5.3 Roma to Brisbane Pipeline

5.3.1 Status of Regulation
The Roma to Brisbane Pipeline has existing approved access principles, which begin to expire in 2006. There are in fact three access principles for this pipeline, which cover capacity between 0 and 78 TJ per day, 78 and 101 TJ per day, and 101 to 118 TJ per day. Once Queensland adopts the Code, an agreement exists to derogate the access principles up to 101 TJ per day. The remaining capacity will not be derogated. These access principles provide a high level of comfort in the regulatory projections used for the years ending 30 June 2001 and 30 June 2002.

5.3.2 IAB
An ORC value for the Roma to Brisbane Pipeline has been based on an internal AGL engineering estimate. The ORC has then been allocated to assets based on each assets contribution to pipeline capacity. The ORC has been depreciated on a straight line basis to arrive at the DORC, with the DORC used as the IAB.

5.3.3 Operating Expenditure, Capital Expenditure and Depreciation Expense
The SKM Report indicates that forecast operating expenditure is consistent with industry expectations. Minimal capital expenditure for looping and pigging the pipeline is forecast to begin during the year ending 30 June 2002. The Trust has used a straight line depreciation methodology, based on the asset's remaining useful life.

5.3.4 Volumes
The throughput volumes for the Roma to Brisbane Pipeline have been reviewed in the ACIL Report. The volumes included in the tariff calculations for the pipeline are consistent with the ACIL reviewed forecasts.

5.3.5 Tariffs
The Reference Tariffs used for the years ending 30 June 2001 and 30 June 2002 are in accordance with the access principles. These tariffs have been applied against forecast volume.

5.4 Goldfields Gas Pipeline

5.4.1 Status of Regulation
The Goldfields Gas Pipeline is currently seeking approval for its Access Arrangement from the Western Australian regulator OffGAR. A proposed Access Arrangement was submitted for the Goldfields Gas Pipeline with accompanying information to OffGAR on 15 December 1999. OffGAR subsequently released an issues paper on 12 January 2000. We understand that at this point APL is waiting for the OffGAR draft determination, before further submissions are made prior to any final Access Arrangement being set.

5.4.2 WACC
The proposed Access Arrangement states that existing tariff levels would be used for the first five years. The existing tariff levels used for the initial regulatory period have an implied WACC that is consistent with current regulatory decisions.

5.4.3 IAB
The ORC value for the Goldfields Gas Pipeline has been based on the actual construction cost of the pipeline. To this cost, adjustments have been made to reflect increased costs due to inflation and foreign exchange movements and to incorporate the capitalised cost of capital that was not included in the original cost. This adjusted ORC value has been depreciated on a units of production basis to arrive at the DORC, with the DORC used as the IAB. The IAB is considered to be within a reasonable range and is used to calculate tariffs after the initial regulatory period finishes.

5.4.4 Operating Expenditure, Capital Expenditure and Depreciation Expense
Underlying operating expenditure for the Goldfields Gas Pipeline remains fairly stable, with increases occurring as new compression facilities come on line. The SKM Report indicates that this level of operating expenditure is expected for this type of pipeline. The SKM Report states that the "stay in business" capital expenditure appears reasonable. Capital expenditure on compression facilities is forecast in time to meet additional load requirements. The economic depreciation methodology has been appropriately applied to the IAB.

5.4.5 Volumes
The throughput volumes for the Goldfields Gas Pipeline have been reviewed in the ACIL Report. The volumes included in the tariff calculations for the pipeline are consistent with the ACIL reviewed forecasts.

5.4.6 Tariffs
As detailed above, the Reference Tariffs for the initial regulatory period have been based on existing tariffs. These tariffs have been applied against forecast volume.

5.5 Central West Pipeline

5.5.1 Status of Regulation
The Central West Pipeline is the most advanced pipeline in terms of obtaining an approved Access Arrangement from the ACCC and therefore there is a higher degree of regulatory certainty regarding the assumptions used, particularly for the initial regulatory period. On 10 September 1999 the ACCC released its draft determination for the Access Arrangement. This draft determination was the latest step in a process that started at the end of 1998 with the lodgement of the proposed Access Arrangement. All of the amendments contained in the draft determination have been accepted, except for the amendment requiring a WACC of 7.5%. The ACCC's final decision is due in the next month or so.

5.5.2 WACC
As indicated above the WACC is the only remaining issue regarding the Access Arrangement. In light of the draft determination by the ACCC, other decisions made by regulators in respect of pipeline assets of a similar nature and the public submissions made after the draft determination the WACC used by APL for the Central West Pipeline is considered within a reasonable range.

5.5.3 IAB
The IAB has been set in accordance with the ACCC draft determination of 10 September 1999.

5.5.4 Operating Expenditure, Capital Expenditure and Depreciation Expense
The operating and capital expenditure assumptions made are consistent with a new pipeline requiring minimal upkeep early in its life. The assumptions made are consistent with the submission for the initial regulatory period.
Consistent with the proposed Access Arrangement and the draft determination from the ACCC, the economic depreciation methodology has been applied to the Central West Pipeline. The ACCC had some concerns with this depreciation methodology as this method is highly susceptible to forecasting errors and there may be tension between flexibility in setting the tariff path over time and consistency with principles of competition, economic efficiency and equity.
However, the ACCC has accepted the proposed method subject to having the Reference Tariff revisited if volumes exceed certain levels within the first three years and actual revenue exceeds forecast revenue by 20% thereafter.

5.5.5 Volumes
The throughput volumes for the Central West Pipeline have been reviewed in the ACIL Report. The volumes included in the tariff calculations for the pipeline are consistent with the ACIL reviewed forecasts.

5.5.6 Tariffs
The proposed tariffs apply to actual throughput only (there is no capacity component). The initial tariff has been set low initially in order to compete with alternate fuels and to encourage market growth. The tariffs have also been set at a level that is comparable to the price of delivering gas to customers in Sydney. The "under recoveries" due to low initial prices are included in the economic depreciation calculation and result in the asset base increasing during the early years of the pipeline's operation. These tariffs have been applied against forecast volume.

5.6 Amadeus Gas Pipeline

5.6.1 Status of Regulation
An Access Arrangement for the Amadeus Gas Pipeline was lodged with the ACCC in June 1999 and an issues paper was released by the ACCC in August 1999. Submissions from the public have been received, with the release of a draft determination from the ACCC the next step in the process.

5.6.2 Tariffs
Since the Amadeus Gas Pipeline is a leased pipeline and the Trust only operates it, the revenue accruing to the Trust is in the form of a return tariff (equivalent to lease rentals). Therefore the regulatory assumptions do not have a direct impact on the Trust and any variations in the tariffs calculated would have an immaterial impact.

5.7 Midwest Pipeline

5.7.1 Status of Regulation
The Midwest Pipeline is not currently subject to independent regulation as it has one contract customer only. However, new customers are included in the forecasts and it is possible that the pipeline will require regulation and an Access Arrangement developed at some point.

5.7.2 WACC
Refer to discussion at 5.7.6 below.

5.7.3 IAB
As the Midwest Pipeline is a new pipeline the IAB has been set as the construction cost, which is appropriate.

5.7.4 Operating Expenditure, Capital Expenditure and Depreciation Expense
Underlying operating expenditure remains fairly stable, whilst increases are included when the pipeline is projected to be extended. The SKM Report indicates that forecast operating expenditure is within industry guidelines. Capital expenditure for the years ending 30 June 2001 and 30 June 2002 are minimal. A combination of a units of production and straight line depreciation methodologies have been applied to the assets of the Midwest Pipeline. These methods are consistent with the Code.

5.7.5 Volumes

The throughput volumes for the Midwest Pipeline have been reviewed in the ACIL Report. The volumes included in the tariff calculations for the pipeline are consistent with the ACIL reviewed forecasts.

5.7.6 Tariffs

As a basis of forecasting, existing tariffs were used for new customer volumes. To determine whether these tariffs were reasonable, the cost of service methodology was used to calculate an implied WACC that gave the same revenue as the forecasts. This implied WACC is within a reasonable range compared to other regulated pipelines. Therefore a regulatory review is unlikely to have an adverse impact on the tariffs. The existing tariffs have been applied against forecast volume.

6/ Additional Information

6.1 ASIC/ASX Relief

The ASIC has issued declarations, modifications or relief from the requirements of the Corporations Law in respect of APL and its advisers (as the case may require) to permit:

> pre-registration letters to be sent to AGL Proprietors;
> certain advertising to be carried out in relation to the Offer;
> the establishment of an Internet site for the Trust; and
> the establishment of the Australian Pipeline Trust Information Centre.

The ASX has granted the Trust a waiver of ASX Listing Rule 13.2 to permit the liabilities of the Trust to exceed 60% of its total tangible assets.

6.2 Interests of Experts

Except as set out below, no expert, or any firm in which an expert is a partner, currently has, or has had in the two years prior to lodgement of these Appendices and the Offer Document with the ASIC, any interest in the promotion of the Trust or in property proposed to be acquired by the Trust in connection with its formation or promotion.

Except as set out below, no amount (whether in cash or Units or otherwise) has been paid or agreed to be paid to any expert, or to any firm in which an expert is a partner, for services rendered by the expert (or the firm) in connection with the promotion or formation of the Trust.

ABN AMRO Corporate Finance Australia Limited has received financial advisory fees of approximately $5 million in connection with the provision of financial advice to AGL on the restructuring of its business.

ABN AMRO Rothschild has acted as Lead Manager in respect of which it will receive fees as set out in Section 10.6 of the Offer Document.

ACIL Consulting Pty Limited has undertaken a review of the Directors' gas demand forecasts for the major pipelines in which the Trust will have an interest and in respect of which it will receive fees of $91,779.

Deloitte Corporate Finance Pty Limited has undertaken the review of the Forecasts in respect of which it will receive fees of $160,000.

Deloitte Touche Tohmatsu has acted as Investigating Accountant and has undertaken an Independent Regulatory Review. In addition, Deloitte Touche Tohmatsu has performed accounting work in relation to historical, financial and due diligence enquiries. Deloitte Touche Tohmatsu will receive fees for this work of $560,000 up to the date of these Appendices and the Offer Document and may receive further payments in accordance with its normal time based charges.

Freehill Hollingdale & Page has acted as Solicitors to the Offer in respect of which it will receive fees of $1,830,000, up to the date of these Appendices and the Offer Document and may receive further payments in accordance with its normal time based charges.

Greenwoods & Freehills Pty Limited has acted as Taxation Adviser in relation to the Offer in respect of which it will receive fees of $500,000, up to the date of these Appendices and the Offer Document and may receive further payments in accordance with its normal time based charges.

Sinclair Knight Merz Pty Limited has acted as Independent Engineer in relation to the Offer in respect of which it will receive fees of $193,344.

6.3 CHESS and Holder Statements

APL will apply to participate in CHESS and, in accordance with the ASX Listing Rules and the Securities Clearing House Business Rules, will maintain an electronic issuer sponsored subregister and an electronic CHESS subregister. These two subregisters together will make up the Trust's principal register of Units. Certificates will not be issued to Unitholders.

The Units will be CHESS approved from the date of quotation on the ASX in accordance with the ASX Listing Rules and SCH Business Rules. All ASX trading in the Units after listing of the Trust will be settled through CHESS.

Unitholders who elect to hold Units on the issuer sponsored subregister will be provided with a holding statement (which is similar to a bank statement) which sets out the number of Units held. For Unitholders who elect to hold Units on the CHESS subregister, APL will, on allotment, issue an allotment advice to Unitholders which sets out the number of Units allotted. At the end of the month of allotment, SCH (acting on behalf of APL) will provide Unitholders with a CHESS holding statement that confirms the number of Units held on the CHESS subregister.

Following distribution of these initial holding statements to all Unitholders, a holding statement will only be provided to a Unitholder at the end of any subsequent month during which the Unitholder's balance of Units changes. Unitholders may request statements at any other time (although APL may charge an administration fee).

6.4 Experts and Advisers – Consents and Disclaimers

Each of the parties referred to in this section:

> has not authorised or caused the issue of these Appendices and the Offer Document;

> does not make, or purport to make, any statement in these Appendices and the Offer Document other than as specified in this section; and

> to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of these Appendices and the Offer Document other than the reference to its name and a statement or report included in the Offer Document or the Appendices with the consent of that party as specified in this section.

ABN AMRO Rothschild has given and, at the time of lodgement of these Appendices and the Offer Document, has not withdrawn its consent to be named in these Appendices and the Offer Document as Lead Manager in the form and context in which it is named.

ACIL Consulting Pty Limited has given and, at the time of lodgement of these Appendices and the Offer Document, has not withdrawn its consent to be named in these Appendices and the Offer Document in the form and context in which it is named and to the inclusion in these Appendices and the Offer Document of its Natural Gas Market Forecasts Reports and statements based on those reports in the form and context in which those reports and those statements appear.

Deloitte Corporate Finance Pty Limited has given and, at the time of lodgement of these Appendices and the Offer Document, has not withdrawn its consent to be named in these Appendices and the Offer Document in the form and context in which it is named and to the inclusion in the Offer Document of its Review of Directors' Financial Forecasts and statements based on that review in the form and context in which the review and those statements appear.

Deloitte Touche Tohmatsu has given and, at the time of lodgement of these Appendices and the Offer Document, has not withdrawn its consent to be named in these Appendices and the Offer Document in the form and context in which it is named and to the inclusion in the Appendices of its Investigating Accountant's Report and Independent Regulatory Review Report and statements based on those reports in the form and context in which those reports and those statements appear.

Freehill Hollingdale & Page has given and, at the time of lodgement of these Appendices and the Offer Document, has not withdrawn its consent to be named in these Appendices and the Offer Document as Solicitors to the Offer in the form and context in which it is named.

Greenwoods & Freehills Pty Limited has given and, at the time of lodgement of these Appendices and the Offer Document, has not withdrawn its consent to be named in these Appendices and the Offer Document as Taxation Adviser in the form and context in which it is named and to the inclusion in these Appendices and the Offer Document of its Independent Taxation Opinion and Australian Tax Implications for Australian Resident Individual Investors and statements based on that opinion and report in the form and context in which that opinion and report and those statements appear.

Sinclair Knight Merz Pty Limited has given and, at the time of lodgement of these Appendices and the Offer Document, has not withdrawn its consent to be named in these Appendices and the Offer Document as Independent Engineer in the form and context in which it is named and to the inclusion in these Appendices and the Offer Document of its Independent Engineering Report and Independent Engineering Review in the form and context in which that report and review appear.

Perpetual Registrars Limited has given and, at the time of lodgement of these Appendices and the Offer Document, has not withdrawn its consent to be named in these Appendices and the Offer Document as the Registry.

Glossary

A$, $, and cents	Australian currency, unless otherwise stated
ABARE	Australian Bureau of Agricultural and Resource Economics
ABN AMRO Rothschild	ABN AMRO Corporate Finance Australia Limited and Rothschild Australia Securities Limited, trading as ABN AMRO Rothschild
ACCC	Australian Competition & Consumer Commission
Access Arrangement	An arrangement for access to a pipeline covered by the Code that has been approved by the relevant regulator
ACIL	ACIL Consulting Pty Limited (ACN 058 284 521)
ACN	Australian Company Number
AEST	Australian Eastern Standard Time
AGA	Australian Gas Association
AGL	The Australian Gas Light Company (ARBN 052 167 405) formed in New South Wales with limited liability, or a wholly owned subsidiary
AGLIM	AGL Infrastructure Management Pty Limited (ACN 086 013 461), a company wholly owned by AGL and whose role is to provide infrastructure services to a range of energy and related assets
AGL Pipelines	AGL Pipelines Limited (ACN 009 666 700), a company which, at the date of the Offer Document and these Appendices is a wholly owned subsidiary of AGL, all the issued shares in which will be acquired by the Trust at the conclusion of the Offer pursuant to the Share Purchase Agreement described in Section 10.1 of the Offer Document, and the name of which will be changed to APT Pipelines Limited immediately following its acquisition by the Trust
AGL Wholesale Gas	AGL Wholesale Gas Limited (ACN 072 948 504), a wholly owned subsidiary of AGL
APL	Australian Pipeline Limited (ACN 091 344 704)
Appendix	An appendix in this separate volume of Appendices issued in connection with the Offer
Application	An application to subscribe for Units under the Offer Document
Application Form	An application form attached to or accompanying the Offer Document
Application Monies	Monies received from applicants in respect of their Applications
Application Number	The application number on the Application Form

APT Pipelines	AGL Pipelines Limited (ACN 009 666 700), a company which, at the date of the Offer Document and these Appendices is a wholly owned subsidiary of AGL, all the issued shares in which will be acquired by the Trust at the conclusion of the Offer pursuant to the Share Purchase Agreement described in Section 10.1 of the Offer Document, and the name of which will be changed to APT Pipelines Limited immediately following its acquisition by the Trust
ARBN	Australian Registered Body Number
ARSN	Australian Registered Scheme Number
ASIC	Australian Securities & Investments Commission
ASX	Australian Stock Exchange Limited (ACN 008 624 691)
Board	The board of directors of APL unless otherwise indicated
Broker Firm Applicants	Investors offered a firm allocation of Units by a broker
capacity	The maximum quantity of gas which a pipeline can transport from a receipt point to a delivery point under normal operating conditions and as currently configured
CHESS	Clearing House Electronic Subregister System operated by ASX Settlement and Transfer Corporation Pty Limited
CMS Gas Transmission	CMS Goldfields Gas Transmission Australia Pty Limited
Code or National Access Code	National Third Party Access Code for Natural Gas Pipeline Systems as changed from time to time in accordance with the Gas Pipelines Access Law
Commonwealth	Commonwealth of Australia and where the context so permits, includes the Federal Government of Australia
compression	Whereby the pressure of the gas flowing through the pipeline is raised, enabling higher throughput to be achieved
Constitution	The constitution of the Trust dated 18 February 2000
CPI	Consumer price index
DAC	Depreciated actual cost which is the actual pipeline construction cost adjusted for depreciation expense incurred subsequent to commissioning
Directors	Directors of APL
DORC	Depreciated optimised replacement cost which is the ORC of a pipeline depreciated to reflect the age of the assets
DRP	Distribution reinvestment plan
EAPL	East Australian Pipeline Limited (ACN 064 629 009), a company which, at the date of the Offer Document and these Appendices, is a subsidiary of AGL and which, following completion of the Offer, will be wholly owned by the Trust

EBIT	Earnings before interest, income tax and abnormal items
EBITDA	Earnings before interest, income tax, depreciation, amortisation and abnormal items
Final Price	The price at which each Unit will be sold to successful bidders in the Institutional Offer
Forecasts	Directors' financial forecasts for the Trust for the period from 13 June 2000 to 30 June 2000, the year ending 30 June 2001 and the year ending 30 June 2002
Gas Pipelines Access Law	Gas Pipeline Access (South Australia) Act 1997 and equivalent jurisdictional legislation in the Commonwealth, New South Wales, Queensland, Western Australia, the Australian Capital Territory and the Northern Territory
gas transmission assets	Gas transmission assets in respect of a person means any asset in which that person has an interest which may include full or part ownership, participation in a partnership or joint venture, equity holding, or a right to lease or operate
gearing	Percentage of net debt over net debt plus equity
General Retail Offer	The invitation made pursuant to this Offer Document to members of the Australian public (including Broker Firm Applicants) as described in Section 3.5 of the Offer Document
HIN	Holder Identification Number
IAB	Initial asset base which is the initial valuation of the asset base of a pipeline for regulatory purposes
initial regulatory period	This refers to the first term of an Access Arrangement which is generally five years
Institutional Offer	The invitation made pursuant to the Offer Document to Australian and (subject to compliance with local laws) overseas institutions as described in Section 3.6 of the Offer Document
interest cover ratio	Cash flow for debt service (EBITDA less maintenance capital expenditure) divided by interest expense (excluding infrastructure bonds interest)
J B Were & Son	Were Stockbroking Limited, trading as J B Were & Son
lateral	A branch pipeline linking a main pipeline to a market
Lead Manager	ABN AMRO Rothschild
looping	Increasing the capacity of a pipeline by installation of a second pipeline, parallel to and joined with the original
MAOP	Maximum allowable operating pressure of a pipeline
NCC	National Competition Council
Offer	The offer of Units under the Offer Document
Offer Document	The Offer Document dated 5 May 2000

ORC	Optimised replacement cost which is a pipeline valuation based on an engineering estimate of the cost to replace an existing pipeline assuming an optimal size and configuration
Petronas	Petroliam Nasional Berhad
Petronas Australia	Petronas Australia Pty Limited (ACN 064 998 867) and its wholly owned subsidiary
pipeline	A pipeline together with associated equipment, facilities, applicable access rights and licences
Pipeline Development Agreement	Pipeline Development Agreement between AGL and APL
Pipeline Management Agreement	Pipeline Management Agreement between APT Pipelines and AGLIM
pipeline system	A group of connected pipelines
PJ	Petajoule where one petajoule equals one million gigajoules. The average Australian household connected to gas consumes about 47 gigajoules per annum
PJ/A	Petajoules per annum
PNG Gas Pipeline	The pipeline project currently under development by AGL and Petronas which will transport gas from the Australian sea-bed boundary in the Torres Strait to markets in Queensland
Priority Allocation	Minimum allocation of 1,500 Units for each investor eligible to participate in the Priority Offer as described in Section 3.4
Priority Offer	The invitation made pursuant to the Offer Document to certain Proprietors of AGL to apply for Units as described in Section 3.4 of the Offer Document
Proprietors	Shareholders
Ralph Review	Ralph Review of Business Taxation
Record Date	5.00pm AEST on 27 March 2000
Reference Service	A service specified in an Access Arrangement and in respect of which a Reference Tariff has been specified in that Access Arrangement
Reference Tariff	A tariff specified in an Access Arrangement as corresponding to a Reference Service and which has the operation that is described in the Code
Registry	Perpetual Registrars Limited (ACN 083 214 537)
Responsible Entity	APL
Retail Price	$2.00 per Unit
SACB Producers	South Australian Cooper Basin producers
SCH	Securities Clearing House
SCP	SCP Investments (No 1) Pty Limited
Selling Agreement	Selling agreement between APL and ABN AMRO Rothschild as discussed in Section 10.6 of the Offer Document

SRN	Securityholder Reference Number
SWQ Producers	South West Queensland producers
Syndicate Member	Any one of ABN AMRO Rothschild, J B Were & Son, BNP Equities Australia Limited, Ord Minnett Corporate Finance Limited and Salomon Smith Barney Australia Securities Pty Limited (refer to Directory)
TFN	Tax File Number
TJ	Terajoule, which is one thousand gigajoules
Trade Practices Act	Trade Practices Act 1974 (Cth)
TransAlta	TransAlta Energy Corporation, or its wholly owned subsidiary
Trust	Australian Pipeline Trust (ARSN 091 678 778) and includes, where appropriate, APT Pipelines and its subsidiary companies
United States	The United States of America, its territories and possessions, any state of the United States, and the District of Columbia
United States Person	The meaning given to that term by Regulation S under the United States Securities Act
United States Securities Act	United States Securities Act of 1933, as amended
Unitholder	The registered holder of a Unit
Units	Ordinary units in the Trust
volumes	Quantities of gas
WACC	Weighted average cost of capital which refers to a weighted average of the cost of debt and the cost of equity

Directory

Responsible Entity

Australian Pipeline Limited
Level 5, Airport Central Tower
241 O'Riordan Street
MASCOT NSW 2020

Directors of the Responsible Entity

George H Bennett (Chairman)
Les J Fisk
John A Fletcher
Thomas C Ford
Muri Muhammad
Robert J Wright

Registry

Perpetual Registrars Limited
Level 8, 580 George Street
SYDNEY NSW 2000

Solicitors to the Offer

Freehill Hollingdale & Page
MLC Centre, Martin Place
SYDNEY NSW 2000

Taxation Adviser

Greenwoods & Freehills Pty Limited
MLC Centre, Martin Place
SYDNEY NSW 2000

Investigating Accountant

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
SYDNEY NSW 2000

Review of Forecasts

Deloitte Corporate Finance Pty Limited
Grosvenor Place
225 George Street
SYDNEY NSW 2000

Lead Manager

ABN AMRO Rothschild
Level 24, 255 George Street
SYDNEY NSW 2000

Co Lead Manager

J B Were & Son
Level 16, 101 Collins Street
MELBOURNE VIC 3000

Co Managers

BNP Equities (Australia) Limited
Level 7, 60 Castlereagh Street
SYDNEY NSW 2000

Ord Minnett Corporate Finance Limited
Level 25, Grosvenor Place
225 George Street
SYDNEY NSW 2000

Salomon Smith Barney Australia Securities Pty Limited
Level 16, Grosvenor Place
225 George Street
SYDNEY NSW 2000