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Australian Pipeline Trust

Australian Pipeline Ltd
ACN 091 344 704

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22 August 2006

TAKEOVER OFFER FOR GASNET AUSTRALIA

Dear Securityholder,

We are pleased to inform you of an important step your company, Australian Pipeline Trust ("APA"), has taken today. Please note you do not need to take any action – this letter is to inform you of developments.

APA has announced its intention to make a cash takeover offer for GasNet Australia Group ("GasNet") at $3.10 per GasNet stapled security. Under this new offer for GasNet, APA is bidding on its own, after having agreed to terminate the joint bidding agreement with Babcock & Brown Infrastructure ("BBI").

APA has a complementary portfolio of assets and is uniquely placed to obtain greater value from the acquisition of GasNet alone, than through owning 50% through APA/BBI joint venture.

We believe GasNet is a sound strategic fit with APA's existing asset portfolio and meets APA's investment criteria. We expect the acquisition to be earnings and yield accretive in the first year.

APA has a long term commitment to invest in quality transmission assets which enhance APA's ability to grow distributions for securityholders and this transaction is consistent with this core strategy. It will reinforce APA's position as the leader in gas transmission in Australia and will strengthen APA's presence in Eastern Australia. The acquisition will deliver significant future value through benefits including better use of the New South Wales-Victoria Interconnect, APA's Moomba Sydney Pipeline and increased competition with the Eastern Gas Pipeline.

Additional information, including our presentation on the offer is available on our website – **www.pipelinetrust.com.au**. We will keep you fully informed of further developments as they occur.

If you have any questions, please contact our investor information online for the GasNet offer on 1800 237 687 or +61-2 8280 7613.

Once again, as an APA unitholder you do not have to take any action.

We would like to assure you that we remain committed as ever to the future success and growth of APA. We believe the acquisition of GasNet is a significant opportunity for us and will enhance value for all of our securityholders.

George H Bennett
Chairman

Michael J McCormacl
Managing Director