



20 July 2007

Dear Securityholder,

Establishment of APT Investment Trust (APTIT) Unit Stapling

Confirmation of Taxation Implications

On 4 January 2007, new units in APT Investment Trust (APTIT) were issued to APT securityholders. These units were stapled to existing APT units to form stapled securities in accordance with the Renounceable Rights Issue Product Disclosure Statement. In order to appropriately capitalise APTIT, on 4 January 2007:

- APT returned capital of approximately \$302 million to APT securityholders;
- APT securityholders directed payment of that amount to capitalise APTIT; and
- APTIT units were then issued to APT securityholders.

The taxation implications for securityholders of the stapling process were disclosed in Section 10.11 of the Renounceable Rights Issue Product Disclosure Statement.

On 27 June 2007 the Australian Taxation Office issued Class Ruling **CR 2007/60** which confirmed the relevant taxation implications for securityholders as follows:

Capital Distribution and Cost Base of APA Units

The return of capital to securityholders is not a dividend and is not assessable income of securityholders.

The capital gains tax cost base and reduced cost base (which is relevant in calculating the amount of any capital loss) of each APT unit will be reduced by the amount of the capital return. The amount of the reduction in cost base is \$0.704761 per unit.

Acquisition and Cost Base of APTIT Units

An APT securityholder will be taken to have acquired the APTIT units on the day of the return of capital, being 4 January 2007.

The cost base or reduced cost base of each APTIT unit as at 4 January 2007 was \$0.704761, being the amount paid by APT on behalf of APT securityholders by way of subscription for each APTIT unit.



The information provided in this letter is not taxation advice. You should seek independent financial and taxation advice from your financial or other professional advisers, particularly if you are considering selling your holding.

Details of distributions, including return of capital, are available from the APA Group Registry on 02 8280 7132 or on the APA Group website – www.pipelinetrust.com.au.

Yours faithfully

A handwritten signature in black ink, appearing to read 'M J McCormack', located below the 'Yours faithfully' text.

M J McCormack
Managing Director